

B.R.R. Guardian Modaraba

(formerly B.R.R. International Modaraba)

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

Contents	Page
Corporate Information	3
Mission Vision and Overall Corporate Strategy	4
Notice of Annual Review Meeting	5
Directors' Report.....	6
Statement of Compliance with the Code of Corporate Governance.....	10
Auditors' Review Report.....	12
Auditors' Report.....	13
Balance Sheet	15
Profit and Loss Account.....	16
Cash Flow Statement	17
Statement of Changes in Equity.....	19
Notes to the Financial Statements.....	21
Pattern of Certificate Holding.....	52
Key Operating and Financial Data.....	55



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

CORPORATE INFORMATION

Modaraba Company	B.R.R. Investments (Private) Limited
Chairman	Mr. Rafique Dawood
Chief Executive	Mr. Ayaz Dawood
Directors	Mrs. Farida Rokadia Mr. Majid Dawood Mr. Tauqir Shamshad
Audit Committee	Mrs. Farida Rokadia - Chairperson Mr. Majid Dawood - Member Mr. Tauqir Shamshad - Member
Group Finance Director	Mr. Muhammad Shoaib
Chief Financial Officer	Mr. Ghazanfar-ul- Islam
Company Secretary	Mr Tahir Mahmood
Auditors	M. Yousuf Adil Saleem & Company Chartered Accountants
Legal Advisor	Rauf Ghaffar Law Associate Malik & Maliks
Bankers	Allied Bank Limited Bank Al Habib Limited Faysal Bank Limited JS Bank Limited Habib Metropolitan Bank Limited National Bank of Pakistan Oman International Bank S.A.O.G.
Web-site	www.firstdawood.com/brr
Registered Office & Head Office	1500-A, Saima Trade Towers, I.I Chundrigar Road, Karachi-74000 UAN : 111-DAWOOD (111-329-663) Fax : 92-21-227-1913
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
Security Vault	187-G, Block-2, Shahrah-e-Quaideen, PECHS. Karachi-754000



B.R.R. Guardian Modaraba
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MISSION

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

VISION

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

OVERALL CORPORATE STRATEGY

To become a market leader of Islamic Financial Products through:

- (i) maintaining highest standards of integrity and honesty;
- (ii) strict adherence with Sharia principles;
- (iii) making improvement in every department a process through education and professional development with latest innovations through awareness techniques;
- (iv) providing opportunities to employees for career development and rewarding them according to their 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.



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NOTICE OF ANNUAL REVIEW MEETING

The Board of Directors of B.R.R. Investments (Pvt) Ltd Manager of B.R.R Guardian Modaraba (Formerly B.R.R. International Modaraba) (BRRGM) in their meeting held on September 8, 2007 have declared cash dividend of BRRGM @ Rs. 0.85 per Certificate for the year ended June 30, 2007.

To determine the names of Certificate Holders entitled to receive Cash dividend and to attend the Annual Review Meeting, the Certificate Transfer Book will remain closed from October 21, to October 27, 2007 (both days inclusive). Transfers received at the Registrar Office, FD Registrar Service (SMC-Pvt.) Ltd at 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi, before the close of business hours on October 20, 2007 will be treated in time for the entitlement of dividend Further Certificate Holders are advised to notify to the Registrar Office of any change in their addresses.

The ARM-VIII of Certificate Holders of BRRGM will be held on Saturday 27th October 2007 at 12:30 pm at the Registered Office at 1500 - A, Saima Trade Towers. I.I Chundrigar, Road, Karachi

Insertion of para No. 3 & 4 in Object clause of the Prospectus after existing para No.2

In order to become a Corporate Member of Stock Exchange, the following standard clauses are required to be inserted in the Prospectus, enabling BRRGM to carry out the business of broker:

"RESOLVED that after existing clause 2 of the Object Clause, under the heading "Description of Business to be undertaken by BRRGM" the following new paras 3 & 4 be and is hereby added and read as under, subject to approval of Registrar of Modaraba, Securities and Exchange Commission of Pakistan:

3. To act as member of Stock Exchange and to carry on the business of Brokers in Stocks, Shares, Securities, Commodities, Commercial Papers, Modaraba Certificates, Bonds, Obligations, Debentures, Debenture Stocks, Foreign Currencies (including Foreign Exchange Bearer Certificates), Treasury Bills and/or any financial instruments etc., whether in Pakistan or abroad, subject to any permission required under the law.
4. To undertake the business of custodial services in respect of securities and to become an account holder / participant, eligible pledge, DVP accountholder with a central depository company."

Place: Karachi
October 6, 2007

By Order of the Board
Company Secretary



B.R.R. Guardian Modaraba
(formerly 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 ('BRRI' or 'the company'), manager of B.R.R. Guardian Modaraba ('BRRGM' or 'the Modaraba'), it gives me pleasure to present to you the Annual Report and Audited Financial Statements for the financial year ended June 30, 2007.

Operations and Performance

Your Modaraba showed steady growth in all areas of operation as is evident from the following financial highlights.

	June 30, 2007	*June 30, 2006
Rupees.....	
Lease Rentals	568,916,741	633,123,866
Income on Musharika and Morabaha Finances	116,813,556	127,477,038
Income on Investments	141,206,939	57,210,251
Rental Income	93,090,346	25,184,364
Total Income	885,525,738	883,490,840
Total Expenses	735,112,519	743,813,969
Profit Before Taxation	131,240,614	131,499,540
Taxation - Prior Years	15,861,574	8,968,667
Profit After Taxation	147,102,188	140,468,207

* Comparative figures represent the result of amalgamated entities.

Operations and Performance

On April 2, 2007, the Honourable High Court of Sindh has sanctioned the amalgamation of Guardian Modaraba into B.R.R. International Modaraba and also approved the new name of B.R.R. International Modaraba to **B.R.R. Guardian Modaraba** (the Modaraba). Registrar Modaraba Securities and Exchange Commission of Pakistan through letter No.SC/M-RS/GM/2006-161 dated April 18, 2007 has confirmed the merger with change of name effective as of July 1, 2006. Your Modaraba is an amalgamation of Guardian Leasing Modaraba, First Providence Modaraba, B.R.R. Capital Modaraba, B.R.R. Second Modaraba and Equity International Modaraba.

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

The revenue generated have significantly contributed to our income from investments which increased from Rs.93.09 million in 2006 to Rs.141.20 million this year.

Total assets at a year end grew by 8.27% from last year Rs.3.87 billion to Rs.4.19 billion this year. Leasing portfolio is stood at Rs.1.1 billion in a highly competitive environment. The musharaka and morabaha finances and investments portfolio increased to Rs.1.06 billion and Rs.1.08 billion respectively from Rs.800 million and Rs.813 million. The Investment Property increased from Rs.393.82 million to Rs.572.52 million demonstrating a growth ratio of 45.38%.

Furthermore:

- The surplus on revaluation of investments as at June 30, 2007 was Rs.324.22 million as compared to Rs.196.62 million last year.
- The break-up value of our certificate has also increased to Rs.20.95 from Rs.18.25 per certificate.

The progress made by your Modaraba 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.

Financial expense for the year amounted to Rs.253.08 million as against Rs.183.74 million last year. This increase was a consequence of sharp rise in the mark-up rates and also borrowings to facilitate expansion in business operations.



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Profit Distribution

Keeping in view the good performance of the Modaraba, the Directors have approved the distribution of profit of Re.0.85 per certificate of Rs.10 each i.e. 8.50%, for the year ended June 30, 2007.

An amount of Rs.7,832,900/- will be transferred to transfer to General Reserve increasing it by 18.15% to Rs.51 million.

An amount of Rs.73,551,094/- has been transferred to statutory reserve in compliance with the Prudential Regulations for Modarabas and therefore increasing your Modarabas equity.

Future Outlook and Prospects

Your Modaraba going forward, will continue to strengthen our presence in our chosen areas i.e. musharaka and morabaha finances, investments in capital markets and properties and leasing markets. Over the year 2006-2007, we have further strengthened and reinforced key activities such as financials controls, risk management, corporate governance and the overall organizational structure.

Human Resource Training and Development

The Modaraba endeavors to ensure that its staff demonstrates high professional caliber and represents an appropriate mix of professional qualification ability and experience to permit the achievement of its corporate objective in the most efficient manner.

Training and Human Resource Development continues to be of prime importance in BRRGM. We will ensure that our employees get sufficient high quality professional training to meet the challenges of industry and customers satisfaction.

Technology and Process

The IT department continues to be an integral department of the organization. Through in house software programs, the IT department has successfully installed effective systems for the efficient operations of different departments with the ultimate objectives of producing a complete fool proof system geared to maintain proper checks & controls. During the year IT department ensured a smooth merger of the Modaraba.

Compliance with the Best Practice of the Code of Corporate Governance

Your Management Company has implemented provisions of the code of corporate governance relevant for the year ended June 30, 2007. The external auditors review report on the statement of compliance with the code of corporate governance is annexed with this report.

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

- The financial statements prepared by management present fairly Modaraba's state of affairs, the result of its operations, cash flows and changes in equity.
- Your Modaraba has maintained proper book of accounts.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements except as disclosed Note 1.2 of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- Relevant International Accounting Standards, as applicable in Pakistan, provision of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, and directives of the Securities and Exchanges Commission of Pakistan have been followed in the preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts over the ability to continue as going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no statutory payments on account of taxes, duties, levies and charges outstanding, except as disclosed in the financial statements.
- There has been no departure from the best practices of transfer pricing.



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Trading/Dealing in Shares of the Company

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

Statement of Ethics and Business Practices

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

Staff Retirement Benefits

First Dawood Group operates a Provident Scheme for all permanent employees. The value of investment to date is Rs.52.47 million in the Provident Scheme.

Transaction with Connected Persons/Related Parties

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

Auditor

The retiring auditors of Deloitte M. Yousuf Adil Saleem & Co., Chartered Accountant, have expressed their willingness to continue in office for the year ending June 30, 2008. As required under the Code of Corporate Governance the Audit Committee has recommended the re-appointment of Deloitte M. Yousuf Adil Saleem & Co., Chartered Accountant, as auditor for the year ending June 30, 2008.

Key Financial Highlight

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

Risk Management Framework

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

Board Meetings

S. no	Name	Designation	Entitlement to Attend Meeting	Meeting Attend	Leave of Absences
1	Mr. Rafique Dawood	Chairman	7	6	1
2	Mr. Ayaz Dawood	Chief Executive	2	2	-
3	Mrs. Farida Rokadia (Alternate Director Miss.Tara Uzra Dawood)	Director	7	7	-
4	Mr. Majid Dawood	Director	7	1	6
5	Mr. Tauqir Shamshad	Director	4	4	-
6	Mr. Rizwan ul Haq	Director	3	3	-
7	Mr. Iqbal Hussain	Director	4	4	-



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Credit Rating

JCR-VIS Credit Rating Company Limited (JCR-VIS) has upgraded medium to long-term entity rating of your Modaraba to "A". The short-term rating has maintained at "A-2" (A Two) after taking into account the increased capital of the merged entity.

Pattern of Shareholding

The pattern of shareholding as on June 30, 2007 along with disclosure as required under the Code of Corporate Governance is annexed.

Events after the Balance Sheet Date

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 8.50% cash dividend for the year ended June30, 2007 which is more 90% of the annual profits after transferring to statutory reserve.

Appreciation

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

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

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

For and on behalf of the Board
B.R.R. Investments (Private) Limited

Rafique Dawood
Chairman



B.R.R. Guardian Modaraba
(formerly 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, 2007 .

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

This Statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 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 Guardian Modaraba (the Modaraba) is a Private Limited Company, the Board of Directors of the management company are pleased that the Code of Corporate Governance is being complied with in material respects.

