

Financial Statements
(Reviewed) for the
Half Year Ended
December 31, 2013



B.F. MODARABA

Managed By

E.A. MANAGEMENT (PVT) LTD.

Registered under

The Companies Ordinance 1984 & Modaraba
Companies & Modaraba Ordinance 1980

Corporate Information

MODARABA MANAGEMENT COMPANY

E.A. Management (Pvt.) Ltd.

BOARD OF DIRECTORS**DIRECTORS OF MODARABA MANAGEMENT COMPANY**

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

AUDIT COMMITTEE

Mr. Abdul Wahid Ghaffar - Chairman
Mr. Ahmed Ali Muhammad Amin Bawany - Member
Mr. Abdul Ghani Samad - Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Ahmed Ali Muhammad Amin Bawany - Chairman
Mr. Muhammad Omar Amin Bawany - Member
Mr. Abdul Wahid Ghaffar - Member

CFO & COMPANY SECRETARY

Mr. Muhammad Ayub

MODARABA AUDITORS

M/s. Avais Hyder Liaquat Nauman
Chartered Accountants

SHARIAH ADVISOR

Mr. Mufti Zubair Usmani

LEGAL ADVISOR

Mr. 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
feedback@bfmodaraba.com.pk
URL: 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

**INDEPENDENT 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, 2013, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period ended (here-in- after referred to as the "interim financial information"). Management of Modaraba Company is responsible for the preparation and 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.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists 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 at December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarters ended December 31, 2013 and December 31, 2012 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The financial statements as of June 30, 2013 and condensed interim financial information as of December 31, 2012 of the Modaraba were audited and reviewed by another auditor whose reports dated September 26, 2013 and February 20, 2013 respectively, expressed an unqualified opinion and conclusion on those financial statements and condensed interim financial information respectively.

Karachi:
February 14, 2014

Avais Hyder Liaquat Nauman
Chartered Accountants
Engagement Partner: Moazzam Saddique

CHIEF EXECUTIVE REVIEW

FOR THE PERIOD ENDED DECEMBER 31, 2013

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, 2013, which have been reviewed by the External auditors.

Our gross revenue during the period was Rs.7.399 million vis-à-vis Rs. 7.062 million for the corresponding period of 2012-13. Pre-tax Profit stood at Rs.3.412 million against a Pre-tax Profit of Rs. 1.818 million for the corresponding period of 2012-13, mainly due to increase in trading income. Moreover, revenue from dividend and profit on bank also improved. Consequently, earning per share stood at Re. 0.37 per share. Domestic bourses have been continuing improving and KSE-100 Index has crossed all time high level of 27,000. This positive trend was reflected in our port folio investment valuation and unrealized gain of marketable securities stood at Rs.21.789 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, Insha Allah.

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

Karachi:
February 14, 2014

Omar Amin Bawany
Chief Executive

CONDENCED INTERM BALANCE SHEET
AS AT DECEMBER 31, 2013

	Notes	(Un-audited)	(Audited)
		Dec. 31,	June 30,
		2013	2013
		<u>Rupees</u>	
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 certificate capital		<u>75,151,587</u>	<u>75,151,587</u>
Reserves		<u>32,899,269</u>	<u>30,073,621</u>
		<u>108,050,856</u>	<u>105,225,208</u>
Unrealized gain on available for sale investments		<u>21,789,322</u>	<u>17,745,876</u>
		<u>129,840,178</u>	<u>122,971,084</u>
NON-CURRENT LIABILITIES			
Staff gratuity		704,676	541,951
CURRENT LIABILITIES			
Accrued and other liabilities		<u>528,893</u>	<u>1,199,587</u>
Current maturity of ijarah deposits		-	2,700,000
Due to management company		<u>396,388</u>	<u>252,412</u>
Unclaimed dividend		<u>837,048</u>	<u>841,510</u>
		<u>1,762,329</u>	<u>4,993,509</u>
Contingencies & commitments	5	<u>-</u>	<u>-</u>
		<u>132,307,183</u>	<u>128,506,544</u>
NON-CURRENT ASSETS			
Fixed Assets			
Assets in own use	6	<u>182,009</u>	<u>202,433</u>
Assets leased out		<u>-</u>	<u>3,537,672</u>
		<u>182,009</u>	<u>3,740,105</u>
Long term deposits		40,019	40,019
CURRENT ASSETS			
Stock in trade		<u>18,320,000</u>	<u>68,660,328</u>
Advances, deposit, prepayments & other receivables		<u>1,914,512</u>	<u>2,945,046</u>
Investments - available for sale	7	<u>53,351,414</u>	<u>49,307,968</u>
Cash and bank balances		<u>58,499,229</u>	<u>3,813,078</u>
		<u>132,085,155</u>	<u>124,726,420</u>
		<u>132,307,183</u>	<u>128,506,544</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

