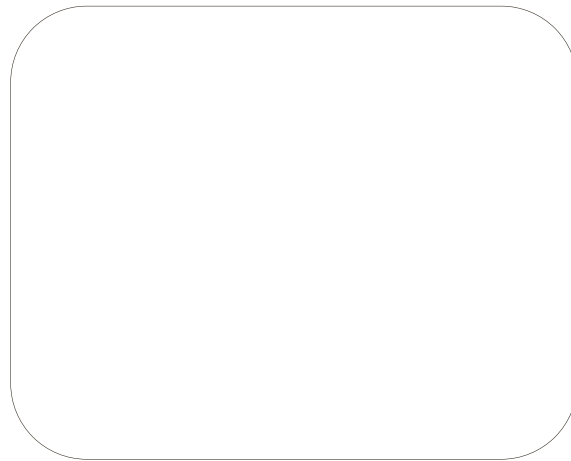


First Habib Modaraba

(An Islamic Financial Institution)



ANNUAL REPORT 2008





**IN THE NAME OF ALLAH THE MOST BENEFICENT
AND MERCIFUL**



ABOUT FIRST HABIB MODARABA (FHM)

In the Financial sector of Pakistan, the concept of Modaraba emerged in early 80's as a result of the Government's initiatives towards Islamization of the economy. For this purpose, the Council of Islamic Ideology was set-up. This council was given the task of devising a blueprint for the Islamization of the economic and financial sectors. Thereafter, on their recommendation the Modaraba concept came in the Pakistan's financial market.

In Pakistan the Modaraba as entity promulgated through law called "Modaraba Companies and Modaraba (floatation & control) Ordinance 1980 (MCMO) and Modaraba Rules, 1981. These Ordinance and Rules provided an opening for establishment of Modaraba Companies as an entity. The thrust was to develop a corporate sector to conduct its business in conformity with the Sharia'h financial system.

The FHM was floated in the year 1985 as Islamic Financial Institution under the Modaraba Ordinance 1980 and Modaraba Rules 1981.

FHM commenced its business operation in March 1985 with initial capital of Rs.25.0 million only. However, continuing with a solid, dynamic and prudent approach now Allhamdulillah, the FHM has a total equity base of around Rs.2.800 billion.

At present FHM is one of the best performing Modaraba in the Modaraba Sector. FHM being pioneer in the Modaraba and Non-Banking Islamic Financial sector played a very vital role for promotion of Islamic Finance in Pakistan's Islamic Financial Market.

FHM is a multipurpose Modaraba engaged in various Islamic Financial Services like Ijarah, Morabaha, Diminishing Musharaka and other Sharia'h Compliant financial activities.

So far, the FHM has achieved considerable growth in size while maintaining solid assets portfolio, sound capital base and handsome return to stakeholders. FHM never failed to give dividend in any single year and profit has always been given in shape of cash dividend and stock dividend every year in 23 years of business operations.

FHM is much stronger today in terms of the healthy size of equity, strong balance sheet footing and sound profitability with sound management talent and vibrant human resource. FHM draws its success by complying with highest ethical and moral standards and always tries to make efforts to enhance superior professional competencies.

In conclusion, we proudly say that at present the FHM is one of the best Islamic Financial Services Institutions within the non-banking sector in Pakistan. This has also been acknowledged by other reputed counters such as Rating Agency, Modaraba Association of Pakistan, Management Association of Pakistan and other stakeholders of FHM.



Our Vision

To be the leading Islamic Financial Institution within Modaraba sector by providing the best innovative Sharia'h Compliant financial solutions at optimum satisfaction of customers.



Our Mission

To become an institution built on Trust, Integrity, Good Governance with Commitment to add value to all stakeholders through an effective human resource management in a modern and progressive organizational culture, maintaining high ethical and professional standards.



Corporate Social Responsibility

Corporate Social Responsibility (CSR) is undertaking the role of “Corporate Citizen”. It ensures that business values and policies are aligned in such a way so as to balance between improving and developing the wealth of business and contributing for betterment of society in an effective manner.

With the growth of our business, we have assumed an even greater responsibility for our society and stakeholders, including employees, their families, our business partners etc.

FHM is committed to both sustainable business practices and its responsibilities as a corporate citizen. We believe that Corporate Social Responsibility is primarily about conducting our business in a transparent and ethical way that enhances value for all of our stakeholders, but also by giving support to events that enhance the wellbeing of the community.

Our objective is to benefit all of our stakeholders including our certificate-holders, customers, staff and the communities in which we operate. We strongly support the trend towards delivering value to our certificate-holders in a socially, ethically and environmentally responsible manner.

FHM continues to encourage events and projects which focus on welfare of the society. Besides, staff is also encouraged to take part in activities to support the community.



Mr. Muhammad Shoib, Chairman Modaraba Association of Pakistan presenting momento to Dr. Zubair Usmani facilitator of the specialized training workshop on Islamic finance by Modaraba Association of Pakistan.

Corporate Values

Our Corporate values are to build and sustain a high performance culture, with a continuous improvement through effective implementation of Vision, Mission, and Corporate objectives. The intrinsic values, which are the corner stones of our corporate behavior, are:

Customer First

Our corporate slogan is "Customer First". Our topmost priority is to provide best quality service to our customer. Our corporate policies are customer oriented and we continuously develop and improve the same.



Integrity

Integrity means speaking and acting honestly and sincerely. Our unwavering belief in integrity is what allows our customers to entrust their business to us.

Teamwork

It is the essence of our ability to succeed as a trusted and preferred financial institution to our clients. With common goals and team spirit, we uphold our values and achieve our corporate goals.

Corporate Governance

Our goal is to respond to a rapidly changing business environment in a timely manner through best business practices by reinforcing our ethical standards and good governance.

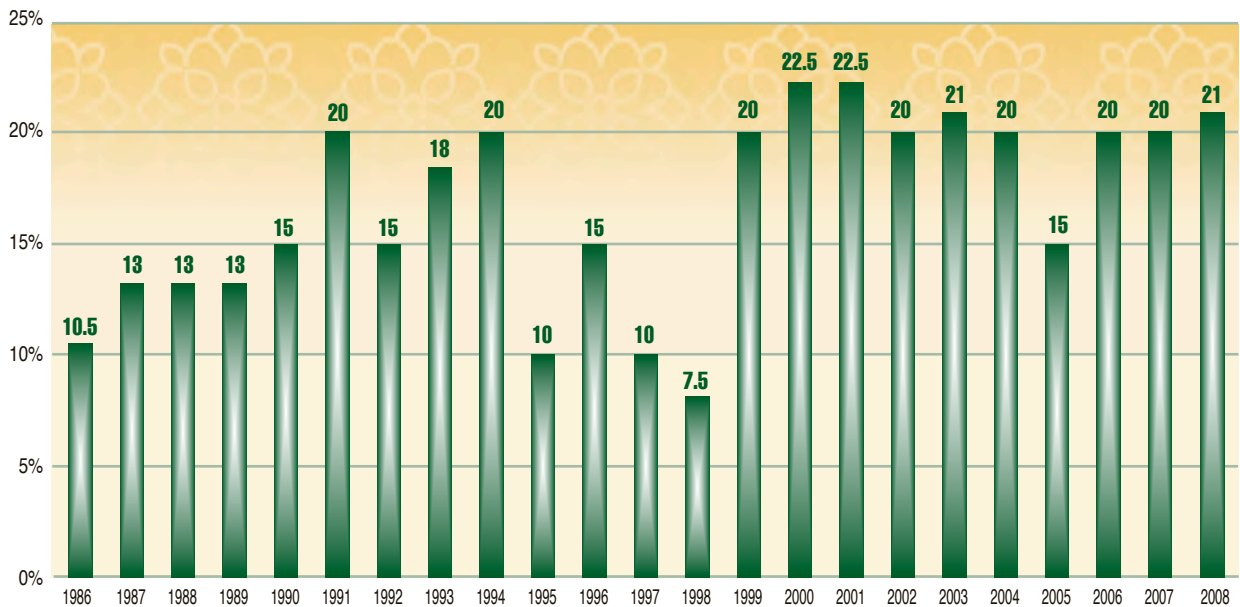
Responsive

How we respond to our customers will influence their belief in our commitment to them. A proactive response is often unexpected and hence more effective. It clearly demonstrates our willingness to go beyond the expected.

