



**HALF YEARLY
ENDED
ACCOUNTS
(Un-audited)
December 31, 2009**



COMPANY PROFILE

MODARABA MANAGEMENT COMPANY

E.A. Management (Pvt) Ltd.

DIRECTORS OF MODARABA COMPANY

Mr. Ahmed Ali Mohammad Amin Bawany	Chairman
Mr. Omar Amin Bawany	Chief Executive
Mr. Abdul Ghani Samad	Director
Mr. AbdulWahid Jaliawala	Director

AUDIT COMMITTEE

Mr. Omar Amin Bawany	- Chairman
Mr. Abdul Ghani Samad	- Member
Mr. Abdul Wahid Jaliawala	- Member

COMPANY SECRETARY

Muhammad Ayub

MODARABA AUDITORS

Rehman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

BANKERS

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

REGISTERED OFFICE

4th Floor, Bank House No. I, Habib Square,
M. A. Jinnah Road, Karachi-74000, Pakistan.
Phone : (92-21) 111 786 878, 32413240
Fax : (92-21) 32421010
E-mail: info@bfmodaraba.com.pk
bfmodaraba1@hotmail.com
URL : bfmodaraba.com.pk

SHARES REGISTRAR

C & K Management Associates (Pvt.) Ltd.,
404, Trade Tower, Abdullah Haroon Road,
Near Metropole Hotel, Karachi-75530
Tel : (92-21) 35687839 & 35685930



**CHIEF EXECUTIVE REVIEW
FOR THE PERIOD ENDED DECEMBER 31, 2009**

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, 2009, which have been reviewed by the External auditors.

Gross revenue during the period was Rs.10.089 million vis-à-vis Rs.8.855 million for the corresponding period of 2008-09 showing growth of 14%, mainly due to increase in trading income. Impairment in marketable securities amounting to Rs.3.270 million was charged to profit loss account in accordance with SRO 150 (1) /2009, dated 13th February 2009 as described in Note no. 7.3 of the accounts .Thus, Pre-tax Profit stood at Rs. 4.792 million against a Pre-tax Profit of Rs.6.857 million for the corresponding period of 2008-09. Domestic bourses have been continuing improving and this positive trend was reflected in our port folio investment valuation that decreased impairment loss to some extend and also improved unrealized gain . The unrealized gain in the value of investment in marketable securities was Rs.8.230 million after transferring impairment loss to profit and loss account, which has been reflected in the equity.

We are applying conservative approach while trading in equity market due to uncertainty in the market. However, we hope, inshallah, we shall earn profit in commodity trading as we did in the past.

May **Allah** bestow the strength on us to continue our success, **AMEEN**

Karachi:
February 25, 2010

Omar Amin Bawany
Chief Executive



AUDITORS' REPORT TO THE CERTIFICATE HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **B.F. Modaraba** as at December 31, 2009 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year then ended together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures included in the condensed interim profit and loss account, condensed interim statement of comprehensive income for the quarters ended December 31, 2008 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2009.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed 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 condensed interim financial information as of and for the half year ended December 31, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Engagement Partner: Muhammad Rafiq Dosani

Dated: 25/02/2010



**B.F. MODARABA
CONDENSED INTERIM BALANCE SHEET**

As at December 31, 2009

Notes **Dec. 2009** Jun-09
-----Rupees-----

CERTIFICATE CAPITAL AND RESERVES

Authorized 10,000,000 Modaraba Certificates of Rs. 10/- each	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up	68,319,625	68,319,625
Reserves	25,452,765	22,738,833
	93,772,390	91,058,458
Unrealized gain on available for sale investments	8,230,205	556,510
	<u>102,002,595</u>	<u>91,614,968</u>

NON-CURRENT LIABILITIES

Staff gratuity	124,125	82,300
Long term lease deposits	84,600	84,600
	208,725	166,900

CURRENT LIABILITIES

Accrued and other liabilities	709,538	3,451,618
Provision for taxation	6,058,944	3,980,000
Due to management company	543,410	811,102
Unclaimed dividend	278,583	278,583
	7,590,475	8,521,303
Contingencies & commitments 5	-	-
	<u>109,801,795</u>	<u>100,303,171</u>

NON-CURRENT ASSETS

Fixed Assets		
Assets in own use 6	536,955	595,574
Assets leased out	534,597	606,369
	1,071,552	1,201,943
Long term deposits	40,019	40,019

CURRENT ASSETS

Stock in trade	-	37,333,536
Trade debts -Considered good	1,814,950	-
Advances, deposit, prepayments & other receivables	12,361,744	8,020,413
Investments - available for sale 7	48,885,440	38,216,733
Cash and bank balances	45,628,090	15,490,527
	108,690,224	99,061,209
	<u>109,801,795</u>	<u>100,303,171</u>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial information. Note 7.3 reflect the effect of departure from the requirement of IAS 39 "Financial Instruments : Recognition and Measurement" in respect of impairment of available for sale investments.