Chairman
E. A. Management (Pvt) Ltd

Chief Executive
E. A. Management (Pvt) Ltd

Director
E. A. Management (Pvt) Ltd

**CONDENSED INTERM PROFIT AND LOSS ACCOUNT /
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED
DECEMBER 31, 2013**

Notes	For the Half year ended December 31		For the Quarter ended December 31	
	2013	2012	2013	2012
Rupees				
Revenue				
Ijarah rentals	870,132	3,236,892	-	1,618,446
Gain on sale of investment	-	61,225	-	-
Trading profit	8 3,710,672	1,156,800	3,344,953	1,156,800
Dividend - net of zakat	1,572,196	1,301,695	340,513	92,969
Profit on bank deposits accounts	1,246,976	1,011,460	1,183,782	804,537
Other income	-	294,348	-	294,348
	<u>7,399,976</u>	<u>7,062,420</u>	<u>4,869,248</u>	<u>3,967,100</u>
Expenditure				
Operating expenses	(2,598,419)	(2,265,143)	(1,401,190)	(1,276,137)
Amortization of ijarah assets	(837,672)	(2,777,277)	-	(1,415,032)
	<u>(3,436,091)</u>	<u>(5,042,420)</u>	<u>(1,401,190)</u>	<u>(2,691,169)</u>
Profit before charging management fee	3,963,885	2,020,000	3,468,058	1,275,931
Management fee	(396,389)	(202,000)	(346,805)	(127,593)
Profit before Worker's Welfare Fund	3,567,497	1,818,000	3,121,253	1,148,338
Provision for Worker's Welfare Fund	(71,350)	-	(62,425)	-
Profit before Taxation	3,496,147	1,818,000	3,058,828	1,148,338
Taxation - current	(670,499)	(232,333)	(558,581)	(118,960)
Profit after taxation	<u>2,825,648</u>	<u>1,585,667</u>	<u>2,500,247</u>	<u>1,029,378</u>
Earning per certificate- basic and diluted	<u>0.38</u>	<u>0.21</u>	<u>0.33</u>	<u>0.14</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

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

**CONDENSED INTERM STATEMENT OF OTHER
COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE HALF YEAR AND QUARTER ENDED
DECEMBER 31, 2013

	For the Half year ended December 31		For the Quarter ended December 31	
	2013	2012	2013	2012
	Rupees			
Profit/ (loss) for the period	2,825,648	1,585,667	2,500,247	1,029,378
Unrealized gain/(loss) on revaluation of available for sale investments	4,043,446	3,675,528	4,934,843	2,659,654
Gain on investments transferred to profit and loss account	-	(46,348)	-	-
	4,043,446	3,629,180	4,934,843	2,659,654
Total comprehensive income/(loss) for the period	6,869,094	5,214,847	7,435,090	3,689,031

The annexed notes from 1 to 13 form an integral part of these financial statements.

