



B.R.R. Guardian Modaraba

(An Islamic Financial Institution)

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

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

CORPORATE INFORMATION

Modaraba Company	B.R.R. Investments (Private) Limited
Chairman	Mr. Rafique Dawood
Chief Executive	Mr. Ayaz Dawood
Directors	Mrs. Farida Rokadia Mr. Majid Dawood Mr. Tauqir Shamshad
Audit Committee	Mrs. Farida Rokadia – Chairperson Mr. Majid Dawood – Member Mr. Tauqir Shamshad – Member
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 Dawood Islamic Bank 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 : 92-21-227-1912-13
Registrars	F.D Registrar Services (SMC-Pvt.) Ltd 17th Floor, Saima Trade Tower-A I.I. Chundrigar Road, Karachi. Phone # 2271875
Branch Offices	Suite No. 210, 5th Floor, Siddiq Trade Centre, Main Boulevard, Gulberg – III, Lahore Office No. 20 & 21, 1st Floor, Beverly Centre, 56-G7, Jinnah Avenue, Islamabad-44000
Security Vault	187-G, Block-2, Shahrah-e-Quaideen, PECHS. Karachi-754000



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

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 holder, management and customers.

VISION

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

OVERALL CORPORATE STRATEGY

To become a market leader of Islamic Financial Products through:

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



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

The Board of Directors of B.R.R. Investments (Pvt) Ltd Manager of B.R.R Guardian Modaraba (BRRGM) in their meeting held on September 22, 2008 have declared cash dividend of BRRGM @ Re .90 per Certificate i.e 9% for the year ended June 30, 2008.

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 22, to October 28, 2008 (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 21, 2008 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-IX of Certificate Holders of BRRGM will be held on Tuesday 28th October 2008 at 02:30 pm at the Registered Office at 1500 – A, Saima Trade Towers. I.I Chundrigar, Road, Karachi

Place Karachi
September 26, 2008

By Order of the Board
Company Secretary



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DIRECTORS' REPORT

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

Dear Certificateholders,

On behalf of the Board of Directors of B.R.R. Investments (Private) Limited ('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, 2008.

Operations and Performance

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

	June 30, 2008	June 30, 2007
Rupees.....	
Lease Rentals	520,715,374	568,916,741
Income on Musharika and Morabaha Finances	138,403,190	116,813,556
Income on Investments	195,689,131	141,206,939
Rental Income	64,616,473	57,210,251
Total Income	921,625,344	885,525,738
Total Expenses	712,469,695	735,112,519
Profit Before Taxation	151,671,260	131,240,614
Taxation - Prior Years	-	15,861,574
Profit After Taxation	151,671,260	147,102,188

Operations and Performance

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 manner as possible.

During this year your Modaraba has successfully launched Privately Placed Diminishing Musharika Based Term Finance Certificates of Rs.800 million on very fine terms in the history of Modaraba Sector and under adverse market conditions.

The income from investments revenues have significantly contributed to increased from Rs.141.20 million in 2007 to Rs.195.68 million this year.

Total assets grew by 7.67% from last years' Rs.4.19 billion to Rs.4.51 billion this year. Leasing portfolio stood at Rs.907 million in a highly competitive environment. The musharaka/morabaha finances and investments portfolio increased to Rs.1.17 billion (2008) and Rs.1.43 billion respectively from Rs.1.07 billion and Rs.1.09 billion.

Further,

- The surplus on revaluation of investments as at June 30, 2008 was 437.03 million as compared to Rs.324.22 million last year.
- The break-up value of our certificate has also increased to Rs.23.49 from Rs.20.95 per certificate.

Financial expense for the year amounted to Rs.249.84 million as against Rs.253.08 million last year, shows management's efforts to tighten budgetary control in a rising markup rate scenario.



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Profit Distribution

Keeping in view the good performance of Modaraba, the Directors have approved distribution of profit of Re.0.90 per certificate of Rs.10 each i.e. 9%, for the year ended June 30, 2008 amounting to Rs.70,241,638/-

An amount of Rs.5 million has also proposed to transfer to General reserve increasing it by 9.80% to Rs.56 million.

An amount of Rs.75,835,630/- has been transferred to statutory reserve in compliance with the Prudential Regulations for Modarabas and therefore increasing your Modarabas equity.

Economic Scenario

The worldwide food and oil crises geo-political development in the region and the recent internal turmoil has obviously effected the growth of our economy also. The rising interest rates scenario and the current account deficit have further fuelled to our problem. The aforesaid factors are exerting a lot of pressure on different sectors of the economy. But we are optimistic that the newly formed government would be able to introduce new investor base and business friendly policies to takeout Pakistan from this temporary crises. SBP in this regard has already undertaken drastic measures to ensure that our focus will continue to change to face the global challenges.

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 geared to maintain proper check & controls.

Compliance with the Best Practice of the Code of Corporate Governance

Your Management Company has implemented provisions of the code of corporate governance relevant for the year ended June 30, 2008. 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 4.1 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.



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- | The system of internal controls is sound in design and has been effectively implemented and monitored.
- | There are no significant doubts over the ability to continue as going concern.
- | There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- | There are no statutory payments on account of taxes, duties, levies and charges outstanding, except as disclosed in the financial statements.
- | There has been no departure from the best practices of transfer pricing.

Trading/Dealing in Shares of the Company

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

Statement of Ethics and Business Practices

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

Staff Retirement Benefits

First Dawood Group operates a provident Fund scheme for all permanent employees. The value of investment to date is Rs.68.04 million.

Post Balance Sheet Events

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

Transaction with Connected Persons/Related Parties

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

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.



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Board Meetings

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

Credit Rating

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

Pattern of Shareholding

The pattern of shareholding as on June 30, 2008 along with disclosure as required under the Code of Corporate Governance is annexed.

Appreciation

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

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

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

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

Karachi
September 22, 2008

Rafique Dawood
Chairman



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STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE & BEST PRACTICES ON TRANSFER PRICING FOR THE YEAR ENDED JUNE 30, 2008.

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 along with 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 meeting, 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 Chief Financial Officer, Internal Auditors and Company Secretary including their remuneration and terms and conditions of employment as determined by the Chief Executive Officer.



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11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. Financial Statement of the Modaraba for the half year ended December 31, 2007 quarter ended September 30, 2007, March 31, 2008 and full year ended June 30, 2008 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 executive 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 comprise 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 representative 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 al other material principles contained in the Code have been complied.

For and on behalf of the Board

Karachi
September 22, 2008

Ayaz Dawood
Chief Executive Officer

Deloitte.

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

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Fax : +92 (0) 21-454 1314
Web : www.deloitte.com

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

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

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Modaraba Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Modaraba 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, 2008.

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Karachi
September 22, 2008

A member firm of
Deloitte Touche Tohmatsu

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants
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AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of B.R.R. Guardian Modaraba as at June 30, 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

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

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Karachi
September 22, 2008



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BALANCE SHEET AS AT JUNE 30, 2008

ASSETS	Note	2008 Rupees	2007 Rupees
Current Assets			
Cash and Bank Balances	5	9,881,040	12,950,454
Musharaka and Murabaha Finances	6	898,360,765	843,153,780
Short term Investments	7	1,263,855,513	951,757,702
Lease Rentals Receivable	8	44,125,278	22,821,183
Loans, Advances and Prepayments	9	14,440,541	45,687,762
Accrued Profit	10	39,524,129	52,217,261
Other Receivables	11	16,395,739	32,349,611
Taxation Refundable		10,354,140	9,354,271
Total Current Assets		2,296,937,145	1,970,292,024
Long Term Portion of Musharaka and Murabaha Finances	6	280,969,899	226,750,555
Long Term Loans	9	11,100,966	4,551,025
Long Term Investments	12	166,023,847	136,780,689
Long Term Deposits		3,017,000	387,000
Property and Equipment - Own	13	78,806,755	82,570,890
Property, Plant and Equipment - Leased	14	907,870,850	1,100,088,457
Capital Work In Progress	15	163,862,890	100,014,124
Investment Properties	16	607,128,379	572,517,055
TOTAL ASSETS		4,515,717,731	4,193,951,819
LIABILITIES			
Current Liabilities			
Murabaha and Finance Under Markup Arrangements	17	1,379,462,029	1,702,936,023
Creditors, Accrued and Other Liabilities	18	70,366,778	59,615,160
Accrued Profit on Borrowings	19	41,305,497	34,005,472
Customers' Security Deposits		30,674,093	38,516,540
Profit Payable	20	19,351,590	15,729,117
Total Current Liabilities		1,541,159,987	1,850,802,312
Diminishing Musharaka Based TFCs'	21	680,000,000	-
Long Term Portion of Murabaha Finances	17	265,654,834	507,238,947
Long Term Portion of Rentals Received in Advance	18	5,600,945	1,969,855
Long Term Portion of Customers' Security Deposits		188,676,499	197,015,948
Deferred Liability - Staff Gratuity	22	1,340,466	1,784,000
TOTAL LIABILITIES		2,682,432,731	2,558,811,062
NET ASSETS		1,833,285,000	1,635,140,757
Represented By:			
Certificate Capital	23	780,462,550	780,462,550
Capital Reserves		488,522,189	412,686,559
Revenue Reserve		51,000,000	43,167,100
Surplus on Revaluation of Investments		437,033,048	324,220,746
Unappropriated Profit		76,267,213	74,603,802
		1,833,285,000	1,635,140,757
Commitments	24		

The annexed notes 1 to 40 form an integral part of these financial statements.

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

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

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



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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008 Rupees	2007 Rupees
Lease Rentals		520,715,374	568,916,741
Income on Musharaka and Murabaha Finances		138,403,190	116,813,556
Income on Investments	25	195,689,131	141,206,939
Share of Profit from Associate		2,043,158	610,689
Income on Balance with Banks	26	158,018	767,562
Rental Income	27	64,616,473	57,210,251
		921,625,344	885,525,738
Amortisation on Leased Assets		362,267,449	377,404,493
Impairment Loss on Leased Assets - Net		1,488,968	14,034,908
Operating Expenses	28	98,877,029	90,591,043
Financial Charges	29	249,836,249	253,082,075
		712,469,695	735,112,519
		209,155,649	150,413,219
Provision / (Reversal) for Doubtful Receivables - Net	30	21,822,339	17,732,306
Deficit on Revaluation of Investments - Held for trading		27,573,595	-
		49,395,934	17,732,306
Other Income	31	8,763,907	13,141,991
		168,523,622	145,822,904
Modaraba Company's Management Fee		16,852,362	14,582,290
Profit Before Taxation		151,671,260	131,240,614
Taxation - Prior Years Written Back	32	-	15,861,574
Profit for the Year		151,671,260	147,102,188
Basic / Diluted Earnings Per Certificate	33	1.94	1.88

The annexed notes 1 to 40 form an integral part of these financial statements.

