

# B.R.R. Guardian Modaraba

(An Islamic Financial Institution)

Managed by B.R.R. Investments (Private) Limited

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**B.R.R. Guardian Modaraba**  
(An Islamic Financial Institution)

**CORPORATE INFORMATION**

Modaraba Company	B.R.R. Investments (Private) Limited
Chairman	Mr. Rafique Dawood
Chief Executive	Mr. Ayaz Dawood
Directors	Mrs. Farida Rokadia Mr. Majid Dawood Mr. Tauqir Shamshad
Audit Committee	Mrs. Farida Rokadia – Chairperson Mr. Majid Dawood – Member Mr. Tauqir Shamshad – Member
Chief Financial Officer	Mr. Syed Tariq Masood
Company Secretary	Mr. Tahir Mehmood
Auditors	M. Yousuf Adil Saleem & Company Chartered Accountants
Legal Advisor	Rauf Ghaffar Law Associate Malik & Maliks
Bankers	Allied Bank Limited Bank Al Habib Limited Dawood Islamic Bank Limited Faysal Bank Limited Habib Metropolitan Bank Limited National Bank of Pakistan Oman International Bank S.A.O.G.
Web-site	<a href="http://www.firstdawood.com/brr">www.firstdawood.com/brr</a>
Registered Office & Head Office	1500-A, Saima Trade Towers, I.I. Chundrigar Road, Karachi-74000 UAN : 111-DAWOOD (111-329-663) Fax : 92-21-227-1912-13
Registrars	F.D Registrar Services (SMC-Pvt.) Ltd 17th Floor, Saima Trade Tower-A I.I. Chundrigar Road, Karachi. Phone # 2271875
Branch Offices	Suite No. 210, 5th Floor, Siddiq Trade Centre, Main Boulevard, Gulberg – III, Lahore  Office No. 20 & 21, 1st Floor, Beverly Centre, 56-G7, Jinnah Avenue, Islamabad-44000
Security Vault	187-G, Block-2, Shahrah-e-Quaideen, PECHS. Karachi-754000



**B.R.R. Guardian Modaraba**  
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#### **MISSION**

To become a symbol for spreading a variety of Islamic modes of financing, thereby providing ample and profitable investment opportunities to the stake holders who demand Halal profits according to Sharia Laws, optimizing returns to the certificate holders, management and customers.

#### **VISION**

To innovate and promote Islamic Financial Products, based on Sharia Principles and to curb interest based financial systems, thereby facilitating establishment of an equitable economic system.

#### **OVERALL CORPORATE STRATEGY**

To become a market leader of Islamic Financial Products through:

- (i) maintaining highest standards of integrity and honesty;
- (ii) strict adherence with Sharia principles;
- (iii) making improvement in every department a process through education and professional development with latest innovations through awareness techniques;
- (iv) providing opportunities to employees for career development and rewarding them according to their caliber;
- (v) safeguarding the interest of certificate holders while providing best possible returns;
- (vi) building a long lasting relationship with the customers by suggesting the most suitable Islamic product for their needs at competitive rates;
- (vii) practical and conservative judgment of risks.



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**NOTICE OF ANNUAL REVIEW MEETING (ARM IX)  
OF B.R.R.GUARDIAN MODARABA**

Certificate holders of B.R.R. Guardian Modaraba are hereby notified that ARM - X will be held at 1500-A, Saima Trade Tower I.I. Chundrigar Road Karachi on Saturday October 24, 2009 at 08:30 a.m.

The Certificate Transfer Book will remain closed from October 18, 2009 to October 24, 2009 (both days inclusive). Transfer received at the Registrar Office, F.D. Registrar Service (SMC-Pvt) Ltd at 17th Floor, Saima Trade Tower - A, I.I. Chundrigar Road, Karachi. Transfer request should reach before the close of business hours on October 17, 2009, Certificate Holders are advised to notify to the Registrar Office of any change in their address.

BY ORDER OF THE BOARD

October 02, 2009  
Karachi

Tahir Mehmood  
Company Secretary



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## DIRECTORS' REPORT

IN THE NAME OF ALLAH, THE MOST COMPASSIONATE, THE MOST MERCIFUL.

Dear Certificateholders,

On behalf of the Board of Directors of B.R.R. Investments (Private) Limited ('BRRRI' or 'the company'), manager of B.R.R. Guardian Modaraba ('BRRGM' or 'the Modaraba'), we are presenting to you the Annual Report and Audited Financial Statements for the financial year ended June 30, 2009.

### Operations and Performance

Your Modaraba faced its toughest year in its history as is evident from the following financial highlights.

	June 30, 2009	June 30, 2008
	.....Rupees.....	
Lease Rentals	374,934,053	520,715,374
Income on Musharika and Morabaha Finances	118,192,216	138,403,190
(Loss) / Income on Investments	(17,016,920)	195,689,131
Rental Income	83,124,241	64,616,473
<b>Total Income</b>	<b>557,005,708</b>	<b>921,625,344</b>
Total Expenses	809,255,041	712,469,695
<b>(Loss) / Profit Before Taxation</b>	<b>(502,747,978)</b>	<b>151,671,260</b>
Taxation - Prior Years	-	-
<b>(Loss) / Profit After Taxation</b>	<b>(502,747,978)</b>	<b>151,671,260</b>

### Operations and Performance

Your Modaraba continues to excel in all major business parameters during the year. The management of your Modaraba has made strenuous efforts in all areas of operations to improve the quality of its assets and manage its liabilities in as cost effective manner as possible.

During the Financial Year under review your modaraba faced serious stress in view of the economic turmoil in the country. Therefore, overall financial position in current year has shown a declining trend as compared to last year. Gross revenue decreased by 39.6% to Rs. 557 Million as compared to Rs. 921.6 Million last year

Further,

- The Deficit on surplus on revaluation of investments as on June 30,2009 was Rs 82.84 million. However in preceding year we had a Rs 437.03 million surplus on revaluation on investments
- The break-up value of our certificate has also declined to Rs.9.48 from Rs.23.49 per certificate.

Financial expense for the year amounted to Rs.318.46 million as against Rs.249.84 million last year. During the year Sukuk's financial charges have increased in mark up rate / profit paid on Deminishing Musharaka.

### Profit Distribution

Keeping in view the unprecedented economic & market condition and also since your modaraba suffered the



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historical loss which restricted us from distribution of profit for the year ended June 30, 2009. In view of loss during the period that is why we were unable to transfer any amount to statutory reserve

**Economic Scenario**

The worldwide food oil and geo-political crises and the recent internal turmoil has effected the growth of our economy. The liquidity crunch has effected operations of every financial institution of Pakistan including Commercial Banks and DFIs. Due to non availability of fresh lines, the NBFC sector could not do new business during the year and the entire efforts of the Management team at the moment are focused to achieve maximum recoveries for lease and Musharaka repayment from the clients.

**Technology and Process**

The IT department continues to be an integral department of the organization. Through in house software programs, the IT department has successfully installed effective systems for the efficient operations of different departments with the ultimate objectives of producing a complete foolproof geared to maintain proper check & controls.

**Compliance with the Best Practice of the Code of Corporate Governance**

Your Management Company has implemented provisions of the code of corporate governance relevant for the year ended June 30, 2009. The external auditors review report on the statement of compliance with the code of corporate governance is annexed with this report.

As per directives of SECP/Karachi Stock Exchange, the Directors hereby confirm the following code of good governance and ethical business practices required by clause (xix) of the Code:

- The financial statements prepare by management present fairly Modaraba's state of affairs, the result of its operations, cash flows and changes in equity.
- Your Modaraba has maintained proper book of accounts.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements
- Relevant International Accounting Standards, as applicable in Pakistan, provision of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, and directives of the Securities and Exchanges Commission of Pakistan have been followed in the preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts over the ability to continue as going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no statutory payments on account of taxes, duties, levies and charges outstanding, except as disclosed in the financial statements.
- There has been no departure from the best practices of transfer pricing.

**Trading/Dealing in Shares of the Company**

During the year, no trade in the shares of the Modaraba was carried out by the Directors, CEO, CFO, Company Secretary, and their spouses of minor children.

**Statement of Ethics and Business Practices**

The Board of Directors of the Management Company has adopted the required Statement of Ethics and Business Practices for the Modaraba. All employees are of this statement and are requested to observe these rules of conduct to business and regulations.



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**Staff Retirement Benefits**

First Dawood Group operates a provident Fund scheme for all permanent employees. The value of investment to date is Rs.23.42 million.

**Post Balance Sheet Events**

No circumstances have arisen since the Balance Sheet date, which require adjustment to disclosure in the Financial Statements.

**Transaction with Connected Persons/Related Parties**

All transactions between BRRGM and connected person/related parties are carried out on an arm's length basis and the relevant terms of the transactions are determined in accordance with the "comparable uncontrolled price method" (CUP).

**Auditor**

The retiring auditors of M. Yousuf Adil Saleem & Co., Chartered Accountants, have expressed their willingness to continue in office for the year ending June 30, 2009. As required under the Code of Corporate Governance the Audit Committee has recommended the re-appointment of M. Yousuf Adil Saleem & Co., Chartered Accountants, as auditor for the year ending June 30, 2010.

**Key Financial Highlight**

Key financial highlights are summarized and annexed to these financial statements.

**Risk Management Framework**

Risk taking is an integral part of any business and is rooted in the philosophy of risk versus reward, (the higher the risk the greater the reward). Our fundamental objective is to maximize shareholder's value, but this must be carried out in a clearly articulated risk tolerance framework.

**Board Meetings**

S. No	Name	Designation	Entitlement to Attend Meeting	Meeting Attend	Leave of Absences
1	Mr. Rafique Dawood	Chairman	4	4	-
2	Mr. Ayaz Dawood	Chief Executive	4	4	-
3	Mrs. Farida Rokadia	Director	4	1	3
4	Mr. Majid Dawood	Director	4	-	4
5	Mr. Tauqir Shamshad	Director	4	4	-

**Credit Rating**

We are pleased to inform you that JCR-VIS Credit Rating Company Limited (JCR-VIS) has announced Privately Placed Diminishing Musharika Based TFC rating of "A+"(A Plus) and maintained medium to long-term entity rating of your Modaraba to "A". The short-term rating has maintained at "A-2" (A Two)



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**Pattern of Shareholding**

The pattern of shareholding as on June 30, 2009 along with disclosure as required under the Code of Corporate Governance is annexed.

**Appreciation**

BRRGM is committed to adopting best practices in its endeavor to create certificate holders wealth and gain market-confidence. It is also committed to maintaining the smooth functioning of the modaraba's operations.

We thank our customers, business associates, leading financial institutions and bankers for putting their trust with us. We also appreciate the guidance provided to BRRGM by the Registrar Modaraba, Securities and Exchange Commission of Pakistan and other regulatory authorities. We appreciate and value the contribution of our staff.

We reaffirm our commitment to our shareholders to further enhance the value of their investment in the Modaraba.

On Behalf of the Board of Directors  
**B.R.R. Investments (Private) Limited**

Karachi  
October 01, 2009

**Ayaz Dawood**  
Chief Executive Officer





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**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2009.**

Statement of Compliance with the Code of Governance (As Required by the Listing Regulations).

This Statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange (Guaranteed) Limited for the purpose of establishing framework of good governance, whereby a listed Modaraba is managed in compliance with the best practices of corporate governance.

Regardless of the fact that B.R.R Investments (Private) Limited the management company of B.R.R Guardian Modaraba (the Modaraba) is a Private Limited Company, the Board of Directors of the management company are pleased that the Code of Corporate Governance is being complied with in material respects. Beside B.R.R Guardian Modaraba, the Company also manages Crescent Standard Modaraba.

Modaraba Management Company (the Company) has applied the principles contained in the Code in the following manner.

1. The company encourages representation of independent non-executive directors on its Board of Directors, at present, the Board includes 3 non-executive directors.
2. The directors of the Company have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFC or, being a member of a stock exchange, has been declared as defaulter by that Stock Exchange.
4. No casual vacancy occurred in the Board of Management Company during the year.
5. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the Modaraba.
6. The Board of Directors of the Company has approved a vision/mission statement and all the overall corporate strategy of the Modaraba and has also formulated significant policies as mentioned in the Code. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board has been duly exercised and decisions on material transactions, including determination of remuneration and terms and conditions of the Chief Executive Officer has been taken by the Board.
8. The related party transactions and pricing methods have been placed before the audit committee and approved by the board of directors with necessary justification for terms and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions.
9. The Board has approved the appointment of Chief Financial Officer (CFO) including remuneration as determined by the Chief Executive Officer (CEO) during the year.
10. The meetings of the Board of the Company were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
11. The Directors of the Company have been provided with copies of the Listing Regulations, Code of Corporate



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Governance, NBFC Rules, Company's Memorandum and Articles of Association and all other relevant rules and regulations and hence are conversant of the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities.

12. The directors' report of the Modaraba for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Modaraba were duly endorsed by the Chief Executive Officer and Chief Financial Officer before the approval of the Board.
14. The directors, Chief Executive Officer and executives of the Company do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of certificate holding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code in relation to Modaraba.
16. The Board of the Company has formed an Audit Committee. It comprises 3 members, all the members of the committee is Non-Executive Director.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of the interim and final results of the Modaraba and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The Board of the Company has outsourced the internal audit function of the Modaraba to Anjum Asim Shahid Rahman, Chartered Accountants, Karachi, as Internal Auditors of the Modaraba for the period from January 01, 2009. They are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Modaraba. During the year, from July 01, 2008 Modaraba has set up its own internal audit function, which was discontinued on December 31, 2008.
19. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Modaraba and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance to the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied.

Karachi  
October 01, 2009

For and on behalf of the Board

**Ayaz Dawood**  
Chief Executive Officer

# Deloitte.

M. Yousuf Adil Saleem & Co  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Sharea Faisal,  
Karachi-75350  
Pakistan

UAN : +92 (0) 21 111-55-2626  
Fax : +92 (0) 21-3454 1314  
Web : www.deloitte.com

## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

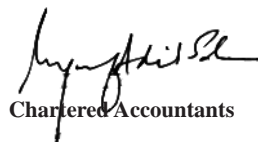
We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **B.R.R Investments (Private) Limited** (the Modaraba Company) representing **B.R.R Guardian Modaraba (Islamic Financial Institution) [The Modaraba]** to comply with the relevant Listing Regulations of the Karachi Stock Exchange where the Modaraba is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Modaraba Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Modaraba personnel and review of various documents prepared by the Modaraba to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

The Code of Corporate Governance requires Board of Directors to approve related party transactions bifurcating between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price. In this connection we are only required and have ensured compliance of requirement to the extent of Board of Directors approving the related party transactions in the aforesaid manner. We have not carried out any procedures to enable us to express an opinion as to whether the related party transactions were carried out at arm's length price.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Modaraba for the year ended June 30, 2009.