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

1. The company encourages representation of independent non-executive directors on its Board of Directors.
2. The directors of the Company have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFC or, being a member of a stock exchange, has been declared as defaulter by that stock exchange.
4. A casual vacancy occurred in the Board of Management Company, was filled by the directors within 30 days thereof.
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 the Company has 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, NBFC Rules, Company's Memorandum and Articles of Association and all other relevant rules and regulations and hence are conversant of the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities. 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 Company Secretary including his remuneration and terms and conditions of employment as determined by the Chief Executive Officer. Appointment of Chief Financial Officer did not take place during the year.
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.



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

12. Financial Statements of the Modaraba for the half year ended December 31, 2006 quarter ended September 30, 2006, March 31, 2007 and full year ended June 30, 2007 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 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 a Anjum Asim Shahid Rahman, 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.

For and on behalf of the Board

Karachi
September 8, 2007

Ayaz Dawood
Chief Executive Officer

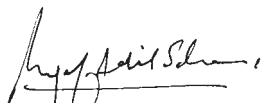
REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of B.R.R. Investments (Private) Limited (the Modaraba Company) representing **B.R.R. GUARDIAN MODARABA** (*formerly 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, 2007.



Chartered Accountants

Karachi
September 8, 2007

AUDITORS REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of B.R.R. Guardian Modaraba (formerly B.R.R. International Modaraba) as at June 30, 2007 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. Guardian Modaraba** as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- b. in our opinion:
 - i. the balance sheet and the related profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied except for the change as indicated in note.1.2 to the financial statements, with which we concur;
 - ii. the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;

- 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, 2007 and of the profit, its cash flows and changes in equity for the year then ended; and
- d.** in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Karachi.
September 8, 2007



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

Balance Sheet as at June 30, 2007

	Note	2007 Rupees	2006 Rupees
ASSETS			
Current Assets			
Cash and Bank Balances	3	12,950,454	88,684,469
Musharaka and Morabaha Finances	4	843,153,780	599,805,025
Short Term Investments	5	951,757,702	792,344,461
Lease Rentals Receivable	6	22,821,183	9,550,211
Advance Against Lease		-	35,000,000
Loans, Advances and Prepayments	7	45,687,762	22,671,482
Accrued Profit	8	52,217,261	147,344,996
Other Receivables	9	32,349,611	94,608,001
Taxation Refundable		9,354,271	8,736,235
Total Current Assets		<u>1,970,292,024</u>	<u>1,798,744,880</u>
Long Term Portion of Musharaka and Morabaha Finances	4	226,750,555	200,892,366
Long Term Loans	7	4,551,025	4,415,500
Long Term Investments	10	136,780,689	21,460,954
Long Term Deposits		387,000	419,500
Property, Plant and Equipment - Own	11	82,570,890	85,510,247
Capital Work In Progress - Own	12	100,014,124	75,984,000
Property, Plant and Equipment - Leased Out	13	1,100,088,457	1,296,961,235
Investment Property	14	572,517,055	393,829,908
TOTAL ASSETS		<u>4,193,951,819</u>	<u>3,878,218,590</u>
LIABILITIES			
Current Liabilities			
Morabaha and Finance Under Markup Arrangements	15	1,702,936,023	1,365,562,343
Creditors, Accrued and Other Liabilities	16	59,615,160	62,105,230
Accrued Profit on Borrowings	17	34,005,472	18,574,732
Customer's Security Deposits		38,516,540	47,464,735
Unclaimed profit		-	-
Profit Payable	18	15,729,117	13,457,860
Total Current Liabilities		<u>1,850,802,312</u>	<u>1,507,164,900</u>
Long Term Portion of Morabaha Finances	15	507,238,947	757,353,810
Long Term Portion of Rentals Received in Advance	16	1,969,855	8,200,898
Long Term Portion of Customer's Security Deposits		197,015,948	179,507,096
Deferred Liability - Staff Gratuity	19	1,784,000	1,232,700
TOTAL LIABILITIES		<u>2,558,811,062</u>	<u>2,453,459,404</u>
NET ASSETS		<u>1,635,140,757</u>	<u>1,424,759,186</u>
Represented By:			
Certificate Capital	20	780,462,550	780,462,550
Capital Reserves		412,686,559	339,135,465
Revenue Reserve		43,167,100	36,167,100
Surplus on Revaluation of Investments		324,220,746	196,619,502
Unappropriated Profit		74,603,802	72,374,569
Commitments	21	<u>1,635,140,757</u>	<u>1,424,759,186</u>

The annexed notes 1 to 37 form an integral part of these financial statements.

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

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

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

Profit And Loss Account For The Year Ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
Lease Rentals		568,916,741	633,123,866
Income on Musharaka and Morabaha Finances		116,813,556	127,477,038
Income on Investments	22	141,206,939	93,090,346
Share of Profit from Associate		610,689	2,390,812
Income on Balance with Banks	23	767,562	2,224,414
Rental Income	24	57,210,251	25,184,364
		885,525,738	883,490,840
Amortisation on Leased Assets		377,404,493	493,216,967
Impairment Loss on Leased Assets - Net		14,034,908	747,071
Operating Expenses	25	90,591,043	66,109,364
Financial Charges	26	253,082,075	183,740,567
		735,112,519	743,813,969
		150,413,219	139,676,871
Provision / (Reversal) for Doubtful Receivables - Net	27	17,732,306	(5,336,290)
Deficit on Revaluation of Investments - Held for trading		-	2,640,894
Reversal for Diminution in the Value of Investments		-	(93,000)
		132,680,913	142,465,267
Other Income - Net	28	13,141,991	3,645,333
		145,822,904	146,110,600
Modaraba Company's Management Fee		14,582,290	14,611,060
Profit Before Taxation		131,240,614	131,499,540
Taxation - Prior Years Written Back	29	15,861,574	8,968,667
Profit for the Year		147,102,188	140,468,207
Basic / Diluted Earnings Per Certificate	30	1.88	1.80

The annexed notes 1 to 37 form an integral part of these financial statements.

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

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

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



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

Cash Flow Statement For The Year Ended June 30, 2007

	2007 Rupees	2006 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	131,240,614	131,499,540
Adjustment for non-cash charges and other items:		
Depreciation	34,040,162	15,298,719
Amortisation	377,404,493	493,216,967
Impairment loss	14,034,908	747,071
Share of Profit from Associate	(610,689)	(2,390,812)
Provision for Diminution in Value of Investments - Written Back	-	(93,000)
Provision for Doubtful Musharaka Finances	7,593,645	7,995,875
Fixed Capital Expenditure on Property, Plant and Equipment-Leased	(254,131,084)	(561,714,549)
Proceeds on Disposal of Property, Plant and Equipment- Leased	101,398,229	95,165,282
Profit on Sale of Property, Plant and Equipment- Own	(396,341)	(1,851,675)
(Profit) / Loss on Property, Plant and Equipment -leased	(6,833,768)	6,396,295
Profit on Musharaka, Morabaha and Finance Under		-
Mark up Arrangements	251,653,943	180,873,348
Staff Gratuity	551,300	289,000
Income on Investments	(141,206,939)	(135,537,641)
	383,497,859	98,394,880
(Increase) / Decrease in Current Assets		
Lease Rentals Receivable	(13,270,972)	(6,459,116)
Loans, Advances and Prepayments	(23,151,805)	(93,325,353)
Accrued Profit	104,925,411	36,976,823
Other Receivables	60,611,292	949,896
	129,113,926	(61,857,750)
Increase / (Decrease) in Current Liabilities		
Creditors, Accrued and Other Liabilities	2,899,119	(428,533)
Long Term Deposits	32,500	(45,000)
Customers' Security Deposits	8,560,656	(2,132,491)
Rentals Received in Advance	(11,620,232)	(13,287,358)
Income Tax Refunded	15,243,538	8,549,472
Net Cash From Operating Activities	658,967,980	160,692,760
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	(146,520,042)	(109,557,869)
Income Received on Investments	133,055,361	54,191,576
Increase in Morabaha and Musharaka Finances	(276,800,589)	220,252,371
Fixed Capital Expenditure on Investment Property	(201,503,561)	(385,573,900)
Fixed Capital Expenditure on Assets - Own	(33,137,566)	(116,549,569)
Proceeds on Disposal of Assets - Own	1,219,392	28,552,619
Net Cash Used in Investing Activities	(523,687,005)	(308,684,772)

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Cash Flow Statement For The Year Ended June 30, 2007

	2007 Rupees	2006 Rupees
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Morabaha and Finance Under Mark up Arrangements	87,258,817	459,542,806
Profit Paid on Borrowings	(236,223,203)	(172,219,645)
Profit Paid on Redeemable Capital	-	-
Profit Paid to Certificate Holders	(62,050,604)	(79,818,534)
Net Cash (Used in) / From Financing Activities	<u>(211,014,990)</u>	<u>207,504,627</u>
Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)	(75,734,015)	59,512,615
Cash and Cash Equivalents at the Beginning of the Year	88,684,469	29,171,854
Cash and Cash Equivalents at the End of the Year	<u>12,950,454</u>	<u>88,684,469</u>

The annexed notes 1 to 37 form an integral part of these financial statements.

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Statement of Changes In Equity For The Year Ended June 30, 2007

	Certificate Capital	Profit Prior to Floatation	Capital Reserves		Surplus on Revaluation of Investments	Unappropriated Profit	Total
			* Statutory Reserve	General Reserve			
Rupees							
Previously Reported Balance as at July 01, 2005	481,934,650	10,532,683	221,073,599	38,372,537	19,235,585	101,624,967	872,774,021
Issue of certificates to certificate holders of Guardian Modaraba under the scheme of amalgamation (Refer Note 1.2)	298,527,900	-	-	-	-	-	298,527,900
Effects of Amalgamation of Guardian Modaraba with and into B.R.R International Modaraba	-	-	37,294,646	5,000,000	130,416,685	28,296,132	201,007,463
Book difference of capital from Merger Under Scheme of Amalgamation	-	-	-	(53,832,900)	-	-	(53,832,900)
Balance as at July 01, 2005 - After Amalgamation	780,462,550	10,532,683	258,368,245	(10,460,363)	149,652,270	129,921,099	1,318,476,484
Profit Distribution Declared for the Year Ended June 30, 2005	-	-	-	-	-	(81,152,737)	(81,152,737)
Unrealised Profit on Revaluation of Investments	-	-	-	-	46,967,232	-	46,967,232
Profit for the Year	-	-	-	-	-	140,468,207	140,468,207
Total recognised income and expense for the year	-	-	-	-	46,967,232	140,468,207	187,435,439
Transferred to General Reserve made for the year ended June 30, 2005	-	-	-	46,627,463	-	(46,627,463)	-
Transferred to Statutory Reserve made for the year ended June 30, 2006	-	-	70,234,537	-	-	(70,234,537)	-
Balance as at June 30, 2006	780,462,550	10,532,683	328,602,782	36,167,100	196,619,502	72,374,569	1,424,759,186
Previously Reported Balance as at July 01, 2006	481,934,650	10,532,683	257,437,261	85,000,000	24,091,466	38,348,354	897,344,414
Issue of certificates to certificate holders of Guardian Modaraba under the scheme of amalgamation (Refer Note 1.2)	298,527,900	-	-	-	-	-	298,527,900
Effects of Amalgamation of Guardian Modaraba with and into B.R.R International Modaraba	-	-	71,165,521	5,000,000	172,528,036	34,026,215	282,719,772
Book Difference of Capital from Merger Under Scheme of Amalgamation	-	-	-	(53,832,900)	-	-	(53,832,900)
Balance as at July 01, 2006 - After Amalgamation	780,462,550	10,532,683	328,602,782	36,167,100	196,619,502	72,374,569	1,424,759,186
Difference	-	-	-	-	-	-	-
Profit Distribution Declared for the Year Ended June 30, 2006	-	-	-	-	-	(64,321,861)	(64,321,861)

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B.R.R. Guardian Modaraba
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	Certificate Capital	Capital Reserves		General Reserve	Surplus on Revaluation of Investments	Unappropriated Profit	Total
		Profit Prior to Floatation	* Statutory Reserve				
	Rupees						
Unrealised Profit on Revaluation of Investments	-	-	-	-	127,431,244	-	27,431,244
Share from Associate	-	-	-	-	170,000	-	170,000
Profit for the Year	-	-	-	-	-	147,102,188	147,102,188
Total recognised income and expense for the year	-	-	-	-	127,601,244	147,102,188	274,703,432
Transferred to General Reserve made for the year ended June 30, 2006	-	-	-	7,000,000	-	(7,000,000)	-
Transferred to Statutory Reserve made for the year ended June 30, 2007	-	-	73,551,094	-	-	(73,551,094)	-
Balance as at June 30, 2007	<u>780,462,550</u>	<u>10,532,683</u>	<u>402,153,876</u>	<u>43,167,100</u>	<u>324,220,746</u>	<u>74,603,802</u>	<u>1,635,140,757</u>

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

The annexed notes 1 to 37 form an integral part of these financial statements.