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

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

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



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CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2008

	2008 Rupees	2007 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Taxation	151,671,260	131,240,614
Adjustment for Non-Cash Charges and Other Items:		
Depreciation	41,032,417	34,040,162
Amortisation	362,267,449	377,404,493
Impairment loss	1,488,968	14,034,908
Share of Profit from Associate	(2,043,158)	(610,689)
Provision for Doubtful Musharaka Finances	31,209,934	7,593,645
Fixed Capital Expenditure on Property, Plant and Equipment-Leased	(337,092,628)	(254,131,084)
Proceeds on Disposal of Property, Plant and Equipment- Leased	167,092,370	101,398,229
Profit on Disposal of Property and Equipment- Own	(243,821)	(396,341)
Profit on Disposal of Investment Property	(1,685,949)	-
Profit on Disposal of Property, Plant and Equipment -leased	(1,538,552)	(6,833,768)
Profit on Musharaka, Murabaha and Finance Under Mark up Arrangements	249,604,764	251,653,943
Staff Gratuity	861,000	551,300
Income on Investments	(195,689,131)	(141,206,939)
	315,263,663	383,497,859
(Increase) / Decrease in Current Assets		
Lease Rentals Receivable	(21,304,095)	(13,270,972)
Loans, Advances and Prepayments	24,697,280	(23,151,805)
Accrued Profit	10,624,599	104,925,411
Other Receivables	15,901,968	60,611,292
	29,919,752	129,113,926
Increase / (Decrease) in Current Liabilities		
Creditors, Accrued and Other Liabilities	10,209,368	2,899,119
Customers' Security Deposits	(16,181,897)	8,560,656
Rentals Received in Advance	4,173,340	(11,620,232)
Income Tax Refunded	(999,870)	15,243,538
	(2,799,058)	15,083,081
Staff Grauity paid	(1,304,534)	-
Net Cash generated from Operaing Activities	492,751,083	658,935,480



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	2008 Rupees	2007 Rupees
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	(228,528,666)	(146,520,042)
Income Received on Investments	199,852,726	133,055,361
Increase in Murabaha and Musharaka Finances	(140,636,263)	(276,800,589)
Fixed Capital Expenditure on Investment Property	(69,029,214)	(201,503,561)
Fixed Capital Expenditure on Assets - Own	(71,931,288)	(33,137,566)
Proceeds on Disposal of Assets - Own and investment property	7,161,900	1,219,392
Long Term Deposits	(2,630,000)	32,500
Net Cash Used in Investing Activities	(305,740,805)	(523,654,505)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Murabaha and Finance Under Mark up Arrangements	(565,058,107)	87,258,817
Diminishing Musharaka Based TFCs'	680,000,000	-
Profit Paid on Borrowings	(242,304,739)	(236,223,203)
Profit Paid to Certificate Holders	(62,716,845)	(62,050,604)
Net Cash used in Financing Activities	(190,079,691)	(211,014,990)
Net Decrease in Cash and Cash Equivalents (A+B+C)	(3,069,414)	(75,734,015)
Cash and Cash Equivalents at the Beginning of the Year	12,950,454	88,684,469
Cash and Cash Equivalents at the End of the Year	9,881,040	12,950,454

The annexed notes 1 to 40 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
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(Private) Limited



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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2008

	Certificate Capital	Capital Reserves		General Reserve	Surplus on Revaluation of Investments	Unappropriated Profit	Total
		Profit Prior to Floatation	* Statutory Reserve				
Rupees							
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	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
Profit Distribution Declared for the Year Ended June 30, 2006	-	-	-	-	-	(64,321,861)	(64,321,861)
Unrealised Profit on Revaluation of Investments	-	-	-	-	127,431,244	-	127,431,244
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 for the year ended June 30, 2006	-	-	-	7,000,000	-	(7,000,000)	-
Transferred to Statutory Reserve for the year ended June 30, 2007	-	-	73,551,094	-	-	(73,551,094)	-
Balance as at June 30, 2007	780,462,550	10,532,683	402,153,876	43,167,100	324,220,746	74,603,802	1,635,140,757
Balance as at July 01, 2007	780,462,550	10,532,683	402,153,876	43,167,100	324,220,746	74,603,802	1,635,140,757
Profit Distribution Declared for the Year Ended June 30, 2007	-	-	-	-	-	(66,339,318)	(66,339,318)



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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	-	-	-	-	112,812,302	-	112,812,302
Profit for the Year	-	-	-	-	-	151,671,260	151,671,260
Total recognised income and expense for the year-	-	-	-	-	112,812,302	151,671,260	264,483,562
Transferred to General Reserve for the year ended June 30, 2007	-	-	-	7,832,900	-	(7,832,900)	-
Transferred to Statutory Reserve for the year ended June 30, 2008	-	-	75,835,630	-	-	(75,835,630)	-
Balance as at June 30, 2008	780,462,550	10,532,683	477,989,506	51,000,000	437,033,048	76,267,213	1,833,285,000

* 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 40 form an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

1. LEGAL STATUS AND NATURE OF THE BUSINESS

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

2. STATEMENT OF COMPLIANCE

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

SECP has notified the Islamic Financial Accounting Standard 1 'Murabaha', issued by the Institute of Chartered Accountants of Pakistan, relating to accounting for Murabaha transactions undertaken by a bank and similar financial institution. Modaraba has accordingly changed its accounting policy for revenue recognition and associated assets in relation to disbursement of Murabaha Finance.

In addition SECP has also notified Islamic Financial Accounting Standard 2 'Ijarah', issued by the Institute of Chartered Accountants of Pakistan. This standard is operative for financial statements covering the period beginning on or after 1 July, 2007 and is required to be followed on those ijarahas which commence after the above mentioned date. The Modaraba Association of Pakistan (MAP) has approached the SECP for the deferment of the said standard, therefore, till the resolution of the matter Modaraba has not adopting the said standard. During the year Modaraba has disbursed lease finance amounting to Rs. 337.093 Million. There will be no significant impact on the profit for the year and the assets of the Modaraba if this standard is made applicable on the financial statements of the Modaraba.

2.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following revised standards and interpretations with respect to approved Accounting Standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretations.

Standards and Interpretations	Effective date (accounting periods beginning on or after)
IFRS 7 Financial Instruments: Disclosures	April 28, 2008
IFRIC 11 Group and Treasury Share Transactions	March 01, 2007
IFRIC 12 Service Concession Arrangements	January 01, 2008
IFRIC 13 Customer Loyalty Programs	July 01, 2008
IFRIC 14 The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interactions	January 01, 2008

The modaraba expects that the adoption of the above standards and interpretations will have no material impact on the modaraba's financial statements in the period of initial application.

In addition to the above, the following new standards have been issued by the IASB but have not yet been adopted by the Institute of Chartered Accountants of Pakistan or notified by the SECP and hence presently do not form part of the local financial reporting framework:



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IFRS 4 Insurance Contracts
IFRS 8 Operating Segments

3. BASIS OF PREPARATION

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Change in Accounting Policy - Murabaha Finance

In view of introduction of IFAS -1 'Murabaha' profit from Murabaha Finance is accounted for on culmination of Murabaha transaction. However, the profit on that portion of Murabaha Finance not due for payment is deferred by accounting for "Deferred Murabaha Income" with a corresponding credit to "Unearned Murabaha Income" which is recorded as a liability. The same is then recognised on a time proportion basis. The change does not have any impact on the profit for the year.

4.2 Property, plant and equipment

(i) Leased out and amortisation

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

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

(ii) In own use and depreciation

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

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

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

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

4.3 Investment 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.

4.4 Investments

i) Held for trading

These investments are initially recognised at fair value and subsequently measured at fair value. As per



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

ii) Available for sale

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

iii) Held to maturity

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

iv) Derecognition

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

4.5 Lease rentals receivable, murabaha and musharaka finances

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

4.6 Staff retirement benefits

Defined contribution plan

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

Defined benefit plan

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

4.7 Provisions

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

4.8 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.



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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.

4.9 Revenue recognition

Lease rentals

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

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.

Murabaha and musharaka transactions

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

As disclosed in Note 4.1 Modaraba has changed accounting policy for revenue recognition on murabaha transactions, previously profit from murabaha transactions is recognised on the basis of pro rate accrual of the profit estimated over the period.

Dividend income

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

4.10 Taxation

Current

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

Deferred

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

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

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

4.11 Foreign currencies translation

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

4.12 Financial assets

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

4.13 Financial liabilities

Financial liabilities are classified according to the substance of contractual arrangements entered into. Significant



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financial liabilities are musharaka, morabaha and finance under mark up arrangements, deposit on lease contracts and accrued and other liabilities.

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, with banks on current, savings and deposit accounts, as well as balance held with the State Bank of Pakistan (SBP).

4.15 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 8)
- ii) provision for doubtful receivables (Note 9)
- iii) depreciation on property and equipment (Note 13)
- iv) impairment of property, plant and equipment - leased (Note 16)

4.16 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.

5. CASH AND BANK BALANCES	Note	2008 Rupees	2007 Rupees
With State Bank of Pakistan		26,023	29,023
With Banks on:			
- PLS Savings Accounts	5.1	3,454,757	3,516,250
- Foreign Currency Savings Accounts		3,215,098	2,651,765
- Current Accounts		3,060,474	6,587,651
Cash in Hand		124,688	165,765
		<u>9,881,040</u>	<u>12,950,454</u>

5.1 Effective mark-up rate in respect of PLS accounts ranges from 1% to 5.5% (2007: 1% to 5.5%) per annum.

6. MUSHARAKA AND MURABAHA FINANCES

Musharaka Finances	6.1	1,262,415,463	1,115,440,039
Murabaha Finances	6.2	6,143,840	12,483,001
		<u>1,268,559,303</u>	<u>1,127,923,040</u>
Less: Long Term Portion			
Musharaka Finances		280,969,899	214,267,554
Murabaha Finances		-	12,483,001
		<u>280,969,899</u>	<u>226,750,555</u>
Less: Provision for Doubtful Receivables		89,228,639	58,018,705
		<u>898,360,765</u>	<u>843,153,780</u>



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6.1 The expected profit receivable on these arrangements ranging from Re.0.233 to Re.0.603 per Rs.1,000 per day (2007: Re.0.041 to Re.0.719 per Rs.1,000 per day). The arrangements are secured by way of hypothecation of stock, property mortgage, charged on property and equipment and pledge of shares. These finance are receivable on various dates up to June 21, 2013.

