



## **HALF YEAR ENDED**

December 31, 2011  
(Un-audited)

## **B.F. MODARABA**

Managed By

**E.A. MANAGEMENT (PVT) LTD.**

Registered under  
The Companies Ordinance 1984 & Modaraba  
Companies & Modaraba Ordinance 1980



## **COMPANY PROFILE**

### **MODARABA MANAGEMENT COMPANY**

E. A. Management (Pvt.) Ltd.

### **BOARD OF DIRECTORS**

#### **DIRECTORS OF MODARABA MANAGEMENT COMPANY**

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

### **AUDIT COMMITTEE**

Mr. Ahmed Ali Mohammad Amin Bawany	- Chairman
Mr. Abdul Ghani Samad	- Member
Mr. Abdul Wahid Jaliawala	- Member

### **CFO & COMPANY SECRETARY**

Muhammad Ayub

### **MODARABA AUDITORS**

M/s. Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

### **LEGAL ADVISOR**

Abdul Ghaffar Muhammad Gheewala

### **BANKERS**

Al-Baraka Islamic Investment Bank  
Bank Al-Habib Limited-Islamic  
Habib Bank Limited  
Habib Metropolitan Islamic Bank Limited  
Burj Bank Limited  
UBL Ameen Islamic Banking

### **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

### **EMAIL & WEBSITE**

E-mail: [info@bfmodaraba.com.pk](mailto:info@bfmodaraba.com.pk)  
URL: [www.bfmodaraba.com.pk](http://www.bfmodaraba.com.pk)

### **SHARES REGISTRAR**

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



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

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of BF Modaraba as at December 31, 2011 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, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

### **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, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi:  
February 14, 2012

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**Rahman Sarfaraz Rahim Iqbal Rafiq**  
**Chartered Accountants**  
**Engagement Partner: Muhammad Waseem**



**CHIEF EXECUTIVE REVIEW  
FOR THE PERIOD ENDED DECEMBER 31, 2011**

Dear Certificate Holders,

Assalamo Alaikum,

By the 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, 2011, which have been reviewed by the External auditors

Our gross revenue during the period was Rs.7.709 million vis-à-vis Rs. 22.186 million for the corresponding period of 2010-11 declined by 65 %, mainly due to negative contribution from trading inventory. A sudden massive decline in selling price of our trading inventory washed out our margin. But due to significant improvement in capital gain as well as increase in revenue from dividend and lease rentals, overall profitability remained positive. Thus, Pre-tax Profit stood at Rs. 2.9735 million against a Pre-tax Profit of Rs. 16.675 million for the corresponding period of 2010-11. Consequently, earning per share has dipped by Rs. 1.39 to Rs. 0.37 per share. Unrealized gain in the value of investment in marketable securities was Rs.3.556 million which has been reflected in the equity. We foresee rather better results in the 2<sup>nd</sup> quarter of the year under review in wake of stable market of commodity in which we trade and gradually improvement in KSE-100 Index, but overall it would be tough year for Modaraba.