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Notes To The Financial Statements For The Year Ended June 30, 2007

1 LEGAL STATUS AND NATURE OF THE BUSINESS

- 1.1** B.R.R. Guardian Modaraba [formerly B.R.R. International Modaraba] (BRRGM) is a multipurpose, perpetual Modaraba floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by B.R.R. Investments (Private) Limited, a company incorporated in Pakistan. The Modaraba is listed on the Karachi Stock Exchange. The Modaraba's principal activity is leasing of assets, deployment of funds in musharakas, morabahas and investment in properties and equity securities. The Modaraba also provides custodial and management services.
- 1.2** The certificate holders of B.R.R. International Modaraba (BRR) and Guardian Modaraba (GM) each passed special resolution on January 19, 2007 to approve the Scheme of Arrangement for Amalgamation of GM with and into BRR to take effect from July 01, 2006. The Honorable High Court of Sindh has sanctioned the said Scheme on April 2, 2007. The Scheme of Arrangement also approved the change in name of B.R.R. International Modaraba to B.R.R. Guardian Modaraba (BRRGM). The merger will expand the resource base, increase risk absorption capacity and cost effective operation. All these factors indicate the long term viability and continuity of profitable operation of the Modaraba in future.

Scheme of Arrangement for amalgamation of GM with and into BRR has resulted in the transfer to and vesting in BRR of the entire undertaking of GM, together with all the right, liabilities and obligation, against the issuance of 1.22 certificates of BRR for every certificate of GM. This has resulted in the increase in authorised and paid up certificates of the Modaraba. All the reserve including surplus on revaluation on investments, statutory reserve, general reserve and unappropriated profits of GM as at the Effective Date constitute and treated as reserves of a corresponding nature in BRR and accounted for on that basis in the books of account of BRR.

Accounting for the Amalgamation

Balances of all identifiable assets, liabilities and reserves of GM on effective date are merged into respective balances of BRR. Comparative figures also represent the results of amalgamated entities. All intra balances are eliminated. The differences arises on exchange of certificate of Modaraba has been adjusted against equity. IFRS-3 (Business Combination) has excluded the business combination involving entities or business under common control from its scope, accordingly the requirements of IFRS- 3 are not applicable in this case.

Accounting alignment

Certain adjustments have been made, and reflected in the results of BRRGM, to align the accounting policies and classifications previously adopted by BRR and GM, as follows: -

a) Accounting Estimates

- (i) Previously BRR accounted for amortisation on leased assets by applying straight line method. After the merger the amortisation on leased assets is now accounted for on annuity method as followed by GM. Had there been no change in the accounting estimate the amortisation on leased assets during the year would have been increased by Rs.55,344,207/- and profit for the year would have been decreased by Rs.55,344,207/-
- (ii) Previously Guardian Modaraba has a policy to charge full year depreciation on acquisition during the year while no depreciation is charged in the year of disposal. After the merger depreciation is charged proportionately to the period of use as followed by BRR. Had there been no change in the accounting estimate the depreciation on own assets would have been increased by Rs.206,955/- and profit for the year would have been decreased by Rs.206,955/-

b) Alignment of line items

Certain line items of balance sheet and profit and loss account of GM have been aligned with line items BRR financial statements.

- 1.3** 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 & 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 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning on or after January 1, 2007 are either not relevant to Modaraba's operations or are not expected to have significant impact on the Modaraba's financial statements other than increased disclosures in certain cases:

IAS 1 - Presentation of financial statements - amendments relating to capital disclosures	Effective from accounting period beginning on or after January 1, 2007
IFRS 2 - Share based payment	effective from accounting period beginning on or after January 1, 2007
IFRS 3 - Business combinations	effective from accounting period beginning on or after January 1, 2007
IFRS 5 - Non-current assets held for sale and discontinued operations	effective from accounting period beginning on or after January 1, 2007
IFRS 6 - Exploration for and evaluation of mineral resources	effective from accounting period beginning on or after January 1, 2007
IFRIC 10 - Interim financial reporting and impairment	effective from accounting period beginning on or after November 1, 2006
IFRIC 11 - Group and treasury share transactions	effective from accounting period beginning on or after March 1, 2007
IFRIC 12 - Services concession arrangements	effective from accounting period beginning on or after January 1, 2008
IFRIC 13 - Customer loyalty programmes	effective from accounting period beginning on or after July 1, 2008

2.3 Basis of preparation

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

2.4 Property, plant and equipment

(i) Leased out and amortisation

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

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

(ii) In own use and depreciation

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

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

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

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

2.5 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.

2.6 Investments

i) Held for trading

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

ii) Available for sale

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

iii) Held to maturity

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

iv) Derecognition

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

2.7 Lease rentals receivable, morabaha and musharaka finances

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

2.8 Staff retirement benefits

Defined contribution plan

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

Defined benefit plan

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

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.

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

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, deposit on lease contracts and accrued and other liabilities.

2.16 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).

2.17 Critical Accounting Estimates and Judgments

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

- i) classification of investments (Note 6)
- ii) impairment of property, plant and equipment - leased (Note 14)
- iii) provision for doubtful receivables (Note 7)
- iv) depreciation on property, plant and equipment (Note 11)

2.18 Offsetting of financial assets and financial liabilities

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

	Note	2007 Rupees	2006 Rupees
3. CASH AND BANK BALANCES			
With State Bank of Pakistan		29,023	27
With Banks on:			
- PLS Savings Accounts	3.1	3,516,250	70,801,897
- Foreign Currency Savings Accounts		2,651,765	2,479,597
- Current Accounts		6,587,651	15,297,551
Cash in Hand		165,765	105,397
		<u>12,950,454</u>	<u>88,684,469</u>

- 3.1 Effective mark-up rate in respect of PLS accounts ranges from 0.1% to 5.5% (2006 : 2.25% to 5.5%) per annum.

4. MUSHARAKA AND MORABAHA FINANCES

Musharaka Finances	1,115,440,039	705,503,361
Morabaha Finances	12,483,001	145,619,090
	<u>1,127,923,040</u>	<u>851,122,451</u>
Less: Long Term Portion		
Musharaka Finances	214,267,554	188,781,808
Morabaha Finances	12,483,001	12,110,558
	<u>226,750,555</u>	200,892,366
Less: Provision for Doubtful Receivables	58,018,705	50,425,060
Short Term Portion	<u>843,153,780</u>	<u>599,805,025</u>

- 4.1 The expected profit receivable on these arrangements ranging from Re.0.041 to Re.0.719 per Rs.1,000 per day (2006: Re.0.260 to Re.0.521 per Rs.1,000 per day). The arrangements are secured by way of hypothecation of stock, property mortgage, charged on fixed assets and pledge of shares. These finance are receivable up to December 26, 2010.

	Note	2007 Rupees	2006 Rupees
5. SHORT TERM INVESTMENTS			
Held for Trading:			
Investments in Listed Companies and Mutual Funds	5.1	249,857,923	321,987,747
Available for Sale:			
Investments in Listed Companies and Mutual Funds	5.2	448,237,967	328,319,586
Investments in Unlisted Companies	5.3	23,882,990	9,999,990
Investments in Listed Debt Securities	5.4	209,778,822	17,592,638
		681,899,779	355,912,214
Placements with Financial Institutions	5.5	20,000,000	110,000,000
Certificates of Development Securitisation Trust		-	4,444,500
Term Finance Certificates - Dewan Cement Ltd	5.6	-	-
		20,000,000	114,444,500
		951,757,702	792,344,461

5.1 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.

2007 No. of Shares / Certificates/units	2006	Name of Investee	2007 Rupees	2006 Rupees
Open-End Mutual Fund				
40,000	40,000	AKD Opportunity Fund (Par value of Rs. 50)	2,510,000	1,748,000
479,034	-	Al Falah GHP Value Fund (Par value of Rs. 50)	29,987,548	-
-	300,000	AMZ Plus Income Fund (Par value of Rs. 100)	-	31,353,000
-	1,436,211	Dawood Money Market Fund (Par value of Rs. 100)	-	160,070,340
25,000	25,000	Pakistan Capital Market Fund	365,250	360,750
Closed-End Mutual Fund				
123,403	41,938	First Dawood Mutual Fund	1,110,627	390,022
22,750	22,750	Golden Arrow Selected Stocks Fund (Par value of Rs. 5)	188,825	163,800
5,400,000	-	NAMCO Balanced Fund	52,650,000	-
37,500	37,500	Pakistan Strategic Allocation Fund	393,750	399,375
73,675	73,675	PICIC Growth Fund	2,490,215	2,328,160
Modarabas				
-	58	Pak Modaraba First Managed by Royal Management Services Limited	-	93
207,000	207,000	First Equity Modaraba Managed by Royal Premier Financial Limited	993,600	1,469,700
		Carried Forward	90,689,815	198,283,240



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

2007 No. of Shares / Certificates/units	2006	Name of Investee	2007 Rupees	2006 Rupees
		Brought Forward	90,689,815	198,283,240
		Leasing Companies		
-	224	International Multi Leasing Corporation Limited	-	855
1,150	1,150	Orix Leasing Pakistan Limited	34,213	29,498
-	1,088	Trust Leasing & Investment Bank Limited	-	40,038
		Investment Banks/Cos./Securities		
100,960	12,500	Arif Habib Securities Limited	11,771,936	6,225,000
-	190	Crescent Standard Investment Bank Limited	-	789
383,150	7,000	First Dawood Investment Bank Limited (Associated Undertaking)	11,092,193	152,600
10,000	-	First National Equities Limited	376,000	-
175	-	Javed Omer Vohra & Company Limited	40,862	-
6,050	6,050	Orix Investment Bank Pakistan Limited	131,890	162,745
125	102,125	Pakistan Industrial Credit and Investment Corporation Limited	10,263	3,915,313
592	-	Trust Investment Bank Limited	21,904	-
		Commercial Banks		
20,222	-	Askari Bank Limited	2,141,510	-
95,060	67,500	Bank AL Habib Limited	6,321,490	4,320,000
10,000	5,000	Bank Al Falah Limited	651,000	200,000
59,091	-	The Bank of Punjab	6,884,102	-
212	38	Crescent Commercial Bank Limited	4,759	333
1,956	410	Faysal Bank Limited	144,744	25,215
37	668	KASB Bank Limited	851	10,655
9,133	34,110	MCB Bank Limited	3,333,545	7,173,333
12,338	13,840	National Bank of Pakistan	3,232,556	2,982,520
25,000	-	PICIC Commercial Bank Limited	1,100,000	-
-	677	Prime Commercial Bank Limited	-	18,482
-	100	JS Bank Limited	-	5,795
42,072	39,360	Soneri Bank Limited	2,374,964	1,535,040
10,000	-	Standard Chartered Bank (Pakistan) Limited	529,500	-
-	497	Union Bank Limited	-	36,778
312	-	United Bank Limited	68,624	-
		Insurance		
12,886	24,886	Adamjee Insurance Company Limited	4,200,192	3,048,535
68,513	52,702	Atlas Insurance Limited	8,906,562	5,085,743
16,327	21,354	New Jubilee Insurance Company Limited (Par value of Rs. 5)	1,975,567	1,494,780
18,400	18,400	New Jubilee Life Insurance Company Limited	924,600	404,800
6,544	-	PICIC Insurance Limited	328,182	-
10,000	10,000	Pakistan Reinsurance Company Limited	2,229,500	1,232,000
5,184	3,600	Premier Insurance Limited (Par value of Rs. 5)	229,133	97,200
		Carried Forward	159,750,457	236,481,287