Quality Service

Our core value is to develop customer service oriented culture with special emphasis on customer care and convenience. The essence of quality service is embodied through every interaction that we have, within ourselves and with our customers.

DIVIDEND PAYOUT BY FHM (1986-2008)



C O N T E N T S

Corporate Information	13
Financial at a glance	14
Customer Satisfaction	16
Edge & Achievements	17
Recognition & Awards	18
Product Range	24
FHM In Media	26
Staff Activities	28
Chairman's Message	30
Directors' Report	31
Notice of Annual Review Meeting	37
Statement of Compliance	38
Review Report	40
Auditors' Report	41
Balance Sheet	42
Profit and Loss Account	43
Cash Flow Statement	44
Statement of Changes in Equity	45
Notes to the Accounts	46
Pattern of Certificate Holdings	68



CORPORATE INFORMATION

Board of Directors

Mr. Wazir Husain Jafree - *Chairman*

Mr. Muhammad Shoaib - *Managing Director & CEO*

Mr. Abbas Ali Muhammad

Mr. Sheikh Ehsanuddin

AUDITORS

BDO Ebrahim & Company
Chartered Accountants

LEGAL ADVISOR

Mohsin Tayebaly & Company

AUDIT COMMITTEE

Mr. Sheikh Ehsanuddin - Chairman
Mr. Abbas Ali Muhammad - Member
Mr. Wazir Husain Jafree - Member

COMPANY SECRETARY

Mr. Adnan Thanwey

BANKERS

Habib Metropolitan Bank Limited (Islamic Banking)
Bank Al Falah Limited (Islamic Banking)
Dawood Islamic Bank Limited
Meezan Bank Limited

REGISTERED OFFICE

5th Floor, HBZ Plaza (Hirani Centre)
I.I. Chundrigar Road, Karachi.
Web: www.habibmodaraba.com
Email: fhm@habibmodaraba.com

REGISTRAR:

Noble Computer Services (Pvt.) Limited
2nd Floor, Sohni Centre, BS 5&6,
Main Karimabad, Block 4, Federal B. Area, Karachi.



ANNUAL
REPORT
2008

KEY FINANCIAL AND OPERATING DATA SIX YEARS AT A GLANCE

(Rupees in million)

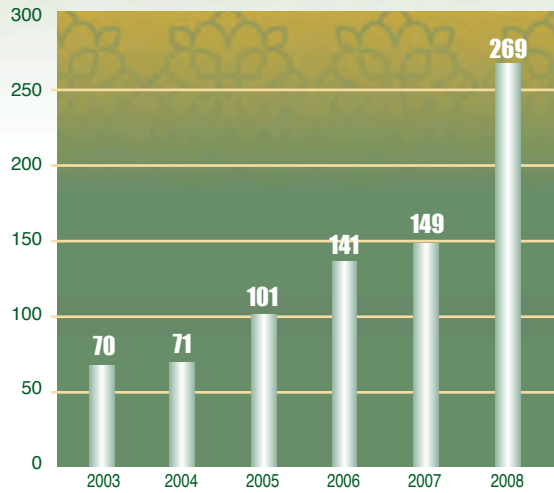
	2008	2007	2006 (Restated)	2005 (Restated)	2004	2003
Total Assets	4,025.651	5,000.902	3,889.845	2,657.047	2,131.818	1,529.586
Ijarah Assets	2,713.510	3,185.142	2,744.844	2,047.013	1,723.615	1,413.279
Gross Ijarah Disbursement	1,072.279	1,780.602	1,719.955	1,226.012	1,093.301	943.927
Current assets	1,303.314	1,808.282	1,136.053	604.920	404.021	174.337
Current Liabilities	778.516	1,811.583	531.279	943.454	1,140.888	784.436
Total Liabilities	1,178.833	2,503.211	2,094.533	1,330.245	1,495.319	1,120.875
Paid-up Capital	1,008.000	504.000	504.000	504.000	252.000	252.000
Reserves	1,838.818	1,993.691	1,291.312	822.802	384.499	219.756
Certificate Holders Equity	2,846.818	2,497.691	1,795.312	1,326.802	636.499	471.756
Gross Revenue	1,666.786	1,502.963	1,206.401	1,013.621	842.544	743.624
Net Profit	268.855	149.310	141.078	101.774	71.278	69.565
Earnings per certificate - Rs.5/- each	1.50	1.36	1.40	1.42	1.35	1.38
Cash Dividend	21%	20%	20%	15%	20%	21%



FIRST
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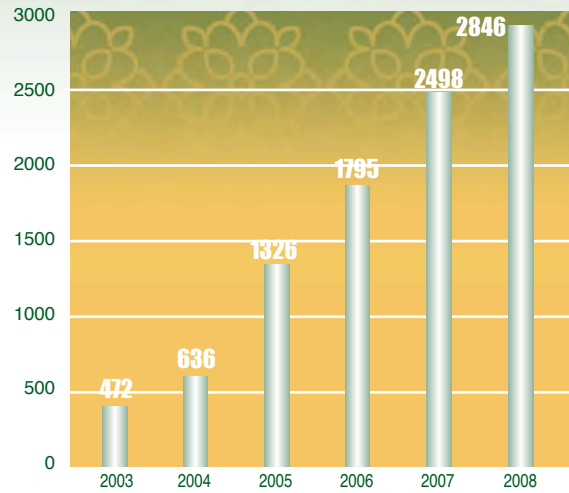
Profit After Tax

(Rs. in million)



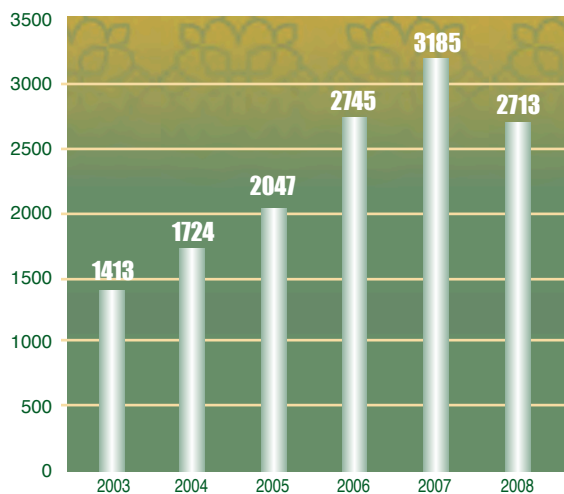
Equity Growth

(Rs. in million)



