

**B. F. MODARABA
PROFILE**

Board of Directors:

Directors of Modaraba Company

Mr. Ahmed Ali Amin Bawany	Chirman
Mr. Omar Amin Bawany	Chief Executive
Mr. Abdul Ghani Samad	Member
Mr. Abdul Wahid Jaliawala	Member

Audit Committee

Mr. Omar Amin Bawany	Chirman
Mr. Abdul Ghani Samad	Member
Mr. Abdul Wahid Jaliawala	Member

Company Secretary:

Mr. Muhammad Ayub

Modaraba Auditors:

Rehman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants

Bankers:

Al-Baraka Islamic Investment Bank	Habib Bank Limited
Bank Al-Habib Limited	Habib Metropolitan Bank Limited
Dawood Islamic Bank Limited	

Registrar:

M/s. C & K Management Associates (Pvt.) Limited
404, Trade Tower, Abdullah Haroon Road, Near
Metropole Hotel, Karachi-75530 Ph: 5627839-5685930

Registered Office:

4th Floor, Bank House No. 1, Habib Square,
M. A. Jinnah Road, Karachi-74000 Pakistan

**B. F. Modaraba
Chief Executive Review**

2nd Quarter (Half Year) ended December 2008.

Dear Certificate Holders,

Assalamo Alaikum,

By grace of Almighty Allah I take pleasure in presenting a brief review of the performance of your Modaraba for the half year ended December 31, 2008, which have been reviewed by the External auditors.

Gross revenue during the half year were Rs.8.855 million vis-à-vis Rs.3.050 million for the corresponding period of 2007-08, showing healthy growth of 190 % mainly increase in trading income. Thus, Pre-tax Profit stood at Rs. 6.857 million against a Pre-tax Profit of Rs. 1.533 million for the corresponding period of 2007-08. The unrealized loss in the value of investment in marketable securities is Rs.9.320 million, which has been reflected in the equity in accordance with SRO 150 (1) /2009, dated 13th February 2009 and disclosed in note no. 6.3 of the accounts.

The international financial crisis never fully affected the Pakistan economy but our domestic situation has led to even worst crisis. KSE 100 index significantly declined during 2008 and current market condition is unlikely to be favourable in the short term. However, Market condition of commodity in which we trade is gradually improving and we will insallah earn further profit in the coming months.

We bow to Allah and pray for His blessing and guidance

On behalf of the Board

Karachi
February 26, 2009

**Omar Amin Bawany
Chief Executive**

**Independent Auditor's Report
On Review of Condensed Interim Financial Information to the Certificate Holders**

Introduction

We have reviewed the accompanying condensed interim balance sheet of **B.F. Modaraba** as of December 31, 2008 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year then ended and summary of significant accounting policies and other explanatory notes (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figure of the condensed interim profit and loss for the quarters then ended December 31, 2008 and 2007 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2008.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi
February 26, 2009

**Rehman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Muhammad Rafiq Dosani**

**B. F. MODARABA
INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2008**

	Unaudited December 31 2008 Rs.	Audited June 30 2008 Rs.
CERTIFICATE CAPITAL AND RESERVES		
Authorized Capital		
10,000,000 Modaraba		
Certificates of Rs. 10/- each	100,000,000	100,000,000
Issued, subscribed and paid-up capital	63,553,140	63,553,140
Reserves	29,054,618	23,826,331
	92,607,758	87,379,471
Unrealized gain in value of investment	(9,320,854)	5,932,956
	83,286,904	93,312,427

Deferred Liabilities

Staff Gratuity	35,920	35,920
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Long term lease deposits

	84,600	84,600
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CURRENT LIABILITIES

Accrued expenses and other liabilities	1,861,148	501,706
Provision for Taxation	3,159,165	1,530,000
Due to management company	761,939	847,363
Unclaimed dividend	278,583	278,583
	6,060,835	3,157,652

Contingencies & commitments	-	-
	89,468,260	96,590,599

	Unaudited December 31 2008 (Rs.)	Audited June 30 2008 (Rs.)
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Fixed Assets

Assets in Own use	730,946	807,854
Assets Leased Out	673,047	734,991

CURRENT ASSETS

Stock in trade	13,377,954	-
Trade Debts	21,576	6,021,000
Advances, deposit, prepayments & other Receivables	10,837,607	26,593,258
Investment	32,070,504	37,324,315
Cash and bank balances	31,756,627	25,109,181
	88,064,267	95,047,754
	89,468,260	96,590,599

The investments in equity securities held as Available for sale are valued at prices quoted on the stock exchange as of 31 December 2008 and the resulting decline in market value below cost is reported in the 'Surplus/Deficit on revaluation of available for sale securities' in equity. Had the impairment loss been transferred to profit and loss account, the deficit on remeasurement of Available for Sale securities would have converted into surplus on remeasurement amounting to Rs. 1,889 million with consequential effect on 'un-appropriated profit'. (See note 6.3)

The annexed notes form an integral part of this condensed interim financial information.