Chairman
E.A. Management (Pvt) Ltd.

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

Director
E.A. Management (Pvt) Ltd.



**B.F. MODARABA
CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR AND
QUARTER ENDED DECEMBER 31, 2009**

	For the half year ended December 31, 2009 2008		For the quarter year ended December 31, 2009 2008	
	----Rupees----		----Rupees----	
Operating incomes	10,089,107	8,855,582	2,659,787	8,188,216
Operating expenses	<u>(1,384,939)</u>	<u>(1,236,189)</u>	<u>(747,120)</u>	<u>(690,939)</u>
	8,704,168	7,619,393	1,912,667	7,497,277
Impairment loss on available for sale investments 7.3	<u>(3,270,068)</u>	-	(1,997,483)	-
Management fee	(543,410)	(761,939)	8,482	(749,727)
Workers welfare fund	(97,814)	-	(97,814)	-
Profit before taxation	<u>4,792,876</u>	<u>6,857,454</u>	<u>(174,148)</u>	<u>6,747,550</u>
Taxation - current	<u>(2,078,944)</u>	<u>(1,629,165)</u>	<u>(353,944)</u>	<u>(1,578,022)</u>
Profit after taxation	<u><u>2,713,932</u></u>	<u><u>5,228,289</u></u>	<u><u>(528,092)</u></u>	<u><u>5,169,528</u></u>
Earning per certificate- basic and diluted (2008: Restated)	<u>0.40</u>	<u>0.77</u>	<u>(0.08)</u>	<u>0.76</u>

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

Director
E.A. Management (Pvt) Ltd.



**B.F. MODARABA
CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND
QUARTER ENDED DECEMBER 31, 2009**

	For the half year ended December 31, 2009 2008 -----Rupees-----		For the quarter year ended December 31, 2009 2008 -----Rupees-----	
Profit/ (loss) for the period	2,713,932	5,228,289	(528,092)	5,169,528
Unrealized gain/(loss) on revaluation of available for sale investments	4,824,428	(15,253,811)	394,654	(19,401,133)
Gain on investments transferred to profit and loss account	(420,801)	-	(138,349)	-
Impairment loss transferred to profit and loss account	3,270,068	-	1,997,483	-
	<u>7,673,695</u>	<u>(15,253,811)</u>	<u>2,253,788</u>	<u>(19,401,133)</u>
Total comprehensive income for the period	<u>10,387,627</u>	<u>(10,025,522)</u>	<u>1,725,696</u>	<u>(14,231,605)</u>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial information. Note 7.3 reflect the effect of departure from the requirement of IAS 39 "Financial Instruments : Recognition and Measurement" in respect of impairment of available for sale investments.

Chairman
E.A. Management (Pvt) Ltd.

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

Director
E.A. Management (Pvt) Ltd.



B.F. MODARABA
CONDENSED INTERIM CASH FLOW (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009

For the half year ended December 31,

	2009	2008
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,792,876	6,857,454
Adjustments for non cash charges and other items:		
Depreciation on own assets	59,143	81,458
Amortization on leased assets	71,773	61,944
Loss/ (gain) on sale of investment	908,627	-
Provision for management fee	543,410	761,939
Provision for gratuity	41,825	-
Impairment loss on investment	3,270,068	-
Dividend income	(1,059,656)	(1,115,745)
	<u>3,835,190</u>	<u>(210,404)</u>
Operating profit before working capital changes	8,628,066	6,647,050
Working capital changes		
Decrease/(Increase) in current assets		
Stock in trade	37,333,536	(13,377,954)
Trade debts	(1,814,950)	5,999,424
Advances, deposit, prepayments and other receivables	(4,347,185)	16,003,600
	<u>31,171,401</u>	<u>8,625,070</u>
(Decrease)/ Increase in current liabilities		
Management fee	(811,102)	(847,363)
Accrued and other liabilities	(2,742,080)	1,359,442
	<u>(3,553,182)</u>	<u>512,079</u>
Net increase in working capital	<u>27,618,219</u>	<u>9,137,149</u>
Taxes paid	-	(457,779)
Net cash inflow from operating activities	<u>36,246,285</u>	<u>15,326,420</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in fixed assets - own use	(524)	(4,550)
Purchase of investments	(12,729,310)	(10,000,000)
Proceed from sale of investment	5,555,603	-
Dividend received	1,065,509	1,325,576
Net cash inflows from investing activities	<u>(6,108,722)</u>	<u>(8,678,974)</u>
Net increase/(decrease) in cash and cash equivalents	30,137,563	6,647,446
Cash and cash equivalents as at beginning of the period	15,490,527	25,109,181
Cash and cash equivalents as at the end of period	<u>45,628,090</u>	<u>31,756,627</u>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial information. Note 7.3 reflect the effect of departure from the requirement of IAS 39 "Financial Instruments : Recognition and Measurement" in respect of impairment of available for sale investments.

