

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, 2012 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, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

Scope of Review

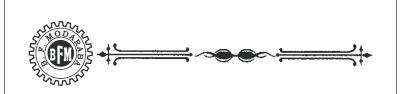
We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consist of making inquiries, primarily of persons responsible 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, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi: February 20, 2013 Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants Engagement Partner: Muhammad Waseem





SHARI'AH ADVISOR'S REPORT FOR THE HALF YEAR ENDED DEC 31, 2012

I have conducted the Shari'ah review of **B.F.Modaraba** managed by **E.A. Management (Private) Limited**, Modaraba Management Company for the financial Half year ended **December 2012** in accordance with the requirements of the **_Shari'ah Compliance and Shari'ah Audit Mechanism** for Modarabas and report that except the observations as reported hereunder, in my opinion:

- the Modaraba has introduced a mechanism which has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles;
- ii. following were the major developments that took place during the year:
 - a) Research and new product development
 - Adopted new inducted Shari'ah Compliance and Shari'ah Audit Mechanism.
 - Followed Model Islamic Financing Agreements approved by Religious Board.
 - b) Training and Development
 - Training has been given to our Shariah Auditor.
- iii. the agreement(s) entered into by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met;
- iv. to the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shari'ah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shari'ah Compliance and Shari'ah Audit Regulations for Modarabas
- v. profit sharing ratios, profits and charging of losses relating to any deposit raising product conform to the basis and principles of Shari'ah.
- vi. No earnings have been realized from the sources or by means prohibited by Shari'ah.

Observation(s)

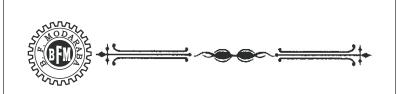
Recommendation(s)

- I recommend that training of staff the B.F.Modaraba should be made for Islamic Mode of Finance by the Shariah Advisor or Authorized Training Institute.
- Assets which required Insurance should be arranged by Takaful companies.

Conclusion

Dated February 20, 2013 Mufti Zubair Usmani Shari'ah Advisor





CHIEF EXECUTIVE REVIEW FOR THE PERIOD ENDED DECEMBER 31, 2012

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, 2012, which have been reviewed by the External auditors

Our gross revenue during the period was Rs.7.062 million vis-à-vis Rs. 7.708 million for the corresponding period of 2011-12. Pre-tax Profit stood at Rs.1.818 million against a Pre-tax Profit of Rs. 2.973 million for the corresponding period of 2011-12. Consequently, earning per share stood at Rs. 0.21 per share. Domestic bourses have been continuing improving and KSE-100 Index has crossed all time high level of 17,500. This positive trend was reflected in our port folio investment valuation and unrealized gain of marketable securities stood at Rs.11.969 million. We expect even improved results in the 2nd half of the year in wake of stable market of commodity in which we trade and improvement in marketable securities.

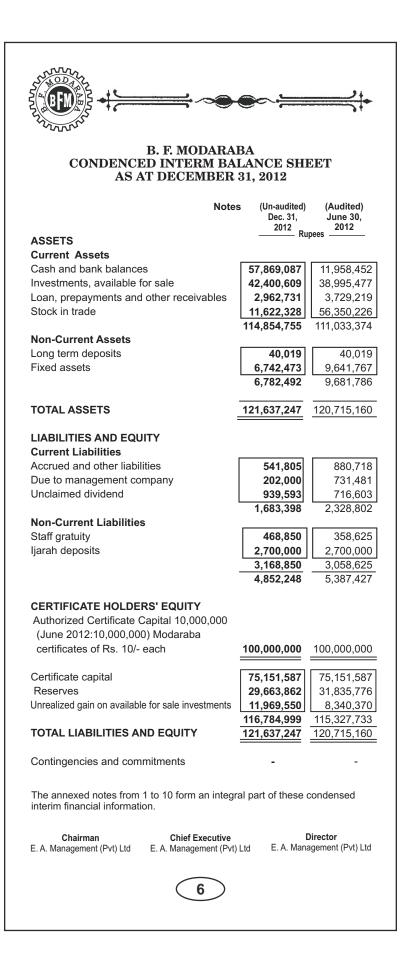
We have disposed off all shariah non-compliant shares to comply with Clause III (4) of Part I – Shariah Compliance of Circular No.08 of 2012 dated 3rd February 2012 of Registrar Modaraba.