Chartered Accountants

Karachi  
Dated : 01 October, 2009

Member of  
Deloitte Touche Tohmatsu

# Deloitte.

M. Yousuf Adil Saleem & Co  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Sharea Faisal,  
Karachi-75350  
Pakistan

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Web : www.deloitte.com

## AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **B.R.R. Guardian Modaraba** as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba company's [B.R.R Investments (Private) Limited] responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

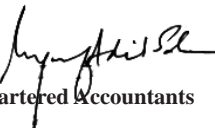
- a.* in our opinion, proper books of account have been kept by the Modaraba company in respect of **B.R.R. Guardian Modaraba** as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- b.* in our opinion:
  - i.* the balance sheet and the related profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied except for the change as indicated in note.4.1 to the financial statements, with which we concur;
  - ii.* the expenditure incurred during the year was for the purpose of the Modaraba's business; and
  - iii.* the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;

Member of  
Deloitte Touche Tohmatsu

# Deloitte.

M. Yousuf Adil Saleem & Co  
Chartered Accountants

- c.* in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2008 and of the profit, its cash flows and changes in equity for the year then ended; and
- d.* in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



Chartered Accountants

**Engagement Partner :**  
**Mushtaq Ali Hirani**

**Karachi**  
**01 October, 2009**

Member of  
Deloitte Touche Tohmatsu



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**BALANCE SHEET AS AT JUNE 30, 2009**

<i>ASSETS</i>	<i>Note</i>	<i>2009 Rupees</i>	<i>2008 Rupees</i>
<b>Current Assets</b>			
Cash and Bank Balances	5	<b>66,287,941</b>	9,881,040
Musharaka and Murabaha Finances	6	<b>399,356,013</b>	898,360,765
Short Term Investments	7	<b>470,662,154</b>	1,263,855,513
Lease Rentals Receivable	8	<b>49,475,014</b>	44,125,278
Loans, Advances and Prepayments	9	<b>7,345,050</b>	14,440,541
Accrued Profit	10	<b>11,557,500</b>	39,524,129
Other Receivables	11	<b>17,348,819</b>	16,395,739
Taxation Refundable		<b>10,066,401</b>	10,354,140
<b>Total Current Assets</b>		<b><u>1,032,098,892</u></b>	<u>2,296,937,145</u>
Long Term Portion of Musharaka and Murabaha Finances	6	<b>405,306,111</b>	280,969,899
Long Term Loans	9	<b>8,284,425</b>	11,100,966
Long Term Investments	12	<b>163,296,882</b>	166,023,847
Long Term Deposits		<b>2,937,000</b>	3,017,000
Property and Equipment - Own	13	<b>71,611,503</b>	78,806,755
Property, Plant and Equipment - Leased / Ijarah	14	<b>505,989,406</b>	907,870,850
Capital Work In Progress	15	<b>165,756,499</b>	163,862,890
Investment Properties	16	<b>651,838,885</b>	607,128,379
<b>TOTAL ASSETS</b>		<b><u>3,007,119,603</u></b>	<u>4,515,717,731</u>
<i>LIABILITIES</i>			
<b>Current Liabilities</b>			
Murabaha and Finance Under Markup Arrangements	17	<b>906,157,863</b>	1,379,462,029
Creditors, Accrued and Other Liabilities	18	<b>60,827,864</b>	70,366,778
Accrued Profit on Borrowings	19	<b>83,742,362</b>	41,305,497
Customers' Security Deposits		<b>32,314,062</b>	30,674,093
Profit Payable	20	<b>21,475,327</b>	19,351,590
<b>Total Current Liabilities</b>		<b><u>1,104,517,478</u></b>	<u>1,541,159,987</u>
Diminishing Musharaka Based TFCs'	21	<b>800,000,000</b>	680,000,000
Long Term Portion of Murabaha Finances	17	<b>209,232,153</b>	265,654,834
Long Term Portion of Rentals Received in Advance	18	<b>3,883,457</b>	5,600,945
Long Term Portion of Customers' Security Deposits		<b>149,066,584</b>	188,676,499
Deferred Liability - Staff Gratuity	22	<b>-</b>	1,340,466
<b>TOTAL LIABILITIES</b>		<b><u>2,266,699,672</u></b>	<u>2,682,432,731</u>
<b>NET ASSETS</b>		<b><u>740,419,931</u></b>	<u>1,833,285,000</u>
<b>Represented By:</b>			
Certificate Capital	23	<b>780,462,550</b>	780,462,550
Capital Reserves		<b>488,522,189</b>	488,522,189
Revenue Reserve		<b>56,000,000</b>	51,000,000
(Deficit) / Surplus on Revaluation of Investments (a)		<b>(82,842,413)</b>	437,033,048
Accumulated (Loss) / Profit		<b>(501,722,395)</b>	76,267,213
		<b><u>740,419,931</u></b>	<u>1,833,285,000</u>
Commitments	24		

(a) This includes impairment loss on available for sale investments in listed companies and mutual funds amounting Rs. 23,947,614 which has not been recognised in the profit and loss account using the option provided under S.R.O 150(1)/2009 dated February 13, 2009. Had the impairment loss been recognised in the profit and loss account, the loss for the year and accumulated loss would have been higher by Rs. 23,947,614 (refer note 7.2.1)

The annexed notes 1 to 42 form an integral part of these financial statements.

**Chief Executive Officer**  
B.R.R. Investments  
(Private) Limited

**Director**  
B.R.R. Investments  
(Private) Limited

**Director**  
B.R.R. Investments  
(Private) Limited



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**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2009**

	<i>Note</i>	<i>2009 Rupees</i>	<i>2008 Rupees</i>
Lease Rentals		<b>374,934,053</b>	520,715,374
Income on Musharaka and Murabaha Finances		<b>118,192,216</b>	138,403,190
(Loss) / Gain on Investments	25	<b>(17,016,920)</b>	195,689,131
Share of (Loss) / Profit from Associate		<b>(2,726,965)</b>	2,043,158
Income on Balance with Banks	26	<b>499,083</b>	158,018
Rental Income	27	<b>83,124,241</b>	64,616,473
		<b>557,005,708</b>	921,625,344
Amortisation on Leased Assets		<b>300,476,517</b>	362,267,449
Impairment Loss	28	<b>91,202,919</b>	1,488,968
Operating Expenses	29	<b>99,113,219</b>	98,877,029
Financial Charges	30	<b>318,462,386</b>	249,836,249
		<b>809,255,041</b>	712,469,695
		<b>(252,249,333)</b>	209,155,649
Provision for Doubtful Receivables	31	<b>270,658,700</b>	21,822,339
Profit receivable written off		<b>2,573,765</b>	-
Deficit on Revaluation of Investments - Held for trading		<b>-</b>	27,573,595
		<b>273,232,465</b>	49,395,934
Other Income	32	<b>22,733,820</b>	8,763,907
		<b>(502,747,978)</b>	168,523,622
Modaraba Company's Management Fee		<b>-</b>	16,852,362
(Loss) / Profit Before Taxation		<b>(502,747,978)</b>	151,671,260
Taxation	33	<b>-</b>	-
(Loss) / Profit for the Year (a)		<b>(502,747,978)</b>	151,671,260
Basic / Diluted (Loss) Earnings Per Certificate	34	<b>(6.44)</b>	1.94

(a) This includes impairment loss on available for sale investments in listed companies and mutual funds amounting Rs. 23,947,614 which has not been recognised in the profit and loss account using the option provided under S.R.O 150(1)/2009 dated February 13, 2009. Had the impairment loss been recognised in the profit and loss account, the loss for the year and accumulated loss would have been higher by Rs. 23,947,614 (refer note 7.2.1)

The annexed notes 1 to 42 form an integral part of these financial statements.

**Chief Executive Officer**  
B.R.R. Investments  
(Private) Limited

**Director**  
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**CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2009**

	<i>2009</i> <i>Rupees</i>	<i>2008</i> <i>Rupees</i>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit Before Taxation	<b>(502,747,978)</b>	151,671,260
Adjustment for Non-Cash Charges and Other Items:		
Depreciation	<b>43,423,826</b>	41,032,417
Amortisation	<b>290,107,444</b>	362,267,449
Impairment Loss	<b>91,202,919</b>	1,488,968
Share of (Loss) / Profit from Associate	<b>2,726,965</b>	(2,043,158)
Provision for Doubtful Musharaka Finances	<b>218,841,776</b>	31,209,934
Fixed Capital Expenditure on Property, Plant and Equipment-Leased	<b>(62,373,890)</b>	(337,092,628)
Proceeds on Disposal of Property, Plant and Equipment- Leased	<b>119,626,109</b>	167,092,370
Profit on Disposal of Property and Equipment- Own	<b>(134,889)</b>	(243,821)
Profit on Settlement / Disposal of Investment Property	<b>(11,680,427)</b>	(1,685,949)
Profit on Disposal of Property, Plant and Equipment -Leased	<b>(2,809,058)</b>	(1,538,552)
Profit on Musharaka, Murabaha and Finance Under Mark up Arrangements	<b>318,221,207</b>	249,604,764
Staff Gratuity	-	861,000
Loss / (Income) on Investments	<b>17,016,920</b>	(195,689,131)
	<b>1,024,168,902</b>	315,263,663
<b>(Increase) / Decrease in Current Assets</b>		
Lease Rentals Receivable	<b>(5,349,736)</b>	(21,304,095)
Loans, Advances and Prepayments	<b>9,912,032</b>	24,697,280
Accrued Profit	<b>23,498,163</b>	10,624,599
Other Receivables	<b>(2,132,791)</b>	15,901,968
	<b>25,927,668</b>	29,919,752
<b>Increase / (Decrease) in Current Liabilities</b>		
Creditors, Accrued and Other Liabilities	<b>(25,824,136)</b>	10,209,368
Customers' Security Deposits	<b>(37,969,946)</b>	(16,181,897)
Rentals Received in Advance	<b>14,567,734</b>	4,173,340
Income Tax Refunded	-	(999,870)
Staff Grauity paid	<b>(49,226,348)</b>	(2,799,058)
	<b>(1,115,206)</b>	(1,304,534)
<b>Net Cash generated from Operaing Activities</b>	<b>497,007,038</b>	492,751,083





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	<i>2009</i> <i>Rupees</i>	<i>2008</i> <i>Rupees</i>
<b><i>B. CASH FLOWS FROM INVESTING ACTIVITIES</i></b>		
Decrease / (Increase) in Investments	<b>300,022,640</b>	(228,528,666)
Income Received on Investments	<b>5,648,177</b>	199,852,726
Decrease / (Increase) in Murabaha and Musharaka Finances	<b>15,190,501</b>	(140,636,263)
Fixed Capital Expenditure on Investment Property	<b>(1,018,805)</b>	(69,029,214)
Fixed Capital Expenditure on Assets - Own	<b>(8,233,752)</b>	(71,931,288)
Proceeds on Disposal of Assets - Own	<b>1,340,184</b>	7,161,900
Long Term Deposits	<b>80,000</b>	(2,630,000)
<b>Net Cash generated from / (used in) Investing Activities</b>	<b>313,028,945</b>	(305,740,805)
<b><i>C. CASH FLOWS FROM FINANCING ACTIVITIES</i></b>		
Decrease in finance obtained under Murabaha and Finance Under Mark up Arrangements	<b>(529,726,847)</b>	(565,058,107)
Increase in Diminishing Musharaka Based TFCs'	<b>120,000,000</b>	680,000,000
Profit Paid on Borrowings	<b>(275,784,342)</b>	(242,304,739)
Profit Paid to Certificate Holders	<b>(68,117,893)</b>	(62,716,845)
<b>Net Cash used in Financing Activities</b>	<b>(753,629,082)</b>	(190,079,691)
<b>Net Decrease in Cash and Cash Equivalents (A+B+C)</b>	<b>56,406,901</b>	(3,069,414)
Cash and Cash Equivalents at the Beginning of the Year	<b>9,881,040</b>	12,950,454
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>66,287,941</b>	9,881,040

The annexed notes 1 to 42 form an integral part of these financial statements.

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*STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2009*

	<i>Capital Reserves</i>			<i>General Reserve</i>	<i>Surplus on Revaluation of Investments</i>	<i>Accumulated Loss</i>	<i>2009 Rupees</i>
	<i>Certificate Capital</i>	<i>Profit Prior to Floatation</i>	<i>* Statutory Reserve</i>				
Balance at July 01, 2007	780,462,550	10,532,683	402,153,876	43,167,100	324,220,746	74,603,802	1,635,140,757
Profit Distribution Declared for the Year Ended June 30, 2007	-	-	-	-	-	(66,339,318)	(66,339,318)
Unrealised Profit on Revaluation of Investments	-	-	-	-	112,812,302	-	112,812,302
Share from Associate	-	-	-	-	-	-	-
Profit for the Year	-	-	-	-	-	151,671,259	151,671,259
Total recognised income and expense for the year	-	-	-	-	112,812,302	151,671,259	264,483,561
Transferred to General Reserve for the year ended June 30, 2007	-	-	-	7,832,900	-	(7,832,900)	-
Transferred to Statutory Reserve for the year ended June 30, 2008	-	-	75,835,630	-	-	(75,835,630)	-
Balance at June 30, 2008	780,462,550	10,532,683	477,989,506	51,000,000	437,033,048	76,267,213	1,833,285,000
Balance at July 01, 2008	780,462,550	10,532,683	477,989,506	51,000,000	437,033,048	76,267,213	1,833,285,000
Profit Distribution Declared for the Year Ended June 30, 2008	-	-	-	-	-	(70,241,630)	(70,241,630)
Unrealised Loss on Revaluation of Investments	-	-	-	-	(495,927,847)	-	(495,927,847)
Impairment Loss for the year (a) Share from Associate	-	-	-	-	(23,947,614)	-	(23,947,614)
Profit for the Year	-	-	-	-	-	(502,747,978)	(502,747,978)
Total recognised income and expense for the year	-	-	-	-	(519,875,461)	(502,747,978)	(1,022,623,439)
Transferred to General Reserve for the year ended June 30, 2008	-	-	-	5,000,000	-	(5,000,000)	-
Transferred to Statutory Reserve for the year ended June 30, 2009	-	-	-	-	-	-	-
Balance at June 30, 2009	780,462,550	10,532,683	477,989,506	56,000,000	(82,842,413)	(501,722,395)	740,419,931

\* Statutory reserve represents profit set aside to comply with the Prudential Regulations for Modarabas issued by Securities and Exchange Commission of Pakistan.