Chairman
E.A. Management (Pvt) Ltd.

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

Director
E.A. Management (Pvt) Ltd.



B.F. MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009

	Issued subscribed and paid up capital	Statutory reserves	Reserves		Unrealised gain / (loss) on available for sale Investment	Total
			Unappropriated Profit	Total Reserve		
Balance as at July 01, 2008	63,553,140	15,107,786	8,718,545	23,826,331	5,932,956	93,312,427
Comprehensive income for half year	-	-	5,228,289	5,228,289	(15,253,811)	(10,025,522)
Balance as at December 31, 2008	63,553,140	15,107,786	13,946,834	29,054,620	(9,320,855)	83,286,905
Balance as at January 1, 2009	63,553,140	15,107,786	13,946,834	29,054,620	(9,320,855)	83,286,905
Issuance of bonus certificates	4,766,485	-	(4,766,485)	(4,766,485)	-	-
Comprehensive income for the half year	-	1,103,696	(2,652,998)	(1,549,302)	9,877,365	8,328,063
Balance as at June 30, 2009	68,319,625	16,211,482	6,527,351	22,738,833	556,510	91,614,968
Balance as at July 1, 2009	68,319,625	16,211,482	6,527,351	22,738,833	556,510	91,614,968
Comprehensive income for the half year	-	-	2,713,932	2,713,932	7,673,695	10,387,627
Balance as at December 31, 2009	68,319,625	16,211,482	9,241,283	25,452,765	8,230,205	102,002,595

The annexed notes from 1 to 9 form an integral part of these condensed interim financial information. Note 7.3 reflect the effect of departure from the requirement of IAS 39 "Financial Instruments - Recognition and Measurement" in respect of impairment of available for sale investments.

Chairman
E.A. Management (Pvt) Ltd.

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

Director
E.A. Management (Pvt) Ltd.



**B.F. MODARABA
CONDENSED NOTES TO INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

1. STATUS AND NATURE OF BUSINESS

B.F. Modaraba (the 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. STATEMENT OF COMPLIANCE

2.1 The condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan and the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modaraba and directives issued by Security and Exchange Commission of Pakistan (the Modaraba regulations). The condensed interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Modaraba's annual Financial Statements for the year ended June 30, 2009. The figures for the half year ended December 31, 2009 have been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

2.2 This condensed interim financial information comprises of the condensed interim balance sheet as at December 31, 2009 and the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and the condensed interim cash flow statement for the half year then ended which have been subjected to a review but not audited. This condensed interim financial information also includes the condensed interim profit and loss account for the quarter ended December 31, 2009 which is not subject to a review.

2.3 The comparative condensed balance sheet, presented in this condensed interim financial information, as at June 30, 2009 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2009 whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement for the half year ended December 31, 2008 have been extracted from the condensed interim financial information for the half year ended December 31, 2008 which were subjected to a review but not audited. The comparative condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2008 included in this condensed interim financial report was not subject to a review.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Modaraba in the preparation of these condensed interim financial information are the same as those applied in preparation of the proceeding published financial statements of the Company for the year ended June 30, 2009 except as disclosed below:

3.1 Adoption of new accounting standards

3.1.1 International Accounting Standard (IAS) -1 (Revised), "Presentation of financial statements" (effective from January 1, 2009), was issued in September 2007. According to the revised standard, those items of income and expense that are not recognized in the profit and loss account, and non-owner changes in equity should be recognized through a separate statement titled as "Statement of Comprehensive Income". The revised standard requires an entity to opt for presenting such items of income and expense either in (a) single statement ('statement of comprehensive income'), or (b) two statements (a separate 'income statement' and 'statement of comprehensive income').

