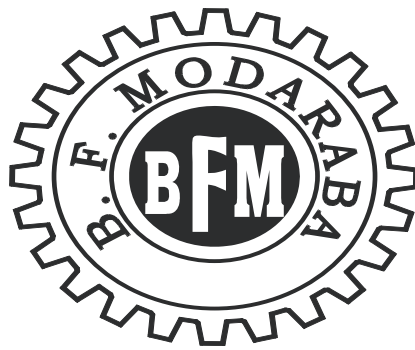


Financial Statements
(Reviewed) for the
Half Year Ended
December 31, 2019



B.F. MODARABA
Managed By
E.A. MANAGEMENT (PVT) LTD.

CORPORATE INFORMATION

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. Hamza Omar Bawany	Director
Mr. Abdul Ghaffar Umer	Independent Director

AUDIT COMMITTEE

Mr. Abdul Ghaffar Umer	Chairman
Mr. Ahmed Ali Mohammad Amin Bawany	Member
Mr. Hamza Omar Bawany	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Abdul Ghaffar Umer	Chairman
Mr. Ahmed Ali Mohammad Amin Bawany	Member
Mr. Muhammad Omar Amin Bawany	Member

COMPANY SECRETARY

Mr. Muhammad Ayub

SHARIAH ADVISOR

Mr. Mufti Zubair Usmani

LEGAL ADVISOR

Mr. Ghullam Rasool Korai

MODARABA AUDITORS

M/s. Rehman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

BANKERS

Al-Baraka Islamic Bank
Bank Al-Habib Islamic Limited
Habib Bank Limited
Habib Metropolitan Islamic Bank Limited
UBL Ameen Islamic Bank

REGISTERED OFFICE

Plot No. 43-1-E, (B) P.E.C.H.S,
Block-6, Off Razi Road,
Shahrah-e-Faisal, Karachi Pakistan.
UAN : 111-229-269
Fax : (92-21) 34322864

EMAIL & WEBSITE

E-mail: info@bfmodaraba.com.pk
feedback@bfmodaraba.com.pk
URL: www.bfmodaraba.com.pk

SHARES REGISTRAR

M/s. C & K Management Associates (Pvt.) Limited
404, Trade Tower, Abdullah Haroon Road, Near
Metropole Hotel, Karachi-75530
Phone: 35687839-35685930

**INDEPENDENT REPORT ON REVIEW OF
CONDENSED INTERIM FINANCIAL INFORMATION
TO THE CERTIFICATE HOLDERS OF B.F. MODARABA**

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim balance sheet of **M/s. B.F. Modaraba** (“the Company”) as at **December 31, 2019** and the related 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 and notes thereto for the six-month period then ended (here-in-after referred to as the “interim financial statements”). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

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 interim financial statements 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 the 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.

As part of our engagement, we were only required to review the cumulative figures for the six-month period ended December 31, 2019. Accordingly, we have not reviewed the figures in the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the three-month period ended December 31, 2019.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor’s review report is **Mr. Muhammad Rafiq Dosani**.

Karachi
Dated: February 26, 2020

Rahman Sarfaraz Rahim Iqbal Rafiq,
Chartered Accountants

**DIRECTOR'S REPORTS
FOR THE PERIOD ENDED DECEMBER 31, 2019**

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, 2019, which has been reviewed by the External auditors.

Our gross revenue during the period was Rs. 8.104 million vis-à-vis Rs. 1.400 million (Restated) for the corresponding period of 2018-19 improved by 479% mainly due to Unrealized Gain on Mutual Funds of Rs. 5.614 million . As reported in the financial statements of the Modaraba for the year ended June 30, 2019, upon initial application of IFRS 9, the Modaraba adopted the OCI option, to present subsequent changes in the fair value of all its investments (including investments in units of mutual funds) in other comprehensive income. However, since, as per IAS 32 Financial Instruments: Presentation, units of a mutual fund are considered as puttable financial instruments (thus, falling under the definition of a 'financial liability'), they are not considered as 'equity instruments' for the purpose of applying the aforesaid OCI option in IFRS 9. Now the error has been rectified retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the corresponding figures have been restated.

