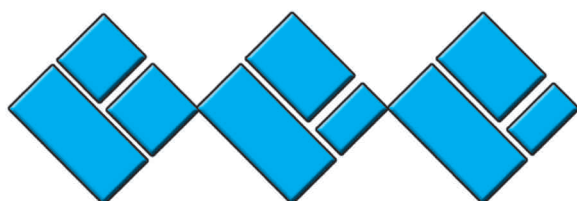


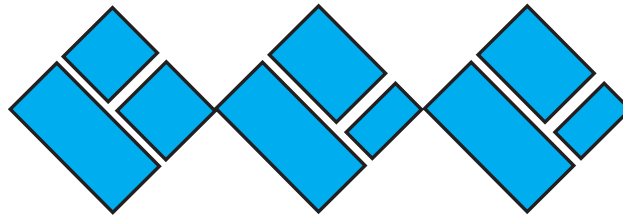
2006

Annual Report



B.R.R. International Modaraba

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



B.R.R. International Modaraba

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

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B.R.R. International Modaraba

CORPORATE INFORMATION

Modaraba Company	B.R.R. Investments (Private) Limited
Chairman	Mr. Rafique Dawood
Chief Executive	Mr. Iqbal Hussain
Directors	Mr. Majid Dawood Mrs. Farida Rokadia Mr. Rizwan-ul-Haq
Audit Committee	Mrs. Farida Rokadia - Chairman Mr. Rafique Dawood - Member Mr. Majid Dawood - Member
Group Finance Director	Mr. Muhammad Shoaib
Chief Financial Officer	Mr. Ghazanfar-ul- Islam
Company Secretary	Mr. J.D. Pohwala
Auditors	M. Yousuf Adil Saleem & Company Chartered Accountants
Legal Advisors	Sayeed & Sayeed, Karachi Malik & Maliks, Lahore
Bankers	Allied Bank Limited Askari Commercial Bank Limited Bank Alfalah Limited Faysal Bank Limited First International Investment Bank Limited Metropolitan Bank Limited National Bank of Pakistan Oman International Bank S.A.O.G. Prime Commercial Bank Limited
Web-site	www.firstdawood.com/br
Registered Office & Head Office	1500-A, Saima Trade Towers, I.I Chundrigar Road, Karachi-74000 UAN : 111-DAWOOD (111-329-663) Fax : 2271913
Registrars	F.D Registrar Services (SMC-Pvt.) Ltd 17th Floor, Saima Trade Tower-A I.I Chundrigar Road, Karachi Phone # 2271875
Branch Offices	Suit 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



B.R.R. International Modaraba

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 calibre;
- (v) safeguarding the interests 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.



B.R.R. International Modaraba

NOTICE OF ANNUAL REVIEW MEETING

The Board of Directors of B.R.R. Investments (Pvt.) Limited in their meeting held on September 23, 2006 have declared Final Profit Distribution of B.R.R International Modaraba @ Re 0.70 per Modaraba Certificate of the par value of Rs.10/- each i.e. 7% for the year ended June 30, 2006.

To determine the names of Certificate Holders entitled to receive Final Cash Profit and to attend the Annual Review Meeting, the Certificate Transfer Books of Modaraba will remain closed from Saturday, 21st October, 2006 to Friday, 27th October, 2006 (both days inclusive). Transfers received in order at the Registrars and Certificate Registration Office at "F.D Registrar Services(SMC-Pvt)Limited 17th floor Saima Trade -A, I.I Chundrigar Road Karachi. (Phone No.2271875)", before the close of business hours on Friday, 20th October, 2006 will be treated in time for the entitlement of dividend. Further Certificate Holders are advised to notify to the Registration Office, of any change in their addresses to ensure prompt delivery of mail.

The 7th Annual Review Meeting of Certificate Holders of B.R.R. International Modaraba will be held on Friday 27th October 2006 at 5.30 pm at the Head Office of the Modaraba situated at 1500-A, Saima Trade Towers, I.I Chundrigar Road, Karachi to review the Performance of the Modaraba for the year ended June 30, 2006.

Place: Karachi
September 23, 2006

By Order of the Board
Company Secretary



B.R.R. International Modaraba

DIRECTOR'S 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. International Modaraba ('BRRM' or 'the Modaraba'), it gives me immense pleasure to present to you the Annual Report and Audited Financial Statements for the financial year ended June 30, 2006.

Operations and Performance

	June 30, 2006	June 30, 2005
	Rupees.....
Lease Rentals	554,139,339	525,785,420
Income on Musharika and Morabaha Finances	56,360,074	33,379,594
Income on Investments	37,154,502	13,055,184
Total Income	649,878,329	580,953,504
Total Expenses	614,916,058	523,280,038
Profit Before Taxation	63,758,657	77,608,687
Taxation - Prior Years	8,968,667	4,600,000
Profit After Taxation	72,727,324	82,208,687

In spite of intense competition in the market particularly from the commercial banks, the Modaraba was able to disburse Rs.557.63 million for fresh lease contracts and Rs.199.25 million for Musharika & Morabaha agreements during the current financial year.

The balance sheet footing of the Modaraba has also increased from Rs.2.03 billion to Rs.2.74 billion, showing a significant growth of 35% approximately.

Modaraba main focus is to extend musharika and lease finance facilities to corporate sector clients enjoying sound financial standing and excellent reputation. It has been planned to increase the Modaraba customers' base periodically by adding new customers.

Furthermore:

- The surplus on revaluation of investments as at June 30, 2006 was Rs.24.09 million as compared to Rs.19.24 million last year.
- The break-up value of our certificate has also increased to Rs.18.62 from Rs.18.10 per certificate.

The progress made by your company is attributed to the hard work and commitment of its management and employees which has made it possible for your Modaraba to grow and to achieve sustained financial growth.

Profit Distribution

Keeping in view the good performance of the Modaraba, the Directors have approved the distribution of profit of Re.0.70 per certificate of Rs.10 each i.e. 7%, for the year ended June 30, 2006.

An amount of Rs.4 million has also proposed to transfer to General reserve increasing it by 4.73% to Rs.89 million.

An amount of Rs.36,363,662/- has been transferred to statutory reserve in compliance with the Prudential Regulations for Modarabas and therefore increasing your Modarabas equity.



B.R.R. International Modaraba

Compliance with the Best Practices of the Code of Corporate Governance

This statement is being presented to comply with the "Code of Corporate Governance" (Code) contained in the listing regulations of the Karachi Stock Exchange for the purpose of establishing a frame work of good governance, whereby a listed Modaraba is managed in compliance with the best practices of code. The directors hereby confirm the following as required by clause (xix) of the Code:

- The financial statements, prepared by the Management Company of the Modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- The Modaraba has maintained proper books of account.
- Appropriate accounting policies have been consistently applied in preparation of financial statements except as disclosed Note 2.3 of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- Relevant International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Modaraba ability to continue as a 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 payment on account of taxes, duties, levies and changes outstanding.
- 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 certificates of the Modaraba was carried out by the Directors, CEO, CFO, Company Secretary, and their spouses or minor children.

Future Outlook and Prospects

Your management shall also continue to follow the business practices ensuring good corporate governance, improved risk, efficient assets and liability management and work towards the ultimate goal of maximizing certificate holder's value.

Your management has also decided to merger of your Modaraba with Guardian Modaraba. After merger it becomes the largest Modaraba in the whole sector on the basis of the equity and asset size.

First Dawood Islamic Bank Limited was incorporated on 29th of August 2005 and obtained its license from the State Bank of Pakistan on 20th of May 2006. The last stage before the bank will be operative is commencement of business certificate on which management is working on.

The Islamic Bank is proposed to bring with it foreign equity participation from Islamic Corporation of the Development of Private Sector (ICD) a wholly owned subsidiary of Islamic Development Bank (IDB) and Unicorn Investment Bank (UIB), Bahrain as well as equity participation from Singapore.

Changes in Directors

Since the last report, there have been changes in the composition of the Board of the management company. Mr. Safdar Rasheed has resigned and the Board has approved his resignation through resolution. Simultaneously, the Board has approved appointment of Mr. Rizwan-ul-Haq as Director on the Board. After resignation of Mr. Safdar Rasheed as Chief Executive, Mr. Rafique Dawood has become Chief Executive of the management company.

The Board would like place on record its appreciation of the sincere efforts made by the previous Chief Executive, and wish to welcome on board the new appointees.



B.R.R. International Modaraba

Board Meetings

During the year 2005-06 four (4) meetings of the Board of Directors of the Management Company were held, the requisite details are as under:

S. no	Name	Designation	Entitlement to Attend Meeting	Leave of Absences
1.	Mr. Rafique Dawood	Chairman	4	1
2.	Mr. Safdar Rasheed	Ex- Chief Executive	2	-
3.	Mr. Majid Dawood	Director	4	3
4.	Mrs. Farida Rokadia (personally or by alternate director)	Director	4	1
5.	Mr. Rizwan ul Haq	Director	2	-

Transaction with Connected Persons/Related Parties

All transactions between Modaraba and its connected persons/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).

Modaraba has fully complied with the best practices on transfer pricing as contained in the listing regulation No. 38 of the Karachi Stock Exchange.

Human Resource Training & Development

The employees are an investment for the Modaraba. Hence several significant initiatives have been taken during the year to improve upon the hiring including retention and work environment related issues, grooming of skills to match with the changing business needs, induction of qualified and experienced professionals. Training and Human Resource Development continues to be of prime importance in 2006-07.

In 2005-06, there has been a concerted effort to improve the quality and skills of our human resource by participation of employees in various seminar, workshops and training session organized by various professional bodies.

Technology and Processes

The IT department has been an integral department of the organization. A cutting-edge computerized environment and efficient utilization of information technology has been the hallmark of your Modaraba's policy.

The Modaraba continuously invests in technology to improve internal decision-making, operational efficiencies and the quality of service to customers.

The IT Function besides creating an efficient IT environment in the organization also keeps abreast with the latest trends in information technology. In addition, the Modaraba continues to implement initiatives to reduce the usage of paper through the utilization of information technology as part of the Modaraba's long term objective to strive towards a paperless environment.

Staff Retirement Benefits

BRRM operates a provident fund scheme for all permanent employees. The value of investment to date is Rs.25.5 million in the provident fund scheme.



B.R.R. International Modaraba

Auditors

The present auditors M. Yousuf Adil Saleem & Co, Chartered Accountants, retire and being eligible offers themselves for re-appointment. 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 auditors for the year ending June 30, 2007.

Risk Management

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

Modaraba is exposed to a variety of risks including credit, liquidity, Interest rate, market risk and operational risk.