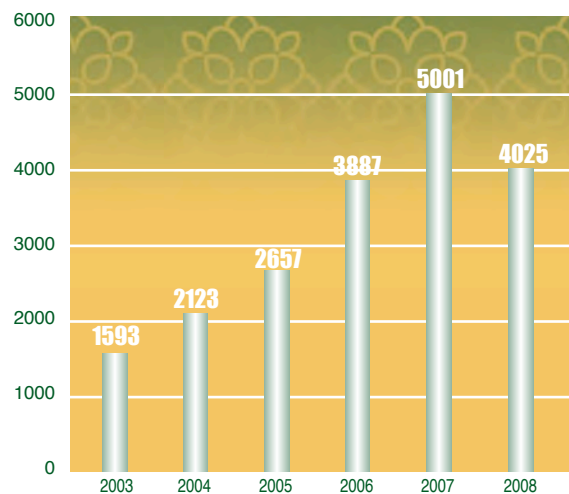
Net Ijarah Assets

(Rs. in million)



Assets Growth

(Rs. in million)



ANNUAL
REPORT
2008

CUSTOMER SATISFACTION (FHM)

High quality customer service is an integral part of FHM's philosophy.

It is our constant endeavor to provide greater services with wider accessibility.

Our corporate slogan is "Customer First". We always emphasize on providing best quality service to our customers. We continuously develop and improve customer-service oriented culture within FHM.

Knowing our customers and their need is the key to our business success. Our managers are well equipped and well trained to provide the most efficient and personalized services to our customers.

We understand that our commitment to satisfy customers' needs must be fulfilled within a professional and ethical framework.

Besides, we also feel that well updated IT infrastructure is also one of the most important tools to provide best services to customers. FHM is continuously upgrading its IT infrastructure in line with modern technology in order to have efficient operations and speedy services for customers.

We shall continue to look forward to maintain high-level customer satisfaction through improvement of strength and values, based on Sharia'h principles.



EDGE & ACHIEVEMENTS

Highest Equity, Assets and Profitability

FHM maintaining Highest Equity, Asset Base and Profitability, since last 3 years within the Modaraba sector.

Continuous Dividend payment

Since the beginning of operation, the FHM has been paying dividend to its certificate holders every year without any fail.

Credit Rating

Since last 10 years, FHM has been maintaining "A" category rating from Pakistan Credit Rating Agency (Private) Ltd.

Recipient Corporate Excellence Award

FHM has been securing Corporate Excellence Award from Management Association of Pakistan for last two consecutive years.

Recipient of Best Performing Modaraba Award

In last 10 years, FHM has received seven awards as best performing Modaraba within Modaraba sector from Modaraba Association of Pakistan.

Member of IIFM

FHM is member of International Islamic Financial Market, Bahrain (IIFM). IIFM is mandated to take part in establishment, development, self-regulation and promotion of Islamic Capital Market and Money Market.

Member of IFSB

FHM has also become an observer member of Islamic Financial Services Board (IFSB) Malaysia. IFSB is an international standard setting organization that promotes and enhances the soundness and stability of the Islamic financial services industry by issuing global prudential standards and guiding principles for the industry. FHM is the only Modaraba within the Modaraba sector who has become the member of IFSB.



ANNUAL
REPORT
2008

RECOGNITION / AWARDS

FHM secured The Best Performing Modaraba Award from Modaraba Association of Pakistan for the year 2007. This is the 7th award so far received by the FHM from MAP. Following are the years of previous awards.

1999
2000
2001
2002
2005
2006
2007



In a ceremony of Modaraba Association of Pakistan Mr. Razi ur Rehman Chairman, Securities and Exchange Commission of Pakistan presenting Best Performing Modaraba Award to FHM.





2000



2001



2002



2007



2003



2006



2005

FHM has received various awards in previous years by Moderaba Association of Pakistan.



**ANNUAL
REPORT
2008**

CORPORATE EXCELLENCE CERTIFICATE

FHM has secured the “Corporate Excellence Certificate Award” in two consecutive years from Management Association of Pakistan (MAP) which are;

2006

2007



Mr. Muhammed Shoaib, CEO is receiving the Corporate Excellence Certificate from Management Association of Pakistan (MAP)



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MODARABA





25th

Corporate
Excellence Award

Management Association of Pakistan

has given the

Corporate Excellence Certificate
2007

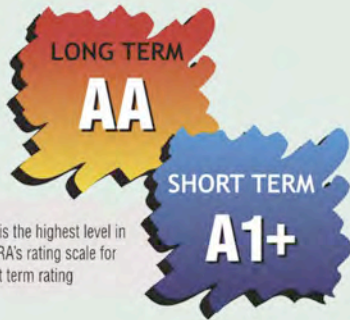
TO



First Habib Modaraba



ANNUAL
REPORT
2008



A1+ is the highest level in PACRA's rating scale for short term rating



Pacra's Assessment about FHM

- PACRA has assigned a *Positive Outlook* to these ratings.
- The ratings indicate a very low expectation of credit risk emanating from very strong capacity for timely payment of financial commitments.
- The ratings denote FHM's ability to sustain its performance in an increasingly competitive financial sector.
- At the same time, the ratings recognize the Modaraba's robust - indeed conservative - risk management framework as reflected by its very good asset quality.
- FHM's ratings have been assigned positive outlook recognizing the Modaraba's well-conceived strategy to maintain its leading position in the sector.

Pacra Maintains Entity Rating of



FIRST HABIB MODARABA
(An Islamic Financial Institution)

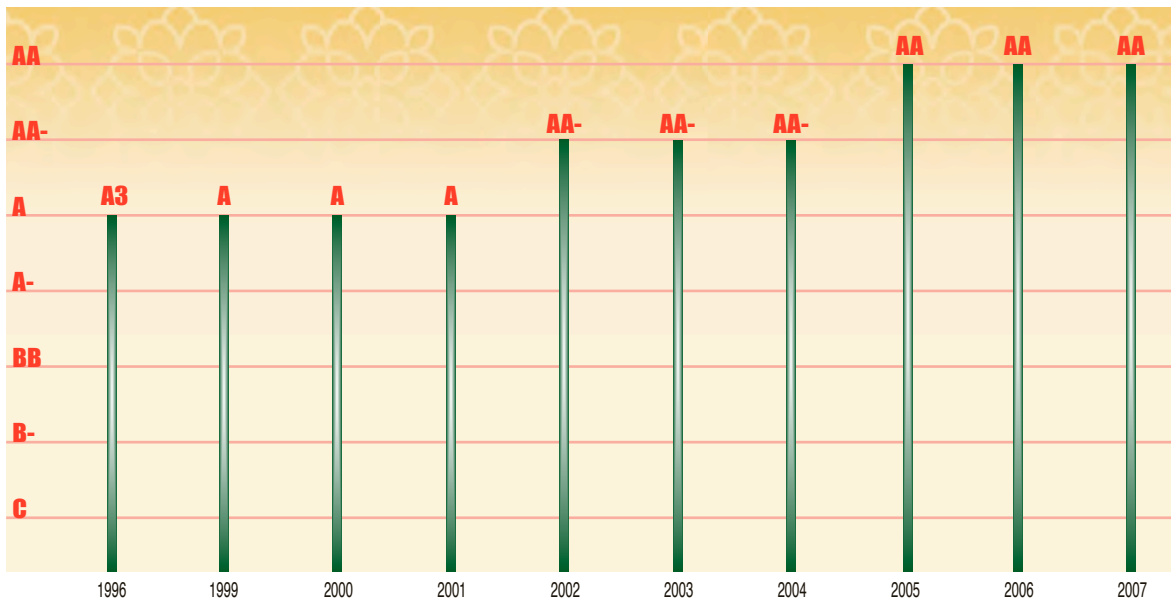


FIRST
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MODARABA



A1+ is the highest level in PACRA's rating scale for short term rating.