Chief Executive	Director	Director
E. A. Management (Pvt) Ltd	E. A. Management (Pvt) Ltd	E. A. Management (Pvt) Ltd

**B. F. MODARABA
INTERIM PROFIT & LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2008**

	Half Year JULY-DEC 2008 Rs.	Quarter OCT-DEC 2008 Rs.	Half Year JULY-DEC 2007 Rs.	Quarter OCT-DEC 2007 Rs.
Operating Incomes	8,855,582	8,188,216	3,050,123	1,331,898
Operating expenses	(1,236,189)	(690,939)	(1,346,598)	(660,000)
	7,619,393	7,497,277	1,703,525	671,898
Management fee	(761,939)	(749,727)	(170,353)	(35,448)
Profit before taxation	6,857,454	6,747,550	1,533,172	636,450
Taxation - Current	(1,629,165)	(1,578,022)	(196,516)	(6,410)
Profit after taxation	5,228,289	5,169,528	1,336,656	630,040
Earning per certificate Basic & Diluted	0.82	0.81	0.23	0.11

As printed by SRO 150(1) 2009 dated 13 February 2009, the impairment loss on equity securities has been reported in equity. In case the impairment loss was charged to Profit and loss account, loss for the period would have increased Rs.5,219,972 million and loss per share would be Rs. 0.82 (See Note 6.3)

The annexed notes form an integral part of this condensed interim financial information.

**B. F. MODARABA
Statement of Change in Equity (Unaudited)
For the Period Ended December 31, 2008.**

	Issued, Subscribed and Paid up Capital	Reserve for Issue of Bonus Certificates	Statutory Reserve	Accumulated Profit/(Loss)	Unrealized gain/(Loss) in value of Investment	Grand Total
Balance as at July 01, 2007	59,119,200	-	13,053,906	8,360,097	10,267,308	90,800,511

Profit for the period July 01 to December 31, 2007	-	-	-	1,336,657	-	1,336,657
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Unrealized gain/(Loss) in value of investment	-	-	-	-	(2,027,294)	(2,027,294)
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Gain on investments disposed off transferred to profit and	-	-	-	-	(76,806)	(76,806)
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loos account	-	-	-	-	(76,806)	(76,806)
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Issue of Bonus Shares @ 7.5%	4,433,940	-	-	-	-	4,433,940
Balance as at Dec 31, 2007	63,553,140	-	13,053,906	9,696,754	8,163,208	94,467,008

Profit for the period January 01, to June 30, 2008	-	-	-	5,509,611	-	5,509,611
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Unrealized deficit in value of investment	-	-	-	-	(2,230,252)	(2,230,252)
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Transfer to statutory reserve	-	-	2,053,880	(6,487,820)	-	(4,433,940)
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Gain on investments disposed off transferred to profit and	-	-	-	-	-	-
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accounts	-	-	-	-	-	-
Balance as at June 30, 2008	63,553,140	-	15,107,786	8,718,544	5,932,956	93,312,427

Profit for the period July 01 to December 31, 2008	-	-	-	5,228,288	-	5,228,288
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Unrealized gain/(Loss) in value of investment	-	-	-	-	(15,253,811)	(15,253,811)
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Reserve for Bonus issue shares	-	4,766,485	-	(4,766,485)	-	-
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Balance as at Dec 31, 2008	63,553,140	4,766,485	15,107,786	9,180,347	(9,320,855)	83,286,904
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The annexed notes form an integral part of this condensed interim financial information.

Chief Executive	Director	Director
E. A. Management (Pvt) Ltd	E. A. Management (Pvt) Ltd	E. A. Management (Pvt) Ltd