Our risk management policies and procedures ensure that risks are effectively identified, evaluated, monitored and managed. Risk management is a dynamic function and management must continuously monitor its internal risk procedures and practices in order to reduce earnings variability.

The Board has formed the following committees other than Audit Committee to manage the various types of risks the Modaraba is exposed to:

- Credit Committee
- Assets and Liabilities Committee (ALCO)
- Investment Committee
- System and Technical Committee

Statement of Ethics and Business Practices

The Board of Directors of PML has adopted a statement of ethics and business practices. All employees are informed of this statement and are requested to observe these rules of conduct in relation to business and regulations.

Audit Committee

The Board in compliance with the Code of Corporate Governance has constituted an Audit Committee with specific terms of reference comprising the following three members, including the Chairman, who is an independent non-executive director:

Mrs. Farida Rokadia	Chairman
Mr. Rafique Dawood	Member
Mr. Majid Dawood	Member

The Audit Committee reviewed the quarterly, half-yearly and annual financial statements before submission to the Board and their publication. The Audit Committee had detailed discussions with the external auditors and also reviewed internal audit findings and held separate meetings with internal auditors and external auditor as required under the Code of Corporate Governance.

Key Financial Highlights

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

Credit Rating

After performing the complete assessment produce **JCR-VIS Credit Rating Company Limited (JCR-VIS)** has reaffirmed on February 2, 2006 a medium to long term entity rating of your Modaraba at "A-" (Single A Minus) with a "Positive" out look. The short term rating has assigned at "A-2" (A Two).



B.R.R. International Modaraba

Pattern of Certificate-holding

The pattern of certificate-holding as on June 30, 2006 along with disclosure as required under the Code is annexed.

Events after the Balance Sheet Date

Since June 30, 2006, there have been changes in the composition of the Board of the management company. At the direction of SECP Mr. Rafique Dawood as Chief Executive has resigned and the Board has approved his resignation through resolution. Simultaneously, the Board has approved appointment of Mr. Iqbal Hussain as Chief Executive of the management company in his place.

The Board would like place on record its appreciation of the sincere efforts made by Mr. Rafique Dawood as Chief Executive, and wish to welcome on board the new appointee.

No circumstances have arisen, since the balance sheet date which would require adjustments to or disclosures in the accounts, except Board is pleased to announce a 7% cash dividend for the year ended June 30, 2006 which is more than 90% of the annual profits after transferring to statutory reserve.

Acknowledgement

I would like to take the opportunity to extend my sincere appreciation to the Board of Directors for their support, co-operation and invaluable contributions.

On their behalf, I express the deepest gratitude to our customers, business associates, bankers, the Securities & Exchange Commission of Pakistan and especially Mr. Bilal Rasul the Registrar Modaraba for their continuing guidance, support and encouragement and our stakeholders for their confidence in our management.

Our transformation and excellent achievements are a result of the concerted and continued effort and contribution of the Board, the management team and the staff. I am grateful for the tireless commitment and contributions of our employees who have made the BRRM what it is today.

In closing, we reaffirm our commitment to our certificate-holders of further enhancing the value of their investment in the Modaraba.

For and on behalf of the Board

Karachi
September 23, 2006

Rafique Dawood
Chairman



B.R.R. International Modaraba

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE & BEST PRACTICES ON TRANSFER PRICING FOR THE YEAR ENDED JUNE 30, 2006.

A. Statement of Compliance with the Code of Corporate 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. 37 of listing regulations of Karachi Stock Exchange (Guaranteed) Limited for the purpose of establishing a 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. International Modaraba (the Modaraba) is a Private Limited Company, the Board of Directors of the management company are pleased to confirm that the Code of Corporate Governance is being complied with in all material respects.

Modaraba Management Company (hereafter referred as 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. There is no director on the Board representing minority certificate holders.
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 an NBFIs or, being a member of a stock exchange, has been declared as defaulter by that stock exchange.
4. Since the last report, there have been changes in the composition of the Board of the Management Company. Mr. Safdar Rasheed has resigned and the Board has approved his resignation through resolution. Simultaneously, the Board has approved appointment of Mr. Rizwan-ul-Haq as Director on the Board.
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 alongwith the dates on which they were approved or amended has been maintained.
7. All the powers of the Board of B.R.R. Investments (Private) Limited have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of the Chief Executive Officer has been taken by the Board.
8. 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.
9. The Directors of the Company have been provided with copies of the Listing Regulations, Code of Corporate Governance, NBFCs 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. Directors have also attended talks and seminars on the subject of Corporate Governance.
10. The Board of Directors of the Company has approved the appointment of the Chief Financial Officer, Company Secretary and Internal Auditors including their remuneration and terms and conditions of employment as determined by the Chief Executive Officer.



B.R.R. International Modaraba

11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. Financial Statements of the Modaraba for the half year ended December 31, 2005 quarter ended September 30, 2005, March 31, 2006 and full year ended June 30, 2006 presented to the Board for consideration and approval, were duly endorsed and signed by the Chief Executive Officer and Chief Financial Officer.
13. The Directors, Chief Executive Officer and Executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of certificate holding.
14. The Modaraba has complied with all the corporate and financial reporting requirements of the Code.
15. The Board of the Company has formed an Audit Committee. It comprises three (3) members the chairman of the committee is Non-Executive Director.
16. 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.
17. The Board of the Company has appointed S.M.Rehan & Co. Chartered Accountants, as Internal Auditors of the Modaraba and has also approved their terms and conditions. They are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Modaraba and their representatives are involved in the internal audit function on a full time basis.
18. 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.
19. 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.
20. We confirm that all other material principles contained in the Code have been complied.

**B. Statement of Compliance with the Best Practices on Transfer Pricing
(As Required by the Listing Regulations)**

The Company and Modaraba has fully complied with the Best Practices on Transfer Pricing as contained in the Listing Regulation of the Karachi Stock Exchange.

For and on behalf of the Board

Karachi
September 23, 2006

Iqbal Hussain
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- 454 1314
Web: www.deloitte.com

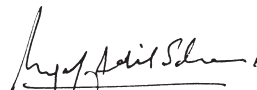
REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

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. INTERNATIONAL MODARABA** (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 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.

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 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, 2006.


Chartered Accountants

Karachi
September 23, 2006

A member firm of
Deloitte Touche Tohmatsu

AUDITORS REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **B.R.R. International Modaraba** as at June 30, 2006 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.

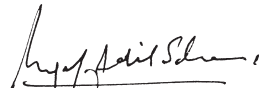
These financial statements are the Modaraba Company's [B.R.R Investments (Private) Limited] responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable 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 accounts have been kept by the Modaraba Company in respect of **B.R.R. International 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 except for the change as indicated in note. 2.3 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;

- 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, 2006 and of the profit or loss, 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.

The comparative figures of the balance sheet and of the profit and loss account, cash flow statement and statement of changes in equity were audited by another firm of auditors who vide their report dated September 14, 2005 issued an unqualified opinion thereon.


Chartered Accountants

Karachi.
September 23, 2006



B.R.R. International Modaraba

Balance Sheet as at June 30, 2006

	Note	2006 Rupees	2005 Rupees (Restated)
ASSETS			
Current Assets			
Cash and Bank Balances	3	77,349,183	29,149,827
Musharaka and Morabaha Finances	4	241,716,559	157,547,166
Hire Purchase Instalments Receivable	5	-	-
Short Term Investments	6	429,120,299	269,312,968
Lease Rentals Receivable	7	8,154,193	1,688,518
Advance Against Lease		35,000,000	30,912,000
Loans, Advances and Prepayments	8	7,820,150	2,162,815
Accrued Profit	9	129,559,769	1,452,490
Other Receivables	10	3,763,604	4,283,572
Taxation Refundable		7,008,041	5,002,499
Total Current Assets		939,491,798	501,511,855
Long Term Portion of Musharaka and Morabaha Finances	4	84,558,212	125,658,753
Long Term Loans	8	4,415,500	5,765,400
Long Term Portion of Accrued Profit	9	-	97,306,669
Investments	11	10,000,000	13,333,300
Long Term Deposits		344,500	299,500
Property, Plant and Equipment - Own	12	80,748,735	84,382,472
Capital Work in Progress - Own	13	75,984,000	63,688,000
Property, Plant and Equipment - Leased Out	14	1,146,965,128	1,125,642,834
Investment Property	15	393,829,908	12,768,521
Total Assets		2,736,337,781	2,030,357,304
Liabilities			
Current Liabilities			
Morabaha and Finance Under Markup Arrangements	16	899,460,712	485,733,125
Creditors, Accrued and Other Liabilities	17	47,571,296	68,510,794
Accrued Profit on Borrowings	18	10,679,836	5,532,594
Customers' Security Deposits		39,803,993	55,213,188
Profit Payable	19	4,670,143	4,251,505
Total Current Liabilities		1,002,185,980	619,241,206
Long Term Portion of Morabaha Finance	16	665,707,124	388,565,155
Long Term Portion of Rentals Received in Advance	17	8,200,898	2,409,896
Long Term Portion of Customers Security Deposits		162,899,365	147,367,026
Total Liabilities		1,838,993,367	1,157,583,283
Net Assets		897,344,414	872,774,021
Represented By:			
Certificate Capital	20	481,934,650	481,934,650
Reserves - Capital		267,969,944	231,606,282
- Revenue		85,000,000	38,372,537
Surplus on Revaluation of Investments		24,091,466	19,235,585
Unappropriated Profit		38,348,354	101,624,967
Commitments	21		
		897,344,414	872,774,021

The annexed notes 1 to 36 form an integral part of these financial statements.

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(Private) Limited

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B.R.R. International Modaraba

Profit And Loss Account For The Year Ended June 30, 2006

	Note	2006 Rupees	2005 Rupees
Lease Rentals		554,139,339	525,785,420
Income on Musharaka And Morabaha Finances		56,360,074	33,379,594
Income on Investments	22	37,154,502	13,055,184
Income on Balances with Banks	23	2,224,414	8,733,306
		649,878,329	580,953,504
Amortisation on Leased Assets		433,995,607	414,067,119
Impairment Loss on Leased Assets - Net		747,071	18,203,360
Operating Expenses	24	55,064,053	45,604,117
Financial Charges	25	125,109,327	45,405,442
		614,916,058	523,280,038
		34,962,271	57,673,466
Reversal of Provision for Doubtful Receivables - Net	26	13,332,165	6,794,447
Deficit on Revaluation of Investments - Held for Trading		(2,640,894)	-
Reversal/(Provision) for Diminution in the Value of Investments		93,000	(6,983,205)
		45,746,542	57,484,708
Other Income - Net	27	25,096,410	28,747,166
		70,842,952	86,231,874
Modaraba Company's Management Fee		7,084,295	8,623,187
Profit Before Taxation		63,758,657	77,608,687
Taxation - Prior Years	28	8,968,667	4,600,000
Profit for the year		72,727,324	82,208,687
Basic / Diluted Earnings Per Certificate	29	1.51	1.71

The annexed notes 1 to 36 form an integral part of these financial statements.