MAINTAINING A CATEGORY RATING FOR MORE THAN 10 YEARS



ANNUAL
REPORT
2008

PRODUCT RANGE



IJARAH

Ijarah is a contract of renting/ hiring/ leasing for usufruct of the assets under which Modaraba arrange finances for moveable fixed assets at agreed rental and period with an undertaking to purchase the assets by the customer. Rental and Purchase price is fixed in Advance.



MURABAHA

It is contract of sales of goods on deferred payment basis in which Modaraba buys the goods and sell them to the customer of deferred payment basis. In this transaction, seller i.e. Modaraba disclose the cost and profit thereon.



CAR-NAMA

The steady rise in the cost of vehicles has made buying the car of your choice a difficult reality. Now we bring a package which reduces your worries for your huge investment in the car of your choice. FHM is offering a very flexible and affordable car lease-financing scheme for corporate employees and self-employed persons who fulfill required criteria of FHM.



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CERTIFICATE OF MUSHARAKA

It is on the basis of this expertise and know-how that FHM presents a prime investment opportunity in the form of Certificate of Musharaka (COM) and promises best possible returns to investors with complete security.

ISLAMIC CFS MORABAHA

Provide Finance on Murabaha basis to purchase the Shariah compliant Shares through Brokerage House.



SALAM

Salam means a contract in which whole payment made in advance for goods to be delivered later; thus the contract creates a liability for the seller. Amount given, as Salam cannot be called back, unlike Qard.

ISTISNA

This is a contractual agreement for manufacturing goods and commodities, allowing cash payment in advance and future delivery or a future payment and future delivery.

DIMINISHING MUSHARAKAH

(Shirkah-Al-Mutanaqisah) is a type of Shirkah where one partner purchases the other partner's share gradually. Two partners acquire any asset (vehicle/machinery/property) with an intention that one or both partner will use this asset or any one rent out its share in the property to another and sharek undertakes to purchase the share of other partner until it acquires the complete ownership.

MUSHARKAH

It is a partnership where profit is shared as per agreed ratio at the inception of shirkah, while the loss is shared in proportion of capital investment of each partner. All the partners are entitled to participate in the management of the business.



ANNUAL REPORT 2008

FHM IN MEDIA

BUSINESS RECORDER

Karachi, Sunday 27 January 2008, 17 Muharram 1429

January 31, 2008

The Financial Daily

Small Text: Finance & Banking News & Analysis, Karachi, Pakistan, Sunday, 27 January 2008

PACRA carries on FH Modaraba rating

Shabbir Kazmi

KARACHI: The Pakistan Credit Rating Agency (PACRA) has maintained the ratings of First Habib Modaraba (FHM) at "AA" (Double A) and "A1+" (A one plus) for long-term and short-term, respectively.

"A1+" is the highest short-term rating on PACRA's rating scale. Meanwhile, PACRA has assigned a Positive Outlook to these ratings. The ratings

See # 5 Page

April 16, 2008

FHM becomes observer member of IFSB

KARACHI: First Habib Modaraba (FHM) has become the observer member of Islamic Financial Services Board (IFSB). At present FHM the only member of IFSB in entire Modaraba and Non-Banking Financial Companies (NBFC) sector representing in Pakistan.

FHM is one of the best performing Modarabas in Modaraba sector having the highest assets and equity size. FHM is consistently paying dividends to their Certificate Holders since the inception of business by FHM.

FHM is also maintaining its "A" category rating since past ten years. At present the credit rating of Modaraba is "AA" and "A1+" assigned by Pakistan Rating Agency (Pvt) Ltd, (PACRA).

Recently, Modaraba Association of Pakistan (MAP) has awarded First Habib Modaraba (FHM) as the second best performing Modaraba for the year 2007. Furthermore, last year the Management Association of Pakistan (MAP) has also awarded "Corporate Excellent

January 27, 2008

The Financial Daily

Small Text: Finance & Banking News & Analysis, Karachi, Pakistan, Sunday, 27 January 2008

FHM shareholder equity touches Rs3bn

Shabbir Kazmi

KARACHI: After the successful completion of subscription of Right Issue the shareholders equity of First Habib Modaraba (FHM) has touched Rs 3 billion and the book size exceeded Rs 5 billion, which is the highest in the entire Modaraba sector.

For the year ended 30th June 2007 the FHM posted Rs 149.3 million profit after tax and decided to pay 20 per cent dividend and to issue 100 per cent Right Shares. The Right Shares were issued at 50 per cent premium.

The credit rating of FHM is 'AA' for long term and

FIRST HABIB MODARABA (FHM): LEADING THE MODARABA BUSINESS

An interview with the CEO FHM, Mohammad Shoab

SADAF AURANGZAIB

First Habib Modaraba is a perpetual, multi-purpose Modaraba managed by Habib Modaraba Management (Private) Limited. It is listed on all the stock exchanges of Pakistan. The Modaraba is engaged in the business of leasing, Musharika, Murahaba financing and other related business like equity investment and certificate of Musharika.

The Habib Group with vast experience in the industrial, financial and commercial sectors floated FHM in 1985. The basic aim of the First Habib Modaraba (FHM) was to make contribution towards the transformation of mercantile as well as financial system and dealing in line with principles elaborated in Sharia

FHM commenced its business operation in March, 1985 with an initial capital of Rs.25.0 million (US\$ 400,000) only. Continuing with solid, dynamic and prudent approach now the FHM has a total equity base of around Rs.3.0 billion (US\$ 40,000,000) and an assets size of approximately of Rs.5.0 billion (US\$ 83,000,000).

It can be observed that FHM is much stronger today in terms of the healthy size of equity, strong balance sheet footing and sound profitability with stronger management talent and vibrant human resource.

We took an interview of



Managing Director of FHM, Mohammad Shoab, who in his interview with PAGE brought about the major issues concerning the Modaraba sector of Pakistan.

Mr. Shoab told that the FHM is the oldest Modaraba in the Modaraba sector. FHM is having the highest equity base which is about three billion rupees. Besides equity base the Modaraba has the highest asset base and the profitability factor is also the highest. Modaraba

years. It is the leading Modaraba in the Modaraba sector.

The main area of working is "Ijarah", i.e. leasing. FHM leasing operations include:

- Manufacturing concerns
- Banks and other service organizations
- Trading concerns

As a number of players are coming in this business, so FHM is diversifying its asset portfolio. It is also involved in equity market operation, in Murahaba and in other mode of Islamic finance. Recently, FHM has sent ten new Islamic products to the Registrar of the SECP. They are in process and FHM is hopeful that within a month or two, it gets the approval from the SECP, from the religious board and this will benefit the whole of Modaraba sector.