B.F. MODARABA
INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2008

	Dec. 2008	Dec. 2007
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,857,454	1,533,172
Adjustments for:		
Depreciation on own assets	81,458	95,170
Amortization on leased assets	61,944	410,858
Gain on sale of investment	-	(422,261)
Provision for Management fee	761,939	-
Dividend Income	(1,115,745)	(1,965,163)
	(210,404)	(1,881,396)
Operating profit before working capital changes	6,647,050	(348,224)
Changes in working capital		
Decrease/(increase) in current assets:		
Stock in trade	(13,377,954)	-
Lease rental receivable	-	(55,180)
Trade debts	5,999,424	5,774,100
Advances, deposit, prepayments and other receivables	16,003,600	17,779,178
	8,625,070	23,498,098
Increase / (decrease) in current liabilities		
Management Fee	(847,363)	-
Accrued expenses	1,359,442	224,871
	512,079	224,871
Net increase in working capital	15,784,199	23,374,745
Gratuity paid	-	(128,777)
Tax paid	(457,779)	(335,158)
	(457,779)	(463,935)
Cash flow from operating activities	15,326,420	22,910,810
CASH FLOW FROM INVESTING ACTIVITIES		
Additions in fixed assets - Own use	(4,550)	(20,985)
Sale of Asset	-	-
Purchase of Investments	(10,000,000)	(3,467,240)
Proceed from sale of investment	-	7,650,545
Dividend received	1,325,576	2,072,365
	(8,678,974)	6,234,685
CASH FLOW FROM FINANCING ACTIVITIES		
Net cash used in financing activities	-	-
Net increase/(decrease) in cash and bank balances	6,647,446	29,145,495
Cash and bank balances at July 01.	25,109,181	8,234,594
Cash and bank balances at December 31	31,756,627	37,380,089

The annexed notes form an integral part of this condensed interim financial information.

Chief Executive	Director	Director
E. A. Management (Pvt) Ltd	E. A. Management (Pvt) Ltd	E. A. Management (Pvt) Ltd

B.F. MODARABA
CONDENSED NOTES TO INTERIM FINANCIAL STATEMENTS (Un-Audited)
FOR THE PERIOD ENDED DECEMBER 31, 2008

1 LEGAL STATUS AND NATURE OF BUSINESS

B.F. Modaraba was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder, and is managed by E.A. Management (Private) Limited. The registered office of the Modaraba is situated at Habib Square 4th floor, M.A. Jinnah Road, Karachi. The Modaraba is listed on all stock exchanges in Pakistan. It is a perpetual multi-purpose Modaraba and is primarily engaged in leasing, investments, trading, musharika and morabaha transactions.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies & Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) [the Modaraba Regulations] together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Accounting Standards (IAS) 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' have been followed. The disclosures made in these financial statements have, however, been limited based on the requirements of International Accounting Standards 34, Interim Financial Reporting.

These financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34-Interim Financial Reporting, as applicable in Pakistan, subject to limited scope review by statutory auditors as required under regulation XXI of Code of Corporate Governance and are being circulated to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

3 ACCOUNTING POLICIES

The accounting policies adopted and method of computation followed in these half yearly financial statements are the same as those applied in the preparation of annual audited financial statements.

4 CONTINGENCIES AND COMMITMENTS

There are no known contingencies & commitments as at December 31, 2008.

5 FIXED CAPITAL EXPENDITURE

	Dec 2008	June 2008
	(Rupees)	
Computer equipments	4,550	50,385
Sale of leased vehicle	-	(2,176,166)
	4,550	(2,125,781)

6 INVESTMENTS

	Dec 2008	June 2008
	(Rupees)	
Available for sale	6.1 12,685,021	26,599,343
Investment in shares and close end units	6.2 19,385,482	10,724,972
Investment open ended units	32,070,503	37,324,315

6.1 Investment in Shares and Close-Ended Units

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

No of Shares/Certificate	Dec 2008	June 2008		Dec 2008	June 2008
MUTUAL FUND					
Pakistan Premier Fund	164,000	164,000		331,280	2,192,680
	164,000	164,000		331,280	2,192,680
MODARABAS					
Standard Chartered Modaraba	117,636	117,636		801,101	1,411,632
First Habib Bank Modaraba	100,000	100,000		303,000	783,000
First Punjab Modaraba	72,900	72,900		142,155	532,170
First Tri Star Modaraba	19,360	19,360		21,683	116,934
First UDL Modaraba	13,000	13,000		51,220	62,010
	322,896	322,896		1,319,159	2,905,746

INVESTMENT COMPANIES/BANKS

Security Investment Bank Limited	40,898	40,898	137,008	351,723
Trust Investment Bank	73,186	73,186	2,340,488	2,229,246
Jahangir Siddique & Company	6,875	2,000	359,425	1,060,300
	120,959	116,084	2,836,921	3,641,269

TEXTILE WEAVING

Service Fabric Limited	200	200	100	198
Reliance Weaving Mills Limited	9,000	9,000	108,000	113,760
	9,200	9,200	108,100	113,958

SUGAR AND ALLIED

Bawany Sugar Mills Limited	2,507	2,507	8,499	19,128
Habib ADM Ltd. (Share of Rs.5/- each)	5,000	5,000	49,750	57,400
	7,507	7,507	58,249	76,528