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B.R.R. International Modaraba

Cash Flow Statement For The Year Ended June 30, 2006

	2006 Rupees	2005 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	63,758,657	77,608,687
Adjustment for Non-Cash Charges and Other Items		
Depreciation	13,774,989	9,431,873
Amortization	433,995,607	414,067,119
Impairment Loss	747,071	18,203,360
Provision for Diminution in Value of Investments Written Back	(93,000)	(212,000)
Fixed Capital Expenditure on Property, Plant and Equipment - Leased Out	(561,714,549)	(615,510,735)
Proceeds on Disposal of Property, Plant and Equipment - Leased Out	95,165,282	62,947,917
Profit on Sale of Property, Plant and Equipment - Own	(787,979)	(1,007,225)
Loss / (Profit) on Sale of Property, Plant and Equipment - Leased Out	6,396,295	(2,446,153)
Profit on Musharaka, Morabaha and Finance Under Markup Arrangements	122,242,108	44,314,713
Income on Investments	(37,154,502)	(11,112,722)
	72,571,322	(81,323,853)
Increase in Current Assets		
Lease Rentals Receivable	(6,465,675)	3,877,707
Loans, Advances and Prepayments	(4,307,435)	(2,711,675)
Accrued Profit	(29,072,770)	(28,208,291)
Other Receivables (Excluding Accrued Income and Dividend Receivable)	949,896	(1,820,413)
	(38,895,984)	(28,862,672)
Increase/(Decrease) in Current Liabilities		
Creditors, Accrued and Other Liabilities (Excluding Accrued Mark-Up and Advance Rentals)	(1,861,139)	10,530,843
(Increase) / Decrease in Long Term Deposits	(45,000)	(95,000)
Increase in Customers' Security Deposits	123,143	15,825,131
Decrease in Rentals Received in Advance	(13,287,358)	(1,866,426)
Income Tax Refunded	6,963,125	13,872,790
Net Cash From Operating Activities	89,326,766	5,689,500
CASH FLOW FROM INVESTING ACTIVITIES		
Net Increase in Investments	(151,525,142)	(140,042,802)
Income Received on Investments	34,996,735	10,749,960
Increase in Morabaha and Musharaka Finance	(43,068,851)	(137,143,971)
Capital Expenditure on Investment Property	(385,573,900)	(10,000,000)
Fixed Capital Expenditure on Property, Plant and Equipment - Own	(18,889,719)	(85,607,897)
Proceeds on Disposal of Property, Plant and Equipment - Own	1,752,951	1,102,525
Net Cash (Used in) Investing Activities	(562,307,926)	(360,942,185)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Morabahas and Finance Under Mark-Up Arrangements	690,869,555	320,214,117
Financial Charges Paid	(117,094,865)	(43,415,588)
Profit Paid on Redeemable Capital	-	(4,410,323)
Profit Paid to Certificate Holders	(52,594,174)	(67,090,729)
Net Cash From Financing Activities	521,180,516	205,297,477
Net Increase / (Decrease) in Cash and Cash Equivalents	48,199,356	(149,955,208)
Cash and Cash Equivalents at Beginning of the Year	29,149,827	179,105,035
Cash and Cash Equivalents at End of the Year	77,349,183	29,149,827

The annexed notes 1 to 36 form an integral part of these financial statements.

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B.R.R. International Modaraba

Statement of Changes In Equity For The Year Ended June 30, 2006

	Certificate Capital	Capital Reserves		Revenue Reserves			Total
		Profit Prior to Floatation	* Statutory Reserve	General Reserve	Surplus on Revaluation of Investments	Unappropriated Profit (Restated)	
Rupees							
Previously Reported Balance as at July 01, 2004	481,934,650	10,532,683	196,410,993	38,372,537	4,209,361	44,078,886	775,539,110
Effect of Change in Accounting policy (Refer Note 2.3)							
- Profit Distribution for the year ended June 30, 2004 - declared after the balance sheet date	-	-	-	-	-	67,470,851	67,470,851
Restated Balance as at July 01, 2004	481,934,650	10,532,683	196,410,993	38,372,537	4,209,361	111,549,737	843,009,961
Available for Sale Investment							
Unrealised Profit on Revaluation directly taken to equity	-	-	-	-	15,026,224	-	15,026,224
Profit for the Year	-	-	-	-	-	82,208,687	82,208,687
Total recognised income and Expense for the year	-	-	-	-	15,026,224	82,208,687	97,234,911
Profit Distribution Declared for the Year Ended June 30, 2004 @ Rs. 1.40 Per Certificate	-	-	-	-	-	(67,470,851)	(67,470,851)
Transferred To Statutory Reserve	-	-	24,662,606	-	-	(24,662,606)	-
Balance as at June 30, 2005	481,934,650	10,532,683	221,073,599	38,372,537	19,235,585	101,624,967	872,774,021
Previously Reported Balance as at July 01, 2005	481,934,650	10,532,683	221,073,599	85,000,000	19,235,585	1,984,692	819,761,209
Effect of Change in Accounting Policy (Refer Note 2.3)							
- Appropriation of Reserves Other than Statutory Reserves for the Year ended June 30, 2005 After Balance Sheet Date	-	-	-	(46,627,463)	-	46,627,463	-
- Profit Distribution Declared for the year ended June 30, 2005 - declared after the balance sheet date	-	-	-	-	-	53,012,812	53,012,812
Restated balance as at June 30, 2005	481,934,650	10,532,683	221,073,599	38,372,537	19,235,585	101,624,967	872,774,021
Available for Sale Investment							
Unrealised Profit on Revaluation directly taken to equity	-	-	-	-	4,855,881	-	4,855,881
Profit for the Year	-	-	-	-	-	72,727,324	72,727,324
Total recognised Income and Expense for the year	-	-	-	-	4,855,881	72,727,324	77,583,205
Profit Distribution Declared for the Year Ended June 30, 2005 @ Rs. 1.10 Per Certificate	-	-	-	-	-	(53,012,812)	(53,012,812)
Appropriation of Reserves Other than Statutory Reserve for 2005	-	-	-	46,627,463	-	(46,627,463)	-
Transferred To Statutory Reserve	-	-	36,363,662	-	-	(36,363,662)	-
Balance as at June 30, 2006	481,934,650	10,532,683	257,437,261	85,000,000	24,091,466	38,348,354	897,344,414

The annexed notes 1 to 36 form an integral part of these financial statements.

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(Private) Limited



B.R.R. International Modaraba

Notes To The Financial Statements For The Year Ended June 30, 2006

1 LEGAL STATUS AND NATURE OF THE BUSINESS

1.1 B.R.R. International Modaraba 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 musharaka and morabaha finances and investment in equity and securities. The Modaraba also provides custodial and management services.

1.2 The financial statements are presented in Pak Rupees, which is the modaraba's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 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 and Modaraba Rules, 1981 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 Accounting Standards (IASs) 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.

2.2 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.

2.3 Change in accounting policy

During the year, the Modaraba has changed its accounting policy pertaining to recognition of profit distribution declared and other appropriations except appropriations which are required by law, after the balance sheet date. The change has been made to bring the accounting policy of the Modaraba in line with the requirements of IAS 10 (Events after the Balance Sheet date). Profit distribution declared and aforementioned appropriations are now recognized in the period in which these are declared. Till the previous year, profit distribution declared and aforementioned appropriations made after the balance sheet date but before the authorization of financial statements for issue, were recognized as of the balance sheet date.

The change in accounting policy has been applied retrospectively and comparative information has been restated in accordance with the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors). Had there been no change in the accounting policy, the unappropriated profit would have been lower and other liabilities and general reserve would have been higher for the year ended June 30, 2005 by Rs. 99,640,275, Rs. 53,012,812 and Rs. 46,627,463 respectively. The effect of change in accounting policy has been reflected in the statement of changes in equity. This change in accounting policy has not resulted in any change in the profit after tax for the current year and prior years.



B.R.R. International Modaraba

2.4 The following International Financial Reporting Standards have been published that are applicable to the Modaraba's financial statements covering annual periods, beginning on or after the following dates: -

	Effective from
IAS 1 Presentation of Financial Statements - Capital Disclosures	January 01, 2007
IAS 39 Financial Instruments : Recognition and Measurements - Fair Value Option	January 01, 2006

The management is of the view that the above will have no financial impact.

2.5 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 straight-line 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.

2.6 Investment property

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.

2.7 Investments

(i) Held for trading

These investments are initially recognised at fair value and subsequently remeasured 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.



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(ii) 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.

(iii) 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 re-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 off, at which time the cumulative gain or loss previously recognised in equity is included in profit and loss account.

(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.

2.8 Lease rentals receivables, morabaha and musharaka finances

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

2.9 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.

2.10 Impairment

The Modaraba assesses at each balance sheet date whether there is any indication that assets 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 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.

2.11 Revenue recognition

(i) Lease rentals

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



B.R.R. International Modaraba

(ii) 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.

(iii) Morabaha and musharaka transactions

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

(iv) Dividend income

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

2.12 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 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.

2.13 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.

2.14 Financial assets

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

2.15 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, deposits on lease contracts and accrued and other liabilities.

2.16 Defined contribution plan

The Modaraba operates approved funded contributory provident fund for all its employees. Equal monthly contributions are made both by the Modaraba and the employees at the rate of 10% per annum of the basic salary



B.R.R. International Modaraba

2.17 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 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).