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

2007 No. of Shares / Certificates/units	2006	Name of Investee	2007 Rupees	2006 Rupees
		Brought Forward	159,750,457	236,481,287
		Textile Composite		
957,238	640,443	Azgard Nine Limited (Non-convertible preference shares)	6,365,633	14,121,768
1,032	-	Azgard Nine Limited (Convertible preference shares)	22,704	-
-	20,050	Din Textile Mills Limited	-	1,460,643
443	958,271	Azgard Nine Limited	23,390	11,499,252
11,500	-	Gul Ahmed Textile Mills Limited	524,975	-
30	5,226	Kohinoor Textile Mills Limited	803	165,926
13,738	21,808	Nishat Mills Limited	1,792,122	2,285,478
2	-	Nishat (Chunian) Limited	82	-
10,000	-	Sapphire Fibres Limited	1,827,000	-
8,890	28,890	Sapphire Textile Mills Limited	905,447	2,022,300
		Synthetic and Royan		
30,964	70,464	Dewan Salman Fiber Limited	326,670	789,197
-	162	Ibrahim Fibre Limited	-	6,464
-	300	Indus Polyester Company Limited	-	1,560
		Jute		
3,600	-	Thal Limited (Par value of Rs. 5)	1,004,400	-
		Sugar & Allied Industries		
-	500	Crescent Sugar Mills Limited	-	6,525
-	5,000	Hasseb Waqas Sugur Mills Limited	-	172,000
		Cement		
15,093	13,125	Cherat Cement Company Limited	852,755	853,125
10,023	23	D.G. Khan Cement Company Limited	1,167,680	2,070
-	190	D.G. Khan Cement Company Limited (Preference Shares)	-	2,261
25,000	10,000	Fauji Cement Company Limited	492,500	192,000
15,000	22,500	Lucky Cement Limited	2,066,250	2,329,875
24,385	20,187	Maple Leaf Cement Factory Limited	594,994	516,787
44,212	68,375	Kohat Cement Company Limited	2,409,554	3,688,831
25,000	-	Pakistan Cement Company Limited	361,250	-
		Refinery		
10,000	10,000	Attock Refinery Limited	1,165,500	867,000
169,000	93,750	Bosicor Pakistan Limited	2,999,750	2,737,125
		Power Generation & Distribution		
100	100	The Hub Power Company Limited	3,670	2,300
-	200	Kohinoor Energy Limited	-	5,170
-	10,000	Sitra Energy Limited	-	120,000
-	365	Southern Electric Power Company Limited	-	2,409
		Oil & Gas Marketing Companies		
86,982	60,982	Sui Southern Gas Company Limited	2,244,136	1,762,380
-	2,500	Sui Northern Gas Pipelines Limited	-	250,000
24,500	-	Shell Pakistan Limited	10,046,225	-
7,414	414	Pakistan State Oil Company Limited	2,902,210	127,926
		Carried Forward	199,850,157	282,471,659



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

2007 No. of Shares / Certificates/units	2006	Name of Investee	2007 Rupees	2006 Rupees
		Brought Forward	199,850,157	282,471,659
		Oil & Gas Exploration Companies		
95,000	-	Oil & Gas Development Company Limited	11,381,000	-
8,250	7,250	Pakistan Oilfields Limited	2,615,250	2,427,300
2,500	3,000	Pakistan Petroleum Limited	656,125	635,550
		Automobile Assembler		
8,250	8,250	Al-Ghazi Tractors Limited (Par value of Rs. 5)	2,351,250	1,683,000
-	5,525	Honda Atlas Cars (Pakistan) Limited	-	389,513
-	2,500	Indus Motor Company Limited	-	477,500
7,500	5,080	Pak Suzuki Motor Company Limited	2,940,000	1,590,040
		Cable & Electrical Goods		
-	1,223	Pak Elektron Limited	-	129,577
		Transport		
-	500	Pakistan International Airline Corporation	-	6,850
26,500	26,500	Pakistan National Shipping Corporation	2,491,000	1,672,150
		Technology and Communication		
-	50,000	Callmate Telips Telecom Limited	-	2,775,000
-	10,000	Netsol Technologies Limited	-	223,000
95,000	50,300	Telecard Limited	1,235,000	570,905
-	2,177	Worldcall Communication Limited	-	19,484
		Fertilizer		
15,650	46,650	Engro Chemical Pakistan Limited	3,959,450	7,733,110
55,600	48,100	Fauji Fertilizer Company Limited	6,741,500	5,820,100
-	10,000	Fauji Fertilizers Bin Qasim Limited	-	292,500
		Pharmaceuticals		
15,084	16,740	Abbott Laboratories (Pakistan) Limited	2,805,624	2,711,880
18,000	18,000	GlaxoSmithKline Limited	3,375,000	3,168,000
		Chemicals		
5,600	5,600	BOC Pakistan Limited	912,800	688,800
2,070	2,070	Dawood Hercules Chemicals Limited	577,323	611,685
29,475	36,975	ICI Pakistan Limited	4,925,273	4,033,973
-	2,750	Pakistan PTA Limited	-	17,600
		Paper & Board		
3,600	3,600	Cherat Paper Sack Limited	556,200	180,000
2,500	5,500	Packages Limited	797,625	1,151,425
		Jute		
-	3,000	Thal Limited	-	507,146
		Miscellaneous		
120	-	EcoPack Limited	2,346	-
12,500	-	Tri-Pack Films Limited	1,685,000	-
			249,857,923	321,987,747

5.2 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.

2007 No. of Shares / Certificates/units	2006	Name of Investee	2007 Rupees	2006 Rupees
Open-end Mutual Fund				
20,000	-	AKD Opportunity Fund (Par value of Rs. 50)	1,255,000	-
55,415	55,415	NIT Units (Par value Rs. 50)	3,394,169	2,679,315
62,892	46,248	Pakistan Stock Market Fund (Par value Rs. 100)	6,865,315	5,265,336
Closed-end Mutual Fund				
913,378	793,000	First Dawood Mutual Fund	8,220,402	7,374,900
100,000	100,000	Pakistan Strategic Allocation Fund	1,050,000	1,065,000
50,000	50,000	PICIC Growth Fund	1,690,000	1,580,000
-	2,083	UTP Growth Fund	-	27,079
Modarabas				
182,000	182,000	First Equity Modaraba Managed by Royal Premier Financial Limited	873,600	1,292,200
80,000	80,000	Habib Modaraba First Managed by Habib Modaraba Management Limited (Par value Rs. 5)	1,080,000	484,000
-	500	Long Term Venture Capital Modaraba Managed by National Technology Development Corporation	-	225
Leasing Companies				
14	3,993	Crescent Leasing Corporation Limited	112	32,942
Investment Banks/Cos./Securities				
602,093	48,750	Arif Habib Securities Limited	70,204,044	24,277,500
-	900	Crescent Standard Investment Bank Limited	-	3,735
1,417,046	1,288,224	Dawood Capital Management Limited	14,878,983	41,250
2,257,106	1,586,320	First Dawood Investment Bank Limited (Associated Undertaking)	65,343,219	34,581,776
-	684	First International Investment Bank Limited	-	11,286
-	450	Javed Omer Vohra & Company Limited	-	20,723
27	-	IGI Investment Bank Limited	459	-
92,714	323,790	Pakistan Industrial Credit and Investment Corporation Limited	7,611,819	13,761,075
			Carried Forward	92,498,342
			182,467,122	92,498,342



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

2007 No. of Shares / Certificates/units	2006	Name of Investee	2007 Rupees	2006 Rupees
		Brought Forward	182,467,122	92,498,342
		Commercial Banks		
-	497	Askari Bank Limited	-	38,542
116,131	52,013	Bank AL Habib Limited	7,722,712	5,104,192
-	1,250	Bank Al Falah Limited	-	50,000
-	1,270	Crescent Commercial Bank Limited	-	11,113
-	363	Faysal Bank Limited	-	22,325
17,368	10,400	Habib Metropolitan Bank Limited	1,337,336	715,000
211,804	65,371	JS Bank Limited	4,077,227	3,788,249
31,581	26,178	National Bank of Pakistan	8,274,222	5,641,359
188,450	18,450	PICIC Commercial Bank Limited	8,291,695	4,720,673
-	350	The Bank of Punjab	-	28,945
		Insurance		
11,016	11,438	Adamjee Insurance Company Limited	3,590,665	1,401,155
2,782	2,785	Central Insurance Company Limited	505,072	440,030
21,500	12,899	EFU Life Assurance Limited	5,805,000	2,502,406
11,935	7,462	IGI Insurance Limited	4,774,000	2,649,010
21,998	13,328	New Jubilee Insurance Company Limited (Par value Rs. 5)	2,661,758	932,960
16,400	12,000	Pakistan Reinsurance Company Limited	3,656,380	1,478,400
		Textile Weaving		
100,000	100,000	Zephyr Textile Limited	820,000	700,000
		Textile Composite		
126,500	126,500	(Colony) Thal Textile Mills Limited	600,875	1,043,625
300	300	Ghazi Fabrics Industries Limited	1,920	2,160
3,008	173	Gul Ahmed Textile Mills Limited	137,315	7,093
-	89	Kohinoor Textiles Mills Limited	-	2,826
-	16,115	Nishat (Chunian) Limited	-	717,118
375	375	Sapphire Fibres Limited	68,513	36,694
		Synthetic and Royan		
30,163	30,000	Dewan Salman Fibres Limited	318,220	336,000
9,350	9,350	Gatron (Industries) Limited	1,583,423	1,687,675
6,670	6,670	Rupali Polyester Limited	283,475	250,459
		Sugar & Allied Industries		
2,000,000	2,000,000	Shakarganj Mills Limited (Preference shares)	12,000,000	20,000,000
		Cement		
28,725	50,000	D.G. Khan Cement Company Limited	3,346,463	2,600,000
55,925	55,925	Lucky Cement Limited	7,703,669	5,791,034
33,210	35,928	Maple Leaf Cement Factory Limited	810,324	919,757
62,706	58,811	Pioneer Cement Limited	2,345,204	2,684,722
		Refinery		
12,425	7,940	Attock Refinery Limited	1,448,134	688,398
9,000	9,000	National Refinery Limited	3,069,000	2,403,000
		Carried Forward	267,699,724	161,893,262



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

2007 No. of Shares / Certificates/units	2006	Name of Investee	2007 Rupees	2006 Rupees
		Brought Forward	267,699,724	161,893,262
		Power Generation and Distribution		
145,000	150,000	The Hub Power Company Limited	5,321,500	3,450,000
		Oil & Gas Marketing Companies		
42,983	42,983	Pakistan State Oil Company Limited	16,825,695	13,281,747
50,187	35,750	Shell Pakistan Limited	20,579,179	17,210,050
55,250	50,000	Sui Northern Gas Pipelines Limited	3,908,938	5,000,000
		Oil & Gas Exploration Companies		
51,000	51,000	Oil & Gas Development Company Limited	6,109,800	6,974,250
61,170	61,470	Pakistan Oilfields Limited	19,390,890	20,580,156
		Engineering		
64,846	48,759	International Industries Limited	9,613,420	5,768,190
		Transport		
4,960	4,690	Pakistan National Shipping Corporation	466,240	312,976
		Technology and Communication		
75,704	75,743	Callmate Telips Telecom Limited	3,747,348	4,203,737
-	15,000	Netsole Technologies Limited	-	334,500
129,500	250,000	Pakistan Telecommunication Company Limited	7,381,500	10,150,000
-	347,556	Worldcall Communications Limited	-	3,110,626
		Fertilizer		
68,613	75,356	Engro Chemical Pakistan Limited	17,359,089	12,766,831
280,848	280,481	Fauji Fertilizers Company Limited	34,052,820	33,938,200
		Pharmaceuticals		
38,720	27,377	GlaxoSmithKline Pakistan Limited	7,260,000	4,818,352
60,507	52,686	Highnoon Laboratories Limited	5,143,095	2,110,074
		Chemicals		
-	110	Biafo Industries Limited	-	2,365
690	690	BOC Pakistan Limited	112,470	84,870
		Paper & Board		
18,921	31,844	Packages Limited	6,036,745	7,892,039
12,317	14,475	Security Papers Limited	1,403,522	1,459,800
		Food & Personal Care-Products		
2,100	2,100	Nestle Pakistan Limited	3,244,500	2,314,936
1,000	1,000	Treet Corporation Limited	315,900	234,000
5,480	5,480	Unilever Pakistan Limited (Par value Rs. 50)	12,247,800	10,412,000
		Miscellaneous		
550	500	Siddiqsons Tin Plate Limited	17,792	16,625
			448,237,967	328,319,586