The Modaraba, with effect from July 1, 2009, has adopted IAS - 1 (Revised 2007) and accordingly the items of income and expense that are not recognized in the profit and loss account and non-owner changes in equity are to be included in the 'Statement of Comprehensive Income'. Accordingly, the Modaraba has presented two statements in this condensed interim financial information i.e. a condensed interim profit and loss account and condensed interim statement of comprehensive income.

3.1.2 In addition to above, following new standards and amendments to standards are mandatory for the first time for the financial year beginning January 1, 2009 and are also relevant for the Modaraba. However, the adoption of these new standards and amendments to standards did not have any significant impact on the financial information of the Modaraba:

- IAS 19 (Amendment), 'Employee benefits'
- IAS 23 (Amendment), 'Borrowing costs'
- IAS 36 (Amendment), 'Impairment of assets'
- IAS 38 (Amendment), 'Intangible assets'
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement'

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning January 1, 2009, but are not currently relevant to the Modaraba:

- IFRS 2 (Amendment), 'Share based payment'
- IAS 27 (Revised), 'Consolidated and separate financial statements'
- IAS 28 (Amendment), 'Investment in associates'
- IFRS 8, 'Operating segments'
- IFRIC 13, 'Customers loyalty programmes'
- IFRIC 15, 'Agreement for the construction of real estate'
- IFRIC 16, 'Hedges of a net investment in a foreign operation'



4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial information in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing the condensed interim financial information, the significant judgments made by management in applying the Modaraba's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Modaraba as at and for the year ended June 30, 2009.

5. CONTINGENCIES AND COMMITMENTS

There are no known contingencies & commitments as at December 31, 2009.

6. ASSETS IN OWN USE

	December 31, 2009	June 30, 2009
FIXED CAPITAL EXPENDITURE		
	-----Rupees-----	
Additions to		
Furniture and fixtures	524	-
Computer and equipment	-	4,550
Total addition to assets in own use	<u>524</u>	<u>4,550</u>

There have been no disposal of fixed assets during the current interim period under review.

7. INVESTMENTS

		December 31, 2009	June 30, 2009
		-----Rupees-----	
Available for sale			
Investments in listed shares and close ended units	7.1	21,640,116	17,219,029
Investments in open ended units	7.2	<u>27,245,324</u>	<u>20,997,704</u>
		<u>48,885,440</u>	<u>38,216,733</u>

7.1 Investments in listed shares and close-ended units

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

No. of shares/certificates

December 31, 2009		June 30, 2009		December 31, 2009		June 30, 2009	
				-----Rupees-----			
164,000	164,000	MUTUAL FUND-CLOSE ENDED		975,800	672,400		
		Pakistan Premier Fund					
		MODARABAS					
117,636	117,636	Standard Chartered Modaraba		1,064,606	1,099,897		
100,000	100,000	First Habib Bank Modaraba		415,000	391,000		
72,900	72,900	First Punjab Modaraba		127,574	123,930		
19,360	19,360	First Tri Star Modaraba		73,954	79,182		
13,000	13,000	First UDL Modaraba		61,749	45,630		
<u>322,896</u>	<u>322,896</u>			<u>1,742,883</u>	<u>1,739,639</u>		
		INVESTMENT COMPANIES/BANKS					
40,898	40,898	Security Investment Bank Ltd		108,788	122,285		
73,186	73,186	Trust Investment Bank Ltd		417,159	727,469		
16,875	6,875	Jahangir Siddique & Company Ltd		507,430	159,431		
<u>130,959</u>	<u>120,959</u>			<u>1,033,377</u>	<u>1,009,185</u>		
		TEXTILE WEAVING					
200	200	Service Fabric Ltd		96	68		
9,000	9,000	Reliance Weaving Mills Ltd		92,520	31,500		
<u>9,200</u>	<u>9,200</u>			<u>92,616</u>	<u>31,568</u>		
		SUGAR AND ALLIED					
2,507	2,507	Bawany Sugar Mills Ltd		5,138	5,014		
		Habib ADM Ltd (Shares having face value of Rs.5/- each)		78,350	80,250		
<u>5,000</u>	<u>5,000</u>			<u>83,488</u>	<u>85,264</u>		
		CEMENT					
531	531	Maple Leaf Cement Ltd		1,996	2,262		
12,000	-	Fauji Cement Ltd		73,920	-		
5,300	5,300	Cherat Cement Ltd		66,514	71,709		
<u>17,831</u>	<u>5,831</u>			<u>142,430</u>	<u>73,971</u>		
		FUEL AND ENERGY					
100,000	100,000	Hub Power Company Ltd		3,108,000	2,709,000		
11,000	11,000	Sui Northern Gas Pipeline Ltd.		272,800	351,450		
21,780	18,150	Pakistan Petroleum Ltd		4,129,270	3,440,151		
-	10,000	Oil and Gas Development Corporation Ltd		-	786,400		
<u>132,780</u>	<u>139,150</u>			<u>7,510,070</u>	<u>7,287,001</u>		
		AUTO AND ALLIED					
4,455	4,455	Pak Suzuki Motors Company Ltd.		396,316	302,495		
85	68	Millat Tractors Ltd		32,282	18,988		
500	500	Indus Motors Ltd		98,260	53,860		
20	20	Agriauto Industries Ltd		1,204	653		
<u>5,060</u>	<u>5,043</u>			<u>528,062</u>	<u>375,996</u>		