2.18 Critical Accounting Estimates and Judgements

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 judgement in the process of applying the Modaraba's accounting policies. Estimates and judgements 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 judgement was exercised in application of accounting policies are as follows:

- i) classification of investments (Note 6) and provision against investments (Note 6.7.1 and 6.7.3)
- ii) provision of diminution in value of investment (Note 2.7)
- iii) provision against doubtful receivables (Note 7)
- iv) impairment of property, plant and equipment - leased out (Note 14)

2.19 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 transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on the asset and charge on the liability is also off-set

	Note	2006 Rupees	2005 Rupees
3. CASH AND BANK BALANCES			
With State Bank of Pakistan		27	7,922
With Banks on:			
- PLS Saving Accounts		70,801,897	20,412,389
- Foreign Currency Saving Accounts		2,479,597	2,452,300
- Current Accounts		3,965,651	6,164,801
Cash in Hand		102,011	112,415
		<u>77,349,183</u>	<u>29,149,827</u>
3.1 Effective mark-up rate in respect of PLS accounts ranges from 2.25% to 5.5% (2005: 2.25% to 5.5%) per annum.			
4. MUSHARAKA AND MORABAHA FINANCES			
Musharaka Finances		180,655,681	148,289,668
Morabaha Finances		145,619,090	134,916,251
		<u>326,274,771</u>	<u>283,205,919</u>
Less: Long Term Portion			
Musharaka Finances		72,447,654	20,742,502
Morabaha Finances		12,110,558	104,916,251
		<u>84,558,212</u>	<u>125,658,753</u>
Short Term Portion		<u>241,716,559</u>	<u>157,547,166</u>



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4.1 The profit receivable on these arrangements ranging from Re. 0.260 to Re. 0.491 per Rs.1,000 per day (2005Re. 0.260 to Re. 0.501 per Rs. 1,000 per day). The arrangements are secured by way of hypothecation of stock, property mortgage and pledge of shares. These finances are receivable upto December 26, 2010.

5. HIRE PURCHASE INSTALMENTS RECEIVABLE	Note	2006 (Rupees)	2005 (Rupees)
Hire Purchase Instalments Receivable		-	8,977,524
Less: Provision for Doubtful Receivables	5.1	-	8,977,524
		<u>-</u>	<u>-</u>
5.1 Particulars of Provision for Doubtful Receivables			
Opening Balance		8,977,524	8,977,524
Less: Written off during the year	5.2	8,977,524	-
Closing Balance		<u>-</u>	<u>8,977,524</u>

5.2 The receivables which were fully provided earlier have been written off by the Board of Directors of the Management Company in their meeting held on October 21, 2005.

6. SHORT TERM INVESTMENTS

Held for Trading	6.1	196,846,549	-
Available for Sale:			
Investment in Listed Companies and Mutual Funds	6.2	107,829,260	122,411,468
Investment in Unlisted Companies	6.3	9,999,990	-
Investment in Unlisted Associated Undertakings	6.4	-	2,457,000
		117,829,250	124,868,468
Held to Maturity:			
Placement with Financial Institutions	6.5	110,000,000	140,000,000
Certificates of Development Securitisation Trust	6.6	4,444,500	7,777,800
Less: Long Term Portion		-	3,333,300
		4,444,500	4,444,500
Term Finance Certificates - Dewan Cement Ltd (Formerly Pakland Cement Ltd)	6.7	-	-
		<u>429,120,299</u>	<u>269,312,968</u>



B.R.R. International Modaraba

6.1 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.

2006 No. of Shares /Certificates/units	2005	Name of Investee	2006 Rupees	2005 Rupees
		Open-end Mutual Fund		
40,000	-	AKD Opportunity Fund (Par value of Rs 50)	1,748,000	-
300,000	-	AMZ Plus Income Fund (Par value of Rs 100)	31,353,000	-
1,346,122	-	Dawood Money Market Fund (Par value of Rs 100)	150,000,000	-
		Closed-end Mutual Fund		
35,500	-	First Dawood Mutual Fund	330,149	-
		Investment Banks/Cos./Securities		
7000	-	First Dawood Investment Bank Limited (Associated Undertaking)	152,600	-
50,000	-	Pakistan Industrial Credit and Investment Corporation Limited	1,700,000	-
		Commercial Banks		
56,400	-	Bank Al-Habib Limited	3,609,600	-
21,900	-	Soneri Bank Limited	854,100	-
		Synthetic and Royan		
30,000	-	Dewan Salman Fiber Limited	336,000	-
		Refinery		
90,000	-	Bosicor Pakistan Limited	1,935,000	-
		Oil and Gas Exploration Companies		
7,000	-	Pakistan Oilfields Limited	2,343,600	-
		Technology and Communication		
10,000	-	Netsol Technologies Limited	223,000	-
50,000	-	Telecard Limited	567,500	-
		Fertilizer		
10,000	-	Engro Chemical (Pakistan) Limited	1,694,000	-
			<u>196,846,549</u>	<u>-</u>



B.R.R. International Modaraba

6.2 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.

2006 No. of Shares /Certificates/units	2005	Name of Investee	2006 Rupees	2005 Rupees
-	25,230	Open-end Mutual Fund Pakistan Income Fund (Par value Rs. 50)	-	1,382,604
46,248	36,203	Pakistan Stock Market Fund (Par value Rs. 50)	5,265,336	4,192,307
-	250,000	Faysal Balanced Growth Fund (Par value of Rs.100)	-	28,500,000
-	500,000	Closed-end Mutual Fund ABAMCO Composite Fund	-	3,450,000
793,000	1,000,000	First Dawood Mutual Fund	7,374,900	10,000,000
100,000	200,000	Pakistan Strategic Allocation Fund	1,065,000	1,930,000
50,000	18,750	PICIC Growth Fund	1,580,000	1,006,875
14,000	10,000	Investment Banks/Cos./Securities Arif Habib Securities Limited	6,972,000	3,660,000
2,750	2,500	Dawood Capital Management Limited	41,250	16,250
593,252	12,929	First Dawood Investment Bank Limited (Associated Undertaking)	12,932,894	212,036
-	10,000	Jawed Omer Vohra & Company Limited	-	2,671,000
100,000	100,000	Textile weaving Zephyr Textile Limited	700,000	1,000,000
126,500	127,000	Textile composite Colony (Thal) Textile Mills Limited	1,043,625	761,999
30,000	-	Synthetic and Royan Dewan Salman Fiber Limited	336,000	-
2,000,000	2,000,000	Sugar and allied industries Shakarganj Mills Limited (Preference share)	20,000,000	22,000,000
50,000	-	Cement D.G Khan Cement	2,600,000	-
-	80,000	Power Generation and Distribution Hub Power Company Limited	-	2,112,000
-	43,000	Southern Electric Power Company Limited	-	298,850
25,000	25,000	Oil and Gas Marketing Companies Pakistan State Oil Company Limited	7,725,000	9,650,000
13,750	11,000	Shell Pakistan Limited	6,619,250	6,092,900
50,000	50,000	Oil and Gas Exploration Companies Oil and Gas Development Company Limited	6,837,500	5,265,000
15,000	-	Technology and Communication Netsole Technologies Limited	334,500	-
-	90,000	Pakistan Telecommunications Company Limited	-	5,935,450
44,500	5,000	Fertilizer Engro Chemical (Pakistan) Limited	7,538,300	576,250
155,761	80,049	Fauji Fertilizers Limited	18,847,080	9,713,947
-	40,000	Miscellaneous Ecopack Pakistan Limited	-	1,984,000
500	-	Siddiqsons Tin Plate Limited	16,625	-
			107,829,260	122,411,468



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6.3 Available for sale: Investments in unlisted companies is as follows:

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

2006 No. of Shares	2005 No. of Shares		Note	2006 Rupees	2005 Rupees
216,216	-	Systems Limited	6.3.1	9,999,990	-
-	404,350	Axle Products Limited	6.3.2	-	4,043,500
-	306,250	Thermax Pakistan (Pvt.) Limited	6.3.2	-	4,000,000
				<u>9,999,990</u>	<u>8,043,500</u>
		Less: Provision for diminution in the value of investments		-	8,043,500
				<u>9,999,990</u>	<u>-</u>

6.3.1 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, 2005 was Rs. 3,453,016. The Modaraba held 2.46% (2005: Nil) of the investee's paid up capital. (Auditors: Ford Rhodes Sidat Hyder & Co)

6.3.2 These investments which were fully provided earlier has been written off by the Board of Directors of the Management Company in their meeting held on October 21, 2005.

6.4 Available for sale: Investments in unlisted associated undertakings include the following:

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

2006 No. of Shares	2005 No. of Shares		Note	2006 Rupees	2005 Rupees
-	1,432,240	Trans Mobile Limited	6.4.2	-	14,322,400
-	1,000,000	Engine Systems Limited	6.4.2	-	10,000,000
-	25,500	Fairview Trading Corporation (Pvt) Limited (Par value of Rs.100 each).	6.4.2	-	2,550,000
				-	26,872,400
		Less: Provision for diminution in the value of investments	6.4.1	-	24,415,400
				-	<u>2,457,000</u>

6.4.1 Particular of provision for investment in unlisted associated undertakings

Opening Balance	24,415,400	24,627,400
Reversals during the Year	93,000	212,000
Written off during the Year	6.4.2 <u>24,322,400</u>	-
Closing Balance	-	<u>24,415,400</u>

6.4.2 These were fully provided earlier has been written off by the Board of Directors of the Management Company in their meeting held on October 21, 2005.

6.5 Placements carry profit ranging from Re.0.36 to Re. 0.40 per Rs. 1,000 per day. (2005: Re.0.22 to Re.0.44 per Rs. 1,000 per day). Profit is receivable on maturity.

6.6 These certificates carry profit ranging from Re. 0.336 to Re.0.357 per Re. 1000 per day (2005: Re.0.205 to Re.0.336 per Rs. 1000 per day).