(a) This represents impairment loss on available for sale securities in listed companies and mutual funds which has not been recognised in the profit and loss account using the option provided in S.R.O 150(1)/2009 dated February 13, 2009. (refer note 7.2.1)

The annexed notes 1 to 42 form an integral part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009**

**1. LEGAL STATUS AND NATURE OF THE BUSINESS**

1.1 B.R.R. Guardian Modaraba (BRRGM) is a multipurpose, perpetual Modaraba floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by B.R.R. Investments (Private) Limited, a company incorporated in Pakistan. The Modaraba is listed on the Karachi Stock Exchange. The Modaraba's principal activity is leasing of assets, deployment of funds in musharakas, murabahas and investment in properties, equity and debt securities. The Modaraba also provides custodial and management services in the name of B.R.R Security Vault.

1.2 The financial statements are presented in Pak Rupee, which is the Modaraba's functional and presentation currency

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies & Modaraba Rules, 1981 Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan (SECP) ['the Modaraba Regulations'] together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) and Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Ordinance, 1984 and made applicable to Modarabas under 'the Modaraba Regulations'. Wherever the requirements of 'the Modaraba Regulations' differ from the requirements of these standards, the requirements of 'the Modaraba Regulations' take precedence.

The SECP has deferred the application of IAS 17 "Leases" and specific requirements of IAS 39 "Financial Instruments, Recognition and Measurement" for recognition of unrealized gain on "held for trading" investments for Modarabas.

In addition SECP has also notified Islamic Financial Accounting Standard 2 (IFAS-2) 'Tjarah', issued by the Institute of Chartered Accountants of Pakistan. This standard is operative for financial statements covering the period beginning on or after 1 July, 2007 and is required to be followed on those tjarahas which commence after the above mentioned date. The Modaraba Association of Pakistan (MAP) had advised its members to comply with the requirement of IFAS-2 vide circular no 79 dated March 11, 2009. The Modaraba has adopted the above said standard to the Tjarah transactions executed on or after July 01, 2008. There are no significant changes and financial impacts that have resulted from the adoption of IFAS-2 by the Modaraba since accounting treatment has already in line with guidelines presented in IFAS-2.

**2.1 Adoption of new International Financial Reporting Standards**

The following standards and interpretations of approved accounting standards, effective for accounting periods beginning on or after January 1, 2009 are either not relevant to Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases:-

IFRS 7 -	Financial Instruments: Disclosures	Effective from accounting period beginning on or after April 28, 2008
IFRIC 12 -	Services Concession Arrangements	Effective for accounting period beginning on or after January 1, 2008
IFRIC 13 -	Customer Loyalty Programs	Effective for accounting period beginning on or after July 1, 2008.
IFRIC 14 -	The limit on Defined Benefit Assets, Minimum Funding Requirements and their interaction	Effective from accounting period beginning on or after January 1, 2008

**2.2 New accounting standards and IFRS interpretations that are not yet effective**

The following International Financial Reporting Standards and Interpretations as notified by the Securities and Exchange Commission of Pakistan are not yet effective;

IFRS 8 -	Operating Segments	Effective from accounting period beginning on or after January 1, 2009
IFRIC 15 -	Agreements for the Construction of Real Estate	Effective from accounting period beginning on or after January 1, 2009



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IFRIC 16 -	Hedges of a Net Investment in a Foreign Operation	Effective from accounting period beginning on or after October 1, 2008
IFRIC 17 -	Distributions of Non-cash Assets to Owners	Effective from accounting period beginning on or after July 1, 2009
IFRIC 18 -	Transfer of Assets from Customers	Effective from accounting period beginning on or after July 1, 2009

**3. BASIS OF PREPARATION**

These financial statements have been prepared under the historical cost convention, except for certain investments which have been included at fair value.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these financial statements are set below.

**4.1 Adopton of IFAS 2 - Ijarah**

In view of application of IFAS-2 "Ijarah", assets underlying Ijarah have been carried at cost less accumulated amortisation and impairment, if any. Rentals accrued from Ijarah have been taken to profit & loss account. Amortisation on Ijarah assets is charged by applying the straight line method over the ijarah period which is from the date of delivery of respective assets to mustajir upto the date of maturity / termination of ijarah agreement. In respect of the addition or deletions during the year, amortization is charged proportionately to the period of ijarah.

**4.2 Property, plant and equipment**

**(i) Leased out and amortisation**

Leased assets are stated at cost less accumulated amortisation and impairment loss (if any). Amortisation is charged to income applying the annuity method whereby the cost of an asset, less its residual value, is written off over its lease period. In respect of additions and disposals during the year, amortisation is charged proportionately to the period of lease.

Profit or loss on disposal of leased assets is recognised as income or expense.

**(ii) In own use and depreciation**

Operating assets are stated at cost less accumulated depreciation and impairment loss (if any), except for free hold land, which is stated at cost. Depreciation is charged to profit and loss account applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and disposal during the year, depreciation is charged proportionately to the period of use.

Profit or loss on disposal of leased assets is recognised as income or expense.

Maintenance and normal repairs are charged to profit and loss account as and when incurred; also assets costing upto Rs.25,000/- are charged to income. Major renewals and improvements are capitalized and assets so replaced, if any, are retired.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

**4.3 Investment properties**

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment property of the modaraba comprises buildings and is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on investment property is charged on straight line method over its estimated useful life at the rates ranging from 2% to 5% per annum. In respect of additions and disposals during the year, depreciation is charged proportionately to the period of use.



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#### **4.4 Investments**

**i) Held for trading "at fair value through profit or loss"**

These investments are initially recognised at fair value and subsequently measured at fair value. As per requirement of IAS-39 "Financial Instruments, Recognition and Measurement" the gain or loss on revaluation of investment held for trading is to be included in profit and loss account. However, as allowed by the Securities and Exchange Commission of Pakistan vide their letter No. SECP/ICAP/SC/34/99 dated September 24, 2002, unrealized gain is included in equity and diminution in value of investments is included in profit and loss, on aggregate basis.

**ii) Available for sale**

Investment securities held by the Modaraba which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognised at fair value plus transaction cost and subsequently measured at fair value. The investments for which quoted market price is not available, are measured at costs as it is not possible to apply any other valuation methodology. Gains and losses arising from re-measurement at fair value is recognised directly in the equity under fair value reserve until sold, collected, or otherwise disposed of, at which time the cumulative gain or loss previously recognised in equity is included in profit and loss account.

**iii) Held to maturity**

These are investments with fixed or determinable payments and fixed maturity, and which, the Modaraba has positive intent and ability to hold till maturity. Held to maturity investments are initially recognised at fair value plus transaction cost and are subsequently measured at amortized cost using effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

**iv) Derecognition**

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Modaraba has transferred substantially all risks and rewards of ownership.

#### **4.5 Lease rentals receivable, ijraah, murabaha and musharaka finances**

Receivables considered doubtful are provided for in accordance with the requirement of the Prudential Regulations for Modarabas. Specific provision is also made for receivables considered doubtful.

#### **4.6 Staff retirement benefits**

**Defined contribution plan**

The modaraba operates a defined contribution provident fund for all employees. Equal monthly contributions are made both by the modaraba and the employees to the fund at the rate of 10% of basic salary.

**Defined benefit plan**

The modaraba also operates an unfunded gratuity scheme for those employees who have been transferred from Guardian Modaraba, having completed minimum years of service, including services rendered before amalgamation, as prescribed under the scheme. Provision is made in accordance with the actuarial recommendations. Actuarial valuation is carried out periodically using "Projected Unit Credit Method". However during the year the Modaraba has discontinued gratuity scheme effective from June 30, 2009.

#### **4.7 Provisions**

Provisions are recognised when the Modaraba has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.



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#### **4.8 Impairment**

##### ***Financial Assets***

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

##### ***Available-for-sale financial investments***

For available-for-sale financial investments, the company assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from equity and recognised in the profit and loss account. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in equity.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. Interest continues to be accrued at the original effective interest rate on the carrying amount of the asset and is recorded as part of 'Interest and similar income'. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the profit and loss account.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

##### ***Non-financial assets***

The modaraba assesses at each balance sheet date whether there is any indication that assets except deferred tax assets and investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss for asset subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognised as income.

#### **4.9 Revenue recognition**

##### **4.9.1 Lease and ijarah rentals**

Income from lease and ijarah is recognised as and when lease rentals become due on a systematic basis over the lease and ijarah period.

##### **4.9.2 Hire purchase transactions**

For hire purchase transactions, the unearned finance income is deferred and taken to income over the period of hire purchase, applying the annuity method to produce a constant rate of return on the net investment.



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**4.9.3 Murabaha and musharaka transactions**

Profit from musharaka transactions is recognised on the basis of pro rata accrual of the profit estimated for the transaction over the period.

Profit from murabaha finance is accounted for on culmination of murabaha transaction. However, the profit on that portion of murabaha finance not due for payment is deferred by accounting for "Deferred Murabaha Income" with a corresponding credit to "Unearned Murabaha Income" which is recorded as a liability. The same is then recognised on a time proportion basis.

**4.9.4 Rental Income**

Rental Income arising from investment properties is accounted for on a straight line basis.

**4.9.5 Dividend income**

Dividend is recognised as income when the right of receipt is established.

**4.10 Taxation**

**Current**

Provision for taxation is made on taxable income if any, at the prevailing rates of tax after taking into account any tax credit available.

**Deferred**

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is generally recognised for all taxable temporary differences. Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

**4.11 Foreign currencies translation**

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange approximating to those prevalent on the balance sheet date. Foreign currency transactions are converted into Rupees at the rate of exchange prevailing on the date of transactions. Exchange gains and losses on translation are taken to income currently.

**4.12 Financial assets**

Financial assets comprise of lease rentals receivable, investments, musharaka and morabaha finances, deposits, other receivables, excluding taxation. Lease rentals receivable, musharaka, morabaha and other receivables are stated at cost as reduced by appropriate allowances for estimated irrecoverable amounts.

**4.13 Financial liabilities**

Financial liabilities are classified according to the substance of contractual arrangements entered into. Significant financial liabilities are musharaka, morabaha and finance under mark up arrangements, deposit on lease contracts and accrued and other liabilities.

**4.14 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash



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and cash equivalents comprise cash in hand, with banks on current, savings and deposit accounts, as well as balance held with the State Bank of Pakistan (SBP).

**4.15 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Modaraba has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on the assets and charge on the liability is also off- set.

**4.16 Critical Accounting Estimates and Judgments**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgment was exercised in application of accounting policies are as follows: -

- i) classification of investments (Note 7)
- ii) provision for doubtful receivables (Note 6 & 8)
- iii) depreciation on property and equipment (Note 13)
- iv) impairment of property, plant and equipment - leased (Note 14)
- v) impairment of investments (Note 7.2.1)

<b>5. CASH AND BANK BALANCES</b>	<i>Note</i>	<b>2009 Rupees</b>	<b>2008 Rupees</b>
With State Bank of Pakistan		<b>22,513</b>	26,023
With Banks on:			
- PLS Savings Accounts	5.1	<b>61,799,446</b>	3,454,757
- Foreign Currency Savings Accounts		<b>2,914,140</b>	3,215,098
- Current Accounts		<b>1,416,298</b>	3,060,474
Cash in Hand		<b>135,544</b>	124,688
		<b>66,287,941</b>	9,881,040

**5.1** Effective mark-up rate in respect of PLS accounts ranges from 2.5% to 5.5% (2008: 1% to 5.5%) per annum.

**6. MUSHARAKA AND MURABAHA FINANCES**

Musharaka Finances	6.1	<b>1,108,083,204</b>	1,262,415,463
Murabaha Finances	6.2	<b>4,649,335</b>	6,143,840
		<b>1,112,732,539</b>	1,268,559,303
Less: Long Term Portion			
Musharaka Finances		<b>405,306,111</b>	280,969,899
Murabaha Finances		-	-
Less: Provision for Doubtful Receivables	6.3	<b>405,306,111</b>	280,969,899
		<b>308,070,415</b>	89,228,639
		<b>399,356,013</b>	898,360,765





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**6.1** The expected profit receivable on these arrangements ranging from Re.0.041 to Re.0.684 per Rs.1,000 per day (2008: Re.0.233 to Re.0.603 per Rs.1,000 per day). The arrangements are secured by way of hypothecation of stock, property mortgage, charged on property and equipment and pledge of shares. These finance are receivable on various dates up to June 21, 2013.

<b>6.2 Murabaha</b>	<i>Note</i>	<b>2009 Rupees</b>	<b>2008 Rupees</b>
		<u>4,649,335</u>	<u>6,143,840</u>

The return on these murabaha ranges from 17.25% to 18% (2008: 14% to 18%) per annum maturing within two months.

Detail of murabaha transactions from July 01, 2008 is as under :

Murabaha sale price		<b>11,808,354</b>	6,241,340
Purchase price		<b>10,650,000</b>	5,650,000
		<u>1,158,354</u>	<u>591,340</u>

**Deferred Murabaha income**

Opening balance		<b>472,218</b>	-
Deferred during the year		<b>567,014</b>	591,340
Recognised during the year		<b>759,245</b>	119,122
		<u>279,987</u>	<u>472,218</u>

**Murabaha receivable**

Opening balance		<b>6,143,840</b>	-
Sales during the year		<b>5,567,014</b>	6,241,340
Received during the year		<b>7,061,519</b>	97,500
		<u>4,649,335</u>	<u>6,143,840</u>

**6.3 Movement of Provision**

Opening Balance		<b>89,228,639</b>	58,018,705
Charge for the Year		<b>222,043,185</b>	35,000,000
Reversals during the Year		<b>(3,201,409)</b>	(3,790,066)
Closing Balance		<u>308,070,415</u>	<u>89,228,639</u>

**7. SHORT TERM INVESTMENTS**

Held for Trading:			
Investments in Listed Companies and Mutual Funds	7.1	-	317,386,648
Available for Sale:			
Investments in Listed Companies and Mutual Funds	7.2	<b>320,027,935</b>	667,893,757
Investments in Unlisted Companies	7.3	<b>8,154,017</b>	9,999,990
Investments in Listed Debt Securities	7.4	<b>142,480,202</b>	268,575,118
		<u>470,662,154</u>	946,468,865
		<u>470,662,154</u>	<u>1,263,855,513</u>



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**7.1 Held for Trading : Investments in Listed Companies/Mutual Funds include the following:**

Unless stated otherwise, the holdings are in the fully paid ordinary shares / certificates / units of Rs.10/- each.