Due to certain new taxation measurements in Finance Act 2019, trading business activities remained under pressure and we did not take any exposure in trading business. Equity market showed its upward trend, KSE-100 index posted a positive return of 20.16% during 1HY19, closing at 40,735 points. Alhamdulillah our Pre-tax Profit stood at Rs. 4.289 million against a Pre-tax loss of Rs. 2.402 million (Restated) for the corresponding period of 2018-19. The unrealized loss in the value of investment in marketable securities stood at Rs. 8.398 million (Restated) as at December 31, 2019.

We bow to Allah and pray for His blessing and guidance

AMEEN

Karachi:
February 26, 2020

Muhammad Omar Amin Bawany
Chief Executive

چیف ایگزیکٹو کا جائزہ

برائے اختتامی مدت 31 دسمبر 2019

محترم سٹیفکیٹ ہولڈرز
اسلام علیکم!

اللہ تعالیٰ کے فضل و کرم سے میں 31 دسمبر 2019 کو ختم ہونے والے سہ ماہی کے لئے آپ کے مضاربہ کی کارکردگی کا مختصر سا جائزہ پیش کرتے ہوئے مسرت محسوس کرتا ہوں۔

اس عرصے کے دوران ہماری مجموعی آمدنی Rs. 8.104 ملین جب کہ 2018-19 کے اسی عرصے کے لئے 1.400 ملین روپے (بحال) میں 479% بہتری آئی ہے جس کی بنیادی وجہ میوچل غیر حقیقی فائدہ 5.614 ملین جیسا کہ 30 2019 کو ختم ہونے والے سال کے لئے مضاربہ کے مالی بیانات میں رپورٹ کیا گیا ہے، آئی ایف آر ایس 9 کے ابتدائی اطلاق کے بعد، مضاربہ نے اپنی تمام تر سرمایہ کاری کی مناسب قیمت میں اس کے بعد کی تبدیلیوں کو پیش کرنے کے لئے، OCI کا اختیار اپنایا (جس میں یونٹوں میں سرمایہ کاری بھی شامل ہے) دیگر جامع آمدنی میں باہمی فنڈز)۔ تاہم، چونکہ، آئی اے ایس 32 مالیاتی آلات کے مطابق: پیش کش، ایک میوچل فنڈ کے اکائیوں کو قابل مالیاتی آلات کے طور پر سمجھا جاتا ہے (اس طرح، 'مالی ذمہ داری' کی تعریف میں آتا ہے)، اس لئے انہیں 'ایکوئٹی آلات' نہیں سمجھا جاتا ہے۔ IFRS 9 میں مذکورہ بالا OCI آپشن کا اطلاق کرنے کا مقصد۔ IAS 8 'اکاؤنٹنگ پالیسیاں، اکاؤنٹنگ تخمینے اور نقائص میں تبدیلی' کی تقاضوں کے مطابق غلطی کی اصلاح کی گئی ہے، اور اس سے متعلق اعداد و شمار دوبارہ بحال کر دیئے گئے ہیں۔

فنانس ایکٹ 2019 میں ٹیکسوں کی کچھ نئی پیمائشوں کی وجہ سے، تجارتی کاروباری سرگرمیاں دباؤ میں رہیں اور ہم نے تجارتی کاروبار میں کوئی نمائش نہیں لی۔ ایکویٹی مارکیٹ نے اپنے اوپری رجحان کو ظاہر کیا، کے ایس ای 100 انڈیکس نے HY191 کے دوران 20.16% کی مثبت واپسی پوسٹ کی، جو 40 735 پوائنٹس پر بند ہوئی۔ الحمد للہ ہمارا پری ٹیکس منافع 4.289 ملین روپے ہے جبکہ 2018-19 کی اسی مدت میں 2 402 ملین روپے قبل از ٹیکس خسارہ ہوا ہے۔

