

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

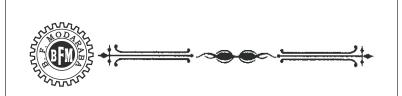
We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope then 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 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

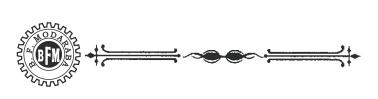
Our gross revenue during the period was Rs.7.709 million vis-à-vis Rs. 22.186 million for the corresponding period of 2010-11 declined by 65 %, mainly due to negative contribution from trading inventory. A sudden massive decline in selling price of our trading inventory washed out our margin. But due 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 2nd 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



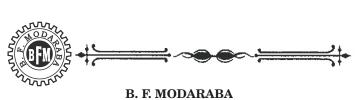
State State	· · · · · · · · · · · · · · · · · · ·						
B. F. MODARA	ARA						
CONDENCED INTERM BA AS AT DECEMBER	LANCE SHEET						
Note	es (Un-audited) (Audited)						
	Dec. 31, June 30, 2011 2011						
ASSETS	——— Kupees ———						
Current Assets							
Cash and bank balances	49,327,788 17,644,607						
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						
Non-Current Assets	99,451,450 118,468,989						
Long term deposits	40,019 40,019						
Fixed assets	12,434,189 14,954,860						
	12,474,208 14,994,879						
TOTAL ASSETS	111,925,658 <u>133,463,868</u>						
LIABILITIES AND EQUITY							
Current Liabilities							
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						
Non-Current Liabilities							
Staff gratuity	323,250 244,775						
ljarah deposits	2,700,000 2,784,600						
	3,023,250 3,029,375 4,913,347 5,959,561						
CERTIFICATE HOLDERS' EQUITY	4,313,347 5,959,501						
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						
TOTAL LIABILITIES AND EQUITY	111,925,658 133,463,868						
Contingencies and commitments 7							
The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.							
Chairman Chief Executive E. A. Management (Pvt) Ltd E. A. Management (Pv	t) Ltd E. A. Management (Pvt) Ltd						
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B. F. MODARABA CONDENSED INTERM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2011

		f year ended 1ber 31		uarter endeo mber 31		
	2011	2010	2011	2010		
		Ri	ipees			
Revenue						
ljarah 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 Dividend - net of Zakat	(12,107,500)		(12,107,500)			
Murabaha income	2,006,236	1,489,565	1,320,034	540,361		
Profit on bank deposits accounts	-	670,421	-	401,769		
Other Income	1,237,131	1,408,755	1,237,131	1,408,755		
	1,450,000	180,000 22,186,219	1,450,000 5,191,109	17,819,075		
	1,100,930	22,100,219	5,191,109	17,019,075		
Expenditure Operating expenses	4 000 000	1 070 050	4 090 250	024 740		
Amortization of Ijarah assets	1,923,303 2,481,829	1,678,858 1,601,294	1,080,359 1,264,472	934,710 1,086,291		
	4,405,132	3,280,152		2,021,001		
	4,403,132	3,200,132	2,344,031	2,021,001		
Profit before charging management fee	3.303.804	18,906,067	2,846,278	15,798,074		
Provision for management fee		(1,890,607)	(284,628)			
Ū.	2,973,423	17,015,460		14,218,266		
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)		
Profit after taxation	2,775,969	13,209,159	2,432,816	10,643,253		
Earning per certificate - basic and diluted (2010:Restate	d) 0.37	1.76	0.32	1.42		
The annexed notes from 1 to 12 for interim financial information.	orm an integ	grai part or	tnese cond	ensea		
	ief Executive inagement (P		Direct			

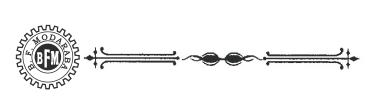
B. F. MODARABA CONDENSED INTERM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED								
	For the H	81, 2011 Ialf year ende	d For the Qu	uarter ender				
	Dec 2011	2010 R	Decer 2011 upees	mber 31 2010				
Profit for the period	2,775,969	13,209,159	2,432,816	10,643,253				
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)				
Total comprehensive (loss) / income for the period	(11,995,227)	3,090,737 16,299,896	(13,022,381)	3,299,823 13,943,076				
The annexed notes from 1 to interim financial information.	12 form an in	tegral part o	f these cond	ensed				
Chairman E. A. Management (Pvt) Ltd E. <i>i</i>	Chief Execut A. Management		Direc E. A. Managem					