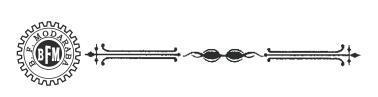
Shariah Advisor has also furnished 'shariah Advisor Report' which is attached with this half yearly report.

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

Karachi: February 20, 2013 Omar Amin Bawany Chief Executive



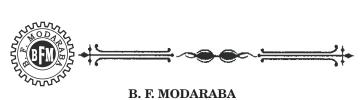




B. F. MODARABA CONDENSED INTERM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2012

		f year ended nber 31		uarter ended mber 31
	2012	2011 ——— Ruj	2012	2011
Revenue				
ljarah rentals	3,236,892	3.346.476	1,618,446	1,673,238
Gain on sale of investment	61,225			11,618,206
Trading profit / (loss)		(12,107,500)		
Dividend - net of Zakat	1,301,695			,
Profit on bank deposits accounts	1,011,460			
Other Income	294,348		294,348	
	7,062,420		3,967,100	
Expenditure				
Operating expenses	2,265,143	1,923,303	1,276,137	1,080,359
Amortization of Ijarah assets	2,777,277	2,481,829	1,415,032	1,264,472
	5,042,420	4,405,132	2,691,169	2,344,831
Profit before charging management fee	2.020.000	3.303.804	1,275,931	2,846,278
Provision for management fee	(202,000)		(127,593)	
Profit before taxation	1,818,000		1,148,338	
Taxation	(232,333)	(197,454)	(118,960)	(128,834)
Profit after taxation	1,585,667	2,775,970	1,029,378	2,432,816
Earning per certificate - basic and diluted The annexed notes from 1 to 10 fo interim financial information.		0.37	0.14	0.32
	rm an inte	gral part of t	these conc	lensed

CONDENSED COMPREHENSI FOR THE HALF Y	VE INCO	I STATEM DME (UN- D QUART	AUDITE	D)
		Half year endec cember 31 2011 Ru		Quarter ende ember 31 2011
Profit for the period	1,585,667	2,775,970	1,029,378	2,432,816
Unrealized gain / (loss) on revaluation of available for sale investments	3,675,528	(1,999,072)	2,659,654	(3,183,393
Gain on available for sale investments realised during the period	(46,348)	(9,996,155)	-	(9,838,988
	3,629,180	(11,995,227)	2,659,654	(13,022,381)
Total comprehensive income . / (loss) for the period	5,214,847	(9,219,257)	3,689,032	(10,589,565