2009 No. of Shares / Certificates / Units	2008	Name of Investee	2009 Rupees	2008 Rupees
		<b>Open-End Mutual Fund</b>		
-	39,498	Pakistan Capital Market Fund (Par value Rs. 10)	-	428,553
-	938,615	POBOP Advantage Plus Fund (Par value Rs. 50)	-	50,129,550
		<b>Closed-End Mutual Fund</b>		
-	132,903	First Dawood Mutual Fund	-	948,927
-	25,025	Golden Arrow Selected Stocks Fund (Par value Rs. 5)	-	168,168
-	5,400,000	NAMCO Balanced Fund	-	50,274,000
-	37,500	Pakistan Strategic Allocation Fund	-	345,375
-	73,675	PICIC Growth Fund	-	1,751,255
		<b>Modarabas</b>		
-	207,000	First Equity Modaraba Managed by Premier Financial Services Private Limited	-	610,650
		<b>Leasing Companies</b>		
-	1,150	Orix Leasing Pakistan Limited	-	28,739
		<b>Investment Banks/Cos./Securities</b>		
-	2,500	Arif Habib Securities Limited	-	403,700
-	383,150	First Dawood Investment Bank Limited (Associated Undertaking)	-	26,801,343
-	1,000	Jahangir Siddiqui & Company Limited	-	530,150
-	100,245	Javed Omer Vohra & Company Limited	-	5,351,078
-	30,000	JS Investments Limited	-	2,852,100
-	18,150	Orix Investment Bank Pakistan Limited	-	89,843
-	651	Trust Investment Bank Limited	-	19,829
		<b>Commercial Banks</b>		
-	1,927	NIB Bank Limited	-	21,910
-	3	The Bank of Punjab	-	93
		<b>Textile Composite</b>		
-	35,000	Artistic Denim Mills Limited	-	1,489,950
-	957,238	Azgard Nine Limited (Non-convertible preference shares)	-	7,657,904
-	1,032	Azgard Nine Limited (Convertible preference shares)	-	29,464
-	10,443	Azgard Nine Limited	-	642,871
-	12,764	Dawood Lawrancepur Limited	-	1,807,765
-	11,500	Gul Ahmed Textile Mills Limited	-	460,000
-	30	Kohinoor Textile Mills Limited	-	416
-	238	Nishat Mills Limited	-	20,461
-	2	Nishat (Chunian) Limited	-	48
-	10,000	Sapphire Fibres Limited	-	2,599,500
-	8,890	Sapphire Textile Mills Limited	-	1,204,595



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<i>2009</i>	<i>2008</i>	<i>Name of Investee</i>	<i>2009</i>	<i>2008</i>
<i>No. of Shares /</i>			<i>Rupees</i>	<i>Rupees</i>
<i>Certificates / Units</i>				
-	25,964	<b>Synthetic and Royan</b> Dewan Salman Fiber Limited	-	128,522
		<b>Jute</b>		
-	24,680	Thal Limited (Par value Rs. 5)	-	4,837,774
		<b>Cement</b>		
-	15,093	Cherat Cement Company Limited	-	408,869
-	110,023	D.G. Khan Cement Company Limited	-	7,386,944
-	6,844	Kohat Cement Company Limited	-	250,696
-	10,000	Lucky Cement Limited	-	979,300
-	14,385	Maple Leaf Cement Factory Limited	-	156,940
-	-	Pakistan Cement Company Limited	-	-
-	14,473	Pioneer Cement Limited	-	407,704
		<b>Refinery</b>		
-	25,000	Attock Refinery Limited	-	6,247,000
-	244,000	Bosicor Pakistan Limited	-	3,269,600
-	20,000	National Refinery Limited	-	5,949,400
-	10,833	Pak Refinery Limited	-	1,639,900
		<b>Power Generation &amp; Distribution</b>		
-	100	The Hub Power Company Limited	-	2,860
		<b>Oil &amp; Gas Marketing Companies</b>		
-	7,500	Attock Petroleum Limited	-	3,242,100
-	14,000	Shell Pakistan Limited	-	5,838,000
-	21,982	Sui Southern Gas Company Limited	-	616,815
		<b>Oil &amp; Gas Exploration Companies</b>		
-	15,500	Mari Gas Company Limited	-	4,177,715
-	70,000	Oil & Gas Development Company Limited	-	8,705,200
-	13,250	Pakistan Oilfields Limited	-	4,834,130
-	750	Pakistan Petroleum Limited	-	184,493
		<b>Engineering</b>		
-	25,000	International Industries Limited	-	3,136,500
		<b>Automobile Assembler</b>		
-	15,000	Agriauto Industries Limited	-	1,241,250
-	57,050	Al-Ghazi Tractors Limited (Par value Rs. 5)	-	15,537,568
-	20,000	Millat Tractors Limited	-	5,320,000
-	4,500	Pak Suzuki Motor Company Limited	-	539,055
		<b>Transport</b>		
-	26,500	Pakistan National Shipping Corporation	-	1,896,075
		<b>Technology and Communication</b>		
-	43,000	Telecard Limited	-	273,480
-	25,000	Worldcall Communication Limited	-	363,000



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2009 No. of Shares / Certificates / Units	2008	Name of Investee	2009 Rupees	2008 Rupees
<b>Fertilizer</b>				
-	2,070	Dawood Hercules Limited	-	806,265
-	58,150	Engro Chemical Pakistan Limited	-	16,329,102
-	10,600	Fauji Fertilizer Company Limited	-	1,402,592
-	25,000	Fauji Fertilizers Bin Qasim Limited	-	899,250
<b>Pharmaceuticals</b>				
-	64,584	Abbott Laboratories (Pakistan) Limited	-	11,457,202
-	23,100	GlaxoSmithKline Limited	-	3,927,000
-	2,640	Highnoon Laboratories	-	149,002
-	15,000	Searle Pakistan Limited	-	1,373,100
<b>Chemicals</b>				
-	53,900	BOC Pakistan Limited	-	11,782,302
-	59,375	ICI Pakistan Limited	-	9,581,344
-	25,000	Sitara Peroxide Limited	-	1,358,000
<b>Paper &amp; Board</b>				
-	35,125	Cherat Paper Sack Limited	-	4,448,230
-	11,500	Packages Limited	-	2,896,735
<b>Miscellaneous</b>				
-	120	EcoPack Limited	-	1,200
-	25,000	Pace (Pakistan) Limited	-	708,500
-	35,000	Tri-Pack Films Limited	-	6,027,700
			-	317,386,648
			-	317,386,648

7.1.1. During the year, The Karachi Stock Exchange (Guarantee) Limited ("KSE") placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing as on August 27, 2008. Under the "Floor Mechanism", the individual security price of equity securities could vary within normal circuit breaker limit, but not below the floor price level. The mechanism was effective from August 28, 2008. Consequent to the introduction of the above measure of the KSE, the market value declined significantly. The "Floor Mechanism" was subsequently removed by the KSE on December 15, 2008 in order to rationalise the process of equity securities. Subsequent to the removal of "Floor Mechanism" the KSE 100 index declined significantly and the market remained generally inactive due to low trading volumes.

In view of the above circumstances and due to unprecedented decline in equity security prices and prevailing financial crisis, investments "Held for trading" amounting Rs. 317 million has been reclassified as "Available for sale" as allowed by International Accounting Standards (IAS) 39 "Financial Instruments: Recognition and Measurement" which was amended in October 2008 and is made applicable from July 01, 2008.

As required by International Financial Reporting Standards (IFRS) 7 "Financial Instruments: Disclosures" it is impracticable to disclose;

- for each reporting period until derecognition, the carrying amounts and fair values of all financial assets that have been reclassified in the current and previous reporting periods;
- for the reporting period when the financial asset was reclassified, the fair value gain or loss on the financial asset recognised in profit or loss or other comprehensive income in that reporting period and in the previous reporting period;
- for each reporting period following the reclassification (including the reporting period in which the financial asset was reclassified) until derecognition of the financial asset, the fair value gain or loss that would have been recognised in profit or loss or other comprehensive income if the financial asset had not been reclassified, and the gain, loss, income and expense recognised in profit or loss.



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**7.2 Available For Sale : Investments in Listed Companies/Mutual Funds include the following:**  
Unless stated otherwise, the holdings are in the fully paid ordinary shares/certificates/units of Rs. 10/- each.

2009 No. of Shares / Certificates / Units	2008 Name of Investee	Rupees	2009 Rupees	2008 Rupees
<b>Open-end Mutual Fund</b>				
55,415	55,415	NIT Units ( Par value Rs. 10)	1,493,434	2,900,975
722,636	-	Dawood Money Market Fund ( Par value Rs. 100)	59,104,398	-
40,621	-	Pakistan Capital Market Fund ( Par value Rs. 10)	337,154	-
102,916	81,541	Pakistan Stock Market Fund ( Par value Rs. 50)	4,940,997	6,649,669
<b>Closed-end Mutual Fund</b>				
1,046,281	913,378	First Dawood Mutual Fund	2,092,562	6,521,519
5,400,000	-	Namco Balance Fund	25,488,000	-
37,500	100,000	Pakistan Strategic Allocation Fund	128,625	921,000
105,000	50,000	PICIC Growth Fund	882,000	1,188,500
<b>Modarabas</b>				
389,000	182,000	First Equity Modaraba Managed by Royal Premier Financial Limited	385,110	536,900
120,000	160,000	First Habib Modaraba Managed by Habib Modaraba Management Limited (Par value Rs. 5)	692,400	1,243,200
<b>Leasing Companies</b>				
-	14	Crescent Leasing Corporation Limited	-	52
<b>Investment Banks/Cos./Securities</b>				
237,000	563,053	Arif Habib Securities Limited	6,550,680	90,921,798
1,935,506	1,759,551	Dawood Capital Management Limited	10,548,508	49,091,473
2,499,000	2,499,000	Dawood Equities Limited	9,471,210	44,357,250
3,339,922	2,653,145	First Dawood Investment Bank Limited (Associated Undertaking)	10,253,561	185,587,493
-	124	IGI Investment Bank Limited	-	981
68	-	Jahangir Siddiqui Company Limited	1,577	-
50,001	-	Javed Omer Vohra and Company Limited	673,513	-
354	-	Trust Investment Bank Limited	3,519	-
<b>Commercial Banks</b>				
3	-	The Bank Of Punjab	33	-
4,471	-	NIB Bank	21,237	-
<b>Textile Weaving</b>				
-	100,000	Zephyr Textile Limited	-	489,000
<b>Textile Composite</b>				
35,000	-	Artistic Denim Mills Limited	786,100	-
-	-	Azgard Nine (Legler Nafees Denim)	-	-
1,031	-	Azgard Nine Limited Convertible Preference Shares	6,186	-
126,500	126,500	(Colony) Thal Textile Mills Limited	284,625	474,375
300	300	Ghazi Fabrics Industries Limited	750	2,010
10,000	3,008	Gul Ahmed Textile Mills Limited	388,400	120,320



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<i>No. of Shares / Certificates / Units</i>	<i>2009 2008</i>	<i>Name of Investee</i>	<i>Rupees</i>	<i>2009 Rupees</i>	<i>2008 Rupees</i>
7,875	375	Sapphire Fibres Limited		669,375	97,481
8,890	-	Sapphire Textiles Mills Limited		613,410	-
		<b>Synthetic and Royan</b>			
	30,163	Dewan Salman Fibres Limited		-	149,307
9,350	9,350	Gatron (Industries) Limited		565,675	768,290
6,670	6,670	Rupali Polyester Limited		196,432	280,140
		<b>Jute</b>			
15,100	-	Thal Jute Mills Limited		1,169,495	-
		<b>Sugar &amp; Allied Industries</b>			
1,600,000	2,000,000	Shakarganj Mills Limited (Preference shares)		15,840,000	20,400,000
		<b>Cement</b>			
102,749	28,725	D.G. Khan Cement Company Limited		3,046,508	1,928,597
55,000	55,925	Lucky Cement Limited		3,219,150	5,476,735
42,090	33,210	Maple Leaf Cement Factory Limited		179,303	362,321
90,000	62,706	Pioneer Cement Limited		1,222,200	1,766,428
		<b>Refinery</b>			
37,646	26,781	Attock Refinery Limited		4,697,844	6,692,036
210,000	-	Bosicor Pakistan Limited		1,461,600	-
26,500	50,800	National Refinery Limited		5,830,530	15,111,476
11	17,500	Pakistan Refinery Limited		988	2,649,150
		<b>Power Generation and Distribution</b>			
90,100	145,000	The Hub Power Company Limited		2,440,809	4,147,000
		<b>Oil &amp; Gas Marketing Companies</b>			
5,000	-	Pakistan Petroleum Limited		947,700	-
31,397	40,397	Pakistan State Oil Company Limited		6,707,969	16,855,244
83,134	50,187	Shell Pakistan Limited		18,613,703	20,927,979
33,000	55,248	Sui Northern Gas Pipelines Limited		1,054,350	2,407,155
17,489	-	Sui Southern Gas Company Limited		244,846	-
		<b>Oil &amp; Gas Exploration Companies</b>			
55,000	51,000	Oil & Gas Development Company Limited		4,325,200	6,342,360
17,508	61,170	Pakistan Oilfields Limited		2,554,417	22,317,263
		<b>Engineering</b>			
63,046	94,870	International Industries Limited		2,842,744	11,902,390
		<b>Automobile Assembler</b>			
8,000	-	Al Ghazi Tractor Limited		1,296,000	-
-	42,000	Atlas Battery Limited		-	6,504,960
30,000	30,000	Honda Atlas Cars Limited		385,500	1,128,900
48,100	71,000	Millat Tractors Limited		13,432,738	18,886,000
16,500	16,000	Pak Suzuki Motor Company Limited		1,120,350	1,916,640
		<b>Transport</b>			
-	4,960	Pakistan National Shipping Corporation		-	354,888
		<b>Technology and Communication</b>			
204	30,704	Callmate Telips Telecom Limited		-	120,974
27,900	29,500	Pakistan Telecommunication Company Ltd.		481,275	1,139,880



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<i>2009</i>	<i>2008</i>		<i>2009</i>	<i>2008</i>
<i>No. of Shares /</i>	<i>Name of Investee</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
<i>Certificates / Units</i>				
		<b>Fertilizer</b>		
<b>2,070</b>	-	Dawood Hercules Limited	<b>266,016</b>	-
<b>123,403</b>	82,376	Engro Chemical Pakistan Limited	<b>15,848,647</b>	23,132,005
<b>308,331</b>	280,848	Fauji Fertilizers Company Limited	<b>26,809,380</b>	37,161,807
		<b>Pharmaceuticals</b>		
<b>73,000</b>	-	Abbott Laboratories Pakistan Limited	<b>5,854,600</b>	-
<b>32,000</b>	54,175	GlaxoSmithKline Pakistan Limited	<b>3,833,920</b>	9,209,750
<b>564</b>	101,558	Highnoon Laboratories Limited	<b>17,196</b>	5,731,934
<b>15,000</b>	-	Searle Pakistan Limited	<b>668,250</b>	-
		<b>Chemicals</b>		
<b>50,290</b>	690	BOC Pakistan Limited	<b>5,782,765</b>	150,816
<b>20,000</b>	20,000	Clariant Pakistan Limited	<b>2,231,600</b>	4,433,400
<b>10,875</b>	-	Colgate Palmolive (Pakistan) Limited	<b>3,045,000</b>	-
<b>53,475</b>	20,000	ICI Pakistan Limited	<b>7,499,869</b>	3,227,400
<b>25,000</b>	-	Sitara Peroxide Limited	<b>461,000</b>	-
		<b>Paper &amp; Board</b>		
<b>25,000</b>	21,759	Packages Limited	<b>3,926,000</b>	5,480,875
-	14,780	Security Papers Limited	-	1,133,035
<b>35,000</b>	-	Cherat Papersack Limited	<b>1,265,250</b>	-
		<b>Food &amp; Personal Care-Products</b>		
<b>2,100</b>	2,100	Nestle Pakistan Limited	<b>2,293,158</b>	3,444,000
-	1,000	Treet Corporation Limited	-	260,000
<b>5,400</b>	5,480	Unilever Pakistan Limited (Par value Rs. 50)	<b>10,530,594</b>	12,878,000
		<b>Miscellaneous</b>		
-	550	Siddiqsons Tin Plate Limited	-	10,626
			<b><u>320,027,935</u></b>	<b><u>667,893,757</u></b>

**7.2.1** SECP vide S.R.O dated February 13, 2009 allowed the impairment loss, if any, recognised as on December 31, 2008 due to valuation of listed companies and mutual funds held as "Available for Sale" to quoted market prices may be shown under the equity. The amount taken to equity including any adjustment / effect for price movements shall be taken to profit and loss account on quarterly basis during the calendar year ending on December 31, 2009. The amount taken to equity as at December 31, 2008 shall be treated as a charge to profit and loss account for the purpose of distribution as dividend.