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

Karachi:  
February 14, 2012

Omar Amin Bawany  
Chief Executive



**B. F. MODARABA**  
**CONDENCED INTERM BALANCE SHEET**  
**AS AT DECEMBER 31, 2011**

	Notes	(Un-audited) Dec. 31, 2011	(Audited) June 30, 2011
Rupees			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and bank balances		49,327,788	17,644,607
Investments, available for sale	5	32,780,297	34,955,799
Loan, prepayments and other receivables		3,055,365	7,074,460
Stock in trade	6	14,288,000	58,794,123
		99,451,450	118,468,989
<b>Non-Current Assets</b>			
Long term deposits		40,019	40,019
Fixed assets		12,434,189	14,954,860
		12,474,208	14,994,879
<b>TOTAL ASSETS</b>		<b>111,925,658</b>	<b>133,463,868</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accrued and other liabilities		628,195	388,399
Due to management company		330,380	2,263,204
Unclaimed dividend		931,522	278,583
		1,890,097	2,930,186
<b>Non-Current Liabilities</b>			
Staff gratuity		323,250	244,775
Ijarah deposits		2,700,000	2,784,600
		3,023,250	3,029,375
		4,913,347	5,959,561
<b>CERTIFICATE HOLDERS' EQUITY</b>			
Authorized Capital			
10,000,000 Modaraba			
Certificates of Rs. 10/- each		100,000,000	100,000,000
Certificate capital		75,151,587	75,151,587
Reserves		28,304,232	36,801,001
Unrealized gain on available for sale investments		3,556,492	15,551,719
		107,012,311	127,504,307
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>111,925,658</b>	<b>133,463,868</b>

**Contingencies and commitments** 7 - -

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

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



**B. F. MODARABA**  
**CONDENSED INTERM PROFIT AND LOSS**  
**ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED**  
**DECEMBER 31, 2011**

	For the Half year ended December 31		For the Quarter ended December 31	
	2011	2010	2011	2010
	Rupees			
<b>Revenue</b>				
Ijarah rentals	3,346,476	2,476,344	1,673,238	1,673,238
Gain on sale of investment	11,776,593	1,938,134	11,618,206	492,785
Trading (loss) / profit	(12,107,500)	14,023,000	(12,107,500)	13,302,167
Dividend - net of Zakat	2,006,236	1,489,565	1,320,034	540,361
Murabaha income	-	670,421	-	401,769
Profit on bank deposits accounts	1,237,131	1,408,755	1,237,131	1,408,755
Other Income	1,450,000	180,000	1,450,000	-
	<u>7,708,936</u>	<u>22,186,219</u>	<u>5,191,109</u>	<u>17,819,075</u>
<b>Expenditure</b>				
Operating expenses	1,923,303	1,678,858	1,080,359	934,710
Amortization of Ijarah assets	2,481,829	1,601,294	1,264,472	1,086,291
	<u>4,405,132</u>	<u>3,280,152</u>	<u>2,344,831</u>	<u>2,021,001</u>
Profit before charging management fee	3,303,804	18,906,067	2,846,278	15,798,074
Provision for management fee	(330,380)	(1,890,607)	(284,628)	(1,579,808)
	<u>2,973,423</u>	<u>17,015,460</u>	<u>2,561,650</u>	<u>14,218,266</u>
Provision for workers' welfare fund	-	(340,309)	-	(284,365)
Profit before taxation	2,973,423	16,675,151	2,561,650	13,933,901
Taxation	(197,454)	(3,465,992)	(128,834)	(3,290,648)
<b>Profit after taxation</b>	<u>2,775,969</u>	<u>13,209,159</u>	<u>2,432,816</u>	<u>10,643,253</u>
 Earning per certificate - basic and diluted (2010: Restated)	<u>0.37</u>	<u>1.76</u>	<u>0.32</u>	<u>1.42</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

<b>Chairman</b>	<b>Chief Executive</b>	<b>Director</b>
E. A. Management (Pvt) Ltd	E. A. Management (Pvt) Ltd	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, 2011**

	For the Half year ended December 31		For the Quarter ended December 31	
	2011	2010	2011	2010
	Rupees			
<b>Profit for the period</b>	<b>2,775,969</b>	<b>13,209,159</b>	<b>2,432,816</b>	<b>10,643,253</b>
Unrealized (loss) / gain on revaluation of available for sale investments	(1,999,072)	4,933,034	(3,183,393)	3,759,191
Gain on available for sale investments realised during the period	(9,996,155)	(1,842,297)	(9,838,988)	(459,368)
	(11,995,227)	3,090,737	(13,022,381)	3,299,823
<b>Total comprehensive (loss) / income for the period</b>	<b>(9,219,258)</b>	<b>16,299,896</b>	<b>(10,589,566)</b>	<b>13,943,076</b>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