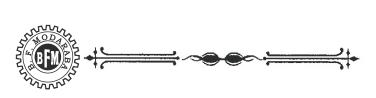


CONDENSED INTERM STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2012

		year ended
	Decem 2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES	Rup	
Profit before taxation	1,818,000	2,973,423
Adjustments for non cash charges and other items:	, , , , ,	2,010,120
Depreciation - own assets	22,816	38,842
Depreciation - Ijarah assets	2,777,277	2,481,829
Provision for gratuity	110,225	78,475
Provision for management fee	202,000	330,380
Provision for profit on bank deposit	(1,011,460)	_
Gain on sale of fixed assets	(294,348)	
Capital gain on sale of short term investments	(61,225)	(11,776,593)
Dividend income	(1,301,695)	(2,006,236)
	443,590	(10,853,303)
Operating profit before changes in working capital	2,261,590	(7,879,879)
(Increase)/decrease in current assets		
Stock in trade	44,727,898	44,506,123
Loan, prepayments and other receivables	(99,738)	3,783,581
	44,628,160	48,289,704
Increase/(decrease) in current liabilities	.,,	10,200,701
Accrued and other liabilities	(338,913)	155,196
Management fee paid	(731,481)	(2,263,204)
	(1,070,394)	(2,108,008)
Net increase in working capital	43,557,766	46,181,696
Dividend paid	(3,534,590)	(10,619,799)
Taxes paid	(127,540)	(205,549)
Net cash flow from operating activities	42,157,226	27,476,469
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to fixed assets for own use	(14,450)	-
Profit received on bank deposits	1,742,892	-
Proceeds from disposal of fixed assets	407,999	-
Purchase of available for sale invetment	-	(10,239,266)
Proceeds from sale of available for sale investments	285,272	12,209,312
Dividend received	1,331,695	2,236,666
Net cash (used in) / generated from investing activities	3,753,409	4,206,712
Net increase/(decrease) in cash and cash equivalents	45,910,635	31,683,181
Cash and cash equivalents at beginning of the period	11,958,452	17,644,607
Cash and cash equivalents at the end of period	57,869,087	49,327,788
The annexed notes from 1 to 10 form an integral p interim financial information. Chairman Chief Executive E. A. Management (Pvt) Ltd E. A. Management (Pvt)		densed Director nagement (Pvt) Ltd
9		

DITED)	id gain) on for sale Total assets		,719 127,504,307	(11,272,738) (9.210,258)		10	,878 8,315,421	370 115.327.732		(3.757.580)		,550 116,784,999		Director
CONDENSED INTERM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2012	Unrealized gain	<pre>1 / (loss) on available for sale financial assets</pre>		15,551,719	- (11 995 227)	3,556,492	3,556,492	4,783,878	8.340.370	8,340,370	1	3,629,180	11,969,550	ion.	Director
INTERM STATEMENT OF CHANGES IN EQUITY (FOR THE HALF YEAR ENDED DECEMBER 31, 2012	Reserves	Unappropriated Profit	Rupees	13,446,709	(11,272,738) 2 775 969	4,949,940	4,949,940	3,531,543	(coo, l/0; 2) 5.979.818	5,979,818	(3.757.580)	1,585,667	3,807,905	rim financial informati	Chief Executive
EMENT OF CI ? YEAR ENDEI	4	Statutory reserves		23,354,292	• •	23,354,292	23,354,292	- L C	25.855.957	25,855,957	,	,	25,855,957	ese condensed inte.	Chief Executive
NTERM STAT		Certificate capital		75,151,587	ı	75,151,587	75,151,587		75.151.587	75, 151,587		ı	75,151,587	in integral part of th∈	
CONDENSED L		Description		Balance as at July 1, 2011	issuance of cash dividend @ 15% for the year ended June 30, 2011 Comprehensive income for the half year	Balance as at December 31, 2011	Balance as at January 1, 2012	Comprehensive income for the half year	ITATISTER TO STATUTORY LESERVES @ 40% Balance as at June 30, 2012	Balance as at July 1, 2012	Issuance of cash dividend @ 5% for the vear ended June 30, 2012	Comprehensive income for the half year	Balance as at December 31, 2012	The annexed notes from 1 to 10 form an integral part of these condensed interim financial information.	Chairman



B. F. MODARABA CONDENSED NOTES TO INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2012

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 the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Companies Ordinance, 1984, 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, 1981 and directives issued by SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Modaraba Companies or JRS1, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1984, the Modaraba Companies and Batter (Section 2006) (Section
- 2.2 This condensed interim financial information comprises of the condensed interim balance sheet as at December 31, 2012 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 and notes forming part thereof for the half year ended December 31, 2012 which have been subjected to the review but not audit.
- 2.3 The comparitive balance sheet presented in these condensed interim financial statements as at June 30, 2012 has been extracted from the audited financial statements of the comapany for the year ended June 30, 2012, where as the comparative profit and loss account, statement of comprehensive income, cashflow statement and the statement of changes in equity for the half year ended December 31, 2011 which have been subjected to review but not audit.