While defining the trading activity with the Equity Market, he said that FHM has gained good gains in the equity market and that entirely depends on how you play in the capital market. FHM has maintained its position for the last three years and with a lucrative portfolio, it has almost 1.4 billion rupee underlying gains in the balance sheet of the company.

About the competition

Pacra maintains FHM ratings at AA, A1+ for long, short-terms

KARACHI: The Pakistan Credit Rating Agency (Pacra) has maintained the ratings of First Habib Modaraba (FHM) at "AA" (Double A) and "A1+" (A one plus) for long-term and short-term, respectively. "A1+" is the highest short-term rating on Pacra's rating scale. Meanwhile, Pacra has assigned a Positive Outlook to these ratings. The ratings indicate a very low expectation of credit risk emanating from very strong capacity for timely payment of financial commitments.

The ratings denote FHM's ability to sustain its performance in an increasingly competitive financial sector, though, lately, revenue from stock market operations has an increasing contribution towards the earnings. At the same time, the ratings recognise the Modaraba's robust - indeed conservative - risk management framework as reflected by its very good asset quality.

Meanwhile, the Modaraba's association with Habib group remains a key factor.

FHM's ratings have been assigned positive outlook recognising the Modaraba's well-conceived strategy to maintain its leading position in the sector. The management while targeting significant financing

February 4-10, 2008

April 15, 2008

STAFF ACTIVITIES



FHM Staff - Dedicated and Hardworking



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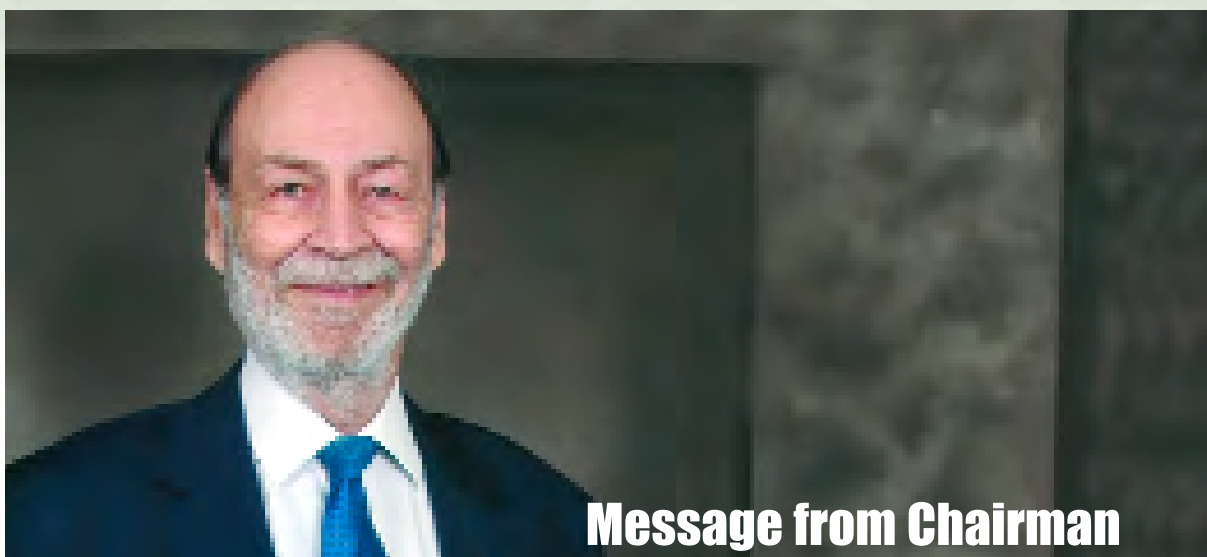


Team FHM - Striving towards success



The background is a solid teal color with a subtle, repeating pattern of faint white numbers and a line graph. The numbers are arranged in a grid-like fashion, with some appearing as part of larger, partially obscured figures. A white line graph is visible in the upper right quadrant, showing a fluctuating trend. The overall aesthetic is clean and professional, typical of a financial document cover.

*Financial
Statements*



Assalam o Alaikum Wa Rahmatullah Wa Barakatuhu,

It is a matter of great pleasure for me to comment on the Annual Results of First Habib Modaraba (FHM) for the year ended June, 2008.

The FHM has completed one more successful year with a handsome profit and good return on enhanced paid up capital which had increased this year through right subscription.

It is remarkable that FHM has been maintaining its leading position within the Modaraba sector since 3 consecutive years. I am hopeful that the profitability and equity size of FHM for the period ended June, 2008 will again help it to remain the best performing Modaraba within the sector.

I would say that this excellent performance is due to the visionary and well targeted strategy implemented by the Board of Directors, and followed by Management and Employees of FHM who displayed continued determination, dedication and commitment.

I believe that the main objective of any sensible corporate entity is the continuous adding up of stakeholder values. To gain their trust and confidence, I believe in providing timely, reliable and transparent information and best return on their investments.

Our goal remains to align ourselves with the changing environment and win confidence of stakeholders through improvement based on inspiration that draws from originality.

We adhere to the highest standards of integrity with a maximum degree of commitment. Our core values are reflection of this fundamental principle and we remain dedicated to keep measure of our corporate governance firmly within the dictates of our ethical practices.

We focus on specific objectives, setting priorities right, and putting in place strategies and processes that help yield better growth with higher returns.

Our leadership is a result of our employees' efforts. They have made FHM one of the most outstanding institutions within the Modaraba sector. Each of them brings diverse backgrounds and specialized disciplines to deliver maximum output.

My appreciation and thanks to the entire management team and employees of FHM for their commitment, dedication and hard work. I would also like to thank the Securities & Exchange Commission of Pakistan, the Board of Directors, and valued customer for their support, trust and valuable contributions.

WAZIR HUSAIN JAFREE
CHAIRMAN



DIRECTOR'S REPORT

*Assalam o Alaikum Wa Rahmatullah
Wa Barakatuhu,*



The Directors are pleased to present the Annual Report along with the audited financial statements for the year ended 30th June, 2008.

Financials

(RUPEES IN '000')

Profit before Management Fee	298,728
Less: Modaraba Company's Management Fee	<u>29,873</u>
Profit for the year	268,855
Add: Un-appropriated Profit B/F	<u>4,644</u>
Profit available for appropriation	<u><u>273,499</u></u>
Earnings per Certificate of Rs.5/- each	Rs. 1.50

Appropriations

(RUPEES IN '000')

Cash Dividend	211,680
Transfer to Statutory Reserve@20%	53,771
Un-appropriated Profit C/F	<u>8,048</u>
	<u><u>273,499</u></u>

Dividend

The Board is pleased to announce a cash dividend of 21 % i.e. Rs. 1.05 of Certificate of Rs.5/- each.

Economic Review

Pakistan economy is passing through a challenging phase and loaded with high fiscal, trade and current account deficits, weak supply side of food and other commercial commodities, stagnated exports, a weakening rupee and depleting forex reserves. Together with this, increase in the price of oil, food and other commodities in international market and the continuing saga of political uncertainty at home are formidable challenges to be faced by economic managers of the country.

All important economic indicators such as fiscal, current account and trade deficit have been showing downward slide and inflation seems to be picking pace. One of the hopeful factors is the inward remittances that are growing at reasonable level.