اللہ تعالیٰ مضاربہ کے لئے ترقی اور ہماری کوششوں میں اپنی رہنمائی فرمائے اور ہمیں اپنی نعمتوں سے نوازے۔ آمین

محمد عمر امین باوانی

چیف ایگزیکٹو

کراچی: 26 فروری 2020

CONDENCED INTERM BALANCE SHEET

AS AT DECEMBER 31, 2019

ASSETS	Note	(Un-audited) 31 December 2019	<i>Restated</i> (Audited) 30 June 2019
Current Assets			
Cash and bank balances	5	25,647,753	12,875,793
Investments	6	104,458,707	95,616,503
Prepayments and other receivables		635,635	458,069
Trade debts - considered good and unsecured		-	14,960,000
Advance tax - net		3,060,388	2,332,676
		133,802,483	126,243,041
Non-Current Assets			
Long term deposits		40,019	40,019
Property and equipment		29,520	32,017
		69,539	72,036
TOTAL ASSETS		133,872,024	126,315,077
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued and other liabilities		1,457,587	1,577,496
Due to management company		362,149	202,918
Unclaimed dividend		1,545,584	1,545,583
		3,365,320	3,325,997
Certificate Holders' Equity			
Certificate capital		75,151,587	75,151,587
Reserves		63,752,989	59,463,519
		138,904,576	134,615,106
Unrealized (loss) on fair value through OCI investments		(8,397,872)	(11,626,026)
TOTAL LIABILITIES AND EQUITY		133,872,024	126,315,077
Contingencies and Commitments	7	-	-

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

FOR E.A Management (Private) Limited
(Management Company)

Chairman

Chief Executive

Director

Chief Financial Officer

CONDENSED INTERM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE HALF YEAR ENDED

DECEMBER 31, 2019

	For the half year ended December 31,		For the quarter ended December 31,	
	2019	2018 (Restated)	2019	2018 (Restated)
	----- Rupees -----			
Revenue				
Unrealized gain / (loss) on remeasurement of investment in units of mutual funds	5,614,050	(1,683,962)	5,614,050	(97,772)
Gain realized on disposal of investments in units of mutual funds	-	630,643	-	-
Trading profit	-	663,660	-	-
Dividend - net of zakat	1,194,966	1,262,149	685,966	552,649
Profit on bank deposits accounts	1,294,996	527,519	698,813	375,103
	<u>8,104,012</u>	<u>1,400,009</u>	<u>6,998,829</u>	<u>829,980</u>
Expenditure				
Operating expenses	(3,045,774)	(3,462,368)	(1,227,565)	(1,381,562)
Profit before charging management fee	5,058,238	(2,062,359)	5,771,264	(551,582)
Management fee	(505,824)	-	(505,824)	-
Profit / (loss) before Worker's Welfare Fund	4,552,414	(2,062,359)	5,265,440	(551,582)
Provision for Worker's Welfare Fund	(91,048)	-	(91,048)	-
Profit / (loss) before taxation	4,461,366	(2,062,359)	5,174,392	(551,582)
Taxation - current	(171,896)	(339,563)	(95,546)	(237,338)
Profit / (loss) after taxation	<u>4,289,470</u>	<u>(2,401,922)</u>	<u>5,078,846</u>	<u>(788,920)</u>
Earnings / (loss) per certificate - basic and diluted	<u>0.57</u>	<u>(0.32)</u>	<u>0.68</u>	<u>(0.10)</u>

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

FOR E.A Management (Private) Limited

(Management Company)

Chairman

Chief Executive

Director

Chief Financial Officer

**CONDENSED INTERM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)**

FOR THE HALF YEAR ENDED

DECEMBER 31, 2019

	For the half year ended December 31,		For the quarter ended December 31,	
	2019	2018 (Restated)	2019	2018 (Restated)
	----- Rupees -----			
Profit / (loss) after taxation	4,289,470	(2,401,922)	5,078,846	(788,920)
<i>Other comprehensive income / (loss)</i>				
<i>Items that will not subsequently be reclassified to profit and loss account</i>				
Increase / (decrease) on re-measurement of investments	3,228,154	(2,297,044)	3,323,056	(1,196,609)
Total comprehensive income / (loss) for the period	<u><u>7,517,624</u></u>	<u><u>(4,698,966)</u></u>	<u><u>8,401,902</u></u>	<u><u>(1,985,529)</u></u>