International Accounting Standard 39 - Financial Instruments: Recognition and Measurement (IAS 39) requires that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. Such impairment loss should be transferred from equity to profit and loss account.

In view of the above and current economic conditions in the country, the management believes that these are "rare circumstances" and the plunge in equity markets cannot be considered to be a fair reflection of equity values. Therefore recognition of impairment for "Available for Sale" equity securities through profit and loss account will not reflect the correct financial performance of the Modaraba.



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Rupees

**7.2.2 Treatment of impairment loss as per SRO (150) (1) / 2009**

Impairment loss as at December 31, 2008 as shown under the equity	164,676,656
Realised as capital loss during six months ending June 30, 2009	107,935,222
Transferred to Profit and Loss account during six months ending June 30, 2009	(32,793,820)
	23,947,614
	23,947,614

**7.3 Available for sale: Investments in unlisted companies is as follows:**

The holdings are in the fully paid ordinary shares of Rs. 10/- each.

2009 No. of Shares /	2008	Name of Investee	2009 Rupees	2008 Rupees
<u>531,207</u>	<u>518,918</u>	Systems Limited	7.3.1 <u>8,154,017</u>	<u>9,999,990</u>

**7.3.1** The breakup value of investment based on the net assets of the investee company as per its audited financial statements for the year ended December 31, 2008 was Rs. 8,154,017 (December 31, 2007: Rs.10,262,617). The Modaraba held 2.46% (2008 : 2.46%) of the investee's paid up capital.  
(Auditors: Ford Rhodes Sidat Hyder & Co)

**7.4 Available For Sale : Investments in Listed Debt Securities include the following:**

2009 No. of Certificates	2008	Name of Investee	2009 Rupees	2008 Rupees
-	7,000	Al Zamin Leasing Modaraba	-	31,539,560
<b>1,013</b>	1,013	Avani Hotel Limited	<b>5,066,667</b>	5,066,667
-	400	Crescent Leasing Corporation (2nd Issue)	-	1,999,200
-	104	Crescent Standard Investment Bank Limited	-	145,472
<b>12,000</b>	12,000	Eden Housing Limited	<b>58,356,840</b>	60,000,000
<b>500</b>	2,000	Escort Investment Bank Limited	<b>2,484,822</b>	10,287,883
<b>6,000</b>	6,000	Gharibwal Cement Limited	<b>26,676,873</b>	30,000,000
<b>3,600</b>	4,000	Grays Leasing Limited	<b>12,500,000</b>	20,000,000
-	3,000	Pace Pakistan Limited	-	15,193,500
<b>9,972</b>	-	Pak Hy Oils Limited (Note 7.4.1)	<b>37,395,000</b>	-
-	100	Trakker Private Limited	-	8,750,000
-	908	WorldCall Communications Limited	-	4,605,336
-	30,000	Zevar Petroleum Limited	-	80,987,500
			<b>142,480,202</b>	<b>268,575,118</b>
			<b>142,480,202</b>	<b>268,575,118</b>

**7.4.1** This is net of impairment loss of Rs. 12,464,000.





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	<i>Note</i>	<i>2009</i> <i>Rupees</i>	<i>2008</i> <i>Rupees</i>
<b>8. LEASE RENTALS RECEIVABLE</b>			
Considered Good		49,475,014	44,125,278
Considered Doubtful		175,046,753	132,979,207
		<u>224,521,767</u>	177,104,485
Less: Provision for Doubtful Receivables	8.1	<u>(175,046,753)</u>	(132,979,207)
		<u>49,475,014</u>	<u>44,125,278</u>
<b>8.1 Particulars of provision for doubtful receivables</b>			
Opening Balance		132,979,207	99,244,764
Charge for the Year		49,584,677	40,763,037
Reversals during the Year		(6,757,102)	(7,028,594)
Written off during the Year		(760,029)	-
		<u>175,046,753</u>	<u>132,979,207</u>
<b>9. LOANS, ADVANCES AND PREPAYMENTS</b>			
Loan to Officers - Considered Good	9.1	10,008,057	14,536,434
Less: Long Term Portion		8,284,425	11,100,966
		1,723,632	3,435,468
Advances - Considered Good			
- Against Shares		4,165,255	9,616,300
- Expenses		236,000	50,000
- Others		54,731	-
Prepayments		1,165,432	1,338,773
		<u>7,345,050</u>	<u>14,440,541</u>
<b>9.1</b> The maximum amount of loans and advances due from officers and employees at the end of any month during the year was Rs.10,008,057/- (2008 : Rs.14,536,434/-).			
<b>10. ACCRUED PROFIT</b>			
Accrued Profit on:			
- Term Finance Certificates		5,787,633	10,256,099
- Musharaka and Murabaha Finances		5,769,867	29,268,030
		<u>11,557,500</u>	<u>39,524,129</u>



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	<i>Note</i>	<i>2009 Rupees</i>	<i>2008 Rupees</i>
<b>11. OTHER RECEIVABLES</b>			
Dividend Receivable		<b>110,001</b>	1,289,712
Due from Associated Undertakings	11.1	<b>10,758,234</b>	840,000
Receivable against sale of securities		<b>4,079,965</b>	11,080,729
Rent Receivable		<b>2,400,619</b>	3,185,298
Other	11.2	<b>51,274,920</b>	51,274,920
Less: Provision for Doubtful Receivable		<b>51,274,920</b>	51,274,920
		-	-
		<b><u>17,348,819</u></b>	<b><u>16,395,739</u></b>

**11.1** The maximum amount due from associated undertaking at the end of any month during the year was Rs.10,758,234/- (2008 : Rs.4,241,904/-).

**11.2** This includes Rs.51,274,920/- (2008 : Rs.51,274,920/-) receivable from certain ex-employees and other parties in respect of embezzlement of funds. The matter is pending before the Honourable High Court of Punjab and National Accountability Bureau - Government of Pakistan.

**12. LONG TERM INVESTMENTS**

Investment in associate: Equity Method			
Dawood Islamic Bank Limited	12.1	<b><u>163,296,882</u></b>	<b><u>166,023,847</u></b>
<b>12.1 Investment in Associate</b>			
<b>12.1.1</b> Number of shares held		<b><u>16,320,000</u></b>	<b><u>16,320,000</u></b>
<b>12.1.2</b> Ownership %		<b>3.26%</b>	4.08%
Cost of investment		<b>163,200,000</b>	163,200,000
Post acquisition profits		<b>96,882</b>	2,823,847
Less: Dividend received		-	-
		<b><u>163,296,882</u></b>	<b><u>166,023,847</u></b>

**12.1.3** Summarized financial results of Dawood Islamic Bank Limited based on condensed interim Financial statements (unaudited) as at June 30, 2009 are as follows: -

	<i>Note</i>	<i>2009</i>	<i>2008</i>
		<i>Rupees in '000'</i>	
Total assets		<b>11,652,527</b>	8,490,856
Total liabilities		<b>6,588,180</b>	4,383,441
Total operating Income		<b>203,940</b>	199,745
(Loss) / Profit for the period		<b>(75,751)</b>	44,140

Though the Modaraba held less than 20% of the share capital in the investee bank but by virtue of common directorship it is treated as an associated undertaking.



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**13. PROPERTY AND EQUIPMENT - OWN**

	<i>Cost</i>			<i>Depreciation</i>			<i>Rate %</i>	
	<i>As at July 1, 2008</i>	<i>Additions/ (Disposals)</i>	<i>As at June 30, 2009</i>	<i>Accumulated as at July 1, 2008</i>	<i>For the year / (on disposals)</i>	<i>Accumulated as at June 30, 2009</i>		<i>Book value as at June 30, 2009</i>
	<i>Rupees</i>							
Leasehold land	2,527,890	-	2,527,890	834,205	50,558	884,763	1,643,127	2
Building on Leasehold Land	66,738,707	-	66,738,707	21,168,139	3,336,935	24,505,074	42,233,633	5
Leasehold land and Building thereon	9,996,000	-	9,996,000	5,774,291	499,800	6,274,091	3,721,909	5
Lockers	17,390,218	2,175,000	19,565,218	12,388,897	905,760	13,294,657	6,270,561	5
Furniture & fixtures	8,761,408	60,000	8,821,408	3,519,768	784,845	4,304,613	4,516,795	10
Vehicles	23,906,006	996,500 (3,722,750)	21,179,756	11,510,411	4,095,529 (2,517,455)	13,088,485	8,091,271	20
Office equipment and Appliances	18,387,593	3,108,643	21,496,236	13,705,356	2,656,673	16,362,029	5,134,207	33.33
	147,707,822	6,340,143 (3,722,750)	150,325,215	68,901,067	12,330,100 (2,517,455)	78,713,712	71,611,503	

	<i>Cost</i>			<i>Depreciation</i>			<i>Rate %</i>	
	<i>As at July 1, 2007</i>	<i>Additions/ (Disposals)</i>	<i>As at June 30, 2008</i>	<i>Accumulated as at July 1, 2007</i>	<i>For the year / (on disposals)</i>	<i>Accumulated as at June 30, 2008</i>		<i>Book value as at June 30, 2008</i>
	<i>Rupees</i>							
Leasehold Land	2,527,890	-	2,527,890	783,647	50,558	834,205	1,693,685	2
Building on Leasehold Land	66,738,707	-	66,738,707	17,831,204	3,336,935	21,168,139	45,570,568	5
Leasehold Land and Building thereon	9,996,000	-	9,996,000	5,274,491	499,800	5,774,291	4,221,709	5
Lockers	17,390,218	-	17,390,218	11,519,386	869,511	12,388,897	5,001,321	5
Furniture & Fixtures	8,761,408	-	8,761,408	2,731,123	788,645	3,519,768	5,241,640	10
Vehicles	23,405,032	3,523,774 (3,022,800)	23,906,006	9,741,533	4,373,599 (2,604,721)	11,510,411	12,395,595	20
Office Equipment and Appliances	14,117,245	4,558,748 (288,400)	18,387,593	12,484,226	1,509,530 (288,400)	13,705,356	4,682,237	33.33
	142,936,500	8,082,522 (3,311,200)	147,707,822	60,365,610	11,428,578 (2,893,121)	68,901,067	78,806,755	



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**13.1 Disposal of property and equipment - Own - during the year**

Property, Plant and Equipment	Cost	Accumulated Depreciation	Written down Value	Disposal proceed/ Insurance Claim	Gain / (Loss)	Mode of Disposal	Particulars of Purchaser
..... Rupees .....							
Vehicle	54,000	19,800	34,200	<b>40,000</b>	5,800	Insurance Claim	New Jubilee Insurance
Vehicle	58,500	43,875	14,625	<b>17,550</b>	2,925	Negotiation	Mr. Anis Ex - Employee
Vehicle	54,000	11,700	42,300	<b>43,000</b>	700	Insurance Claim	New Jubilee Insurance
Vehicle	36,500	4,866	31,634	<b>30,000</b>	(1,634)	Insurance Claim	New Jubilee Insurance
Vehicle	38,000	1,900	36,100	<b>38,000</b>	1,900	Negotiation	Dawood Family Takaful
Vehicle	70,000	69,999	1	<b>1,500</b>	1,499	Negotiation	Mr. Jamaluddin Employee
Vehicle	58,500	58,499	1	<b>11,700</b>	11,699	Negotiation	Mr. Farhan Employee
Vehicle	639,000	489,900	149,100	<b>149,100</b>	-	Negotiation	Mr. Khalid Ex - Employee
Vehicle	910,375	704,234	206,141	<b>206,141</b>	-	Negotiation	Mr. Ghazanfar ul Islam Ex - Employee
Vehicle	910,375	424,841	485,534	<b>485,534</b>	-	Negotiation	Mr. Iqbal Hussain Ex - Employee
Vehicle	333,500	127,841	205,659	<b>205,659</b>	-	Negotiation	Mr. Anwar Ahmed Ex - Employee
Vehicle	560,000	560,000	-	<b>112,000</b>	112,000	Negotiation	Munawar Mirza Employee
	<u>3,722,750</u>	<u>2,517,455</u>	<u>1,205,295</u>	<u><b>1,340,184</b></u>	<u>134,889</u>		

**2009  
Rupees**

**2008  
Rupees**

**14. PROPERTY, PLANT AND EQUIPMENT - LEASED / IJARAH**

Property, Plant And Equipment - Leased	<b>455,001,256</b>	907,870,850
Property, Plant And Equipment - Ijarah	<b>50,988,150</b>	-
	<u><b>505,989,406</b></u>	<u>907,870,850</u>



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**14.1. Property, plant and equipment - Leased**