Deteriorating economic indicators as mentioned above



ANNUAL
REPORT
2008

forced SBP to further tighten monetary policy. SBP increased the discount rate from 9.5% to 13% since May 2008. Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) also enhanced by the Central Bank.

This measure will mean an increase in the cost of deposits and borrowings for financial institutions and industries respectively. The effect of rising lending rates and economic slowdown will dilute the progress of industrializations and GDP growth as well.

According to analysis of financial figures of June 2007, by the Modaraba Association of Pakistan, the FHM ranked number one in the Equity and Assets size and profitability as well. By the grace of God, we are maintaining this position since last 3 consecutive years and hopeful that Inshallah, this year our Modaraba will also hold same stature in Modaraba sector.

For the year ended June 2008, the FHM has earned profit of Rs.298.0 million as compared to Rs.167.0 million being profit of last year. Reasonable portion of earning also



FIRST
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MODARABA

Equity markets also all over the world are having a tough time and Pakistan is no exception. The Karachi stock market showed lackluster performance as its index decreased by around 25 percent in terms of local currency owing to deterioration in domestic macroeconomic conditions and political upheaval. Large stock exchanges of world such as S & P, FTSE, and Nikkei have also recorded declines from 16 to 18 percent.

The investor's confidence in KSE has turned weaker due to above negative factors. However, it is expected that positive announcement of certain good companies for June 2008 may give some support to the ailing market.

OPERATION REVIEW

By the grace of God, despite of difficult operating environment your Modaraba exhibit strong performance in 2008. FHM's well targeted strategy and its execution were strongly supported and responded to the challenges of business and economy during the year. The FHM has made commendable progress and established its leadership in the sector. FHM has been maintaining its top ranking position amongst its peer group.

derived from equity market operations due to timely disinvestment of few listed securities. Allhamdollah, again the profit of this year is the highest in history of Modaraba.

As we stated in our half yearly report that, Allhamdollah, our issue of 100% right certificate was well received and fully subscribed. After the right subscription the paid up capital of FHM stood at one billion rupees and total equity stands at around 2.800 billion as at 30th June 2008.

The rental collection improved to Rs.1.667 billion as compared to Rs.1.500 billion over the last year. However, the disbursement in Ijara finance remained low i.e. Rs.1,072 million as compared to Rs.1,772.0 million of last year. The low disbursements was due to little cautious approach of the Management in assets booking keeping in view slow moving economic scenario prevailing in the country since almost last one year. Due to this cautious direction of the Management, the overall assets size of balance sheet has also slightly diluted.

However, you appreciate that in spite of decrease in assets size, FHM has made handsome profit during the year almost 80% increase over the period of last year. If we

calculate profit return on new capital, which were injected in January 2008, in the shape of right subscription, the annualized return on fresh injection will be around 33 percent.

CREDIT RATING

By the grace of Allah, the credit rating of FHM has been maintaining in rating band "AA" for long term and "A1+" for short term. Allhamdollillah, this "A" category rating is maintained since last almost 10 years with Pakistan Credit Rating Agency Ltd., (PACRA)

Risk Management

Your Modaraba has been proactive in adopting measures to manage, monitor and mitigate risk associated with the operational activities and has placed great emphasis in the development of an effective risk management framework.

FHM is in process to develop a comprehensive risk management framework commensurate with the nature of its business, which includes:

- An effective management information system that



Besides assigning rating band of "AA" and A1+, this year PACRA has also given "POSITIVE OUTLOOK" recognizing well conceived strategy of FHM to maintain its leading position in the sector.

MAP AWARD

During the year, FHM has also secured the "Corporate Excellence Certificate Award" from Management Association of Pakistan (MAP). Allhamdollillah, this is second consecutive award received by FHM from MAP.

This Corporate Excellence Award is recognizing those sound corporate entities showing outstanding performance and demonstrating progressive and enlightened management practices.

No doubt, it is a great honor and achievement for FHM and for entire Modaraba sector as well. This is due to hard and dedicated work of each staff of FHM, as they all deserve appreciation of this Certificate of Excellence.

We thank Almighty Allah for his blessing and bestowing upon us of this success.

ensures flow of information from operational level to top management and a system to address any exceptions observed.

- A strategy to ensure an on-going review of system, policies and procedures for risk management and how to adopt changes.
- The skill of personnel's in order to achieve optimum operational out put through effective control.

HUMAN RESOURCE

Continuous development and grooming of team members is vital part of FHM's corporate policy. FHM believes that Human Resource has a pivotal role for consistence and stable growth of any institution. The Human Assets always plays immense motivating factor towards fetching any targeted objective. FHM has excellent blend of professional persons who have committed and focused in fostering the Modaraba to conduct its affairs in professional manner in order to achieve maximum result.

Training and Human Resource Development continues to be of prime importance at FHM. HR policies designed in such a way that always gives proper reward, sense of





encouragement and motivation amongst the staff members.

FUTURE OUTLOOK

At present economy of Pakistan is passing through with difficult time. Major economic indicators showing concerning situation in trade balance, fiscal deficit, price level, monetary conditions and external debt.

Overall, weak economic indicators and strict monetary instance by SBP could affect the business segment growth, which in turn could have an impact on financial sector. It is expected that the pace of growth of Pakistan GDP will be slowdown to some extent, while the demand of private credit will also decrease.

FUTURE STRATEGY

Recently the Religious Board of Modaraba has approved 8 new model agreement of different financial product including revision of three old agreements of Modarabas. The approval of these agreements were a historic events for the Modaraba sector, as the previous agreement used by the sector had been approved in early 90's. Till than neither any new agreement was introduced nor was any revision made in previous approved agreement. This remarkable achievement was due to untiring efforts of Modaraba Association of Pakistan, and valuable support, guidance provided by Securities and Exchange Commission of Pakistan, particularly the office of Registrar Modaraba in achieving such a significant landmark in the evolution of the Modaraba sector.

In last few years, we have witnessed a huge expansion in Islamic Finance Service Industry. This rapid growth is an indicator of the demand for Islamic Financial products in the global financial markets. Consequent to this growing demand, the scope and coverage of Islamic Finance Industry has also gradually expanded and now extended to (i) retail investments and consumer finance (ii) private

equity, (ii) structured products (iv) commercial banking (v) insurance and (vi) trade finance etc.

If we see Islamic financial market of Pakistan in world context, the Islamic assets size around 4% of total conventional assets size, whereas in Malaysia it around 17% and Bahrain is around 10%. This shows that Pakistan market of Islamic finance has great potential being one of the biggest country in terms of Muslim population.

Keeping in view of growing demand of Islamic finance and its untapped market in Pakistan, we feel that changed scenario of new products in Modaraba sector would re-energize the business avenues within FHM, which will ultimately support for diversification and expansion of business under Shariah compliant mode of finances.

However, under the current economic situation FHM will pursue more cautious approach, where quality of growth will be given more importance than just growing the balance sheet. To ensure efficient and profitable utilization of the available resources, the FHM will continue to spread its exposure on a broader spectrum on the excellent sectors of the economy.

The Management has continued legacy of prudent management with best business practices. Our strength lies in creating business synergies in a large and competitive market by providing an expanding range of innovative solutions to meet the needs of a growing customer base.

Our aim is to be remain a best Islamic Service Provider Modaraba and we believe the measure of our progress is not just our financial achievements, but it is whether our customers are satisfied with our services, our employee are proud to work for us and sector in which we work values us a good venture. We shall continue to build a best performance culture that overcomes all the challenges of business and operations and promote best business practices and good governance.