6.2 Murabaha	Note	2008 Rupees	2007 Rupees
		6,143,840	
		<u>6,143,840</u>	

The return on these murabaha ranges from 14% to 18% per annum maturing within two months. Detail of murabaha transactions from July 01, 2007 is as under : (Refer note 4.1)

Murabaha sale price	6,241,340
Purchase price	5,650,000
	<u>591,340</u>

Deferred Murabaha income

Opening balance	-
Deferred during the year	591,340
Recognised during the year	119,122
	<u>472,218</u>

Murabaha receivable

Opening balance	-
Sales during the year	6,241,340
Received during the year	97,500
	<u>6,143,840</u>

7. SHORT TERM INVESTMENTS

Held for Trading:

Investments in Listed Companies and Mutual Funds	7.1	317,386,648	249,857,923
Available for Sale:			
Investments in Listed Companies and Mutual Funds	7.2	667,893,757	448,237,967
Investments in Unlisted Companies	7.3	9,999,990	23,882,990
Investments in Listed Debt Securities	7.4	268,575,118	209,778,822
		946,468,865	681,899,779

Held to maturity:

Placements with Financial Institutions	7.5	-	20,000,000
Term Finance Certificates - Dewan Cement Ltd	7.6	-	-
		-	20,000,000
		<u>1,263,855,513</u>	<u>951,757,702</u>



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7.1 Held for Trading : Investments in Listed Companies/Mutual Funds include the following:
Unless stated otherwise, the holdings are in the fully paid ordinary shares / certificates / units of Rs.10/- each.

2008 No. of Shares / Certificates / Units	2007 No. of Shares / Certificates / Units	Name of Investee	2008 Rupees	2007 Rupees
-	40,000	Open-End Mutual Fund AKD Opportunity Fund (Par value Rs. 50)	-	2,510,000
-	479,034	Al Falah GHP Value Fund (Par value Rs. 50)	-	29,987,548
39,498	25,000	Pakistan Capital Market Fund (Par value Rs. 10)	428,553	365,250
938,615	-	POBOP Advantage Plus Fund (Par value Rs. 50)	50,129,550	-
132,903	123,403	Closed-End Mutual Fund First Dawood Mutual Fund	948,927	1,110,627
25,025	22,750	Golden Arrow Selected Stocks Fund (Par value Rs. 5)	168,168	188,825
5,400,000	5,400,000	NAMCO Balanced Fund	50,274,000	52,650,000
37,500	37,500	Pakistan Strategic Allocation Fund	345,375	393,750
73,675	73,675	PICIC Growth Fund	1,751,255	2,490,215
207,000	207,000	Modarabas First Equity Modaraba Managed by Premier Financial Services Private Limited	610,650	993,600
1,150	1,150	Leasing Companies Orix Leasing Pakistan Limited	28,739	34,213
2,500	100,960	Investment Banks/Cos./Securities Arif Habib Securities Limited	403,700	11,771,936
383,150	383,150	First Dawood Investment Bank Limited (Associated Undertaking)	26,801,343	11,092,193
-	10,000	First National Equities Limited	-	376,000
1,000	-	Jahangir Siddiqui & Company Limited	530,150	-
100,245	175	Javed Omer Vohra & Company Limited	5,351,078	40,862
30,000	-	JS Investments Limited	2,852,100	-
18,150	6,050	Orix Investment Bank Pakistan Limited	89,843	131,890
-	125	Pakistan Industrial Credit and Investment Corporation Limited	-	10,263
651	592	Trust Investment Bank Limited	19,829	21,904
-	20,222	Commercial Banks Askari Bank Limited	-	2,141,510
-	95,060	Bank AL Habib Limited	-	6,321,490
-	10,000	Bank Al Falah Limited	-	651,000
-	212	Crescent Commercial Bank Limited	-	4,759
-	1,956	Faysal Bank Limited	-	144,744
-	37	KASB Bank Limited	-	851
-	9,133	MCB Bank Limited	-	3,333,545
-	12,338	National Bank of Pakistan	-	3,232,556
1,927	-	NIB Bank Limited	21,910	-
-	25,000	PICIC Commercial Bank Limited	-	1,100,000
-	42,072	Soneri Bank Limited	-	2,374,964
-	10,000	Standard Chartered Bank (Pakistan) Limited	-	529,500
3	59,091	The Bank of Punjab	93	6,884,102
-	312	United Bank Limited	-	68,624



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2008 No. of Shares / Certificates / Units	2007	Name of Investee	2008 Rupees	2007 Rupees
		Insurance		
-	12,886	Adamjee Insurance Company Limited	-	4,200,192
-	68,513	Atlas Insurance Limited	-	8,906,562
-	16,327	New Jubilee Insurance Company Limited (Par value Rs. 5)	-	1,975,567
-	18,400	New Jubilee Life Insurance Company Limited	-	924,600
-	10,000	Pakistan Reinsurance Company Limited	-	2,229,500
-	6,544	PICIC Insurance Limited	-	328,182
-	5,184	Premier Insurance Limited (Par value Rs. 5)	-	229,133
		Textile Composite		
35,000	-	Artistic Denim Mills Limited	1,489,950	-
957,238	957,238	Azgard Nine Limited (Non-convertible preference shares)	7,657,904	6,365,633
1,032	1,032	Azgard Nine Limited (Convertible preference shares)	29,464	22,704
10,443	443	Azgard Nine Limited	642,871	23,390
12,764	-	Dawood Lawrancepur Limited	1,807,765	-
11,500	11,500	Gul Ahmed Textile Mills Limited	460,000	524,975
30	30	Kohinoor Textile Mills Limited	416	803
238	13,738	Nishat Mills Limited	20,461	1,792,122
2	2	Nishat (Chunian) Limited	48	82
10,000	10,000	Sapphire Fibres Limited	2,599,500	1,827,000
8,890	8,890	Sapphire Textile Mills Limited	1,204,595	905,447
		Synthetic and Royan		
25,964	30,964	Dewan Salman Fiber Limited	128,522	326,670
		Jute		
24,680	3,600	Thal Limited (Par value Rs. 5)	4,837,774	1,004,400
		Cement		
15,093	15,093	Cherat Cement Company Limited	408,869	852,755
110,023	10,023	D.G. Khan Cement Company Limited	7,386,944	1,167,680
-	25,000	Fauji Cement Company Limited	-	492,500
6,844	44,212	Kohat Cement Company Limited	250,696	2,409,554
10,000	15,000	Lucky Cement Limited	979,300	2,066,250
14,385	24,385	Maple Leaf Cement Factory Limited	156,940	594,994
-	25,000	Pakistan Cement Company Limited	-	361,250
14,473	-	Pioneer Cement Limited	407,704	-
		Refinery		
25,000	10,000	Attock Refinery Limited	6,247,000	1,165,500
244,000	169,000	Bosicor Pakistan Limited	3,269,600	2,999,750
20,000	-	National Refinery Limited	5,949,400	-
10,833	-	Pak Refinery Limited	1,639,900	-
		Power Generation & Distribution		
100	100	The Hub Power Company Limited	2,860	3,670
		Oil & Gas Marketing Companies		
7,500	-	Attock Petroleum Limited	3,242,100	-
-	7,414	Pakistan State Oil Company Limited	-	2,902,210
14,000	24,500	Shell Pakistan Limited	5,838,000	10,046,225
21,982	86,982	Sui Southern Gas Company Limited	616,815	2,244,136



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2008 No. of Shares / Certificates / Units	2007	Name of Investee	2008 Rupees	2007 Rupees
		Oil & Gas Exploration Companies		
15,500	-	Mari Gas Company Limited	4,177,715	-
70,000	95,000	Oil & Gas Development Company Limited	8,705,200	11,381,000
13,250	8,250	Pakistan Oilfields Limited	4,834,130	2,615,250
750	2,500	Pakistan Petroleum Limited	184,493	656,125
		Engineering		
25,000	-	International Industries Limited	3,136,500	-
		Automobile Assembler		
15,000	-	Agriauto Industries Limited	1,241,250	-
57,050	8,250	Al-Ghazi Tractors Limited (Par value Rs. 5)	15,537,568	2,351,250
		Millat Tractors Limited	5,320,000	-
20,000	-	Millat Tractors Limited	5,320,000	-
4,500	7,500	Pak Suzuki Motor Company Limited	539,055	2,940,000
		Transport		
26,500	26,500	Pakistan National Shipping Corporation	1,896,075	2,491,000
		Technology and Communication		
43,000	95,000	Telecard Limited	273,480	1,235,000
25,000	-	Worldcall Communication Limited	363,000	-
		Fertilizer		
2,070	-	Dawood Hercules Limited	806,265	-
58,150	15,650	Engro Chemical Pakistan Limited	16,329,102	3,959,450
10,600	55,600	Fauji Fertilizer Company Limited	1,402,592	6,741,500
25,000	-	Fauji Fertilizers Bin Qasim Limited	899,250	-
		Pharmaceuticals		
64,584	15,084	Abbott Laboratories (Pakistan) Limited	11,457,202	2,805,624
23,100	18,000	GlaxoSmithKline Limited	3,927,000	3,375,000
2,640	-	Highnoon Laboratories	149,002	-
15,000	-	Searle Pakistan Limited	1,373,100	-
		Chemicals		
53,900	5,600	BOC Pakistan Limited	11,782,302	912,800
-	2,070	Dawood Hercules Chemicals Limited	-	577,323
59,375	29,475	ICI Pakistan Limited	9,581,344	4,925,273
25,000	-	Sitara Peroxide Limited	1,358,000	-
		Paper & Board		
35,125	3,600	Cherat Paper Sack Limited	4,448,230	556,200
11,500	2,500	Packages Limited	2,896,735	797,625
		Miscellaneous		
120	120	EcoPack Limited	1,200	2,347
25,000	-	Pace (Pakistan) Limited	708,500	-
35,000	12,500	Tri-Pack Films Limited	6,027,700	1,685,000
			<u>317,386,648</u>	<u>249,857,923</u>