	<i>Cost</i>			<i>Amortisation</i>			<i>Carrying value as at June 30, 2009</i>	
	<i>As at July 1, 2008</i>	<i>Additions/ (Disposals)</i>	<i>As at June 30, 2009</i>	<i>Accumulated as at July 1, 2008</i>	<i>For the year / (on disposals)</i>	<i>Accumulated as at June 30, 2009</i>		<i>Impairment loss</i>
<i>Rupees</i>								
Land and Building (leasehold)	215,111,001	(52,335,500)	162,775,501	64,610,900	43,157,806 (18,784,775)	88,983,931	-	73,791,570
Plant & Machinery	1,370,932,399	(380,472,810)	990,459,589	810,968,703	181,591,890 (315,531,754)	677,028,839	21,290,438	292,140,312
Vehicles	366,398,800	(75,034,287)	291,364,513	157,553,922	59,473,501 (63,035,983)	153,991,440	59,128,968	78,244,105
Furnitures & Fixtures	1,500,000	- (1,500,000)	-	1,173,154	176,919 (1,350,073)	-	-	-
Office Equipment & Appliances	63,287,917	(34,666,748)	28,621,169	41,575,641	5,139,800 (28,489,709)	18,225,732	-	10,395,437
Motor Boat	2,694,300	-	2,694,300	1,696,940	567,528	2,264,468	-	429,832
	2,019,924,417	- (544,009,345)	1,475,915,072	1,077,579,260	290,107,444 (427,192,294)	940,494,410	80,419,406	455,001,256
<i>Rupees</i>								
	<i>Cost</i>			<i>Amortisation</i>			<i>Carrying value as at June 30, 2008</i>	
	<i>As at July 1, 2007</i>	<i>Additions/ (Disposals)</i>	<i>As at June 30, 2008</i>	<i>Accumulated as at July 1, 2007</i>	<i>For the year / (on disposals)</i>	<i>Accumulated as at June 30, 2008</i>		<i>Impairment loss</i>
<i>Rupees</i>								
Land and Building (leasehold)	190,461,001	30,000,000 (5,350,000)	215,111,001	39,652,435	26,797,377 (1,838,912)	64,610,900	-	150,500,101
Plant & Machinery	1,575,950,620	149,748,800 (354,767,021)	1,370,932,399	822,491,230	235,284,880 (246,807,407)	810,968,703	17,004,924	542,958,772
Vehicles	404,927,185	150,940,833 (189,469,218)	366,398,800	220,374,478	83,101,156 (145,921,712)	157,553,922	17,469,383	191,375,495
Furnitures & Fixtures	1,795,000	- (295,000)	1,500,000	910,374	542,873 (280,093)	1,173,154	-	326,846
Office Equipment & Appliances	136,593,080	6,402,995 (79,708,158)	63,287,917	94,687,674	16,075,422 (69,187,455)	41,575,641	-	21,712,276
Motor Boat	2,694,300	-	2,694,300	1,231,199	465,741	1,696,940	-	997,360
	2,312,421,186	337,092,628 (629,589,397)	2,019,924,417	1,179,347,390	362,267,449 (464,035,579)	1,077,579,260	34,474,307	907,870,850



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	<i>Note</i>	<i>2009</i> <i>Rupees</i>	<i>2008</i> <i>Rupees</i>
<b>14.1.1</b> Particulars of Impairment Loss			
Opening Balance		<b>34,474,307</b>	32,985,339
Impairment loss for the Year		<b>45,945,099</b>	1,488,968
Closing Balance		<b>80,419,406</b>	34,474,307

Impairment loss has been recognised based on recoverable amount of assets computed net of assets forced sale value.

**14.1. Property, plant and equipment - Leased**

	<i>Cost</i>		<i>Amortisation</i>				<i>Carrying value</i> <i>as at June 30,</i> <i>2009</i>	
	<i>As at July 1,</i> <i>2008</i>	<i>Additions/ (Disposals)</i>	<i>As at June 30,</i> <i>2009</i>	<i>Accumulated</i> <i>as at July 1,</i> <i>2008</i>	<i>For the year /</i> <i>(on disposals)</i>	<i>Accumulated as</i> <i>at June 30,</i> <i>2009</i>		<i>Impairment</i> <i>loss</i>
	<i>Rupees</i>							
Land and building (leasehold)	-	46,000,000	46,000,000	-	6,440,004	6,440,004	-	39,559,996
Plant & machinery	-	6,680,000	6,680,000	-	1,778,253	1,778,253	-	4,901,747
Vehicles	-	8,528,890	8,528,890	-	2,054,308	2,054,308	-	6,474,582
Office equipment & appliances	-	1,165,000 (1,100,000)	65,000	-	96,508 (83,333)	13,175	-	51,825
	-	62,373,890 (1,100,000)	61,273,890	-	10,369,073 (83,333)	10,285,740	-	50,988,150

**14.3** In view of the large number of disposals of property, plant and equipment given on lease / ijarah, the directors of the Management Company are of the opinion that no practical purpose will be served to give detail of such disposals .

	<i>Note</i>	<i>2009</i> <i>Rupees</i>	<i>2008</i> <i>Rupees</i>
<b>15. CAPITAL WORK IN PROGRESS</b>			
Dawood Islamic Tower - Civil Work		<b>115,608,910</b>	53,438,891
Office Premises and Civil Work thereon		<b>332,589</b>	291,999
Advance Against Purchase of Property	15.2	<b>49,815,000</b>	110,132,000
		<b>165,756,499</b>	163,862,890

**15.1** The movement in Capital work in progress during the year is as follows;

Balance as at July 01, 2008		<b>163,862,890</b>	100,014,124
Addition during the year			
Dawood Tower - Civil Work		<b>62,170,019</b>	47,220,767
Office Premises and Civil Work thereon		<b>340,433</b>	9,308,663
Advance Against Purchase of Property	15.2	<b>30,043,000</b>	80,012,000
		<b>92,553,452</b>	136,541,430
		<b>256,416,342</b>	236,555,554
Transfer / Disposal during the year			
Investment Property		<b>299,843</b>	69,029,214
Settlement Against Financing		<b>90,360,000</b>	-
Property and Equipment	15.2	-	3,663,450
		<b>(90,659,843)</b>	(72,692,664)
		<b>165,756,499</b>	163,862,890



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**15.2** This represents 75% (2008: 60%) advance paid against 3 shops in Jofa Tower Karachi. As disclosed in note 17.4 Modaraba has settled advance paid against purchase of office in Islamabad Stock Exchange amounting Rs. 90,360,000.

**16. INVESTMENT PROPERTIES**

	<i>Cost</i>			<i>Depreciation</i>				<i>Rate of Depreciation %</i>
	<i>As at July 1, 2008</i>	<i>Additions/ (Deletions)</i>	<i>As at June 30, 2009</i>	<i>Accumulated as at July 1, 2008</i>	<i>For the year / (Deletions)</i>	<i>Accumulated as at June 30, 2009</i>	<i>Written down value as at June 30, 2009</i>	
	<i>Rupees</i>							
Plots of Land Leasehold	97,802,400	-	97,802,400	5,431,258	1,956,048	7,387,306	90,415,094	2
Buildings on Leasehold Land	118,650,000	103,540,000	222,190,000	12,359,375	7,011,938	16,370,886	205,819,114	5
Office Premises	454,593,649	583,805 (31,320,000)*	423,857,454	46,127,037	22,125,740 (3,000,427)	68,252,777	355,604,677	5
	671,046,049	104,123,805 (31,320,000)	743,849,854	63,917,670	31,093,726 (3,000,427)	92,010,969	651,838,885	

	<i>Cost</i>			<i>Depreciation</i>				<i>Rate of Depreciation %</i>
	<i>As at July 1, 2007</i>	<i>Additions/ (Deletions)</i>	<i>As at June 30, 2008</i>	<i>Accumulated as at July 1, 2007</i>	<i>For the year / (Deletions)</i>	<i>Accumulated as at June 30, 2008</i>	<i>Written down value as at June 30, 2008</i>	
	<i>Rupees</i>							
Plots of Land Leasehold	97,802,400	-	97,802,400	3,475,210	1,956,047	5,431,257	92,371,143	2
Buildings on Leasehold Land	124,050,000	- (5,400,000)	118,650,000	6,945,324	6,000,000 (585,949)	12,359,375	106,290,625	5
Office Premises	385,564,435	69,029,214	454,593,649	24,479,246	21,647,793	46,127,039	408,466,611	5
	607,416,835	69,029,214 (5,400,000)	671,046,049	34,899,780	29,603,840 (585,949)	63,917,671	607,128,379	

**16.1** The fair value of investment property as at June 30, 2009 as per valuation report of independent valuer is Rs. 1,501 million (June 30, 2008: Rs. 1,371 million).

\* It represents settlement against Murabaha Facility as disclosed in note 17.4. The written down value of the property(Shop, Green Belt Residency, Clifton, Karachi) was Rs. 28,319,573 settled at amount Rs. 40,000,000.

<b>17. MURABAHA, MUSHARAKA &amp; FINANCE</b>	<i>Note</i>	<b>2009</b> <i>Rupees</i>	<b>2008</b> <i>Rupees</i>
<b>UNDER MARKUP ARRANGEMENTS</b>			
Finance Under Murabaha Arrangements	17.1	<b>258,806,664</b>	674,505,589
Finance Under Musharaka Arrangements	17.2	<b>685,001,102</b>	791,974,734
Finance Under Markup Arrangements	17.3	<b>171,582,250</b>	178,636,540
		<b>1,115,390,016</b>	1,645,116,863
Less: Long Term Portion:			
Finance under Murabaha Arrangements		<b>206,666,664</b>	259,505,589
Finance under Musharaka Arrangements		<b>2,565,489</b>	6,149,245
		<b>209,232,153</b>	265,654,834
		<b>906,157,863</b>	1,379,462,029



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- 17.1** The Modaraba has entered into Murabaha (purchase & sale) agreements with the banks. The Murabaha sale price is payable on deferred payment basis in quarterly/monthly installments by June 27, 2011. Expected profit payable on Murabaha arrangements is accounted for on a pro rata basis over the term of the agreement. The finance is subject to expected mark up ranging from Re. 0.217 to Re.0.450 per Rs.1,000 per day (2008: 0.217 to Re.0.450 per Rs.1,000 per day). The arrangements are secured by way of hypothecation of the leased assets and future rentals receivable.
- 17.2** The Modaraba has entered into Musharaka agreements with the Banks/Financial Institution. These Musharaka arrangements are on profit sharing basis and payable upto June 01, 2012. Estimated rate of profit on Musharaka arrangement is ranging from Re.0.247 to Re. 0.479 per Rs.1,000 per day (2008: Re.0.192 to Re. 0.452 per Rs.1,000 per day).
- 17.3** The aggregate facilities for Finance under Mark Up arrangements from banks and financial institutions amount to Rs.172 million (2008: Rs.250 million). These facilities are subject to expected mark up ranging from Re 0.404 to Re 0.418 per Rs1,000 per day (2008: Re.0.32 to Re.0.40 per Rs.1,000 per day) and are secured by way of hypothecation of the leased assets and future rentals receivable.
- 17.4** Modaraba has availed Murabaha Facility from Meezan Bank Limited which was due for payment during the year, amounting Rs 155 million, which represents murabaha facility and applicable profit. The Management of the Modaraba has settled this amount partly by transfer of immovable properties. Balance amount has been rescheduled and now payable till December 31, 2009. Details of settlement is as follows;

	<i>Note</i>	<i>Rupees</i>
Total due to Meezan Bank Limited		155,000,000
Less: Properties settled against due amount	15.2 & 16	130,360,000
Balance (Rescheduled)		<u>24,640,000</u>
	<i>Note</i>	<i>2009 Rupees</i>
		<i>2008 Rupees</i>
<b>18. CREDITORS, ACCRUED AND OTHER LIABILITIES</b>		
Management Fee Payable	-	16,852,362
Accrued Liabilities	<b>12,313,408</b>	7,613,215
Rentals Received in Advance		
-Lease	-	5,599,121
-Lockers	<b>10,616,260</b>	10,687,434
-Properties	<b>27,829,569</b>	7,591,540
Others	<b>13,952,084</b>	27,624,051
	<u><b>64,711,321</b></u>	<u>75,967,723</u>
Less: Long Term Portion of Rentals Received in Advance	<b>3,883,457</b>	5,600,945
	<u><b>60,827,864</b></u>	<u>70,366,778</u>
<b>19. ACCRUED PROFIT ON BORROWINGS</b>		
Finance Under Murabaha Arrangements	<b>4,537,624</b>	11,579,102
Finance Under Musharaka Arrangements	<b>7,756,127</b>	23,311,394
Finance Under Markup Arrangements	<b>6,319,844</b>	3,339,257
Diminishing Musharaka Based TFCs'	<b>65,128,767</b>	3,075,744
	<u><b>83,742,362</b></u>	<u>41,305,497</u>
<b>20. PROFIT PAYABLE</b>		
Unclaimed Profit to certificate holders	<b>21,475,327</b>	19,351,590





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	<i>2009</i> <i>Rupees</i>	<i>2008</i> <i>Rupees</i>
<b>21. DIMINISHING MUSHARAKA BASED TFCs'</b>	<b><u>800,000,000</u></b>	<b><u>680,000,000</u></b>
<p>The above TFCs' represents privately placed instruments in the form of Diminishing Musharaka and are secured against investment properties of the Modaraba. The tenure of the above TFCs' is six year redeemable semi annually with two years grace period for principal. Rate of profit is based on 6 months kibar plus 130 basis points on the last business day prior to the beginning of the each semi-annual period.</p>		
<b>22. DEFERRED LIABILITY - Staff Gratuity</b>		
<p>As disclosed in note 4.6 Modaraba ceased to continue its gratuity scheme for those employees who have been transferred from Guardian Modaraba, therefore no actuarial valuation conducted during the year and liability representing staff gratuity has been transferred to Creditors, Accrued and Other Liabilities.</p>		
<b>23. CERTIFICATE CAPITAL</b>		
<i>Authorised</i>		
87,000,000 Certificates Rs.10/- each	<b><u>870,000,000</u></b>	<b><u>870,000,000</u></b>
<i>Issued, subscribed and paid-up</i>		
Modaraba certificates of Rs.10/- each		
<i>2009</i>	<i>2008</i>	
<b>39,359,741</b>	39,359,741	Certificates Issued as fully Paid in Cash
		<b>393,597,410</b>
<b>8,833,724</b>	8,833,724	Certificates Issued as Fully Paid Bonus Certificates
		<b>88,337,240</b>
<b>29,852,790</b>	29,852,790	Certificates Issued to Certificate holders of Guardian Modaraba under the Scheme of Amalgamation
		<b>298,527,900</b>
<b><u>78,046,255</u></b>	<b><u>78,046,255</u></b>	<b><u>780,462,550</u></b>
<p>B.R.R. Investment (Private) Limited (the Management Company) held 12,981,496 (16.63%) certificates of Rs.10/- each as at June 30, 2009 [2008: 12,981,496 (16.63%) certificates].</p> <p>Equity International (Private) Limited, an associated company, held 3,393,474 (4.35%) certificates of Rs. 10/- each as at June 30, 2009 [2008: 3,160,325 (4.05%) certificates].</p>		
<b>24. COMMITMENTS</b>		
For Leasing of the Assets	<b><u>-</u></b>	<b><u>52,927,500</u></b>
<b>25. (LOSS) /INCOME ON INVESTMENTS</b>		
(Loss) / Gain on Sale of Investments	<b>(65,005,888)</b>	129,567,247
Profit on Term Finance Certificates	<b>23,996,402</b>	37,171,106
Dividend Income	<b>23,992,566</b>	26,939,304
Income on Short Term Placements With Financial Institutions	<b>-</b>	2,011,474
	<b><u>(17,016,920)</u></b>	<b><u>195,689,131</u></b>
<b>26. INCOME ON BALANCES WITH BANKS</b>		
Profit on PLS Saving Accounts	<b>488,401</b>	128,194
Income on Foreign Currency Saving Account	<b>10,682</b>	29,824
	<b><u>499,083</u></b>	<b><u>158,018</u></b>