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	Note	2006 Rupees	2005 Rupees (Restated)
6.7 Held to maturity : Dewan Cement Limited (Formerly Pakland Cement Limited)			
Term Finance Certificates - Dewan Cement Ltd			
Series A		43,036,252	47,970,899
Series B		13,671,139	13,671,139
		<u>56,707,391</u>	<u>61,642,038</u>
Less: Long Term Portion		48,930,831	56,707,391
		<u>7,776,560</u>	<u>4,934,647</u>
Less: Provision		7,776,560	4,934,647
		<u>-</u>	<u>-</u>
6.7.1 Particulars of provision for investment - held to maturity			
Opening		61,642,038	66,126,139
Charge for the Year		-	-
Reversals		(4,934,647)	(4,484,101)
Closing		<u>56,707,391</u>	<u>61,642,038</u>
6.7.2 The above TFC's have been issued, for the amount outstanding against lease rentals receivable from Dewan Cement Limited (formerly Pakland Cement Limited), under a scheme of arrangement sanctioned by the High Court of Sindh. These TFCs had been issued at face value of Rs. 101.823 million to cover the rentals receivable against various assets on lease given to Pakland Cement Limited amounting Rs. 62.728 million (excluding unrealised income).			
Subsequently, the new management of Dewan Cement Limited had revised the arrangement, with the approval of the High Court of Sindh effective from December 23, 2004. According to this arrangement, new TFCs of Rs. 66.126 million had been issued, against the outstanding balance of old TFCs of Rs. 98.025 million.			
Pursuant to SECP Circular No. SC/M/RW/PRM/2005-453 dated June 20, 2005 aggregate outstanding balance of lease rentals receivable as at July 01, 2005 and the related provision have been reclassified from lease rentals receivable to investments and comparative figures for prior period have also been restated. However this restatement has not resulted in any change in the profit after tax for current or prior years.			
6.7.3 As a matter of prudence, the carried over provision is reversed by the Modaraba on the basis of the actual recoveries effected according to the repayment schedule of the TFCs.			
7. LEASE RENTALS RECEIVABLE			
Considered Good - Secured		8,154,193	1,688,518
Considered Doubtful		81,329,543	110,263,726
		<u>89,483,736</u>	<u>111,952,244</u>
Less: Provision for Doubtful Receivables	7.1	81,329,543	110,263,726
		<u>8,154,193</u>	<u>1,688,518</u>
7.1 Particular of provision for doubtful receivables			
Opening Balance		110,263,726	125,920,746
Charge for the Year		5,737,804	11,654,969
Reversals during the Year		(14,135,322)	(13,965,315)
Written off during the Year		(20,536,665)	(13,346,674)
Closing Balance		<u>81,329,543</u>	<u>110,263,726</u>



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	Note	2006 Rupees	2005 Rupees
8. LOANS, ADVANCES AND PREPAYMENTS			
Loans to Officers - Considered Good	8.1	5,847,100	7,565,000
Less: Long Term Portion		4,415,500	5,765,400
		1,431,600	1,799,600
Advances - Considered Good			
- Against Shares	8.2	5,535,000	-
- For Expenses		526,000	-
- Others		-	10,000
Prepayments		327,550	353,215
		<u>7,820,150</u>	<u>2,162,815</u>

8.1 The maximum amount of loans and advances due from officers and employees at the end of any month during the year was Rs. 7,565,000 (2005: Rs. 7,793,800).

8.2 This represents advance paid for purchase of shares.

9. ACCRUED PROFIT

Accrued Profit on:

- Short Term Placements with Financial Institutions		2,047,947	327,808
- PLS Savings Accounts		149,875	237,110
- Term Finance Certificates		88,493	95,000
- Certificates of Development Securitisation Trust		130,203	28,760
- Musharaka and Morabaha Finances		127,143,251	98,070,481
		<u>129,559,769</u>	<u>98,759,159</u>
Less: Long Term Portion			
- Musharaka and Morabaha Finances		-	97,306,669
		<u>129,559,769</u>	<u>1,452,490</u>

10. OTHER RECEIVABLES

Dividend Receivable		729,212	386,520
Due from an Associated Undertaking	10.1	150,000	962,594
Due from a Broker		1,373,664	2,915,000
Insurance Claim and Other Receivables		1,510,728	19,458
Other	10.2	51,274,920	51,274,920
Less: Provision for Doubtful Receivable		51,274,920	51,274,920
		-	-
		<u>3,763,604</u>	<u>4,283,572</u>

10.1 The maximum amount due from associated undertaking at the end of any month during the year was Rs. 1,164,198 (2005: Rs. 1,227,354).

10.2 This represents amount 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.



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	Note	2006 Rupees	2005 Rupees
11. INVESTMENTS			
Held to Maturity:			
Long Term Portion of Certificates of Development Securitisation Trust	6	-	3,333,300
Term Finance Certificates - Al-Zamin Leasing Modaraba		10,000,000	10,000,000
Long Term Portion of Term Finance Certificates Dewan Cement Limited	6.7	48,930,831	56,707,391
Less: Provision for Investment		(48,930,831)	(56,707,391)
		10,000,000	13,333,300

12 PROPERTY, PLANT AND EQUIPMENT - OWN

	Cost		Depreciation					
	As at July 1, 2005	Additions/ (Disposals)	As at June 30, 2006	Accumulated as at July 1, 2005	For the year/ (on disposals)	Accumulated as at June 30, 2006	Written down value as at June 30, 2006	Rate %
	Rupees							
Leasehold Land	2,527,890	-	2,527,890	682,531	50,558	733,089	1,794,801	2
Building on Leasehold Land	64,996,207	1,742,500	66,738,707	11,232,429	3,261,840	14,494,269	52,244,438	5
Leasehold Land and Building thereon	9,996,000	-	9,996,000	4,274,891	499,800	4,774,691	5,221,309	5
Lockers	15,985,218	1,414,000 (9,000)	17,390,218	9,798,887	858,382 (7,388)	10,649,881	6,740,337	5
Furnitures & Fixtures	11,948,022	394,575 (3,891,188)	8,451,409	4,870,091	730,063 (3,808,159)	1,791,995	6,659,414	10
Vehicles	14,702,987	2,283,500 (3,676,130)	13,310,357	7,805,811	2,570,454 (2,841,434)	7,534,831	5,775,526	20
Office Equipment & Appliances	12,388,661	759,139 (881,455)	12,266,345	9,497,873	1,291,379 (835,817)	9,953,435	2,312,910	33.33
	132,544,985	6,593,714 (8,457,773)	130,680,926	48,162,513	9,262,476 (7,492,798)	49,932,191	80,748,735	
	Rupees							
	As at July 1, 2004	Additions/ (Disposals) *(Transfers)	As at June 30, 2005	Accumulated as at July 1, 2004	For the year/ (on disposals) *(on transfers)	Accumulated as at June 30, 2005	Written down value as at	Rate %
June 30, 2005	Rupees							
Leasehold Land	2,527,890	-	2,527,890	631,973	50,558	682,531	1,845,359	2
Building on Leasehold Land	58,656,823	14,874,336 (8,534,952)	64,996,207	13,947,907	3,080,244 (5,795,722)	11,232,429	53,763,778	5
Leasehold Land and Building thereon	9,996,000	-	9,996,000	3,775,091	499,800	4,274,891	5,721,109	5
Lockers	16,003,218	- (18,000)	15,985,218	9,015,625	799,261 (15,999)	9,798,887	6,186,331	5
Furnitures & Fixtures	4,846,149	7,153,873 (52,000)	11,948,022	4,726,829	195,261 (51,999)	4,870,091	7,077,931	10
Vehicles	14,992,987	1,248,000 (1,538,000)	14,702,987	6,730,523	2,557,309 (1,482,021)	7,805,811	6,897,176	20
Office Equipment & Appliances	12,777,536	2,872,449 (3,261,324)	12,388,661	10,633,784	2,088,094 (3,224,005)	9,497,873	2,890,788	33.33
	119,800,603	26,148,658 (4,869,324) *(8,534,952)	132,544,985	49,461,732	9,270,527 (4,774,024) *(5,795,722)	48,162,513	84,382,472	



12.1 Disposal of property, plant and equipment - Own during the year

Property, Plant and Equipment	Cost	Accumulated Depreciation	Written down Value	Sale proceed/ Insurance Claim	Mode of Disposal	Particulars of Purchaser
Rupees						
Vehicle	929,000	928,999	1	520,000	Negotiation	Mr Shahid Anwar Malik H No 238, Street No 31 Sector I-8/2 Islamabad
Vehicle	889,000	888,999	1	100,000	Negotiation	Mr Siraj Plot No 205, 206 Fatima Manzil 2nd Floor, Moosa Lane Flate No 7 Karachi
Vehicle	939,000	500,800	438,200	438,200	Negotiation Ex Employee	Mr Naveed Altaf Hussain
Vehicle	585,907	214,832	371,075	525,000	Insurance Claim	Habib Insurance Company Limited
Vehicle	68,000	68,000	-	25,000	Negotiation	Mr Muhammad Arif Ex Employee
Vehicle	61,000	35,584	25,416	30,000	Company policy	Mr Chen Zaib Employee
Vehicle	33,500	33,499	1	7,500	Company policy	Mr Muhammad Zakir Employee
Vehicle	55,500	55,499	1	10,000	Company policy	Mr Asif Ali Sheikh Employee
Vehicle	49,223	49,222	1	5,000	Company policy	Mr Muhammad Moin Employee
Vehicle	66,000	66,000	-	1	Company policy	Mr Ajmal Khan Ex Employee
Lockers	9,000	7,388	1,612	13,000	Negotiation	Mr Shikh Amjad Ali H No 130-Q Block 2 PECHS Karachi
Office Equipment	74,611	33,158	41,453	41,453	Negotiation	Mr Naveed Altaf Hussain Ex Employee
Office Equipment	115,000	115,000	-	25,000	Negotiation	Mansha Brothers 5- Amber Palace ,No6 Block B S.M.C.H.S Karachi.
Office Equipment	44,900	44,899	1	600	Negotiation	Mr Fida Hussain Employee



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12.1 Disposal of Property, Plant and Equipment - Own during the year

Property, Plant and Equipment	Cost	Accumulated Depreciation	Written down Value	Sale proceed/ Insurance Claim	Mode of Disposal	Particulars of Purchaser
Rupees						
Office Equipment	44,900	44,899	1	600	Negotiation	Mr Tufail Ahmed Employee
Office Equipment	51,500	51,499	1	600	Negotiation	Mr Jackob Employee
Office Equipment	44,900	44,899	1	1,000	Negotiation	Mr Tanveer Ahmed Employee
Office Equipment	50,000	45,833	4,167	10,000	Negotiation	Trade in Nasshua Traders Shop No 2 Fatima Manzil B-S 12/1 Karimabad Karachi
Office Equipment	158,800	158,797	3	-	-	Scraped
Office Equipment	296,844	296,833	11	-	-	Scraped
Furniture and Fixtures	3,891,188	3,808,159	83,029	1	-	Scraped
	8,457,773	7,492,798	964,975	1,752,955	-	

	Note	2006 Rupees	2005 Rupees
13. CAPITAL WORK IN PROGRESS - OWN			
- Office Premises and Civil Works thereon		61,866,000	61,866,000
- Advance to Suppliers		4,078,000	1,022,000
- Advance for Office Premises	13.1	10,040,000	800,000
		75,984,000	63,688,000

13.1 This represents 10% advance paid during the year against purchase of office in Islamabad Stock Exchange Building



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14. PROPOERTY PLANT AND EQUIPMENT - LEASED OUT