B.R.R. Guardian Modaraba
 (formerly B.R.R. International Modaraba)

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

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

2007 No. of Shares	2006 No. of Shares		Note	2007 Rupees	2006 Rupees
324,324	216,216	Systems Limited	5.3.1	9,999,990	9,999,990
1,388,300	-	Dawood Equities Limited	5.3.2	13,883,000	-
<u>1,712,624</u>	<u>216,216</u>			<u>23,882,990</u>	<u>9,999,990</u>

5.3.1 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, 2006 was Rs.8,964,811 (2005 : Rs 3,453,016). The Modaraba held 3.69% (2006 : 2.46%) of the investee's paid up capital.
(Auditors: Ford Rhodes Sidat Hyder & Co)

5.3.2 The breakup value of investment based on the net assets of the investee company as per its draft financial statements for the year ended June 30, 2007 is Rs.15,160,970/-. The Modaraba held 9.25% of the investee's paid up capital.
(Auditors: BDO Ibrahim & Co)

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

2007 No. Certificates	2006 No. Certificates	Name of Investee	2007 Rupees	2006 Rupees
2,000	2,000	Al Zamin Leasing Modaraba	9,462,500	10,000,000
400	400	Crescent Leasing Corporation (2nd Issue)	2,005,000	2,000,000
2,000	-	Escort Investment Bank Limited	10,356,250	-
2,000	-	Gharibwal Cement Limited	10,000,000	-
4,000	-	Grays Leasing Limited	20,000,000	-
104	-	Crescent Standard Investment Bank Limited	145,472	-
-	600	Shakarganj Sugar Mills Limited	-	599,638
1,000	1,000	Standard Chartered Bank (Pakistan) Limited	3,329,726	4,993,000
908	-	WorldCall Communications Limited	4,629,874	-
30,000	-	Zavar Petroleum Limited	149,850,000	-
			<u>209,778,822</u>	<u>17,592,638</u>

5.5 Placements carry expected profit ranges from Rs.0.04 to Rs.0.44 per Rs.1,000 per day (2006 : Rs.0.36 to Rs. 0.40 per Rs.1,000 per day). Profit is receivable on maturity.

5.6 Held to maturity : Dewan Cement Limited

Term Finance Certificates - Dewan Cement Ltd		
Series A	35,259,692	43,036,252
Series B	13,671,139	13,671,139
	48,930,831	56,707,391
Less: Long Term Portion	(41,154,271)	(48,930,831)
	7,776,560	7,776,560
Less: Provision for Doubtful Receivables	(7,776,560)	(7,776,560)
	-	-


B.R.R. Guardian Modaraba
 (formerly B.R.R. International Modaraba)

	Note	2007 Rupees	2006 Rupees
5.6.1 Particulars of Provision for Investment - Held to Maturity			
Opening		56,707,391	61,642,038
Reversals		(7,776,560)	(4,934,647)
Closing		<u>48,930,831</u>	<u>56,707,391</u>
6. LEASE RENTALS RECEIVABLE			
Considered Good		22,821,183	9,550,211
Considered Doubtful		99,244,764	81,329,543
		<u>122,065,947</u>	<u>90,879,754</u>
Less: Provision for Doubtful Receivables	6.1	<u>(99,244,764)</u>	<u>(81,329,543)</u>
		<u>22,821,183</u>	<u>9,550,211</u>
6.1 Particulars of provision for doubtful receivables			
Opening Balance		81,329,543	110,263,726
Charge for the Year		25,512,065	5,737,804
Reversals during the Year		(7,596,844)	(14,135,322)
Written off during the Year		-	(20,536,665)
Closing Balance		<u>99,244,764</u>	<u>81,329,543</u>
7. LOANS, ADVANCES AND PREPAYMENTS			
Loans to Officers - Considered Good	7.1	6,750,719	5,981,500
Less: Long Term Portion		4,551,025	4,415,500
		2,199,694	1,566,000
Advances - Considered Good			
- Against Shares		40,992,395	19,910,600
- Expenses		117,000	526,000
- Others		1,761,920	123,448
Prepayments		616,753	545,434
		<u>45,687,762</u>	<u>22,671,482</u>
7.1 The maximum amount of loans and advances due from officers and employees at the end of any month during the year was Rs.6,750,719/- (2006 : Rs.7,565,000/-).			
8. ACCRUED PROFIT			
Accrued Profit on:			
- Short Term Placements with Financial Institutions		4,417	2,047,947
- PLS Saving Accounts		-	149,875
- Term Finance Certificates		12,320,215	198,931
- Certificates of Development Securitisation Trust		-	130,203
- Musharaka and Morabaha Finances		39,892,629	144,818,040
		<u>52,217,261</u>	<u>147,344,996</u>
9. OTHER RECEIVABLES			
Dividend Receivable		1,341,616	3,138,589
Due from Associated Undertaking	9.1	1,607,794	150,000
Receivable against sale of securities		25,584,393	89,096,499
Insurance Claim and Other Receivables		-	1,510,728
Rent Receivable		3,815,808	712,185
Other	9.2	51,274,920	51,274,920
Less: Provision for Doubtful Receivable		51,274,920	51,274,920
		-	-
		<u>32,349,611</u>	<u>94,608,001</u>



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

9.1 The maximum amount due from associated undertaking at the end of any month during the year was Rs.5,078,909/- (2006 : Rs.1,164,198/-).

9.2 This includes Rs.51,274,920/- (2006 : Rs.51,274,920/-) receivable from certain ex-employees and other parties in respect of embezzlement of funds. The matter is pending before the Honourable High Court of Punjab and National Accountability Bureau -Government of Pakistan.

10. LONG TERM INVESTMENTS	Note	2007 Rupees	2006 Rupees
Investment in associate: Equity Method			
First Dawood Islamic Bank Limited	10.1	136,780,689	-
Dawood Capital Management Limited	10.2	-	21,460,954
Held to Maturity :			
Long Term Portion of Term Finance Certificates			
Dewan Cement Limited		41,154,271	48,930,831
Less: Provision for Doubtful Receivable		(41,154,271)	(48,930,831)
		-	-
		136,780,689	21,460,954

10.1 Investment in Associate

First Dawood Islamic Bank Limited

10.1.1 Number of shares held	13,600,000	-
10.1.2 Ownership %	4.53%	-
Cost of investment	136,000,000	-
Post acquisition profits	780,689	-
Less: Dividend received	-	-
	136,780,689	-

10.2 Due to the change in directorship of investee company, it is no more an associate therefore the investment has now been classified as Available for Sale investment.

10.1.3 Summarized financial results of First Dawood Islamic Bank Limited based on half yearly reviewed Financial statements as at June 30, 2007 are as follows: -

	2007	2006
	Rupees in '000'	
Total assets	3,626,134	-
Total liabilities	607,903	-
Total Operating Income	57,869	-
Profit for the period	13,481	-

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



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

11. PROPERTY, PLANT AND EQUIPMENT - OWN

	Cost			Depreciation			Book Value as at June 30, 2007	Rate %
	As at July 1, 2006	Additions/ (Disposals)	As at June 30, 2007	Accumulated as at July 1, 2006	For the year/ (on disposals)	Accumulated as at June 30, 2007		
-----Rupees-----								
Leasehold Land Building on	2,527,890	-	2,527,890	733,089	50,558	783,647	1,744,243	2
Leasehold Land	66,738,707	-	66,738,707	14,494,269	3,336,935	17,831,204	48,907,503	5
Leasehold Land and Building thereon	9,996,000	-	9,996,000	4,774,691	499,800	5,274,491	4,721,509	5
Lockers	17,390,218	-	17,390,218	10,649,881	869,505	11,519,386	5,870,832	5
Furniture & Fixtures	8,726,408	35,000	8,761,408	1,945,395	785,728	2,731,123	6,030,285	10
Vehicles	20,099,357	8,555,175 (5,249,500)	23,405,032	10,043,231	4,124,751 (4,426,449)	9,741,533	13,663,499	20
Office Equipment & Appliances	13,599,978	517,267	14,117,245	10,927,755	1,556,471	12,484,226	1,633,019	33.33
	139,078,558	9,107,442 (5,249,500)	142,936,500	53,568,311	11,223,748 (4,426,449)	60,365,610	82,570,890	

	Cost			Depreciation			Book Value as at June 30, 2006	Rate %
	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		
-----Rupees-----								
Leasehold Land Building on	2,527,890	-	2,527,890	682,531	50,558	733,089	1,794,801	2
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
Furniture & Fixtures	12,223,021	394,575 (3,891,188)	8,726,408	4,995,991	757,563 (3,808,159)	1,945,395	6,781,013	10
Vehicles	18,038,727	5,805,600 (3,744,970)	20,099,357	9,011,483	3,928,254 (2,896,506)	10,043,231	10,056,126	20
Office Equipment & Appliances	13,490,944	990,489 (881,455)	13,599,978	10,333,763	1,429,809 (835,817)	10,927,755	2,672,223	33.33
	137,258,007	10,347,164 (8,526,613)	139,078,558	50,329,975	10,786,206 (7,547,870)	53,568,311	85,510,247	

11.1 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
Vehicle	555,000	536,500	18,500	18,500	Modaraba Policy	Mr Muhammad Ahmad Employee
Vehicle	555,000	554,999	1	111,000	Modaraba Policy	Mr. Saleem Munshi Employee
Vehicle	516,000	515,999	1	102,200	Modaraba Policy	Mr. Yakoob Mohammad Employee
Vehicle	785,000	693,417	91,583	91,583	Modaraba Policy	Mr. J.D Pohwala Employee
Vehicle	555,000	554,999	1	112,000	Modaraba Policy	Mr. Iqbal Ahmed Employee
Vehicle	555,000	296,000	259,000	259,000	Modaraba Policy	Mr. Zafarullah Khan Employee
Vehicle	343,500	274,800	68,700	68,700	Negotiation	Mr. Agha M Khurram House No 63 Abid Town Gulshan -E- Iqbal Block 2 Karachi
Vehicle	589,000	353,400	235,600	235,600	Negotiation	Mr Wahid Devani 401-A Momin Plaza Siddiue-E- Akbar Road Moosa Lane Karachi
Vehicle	69,000	69,000	-	6,000	Modaraba Policy	Mr. Fida Hussain Employee
Vehicle	69,000	67,850	1,150	8,000	Modaraba Policy	Mr. Tanveer Ahmed Employee
Vehicle	69,000	68,999	1	15,000	Modaraba Policy	Mr. Qimat Khan Employee
Vehicle	60,500	35,291	25,209	25,209	Modaraba Policy	Mr. Ahmed Abbas Employee
Vehicle	58,500	7,800	50,700	35,000	Modaraba Policy	Mr. Asif Ali Sheikh Employee
Vehicle	43,000	17,200	25,800	6,000	Modaraba Policy	Mr. Rajesh Employee
Vehicle	58,500	11,700	46,800	60,000	Modaraba Policy	Mr. Rizwan Employee
Vehicle	60,000	59,999	1	10,000	Modaraba Policy	Mr. Nasil Khan Employee
Vehicle	60,500	60,499	1	10,000	Modaraba Policy	Mr. Nazim Hussain Employee
Vehicle	57,000	56,999	1	10,000	Modaraba Policy	Mr. Riaz Shahid Employee
Vehicle	57,000	56,999	1	10,000	Modaraba Policy	Mr. Malik M Azam Employee
Vehicle	57,000	56,999	1	10,000	Modaraba Policy	Mr. Mohd Inayat Employee
Vehicle	77,000	77,000	-	15,600	Modaraba Policy	Mr. Abid Hussain Employee
	5,249,500	4,426,449	823,051	1,219,392		


B.R.R. Guardian Modaraba
 (formerly B.R.R. International Modaraba)

	Note	2007 Rupees	2006 Rupees
12. CAPITAL WORK IN PROGRESS			
Office Premises and Civil Work thereon		63,676,000	61,866,000
Advance to Supplier		-	4,078,000
Advance for Office Premises	12.1	36,338,124	10,040,000
		<u>100,014,124</u>	<u>75,984,000</u>

12.1 This includes 20% (2006 : 10%) advance paid during the year against purchase of office in Islamabad Stock Exchange Building.