**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 CASH FLOWS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2011**

	For the Half year ended December 31	
	2011	2010
	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,973,423	16,675,151
<b>Adjustments for non cash charges and other items:</b>		
Depreciation - own assets	38,842	46,916
Depreciation - Ijarah assets	2,481,829	1,601,294
Provision for gratuity	78,475	56,700
Provision for management fee	330,380	1,890,607
(Gain) on sale of investments	(11,776,593)	(1,938,134)
Dividend income	(2,006,236)	(1,489,565)
	(10,853,303)	167,818
<b>Operating profit before changes in working capital</b>	(7,879,879)	16,842,969
 <b>(Increase)/decrease in current assets</b>		
Stock in trade	44,506,123	17,426,776
Trade debts	-	27,660,000
Short term murabaha	-	(5,894,550)
Loan, prepayments and other receivables	3,783,581	(900,716)
	48,289,704	38,291,510
 <b>Increase/(decrease) in current liabilities</b>		
Accrued and other liabilities	155,196	(129,799)
Deferred murabaha income	-	617,243
Management fee paid	(2,263,204)	(624,437)
	(2,108,008)	(136,993)
<b>Net increase in working capital</b>	46,181,696	38,154,517
WWF paid	-	(177,033)
Dividend paid	(10,619,799)	-
Taxes paid	(205,549)	(3,902,707)
<b>Net cash flow from operating activities</b>	27,476,469	50,917,746
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in fixed assets for Ijarah asset	-	(18,000,000)
Deposits received against Ijarah assets	-	2,700,000
Purchase of available for sale investments	(10,239,266)	-
Proceeds from sale of available for sale investments	12,209,312	13,357,145
Dividend received	2,236,666	1,570,643
<b>Net cash (used in) / generated from investing activities</b>	4,206,712	(372,212)
 <b>Net increase/(decrease) in cash and cash equivalents</b>	31,683,181	50,545,534
Cash and cash equivalents at beginning of the period	17,644,607	8,007,972
Cash and cash equivalents at the end of period	49,327,788	58,553,506

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

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



**B. F. MODARABA**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2011**

Description	Certificate capital	Reserves		Unrealized gain / (loss) on available for sale financial assets	Total
		Statutory reserves	Unappropriated Profit		
----- Rupees -----					
Balance as at July 1, 2010	68,319,625	17,232,294	8,909,247	7,759,611	102,220,777
Issuance of bonus certificates @ 10% for the year ended June 30, 2010	6,831,962	-	(6,831,962)	-	-
Comprehensive income for the half year	-	-	13,209,159	3,090,737	16,299,896
<b>Balance as at December 31, 2010</b>	<b>75,151,587</b>	<b>17,232,294</b>	<b>15,286,444</b>	<b>10,850,348</b>	<b>118,520,673</b>
Balance as at January 1, 2011	75,151,587	17,232,294	15,286,444	10,850,348	118,520,673
Comprehensive income / (loss) for the half year	-	6,121,998	(1,839,735)	4,701,371	8,983,634
<b>Balance as at June 30, 2011</b>	<b>75,151,587</b>	<b>23,354,292</b>	<b>13,446,709</b>	<b>15,551,719</b>	<b>127,504,307</b>
Balance as at July 1, 2011	75,151,587	23,354,292	13,446,709	15,551,719	127,504,307
Issuance of cash dividend @ 15% for the year ended June 30, 2011	-	-	(11,272,738)	-	(11,272,738)
Comprehensive income / (loss) for the half year	-	-	2,775,969	(11,995,227)	(9,219,258)
<b>Balance as at December 31, 2011</b>	<b>75,151,587</b>	<b>23,354,292</b>	<b>4,949,940</b>	<b>3,556,492</b>	<b>107,012,311</b>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.