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

2008 No. of Shares / Certificates / Units	2007	Name of Investee	2008 Rupees	2007 Rupees
-	20,000	Open-end Mutual Fund AKD Opportunity Fund (Par value Rs. 50)	-	1,255,000
55,415	55,415	NIT Units (Par value Rs. 10)	2,900,975	3,394,169
81,541	62,892	Pakistan Stock Market Fund (Par value Rs. 50)	6,649,669	6,865,315
913,378	913,378	Closed-end Mutual Fund First Dawood Mutual Fund	6,521,519	8,220,402
100,000	100,000	Pakistan Strategic Allocation Fund	921,000	1,050,000
50,000	50,000	PICIC Growth Fund	1,188,500	1,690,000
182,000	182,000	Modarabas First Equity Modaraba Managed by Royal Premier Financial Limited	536,900	873,600
160,000	80,000	First Habib Modaraba Managed by Habib Modaraba Management Limited (Par value Rs. 5)	1,243,200	1,080,000
14	14	Leasing Companies Crescent Leasing Corporation Limited	52	112
563,053	602,093	Investment Banks/Cos./Securities Arif Habib Securities Limited	90,921,798	70,204,044
1,759,551	1,417,046	Dawood Capital Management Limited	49,091,473	14,878,983
2,499,000	-	Dawood Equities Limited	44,357,250	-
2,653,145	2,257,106	First Dawood Investment Bank Limited (Associated Undertaking)	185,587,493	65,343,219
124	27	IGI Investment Bank Limited	981	459
-	92,714	Pakistan Industrial Credit and Investment Corporation Limited	-	7,611,819
-	116,131	Commercial Banks Bank AL Habib Limited	-	7,722,712
-	17,368	Habib Metropolitan Bank Limited	-	1,337,336
-	211,804	JS Bank Limited	-	4,077,227
-	31,581	National Bank of Pakistan	-	8,274,222
-	188,450	PICIC Commercial Bank Limited	-	8,291,695
-	11,016	Insurance Adamjee Insurance Company Limited	-	3,590,665
-	2,782	Central Insurance Company Limited	-	505,072
-	21,500	EFU Life Assurance Limited	-	5,805,000
-	11,935	IGI Insurance Limited	-	4,774,000
-	21,998	New Jubilee Insurance Company Limited (Par value Rs. 5)	-	2,661,758
-	16,400	Pakistan Reinsurance Company Limited	-	3,656,380
100,000	100,000	Textile Weaving Zephyr Textile Limited	489,000	820,000
126,500	126,500	Textile Composite (Colony) Thal Textile Mills Limited	474,375	600,875
300	300	Ghazi Fabrics Industries Limited	2,010	1,920
3,008	3,008	Gul Ahmed Textile Mills Limited	120,320	137,315
375	375	Sapphire Fibres Limited	97,481	68,513



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2008 No. of Shares / Certificates / Units	2007 No. of Shares / Certificates / Units	Name of Investee	2008 Rupees	2007 Rupees
		Synthetic and Royan		
30,163	30,163	Dewan Salman Fibres Limited	149,307	318,220
9,350	9,350	Gatron (Industries) Limited	768,290	1,583,423
6,670	6,670	Rupali Polyester Limited	280,140	283,475
		Sugar & Allied Industries		
2,000,000	2,000,000	Shakarganj Mills Limited (Preference shares)	20,400,000	12,000,000
		Cement		
28,725	28,725	D.G. Khan Cement Company Limited	1,928,597	3,346,463
55,925	55,925	Lucky Cement Limited	5,476,735	7,703,669
33,210	33,210	Maple Leaf Cement Factory Limited	362,321	810,324
62,706	62,706	Pioneer Cement Limited	1,766,428	2,345,204
		Refinery		
26,781	12,425	Attock Refinery Limited	6,692,036	1,448,134
50,800	9,000	National Refinery Limited	15,111,476	3,069,000
17,500	-	Pakistan Refinery Limited	2,649,150	-
		Power Generation and Distribution		
145,000	145,000	The Hub Power Company Limited	4,147,000	5,321,500
		Oil & Gas Marketing Companies		
40,397	42,983	Pakistan State Oil Company Limited	16,855,244	16,825,695
50,187	50,187	Shell Pakistan Limited	20,927,979	20,579,179
55,248	55,250	Sui Northern Gas Pipelines Limited	2,407,155	3,908,938
		Oil & Gas Exploration Companies		
51,000	51,000	Oil & Gas Development Company Limited	6,342,360	6,109,800
61,170	61,170	Pakistan Oilfields Limited	22,317,263	19,390,890
		Engineering		
94,870	64,846	International Industries Limited	11,902,390	9,613,420
		Automobile Assembler		
42,000	-	Atlas Battery Limited	6,504,960	-
30,000	-	Honda Atlas Cars Limited	1,128,900	-
71,000	-	Millat Tractors Limited	18,886,000	-
16,000	-	Pak Suzuki Motor Co. Ltd.	1,916,640	-
		Transport		
4,960	4,960	Pakistan National Shipping Corporation	354,888	466,240
		Technology and Communication		
30,704	75,704	Callmate Telips Telecom Limited	120,974	3,747,348
29,500	129,500	Pakistan Telecommunication Company Limited	1,139,880	7,381,500
		Fertilizer		
82,376	68,613	Engro Chemical Pakistan Limited	23,132,005	17,359,089
280,848	280,848	Fauji Fertilizers Company Limited	37,161,807	34,052,820
		Pharmaceuticals		
54,175	38,720	GlaxoSmithKline Pakistan Limited	9,209,750	7,260,000
101,558	60,507	Highnoon Laboratories Limited	5,731,934	5,143,095
		Chemicals		
690	690	BOC Pakistan Limited	150,816	112,470
20,000	-	Clariant Pakistan Limited	4,433,400	-
20,000	-	ICI Pakistan Limited	3,227,400	-



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2008 No. of Shares / Certificates / Units	2007	Name of Investee	2008 Rupees	2007 Rupees
		Paper & Board		
21,759	18,921	Packages Limited	5,480,875	6,036,745
14,780	12,317	Security Papers Limited	1,133,035	1,403,522
		Food & Personal Care-Products		
2,100	2,100	Nestle Pakistan Limited	3,444,000	3,244,500
1,000	1,000	Treet Corporation Limited	260,000	315,900
5,480	5,480	Unilever Pakistan Limited (Par value Rs. 50)	12,878,000	12,247,800
		Miscellaneous		
550	550	Siddiqsons Tin Plate Limited	10,626	17,795
			<u>667,893,757</u>	<u>448,237,967</u>

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

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

2008 No. of Shares /	2007	Name of Investee	2008 Rupees	2007 Rupees
518,918	324,324	Systems Limited	9,999,990	9,999,990
-	1,388,300	Dawood Equities Limited	-	13,883,000
<u>518,918</u>	<u>1,712,624</u>		<u>9,999,990</u>	<u>23,882,990</u>

7.3.1 The breakup value of investment based on the net assets of the investee company as per its audited financial statements for the year ended December 31, 2007 was Rs.10,262,617 (December 31, 2006: Rs.5,425,074). The Modaraba held 2.46% (2007 : 2.46%) of the investee's paid up capital.
(Auditors: Ford Rhodes Sidat Hyder & Co)

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

2008 No. of Certificates	2007	Name of Investee	2008 Rupees	2007 Rupees
7,000	2,000	Al Zamin Leasing Modaraba	31,539,560	9,462,500
1,000	-	Avari Hotel Limited	5,066,667	-
400	400	Crescent Leasing Corporation (2nd Issue)	1,999,200	2,005,000
104	104	Crescent Standard Investment Bank Limited	145,472	145,472
12,000	-	Eden Housing Limited	60,000,000	-
2,000	2,000	Escort Investment Bank Limited	10,287,883	10,356,250
6,000	2,000	Gharibwal Cement Limited	30,000,000	10,000,000
4,000	4,000	Grays Leasing Limited	20,000,000	20,000,000
3,000	-	Pace Pakistan Limited	15,193,500	-
-	1,000	Standard Chartered Bank (Pakistan) Limited	-	3,329,726
100	-	Trakker Private Limited	8,750,000	-
908	908	WorldCall Communications Limited	4,605,336	4,629,874
30,000	30,000	Zevar Petroleum Limited	80,987,500	149,850,000
			<u>268,575,118</u>	<u>209,778,822</u>

7.5 Placements carrying expected profit ranges from Rs.0.25 to Rs.0.44 per Rs.1,000 per day (2007 : Rs.0.04 to Rs.0.44 per Rs.1,000 per day).

7.6 Held to maturity : Dewan Cement Limited

Term Finance Certificates - Dewan Cement Ltd



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	Note	2008 Rupees	2007 Rupees
Series A			35,259,692
Series B			13,671,139
		-	48,930,831
Less: Long Term Portion			(41,154,271)
		-	7,776,560
Less: Provision for Doubtful Receivables			(7,776,560)
		-	-
7.6.1 On the request of issuer the management approved early TFC redemption. Total amount of Rs 43,122,038 outstanding against TFC series A and TFC Series B has been received and the balance amount of Rs 5,808,793 has been written off.			
7.6.2 Particulars of Provision for Investment - Held to Maturity			
Opening		48,930,831	56,707,391
Reversed		(43,122,038)	(7,776,560)
Written off		(5,808,793)	-
		(48,930,831)	(7,776,560)
Closing		-	48,930,831
8. LEASE RENTALS RECEIVABLE			
Considered Good		44,125,278	22,821,183
Considered Doubtful		132,979,207	99,244,764
		177,104,485	122,065,947
Less: Provision for Doubtful Receivables	8.1	(132,979,207)	(99,244,764)
		44,125,278	22,821,183
8.1 Particulars of provision for doubtful receivables			
Opening Balance		99,244,764	81,329,543
Charge for the Year		40,763,037	25,512,065
Reversals during the Year		(7,028,594)	(7,596,844)
Written off during the Year		-	-
Closing Balance		132,979,207	99,244,764
9. LOANS, ADVANCES AND PREPAYMENTS			
Loan to Officers - Considered Good	9.1	14,536,434	6,750,719
Less: Long Term Portion		11,100,966	4,551,025
		3,435,468	2,199,694
Advances - Considered Good			
- Against Shares		9,616,300	40,992,395
- Expenses		50,000	117,000
- Others		-	1,761,920
Prepayments		1,338,773	616,753
		14,440,541	45,687,762
9.1 The maximum amount of loans and advances due from officers and employees at the end of any month during the year was Rs.14,536,434/- (2007 : Rs.6,750,719/-).			