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

FOR E.A Management (Private) Limited
(Management Company)

Chairman

Chief Executive

Director

Chief Financial Officer

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	For the half year ended December 31,	
	2019	2018
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	4,461,366	(2,062,359)
Adjustments for non cash charges and other items:		
Depreciation on own assets	2,498	3,200
Provision for profit on bank deposits	(1,294,996)	(527,519)
Provision for management fee	505,824	-
Provision for provident fund	155,660	197,285
Provision for worker's welfare fund	91,048	-
Unrealized (gain) / loss on investment in mutual funds	(5,614,050)	1,683,962
Gain on sale of investment	-	(630,643)
Dividend income	(1,194,966)	(1,262,149)
	<u>(7,348,982)</u>	<u>(535,864)</u>
Operating loss before working capital changes	(2,887,616)	(2,598,223)
Working capital changes		
<i>Decrease / (Increase) in current assets</i>		
Stock in trade	-	10,107,090
Trade Debts	14,960,000	1,863,406
Advances, deposit, prepayments and other receivables	(36,113)	1,017,143
	<u>14,923,887</u>	<u>12,987,639</u>
<i>(Increase) / decrease in current liabilities</i>		
Accrued and other liabilities	(343,685)	(2,752,806)
Net increase in working capital	<u>14,580,202</u>	<u>10,234,833</u>
Taxes paid	(899,542)	(897,944)
Dividend Paid	-	-
P.F Paid	(23,000)	(159,600)
Management Fee paid	(346,593)	(497,457)
	<u>(1,269,135)</u>	<u>(1,555,001)</u>
Net cash inflow from operating activities	(A) 10,423,451	6,081,609
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in fixed assets - own use	-	-
Profit received on bank deposits	1,153,543	467,443
Purchase of investment	-	(13,120,145)
Proceed from sale of investment	-	5,313,752
Dividend received	1,194,966	3,328,388
Net cash inflows / (outflows) from investing activities	(B) 2,348,509	(4,010,562)
Cash flows from financing activities	(C) -	-
Net increase in cash and cash equivalents (A+B+C)	12,771,960	2,071,047
Cash and cash equivalents as at beginning of the period	<u>12,875,793</u>	<u>24,943,033</u>
Cash and cash equivalents as at the end of period	<u><u>25,647,753</u></u>	<u><u>27,014,080</u></u>

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

FOR E.A Management (Private) Limited
(Management Company)

Chairman

Chief Executive

Director

Chief Financial Officer

CONDENSED INTERM STATEMENT CHANGES EQUITY (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Issued, subscribed and paid up capital	Reserves		Total
		Statutory reserves	Unappropriated profits	
-----Rupees-----				
Balance as at July 01, 2018	75,151,587	47,385,189	8,402,892	130,939,668
Unrealized gain as on July 01, 2018 on remeasurement of investment in units of mutual funds carried at fair value through profit or loss - effect of correction of prior period errors	-	-	4,005,384	4,005,384
Total comprehensive income for the six months period ended December 31, 2018				
- Profit after taxation (restated)	-	-	(2,401,922)	(2,401,922)
- Other comprehensive income	-	-	-	-
	-	-	(2,401,922)	(2,401,922)
Gain realized on disposal of investments in ordinary shares of listed companies	-	-	1,815,150	1,815,150
Balance as at December 31, 2018 (restated)	75,151,587	47,385,189	11,821,504	134,358,280
Balance as at July 01, 2019 (as previously reported)	75,151,587	48,275,954	12,763,288	136,190,829
Effect of correction of prior period errors (see note 12)	-	-	(1,575,723)	(1,575,723)
Balance as at July 01, 2019 (as restated)	75,151,587	48,275,954	11,187,565	134,615,106
Total comprehensive income for the six months period ended December 31, 2019				
- Profit after taxation	-	-	4,289,470	4,289,470
- Other comprehensive income	-	-	-	-
	-	-	4,289,470	4,289,470
Balance as at December 31, 2019	75,151,587	48,275,954	15,477,035	138,904,576