	Cost			Amortisation				Written down value as at June 30, 2006
	As at July 1, 2005	Additions/ (Disposals)	As at June 30, 2006	Accumulated as at July 1, 2005	For the year (on disposals)	Accumulated as at June 30, 2006	Impairment loss	
..... Rupess								
Land and Building (Leasehold)	169,532,832	73,375,500 (49,908,831)	192,999,501	34,442,757	24,865,850 (28,847,453)	30,461,154	-	162,538,347
Plant & Machinery	1,290,377,589	367,830,866 (282,233,585)	1,375,974,870	677,325,114	246,477,895 (246,771,461)	677,031,548	14,708,209	684,235,113
Vehicles	424,196,484	99,363,325 (119,466,913)	404,092,896	162,369,811	98,897,121 (82,671,188)	178,595,744	4,242,222	221,254,930
Furnitures & Fixtures	14,600,000	3,000,000 (14,000,000)	3,600,000	9,846,354	3,765,516 (12,600,000)	1,011,870	-	2,588,130
Office Equipment & Appliances	218,716,821	14,056,858 (64,869,148)	167,904,531	91,924,062	59,504,245 (58,026,798)	93,401,509	-	74,503,022
Motor Boat	2,694,300	-	2,694,300	363,734	484,980	848,714	-	1,845,586
	2,120,118,026	557,626,549 (530,478,477)	2,147,266,098	976,271,832	433,995,607 (428,916,900)	981,350,539	18,950,431	1,146,965,128
..... Rupess								
	Cost			Amortisation				Written down value as at June 30, 2005
	As at July 1, 2004	Additions/ (Disposals)	As at June 30, 2005	Accumulated as at July 1, 2004	For the year (on disposals)	Accumulated as at June 30, 2005	Impairment loss	
..... Rupess								
Land and Building (Leasehold)	100,708,832	110,124,000 (41,300,000)	169,532,832	50,550,497	22,162,260 (38,270,000)	34,442,757	-	135,090,075
Plant & Machinery	1,273,067,101	270,307,127 (252,996,639)	1,290,377,589	672,604,167	232,867,923 (228,146,976)	677,325,114	12,824,834	600,227,641
Vehicles	388,058,208	142,598,276 (106,460,000)	424,196,484	141,711,910	96,905,574 (76,247,673)	162,369,811	5,378,526	256,448,147
Furnitures & Fixtures	14,295,000	305,000	14,600,000	6,568,339	3,278,015	9,846,354	-	4,753,646
Office Equipment & Appliances	171,745,716	58,570,032 (11,598,927)	218,716,821	42,623,602	58,489,613 (9,189,153)	91,924,062	-	126,792,759
Motor Boat	-	2,694,300	2,694,300	-	363,734	363,734	-	2,330,566
	1,947,874,857	584,598,735 (412,355,566)	2,120,118,026	914,058,515	414,067,119 (351,853,802)	976,271,832	18,203,360	1,125,642,834



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

	2006	2005
	Rupees	Rupees
14.2 Particulars of Impairment loss		
Opening Balance	18,203,360	-
Impairment Loss for the Year	4,533,375	18,203,360
Reversals During the Year	(3,786,304)	-
Closing Balance	<u>18,950,431</u>	<u>18,203,360</u>

Impairment loss has been recognised based on recoverable amount of assets where lessees are in default.

15. INVESTMENT PROPERTY

	Cost		Depreciation				Written down value as at June 30, 2006	Rate of Depreciation %
	As at July 1, 2005	Additions	As at June 30, 2006	Accumulated as at July 1, 2005	For the year	Accumulated as at June 30, 2006		
	----- Rupees -----							
Building on Leasehold Land	20,339,374	287,771,500	308,110,874	7,570,853	3,000,869	10,571,722	297,539,152	5
Lease Hold Land	-	97,802,400	97,802,400	-	1,511,644	1,511,644	96,290,756	2
	<u>20,339,374</u>	<u>385,573,900</u>	<u>405,913,274</u>	<u>7,570,853</u>	<u>4,512,513</u>	<u>12,083,366</u>	<u>393,829,908</u>	
	Cost		Depreciation				Written down value as at June 30, 2005	Rate of Depreciation %
As at July 1, 2004	Additions/ *(Transfers) From assets in own use	As at June 30, 2005	Accumulated as at July 1, 2004	For the year * (on disposals)	Accumulated as at June 30, 2005			
	----- Rupees -----							
Building on Leasehold Land	1,804,422	10,000,000 * 8,534,952	20,339,374	1,613,785	161,346 * 5,795,722	7,570,853	12,768,521	5

The fair value of investment property as at June 30, 2006 as per independent valuation is Rs.456.080 million (June 30, 2005: Rs. 62 million)

	Note	2006	2005
		Rupees	Rupees
16. MORABAHA AND FINANCE UNDER MARKUP ARRANGEMENTS			
Morabaha Finance	16.1	806,001,171	463,464,947
Finance Under Markup Arrangements	16.2	759,166,665	410,833,333
		<u>1,565,167,836</u>	<u>874,298,280</u>
Less: Long Term Portion of Morabaha finance		<u>665,707,124</u>	<u>388,565,155</u>
		<u>899,460,712</u>	<u>485,733,125</u>



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- 16.1** The Modaraba has entered into morabaha (purchase & sale) agreements with the banks. The morabahas sale price is payable on deferred payment basis in quarterly/ monthly installments by June 27, 2011. Profit payable on morabahas is accounted for on a pro rata basis over the term of the agreement. The finance is subject to mark up ranging from Re. 0.217 to Re. 0.336 per Rs.1,000 per day (2005: Re. 0.187 to Re. 0.336 per Rs. 1,000 per day). The arrangements are secured by way of hypothecation of the leased assets and future rentals receivable.
- 16.2** The aggregate facilities for finance under mark up arrangements from banks and financial institutions amount to Rs. 850 million (2005: Rs. 415 million). These facilities are subject to mark up ranging from Re. 0.27 to Re. 0.34 per Rs. 1,000 per day (2005: Re. 0.20 to Re. 0.37 per Rs.1,000 per day) and are secured by way of hypothecation of the leased assets and future rental receivables.

	Note	2006 Rupees	2005 Rupees
17. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Management Fee Payable		7,084,295	8,623,187
Accrued Liabilities		9,704,086	7,388,765
Rentals Received in Advance			
-Lease		8,541,131	34,531,320
-Lockers		8,200,898	7,502,926
-Property		12,004,860	-
Due to Broker		-	8,364,838
Others		10,236,924	4,509,654
		<u>55,772,194</u>	<u>70,920,690</u>
Less: Long Term Portion of Rentals Received in Advance		8,200,898	2,409,896
		<u>47,571,296</u>	<u>68,510,794</u>
18. ACCRUED PROFIT ON BORROWINGS			
Morabaha Finance		2,230,276	1,281,301
Finance Under Markup Arrangements		8,449,560	4,251,293
		<u>10,679,836</u>	<u>5,532,594</u>
19. PROFIT PAYABLE			
Unclaimed Profit		4,670,143	4,251,505
Profit Distribution - Refer Note 2.3		-	-
		<u>4,670,143</u>	<u>4,251,505</u>
20. CERTIFICATE CAPITAL			
Authorised			
62,500,000 Certificates of Rs. 10 each		<u>625,000,000</u>	<u>625,000,000</u>
Issued, Subscribed and Paid-up			
Modaraba Certificates of Rs.10 each			
2006	2005		
39,359,741	39,359,741	Certificates Issued as Fully Paid in Cash	393,597,410
8,833,724	8,833,724	Certificates Issued as Fully Paid Bonus Certificates	88,337,240
<u>48,193,465</u>	<u>48,193,465</u>		<u>481,934,650</u>



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B.R.R. Investments (Private) Limited (The Management Company) held 7,899,400 certificates of Rs. 10/- each as at June 30, 2006 (2005: 7,899,400).

Equity International (Pvt.) Limited and Guardian Modarba (Associated undertakings) held 3,160,325 and Nil certificates of Rs. 10/- each respectively as at June 30, 2006 (2005: 3,160,325 and 3,600 certificates respectively).

	2006 Rupees	2005 Rupees (Restated)
21. COMMITMENTS		
- For Leasing of the Assets	26,500,000	175,800,000
22. INCOME ON INVESTMENTS		
Income on Short Term Placements with Financial Institutions	14,485,726	3,018,253
Dividend Income	6,223,091	4,179,406
Income on Certificates of Development Securitisation Trust	769,379	613,819
Profit on Term Finance Certificates	5,656,875	2,209,337
Gain on Sale of Investments	10,019,431	3,034,369
	37,154,502	13,055,184
23. INCOME ON BALANCES WITH BANKS		
Profit on PLS Saving Accounts	2,181,168	8,728,480
Income on Foreign Currency Saving Account	43,246	4,826
	2,224,414	8,733,306
24. OPERATING EXPENSES		
Salaries, Allowances and Benefits - Note 30	20,245,278	17,304,388
Travelling and Conveyance	270,971	480,971
Entertainment	162,225	152,445
Electricity, Water and Gas	2,552,906	2,207,932
Telephone and Fax	816,076	850,761
Postage	232,554	315,062
Stationery and Printing	537,438	831,494
Computer Expenses	180,869	386,842
Subscriptions	382,942	542,848
Advertisement	99,827	332,800
Insurance	2,599,307	2,397,209
Repairs and Maintenance	6,384,178	4,928,628
Rent, Rates and Taxes	30,000	438,838
Security Expenses	242,573	245,177
Property Tax	344,142	155,257
Legal and Professional	3,666,428	2,479,534
Auditors' Remuneration		
Audit Fee	275,000	350,000
Limited Review, Special Reports, Certification and Sundry Advisory Services	75,000	434,000
Tax Services	-	400,000
Out of Pocket Expenses	-	75,030
	350,000	1,259,030
Documentation and Arrangement Fee	227,675	249,758
Depreciation		
- Assets in Own Use	9,262,476	9,270,527
- Investment Property	4,512,513	161,346
Brokerage and Commission	917,800	52,279
Transaction Cost	157,738	-
Donations - Note 24.2	329,946	786
Others	558,191	560,205
	55,064,053	45,604,117



B.R.R. International Modaraba

24.1 During the year, the Modaraba contributed Rs. 835,229 (2005: Rs. 757,830) to the provident fund.

24.2 None of the director of the Management Company of the Modaraba or their spouse had any interest in the donee.

	2006 Rupees	2005 Rupees
25. FINANCIAL CHARGES		
Mark-Up on Finance Under Mark-Up Arrangement	55,336,069	27,737,446
Profit on		
- Morabaha Finances	66,894,944	16,577,267
- Musharaka Finances	11,096	-
Bank Charges and Commission	2,867,218	1,090,729
	<u>125,109,327</u>	<u>45,405,442</u>
26. REVERSAL OF PROVISION FOR DOUBTFUL RECEIVABLES		
Reversals during the Year		
Lease Rentals Receivables	7.2 14,135,322	13,965,315
Term Finance Certificates	6.7.1 4,934,647	4,484,101
	19,069,969	18,449,416
Less: Charge for the Year		
Lease Rentals Receivables	7.2 5,737,804	11,654,969
	<u>13,332,165</u>	<u>6,794,447</u>
27. OTHER INCOME - NET		
(Loss) / Profit on Sale of Assets Given on Lease	(6,396,295)	2,446,153
Profit on Sale of Property, plant and equipment - Own	787,980	1,007,225
Income from Lockers and Custodial Services	10,624,343	12,954,959
Income on Restructuring of Lease Receivables	6.8 -	7,195,205
Recovery of Charges From Management Company and Associated Undertakings	1,387,872	876,217
Commitment and Front End Fee	-	549,483
Rental Income [Including from Management Company and Associated Undertakings Rs. 3,025,188 (2005: Rs. 1,656,969)]	14,560,021	2,556,969
Liability no Longer Payable Written Back	-	105,830
Exchange Loss	(10,770)	(68,564)
Others	4,143,259	1,123,689
	<u>25,096,410</u>	<u>28,747,166</u>
28. TAXATION		

The income of non-trading modarabas is exempt from tax, provided not less than 90% of their profits are distributed to the certificate holders.