Chairman
E. A. Management (Pvt) Ltd

Chief Executive
E. A. Management (Pvt) Ltd

Director
E. A. Management (Pvt) Ltd

**CONDENSED INTERM STATEMENT OF CASH FLOWS
(UNAUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	For the Half year ended December 31	
	2013	2012
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,496,147	1,818,000
Adjustments for non cash charges and other items:		
Depreciation on own assets	20,424	22,816
Amortization on leased assets	837,672	2,777,277
Provision for Profit on bank deposits	(1,246,976)	(1,011,460)
Provision for management fee	396,388	202,000
Provision for gratuity	162,725	110,225
Provision for WWF	71,350	-
Gain on sale of fixed assets	-	(294,348)
Loss/ (gain) on sale of investment	-	(61,225)
Dividend income	(1,572,196)	(1,301,695)
	<u>(1,330,613)</u>	<u>443,590</u>
Operating profit before working capital changes	2,165,534	2,261,590
Working capital changes		
Decrease/(increase) in current assets		
Stock in trade	50,340,328	44,727,898
Advances, deposit, prepayments and other receivables	664,433	(99,738)
	<u>51,004,761</u>	<u>44,628,160</u>
(decrease)/ Increase in current liabilities		
Accrued and other liabilities	(670,694)	(338,913)
	<u>(670,694)</u>	<u>(338,913)</u>
Net increase in working capital	50,334,067	44,289,247
Taxes paid	(916)	(127,540)
Dividend Paid	(4,462)	(3,534,590)
Management Fee paid	(252,412)	(731,481)
	<u>(257,790)</u>	<u>(4,393,611)</u>
Net cash inflow from operating activities	52,241,811	42,157,226
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in fixed assets - own use	-	(14,450)
Proceed from disposal of fixed assets - own use	-	407,999
Profit received on bank deposits	693,544	1,742,892
Proceed from sale of investment	-	285,272
Dividend received	1,750,796	1,331,695
Net cash inflows from investing activities	2,444,340	3,753,408
Net increase/(decrease) in cash and cash equivalents	54,686,151	45,910,635
Cash and cash equivalents as at beginning of the period	3,813,078	11,958,452
Cash and cash equivalents as at the end of period	<u>58,499,229</u>	<u>57,869,087</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

Description	Issued, subscribed and paid up capital	Reserves		Unappropriated Profit	Total Reserve	Unrealized gain / (loss) on available for sale financial assets	Total
		Statutory reserves	Unappropriated Profit				
----- Rupees -----							
Balance as at July 01, 2012	75,151,587	25,855,957	5,979,818	31,835,775	8,340,370	115,327,732	
Issuance of Cash Dividend @5%	-	-	(3,757,580)	(3,757,580)	-	(3,757,580)	
Comprehensive income for half year	-	-	1,585,667	1,585,667	3,629,180	5,214,847	
Balance as at December 31, 2012	75,151,587	25,855,957	3,807,905	29,663,862	11,969,550	116,784,999	
Balance as at January 1, 2013	75,151,587	25,855,957	3,807,905	29,663,862	11,969,550	116,784,999	
Transfer to the statutory reserve @ 45%	-	890,509	(890,509)	-	-	-	
Comprehensive income for the half year	-	-	409,759	409,759	5,776,326	6,186,085	
Balance as at June 30, 2013	75,151,587	26,746,466	3,327,155	30,073,621	17,745,876	122,971,084	
Balance as at July 1, 2013	75,151,587	26,746,466	3,327,155	30,073,621	17,745,876	122,971,084	
Issuance of cash dividend	-	-	-	-	-	-	
Comprehensive income for the half year	-	-	2,825,648	2,825,648	4,043,446	6,869,094	
Balance as at December 31, 2013	75,151,587	26,746,466	6,152,803	32,899,269	21,789,322	129,840,178	

The annexed notes from 1 to 13 form an integral part of these financial statements.

Chairman
E.A. Management (Pvt) Ltd.

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

Director
E.A. Management (Pvt) Ltd.

**CONDENSED NOTES TO INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

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 The condensed interim financial information for the six months period ended December 31, 2013 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, 2013. The figures for the half year ended December 31, 2013 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, 2013 and the 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 and the notes forming part thereof for the half year ended December 31, 2013 which have been subjected to a review but not audited.

2.3 The comparative condensed balance sheet, presented in this condensed interim financial information, as at June 30, 2013 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2013 whereas the comparative 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 ended December 31, 2012 have been extracted from the condensed interim financial information for the half year ended December 31, 2012 which were subjected to a review but not audited.

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 preceding published financial statements of the Modaraba for the year ended June 30, 2013.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

There 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, 2013.

5 CONTINGENCIES AND COMMITMENTS

There are no known contingencies & commitments as at December 31, 2013.