No. of shares/certificates			December 31, June 30,	
December 31, 2009	June 30, 2009		2009	2009
COMMUNICATION				
57,000	57,000	Pakistan Telecommunication Company Ltd	1,006,050	982,680
10,000	10,000	TRG Pakistan Ltd	21,200	13,500
<u>67,000</u>	<u>67,000</u>		<u>1,027,250</u>	<u>996,180</u>
CHEMICALS & PHARMACEUTICALS				
22,764	22,764	Bawany Air Products Ltd	106,991	80,812
304	304	FFC-Bin Qasim Ltd	7,943	5,378
81,504	55,913	Fauji Fertilizer Ltd	8,389,206	4,861,635
<u>104,572</u>	<u>78,981</u>		<u>8,504,140</u>	<u>4,947,825</u>
<u>961,805</u>	<u>920,567</u>		<u>21,640,116</u>	<u>17,219,029</u>

7.2 Investment in mutual funds open-ended units

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

December 31, June 30,			December 31, June 30,	
2009	2009		2009	2009
MUTUAL FUNDS-OPEN ENDED				
No. of shares/certificates			-----Rupees-----	
53,024	53,024	Pakistan Capital Market Fund	517,510	440,095
108,517	104,450	United Islamic Income Fund	10,845,151	10,479,503
110,300	103,995	Meezan Islamic Income Fund	5,606,555	5,398,366
195,810	-	Meezan Cash Fund	10,276,108	-
-	497,480	Nafa Islamic Income Fund	-	4,679,740
<u>467,651</u>	<u>758,949</u>		<u>27,245,324</u>	<u>20,997,704</u>

7.3 Securities and Exchange Commission of Pakistan vide SRO 150(I)/2009 dated 13 February, 2009 had allowed that impairment loss, if any, recognised as on December 31, 2008 due to valuation of listed equity investments 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 as a result of availing the option given in aforesaid SRO shall be taken to profit and loss account on quarterly basis during the calendar year ended on December 31, 2009. Under the aforesaid SRO the amount taken to equity at December 31, 2008 shall be treated as a charge to profit and loss account for the purpose of distribution as dividend. The Company availed the option under the aforesaid SRO and recognised Rs. 1,171,308 during the quarter ended March 31, 2009, Rs. 2,861,171 during the quarter ended June 30, 2009, Rs. 1,272,585 during the quarter ended September 30, 2009 and Rs. 1,997,483 during the quarter ended December 31, 2009.

International Accounting Standard (IAS) 39 "Financial Instruments : Recognition and Measurement" requires that available for sale equity investment is impaired when there has been a significant or prolong decline in the fair value below its cost. Such impairment loss is required to be transferred from equity to profit and loss account under the aforesaid IAS. 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.

Had the modaraba followed the requirements of IAS 39 in respect of the recognition of impairment loss, this would have had the following effect on this condensed interim financial information :

	Rupees
Increase in the profit for the period	<u>3,270,068</u>
Increase in earning per share	<u>0.48</u>

8. TRANSACTIONS WITH RELATED PARTIES

Balances with related parties at the end of the period are as follows:		December 31, June 30,	
		2009	2009
-----Rupees-----			
Payable to related parties			
Management company		543,409	811,102
Group companies		68,213	78,751
Receivable/ advance to related parties			
Group companies		5,880,000	-
Due from employees		24,000	36,000
Significant transactions with the related parties during the half year ended are as follows:			
		July 1 to Dec. 31,	
		2009	2008
-----Rupees-----			
Management Fee paid		811,102	875,369
Insurance expense		20,376	62,702
Purchase of sugar		4,378,372	76,655,672

9. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue by the Board of Directors of the Modaraba Management Company on February 25, 2010.

Chairman
E.A. Management (Pvt) Ltd.

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

Director
E.A. Management (Pvt) Ltd.