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10. ACCRUED PROFIT	Note	2008 Rupees	2007 Rupees
Accrued Profit on:			
- Term Finance Certificates		10,256,099	12,320,215
- Musharaka and Murabaha Finances		29,268,030	39,892,629
- Short Term Placements with Financial Institutions		-	4,417
		<u>39,524,129</u>	<u>52,217,261</u>
11. OTHER RECEIVABLES			
Dividend Receivable		1,289,712	1,341,616
Due from Associated Undertakings	11.1	840,000	1,607,794
Receivable against sale of securities		11,080,729	25,584,393
Rent Receivable		3,185,298	3,815,808
Other	11.2	51,274,920	51,274,920
Less: Provision for Doubtful Receivable		51,274,920	51,274,920
		-	-
		<u>16,395,739</u>	<u>32,349,611</u>
11.1 The maximum amount due from associated undertaking at the end of any month during the year was Rs.4,241,904/- (2007 : Rs.5,078,909/-).			
11.2 This includes Rs.51,274,920/- (2007 : Rs.51,274,920/-) receivable from certain ex-employees and other parties in respect of embezzlement of funds. The matter is pending before the Honourable High Court of Punjab and National Accountability Bureau - Government of Pakistan.			
12. LONG TERM INVESTMENTS			
Investment in associate: Equity Method			
Dawood Islamic Bank Limited	12.1	166,023,847	136,780,689
Held to Maturity :			
Long Term Portion of Term Finance Certificates			
Dewan Cement Limited	7.6	-	41,154,271
Less: Provision for Doubtful Receivable		-	(41,154,271)
		-	-
		<u>166,023,847</u>	<u>136,780,689</u>
12.1 Investment in Associate			
Dawood Islamic Bank Limited			
12.1.1 Number of shares held			
		<u>16,320,000</u>	<u>13,600,000</u>
12.1.2 Ownership %			
		4.08%	4.53%
Cost of investment			
		163,200,000	136,000,000
Post acquisition profits			
		2,823,847	780,689
Less: Dividend received			
		-	-
		<u>166,023,847</u>	<u>136,780,689</u>
12.1.3 Summarized financial results of Dawood Islamic Bank Limited based on condensed interim Financial statements (audited) as at June 30, 2008 are as follows: -			



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	Note	2008	2007
		Rupees in '000'	
Total assets		8,490,856	3,626,134
Total liabilities		4,383,441	607,903
Total Operating Income		199,745	57,869
Profit for the period		44,140	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 treated as an associated undertaking.

13. PROPERTY AND EQUIPMENT - OWN

	Cost		Depreciation		Accumulated as at June 30, 2008	Accumulated as at June 30, 2007	Book value as at June 30, 2008	Rate %
	As at July 1, 2007	Additions/ (Disposals)	As at June 30, 2008	Accumulated as at July 1, 2007				
Rupees								
Leasehold Land	2,527,890	-	2,527,890	783,647	50,558	834,205	1,693,685	2
Building on Leasehold Land	66,738,707	-	66,738,707	17,831,204	3,336,935	21,168,139	45,570,568	5
Leasehold Land and Building thereon	9,996,000	-	9,996,000	5,274,491	499,800	5,774,291	4,221,709	5
Lockers	17,390,218	-	17,390,218	11,519,386	869,511	12,388,897	5,001,321	5
Furniture & Fixtures	8,761,408	-	8,761,408	2,731,123	788,645	3,519,768	5,241,640	10
Vehicles	23,405,032	3,523,774 (3,022,800)	23,906,006	9,741,533	4,373,599 (2,604,721)	11,510,411	12,395,595	20
Office Equipment and Appliances	14,117,245	4,558,748 (288,400)	18,387,593	12,484,226	1,509,530 (288,400)	13,705,356	4,682,237	33.33
	142,936,500	8,082,522 (3,311,200)	147,707,822	60,365,610	11,428,578 (2,893,121)	68,901,067	78,806,755	
Rupees								
	Cost		Depreciation		Accumulated as at June 30, 2007	Accumulated as at June 30, 2007	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				
Rupees								
Leasehold Land	2,527,890	-	2,527,890	733,089	50,558	783,647	1,744,243	2
Building on 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 and 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	



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

Property, Plant and Equipment	Cost	Accumulated Depreciation	Written down Value	Disposal proceed/ Insurance Claim	Gain / (Loss)	Mode of Disposal	Particulars of Purchaser
..... Rupees							
Vehicle	560,000	448,000	112,000	112,000	-	Employment terms	Mr. Tariq Masood Employee
Vehicle	343,500	343,500	-	-	-	Employment terms	Mr. Iqbal Hussain Employee
Vehicle	402,500	348,833	53,667	80,400	26,733	Negotiation	Mr. Maqsood B-229, Block 6 Gulshan-e-Iqbal Karachi
Vehicle	402,500	302,500	100,000	100,000	-	Negotiation	Mr. Amjad Ali House # 19 New Saeedabad Baldia Town, Sector 8-E Karachi
Vehicle	325,000	227,500	97,500	97,500	-	Employment terms	Mr. Yousuf Ali Employee
Vehicle	609,000	609,000	-	121,800	121,800	Employment terms	Mr. Nasim Ahmed Employee
Vehicle	64,000	38,400	25,600	25,600	-	Employment terms	Mr. Usman Bawany Employee
Vehicle	69,000	68,999	1	12,000	11,999	Employment terms	Mr. Raheel Sadruddin Employee
Vehicle	58,500	46,800	11,700	15,000	3,300	Negotiation	Mr. Ali Raza Ex - Employee
Vehicle	58,500	42,900	15,600	15,600	-	Employment terms	Mr. Nazakat Rafique Employee
Vehicle	60,300	58,290	2,010	25,000	22,990	Insurance Claim	New Jubilee Insurance Company Limited
Vehicle	70,000	69,999	1	12,000	11,999	Negotiation	Mr. Fahim Khan Ghauri Employee
Air Conditioners	163,400	163,400	-	10,000	10,000	Negotiation	Mr. Salamat Ali, Flat # 2, Block # 98, I&T Centre, Sector G-9/1, Islamabad.
Photocopier	125,000	125,000	-	35,000	35,000	Negotiation	M/S Mansha Brothers 24 Commercial Plaza, Main Boulevard, Cavalry Ground, Cant Lahore
	<u>3,311,200</u>	<u>2,893,121</u>	<u>418,079</u>	<u>661,900</u>	<u>243,821</u>		



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14. PROPERTY, PLANT AND EQUIPMENT - LEASED

	Cost			Amortisation			Carrying value as at June 30, 2008	
	As at July 1, 2007	Additions/ (Disposals)	As at June 30, 2008	Accumulated as at July 1, 2007	For the year / (on disposals)	Accumulated as at June 30, 2008		Impairment loss
Rupees								
Land and Building (leasehold)	190,461,001	30,000,000 (5,350,000)	215,111,001	39,652,435	26,797,377 (1,838,912)	64,610,900	-	150,500,101
Plant & Machinery	1,575,950,620	149,748,800 (354,767,021)	1,370,932,399	822,491,230	235,284,880 (246,807,407)	810,968,703	17,004,924	542,958,772
Vehicles	404,927,185	150,940,833 (189,469,218)	366,398,800	220,374,478	83,101,156 (145,921,712)	157,553,922	17,469,383	191,375,495
Furnitures & Fixtures	1,795,000	- (295,000)	1,500,000	910,374	542,873 (280,093)	1,173,154	-	326,846
Office Equipment & Appliances	136,593,080	6,402,995 (79,708,158)	63,287,917	94,687,674	16,075,422 (69,187,455)	41,575,641	-	21,712,276
Motor Boat	2,694,300	-	2,694,300	1,231,199	465,741	1,696,940	-	997,360
	<u>2,312,421,186</u>	<u>337,092,628 (629,589,397)</u>	<u>2,019,924,417</u>	<u>1,179,347,390</u>	<u>362,267,449 (464,035,579)</u>	<u>1,077,579,260</u>	<u>34,474,307</u>	<u>907,870,850</u>
Rupees								
	<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>

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



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	Note	2008 Rupees	2007 Rupees
14.2 Particulars of Impairment Loss			
Opening Balance		32,985,339	18,950,431
Impairment loss for the Year		1,488,968	14,034,908
Closing Balance		<u>34,474,307</u>	<u>32,985,339</u>
Impairment loss has been recognised based on recoverable amount of assets where lessees are non performing.			
15. CAPITAL WORK IN PROGRESS			
Dawood Tower - Civil Work		53,438,891	6,218,124
Office Premises and Civil Work thereon		291,999	63,676,000
Advance Against Purchase of Property	15.1	110,132,000	30,120,000
		<u>163,862,890</u>	<u>100,014,124</u>
Balance as at July 01, 2007		100,014,124	75,984,000
Addition during the year			
Dawood Tower - Civil Work		47,220,767	6,218,124
Office Premises and Civil Work thereon		9,308,663	1,810,000
Advance Against Purchase of Property	15.1	80,012,000	20,080,000
		<u>136,541,430</u>	<u>28,108,124</u>
		236,555,554	104,092,124
Transfer during the year			
Investment Property		69,029,214	-
Property and Equipment		3,663,450	4,078,000
		<u>(72,692,664)</u>	<u>(4,078,000)</u>
		<u>163,862,890</u>	<u>100,014,124</u>

15.1 This includes 40% (2007 : 20%) advance paid against purchase of office in Islamabad Stock Exchange Building and 60% advance paid against 3 shops in Jofa Tower Karachi.