The Modaraba is also exempt from the provisions of section 113 (minimum tax) under clause 11 of Part IV of the Second Schedule of the Income Tax Ordinance, 2001.

Income tax assessments of the Modaraba have been finalized up to assessment year 2005. 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 favor of the Modaraba however appeal effect orders for the said decisions are pending with the Tax Authorities.



B.R.R. International Modaraba

	2006	2005
	Rupees	Rupees
29. BASIC / DILUTED EARNINGS PER CERTIFICATE		
Profit for the Year	<u>72,727,324</u>	<u>82,208,687</u>
	Number of Certificates	
	2006	2005
Weighted Average Number of Certificates	<u>48,193,465</u>	<u>48,193,465</u>
	Rupees	
	2006	2005
Earnings Per Certificate	<u>1.51</u>	<u>1.71</u>

30. REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

	OFFICERS		OTHER EMPLOYEES	
	2006	2005	2006	2005
	Rupees			
Remuneration	<u>12,380,273</u>	9,127,218	<u>5,978,846</u>	6,223,416
Medical Expenses Reimbursed	<u>469,671</u>	497,964	<u>561,340</u>	586,000
Retirement Benefits	<u>488,950</u>	500,780	<u>366,198</u>	369,010
	<u>13,338,894</u>	<u>10,125,962</u>	<u>6,906,384</u>	<u>7,178,426</u>
Number of Employees at the End of the Year	<u>20</u>	<u>19</u>	<u>51</u>	<u>46</u>

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

31. FUTURE MINIMUM LEASE RENTALS RECEIVABLE

Future minimum lease rentals receivable on the basis of lease agreements executed up to June 30, 2006 are as follows:

	2006	2005
	Rupees	Rupees
Receivable - Not Later Than One Year	<u>511,558,631</u>	490,045,408
Receivable - Later Than One Year and Not Later Than Five Years	<u>887,377,655</u>	920,938,776
	<u>1,398,936,286</u>	<u>1,410,984,184</u>

32. RISK MANAGEMENT

32.1 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Modaraba treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

32.2 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.

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 conditions.

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.



B.R.R. International Modaraba

	2006		2005	
	Rupess	Percentage	Rupess	Percentage
32.2.1 Segment by Class of Business for Property, Plant and Equipment Leased Out				
Textile Industry	236,212,525	20.59	154,804,842	13.75
Technology and Communication	196,251,175	17.11	271,256,085	24.10
Sugar and Allied	143,235,333	12.49	171,371,916	15.22
Oil and Gas	99,333,945	8.66	57,577,423	5.12
Miscellaneous	89,381,444	7.79	60,903,388	5.41
Investment Banks/Cos./Securities	81,393,206	7.10	97,638,982	8.67
Transport	59,407,934	5.18	51,785,608	4.60
Engineering and Metals	55,794,892	4.86	8,544,302	0.76
Cement	45,530,000	3.97	38,010,000	3.38
Printing and Packaging	20,421,699	1.78	34,810,967	3.09
Food and Confectioneries	18,449,075	1.61	32,155,476	2.86
Chemical and Pharmaceutical	16,956,681	1.48	23,862,552	2.12
Commercial Banks	15,377,562	1.34	31,897,918	2.83
Paper and Board	14,954,986	1.30	17,486,068	1.55
Glass and Ceramics	13,738,277	1.20	3,202,519	0.28
Electrical and Electrical Goods	12,368,889	1.08	19,355,556	1.72
Power Generation	10,924,712	0.95	19,340,782	1.72
Architect and Builders	8,909,138	0.78	13,916,755	1.24
Education and Health	5,612,135	0.49	12,595,275	1.12
Insurance	2,614,320	0.23	4,370,970	0.39
Fibre, Synthetic and Rayon	97,200	0.01	-	-
Vanaspati and Allied Industries	-	-	755,450	0.07
	1,146,965,128	100.00	1,125,642,834	100.00

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

32.2.2 Segment by Class of Business for Musharaka and Morabaha Finances

Sugar and Allied	104,916,251	32.16	104,916,251	37.05
Textile Industry	-	-	70,000,000	24.72
Auto & Transportation	25,878,843	7.93	10,000,000	3.53
Leasing	16,000,000	4.90	-	-
Engineering	25,000,000	7.66	-	-
Miscellaneous	154,479,677	47.35	98,289,668	34.70
	326,274,771	100.00	283,205,919	100.00

32.2.3 Segment by Class of Business for Capital Commitments

Textile and Allied	10,000,000	37.74	41,000,000	23.32
Oil and Gas	-	-	38,700,000	22.01
Food and Confectioneries	-	-	8,500,000	4.84
Sugar and Allied	-	-	30,000,000	17.06
Transport and Communication	-	-	25,400,000	14.45
Chemical and Pharmaceutical	-	-	1,000,000	0.57
Engineering and Metals	4,000,000	15.09	30,000,000	17.06
Miscellaneous	12,500,000	47.17	1,200,000	0.69
	26,500,000	100.00	175,800,000	100.00

32.3 Profit Risk

The Modaraba manages the risk by matching the repricing of financial assets and financial liabilities. The Modaraba's profit rate sensitivity position, based on the earlier of contractual repricing or maturing dates, is as follows:-

	Effective markup rate %	Profit / Mark up bearing					Sub total	Non Profit / Non Mark up bearing	Total 2006
		Up to one month	Over one month to three months	Over three months to one year	One year to five years	Above five years			
-----Rupess-----									
FINANCIAL ASSETS									
Cash and Bank Balances	2.25 - 5.50	73,281,521	-	-	-	-	73,281,521	4,067,662	77,349,183
Musharaka and Morabaha Finances	9.5 - 18.27	50,646,107	10,424,297	180,646,153	84,558,214	-	326,274,771	-	326,274,771
Investments	9.50 - 23	257,957,649	52,222,300	1,111,100	117,829,260	9,999,990	439,120,299	-	439,120,299
Lease Rentals Receivable		-	-	-	-	-	-	8,154,193	8,154,193
Loans, Advances and Prepayments		-	-	-	-	-	-	12,235,650	12,235,650
Accrued Profit		-	-	-	-	-	-	129,559,769	129,559,769
Other Receivables		-	-	-	-	-	-	3,763,604	3,763,604
		381,885,277	62,646,597	181,757,253	202,387,474	9,999,990	838,676,591	157,780,878	996,457,469
Off Balance Sheet		-	-	-	-	-	-	-	-
		381,885,277	62,646,597	181,757,253	202,387,474	9,999,990	838,676,591	157,780,878	996,457,469
FINANCIAL LIABILITIES									
Musharaka and Finance Under Mark-up Arrangement	6.84 - 12.25	240,379,075	402,987,639	256,093,997	665,707,125	-	1,565,167,836	-	1,565,167,836
Creditors, Accrued and Other Liabilities		-	-	-	-	-	-	55,772,194	55,772,194
Accrued Profit on Borrowings		-	-	-	-	-	-	10,679,837	10,679,837
Customers Security Deposits		-	-	-	-	-	-	202,703,357	202,703,357
Profit Payable		-	-	-	-	-	-	4,670,143	4,670,143
		240,379,075	402,987,639	256,093,997	665,707,125	-	1,565,167,836	273,825,531	1,838,993,367
Off Balance Sheet		-	-	-	-	-	-	-	-
		240,379,075	402,987,639	256,093,997	665,707,125	-	1,565,167,836	273,825,531	1,838,993,367
On Balance Sheet Gap		141,506,202	(340,341,042)	(74,336,744)	(463,319,651)	9,999,990	(726,491,245)	(116,044,653)	(842,535,898)



B.R.R. International Modaraba

Profit / Mark up bearing

	Effective markup rate %	Up to one month	Over one month to three months	Over three months to one year	One year to five years	Above five years	Sub total	Non Profit / Non Mark up bearing	Total 2005
-----Rupees-----									
FINANCIAL ASSETS									
Cash and Bank Balances	2.25 - 5.50	22,864,689	-	-	-	-	22,864,689	6,285,138	29,149,827
Musharaka and Morabaha									
Finances	9.5 - 18.27	10,161,421	105,328,121	42,057,624	125,658,753	-	283,205,919	-	283,205,919
Investments	10.95 - 16.00	90,000,000	51,111,100	3,333,344	13,333,356	-	157,777,800	124,868,468	282,646,268
Lease Rentals Receivable		-	-	-	-	-	-	1,688,518	1,688,518
Loans, Advances and Prepayments		-	-	-	-	-	-	7,928,215	7,928,215
Accrued Profit		-	-	-	-	-	-	1,452,490	1,452,490
Other Receivables		-	-	-	-	-	-	4,283,572	4,283,572
		123,021,110	156,439,221	45,390,968	138,992,109	-	463,848,408	146,506,401	610,354,809
Off balance sheet		-	-	-	-	-	-	-	-
		123,026,110	156,439,221	45,390,968	138,992,109	-	463,848,408	146,506,401	610,354,809
FINANCIAL LIABILITIES									
Musharaka and Finance under mark-up Arrangement	7.30 - 16.00	125,453,876	188,268,079	172,011,171	388,565,154	-	874,298,280	-	874,298,280
Creditors, Accrued and Other Liabilities		-	-	-	-	-	-	70,920,692	70,920,692
Accrued Profit on Borrowings		-	-	-	-	-	-	5,532,594	5,532,594
Customers Security Deposits		-	-	-	-	-	-	202,580,214	202,580,214
Profit Payable		-	-	-	-	-	-	4,251,505	4,251,505
		125,453,876	188,268,079	172,011,171	388,565,154	-	874,298,280	283,285,005	1,157,583,285
Off Balance Sheet		-	-	-	-	-	-	-	-
		125,453,876	188,268,079	172,011,171	388,565,154	-	874,298,280	283,285,005	1,157,583,285
On Balance Sheet Gap		(2,427,766)	(31,828,858)	(126,620,203)	(249,573,045)	-	(410,449,872)	(136,778,604)	(547,228,476)



B.R.R. International Modaraba

32.4 Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The risk is minimized through investing in an appropriate mix of high and low risk securities and other portfolio diversification techniques.