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	<i>Note</i>	<i>2009 Rupees</i>	<i>2008 Rupees</i>
<b>27. RENTAL INCOME</b>			
Properties	27.1	<b>68,919,339</b>	48,886,425
Lockers and Custodial Services		<b>14,204,902</b>	15,730,048
		<u><b>83,124,241</b></u>	<u>64,616,473</u>
<b>27.I</b> This includes rental income amounting Rs.33,656,715/- (2008 : Rs.26,252,491/-) from Mangement Company and Associated Companies.			
<b>28. IMPAIRMENT LOSS</b>			
Impairment loss on Property, Plant and Equipment - Leased	14.1.1	<b>45,945,099</b>	1,488,968
Impairment loss on Available for Sale investments			
Impairment loss on equity securities	7.2.2	<b>32,793,820</b>	-
Impairment loss on Debt Securities	7.4.1	<b>12,464,000</b>	-
		<u><b>91,202,919</b></u>	<u>1,488,968</u>
<b>29. OPERATING EXPENSES</b>			
Salaries, Allowances and Benefits	35	<b>26,638,517</b>	26,762,129
Travelling and Conveyance		<b>209,734</b>	203,600
Entertainment		<b>88,604</b>	88,282
Electricity, Water and Gas		<b>3,100,514</b>	5,025,858
Telephone and Fax		<b>890,500</b>	964,729
Postage and Courier		<b>481,202</b>	486,973
Stationery and Printing		<b>862,060</b>	1,083,603
Computer Expenses		<b>1,021,493</b>	344,726
Subscriptions		<b>1,215,735</b>	1,838,623
Advertisement		<b>24,000</b>	107,000
Insurance		<b>3,867,188</b>	4,545,376
Repairs and Maintenance		<b>5,697,980</b>	6,823,917
Rent, Rates and Taxes		<b>4,400</b>	15,000
Security Expenses		<b>421,172</b>	239,164
Property Tax		<b>1,738,940</b>	1,239,725
Staff Gratuity		<b>2,689,524</b>	861,000
Legal and Professional		<b>2,867,790</b>	3,039,982
Auditors' Remuneration			
Audit Fee		<b>750,000</b>	350,000
Limited Review, Special Reports, Certification and Sundry Advisory Services		<b>285,000</b>	290,000
Out of Pocket Expenses		<b>112,790</b>	47,500
		<b>1,147,790</b>	687,500
Documentation and Arrangement Fee		<b>8,125</b>	42,430
Depreciation			
- Assets in own use		<b>12,330,100</b>	11,428,578
- Investment Property		<b>31,093,726</b>	29,603,839
Brokerage and Commission		<b>573,466</b>	2,032,882
Transaction Cost		<b>42,921</b>	260,997
Donations		-	250,786
Others		<b>2,097,738</b>	900,330
		<u><b>99,113,219</b></u>	<u>98,877,029</u>

**29.I** During the year, the Modaraba contributed Rs.1,390,829/- (2008 : Rs.1,707,000/-) to the provident fund.



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	<i>Note</i>	<i>2009 Rupees</i>	<i>2008 Rupees</i>
<b>30. FINANCIAL CHARGES</b>			
Profit on			
Finance Under Murabaha Arrangements		77,334,562	86,143,622
Finance Under Musharaka Arrangements		87,039,584	150,708,284
Diminishing Musharaka Based TFCs'		124,605,844	-
Mark-up on Finance Under Mark up Arrangement		29,241,217	12,752,858
Bank Charges and Commission		241,179	231,485
		<b>318,462,386</b>	<b>249,836,249</b>
<b>31. PROVISION / (REVERSALS) FOR DOUBTFUL RECEIVABLES</b>			
Charge for the Year			
Lease Rentals Receivable	8.1	49,584,677	40,763,037
Musharaka Finances	6.3	222,043,185	35,000,000
Provision of receivable against other receivables		8,989,359	-
		<b>280,617,221</b>	<b>75,763,037</b>
Less:			
Reversals During the Year			
Lease Rentals Receivable	8.1	6,757,112	7,028,594
Musharaka Finances	6.3	3,201,409	3,790,066
Term Finance Certificates		-	43,122,038
		<b>(9,958,521)</b>	<b>(53,940,698)</b>
		<b>270,658,700</b>	<b>21,822,339</b>
<b>32. OTHER INCOME</b>			
Profit on Disposal of Property, Plant and Equipment - Leased		2,809,058	1,538,552
Profit on Disposal of Property and Equipment- Own		134,889	243,821
Profit on Disposal of Investment Property		11,680,427	1,685,949
Recovery of Charges from Management Company and Associated Undertaking		210,000	210,000
Exchange Gain		449,780	277,421
Miscellaneous and early termination charges		7,449,666	4,808,164
		<b>22,733,820</b>	<b>8,763,907</b>
<b>33. TAXATION</b>			

The income of non-trading modarabas is exempt from tax, provided not less than 90% of their profits are distributed to the certificate holders. Return of income for the tax year 2008 has duly been filed and assessment up to the tax year 2008 is deemed to be finalised in term of section 120 of the Income Tax Ordinance 2001.

Provision for tax is not required on non-trading income due to tax loss during the year. As the income of non-trading modarabas is exempt from tax, provided not less than 90% of their profits are distributed to certificate holders, therefore, deferred tax assets on this tax loss is not accounted for because Management has intention to avail this tax exemption in future periods.

Appeals filed by the Modaraba with the Income Tax Appellate Tribunal relating to the assessment years 1994-95 through to 1997-98 and with Commissioner of Income Tax (Appeals) for the assessment year 1998-99 have been decided by the respective Appellate Authorities in the favour of the Modaraba however appeal effect orders for the said decisions are pending with the Tax Authorities.



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	<i>2009</i> <i>Rupees</i>	<i>2008</i> <i>Rupees</i>
<b>33. BASIC / DILUTED EARNINGS PER CERTIFICATE</b>		
(Loss) / Profit for the Year	<u>(502,747,978)</u>	<u>151,671,260</u>
	<i>Number of Certificates</i>	
Weighted Average Number of Certificates	<u>78,046,255</u>	<u>78,046,255</u>
	<i>Rupees</i>	
Earnings per Certificate	<u>(6.44)</u>	<u>1.94</u>

**34.1** There were no convertible dilutive potential ordinary certificates outstanding on June 30, 2009 and 2008.

**34. REMUNERATION OF OFFICERS AND OTHER EMPLOYEES**

	<i>Officers</i>		<i>Other Employees</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>&lt;----- Rupees -----&gt;</i>			
Remuneration	<u>16,669,000</u>	17,229,000	<u>7,269,313</u>	6,655,287
Medical Expenses Reimbursed	<u>466,759</u>	446,961	<u>638,016</u>	908,516
Retirement Benefits	<u>997,312</u>	1,047,074	<u>598,117</u>	475,291
	<u>18,133,071</u>	<u>18,723,035</u>	<u>8,505,446</u>	<u>8,039,094</u>
Number of Employees at the end of the Year	<u>13</u>	<u>15</u>	<u>49</u>	<u>57</u>

The officers and other employees are also provided with the free use of Vehicles owned and maintained by the Modaraba.

**36. FUTURE MINIMUM LEASE RENTALS RECEIVABLE**

Future minimum lease rentals receivable on the basis of lease agreements executed up to June 30, 2008 are as follows:-

Receivable - Not Later than One Year	274,706,021	734,557,789
Receivable - Later than One Year and Not Later than Five Years	283,231,366	537,147,183
	<u>557,937,387</u>	<u>1,271,704,972</u>

**37. CAPITAL RISK MANAGEMENT**

The modaraba manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders by spreading its placements to a variety of Islamic modes of financing.

The capital structure of the modaraba consists of debts as disclosed in note 17 and 21, cash and cash equivalents as disclosed in note 5 and equity attributable to equity holders, reserves and accumulated loss as disclosed in statement of changes in equity.

The gearing ratio of the modaraba at year end was as follows;

	<i>2009</i> <i>Rupees</i>	<i>2008</i> <i>Rupees</i> <i>Restated</i>
Debts	<u>1,915,390,016</u>	2,325,116,863
Cash and cash equivalents	<u>(66,287,941)</u>	(9,881,040)
Net Debt	<u>1,849,102,075</u>	<u>2,315,235,823</u>
Equity	<u>740,419,931</u>	<u>1,833,285,000</u>
Net Debt to Equity Ratio	<u>71 : 29</u>	<u>55 : 44</u>



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**38. FINANCIAL RISK MANAGEMENT**

The Modaraba's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

The modarba's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the modarba's financial performance.

The Modaraba's principal financial liabilities, comprise morabaha and finance under markup arrangement, diminishing musharaka based TFCs' and creditor accrued and other liabilities. The main purpose of these financial liabilities is to raise finance for the Modaraba's operations. The Modaraba has musharaka and murabaha finance, loan advance and prepayments and cash and deposits that arrive directly from its operations. The Modaraba also holds available-for-sale investments and investment in associates.

**38.1 Liquidity Risk Management**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The modaraba manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**38.1.1 Liquidity and Interest Risk Table**

The following tables detail the Modarabas's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Modaraba can be required to pay. The table includes both interest and principal cash flows.

		<i>Less than 1 month</i>	<i>1 - 3 months</i>	<i>year year</i>	<i>1 - 5 years</i>	<i>More than 5 years</i>	<i>Total</i>
< ----- Rupees ----- >							
<b>2009</b>							
Murabaha and Finance under							
Mark-up Arrangements	9% - 18%	33,000,000	452,657,863	420,500,000	209,232,153	-	1,115,390,016
Diminishing Musharaka							
Based TFCs'	15.37% - 16.98%				800,000,000		800,000,000
		<u>33,000,000</u>	<u>452,657,863</u>	<u>420,500,000</u>	<u>1,009,232,153</u>	<u>-</u>	<u>1,915,390,016</u>
<b>2008</b>							
Murabaha and Finance under							
Mark-up Arrangements	7% - 16.5%	358,652,578	913,309,451	107,500,000	39,740,097	225,914,737	1,645,116,863
Diminishing Musharaka							
Based TFCs'	15.37%					680,000,000	680,000,000
		<u>358,652,578</u>	<u>913,309,451</u>	<u>107,500,000</u>	<u>39,740,097</u>	<u>905,914,737</u>	<u>2,325,116,863</u>

Effective rates of interest are mentioned in respective notes to the financial statements.



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**38.2 Credit Risk and Concentration of Credit**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba control credit risk by monitoring credit exposure, limiting transactions with specific counter parties and continually assessing the credit worthiness of counter parties.

The Modaraba is exposed to credit risk from its financing activities (murabaha and musharaka finance , lease rental receivables) and deposits with bank and financial institutions.

Concentrations of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other condition.

The Modaraba seeks to manage its credit exposure through diversification of its leasing and financing activities to avoid undue concentration of risk with individuals or groups of customers in specific locations or businesses. It also obtains security when appropriate.

Credit risk represents the accounting loss that would be recognised at the reporting date if counter party to the financial instrument fails to perform as contracted. Out of the total financial assets of Rs 2,053 (2008: Rs 2,909) million, the financial assets which are subject to credit risk amounted to Rs 1,494 (2008: Rs 1,738) million.

**38.2.1 Segment by class of business for Property, Plant and Equipment - Leased**

	<b>2009</b>	<b>2008</b>		
	<b>Rupees</b>	<b>Percentage</b>	<b>Rupees</b>	<b>Percentage</b>
		<b>of total</b>		<b>of total</b>
Miscellaneous	<b>151,984,560</b>	<b>30.04</b>	219,788,192	24.21
Sugar and Allied	<b>138,580,269</b>	<b>27.39</b>	197,419,392	21.75
Textile Industry	<b>51,446,002</b>	<b>10.17</b>	154,440,877	17.01
Cement	<b>20,457,673</b>	<b>4.04</b>	79,129,101	8.72
Oil and Gas	<b>22,635,079</b>	<b>4.47</b>	46,932,676	5.17
Transport	<b>15,927,351</b>	<b>3.15</b>	40,560,448	4.47
Technology and Communication	<b>16,296,073</b>	<b>3.22</b>	38,646,955	4.26
Investment Banks/Cos./Securities	<b>20,571,049</b>	<b>4.07</b>	29,224,716	3.22
Chemical and Pharmaceutical	<b>18,192,220</b>	<b>3.60</b>	23,569,041	2.60
Food and Confectioneries	<b>16,302,355</b>	<b>3.22</b>	22,358,405	2.46
Engineering and Metals	<b>13,406,583</b>	<b>2.65</b>	14,464,514	1.59
Paper and Board	<b>3,862,366</b>	<b>0.76</b>	8,734,945	0.96
Power Generation	<b>7,788,944</b>	<b>1.54</b>	7,957,446	0.88
Glass and Ceramics	<b>4,487,641</b>	<b>0.89</b>	7,478,943	0.82
Printing and Packaging	<b>852,929</b>	<b>0.17</b>	4,869,161	0.54
Insurance	<b>3,018,869</b>	<b>0.60</b>	4,478,813	0.49
Commercial Banks	-	<b>0.00</b>	4,263,511	0.47
Architect and Builders	-	<b>0.00</b>	2,119,395	0.23
Education and Health	<b>100,943</b>	<b>0.02</b>	1,319,953	0.15
Leasing	-	<b>0.00</b>	78,500	0.01
Fibre, Synthetic and Rayon	<b>78,500</b>	<b>0.02</b>	35,866	0.00
	<b>505,989,406</b>	<b>100.00</b>	907,870,850	100.00

The above balances represent written down value of assets leased out.