Inshallah, we will maintain our growth momentum and give even better results based on Shariah principles in years to come.

CODE OF CORPORATE GOVERNANCE

We report that Modaraba has completed all necessary compliances with the provision of Code of Corporate Governance in its material respects as incorporated in the Listing Rules of the Stock Exchanges. In conformity with the requirements under the Code of Corporate Governance, the Board of Directors states that;

The financial statements prepared by the management present fairly the state of affairs of the Modaraba including

the results of its operations, Cash Flow and Changes in Equity.

Proper books of accounts have been maintained.

Appropriate Accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

International Accounting Standards (IAS), as applicable in Pakistan has been followed in preparation of financial statements and any departure there from has been adequately disclosed.

The system of internal control is sound in design and has been effectively implemented and monitored.

The Modaraba is financially sound and has the ability to continue as a going concern.

The directors do not hold any interest in the certificates of Modaraba other than that has already been disclosed in the pattern of certificate holding.

A summary of key operating and financial data of the Modaraba of last six years is annexed in this report.

Pattern of Certificate Holding

A Statement showing pattern of Certificate Holding of the Modaraba and additional information as at June 30, 2008 is included in this report.

The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the certificates of the Modaraba during the year.

PROVIDENT FUND AND GRATUITY

The value of investment of provident fund and gratuity based on audited accounts as at December 31, 2007 are Rs. 12.567 million and Rs. 6.878 million.

ATTENDANCE OF BOARD MEETING

Four meetings of Board of Directors were held during the year, attendance by each director is appended hereunder.

Name of Directors	Number of meetings Attended
Mr. Wazir Husain Jafree	4
Mr. Muhammad Shoaib	4
Mr. Sheikh Ehsanuddin	4
Mr. Abbas Ali Muhammad	4

AUDITORS

Present auditor M/s Ebrahim & Company, Chartered Accountants, are being eligible to offer themselves for re-appointment as auditor for the year 30th June 2009.

ACKNOWLEDGEMENT

The Board would like to place on record its thanks for the continued support and guidance provided by Securities & Exchange Commission of Pakistan, Registrar Modaraba Companies, financial institutions and State Bank of Pakistan from time to time, customers of the Modaraba for their patronage and business, Certificate holders who have remained committed to FHM.

In the end, the Board appreciates dedication, high level of professionalism and hard work of employees of your Modaraba for achieving excellent results.

For and on behalf of Board of Directors

Muhammad Shoaib
Managing Director & CEO

Karachi: September 12, 2008



ANNUAL
REPORT
2008

7TH ANNUAL REVIEW MEETING



NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that the Annual Review Meeting of certificate-holders of First Habib Modaraba (FHM) will be held on October 20, 2008 at 9.00 a.m. at The Institute of Bankers, Moulvi Tamizuddin Road, Karachi, to review the performance of the Modaraba for the year ended June 30, 2008.

The certificate-holders whose names appear on the register of Certificate-Holders of FHM as on October 11, 2008 will be eligible to attend the Annual Review Meeting.

By order of the Board

Adnan Thanwey
Company Secretary
First Habib Modaraba

Karachi: September 30, 2008



ANNUAL
REPORT
2008

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE – YEAR ENDED JUNE 30, 2008

This statement is being presented to comply with the code of Corporate Governance (CCG) contained in Regulation No.37 of Listing Regulations of Karachi Stock Exchange (Guarantee) Limited, the Chapter XIII of Listing regulations of Lahore Stock Exchange (Guarantee) Limited and Chapter XI of Listing Regulations of the Islamabad Stock Exchange (Guarantee) Limited, for the purpose of establishing a frame of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Modaraba has applied the principles contained in the CCG in the following manner:

All the directors of the Management Company are non-executive directors except for the Chairman and Chief Executive.

The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Modaraba.

All the directors of the Management Company are registered as tax payers and none of them has default in payment of any loan to a banking company, a DFI or an NBFC or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

The Modaraba has prepared a 'Statement of Ethics and Business Practices', which has been approved by BOD and signed by the employees of the Modaraba.

The Board has developed a vision / mission statement and significant policies of the Modaraba. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

The Board comprises of senior bankers with a wide range of skills and experience. The directors are fully aware of the relevant laws applicable to the Modaraba, its policies, procedures and provisions of the Prospectus of the Modaraba to manage the affairs of the Modaraba on behalf of the certificate holders.



The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO

The directors' report for this year has been prepared in compliance requirements of the Code and fully describes the salient matters required to be disclosed.

The financial statements of the Modaraba were duly endorsed by CEO and CFO before approval of the Board.

The directors, CEO and executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of certificate holding.

The Modaraba has complied with all the corporate and financial reporting requirements of the Code.

The Board has formed an audit committee. It comprises three members, of whom all are non-executive directors including the chairman of the committee.

The meetings of the audit committee were held at least once every quarter prior to approval of 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.

The Board has employed adequate personnel for internal audit function to ensure the establishment and maintenance of sound and effective internal controls, compliance and review policies and procedures.

The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review programme of the institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.

The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

We confirm that all other material principles contained in the CCG have been complied with.

Muhammad Shoaib
Managing Director & CEO

Karachi
Date: 12-09-2008



ANNUAL
REPORT
2008

REVIEW REPORT TO THE CERTIFICATE HOLDERS ON STATEMENT OF COMPLIANCE WITH THE 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 before the year ended June 30, 2008 prepared by the Board of Directors of Habib Modaraba Management (Pvt.) Limited (the Management Company) in respect of First Habib Modaraba (the Modaraba) to comply with the Listing Regulation No.37 of the Karachi Stock Exchange (Guarantee) Limited, the chapter XIII of the listing Regulations of the Lahore Stock Exchange (Guarantee) Limited and chapter XI of Listing Regulations of Islamabad Stock Exchange (Guarantee) Limited, where the Modaraba is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management 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 of Corporate Governance.

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 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.

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 respect, which the best practices contained in the Code of Corporate Governance, for the year ended June 30, 2008.



FIRST
HABIB
MODARABA

Karachi September 12, 2008

BDO Ebrahim & Company
Chartered Accountants



AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of FIRST HABIB MODARABA (the Modaraba) as at June 30, 2008 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 purpose of our audit.

These financial statements are the Modaraba Company's [Habib Modaraba Management (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 the 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 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;
 - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business, and
 - iii) the business conducted, investments made and expenditure incurred during the year were in accordance with the objects, terms and condition of the Modaraba;
- 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 the 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
- f) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The financial statements of the Modaraba for the year ended June 30, 2007 were audited by another firm of chartered accountants whose report dated September 07, 2007 expressed an unqualified opinion.