CEMENT

Maple Leaf Cement Limited	531	531	2,177	5,793
Cherat Cement	5,300	5,300	60,473	143,577
	5,831	5,831	62,650	149,370

Dec 2008	June 2008		Dec 2008	June 2008
		FUEL AND ENERGY		
100,000	100,000	Hub Power Company Limited	1,409,000	2,860,000
11,000	11,000	Sui Northern Gas Pipeline Ltd.	236,060	479,270
18,150	16,500	Pakistan Petroleum Limited	1,826,253	4,058,835
10,000	10,000	OGDCL	499,900	1,243,600
139,150	137,500		3,971,213	8,641,705
		AUTO AND ALLIED		
4,455	4,455	Pak Suzuki Motors Co. Ltd.	354,663	533,664
68	55	Millat Tractors	9,106	14,630
500	500	Indus Motors	61,440	100,026
20	-	Agriauto Ind Ltd.	617	-
5,043	5,010		425,826	648,320
		COMMUNICATION		
57,000	57,000	PTCL	962,730	2,202,480
10,000	10,000	TRG	17,800	62,500
67,000	67,000		980,530	2,264,980
		CHEMICALS & PHARMACEUTICALS		
22,764	22,764	Bawany Air Products Limited	101,072	352,614
304	304	FFC-Bin Qasim Limited	3,922	10,935
42,331	42,331	Fauji Fertilizer Limited	2,486,100	5,601,238
65,399	65,399		2,591,093	5,964,787
906,985	900,427		12,685,021	26,599,343
		6.2 Investment in open end units		
		<i>MUTUAL FUNDS-OPEN ENDED</i>		
53,024	51,557	Pakistan Capital Market Fund	470,319	561,976
104,450	98,785	United Islamic Income Fund	9,737,905	10,162,996
100,490	0	Meezan Islamic Income Fund	4,850,628	0
497,480	0	Nafa Islamic Income Fund	4,326,629	0
755,443	150,342	Grand Total	19,385,482	10,724,972

Further more, SECP vide SRO 150(1)/2009 dated 13 February, 2009 has allowed impairment loss, if any, recognized as on 31 December 2008 due to valuation of listed equity investment held as "Available for sale" to quoted market price may be shown under the equity. The amount taken to equity including any adjustment /effect for price movement shall be taken to profit and loss account on quarterly basis during the calendar year ended on 31 December 2009. The amount taken to equity at 31 December 2008 shall be treated as a charge to profit and loss account for the purpose of distribution as dividend.

International Accounting Standard 39 - "Financial Instruments: Recognition and Measurement" require that available for sale equity investment are impaired when there has been a significant or prolong decline in the fair value below its cost. Such impairment loss should be transferred from equity to profit and loss account. In view of the floor mechanism and current economic conditions in the country, the management believes that these are "rare circumstances" and the plunge in equity markets cannot be considered to be a fair reflection of equity values. Therefore recognition of impairment for "Available for Sale" equity securities through profit and loss account will not reflect the correct financial performance of the company.

The recognition of impairment loss in accordance with the requirement of IAS 39 would have had the following effect on these financial statements:

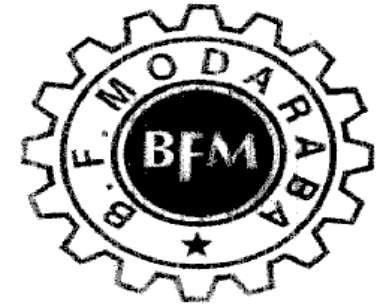
	As Per IAS 39	Current Figure
<i>Increase/decrease in (loss)/ profit for the period</i>	(5,219,972)	5,228,288
<i>Decrease in unappropriated profit</i>	(1,267,913)	9,180,347
<i>EPS converted into LPS</i>	(0.82)	0.82
<i>Surplus/(Deficit) on remeasurement</i>	1,888,560	(9,230,854)

	Dec 2008	June 2008
	(Rupees)	
7 TRANSACTIONS WITH ASSOCIATES		
Management Fee	761,939	847,363
Insurance expense	36,375	31,080
Purchase from associate	17,987,000	57,563,000
	18,785,314	58,441,443

8 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Modaraba Management Company on Feb 26 2009.

Chief Executive	Directors	Directors
E. A. Management (Pvt) Ltd	E. A. Management (Pvt) Ltd	E. A. Management (Pvt) Ltd



For the Half Year Ended
December 31, 2008.

B. F. Modaraba

Managed By
E. A. Management (Pvt) Ltd
Registered under
The Companies Ordinance 1984 & Modaraba
Companies & Modaraba Ordinance 1980.