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

FOR E.A Management (Private) Limited

(Management Company)

Chairman

Chief Executive

Director

Chief Financial Officer

**CONDENSED NOTES TO INTERIM
FINANCIAL INFORMATION (UN-AUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

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 Plot No. 43-1-E, P.E.C.H.S, Block-6, Off Razi Road, Shahrah-e-Faisal, Karachi. The Modaraba is listed in Pakistan Stock Exchange. 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 for the six months period ended December 31, 2019 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, 2019. The figures for the half year ended December 31, 2019 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, 2019 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, 2019 which have been subject to a review but not audited.

2.3 The comparative condensed balance sheet, presented in this condensed interim financial information, as at June 30, 2019 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2019 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, 2019 have been extracted from the condensed interim financial information for the half year ended December 31, 2018 which were subjected to a review but not audited.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2019 except for certain accounting and reporting standards which become effective for onward period beginning on or after July 01, 2019.

In addition to this, certain amendments to existing accounting and reporting standards and new interpretation for the period beginning on or after July 01, 2019. However, the new accounting and reporting standards or amendments to existing accounting and reporting standards or interpretations are either not relevant or do not having significant impact on this condensed interim financial statements.

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, 2019.

	Note	Un-audited	Audited
		December 31, 2019	June 30, 2019
5 CASH AND BANK		-----Rupees-----	
Cash in hand		124,659	27,949
Balance with banks			
- Current accounts		943,655	943,655
- Saving accounts	5.1	24,579,439	11,904,189
		25,523,094	12,847,844
		25,647,753	12,875,793

5.1 Saving accounts represents islamic bank accounts and rate of profit on these accounts ranges from 7.5% to 11.60% (2019: 7.5% to 10.30%) per annum

	Note	Un-audited	Audited
		December 31, 2019	June 30, 2019
6 INVESTMENTS		-----Rupees-----	
Fair value through OCI			
Investments in listed shares/certificates	6.1	23,542,903	20,314,749
Fair value through profit or loss			
Investments in mutual funds open-ended units	6.2	80,915,804	75,301,754
		104,458,707	95,616,503

6.1 Investments in listed shares/certificates

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

No. of shares / certificates			Un-audited	Audited
December 31, 2019	June 30, 2019		December 31, 2019	June 30, 2019
No. of shares / certificates			-----Rupees-----	
MODARABAS				
21,136	21,136	Orix Modaraba	354,237	327,608
72,900	72,900	First Punjab Modaraba	185,895	167,670
94,036	94,036		540,132	495,278
COMMERCIAL BANKS				
21,230	21,230	Meezan Bank Ltd.	2,019,609	1,850,407
21,230	21,230		2,019,609	1,850,407
TEXTILE COMPOSITE				
CEMENT				
162,000	162,000	Fauji Cement Company Limited	2,520,720	2,548,260
13,000	13,000	Kohat Cement Limited	1,006,200	682,890
10,000	10,000	D.G.KHAN Cement Limited	742,700	565,400
185,000	185,000		4,269,620	3,796,550
FUEL AND ENERGY				
22,419	22,419	The Hub Power Company Limited	2,092,814	1,765,496
49,000	49,000	Kohinoor energy Limited	1,980,081	1,764,000
600,500	600,500	K-Electric Limited	2,624,427	2,636,195
99	83	Pakistan Petroleum Limited	13,576	11,988
672,018	672,002		6,710,898	6,177,679
REFINERY				
12,500	12,500	ATTOCK REFINERY	1,396,125	965,875
12,500	12,500		1,396,125	965,875