13. PROPERTY, PLANT AND EQUIPMENT - LEASED

	Cost			Amortisation				Written down value as at June 30, 2007
	As at July 1, 2006	Additions/ (Disposals)	As at June 30, 2007	Accumulated as at July 1, 2007	For the year (on disposals)	Accumulated as at June 30, 2007	Impairment loss	
	-----Rupees-----							
Land and Building (leasehold)	192,999,501	34,773,500 (37,312,000)	190,461,001	30,461,154	15,926,203 (6,734,922)	39,652,435	-	150,808,566
Plant & Machinery	1,595,828,955	200,995,041 (220,873,376)	1,575,950,620	793,902,068	226,031,326 (197,442,164)	822,491,230	16,580,205	736,879,185
Vehicles	493,513,221	43,503,500 (132,089,536)	404,927,185	225,430,677	95,038,181 (100,094,380)	220,374,478	16,405,134	168,147,573
Furnitures & Fixtures	3,600,000	-	1,795,000	1,011,870	772,790 (874,286)	910,374	-	884,626
Office Equipment & Appliances	180,898,731	9,859,043 (54,164,694)	136,593,080	101,968,559	39,253,508 (46,534,393)	94,687,674	-	41,905,406
Motor Boat	2,694,300	-	2,694,300	848,714	382,485	1,231,199	-	1,463,101
	<u>2,469,534,708</u>	<u>289,131,084 (446,244,606)</u>	<u>2,312,421,186</u>	<u>1,153,623,042</u>	<u>377,404,493 (351,680,145)</u>	<u>1,179,347,390</u>	<u>32,985,339</u>	<u>1,100,088,457</u>

B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

	Cost			Amortisation			Impairment loss	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		
-----Rupees-----								
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	1,595,790,069	437,400,866 (437,361,980)	1,595,828,955	917,293,368	274,094,697 (397,485,997)	793,902,068	14,708,209	787,218,678
Vehicles	548,857,904	119,897,725 (175,242,408)	493,513,221	218,081,871	125,273,249 (117,924,443)	225,430,677	4,242,222	263,840,322
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	233,701,403	17,858,858 (70,661,530)	180,898,731	100,268,959	64,732,675 (63,033,075)	101,968,559	-	78,930,172
Motor Boat	2,694,300	-	2,694,300	363,734	484,980	848,714	-	1,845,586
	2,565,176,508	651,532,949 (747,174,749)	2,469,534,708	1,280,297,043	493,216,967 (619,890,968)	1,153,623,042	18,950,431	1,296,961,235

13.1 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 detail of such disposal

	Note	2007 Rupees	2006 Rupees
13.2 Particulars of Impairment Loss			
Opening Balance		18,950,431	18,203,360
Impairment loss for the Year		14,034,908	4,533,375
Reversals during the Year		-	(3,786,304)
Closing Balance		<u>32,985,339</u>	<u>18,950,431</u>

Impairment loss has been recognised based on recoverable amount of assets where lessees are non performing.

14. INVESTMENT PROPERTY

	Cost			Depreciation			Written down value as at June 30, 2007	Rate of Depreciation %
	As at July 1, 2006	Additions/	As at June 30, 2007	Accumulated as at July 1, 2006	For the year	Accumulated as at June 30, 2007		
-----Rupees-----								
Building on Leasehold Land	308,110,874	201,503,561	509,614,435	10,571,722	20,852,848	31,424,570	478,189,865	5
Leasehold Land	97,802,400	-	97,802,400	1,511,644	1,963,566	3,475,210	94,327,190	2
	405,913,274	201,503,561	607,416,835	12,083,366	22,816,414	34,899,780	572,517,055	


B.R.R. Guardian Modaraba
 (formerly B.R.R. International Modaraba)

	Cost			Depreciation			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		Written down value 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
Leasehold Land	-	97,802,400	97,802,400	-	1,511,644	1,511,644	96,290,756	2
	20,339,374	385,573,900	405,913,274	7,570,853	4,512,513	12,083,366	393,829,908	

The fair value of investment property as at June 30, 2007 as per valuation report of independent valuer is Rs. 984 million (June 30, 2006: Rs. 456 million).

	Note	2007 Rupees	2006 Rupees
15. MORABAHA, MUSHARAKA & FINANCE UNDER MARKUP ARRANGEMENTS			
Finance Under Morabaha Arrangements	15.1	861,541,014	831,001,171
Finance Under Musharaka Arrangements	15.2	1,335,607,588	532,748,317
Finance Under Markup Arrangements	15.3	13,026,368	759,166,665
		2,210,174,970	2,122,916,153
Less: Long Term Portion:			
Finance under Morabaha Arrangements		487,873,139	665,707,124
Finance under Musharaka Arrangements		19,365,808	91,646,686
		507,238,947	757,353,810
		1,702,936,023	1,365,562,343
15.1	The Modaraba has entered into Morabaha (purchase & sale) agreements with the banks. The Morabaha sale price is payable on deferred payment basis in quarterly/monthly installments by June 27, 2011. Expected profit payable on morabaha arrangements is accounted for on a pro rata basis over the term of the agreement. The finance is subject to expected mark up ranging from Re.0.219 to Re.0.352 per Rs.1,000 per day (2006: Re.0.217 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.		
15.2	The Modaraba has entered into Musharaka agreements with the Banks/Financial Institution. These Musharaka arrangements are on profit sharing basis and payable upto June 01, 2012. Estimated rate of profit on Musharaka arrangement is ranging from Re.0.191 to Re. 0.45 per Rs.1,000 per day (2006: Re. 0.217 to Re.0.336 per Rs.1,000 per day).		
15.3	The aggregate facilities for Finance under Mark Up arrangements from banks and financial institutions amount to Rs.250 million (2006: Rs.850 million). These facilities are subject to expected mark up ranging from Re.0.27 to Re 0.34 per Rs1,000 per day (2006: Re.0.27 to Re.0.34 per Rs.1,000 per day) and are secured by way of hypothecation of the leased assets and future rentals receivable.		
16. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Management Fee Payable		14,582,290	14,621,045
Accrued Liabilities		6,507,382	11,023,641
Rentals Received in Advance			
-Lease		5,062,916	11,119,229
-Lockers		9,030,140	8,200,898
-Property		5,611,699	12,004,860
Others		20,790,588	13,336,455
		61,585,015	70,306,128
Less: Long Term Portion of Rentals Received in Advance		1,969,855	8,200,898
		59,615,160	62,105,230

17. ACCRUED PROFIT ON BORROWINGS	Note	2007 Rupees	2006 Rupees
Finance Under Morabaha Arrangements		9,519,883	2,230,276
Finance Under Musharaka Arrangements		22,537,054	7,894,896
Finance Under Markup Arrangements		1,948,535	8,449,560
		<u>34,005,472</u>	<u>18,574,732</u>
18. PROFIT PAYABLE			
Unclaimed Profit		15,729,117	13,457,860
		<u>15,729,117</u>	<u>13,457,860</u>

19. DEFERRED LIABILITY - Staff Gratuity

The principal assumptions used for the purpose of the actuarial valuations were as follows: -

	2007	2006
Discount rate	10%	10%
Expected rate of increase in salaries	10%	10%

	2007 (Rupees)	2006 (Rupees)
Reconciliation of payable to defined benefit plan		
Present value of defined benefit obligation	3,518,000	2,174,000
Unrecognised actuarial losses	(1,734,000)	(941,300)
Liability as at June 30	<u>1,784,000</u>	<u>1,232,700</u>

Movement in payable to defined benefit plan	2007	2006
Opening balance	1,232,700	943,700
Charge for the year	551,300	289,000
Liability as at June 30	<u>1,784,000</u>	<u>1,232,700</u>

Charge for defined benefit plan

Current service cost	274,300	175,000
Interest cost	225,000	108,000
Actuarial losses	52,000	6,000
Charge for the year	<u>551,300</u>	<u>289,000</u>

Comparison for five years

	2007	2006	2005	2004	2003
	-----Rupees-----				
Present value of defined benefit obligation	<u>3,518,000</u>	<u>2,174,000</u>	<u>1,153,000</u>	<u>918,000</u>	<u>693,000</u>
Accumulated experience adjustment arising on defined benefit obligation	<u>845,000</u>	<u>738,000</u>	<u>57,000</u>	<u>160,000</u>	<u>(4,000)</u>



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

20. CERTIFICATE CAPITAL	Note	2007 Rupees	2006 Rupees
Authorised			
87,000,000 (2006: 87,000,000) Certificates of Rs.10/- each		<u>870,000,000</u>	<u>870,000,000</u>
Issued, subscribed and paid-up			
Modaraba certificates of Rs.10/- each			
2007	2006		
39,359,741	39,359,741	393,597,410	393,597,410
	Certificates Issued as fully Paid in Cash		
8,833,724	8,833,724	88,337,240	88,337,240
	Certificates Issued as Fully Paid Bonus Certificates		
	Certificates Issued to Certificate holders of Guardian Modaraba under the Scheme of Amalgamation (Refer Note 20.1)		
<u>29,852,790</u>	29,852,790	<u>298,527,900</u>	298,527,900
<u>78,046,255</u>	<u>78,046,255</u>	<u>780,462,550</u>	<u>780,462,550</u>
20.1	These certificates were issued to certificate holders of Guardian Modaraba under the Scheme of Amalgamation of Guardian Modaraba with and into B.R.R. International Modaraba as approved by the respective Modaraba certificate holders and sanctioned by the High Court of Sindh (Refer Note 1.2).		
	B.R.R. Investment (Private) Limited (the Management Company) held 12,981,496 certificates of Rs.10/- each as at June 30, 2007 (2006: 11,835,306 certificates).		
	Equity International (Pvt.) Limited held 3,160,325 certificates of Rs. 10/- each as at June 30, 2007 (2006: 3,160,325 certificates).		
21. COMMITMENTS			
	For Leasing of the Assets	<u>31,608,930</u>	<u>26,500,000</u>
22. INCOME ON INVESTMENTS			
	Gain on Sale of Investments	77,120,454	46,293,904
	Profit on Term Finance Certificates	29,266,805	6,812,602
	Dividend Income	22,378,558	24,728,735
	Income on Short Term Placements With Financial Institutions	12,197,571	14,485,726
	Income on Certificates of Development Securitisation Trust	243,551	769,379
		<u>141,206,939</u>	<u>93,090,346</u>
23. INCOME ON BALANCES WITH BANKS			
	Profit on PLS Saving Accounts	715,385	2,181,168
	Income on Foreign Currency Saving Account	52,177	43,246
		<u>767,562</u>	<u>2,224,414</u>
24. RENTAL INCOME			
	Property	24.1 45,923,360	14,560,021
	Lockers and Custodial Services	11,286,891	10,624,343
		<u>57,210,251</u>	<u>25,184,364</u>
24.1	This includes rental income amounting Rs.3,580,724/- (2006 : Rs.3,025,188/-) from Mangement Company and Associated Companies.		