**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, 2011**

**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 BASIS OF PREPARATION**

**2.1** These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of Companies Ordinance, 1984, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of Companies Ordinance, 1984, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Rules, 1981 and directives issued by SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Rules, 1981 or directives issued by SECP prevail.

**2.2** This condensed interim financial information comprises of the condensed interim balance sheet as at December 31, 2011 and the condensed interim profit and loss account, condensed interim statement of comprehensive income, the condensed interim cash flow statement and condensed interim statement of changes in equity for the half year ended December 31, 2011 which have been subjected to a review but not audited.

**2.3** The comparative balance sheet presented in these condensed interim financial statements as at June 30, 2011 has been extracted from the audited financial statements of the company for the year ended June 30, 2011, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cashflow statement for the half year ended December 31, 2011 which have been subjected to review but not audit.

**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, 2011. except as disclosed below:

**3.1 Adoption of new accounting standards**

The company has adopted the following amended IFRS and related interpretations which became effective during the period:

IFRS 7- Financial Instruments: Disclosures



#### IAS 24- Related Party Disclosures(Revised)

In May 2010, International Accounting Standards Board(IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IFRS 7 - Financial Instruments Disclosures

- Clarification of disclosures

IAS 1 - Presentation of Financial Statements

- Clarification of Statement of changes in equity

IFRIC 13 - Presentation of Financial Statements

- Fair Value of award credits

The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on the condensed interim financial information of the company.

#### 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, 2011.

#### 5 INVESTMENTS

##### Available for sale

	Dec. 31, 2011	June 30, 2011
Investments in listed shares and close ended units	27,020,751	29,501,674
Investments in open ended units	5,759,546	5,454,125
	<u>32,780,297</u>	<u>34,955,799</u>

#### 6 STOCK IN TRADE

The inventory has been valued at NRV.

#### 7 CONTINGENCIES AND COMMITMENTS

7.1 No provision for Workers' Welfare Fund has been made in these financial statements in the light of judgment laid down by High Court of Lahore in the case of E.P.C.T. (Pvt.) Ltd. Versus Federation of Pakistan, etc. (W.P. No.8763/2011). The Court has held that amendments made in Workers' Welfare Fund Ordinance, 1971 through Finance Acts, 2006 and 2008 were unconstitutional. Had the provision been made, the same would have been recorded at Rs.59,468.

7.2 There are no material contingency and commitments except as disclosed above at December 31, 2011 (June 30, 2011: Nil).



Half Year Ended	
Dec. 31, 2011	Dec 31, 2010
Rupees	

## 8 RELATED PARTY TRANSACTIONS

Significant transactions with the related parties during the half year ended are as follows:

### Associated Undertakings

Insurance expenses	22,195	22,133
Purchases	-	38,797,552

### Management company

Modaraba Management fee	330,380	1,890,607
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Dec. 31, 2011	June 30, 2011
Rupees	

Balances with related parties at the end of the period are as follows:

Insurance payable	22,195	-
Due to management company	330,380	2,263,204

## 9 RECLASSIFICATION

Previous year figures has been rearranged or/ and reclassification, where necessary, for the purpose of comparison in the financial statements. For better presentation reclassification made in the financial statements were as follows:

Reclassification from component	Reclassification to component	Amount
Taxes payable - net	Advances, deposits, prepayments and other receivables	1,024,709

The above rearrangements / reclassification do not affect retained earnings for the year ended June 30, 2010. Therefore, the balance sheet for year ended June 30, 2010 has not been presented.

## 10 FINANCIAL RISK MANAGEMENT

The companies financial risk management objectives and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2011.

## 11 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 14, 2012.

## 12 GENERAL

Figures have been rounded off to the nearest rupee.

<b>Chairman</b>	<b>Chief Executive</b>	<b>Director</b>
E. A. Management (Pvt) Ltd	E. A. Management (Pvt) Ltd	E. A. Management (Pvt) Ltd