**38.2.2 Segment by class of business for Musharaka and Murabaha Finances**

Textile Industry	<b>70,581,669</b>	<b>6.34</b>	278,461,340	21.95
Investment Banks/Cos./Securities	<b>2,119,703</b>	<b>0.19</b>	244,000,000	19.23
Mutual Fund	<b>50,000,000</b>	<b>4.49</b>	-	-
Miscellaneous	<b>474,037,077</b>	<b>42.60</b>	199,788,018	15.75
Food and Confectioneries	-	-	175,000,000	13.80



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	<i>2009</i> <i>Rupees</i>	<i>2008</i> <i>Percentage</i> <i>of total</i>	<i>Rupees</i>	<i>Percentage</i> <i>of total</i>
Oil and Lubricant	155,639,066	13.99	-	-
Sugar and Allied	125,738,061	11.30	158,026,587	12.46
Leasing and Modaraba	71,750,000	6.45	90,000,000	7.09
Chemical and Pharmaceutical	49,816,252	4.48	49,114,014	3.87
Engineering	63,050,711	5.67	42,050,323	3.31
Auto & Transportation	50,000,000	4.49	32,119,021	2.53
	<b>1,112,732,539</b>	<b>100</b>	1,268,559,303	100

**38.2.3 Segment by class of business for investments in Debt Securities- TFC's**

Investment Banks/Cos./Securities	2,485,000	1.74	10,287,883	3.83
Oil and Gas Exploration Companies	-	-	80,987,500	30.15
Miscellaneous	63,415,202	44.51	80,260,168	29.88
Leasing	12,500,000	8.77	53,684,232	19.99
Oil and Gas Marketing Companies	37,395,000	26.25	-	0.00
Cement	26,685,000	18.73	-	0.00
Refinery	-	-	30,000,000	11.17
Technology and Communication	-	-	4,605,335	1.71
Transport	-	-	8,750,000	3.26
	<b>142,480,202</b>	<b>100</b>	268,575,118	100

**38.2.4 Segment by class of business for Capital Commitments**

Technology and Communication	-	-	46,000,000	86.91
Food and Confectioneries	-	-	4,000,000	7.56
Miscellaneous	-	-	2,927,500	5.53
	-	-	52,927,500	100.00

**38.3 Market Risk**

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Modaraba's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns.

**38.3.1 Interest Rate Risk Management**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Modarabas's exposure to the risk of changes in market interest rates relates primarily to the Modarabas's long-term debt obligations with floating interest rates.

Sensitivity to the interest rate risk arises from mismatches or gaps in the amount of interest based assets and liabilities that mature or reprice in given period.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Modaraba's loss / profit for the year ended June 30, 2009 would increase/decrease by Rs 4,290,471 (2008: decrease/increase by Rs 1,910,126). This is mainly attributable to the Modaraba's exposure to interest rates on its variable rate borrowings.

**38.3.2 Foreign exchange risk management**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Modarba is not significantly expose to foreign currency risk.



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**38.3.2 Equity Price Risk Management**

The Modaraba's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Modaraba manages the equity price risk through diversification and placing limits on individual and total equity instruments.

At the balance sheet date, the exposure to listed equity securities at fair value was Rs 320 million. An Increase / (decrease) of 5% on the KSE market index would have an impact of approximately Rs 3.6 (2008: Rs 10.9) million on the surplus / (deficit) on Revaluation of Investments attributable to the Modaraba.

**38.3.3 Segment by class of business for investments in Equity Securities**

	2009		2008	
	Rupees	Percentage of total	Rupees	Percentage of total
Investment Banks/Cos./Securities	37,502,568	11.72	406,007,038	41.21
Commercial Banks	21,270	0.01	22,003	0.00
Oil and Gas Exploration Companies	6,879,617	2.15	46,376,668	4.71
Mutual Funds	94,467,170	29.52	122,227,491	12.41
Miscellaneous	-	0.00	6,748,026	0.68
Fertilizer	42,924,043	13.41	79,731,020	8.09
Leasing	-	-	28,790	0.00
Automobile assembler	16,234,588	5.07	51,074,373	5.18
Oil and Gas Marketing Companies	27,568,568	8.61	50,071,786	5.08
Cement	7,667,161	2.40	19,124,535	1.94
Refinery	11,990,962	3.75	41,558,562	4.22
Pharmaceuticals	10,373,382	3.24	31,847,971	3.23
Chemicals	19,020,819	5.94	30,533,269	3.10
Sugar and allied industries	15,840,000	4.95	20,400,000	2.07
Textile composite	2,748,846	0.86	16,607,161	1.69
Food & personal care	12,823,752	4.01	16,582,000	1.68
Technology and Communication	481,275	0.15	1,897,343	0.19
Engineering	2,842,744	0.89	15,038,890	1.53
Paper & board	5,191,250	1.62	13,958,874	1.42
Transport	-	-	2,250,963	0.23
Jute	1,169,495	0.37	4,837,774	0.49
Power Generation & Distribution	2,440,809	0.76	4,149,860	0.42
Modaraba	1,077,510	0.34	2,390,750	0.24
Synthetic and Royan	762,107	0.24	1,326,258	0.13
Textile weaving	-	-	489,000	0.05
	320,027,936	100	985,280,405	100

**38.4 Fair Value Risk**

**Fair value of financial instruments**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

**39. NON-ADJUSTING EVENTS AFER THE BALANCE SHEET DATE**

The Board of Directors have approved appropriations for General Reserve Rs. 56,000,000 for the year ended June 30, 2009. The financial statements do not reflect this appropriations.





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**40. RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include a subsidiary company, associated companies with or without common directors, retirement benefit funds, directors, and key management personnel.

The modaraba has related party relationship with its Management Company, Associated Undertakings, Employee Benefit Plans, and its Key Management Personnel.

A number of transactions are entered into with related parties in the normal course of business. These include financings, investments, borrowings, sharing of common expenses and rental income. These transactions are executed on the same terms as those prevailing at the time for comparable transactions with unrelated parties.

The detail of transactions with related parties and balances with them, apart from compensation to executives as disclosed in Note 35, is given below: -

<i>Relationship with the Company</i>	<i>Nature of Transactions</i>	<i>2008 Rupees</i>	<i>2007 Rupees</i>
Management Company	Management Fee	-	16,852,362
	Rent Received	<b>4,133,384</b>	3,207,624
	Share of Common Expenses Received	-	4,500
Associated Undertakings	Short Term Borrowing Received	<b>147,000,000</b>	1,150,000,000
	Repayment of Short Term Borrowing	<b>197,000,000</b>	1,165,000,000
	Profit Paid on Short Term Borrowing	<b>8,095,044</b>	17,881,716
	Rent Received	<b>29,534,331</b>	22,504,867
	Share of Common Expenses Received	<b>20,254,859</b>	21,049,638
	Share of Common Expenses Paid	<b>2,729,551</b>	2,518,260
	Purchase of property		
	Investment Made	<b>12,087,883</b>	586,619,860
	Investment Redeemed	-	449,555,070
	Lease Rentals Received	<b>24,877,199</b>	785,160
	Deposits made	<b>1,995,024,585</b>	880,891,611
	Deposits withdrawn	<b>1,935,142,524</b>	879,511,437
Profit on Deposits	<b>417,438</b>	24,737	
Provident Fund	Transfer to provident fund	<b>1,390,829</b>	1,707,000

**41. DATE OF ISSUE**

These financial statements were authorised for issue on 1st October 2009 by the Board of Directors of the B.R.R. Investments (Private) Limited.

**42. GENERAL**

Figures have been rounded off to the nearest Rupee.

**Chief Executive Officer**  
B.R.R. Investments  
(Private) Limited

**Director**  
B.R.R. Investments  
(Private) Limited

**Director**  
B.R.R. Investments  
(Private) Limited



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**Pattern of Shareholding As On 30-June-2009**

Number of Certificate Holders	Certificate Holding		Total Certificate Held
	From	To	
1,618	1	- 100	76,239
1,471	101	- 500	405,169
2,827	501	- 1,000	1,934,315
1,075	1,001	- 5,000	2,505,365
254	5,001	- 10,000	1,905,200
89	10,001	- 15,000	1,139,044
56	15,001	- 20,000	995,176
35	20,001	- 25,000	797,369
29	25,001	- 30,000	818,986
22	30,001	- 35,000	709,059
12	35,001	- 40,000	450,404
6	40,001	- 45,000	264,605
23	45,001	- 50,000	1,119,961
6	50,001	- 55,000	317,913
6	55,001	- 60,000	357,552
5	60,001	- 65,000	307,952
2	65,001	- 70,000	135,175
8	70,001	- 75,000	586,336
6	75,001	- 80,000	465,586
2	80,001	- 85,000	166,000
2	85,001	- 90,000	171,400
2	90,001	- 95,000	184,510
4	95,001	- 100,000	400,000
3	100,001	- 105,000	309,800
2	105,001	- 110,000	219,800
7	115,001	- 120,000	825,115
2	120,001	- 125,000	247,000
2	130,001	- 135,000	261,985
1	135,001	- 140,000	136,500
1	150,001	- 155,000	153,000
2	155,001	- 160,000	311,830
1	160,001	- 165,000	165,000
3	170,001	- 175,000	520,463
2	175,001	- 180,000	356,500
3	180,001	- 185,000	547,500
1	195,001	- 200,000	200,000
1	200,001	- 205,000	200,812
2	210,001	- 215,000	426,900
1	215,001	- 220,000	215,480
1	220,001	- 225,000	220,500
1	225,001	- 230,000	228,500
1	250,001	- 255,000	253,000
1	280,001	- 285,000	282,328
1	300,001	- 305,000	305,000
1	310,001	- 315,000	314,500
1	320,001	- 325,000	323,910
1	335,001	- 340,000	340,000
1	390,001	- 395,000	393,474
1	395,001	- 400,000	400,000
1	400,001	- 405,000	402,700



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Number of Certificate Holders	Certificate Holding		Total Certificate Held
	From	To	
1	410,001	415,000	412,360
1	430,001	435,000	431,880
1	455,001	460,000	456,000
1	530,001	535,000	532,100
1	635,001	640,000	639,790
1	750,001	755,000	750,571
1	955,001	960,000	955,026
1	995,001	1,000,000	1,000,000
1	1,015,001	1,020,000	1,020,000
1	1,105,001	1,110,000	1,105,985
1	1,140,001	1,145,000	1,141,500
1	1,215,001	1,220,000	1,217,000
1	1,235,001	1,240,000	1,238,686
1	1,595,001	1,600,000	1,597,500
1	1,810,001	1,815,000	1,815,000
1	1,995,001	2,000,000	2,000,000
1	2,985,001	2,990,000	2,985,279
1	2,995,001	3,000,000	3,000,000
1	4,860,001	4,865,000	4,864,302
1	7,310,001	7,315,000	7,310,943
1	9,040,001	9,045,000	9,041,190
1	9,755,001	9,760,000	9,756,230

7,627

78,046,255

	Categories of Certificate Holder's	No. of Certificate Holders	Certificate Held	Percentage
	Individuals	7,533	39,633,560	50.78
	Investment Companies	8	407,724	0.52
	Joint Stock Companies	45	736,130	0.94
	Associated Companies	2	3,940,305	5.05
	Insurance Companies	4	7,319,605	9.38
	Financial Institution	19	11,278,134	14.45
	Modaraba Companies	1	7	0.00
	Modarba Management Companies	2	12,041,190	15.43
	Mutual Funds	2	2,358,500	3.02
	Charitable Trusts	1	33,500	0.04
	Cooperative Societies	1	100	0.00
	Others	9	297,500	0.38
		7,627	78,046,255	100.00



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**ADDITIONAL INFORMATION**

Category No.	Cetrogies of Certificate Holders	Number	Certificate Held	% Age
<b>1</b>	<b>Associated Companies</b>			
	B.R.R. Investment (Pvt.) Ltd.	1	12,981,495	16.63
<b>2</b>	<b>NIT &amp; ICP</b>	<b>2</b>	<b>4,895,700</b>	<b>6.27</b>
	National Bank of Pakistan Trustee Deptt. Investment Corporation of Pakistan		4,864,302 31,398	6.23 0.04
<b>3</b>	<b>Directors, CEO and their Spouses and Minor Childern</b>	<b>3</b>	<b>85,581</b>	<b>0.11</b>
	Ayaz Dawood Farida Rokadia Majid Dawood		45,812 37,269 2,500	0.06 0.05 0.00
<b>4</b>	<b>Public Sector Companies and Corporation</b>	<b>2</b>	<b>7,311,553</b>	<b>9.37</b>
<b>5</b>	<b>Banks, DFIs, NBFIs, Insurance Companies, Modarabas and Mutual Funds</b>	<b>89</b>	<b>15,932,165</b>	<b>20.41</b>
<b>6</b>	<b>Certificateholders holding ten percent or more in the Company</b>	<b>2</b>	<b>22,737,725</b>	<b>29.13</b>
	B.R.R. Investment (Pvt.) Ltd. S.M. Atiq ur Rehman		12,981,495 9,756,230	16.63 12.50



**B.R.R. Guardian Modaraba**  
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<b>SIX YEARS' FINANCIAL SUMMARY</b>						
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>Key Financial Figures</b>						
..... (Rs. In million) .....						
<b>Profit &amp; Loss Account</b>						
Operating income	557.01	921.62	885.53	883.49	580.95	512.97
Other income	22.73	8.76	13.14	3.64	28.75	37.78
Amortisation	300.48	362.26	377.4	493.21	414.07	363.75
Financial charges	318.46	249.836	253.08	183.74	45.41	34.21
Operating expenses	99.11	98.87	90.59	66.1	45.60	41.00
Provision/(Reversal) for doubtful debts/receivables	270.66	21.82	17.73	(2.69)	(6.79)	(8.74)
Provision for diminution in the value of investments - charge/(written back)	-	27.57	-	0.09	6.98	(0.57)
Net (Loss)/Profit	(502.75)	151.671	147.1	140.46	82.21	106.05
Dividend	-	70.24	66.33	64.32	53.01	67.47
<b>Balance Sheet</b>						
Paid-up Capital	780.46	780.46	780.46	780.46	481.93	481.93
Reserves	(40.04)	1052.82	854.68	644.3	390.84	293.60
Certificate Holders Equity	740.42	1,833.28	1,635.14	1424.76	872.77	775.53
Borrowings	1,915.39	2325.11	2210.17	2122.92	874.30	554.08
Lease portfolio	505.99	907.87	1100.08	1301.05	1,187.46	1,033.82
Morabaha & Musharaka Portfolio	804.66	1179.33	1069.9	800.7	326.27	-
<b>Performance Indicators</b>						
(Loss)/Earnings per certificate (Rs.)	(6.44)	1.94	1.88	1.80	1.71	2.20
Profit paid per certificate (Rs.)	-	0.90	0.85	0.70	1.10	1.40
Profit paid per certificate (%)	-	9.00	8.50	7.00	11.00	14.00
Profit payout (after statutory reserves) (%)	-	92.62	90.19	92.81	92.11	90.89
Break-up value per certificate (Rs.)	9.49	23.49	20.95	18.26	18.11	16.09
Market value per certificate (Rs.)	2.70	7.13	8.70	6.85	7.95	14.50
Price Earnings ratio	0.42	3.67	4.63	3.81	4.66	6.59
Income/Expense ratio	0.72	1.31	1.25	1.19	1.21	1.25
Financial Charges/Total Expenses (%)	39.35	35.14	35.10	24.73	8.99	7.79