25. OPERATING EXPENSES	Note	2007 Rupees	2006 Rupees
Salaries, Allowances and Benefits	31	23,258,274	22,481,332
Travelling and Conveyance		307,475	270,971
Entertainment		171,170	224,637
Electricity, Water and Gas		3,761,232	3,365,374
Telephone and Fax		780,231	1,073,182
Postage and Courier		815,251	440,483
Stationery and Printing		955,581	795,071
Computer Expenses		166,966	318,114
Subscriptions		1,557,525	1,028,997
Advertisement		211,018	151,527
Insurance		4,259,656	2,929,059
Repairs and Maintenance		8,647,626	7,755,532
Rent, Rates and Taxes		7,675	80,450
Security Expenses		248,768	242,573
Direct Cost of Lease		-	384,956
Property Tax		782,497	344,142
Staff Gratuity		551,300	289,000
Legal and Professional		5,701,696	5,590,953
Auditors' Remuneration			
Audit Fee		350,000	350,000
Limited Review, Special Reports, Certification and Sundry Advisory Services		400,000	126,200
Tax Services			
Out of Pocket Expenses		27,500	-
		777,500	476,200
Documentation and Arrangement Fee		275,920	227,675
Depreciation			
- Assets in own use		11,223,748	10,786,206
- Investment property		22,816,414	4,512,513
Brokerage and Commission		1,786,390	917,800
Transaction Cost		196,882	157,738
Donations	25.2	601,772	330,732
Others		728,476	934,147
		90,591,043	66,109,364

25.1 During the year, the Modaraba contributed Rs.1,320,792/- (2006 : Rs.835,229/-) to the provident fund.

25.2 None of the director of the Management Company of the Modaraba or their spouse had any interest in the donees fund.

26. FINANCIAL CHARGES

Profit on			
Finance Under Morabaha Arrangements		106,191,248	66,903,506
Finance Under Musharaka Arrangements		139,941,949	58,570,245
Mark-up on Finance Under Mark up Arrangement		5,520,746	55,336,069
Bank Charges and Commission		1,428,132	2,930,747
		253,082,075	183,740,567



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

	Note	2007 Rupees	2006 Rupees
27. PROVISION / (REVERSALS) FOR DOUBTFUL RECEIVABLES			
Reversals During the Year			
Lease Rentals Receivable	6.1	7,596,844	14,135,322
Musharaka Finances		4,197,396	-
Term Finance Certificates	5.6.1	7,776,560	4,934,647
		<u>(19,570,800)</u>	<u>(19,069,969)</u>
Less: Charge for the Year			
Lease Rentals Receivable	6.1	25,512,065	5,737,804
Musharaka Finances		11,791,041	7,995,875
		<u>37,303,106</u>	<u>13,733,679</u>
		<u>17,732,306</u>	<u>(5,336,290)</u>
28. OTHER INCOME - NET			
Profit / (Loss) on Sale of Assets Given on Lease		6,833,768	(6,396,295)
Profit on Sale of Property, Plant and Equipment- Own		396,341	1,851,676
Recovery of Charges from Management Company and Associated Undertaking		760,975	1,387,872
Commitment and Front End Fee		16,089	-
Exchange Profit / (Loss)		36,086	(10,770)
Others		5,098,732	6,812,850
		<u>13,141,991</u>	<u>3,645,333</u>
29. 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 finalised up to assessment year 2006. Appeals filed by the Modaraba with the Income Tax Appellate Tribunal relating to the assessment years 1994-95 through to 1997-98 and with Commissioner of Income Tax (Appeals) for the assessment year 1998-99 have been decided by the respective Appellate Authorities in the favour of the Modaraba however appeal effect orders for the said decisions are pending with the Tax Authorities.

30. BASIC / DILUTED EARNINGS PER CERTIFICATE

Profit for the Year	<u>147,102,188</u>	<u>140,468,207</u>
	Number of Certificates	
Weighted Average Number of Certificates	<u>78,046,255</u>	<u>78,046,255</u>
	Rupees	
Earnings per Certificate	<u>1.88</u>	<u>1.80</u>

31. REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

	Officers		Other Employees	
	2007	2006	2007	2006
	<----- Rupees ----->			
Remuneration	10,481,000	4,825,302	9,899,432	15,686,502
Medical Expenses Reimbursed	289,887	171,671	1,065,590	859,640
Retirement Benefits	609,004	439,480	913,361	498,737
	<u>11,379,891</u>	<u>5,436,453</u>	<u>11,878,383</u>	<u>17,044,879</u>
Number of Employees at the End of the Year	<u>9</u>	<u>5</u>	<u>69</u>	<u>84</u>

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

32. FUTURE MINIMUM LEASE RENTALS RECEIVABLE

Future minimum lease rentals receivable on the basis of lease agreements executed up to June 30, 2007 are as follows: -

	Note	2007 Rupees	2006 Rupees
Receivable - Not Later than One Year		787,086,651	585,047,580
Receivable - Later than One Year and Not Later than Five Years		617,556,857	987,090,790
		<u>1,404,643,508</u>	<u>1,572,138,370</u>

33. RISK MANAGEMENT

33.1 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 keep

33.2 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

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

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 whe



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

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

	2007		2006	
	Rupees	Percentage of total	Rupees	Percentage of total
Textile Industry	222,222,767	20.20	237,460,923	18.31
Sugar and Allied	194,154,512	17.65	173,119,294	13.35
Miscellaneous	182,338,231	16.57	124,071,782	9.57
Cement	108,713,688	9.88	91,952,340	7.09
Technology and Communication	106,957,407	9.72	216,056,647	16.66
Oil and Gas	70,297,022	6.39	99,333,945	7.66
Transport	45,233,012	4.11	59,407,934	4.58
Investment Banks/Cos./Securities	35,427,078	3.22	86,548,168	6.67
Engineering and Metals	24,510,104	2.23	56,885,108	4.39
Food and Confectioneries	21,724,784	1.97	18,487,967	1.43
Chemical and Pharmaceutical	15,175,086	1.38	17,411,005	1.34
Printing and Packaging	13,578,687	1.23	24,208,147	1.87
Glass and Ceramics	13,062,713	1.19	13,738,277	1.06
Commercial Banks	10,971,148	1.00	15,377,562	1.19
Paper and Board	10,337,161	0.94	14,954,986	1.15
Power Generation	7,788,944	0.71	10,924,712	0.84
Electrical and Electrical Goods	5,624,810	0.51	12,368,889	0.95
Architect and Builders	4,185,534	0.38	8,909,138	0.69
Education and Health	3,911,974	0.36	8,165,715	0.63
Insurance	3,804,882	0.35	4,988,357	0.38
Fibre, Synthetic and Rayon	68,913	0.01	97,200	0.01
Leasing	-	-	1,805,012	0.14
Modaraba	-	-	688,127	0.05
	1,100,088,457	100.00	1,296,961,235	100.00

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

33.2.2 Segment by class of business for Musharaka and Morabaha Finances

	2007		2006	
	Rupees	Percentage of total	Rupees	Percentage of total
Miscellaneous	438,649,029	41.00	279,219,691	34.87
Engineering	270,000,000	25.24	42,892,610	5.36
Leasing and Modaraba	150,000,000	14.02	-	-
Auto & Transportation	92,373,775	8.63	67,377,816	8.41
Investment Banks/Cos./Securities	44,027,540	4.12	205,919,918	25.73
Chemical and Pharmaceutical	27,826,713	2.60	25,878,843	3.23
Textile Industry	30,527,278	2.85	64,068,104	8.00
Sugar and Allied	16,500,000	1.54	115,340,409	14.40
	1,069,904,335	100.00	800,697,391	100.00

33.2.3 Segment by class of business for Capital Commitments

Miscellaneous	20,349,930	64.38	-	-
Engineering and Metals	7,054,000	22.32	-	-
Chemical and Pharmaceutical	2,255,000	7.13	12,500,000	47.17
Technology and Communication	1,110,000	3.51	4,000,000	15.09
Food and Confectioneries	840,000	2.66	-	-
Textile and Allied	-	-	10,000,000	37.74
	31,608,930	100.00	26,500,000	100.00



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

3.3.3 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 %	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 Markup up bearing	Total 2007
Rupess									
FINANCIAL ASSETS									
Cash and bank balances	0.1 - 5.5	6,168,015	-	-	-	-	6,168,015	6,782,439	12,950,454
Musharaka and Morabaha									
Finance	1.49 - 26.24	252,873,022	188,274,224	402,006,534	176,750,555	50,000,000	1,069,904,335	-	1,069,904,335
Investments	9.5 - 13.8	156,000	22,002,000	25,217,036	182,403,786	-	229,778,822	858,823,127	1,088,601,949
Lease Rentals Receivable		-	-	-	-	-	-	22,821,183	22,821,183
Loans, Advances and Prepayments		-	-	-	-	-	-	50,238,787	50,238,787
Accrued Profit		-	-	-	-	-	-	52,217,261	52,217,261
Other Receivables		-	-	-	-	-	-	32,349,611	32,349,611
Off Balance Sheet									
		259,197,037	210,276,224	427,223,570	359,154,341	50,000,000	1,305,851,172	1,023,232,408	2,329,083,580
		259,197,037	210,276,224	427,223,570	359,154,341	50,000,000	1,305,851,172	1,023,232,408	2,329,083,580
FINANCIAL LIABILITIES									
Musharaka and Finance under mark-up arrangement	6.97 - 16.43	694,093,038	697,637,605	311,205,380	347,238,947	160,000,000	2,210,174,970	-	2,210,174,970
Creditors, Accrued and Other Liabilities		-	-	-	-	-	-	59,615,160	59,615,160
Accrued Profit on Borrowings		-	-	-	-	-	-	34,005,472	34,005,472
Customers Security Deposits		-	-	-	-	-	-	235,532,487	235,532,487
Profit Payable		-	-	-	-	-	-	15,729,117	15,729,117
Off balance sheet									
		694,093,038	697,637,605	311,205,380	347,238,947	160,000,000	2,210,174,970	344,882,236	2,555,057,206
		694,093,038	697,637,605	311,205,380	347,238,947	160,000,000	2,210,174,970	344,882,236	2,555,057,206
On Balance Sheet Gap		(434,896,001)	(487,361,381)	116,018,190	11,915,394	(110,000,000)	(904,323,798)	678,350,171	(225,973,627)



B.R.R. Guardian Modaraba
(formerly 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 2006
FINANCIAL ASSETS									
Cash and Bank Balances	2.25 - 5.50	73,281,521	-	-	-	-	73,281,521	15,402,948	88,684,469
Musharaka and Morabaha Finance	9.5 - 18.27	125,646,107	207,349,058	383,144,012	84,558,214	-	800,697,391	-	800,697,391
Investments	10.95 - 16.00	258,557,287	59,215,300	1,111,100	117,829,260	9,999,990	446,712,937	367,092,478	813,805,415
Lease Rentals Receivable		-	-	-	-	-	-	9,550,211	9,550,211
Loans, Advances and Prepayments		-	-	-	-	-	-	22,671,482	22,671,482
Accrued Profit		-	-	-	-	-	-	147,344,996	147,344,996
Other Receivables		-	-	-	-	-	-	94,608,001	94,608,001
Off balance sheet		457,484,915	266,564,358	384,255,112	202,387,474	9,999,990	1,320,691,849	656,670,116	1,977,361,965
		457,484,915	266,564,358	384,255,112	202,387,474	9,999,990	1,320,691,849	656,670,116	1,977,361,965
FINANCIAL LIABILITIES									
Musharaka and Finance Under Mark-up Arrangement	7.30 - 16.00	374,379,075	735,089,270	347,740,683	665,707,125	-	2,122,916,153	-	2,122,916,153
Creditors, Accrued and Other Liabilities		-	-	-	-	-	-	70,306,128	70,306,128
Accrued Profit on Borrowings		-	-	-	-	-	-	18,574,732	18,574,732
Customers Security Deposits		-	-	-	-	-	-	226,971,831	226,971,831
Profit Payable		-	-	-	-	-	-	13,457,860	13,457,860
		374,379,075	735,089,270	347,740,683	665,707,125	-	2,122,916,153	329,310,551	2,452,226,704
Off Balance Sheet		374,379,075	735,089,270	347,740,683	665,707,125	-	2,122,916,153	329,310,551	2,452,226,704
		374,379,075	735,089,270	347,740,683	665,707,125	-	2,122,916,153	329,310,551	2,452,226,704
On Balance Sheet Gap		83,105,840	(468,524,912)	36,514,429	(463,319,651)	9,999,990	(802,224,304)	327,359,565	(474,864,739)