KARACHI : September 12, 2008

BDO Ebrahim & Company
Chartered Accountants



ANNUAL
REPORT
2008

Balance Sheet as at June 30, 2008

	Note	2008 Rupees	2007 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets - tangible			
Ijarah assets	3.1	2,713,510,513	3,185,142,412
Assets in own use	3.3	7,582,766	6,166,893
		2,721,093,279	3,191,309,305
Intangible assets	4	32,990	147,259
Long-term advances and deposits	5	1,211,191	1,163,697
		2,722,337,460	3,192,620,261
CURRENT ASSETS			
Investments	6	1,125,791,101	1,679,755,743
Ijarah rental receivable - secured, considered good	7	3,208,133	694,022
Loans and advances	8	4,313,647	1,289,180
Trade deposits and short term prepayments	9	981,091	295,280
Other receivables	10	18,805,807	1,094,839
Cash and bank balances	11	150,213,968	125,152,564
		1,303,313,747	1,808,281,628
		4,025,651,207	5,000,901,889
TOTAL ASSETS			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Certificate capital :			
Authorized			
220,000,000 (2007: 120,000,000)			
certificates of Rs.5 each		1,100,000,000	600,000,000
Issued, subscribed and paid-up capital	12	1,008,000,000	504,000,000
Reserves	13	1,838,818,178	1,993,691,178
Certificate holders' equity		2,846,818,178	2,497,691,178
NON-CURRENT LIABILITIES			
Long-term Murabaha finances	14	168,804,108	442,850,790
Certificates of Musharaka	15	43,091,759	29,961,459
Security deposits against ijarah assets	16	188,420,765	218,815,473
		400,316,632	691,627,722
CURRENT LIABILITIES			
Murabaha finances - current portion	14	274,046,680	318,473,541
Certificates of Musharaka - current portion	15	324,276,744	1,161,797,269
Security deposits - current portion	16	69,427,491	60,354,810
Short - term Musharaka finances - secured		-	100,000,000
Short - term Murabaha finance - secured		-	73,370,990
Advance ijarah rentals received		23,166,095	19,306,867
Trade and other payables	17	72,867,356	64,583,432
Taxation - net		1,269,911	1,648,700
Unclaimed profit distribution		13,462,120	12,047,380
		778,516,397	1,811,582,989
CONTINGENCIES AND COMMITMENTS			
	18	-	-
TOTAL EQUITY AND LIABILITIES		4,025,651,207	5,000,901,889

The annexed notes from 1 to 34 form an integral part of these financial statements.

Sd/-
CHIEF EXECUTIVE

Sd/-
DIRECTOR

Sd/-
DIRECTOR



FIRST
HABIB
MODARABA

Profit and Loss Account for the year ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
Ijarah rentals		1,666,786,130	1,500,453,901
Profit on Murabaha finance		-	2,508,798
		1,666,786,130	1,502,962,699
Depreciation on Ijarah assets	3.1	1,349,483,438	1,213,962,379
Administrative expenses	19	41,124,089	34,653,943
		1,390,607,527	1,248,616,322
		276,178,603	254,346,377
Other income	20	177,951,166	92,820,553
		454,129,769	347,166,930
Financial charges	21	155,401,738	181,266,454
		298,728,031	165,900,476
Modaraba company's management fee		(29,872,803)	(16,590,048)
Profit for the year		268,855,228	149,310,428
Earnings per certificate - basic and diluted	29	1.50	1.36

The annexed notes from 1 to 34 form an integral part of these financial statements.

Sd/-
CHIEF EXECUTIVE

Sd/-
DIRECTOR

Sd/-
DIRECTOR



ANNUAL
REPORT
2008

Cash Flow Statement for the year ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
Cash flow from operating activities			
Cash generated from operations	30	1,612,362,402	1,460,367,706
Purchase of Ijarah assets		(1,072,278,811)	(1,780,601,864)
Short-term Murabaha finance		-	72,114,600
Proceeds from transfer of Ijarah assets		210,360,040	135,116,370
Musta'jir's security deposits:			
Received		48,185,379	97,877,216
Refunded / adjusted		(69,507,406)	(47,842,311)
Net Musta'jir's security deposits		(21,322,027)	50,034,905
Financial charges paid		(167,748,711)	(168,558,406)
Taxes paid		(378,793)	165,885
Gratuity paid		(1,373,070)	(1,426,193)
Net cash generated from / (used in) operating activities		559,621,030	(232,786,997)
Cash flow from investing activities			
Purchase of owned assets (including intangibles)		(4,724,765)	(1,009,348)
Proceeds from disposal of owned assets		741,000	34,000
Purchase of investments - available for sale		(142,806,600)	(127,428,340)
Proceeds from disposal of investments		244,735,764	156,406,574
Dividend received		27,162,304	11,012,787
Long-term advances and deposits (disbursed) / received		(47,494)	243,265
Net cash generated from investing activities		125,060,209	39,258,938
Cash flow from financing activities			
Proceeds from right issue		756,000,000	-
Profit distribution paid		(99,385,077)	(99,670,585)
Long term finances		(318,473,543)	135,728,577
Certificates of Musharaka		(824,390,225)	185,759,345
Finance (paid to) / from banks		(173,370,990)	23,370,990
Net cash (outflow) / inflow from financing activities		(659,619,835)	245,188,327
Net increase in cash and cash equivalents		25,061,404	51,660,268
Cash and cash equivalents at the beginning of the year		125,152,564	73,492,296
Cash and cash equivalents at the end of the year		150,213,968	125,152,564

The annexed notes from 1 to 34 form an integral part of these financial statements.

Sd/-
CHIEF EXECUTIVE

Sd/-
DIRECTOR

Sd/-
DIRECTOR

Statement of Changes in Equity for the year ended June 30, 2008

	Capital reserves			Revenue Reserves			Total reserves	Total
	Certificate capital	Certificate premium	Statutory reserve	General reserve	Unrealized gain on investments	Unappropriated profit		
	Rupees							
Balance as at July 01, 2006	504,000,000	126,000,000	184,518,268	50,000,000	829,067,664	101,726,436	1,291,312,368	1,795,312,368
Profit distribution for the year ended June 30, 2006 at 20%	-	-	-	-	-	(100,800,000)	(100,800,000)	(100,800,000)
Profit for the year	-	-	-	-	-	149,310,428	149,310,428	149,310,428
Net unrealized gain on investments - available for sale - net of realized gain	-	-	-	-	653,868,382	-	653,868,382	653,868,382
Transfer to statutory reserve at 30%	-	-	44,793,128	-	-	(44,793,128)	-	-
Balance as on June 30, 2007	504,000,000	126,000,000	229,311,396	50,000,000	1,482,936,046	105,443,736	1,993,691,178	2,497,691,178
Balance as on July 01, 2007	504,000,000	126,000,000	229,311,396	50,000,000	1,482,936,046	105,443,736	1,993,691,178	2,497,691,178
Profit distribution for the year ended June 30, 2007 at 20%	-	-	-	-	-	(100,800,000)	(100,800,000)	(100,800,000)
Issue of right certificates	504,000,000	-	-	-	-	-	-	504,000,000
Certificate premium received	-	252,000,000	-	-	-	-	252,000,000	252,000,000
Profit for the year	-	-	-	-	-	268,855,228	268,855,228	268,855,228
Net unrealized loss on investments - available for sale - net of realized gain	-	-	-	-	(574,928,228)	-	(574,928,228)	(574,928,228)
Transfer to statutory reserve at 20%	-	-	53,771,046	-	-	(53,771,046)	-	-
Balance as at June 30, 2008	1,008,000,000	378,000,000	283,082,442	50,000,000	908,007,818	219,727,918	1,838,818,178	2,846,818,178

The annexed notes from 1 to 32 form an integral part of these financial statements.

Sd/-
CHIEF EXECUTIVE

Sd/-
DIRECTOR

Sd/-
DIRECTOR



ANNUAL
REPORT
2008