	Unaudited Dec. 31, 2013	Audited June 30, 2013
	Rupees	
6 ASSETS IN OWN USE		
FIXED CAPITAL EXPENDITURE		
Opening balances	202,433	330,131
Additions	-	38,930
Disposal - net of depreciation	-	(113,652)
Depreciation for the period	<u>(20,424)</u>	<u>(52,976)</u>
Total	<u>182,009</u>	<u>202,433</u>

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

	Unaudited Dec. 31, 2013	Audited June 30, 2013
	Rupees	
7 INVESTMENTS-Available for sale		
Investments in shares/certificates and close ended units 7.1	33,464,245	30,197,301
Investments in open ended units 7.2	<u>19,887,169</u>	<u>19,110,667</u>
	<u>53,351,414</u>	<u>49,307,968</u>

7.1 Investment in shares/certificate and close-ended mutual funds units

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

Dec. 31, 2013	June 30, 2013	NAME OF COMPANY/ INSTITUTION	Unaudited Dec. 31, 2013 Rupees	Audited June 30, 2013 Rupees
Number of Shares/Certificates				
MODARABAS				
117,636	117,636	Standard Chartered Modaraba	2,009,224	1,635,141
100,000	100,000	First Habib Bank Modaraba	1,060,000	1,000,000
72,900	72,900	First Punjab Modaraba	136,323	164,025
19,360	19,360	First Tri Star Modaraba	127,776	49,175
<u>309,896</u>	<u>309,896</u>		<u>3,333,323</u>	<u>2,848,341</u>
SUGAR AND ALLIED				
12,286	12,286	Habib ADM Ltd (Share of Rs. 5/- each)	345,359	316,978
<u>12,286</u>	<u>12,286</u>		<u>345,359</u>	<u>316,978</u>
FUEL AND ENERGY				
		Hub Power Company Ltd		
100,000	100,000	Pakistan State Oil	6,072,000	6,165,000
14,400	14,400	Pakistan Petroleum Ltd	4,783,968	4,613,472
55,873	46,561		11,954,587	9,851,376
<u>170,273</u>	<u>160,961</u>		<u>22,810,555</u>	<u>20,629,848</u>
COMMUNICATION				
		Pakistan Telecommunication Company Ltd		
57,000	57,000		1,621,080	1,264,830
<u>57,000</u>	<u>57,000</u>		<u>1,621,080</u>	<u>1,264,830</u>
CHEMICALS & PHARMACEUTICALS				
47,820	47,820	Fauji Fertilizer Ltd	5,353,928	5,137,304
<u>47,820</u>	<u>47,820</u>		<u>5,353,928</u>	<u>5,137,304</u>
<u>597,275</u>	<u>587,963</u>		<u>33,464,245</u>	<u>30,197,301</u>

7.2 Investment in open-ended mutual funds units

Dec. 31, 2013	June 30, 2013	NAME OF COMPANY/ INSTITUTION	Unaudited Dec. 31, 2013 Rupees	Audited June 30, 2013 Rupees
Number of Units				
Mutual Funds Open-Ended				
100,000	100,000	Meezan Balanced Fund	1,420,000	1,298,000
368,680	355,969	Meezan Cash Fund	18,467,169	17,812,667
<u>468,680</u>	<u>455,969</u>		<u>19,887,169</u>	<u>19,110,667</u>

	Unaudited Dec. 31, 2013	Unaudited Dec. 31, 2012
	Rupees	
8 TRADING PROFIT / (LOSS)		
Sale	72,371,000	50,745,400
Cost of Sale	<u>(68,660,328)</u>	<u>(49,588,600)</u>
	<u>3,710,672</u>	<u>1,156,800</u>

	Unaudited Dec. 31, 2013	Unaudited Dec. 31, 2012
	Rupees	
9 TRANSACTIONS WITH RELATED PARTY		
Balances with related parties at the end of the period are as follows:		
Payable to related parties		
Management company	396,388	202,000
Group companies	20,357	31,415
Receivable from related parties		
Group companies	-	-
Significant transactions with the related parties during the half year ended are as follows:		
Associated undertaking		
Insurance expense	20,357	20,379
Purchases	18,320,000	4,860,702
Management Fee	396,388	202,000

10 CORRESPONDENCE FIGURES

Following amounts in corresponding year have been reclassified for better presentation and comparison:

Reclassification from	Reclassification to	Amount
Investments - open end mutual fund	Investments - closed end mutual fund	Rs.
- Meezan balance fund	- Meezan balance fund	1,298,000

11 FINANCIAL RISK MANAGEMENT

The modaraba's financial risk management objectives and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2013.

12 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, 2014.

13 GENERAL

Figures have been rounded off to the nearest rupee.

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