16. INVESTMENT PROPERTIES

	Cost			Accumulated as at July 1, 2007	Depreciation			Rate of Depreciation %
	As at July 1, 2007	Additions/ (Deletions)	As at June 30, 2008		For the year / (Deletions)	Accumulated as at June 30, 2008	Written down value as at June 30, 2008	
	Rupees							
Building on Leasehold Land	509,614,435	69,029,214 (5,400,000)	573,243,649	31,424,570	27,647,792 (585,949)	58,486,413	514,757,236	5
Leasehold Land	97,802,400	-	97,802,400	3,475,210	1,956,047	5,431,257	92,371,143	2
	607,416,835	69,029,214 (5,400,000)	671,046,049	34,899,780	29,603,839 (585,949)	63,917,670	607,128,379	
	Rupees							
	As at July 1, 2006	Additions/ (Deletions)	As at June 30, 2007	Accumulated as at July 1, 2006	For the year / (Deletions)	Accumulated as at June 30, 2007	Written down value as at June 30, 2007	Rate of Depreciation %
Buildings 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	

The fair value of investment property as at June 30, 2008 as per valuation report of independent valuer is Rs. 1,377 million (June 30, 2007: Rs. 984 million).



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			2008 Rupees	2007 Rupees
17.	MURABAHA, MUSHARAKA & FINANCE	Note		
	UNDER MARKUP ARRANGEMENTS			
	Finance Under Murabaha Arrangements	17.1	674,505,589	861,541,014
	Finance Under Musharaka Arrangements	17.2	791,974,734	1,335,607,588
	Finance Under Markup Arrangements	17.3	178,636,540	13,026,368
			1,645,116,863	2,210,174,970
	Less: Long Term Portion:			
	Finance under Murabaha Arrangements		259,505,589	487,873,139
	Finance under Musharaka Arrangements		6,149,245	19,365,808
			265,654,834	507,238,947
			1,379,462,029	1,702,936,023
	17.1		<p>The Modaraba has entered into Murabaha (purchase & sale) agreements with the banks. The Murabaha sale price is payable on deferred payment basis in quarterly/monthly installments by June 27, 2011. Expected profit payable on Murabaha arrangements is accounted for on a pro rata basis over the term of the agreement. The finance is subject to expected mark up ranging from Re.0.217 to Re.0.449 per Rs.1,000 per day (2007: Re.0.219 to Re.0.352 per Rs.1,000 per day). The arrangements are secured by way of hypothecation of the leased assets and future rentals receivable.</p>	
	17.2		<p>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.0.192 to Re. 0.452 per Rs.1,000 per day (2007: Re.0.191 to Re. 0.450 per Rs.1,000 per day).</p>	
	17.3		<p>The aggregate facilities for Finance under Mark Up arrangements from banks and financial institutions amount to Rs.250 million (2007: Rs.250 million). These facilities are subject to expected mark up ranging from Re.0.32 to Re 0.40 per Rs1,000 per day (2007: 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.</p>	
18.	CREDITORS, ACCRUED AND OTHER LIABILITIES			
	Management Fee Payable		16,852,362	14,582,290
	Accrued Liabilities		7,613,215	6,507,382
	Rentals Received in Advance			
	-Lease		5,599,121	5,062,916
	-Lockers		10,687,434	9,030,140
	-Properties		7,591,540	5,611,699
	Others		27,624,051	20,790,588
			75,967,723	61,585,015
	Less: Long Term Portion of Rentals Received in Advance		5,600,945	1,969,855
			70,366,778	59,615,160
19.	ACCRUED PROFIT ON BORROWINGS			
	Finance Under Murabaha Arrangements		11,579,102	9,519,883
	Finance Under Musharaka Arrangements		26,387,138	22,537,054
	Finance Under Markup Arrangements		3,339,257	1,948,535
			41,305,497	34,005,472
20.	PROFIT PAYABLE			
	Unclaimed Profit to certificate holders		19,351,590	15,729,117
21.	DIMINISHING MUSHARAKA BASED TFCs'		680,000,000	-



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The above TFCs' represents privately placed instruments in the form of Diminishing Musharaka and are secured against investment properties of the Modaraba. The tenure of the above TFCs' is six year redeemable semi annually with two years grace period for principal. Rate of profit is based on 6 months kibar plus 130 basis points on the last business day prior to the beginning of the each semi-annual period.

22. DEFERRED LIABILITY - Staff Gratuity

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

	2008 Rupees	2007 Rupees
Discount rate	12%	10%
Expected rate of increase in salaries	12%	10%
	Rupees	Rupees
Reconciliation of payable to defined benefit plan		
Present value of defined benefit obligation	3,904,000	3,518,000
Unrecognised actuarial losses	<u>(2,563,534)</u>	<u>(1,734,000)</u>
Liability as at June 30	<u>1,340,466</u>	<u>1,784,000</u>
Movement in payable to defined benefit plan		
Opening balance	1,784,000	1,232,700
Charge for the year	861,000	551,300
Contributions paid	<u>(1,304,534)</u>	<u>-</u>
Liability as at June 30	<u>1,340,466</u>	<u>1,784,000</u>
Charge for defined benefit plan		
Current service cost	396,000	274,300
Interest cost	359,000	225,000
Actuarial losses	<u>106,000</u>	<u>52,000</u>
Charge for the year	<u>861,000</u>	<u>551,300</u>

Comparison for five years	2008	2007	2006	2005	2004
	Rupees				
Present value of defined benefit obligation	<u>3,904,000</u>	<u>3,518,000</u>	<u>2,174,000</u>	<u>1,153,000</u>	<u>918,000</u>
Accumulated experience adjustment arising on defined benefit obligation	<u>936,000</u>	<u>845,000</u>	<u>738,000</u>	<u>57,000</u>	<u>160,000</u>

23. CERTIFICATE CAPITAL

Authorised 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			
2008	2007	Certificates Issued as fully Paid in Cash	
39,359,741	39,359,741		393,597,410
		Certificates Issued as Fully Paid Bonus Certificates	88,337,240
8,833,724	8,833,724		88,337,240
		Certificates Issued to Certificate holders of Guardian Modaraba under the Scheme of Amalgamation	298,527,900
<u>29,852,790</u>	<u>29,852,790</u>		<u>298,527,900</u>
<u>78,046,255</u>	<u>78,046,255</u>		<u>780,462,550</u>

B.R.R. Investment (Private) Limited (the Management Company) held 12,981,496 (16.63%) certificates of Rs.10/- each as at June 30, 2008 [2007: 12,981,496 (16.63%) certificates].

Equity International (Private) Limited, an associated company, held 3,393,474 (4.35%) certificates of Rs. 10/- each as at June 30, 2008 [2007: 3,160,325 (4.05%) certificates].



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		2008 Rupees	2007 Rupees
24. COMMITMENTS			
For Leasing of the Assets		52,927,500	31,608,930
25. INCOME ON INVESTMENTS			
Gain on Sale of Investments		129,567,247	77,120,454
Profit on Term Finance Certificates		37,171,106	29,266,805
Dividend Income		26,939,304	22,378,558
Income on Short Term Placements With Financial Institutions		2,011,474	12,197,571
Income on Certificates of Development Securitisation Trust		-	243,551
		<u>195,689,131</u>	<u>141,206,939</u>
26. INCOME ON BALANCES WITH BANKS			
Profit on PLS Saving Accounts		128,194	715,385
Income on Foreign Currency Saving Account		29,824	52,177
		<u>158,018</u>	<u>767,562</u>
27. RENTAL INCOME			
Properties	27.1	48,886,425	45,923,360
Lockers and Custodial Services		15,730,048	11,286,891
		<u>64,616,473</u>	<u>57,210,251</u>
27.1 This includes rental income amounting Rs.26,252,491/- (2007 : Rs.20,080,121/-) from Mangement Company and Associated Companies.			
28. OPERATING EXPENSES			
Salaries, Allowances and Benefits	34	26,762,129	23,258,274
Travelling and Conveyance		203,600	307,475
Entertainment		88,282	171,170
Electricity, Water and Gas		5,025,858	3,761,232
Telephone and Fax		964,729	780,231
Postage and Courier		486,973	815,251
Stationery and Printing		1,083,603	955,581
Computer Expenses		344,726	166,966
Subscriptions		1,838,623	1,557,525
Advertisement		107,000	211,018
Insurance		4,545,376	4,259,656
Repairs and Maintenance		6,823,917	8,647,626
Rent, Rates and Taxes		15,000	7,675
Security Expenses		239,164	248,768
Property Tax		1,239,725	782,497
Staff Gratuity		861,000	551,300
Legal and Professional		3,039,982	5,701,696
Auditors' Remuneration			
Audit Fee		350,000	350,000
Limited Review, Special Reports, Certification and Sundry Advisory Services		290,000	400,000
Out of Pocket Expenses		47,500	27,500
		687,500	777,500
Documentation and Arrangement Fee		42,430	275,920
Depreciation			
- Assets in own use		11,428,578	11,223,748
- Investment property		29,603,839	22,816,414
Brokerage and Commission		2,032,882	1,786,390
Transaction Cost		260,997	196,882
Donations	28.2	250,786	601,772
Others		900,330	728,476
		<u>98,877,029</u>	<u>90,591,043</u>



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28.1 During the year, the Modaraba contributed Rs.1,707,000/- (2007 : Rs.1,320,792/-) to the provident fund.

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

	2008 Rupees	2007 Rupees
29. FINANCIAL CHARGES		
Profit on		
Finance Under Murabaha Arrangements	86,143,622	106,191,248
Finance Under Musharaka Arrangements	150,708,284	139,941,949
Mark-up on Finance Under Mark up Arrangement	12,752,858	5,520,746
Bank Charges and Commission	231,485	1,428,132
	<u>249,836,249</u>	<u>253,082,075</u>
30. PROVISION / (REVERSALS) FOR DOUBTFUL RECEIVABLES		
Reversals During the Year		
Lease Rentals Receivable	8.1 7,028,594	7,596,844
Musharaka Finances	3,790,066	4,197,396
Term Finance Certificates	7.6.2 43,122,038	7,776,560
	(53,940,698)	(19,570,800)
Less:		
Charge for the Year		
Lease Rentals Receivable	8.1 40,763,037	25,512,065
Musharaka Finances	35,000,000	11,791,041
	75,763,037	37,303,106
	<u>21,822,339</u>	<u>17,732,306</u>
31. OTHER INCOME		
Profit on Disposal of Property, Plant and Equipment - Leased	1,538,552	6,833,768
Profit on Disposal of Property and Equipment- Own	243,821	396,341
Profit on Disposal of Investment Property	1,685,949	-
Recovery of Charges from Management Company and Associated Undertaking	210,000	760,975
Commitment and Front End Fee	-	16,089
Exchange Gain	277,421	36,086
Miscellaneous and early termination charges	4,808,164	5,098,732
	<u>8,763,907</u>	<u>13,141,991</u>
32. 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 tax year 2007. Appeals filed by the Modaraba with the Income Tax Appellate Tribunal relating to the assessment years 1994-95 through to 1997-98 and with Commissioner of Income Tax (Appeals) for the assessment year 1998-99 have been decided by the respective Appellate Authorities in the favour of the Modaraba however appeal effect orders for the said decisions are pending with the Tax Authorities.