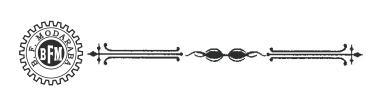
3 SIGNIFICANT ACCOUNTING POLICIES

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, 2012.

3.1 Adoption of new accounting standards

There are certain new standards, amendments and interpretations that are mandatory for modaraba's accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or to have any significant effect on the modaraba's operations and are therefore not detailed in these condensed interim financial statements.





Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

Following new standards, amendments and interpretation to existing standards have been issued but are not effective for the financial year beginning July 1, 2012 and have not been early adopted by the Company:

IAS 19 Employee benefits (Amendment) effective for periods beginning on or after January 1, 2013.

IFRS 10, 'Consolidated financial statements', effective for periods beginning on or after January 1, 2013.

IFRS 12, 'Disclosure of interests in other entities', effective for annual periods beginning on or after January 1, 2013.

IFRS 13, 'Fair value measurement', effective for annual periods beginning on or after January 1, 2013.

IAS 27 "Separate Financial Statements", applicable to annual reporting periods beginning on or after 1 January 2013.

IAS 28 "Investments in Associates and Joint Ventures", applicable to annual reporting periods beginning on or after 1 January 2013.

IFRS 9 "Financial Instruments", Applies on a modified retrospective basis to annual periods beginning on or after 1 January 2015.

Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7), Applicable to annual periods beginning on or after 1 January 2013 and interim periods within those periods.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32), Applicable to annual periods beginning on or after 1 January 2014:

There are a number of minor amendments in other IFRS and IAS which are part of annual improvement project published in April 2009 and May 2010(not addressed above). These amendments are unlikely to have any impact on the Company's financial statements and therefore have not been analysed in detail.

IAS 16 *Property, Plant and Equipment* is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. Applicable to annual periods beginning on or after 1 January 2013.

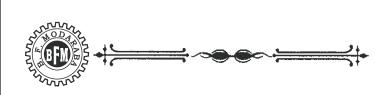
IAS 32 Financial Instruments: Presentation - Applicable to annual periods beginning on or after 1 January 2013, is amended to clarify that IAS 12 *Income Taxes* applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction.

IAS 34 Interim Financial Reporting is amended, Applicable to annual periods beginning on or after 1 January 2013, to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial information in conformity with approved accounting standards requires 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, 2012.

5	INVESTMENTS-Available for sale	Unaudited Dec. 31, 2012 Ruped	Audited June 30, 2012 es
J	Investments in listed shares and close ended units		22,618,951
	Investments in open ended units	<u>17,164,502</u> 42,400,609	<u>16,376,526</u> <u>38,995,477</u>
		Half Ye Dec. 31, 2012 Ru	ear Ended Dec 31, 2011 pees
6	TRADING PROFIT / (LOSS)		
	Sale Cost of Sale (50,745,400 49,558,600) 1,156,800	35,404,500 (47,512,000) (12,107,500)
7	RELATED PARTY TRANSACTIONS Significant transactions with the related parties during the half year ended are as follows:		
	Associated Undertakings		
	Insurance expense Purchases	20,379 4,860,702	22,195 -
	Management company		
	Modaraba Management fee	202,000	330,380
		Unaudited Dec. 31, 2012	Audited June 30, 2012
	Balances with related parties at the end of the period are as follows:	Rupe	es
	Insurance payable Due to management company	31,415 202,000	11,036 731,481
8	FINANCIAL RISK MANAGEMENT The companies financial risk management objective with that disclosed in the financial statements for the y		
9	DATE OF AUTHORIZATION FOR ISSUE These condensed interim financial information were Board of Directors of the Modaraba Management Con		
10) GENERAL Figures have been rounded off to the nearest rupee.		
E.	ChairmanChief ExecutiveA. Management (Pvt) LtdE. A. Management (Pvt) Ltd		ector ement (Pvt) Ltd
	13		