	2006		2005	
	Rupess	Percentage	Rupess	Percentage
Segment by class of business for investments				
Mutual Funds	198,716,385	45.25	50,461,786	17.85
Leasing	70,000,000	15.95	113,333,300	40.10
Investment Banks/Cos./Securities	71,798,744	16.35	46,559,286	16.47
Commercial Banks	4,463,700	1.02	-	-
Textile Weaving	700,000	0.16	1,000,000	0.35
Textile Composite	1,043,625	0.24	761,999	0.27
Synthetic and Royan	672,000	0.15	-	-
Sugar and Allied Industries	20,000,000	4.55	22,000,000	7.78
Cement	2,600,000	0.59	-	-
Refinery	1,935,000	0.44	-	-
Power Generation and Distribution	-	-	2,410,850	0.85
Oil and Gas Marketing Companies	14,344,250	3.27	15,742,900	5.57
Oil and Gas Exploration Companies	9,181,100	2.09	5,265,000	1.86
Technology and Communication	1,125,000	0.26	5,935,450	2.10
Fertilizer	28,079,380	6.39	10,290,197	3.65
Miscellaneous	14,461,115	3.29	8,885,500	3.15
	439,120,299	100.00	282,646,268	100.00

32.5 Fair Value Risk

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

33. Non-adjusting Events After The Balance Sheet Date

The Board of Directors have approved appropriations for cash Dividend @ 7% (2005: 11 %). and General Reserve Rs. 4,000,000 (2005: Rs. 46,627,463) for the year ended June 30, 2006. These financial statements do not reflect these appropriations as explained in note 2.3.

34. RELATED PARTY TRANSACTIONS

	Relationship with the Modaraba	Nature of transactions	2006	2005
			Rupees	Rupees
i)	Management Company	Management Fee	7,084,295	8,623,187
		Rent Received	96,000	360,000
		Share of Common Expenses Received	780,000	516,000
		Share of Common Expenses Paid	16,050	-
ii)	Associated Undertakings	Short Term Placement	95,000,000	-
		Short Term Placement Received	95,000,000	-
		Profit Received on Short Term Placement	261,644	-
		Short Term Borrowing Received	165,000,000	-
		Repayment of Short Term Borrowing	165,000,000	-
		Profit Paid on Short Term Borrowing	673,652	-
		Rent Received	2,929,188	1,296,969
		Share of Common Expenses Received	3,979,854	838,410
		Share of Common Expenses Paid	5,281,467	352,487
		Purchase of Property	-	10,000,000
		Recovery Against Investments	318,000	212,000
		Investment Written Off	24,322,400	-
		Investment Made	12,822,805	10,228,284
		Property, Plant and Equipment - Leased Out	-	42,000,000
		Lease Rental Received	8,107,600	1,995,000
Security Deposit Received	-	2,100,000		
Front End Fee and Documentation Charges Received	-	215,000		



B.R.R. International Modaraba

35. DATE OF ISSUE

These financial statements were authorized for issue on September 23, 2006 by the Board of Directors of the B.R.R. Investments (Private) Limited.

36. RECLASSIFICATIONS

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison. Significant reclassifications made are as follows;

Head of account	Previous classification	Current classification
Available for Sale	Investments	Short Term Investments
Finance Under Markup Arrangement	Finance Under Markup Arrangement	Morabaha and Finance Under Markup Arrangements
Morabahas	Morabahas	Morabaha and Finance Under Markup Arrangements
TFCs - Pakland Cement Limited	Lease Rentals Receivable	Investments
Advance Against Lease Commitments	Advance Against Lease Commitments	Work in progress of Assets to be Leased out
Accrued Profit	Other Receivables	Accrued Profit
Accrued Profit	Creditors, Accrued and Other Liabilities	Accrued Profit

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

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

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



B.R.R. International Modaraba

Pattern of Certificates Holding as at June 30, 2006

No. of Certificate Holdrs	Certificate Holding		Total Certificate Held
	From	To	
615	1	100	33,716
934	101	500	291,827
768	501	1,000	619,424
748	1,001	5,000	1,890,157
158	5,001	10,000	1,227,318
69	10,001	15,000	895,824
30	15,001	20,000	561,078
23	20,001	25,000	536,554
24	25,001	30,000	691,532
15	30,001	35,000	489,655
7	35,001	40,000	265,507
6	40,001	45,000	257,605
13	45,001	50,000	629,282
5	50,001	55,000	265,000
1	55,001	60,000	60,000
1	60,001	65,000	63,591
2	65,001	70,000	137,000
2	70,001	75,000	150,000
2	75,001	80,000	153,351
2	95,001	100,000	200,000
3	100,001	105,000	307,000
1	105,001	110,000	108,000
2	115,001	120,000	237,500
1	120,001	125,000	125,000
2	125,001	130,000	258,500
1	140,001	145,000	145,000
1	150,001	155,000	154,000
1	155,001	160,000	159,000
2	160,001	165,000	325,325
1	170,001	175,000	175,000
1	180,001	185,000	183,500
2	195,001	200,000	400,000
1	205,001	210,000	208,223
1	255,001	260,000	258,149
1	260,001	265,000	264,000
1	295,001	300,000	300,000
1	325,001	330,000	325,500
1	495,001	500,000	496,900
1	820,001	825,000	821,101
3	995,001	1,000,000	3,000,000
1	1,000,001	1,005,000	1,002,000
1	1,520,001	1,525,000	1,522,500
1	1,835,001	1,840,000	1,838,500
1	1,985,001	1,990,000	1,987,000
1	1,995,001	2,000,000	2,000,000
1	2,995,001	3,000,000	3,000,000
1	4,110,001	4,115,000	4,112,803
1	7,310,001	7,315,000	7,310,943
1	7,745,001	7,750,000	7,749,600
3462			48,193,465



B.R.R. International Modaraba

Categories of Certificates Holders as at June 30, 2006

S. No.	Categories of Certificate Holders	No. of Certificate Holders	Certificate Held	Percentage
1.	Charitable Trusts	1	33,500	0.07
2.	Financial Institutions	20	11,530,893	23.93
3.	Individuals	3,385	12,824,924	26.61
4.	Insurance Companies	6	8,274,146	17.17
5.	Investment Companies	8	2,015,062	4.18
6.	Joint Stock Companies	29	2,526,440	5.24
7.	Modaraba Management Companies	2	10,749,600	22.31
8.	Modarabas	2	3,500	0.01
9.	Others	9	235,400	0.48
		3462	48,193,465	100.00

Additional Information

Category No.	Categories of Certificate Holders	Number	Certificates Held	Percentage
1	Associated Companies			
	B. R. R. Investments (Pvt.) Ltd		7,899,400	16.39
	Equity International (Pvt.) Limited		3,160,325	6.56
2	NIT & ICP			
	National Bank of Pakistan, Trustee Deptt.		4,114,703	8.54
	Investment Corporation of Pakistan		36,678	0.08
		2	4,151,381	8.62
3	Directors, CEO and their Spouses and Minor Children			
	Mr. Majid Dawood		2,500	0.01
	Mrs. Anjela Dawood		600	0.00
			3,100	0.01
4	Public Sector Companies and Corporation	1	7,310,943	15.17
5	Banks, DFIs, NBFIs, Insurance Companies, Modarabas and Mutual Funds	15	8,172,753	16.96
6	Certificate Holders holding ten percent or more in the Modaraba			
	B. R. R. Investments (Pvt.) Ltd		7,899,400	16.39
	State Life Insurance Corporation of Pakistan		7,310,943	15.17



B.R.R. International Modaraba

Key Operating and Financial Data

	2006	2005	2004	2003	2002	2001
Profit & Loss Account	(Rs. In million)					
Operating income	649.88	580.95	512.97	543.01	509.74	538.65
Other income	25.09	28.75	34.78	25.69	50.70	46.70
Amortisation	434.00	414.07	363.75	336.61	282.58	287.80
Financial charges	125.10	45.41	34.21	105.69	121.25	153.94
Operating expenses	55.06	45.60	41.00	40.59	41.89	41.22
(Reversal)/Provision for doubtful debts/receivables	(13.33)	(6.79)	(8.47)	(22.98)	35.49	16.96
Deficit on Revaluation of Investments	2.64	-	-	-	-	-
Provision for diminution in the value of investments						
- charge/(written back)	(0.09)	6.98	(0.57)	(5.92)	2.02	0.04
Taxation - prior years written back	(8.97)	(4.60)	-	-	-	-
Net Profit after taxation	72.73	82.21	106.05	103.24	69.49	76.85
Profit distribution	33.74	53.01	67.47	77.11	53.01	62.65
Balance Sheet						
Paid-up Capital	481.93	481.93	481.93	481.93	481.93	481.93
Reserves	415.41	390.84	293.60	253.45	224.69	208.20
Certificate Holders Equity	897.34	872.77	775.53	735.38	706.62	690.13
Borrowings	1,565.17	874.30	554.08	705.68	1,365.30	1,497.61
Lease portfolio	1,186.06	1,187.46	1,033.82	1,021.20	891.54	884.44
Lease/Morabaha & Musharaka disbursements	801.97	844.71	697.97	535.25	495.07	540.15
Performance Indicators						
Earnings per certificate (Rs.)	1.51	1.71	2.20	2.14	1.44	1.59
Profit paid per certificate (Rs.)	0.70	1.10	1.40	1.60	1.10	1.30
Profit paid per certificate (%)	7.00	11.00	14.00	16.00	11.00	13.00
Profit payout (after statutory reserves) (%)	92.77	92.11	90.89	93.36	95.36	90.59
Break-up value per certificate (Rs.)	18.62	18.11	16.09	15.26	14.66	14.32
Market value per certificate (Rs.)	6.85	7.95	14.50	9.30	7.75	6.65
Return on Equity (%)	8.11	9.42	13.67	14.04	9.83	11.14
Price Earnings ratio	4.54	4.66	6.59	4.34	5.37	4.17
Income/Expense ratio	1.10	1.21	1.25	1.18	1.26	1.21
Financial Charges/Total Expenses (%)	20.37	8.99	7.79	21.89	27.20	31.87

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