CONDENSED INTERM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED DECEMBER 31, 2011

	For the Half year ended December 31				
	2011	2010			
CASH FLOWS FROM OPERATING ACTIVITIES	Rup	ees			
Profit before taxation	2,973,423	16,675,151			
Adjustments for non cash charges and other items:					
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 Dividend income	(11,776,593)	(1,938,134)			
Dividend Income	(2,006,236)	(1,489,565)			
Operating profit before changes in working capital	(10,853,303) (7,879,879)	167,818 16,842,969			
(Increase)/decreases in ourrent accets					
(Increase)/decrease in current assets Stock in trade	44 506 122	17 426 776			
Trade debts	44,506,123	17,426,776			
Short term murabaha		27,660,000 (5,894,550)			
Loan, prepayments and other receivables	3,783,581	(900,716)			
Eoun, propayments and other receivables	48,289,704	38,291,510			
Increase/(decrease) in current liabilities	10,200,101	00,201,010			
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)			
Net increase in working capital	46,181,696	38,154,517			
WWF paid	-	(177,033)			
Dividend paid	(10,619,799)	-			
Taxes paid	(205,549)	(3,902,707)			
Net cash flow from operating activities	27,476,469	50,917,746			
CASH FLOWS FROM INVESTING ACTIVITIES					
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			
Net cash (used in) / generated from investing activitie	es 4,206,712	(372,212)			
Net increase/(decrease) in cash and cash equivalents	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 integrinterim financial information.	ral part of these	condensed			
Chairman Chief Executive E. A. Management (Pvt) Ltd E. A. Management (Pvt)		Director agement (Pvt) Ltd			
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		Total		102,220,777	,	16,299,896	118,520,673	118,520,673	8.983.634	127,504,307	127,504,307	(11.272.738)	(9,219,258)	107,012,311			: (Pvt) Ltd.
Y (UN-AUDITED) 011	Unrealized gain	/ (loss) on available for sale financial assets		7,759,611		3,090,737	10,850,348	10,850,348	4.701.371	15,551,719	15,551,719		(11,995,227)	3,556,492			Director E.A. Management (Pvt) Ltd.
B. F. MODARABA INTERM STATEMENT OF CHANGES IN EQUITY (FOR THE HALF YEAR ENDED DECEMBER 31, 2011	Reserves	Unappropriated Profit	Rupees	8,909,247	(6,831,962)	13,209,159	15,286,444	15,286,444	(1.839.735)	13,446,709	13,446,709	(11.272.738)	2,775,969	4,949,940	financial information.	ive	tive (Pvt) Ltd.
B. F. MODARABA MENT OF CHANG YEAR ENDED DEG	Re	Statutory reserves		17,232,294	,		17,232,294	17,232,294	6.121.998	23,354,292	23,354,292			23,354,292	condensed interim		Chief Executive E.A. Management (Pvt) Ltd.
ERM STATEM THE HALF Y		Certificate capital		68,319,625	6,831,962		75,151,587	75,151,587		75,151,587	75,151,587		ar -	75,151,587	tegral part of these		
B. F. MODARABA CONDENSED INTERM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2011		Description		Balance as at July 1, 2010 Lecurance of homus contificates @ 10% for	the year ended June 30, 2010	Comprehensive income for the half year	Balance as at December 31, 2010	Balance as at January 1, 2011	Cumprensive income / (1055) for the half year	Balance as at June 30, 2011	Balance as at July 1, 2011	issuance of cash dividend @ 15% for the vear ended June 30, 2011	Comprehensive income / (loss) for the half year	Balance as at December 31, 2011	The annexed notes from 1 to 12 form an integral part of these condensed interim financial information.		Chairman E.A. Management (Pvt) Ltd.
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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

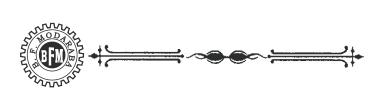
- 2.1 These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as 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 comparitive balance sheet presented in these condensed interim financial statements as at June 30, 2011 has been extracted from the audited financial statements of the comapany for the year ended June 30, 2011, wheresas the comparative profit and loss account, statement of comprehensive income, statement of changes in equityand 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.

_	INVERTMENTO	Dec. 31, 2011 Rupe	June 30, 2011
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	Available for sale 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
		32,780,297	34,955,799

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).