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	2008 Rupees	2007 Rupees
33. BASIC / DILUTED EARNINGS PER CERTIFICATE		
Profit for the Year	<u>151,671,260</u>	<u>147,102,188</u>
	Number of Certificates	
Weighted Average Number of Certificates	<u>78,046,255</u>	<u>78,046,255</u>
	Rupees	
Earnings per Certificate	<u>1.94</u>	<u>1.88</u>

34. REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

	Officers		Other Employees	
	2008	2007	2008	2007
	<----- Rupees ----->			
Remuneration	17,229,000	10,481,000	6,655,287	9,899,432
Medical Expenses Reimbursed	446,961	289,887	908,516	1,065,590
Retirement Benefits	1,047,074	609,004	475,291	913,361
	<u>18,723,035</u>	<u>11,379,891</u>	<u>8,039,094</u>	<u>11,878,383</u>
Number of Employees at the End of the Year	<u>15</u>	<u>9</u>	<u>57</u>	<u>69</u>

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

35. FUTURE MINIMUM LEASE RENTALS RECEIVABLE

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

Receivable - Not Later than One Year	734,557,789	787,086,651
Receivable - Later than One Year and Not Later than Five Years	537,147,183	617,556,857
	<u>1,271,704,972</u>	<u>1,404,643,508</u>

36. RISK MANAGEMENT

36.1 Capital Risk Management

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

The capital structure of the modaraba consists of debts as disclosed in note 17 and 21, cash and cash equivalents as disclosed in note 5 and equity attributable to equity holders, reserves and retained earnings as disclosed in note 23.

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

Debts	2,325,116,863	2,210,174,970
Cash and cash equivalents	(9,881,040)	(12,950,454)
Net Debt	<u>2,315,235,823</u>	<u>2,197,224,516</u>
Equity	<u>1,833,285,000</u>	<u>1,635,140,757</u>
Net Debt to Equity Ratio	56 : 44	57 : 43



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36.2 Liquidity Risk

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

36.3 Credit Risk and Concentration of Credit

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

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

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

	2008 Rupees	2007 Percentage of total	Rupees	Percentage of total
36.3.1 Segment by class of business for Property, Plant and Equipment - Leased				
Miscellaneous	219,788,192	24.21	182,338,231	16.57
Sugar and Allied	197,419,392	21.75	194,154,512	17.65
Textile Industry	154,440,877	17.01	222,222,767	20.20
Cement	79,129,101	8.72	108,713,688	9.88
Oil and Gas	46,932,676	5.17	70,297,022	6.39
Transport	40,560,448	4.47	45,233,012	4.11
Technology and Communication	38,646,955	4.26	106,957,407	9.72
Investment Banks/Cos./Securities	29,224,716	3.22	35,427,078	3.22
Chemical and Pharmaceutical	23,569,041	2.60	15,175,086	1.38
Food and Confectioneries	22,358,405	2.46	21,724,784	1.97
Engineering and Metals	14,464,514	1.59	24,510,104	2.23
Paper and Board	8,734,945	0.96	10,337,161	0.94
Power Generation	7,957,446	0.88	7,788,944	0.71
Glass and Ceramics	7,478,943	0.82	13,062,713	1.19
Printing and Packaging	4,869,161	0.54	13,578,687	1.23
Insurance	4,478,813	0.49	3,804,882	0.35
Commercial Banks	4,263,511	0.47	10,971,148	1.00
Architect and Builders	2,119,395	0.23	4,185,534	0.38
Education and Health	1,319,953	0.15	3,911,974	0.36
Leasing	78,500	0.01	-	-
Fibre, Synthetic and Rayon	35,866	0.00	68,913	0.01
Electrical and Electrical Goods	-	-	5,624,810	0.51
	<u>907,870,850</u>	<u>100.00</u>	<u>1,100,088,457</u>	<u>100.00</u>

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

36.3.2 Segment by class of business for Musharaka and Murabaha Finances

Textile Industry	278,461,340	21.95	30,527,278	2.71
Investment Banks/Cos./Securities	244,000,000	19.23	44,027,540	3.90
Miscellaneous	199,788,018	15.75	476,667,734	42.26
Food and Confectioneries	175,000,000	13.80	-	-
Sugar and Allied	158,026,587	12.46	16,500,000	1.46
Leasing and Modaraba	90,000,000	7.09	150,000,000	13.30



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Chemical and Pharmaceutical	49,114,014	3.87	47,826,713	4.24
Engineering	42,050,323	3.31	270,000,000	23.94
Auto & Transportation	32,119,021	2.53	92,373,775	8.19
	<u>1,268,559,303</u>	<u>100.00</u>	<u>1,127,923,040</u>	<u>100.00</u>

36.3.3 Segment by class of business for Capital Commitments

Technology and Communication	46,000,000	86.91	1,110,000	3.51
Food and Confectioneries	4,000,000	7.56	840,000	2.66
Miscellaneous	2,927,500	5.53	20,349,930	64.38
Engineering and Metals	-	-	7,054,000	22.32
Chemical and Pharmaceutical	-	-	2,255,000	7.13
	<u>52,927,500</u>	<u>100.00</u>	<u>31,608,930</u>	<u>100.00</u>

36.4 Profit Rate 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 profit rate %	Profit / Mark up bearing					Sub total	Non Profit / Non Mark up bearing	Total 2008
		Up to one month	Over one month to three months	Over three months to one year	One year to five years	Above five years			
-----Rupees-----									
FINANCIAL ASSETS									
Cash and bank balances	0.1 - 5	6,669,855	-	-	-	-	6,669,855	3,211,185	9,881,040
Musharaka and Murabaha Finance	8.5 - 22	394,849,769	234,128,749	269,382,247	180,969,899	100,000,000	1,179,330,664	-	1,179,330,664
Investments	9.5 - 16.39	107,987,500	4,000,000	19,700,000	136,887,618	-	268,575,118	1,161,304,242	1,429,879,360
Lease Rentals Receivable		-	-	-	-	-	-	44,125,278	44,125,278
Loans, Advances and Prepayments		-	-	-	-	-	-	25,541,507	25,541,507
Accrued Profit		-	-	-	-	-	-	39,524,129	39,524,129
Other Receivables		-	-	-	-	-	-	16,395,739	16,395,739
		<u>509,507,124</u>	<u>238,128,749</u>	<u>289,082,247</u>	<u>317,857,517</u>	<u>100,000,000</u>	<u>1,454,575,637</u>	<u>1,290,102,080</u>	<u>2,744,677,717</u>
Off Balance Sheet		-	-	-	-	-	-	-	-
		<u>509,507,124</u>	<u>238,128,749</u>	<u>289,082,247</u>	<u>317,857,517</u>	<u>100,000,000</u>	<u>1,454,575,637</u>	<u>1,290,102,080</u>	<u>2,744,677,717</u>
FINANCIAL LIABILITIES									
Murabaha and Finance under Mark-up Arrangement	7 - 16.5	358,652,578	913,309,451	107,500,000	39,740,097	905,914,737	2,325,116,863	-	2,325,116,863
Creditors, Accrued and Other Liabilities		-	-	-	-	-	-	70,366,778	70,366,778
Accrued Profit on Borrowings		-	-	-	-	-	-	41,305,497	41,305,497
Customers' Security Deposits		-	-	-	-	-	-	219,350,591	219,350,591
Profit Payable		-	-	-	-	-	-	19,351,590	19,351,590
		<u>358,652,578</u>	<u>913,309,451</u>	<u>107,500,000</u>	<u>39,740,097</u>	<u>905,914,737</u>	<u>2,325,116,863</u>	<u>350,374,456</u>	<u>2,675,491,319</u>
Off balance sheet		-	-	-	-	-	-	-	-
		<u>358,652,578</u>	<u>913,309,451</u>	<u>107,500,000</u>	<u>39,740,097</u>	<u>905,914,737</u>	<u>2,325,116,863</u>	<u>350,374,456</u>	<u>2,675,491,319</u>
On Balance Sheet Gap		<u>150,854,546</u>	<u>(675,180,702)</u>	<u>181,582,247</u>	<u>278,117,420</u>	<u>(805,914,737)</u>	<u>(870,541,226)</u>	<u>939,727,624</u>	<u>69,186,398</u>



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	Effective profit rate %	Up to one month	Over one month to three months	Profit / Mark up bearing Over three months to one year	One year to five years	Above five years	Sub total	Non Profit / Non Mark up bearing	Total 2007
-----Rupees-----									
FINANCIAL ASSETS									
Cash and bank balances	0.1- 5.5	6,168,015	-	-	-	-	6,168,015	6,782,439	12,950,454
Musharaka and Murabaha									
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
		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
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
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
		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
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
On Balance Sheet Gap		(434,896,001)	(487,361,381)	116,018,190	11,915,394	(110,000,000)	(904,323,798)	678,350,172	(225,973,626)

36.4 Market Risk

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

Segment by class of business for investments	2008		2007	
	Rupees	Percentage of total	Rupees	Percentage of total
Investment Banks/Cos./Securities	416,294,921	29.11	225,868,613	20.75
Commercial Banks	166,045,850	11.61	196,601,376	18.06
Oil and Gas Exploration Companies	127,364,168	8.91	190,003,065	17.45
Mutual Funds	122,227,491	8.55	112,171,057	10.30
Miscellaneous	87,008,186	6.09	1,704,885	0.16
Fertilizer	79,731,020	5.58	62,690,182	5.76
Leasing	53,713,022	3.76	31,501,825	2.89
Automobile assembler	51,074,373	3.57	5,291,250	0.49
Oil and Gas Marketing Companies	50,071,786	3.50	56,506,241	5.19
Cement	49,124,535	3.44	32,150,643	2.95
Refinery	41,558,562	2.91	8,682,384	0.80
Pharmaceuticals	31,847,987	2.23	18,583,719	1.71
Chemicals	30,533,269	2.14	5,950,543	0.55
Sugar and allied industries	20,400,000	1.43	12,000,000	1.10
Textile composite	16,607,161	1.16	12,270,779	1.13