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

33.4 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 tech

	2007		2006	
	Rupees	Percentage of total	Rupees	Percentage of total
Segment by class of business for investments				
Mutual Funds	112,171,057	10.30	214,805,047	26.40
Modaraba	2,947,200	0.27	3,270,193	0.40
Leasing	31,501,825	2.89	72,103,363	8.86
Investment Banks/Cos./Securities	225,868,613	20.75	140,859,466	17.31
Commercial Banks	196,601,376	18.06	54,651,079	6.72
Insurance	39,786,608	3.66	20,767,019	2.55
Textile weaving	820,000	0.08	4,219,637	0.52
Textile composite	12,270,779	1.13	29,845,246	3.67
Synthetic and Royan	2,511,787	0.23	3,071,355	0.38
Jute	1,004,400	0.09	507,150	0.06
Sugar and allied industries	12,000,000	1.10	20,599,638	2.53
Cement	32,150,643	2.95	19,580,462	2.41
Refinery	8,682,384	0.80	6,695,523	0.82
Power Generation & Distribution	5,325,170	0.49	3,579,879	0.44
Oil and Gas Marketing Companies	56,506,241	5.19	37,632,103	4.62
Oil and Gas Exploration Companies	190,003,065	17.45	30,617,256	3.76
Automobile assembler	5,291,250	0.49	4,140,053	0.51
Engineering	9,613,420	0.88	5,897,767	0.72
Transport	2,957,240	0.27	1,991,976	0.24
Technolgy and Communication	26,993,712	2.48	21,387,252	2.63
Fertilizer	62,690,182	5.76	43,170,500	5.30
Pharmaceuticals	18,583,719	1.71	12,808,306	1.57
Chemicals	5,950,543	0.55	22,677,114	2.79
Paper & board	8,794,092	0.81	6,221,962	0.76
Food & personal care	15,808,200	1.45	12,726,936	1.56
Miscellaneous	1,704,885	0.16	19,979,133	2.46
	1,088,538,391	100.00	813,805,415	100.00

33.5 Fair Value Risk

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

34. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors have approved appropriations for Cash Dividend @ 8.5% (2006 : 7%) and General Reserve Rs.7,832,900/- (2006 : Rs.4,000,000/-) for the year ended June 30, 2007. These financial statements do not reflect these appropriations.



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

35. RELATED PARTY TRANSACTIONS

Relationship with the Company	Nature of transactions	2007 Rupees	2006 Rupees
Management Company	Management fee	14,582,290	14,611,060
	Rent received	1,757,089	96,000
	Share of Common Expenses Received	315,634	780,000
	Share of Common Expenses Paid	-	16,050
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	611,000,000	446,200,000
	Repayment of Short Term Borrowing	611,000,000	471,200,000
	Assets Leased Out	-	5,598,050
	Profit Paid on Short Term Borrowing	5,183,362	673,652
	Rent received	4,393,004	9,803,858
	Share of Common Expenses Received	13,410,624	4,782,491
	Share of Common Expenses Paid	2,397,432	5,769,443
	Recovery against investments	-	318,000
	Investment Written off	-	24,322,400
	Investment made	-	12,822,805
Lease Rentals Received	16,133,157	8,107,600	

36. DATE OF ISSUE

These financial statements were authorised for issue on September 8, 2007 by the Board of Directors of the B.R.R. Investments (Private) Limited.

37. GENERAL

Figures have been rounded off to the nearest Rupee.

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

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

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



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

Pattern of Certificates Holding as at June 30, 2007

No. of Certificate Holdrs	Certificate Holding		Total Certificate Held
	From	To	
1734	1	100	90,247
2880	101	500	1,287,357
1485	501	1,000	1,163,647
1110	1,001	5,000	2,699,384
242	5,001	10,000	1,866,339
97	10,001	15,000	1,273,201
51	15,001	20,000	928,188
44	20,001	25,000	1,040,385
38	25,001	30,000	1,086,836
26	30,001	35,000	845,677
16	35,001	40,000	604,635
12	40,001	45,000	520,830
20	45,001	50,000	973,988
7	50,001	55,000	365,690
6	55,001	60,000	352,400
4	60,001	65,000	260,775
5	65,001	70,000	340,220
9	70,001	75,000	658,889
6	75,001	80,000	464,824
1	80,001	85,000	80,365
2	85,001	90,000	175,400
6	95,001	100,000	630,280
2	100,001	105,000	205,000
4	105,001	110,000	460,562
3	115,001	120,000	353,890
1	120,001	125,000	124,000
2	125,001	130,000	257,210
1	130,001	135,000	131,760
3	140,001	145,000	461,693
4	145,001	150,000	666,000
2	160,001	165,000	361,137
1	170,001	175,000	175,000
2	180,001	185,000	363,860
1	185,001	190,000	186,050
2	195,001	200,000	400,000
1	200,001	205,000	200,100
2	205,001	210,000	414,070
1	215,001	220,000	215,480
3	230,001	235,000	749,028
1	245,001	250,000	305,000
1	260,001	265,000	264,000
1	265,001	270,000	269,500
1	290,001	295,000	293,776
1	295,001	300,000	295,241
1	320,001	325,000	323,910
1	325,001	330,000	328,180
1	335,001	340,000	340,000
1	395,001	400,000	400,000
1	410,001	415,000	412,360
1	425,001	430,000	425,780
1	430,001	435,000	431,880
1	470,001	475,000	473,360
1	495,001	500,000	496,900



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

No. of Certificate Holdrs	Certificate Holding		Total Certificate Held
	From	To	
1	600,001	- 605,000	601,290
1	670,001	- 675,000	673,350
1	780,001	- 785,000	955,027
1	785,001	- 790,000	786,000
1	815,001	- 820,000	817,071
1	820,001	- 825,000	821,985
1	995,001	- 1,000,000	1,000,000
1	1,000,001	- 1,005,000	1,002,000
1	1,015,001	- 1,020,000	1,015,250
1	1,145,001	- 1,150,000	1,146,190
1	1,380,001	- 1,385,000	1,381,060
1	1,405,001	- 1,410,000	1,409,100
1	1,520,001	- 1,525,000	1,522,500
1	1,835,001	- 1,840,000	1,838,500
1	1,995,001	- 2,000,000	2,000,000
0	2,205,001	- 2,210,000	2,208,779
2	2,445,001	- 2,450,000	2,985,279
1	2,995,001	- 3,000,000	3,000,000
1	3,005,001	- 3,010,000	3,006,274
1	3,075,001	- 3,080,000	3,079,660
1	3,095,001	- 3,100,000	3,096,714
1	7,310,001	- 7,315,000	7,310,943
1	7,890,001	- 7,895,000	7,895,000
<u>7873</u>			<u>78,046,255</u>

Categories of Certificates Holders as at June 30, 2007

S. No.	Categories of Certificate Holders	No. of Certificate Holders	Certificate Held	Percentage
1	Individual	7767	34,342,935	44.00%
2	Insurance Companies	3	7,318,593	9.38%
3	Joint-Stock Companies	51	1,680,408	2.15%
4	Financial Institutions	22	14,304,840	18.33%
5	Modaraba Companies	3	10,895,007	13.96%
6	Investment Companies	11	2,408,776	3.09%
7	Associated Companies	2	3,940,306	5.05%
8	Others	14	3,155,390	4.04%
		<u>7873</u>	<u>78,046,255</u>	<u>100.00%</u>



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

Additional Information

Category No.	Categories of Certificate Holders	Number	Certificates Held	Percentage
1	Associated Companies			
	Providence Modara Limited		2,985,279	3.83
	Guardian Modarba Management		955,027	1.22
	B.R.R. Investment (Pvt) Limited		7,899,400	10.12
		3	11,839,706	15
2	NIT & ICP			
	National Bank of Pakistan, Trustee Deptt.		6,398,664	8.20
	Investment Corporation of Pakistan		31,698	0.04
		2	6,430,362	8.24
3	Directors, CEO and their Spouses and Minor Children			
	Ayaz Dawood		45,812	0.06
	Farida Rokadia		37,269	0.05
	Majid Dawood		2,500	0.00
	Tawqir Shamshad		2,000	0.00
		4	87,581	0.11
4	Public Sector Companies and Corporation	1	7,310,943	9.37
5	Banks, DFIs, NBFIs, Insurance Companies, Modarbas and Mutual Funds	28	20,597,454	26.39
6	Certificate Holders holding ten percent or more in the Modarba			
	B.R.R. Investment (Pvt.) Limited		7,899,400	10.12



B.R.R. Guardian Modaraba
(formerly B.R.R. International Modaraba)

Key Operating and Financial Data

	2007	2006	2005	2004	2003	2002
Profit & Loss Account	← (Rs. In million) →					
Profit & Loss Account						
Operating income	885.53	883.49	580.95	512.97	543.01	509.74
Other income	13.14	3.64	28.75	37.78	25.69	50.70
Amortisation	377.40	493.21	414.07	363.75	336.61	282.58
Financial charges	253.08	183.74	45.41	34.21	105.69	121.25
Operating expenses	90.59	66.10	45.60	41.00	40.59	41.89
Provision/(Reversal) for doubtful debts/receivables	17.73	(2.69)	(6.79)	(8.74)	(22.98)	35.49
Provision for diminution in the value of investments - charge/(written back)	-	0.09	6.98	(0.57)	(5.92)	2.02
Net Profit	147.10	140.46	82.21	106.05	103.24	69.49
Dividend	-	64.32	53.01	67.47	77.11	53.01
Balance Sheet						
Paid-up Capital	780.46	780.46	481.93	481.93	481.45	481.93
Reserves	854.68	644.30	390.84	293.60	253.45	224.69
Certificate Holders Equity	1,635.14	1,424.76	872.77	775.53	734.90	706.62
Borrowings	2,210.17	2,122.92	874.30	554.08	705.68	1,365.30
Lease Portfolio	1,100.08	1,301.05	1,187.46	1,033.82	1,021.20	891.54
Morabaha & Musharaka Portfolio	1,069.90	800.70	326.27			

Performance Indicators						
Earnings per certificate (Rs.)	1.88	1.80	1.71	2.20	2.14	1.44
Profit paid per certificate (Rs.)	0.85	0.70	1.10	1.40	1.60	1.10
Profit paid per certificate (%)	8.50	7.00	11.00	14.00	16.00	11.00
Profit payout (after statutory reserves) (%)	90.19	92.81	92.11	90.89	93.36	95.36
Break-up value per certificate (Rs.)	20.95	18.26	18.11	16.09	16.09	14.66
Market value per certificate (Rs.)	8.70	6.85	7.95	14.50	9.30	7.75
Return on Equity (%)	9.00	9.86	10.03	13.67	13.31	9.83
Price Earnings ratio	4.63	3.81	4.66	6.59	4.35	5.38
Income/Expense ratio	1.25	1.19	1.21	1.25	1.18	1.26
Financial Charges/Total Expenses (%)	35.10	24.73	8.99	7.79	21.89	27.20
* On the basis of merged accounts						

BOOK POST
Printed Matter

UNDER CERTIFICATE OF POSTING

If undelivered, please return to :
B.R.R. Guardian Modaraba
1500-A, Saima Trade Towers,
I. I. Chundrigar Road ,
Karachi-74000