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Food & personal care	16,582,000	1.16	15,808,200	1.45
Technolgy and Communication	16,502,659	1.15	26,993,712	2.48
Engineering	15,038,890	1.05	9,613,420	0.88
Paper & board	13,958,874	0.98	8,794,092	0.81
Transport	11,000,963	0.77	2,957,240	0.27
Jute	4,837,774	0.34	1,004,400	0.09
Power Generation & Distribution	4,149,860	0.29	5,325,170	0.49
Modaraba	2,390,750	0.17	2,947,200	0.27
Synthetic and Royan	1,326,258	0.09	2,511,787	0.23
Textile weaving	489,000	0.03	820,000	0.08
Insurance	-	-	39,786,608	3.66
	<u>1,429,879,360</u>	<u>100.00</u>	<u>1,088,538,391</u>	<u>100.00</u>

36.5 Fair Value Risk

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

37. NON-ADJUSTING EVENTS AFER THE BALANCE SHEET DATE

The Board of Directors have approved appropriations for cash Dividend @ 9% (2007: 8.5%) and General Reserve Rs 5,000,000/- (2007: Rs 7,832,900) for the year ended June 30, 2008. The financial statements do not reflect appropriations.

38. RELATED PARTY TRANSACTIONS

Relationship with the Company	Nature of Transactions	2008 Rupees	2007 Rupees
Management Company	Management Fee	16,852,362	14,582,290
	Rent Received	3,207,624	1,757,089
	Share of Common Expenses Received	4,500	315,634
Associated Undertakings	Short Term Borrowing Received	1,150,000,000	611,000,000
	Repayment of Short Term Borrowing	1,165,000,000	611,000,000
	Profit Paid on Short Term Borrowing	17,881,716	5,183,362
	Rent Received	22,504,867	4,393,004
	Share of Common Expenses Received	21,049,638	13,410,624
	Share of Common Expenses Paid	2,518,260	2,397,432
	Investment Made	586,619,860	-
	Investment Redeemed	449,555,070	-
	Lease Rentals Received	785,160	16,133,157

39. DATE OF ISSUE

These financial statements were authorised for issue on September 22, 2008 by the Board of Directors of the B.R.R. Investments (Private) Limited.

40. GENERAL

Figures have been rounded off to the nearest Rupee.

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

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

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



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Pattern of Shareholding As On 30-June-2008

Number of Certificate Holders	Certificate Holding		Total Certificate Held
	From	To	
1,623	1	- 100	76,836
1,501	101	- 500	415,474
2,860	501	- 1,000	1,959,302
1,104	1,001	- 5,000	2,592,717
243	5,001	- 10,000	1,837,839
87	10,001	- 15,000	1,108,175
49	15,001	- 20,000	875,525
37	20,001	- 25,000	851,285
32	25,001	- 30,000	896,328
24	30,001	- 35,000	779,436
15	35,001	- 40,000	560,328
6	40,001	- 45,000	260,105
17	45,001	- 50,000	820,675
4	50,001	- 55,000	215,413
8	55,001	- 60,000	474,938
6	60,001	- 65,000	309,522
2	65,001	- 70,000	140,000
9	70,001	- 75,000	656,836
5	75,001	- 80,000	387,586
3	80,001	- 85,000	246,500
2	85,001	- 90,000	171,400
1	90,001	- 95,000	90,010
4	95,001	- 100,000	400,000
3	100,001	- 105,000	306,000
2	105,001	- 110,000	219,800
4	115,001	- 120,000	472,915
2	120,001	- 125,000	247,000
1	125,001	- 130,000	128,500
1	130,001	- 135,000	130,962
2	135,001	- 140,000	274,550
2	140,001	- 145,000	286,500
1	145,001	- 150,000	146,100
2	155,001	- 160,000	311,830
2	170,001	- 175,000	348,363
2	180,001	- 185,000	366,000
2	195,001	- 200,000	400,000
1	200,001	- 205,000	200,812
1	205,001	- 210,000	205,360
1	210,001	- 215,000	214,540
1	215,001	- 220,000	215,480
1	225,001	- 230,000	228,500
1	255,001	- 260,000	255,500
1	280,001	- 285,000	282,328
1	300,001	- 305,000	305,000
1	310,001	- 315,000	314,500
1	320,001	- 325,000	323,910
1	335,001	- 340,000	340,000
1	345,001	- 350,000	349,180
1	355,001	- 360,000	355,500
1	380,001	- 385,000	382,030



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Number of Certificate Holders	Certificate Holding		Total Certificate Held
	From	To	
1	390,001	- 395,000	393,474
1	400,001	- 405,000	400,200
1	410,001	- 415,000	412,360
1	430,001	- 435,000	431,880
1	455,001	- 460,000	456,000
1	540,001	- 545,000	542,280
1	620,001	- 625,000	624,790
1	710,001	- 715,000	713,800
1	750,001	- 755,000	750,571
1	950,001	- 955,000	951,000
1	955,001	- 960,000	955,026
1	995,001	- 1,000,000	1,000,000
1	1,105,001	- 1,110,000	1,105,985
1	1,195,001	- 1,200,000	1,200,000
1	1,235,001	- 1,240,000	1,238,686
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	1,810,001	- 1,815,000	1,811,779
1	1,995,001	- 2,000,000	2,000,000
1	2,985,001	- 2,990,000	2,985,279
1	2,995,001	- 3,000,000	3,000,000
1	4,860,001	- 4,865,000	4,864,302
1	7,310,001	- 7,315,000	7,310,943
1	7,805,001	- 7,810,000	7,806,660
1	9,040,001	- 9,045,000	9,041,190

7,708

78,046,255

Categories of Certificate Holder's	No. of Certificate Holders	Certificate Held	Percentage
Individuals	7,608	37,473,519	48.01
Investment Companies	10	2,252,113	2.89
Joint Stock Companies	47	1,098,054	1.41
Insurance Companies	4	7,319,605	9.38
Financial Institution	17	9,118,807	11.68
Modaraba Companies	3	2,547	0.00
Modaraba Management Companies	5	16,374,969	20.98
Mutual Fund	3	2,693,280	3.45
Charitable Trusts	1	33,500	0.04
Cooperative Societies	1	5,100	0.01
Others	9	1,674,761	2.15
	7,708	78,046,255	100.00



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ADDITIONAL INFORMATION

Category No.	Cetrogies of Certificate Holders	Number	Certificate Held	% Age
1	Associated Companies	2	16,374,970	20.98
	B.R.R. Investment (Pvt.) Limited		12,981,496	16.63
2	NIT & ICP	2	4,897,600	6.28
	National Bank of Pakistan Trustee Deptt. Investment Corporation of Pakistan		4,866,202 31,398	6.24 0.04
	Directors, CEO and their Spouses and Minor Childern	3	85,581	0.11
3	Ayaz Dawood		45,812	0.06
	Farida Rokadia		37,269	0.05
	Majid Dawood		2,500	0.00
	Tauqir Shamshad		2,000	0.00
4	Public Sector Companies and Corporation	1	7,310,943	9.37
5	Banks, DFIs, NBFIs, Insurance Companies, Modarabas and Mutual Funds	32	25,995,442	33.31
6	Certificate Holders holding ten percent or more in the Modaraba	2	20,788,156	26.64
	B.R.R. Investment (Pvt.) Limited		12,981,496	16.63
	S.M. Atiq ur Rehman		7,806,660	10.00



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SIX YEARS' FINANCIAL SUMMARY

	2008	2007	2006	2005	2004	2003
Key Financial Figures						
..... (Rs. In million)						
Profit & Loss Account						
Operating income	921.62	885.53	883.49	580.95	512.97	543.01
Other income	8.76	13.14	3.64	28.75	37.78	25.69
Amortisation	362.26	377.4	493.21	414.07	363.75	336.61
Financial charges	249.836	253.08	183.74	45.41	34.21	105.69
Operating expenses	98.87	90.59	66.1	45.60	41.00	40.59
Provision/(Reversal) for doubtful debts/receivables	21.82	17.73	(2.69)	(6.79)	(8.74)	(22.98)
Provision for diminution in the value of investments - charge/(written back)	27.57	-	0.09	6.98	(0.57)	(5.92)
Net Profit	151.671	147.1	140.46	82.21	106.05	103.24
Dividend	70.24	66.33	64.32	53.01	67.47	77.11
Balance Sheet						
Paid-up Capital	780.46	780.46	780.46	481.93	481.93	481.45
Reserves	1052.82	854.68	644.3	390.84	293.60	253.45
Certificate Holders Equity	1,833.28	1,635.14	1424.76	872.77	775.53	734.90
Borrowings	2325.11	2210.17	2122.92	874.30	554.08	705.68
Lease portfolio	907.87	1100.08	1301.05	1,187.46	1,033.82	1,021.20
Morabaha & Musharaka Portfolio	1179.33	1069.9	800.7	326.27	-	-
Performance Indicators						
Earnings per certificate (Rs.)	1.94	1.88	1.80	1.71	2.20	2.14
Profit paid per certificate (Rs.)	0.90	0.85	0.70	1.10	1.40	1.60
Profit paid per certificate (%)	9.00	8.50	7.00	11.00	14.00	16.00
Profit payout (after statutory reserves) (%)	92.62	90.19	92.81	92.11	90.89	93.36
Break-up value per certificate (Rs.)	23.49	20.95	18.26	18.11	16.09	16.09
Market value per certificate (Rs.)	7.13	8.70	6.85	7.95	14.50	9.30
Price Earnings ratio	3.67	4.63	3.81	4.66	6.59	4.35
Income/Expense ratio	1.31	1.25	1.19	1.21	1.25	1.18
Financial Charges/Total Expenses (%)	35.14	35.10	24.73	8.99	7.79	21.89