B.F. MODARABA**Half Yearly Accounts**

No. of shares / certificates			Un-audited	Audited
December 31,	June 30,		December 31,	June 30,
2019	2019		2019	2019
No. of shares / certificates			-----Rupees-----	
25,000	25,000	ENGINEERING		
25,000	25,000	Mughal Iron & Steel Ind.	1,024,250	629,000
50,000	50,000	International Steel	1,447,250	992,750
			2,471,500	1,621,750
2,000	2,000	AUTOMOBILE ASSEMBLER		
2,000	2,000	Pak Suzuki Motors Ltd.,	461,400	457,920
			461,400	457,920
57,000	57,000	COMMUNICATION		
57,000	57,000	Pakistan Telecommunication Company Ltd.	533,521	471,390
			533,521	471,390
70,000	70,000	CHEMICALS & PHARMACEUTICALS		
70,000	70,000	Engro Fertilizer Company Limited	5,140,098	4,477,899
1,163,784	1,163,768		5,140,098	4,477,899
			23,542,903	20,314,749

6.2 Investment in mutual funds open-ended units

No. of units			Un-audited	Audited
December 31,	June 30,		December 31,	June 30,
2019	2019		2019	2019
No. of units			-----Rupees-----	
111,436	111,436	MUTUAL FUNDS-OPEN ENDED		
1,224,273	1,224,273	Meezan Islamic Fund	6,421,470	5,340,403
51,061	51,061	Meezan Islamic Income Fund	66,788,973	62,972,563
69,549	69,549	Alfalalah GHP Islamic Value Fund	5,076,292	4,568,392
1,456,319	1,456,319	AKD Islamic Stock Fund	2,629,069	2,420,396
			80,915,804	75,301,754

7 CONTINGENCIES AND COMMITMENTS

There are no known contingencies & commitments as at December 31, 2019 (June 30, 2019: NIL)

8 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of major certificate holders of the Modaraba, Modaraba Management Company, directors and key management personnel of the Modaraba Management Company as well as their close family members. Remuneration and benefits to the executives of the Modaraba are in accordance with the terms of employment.

Details of transactions with related parties, other than those disclosed elsewhere in these financial statements are as follows:

	Unaudited	Unaudited
	December 31,	December 31,
	2019	2018
	-----Rupees-----	
Significant transactions with the related parties during the half year ended are as follows:		
Management fee - payment during the period	346,593	497,457
Management fee - charge for the period	505,824	-
Payable to related parties	Unaudited	Audited
	December 31,	June 30,
	2019	2019
	-----Rupees-----	
Management company	362,149	202,918

9 FAIR VALUE HIERARCHY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Following is the fair value hierarchy of assets and liabilities carried at fair value:

	Level 1	Level 2	Level 3
	----- (Rupees) -----		
<u>As on December 31, 2019</u>			
Investments in listed shares/certificates	23,542,903	-	-
Investments in mutual funds open-ended units	80,915,804	-	-
<u>As on June 30, 2019</u>			
Investments in listed shares/certificates	20,314,749	-	-
Investments in mutual funds open-ended units	75,301,754.00	-	-

10 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, 2019.

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 26, 2020.

12 CORRECTION OF PRIOR PERIOD ERRORS

In its annual financial statements for the year ended June 30, 2019, the Modarba applied the International Financial Reporting Standard (IFRS) 9 *Financial Instruments* which replaced the previous guidance on financial instruments contained in the International Accounting Standard (IAS) 39 *Financial Instruments: Recognition and Measurement*. Besides other simplifications and significant amendments in the accounting for financial instruments, IFRS 9 has simplified the classification of financial assets and replaced the various classification categories in IAS 39 with only three classification categories: (1) at 'amortized cost'; (2) at 'fair value through other comprehensive income' (FVOCI); and (3) at 'fair value through profit or loss' (FVTPL). IFRS 9 also sets out the criteria for classification categories (1) and (2) based on the reporting entity's business model for managing the financial asset as well as the contractual cash flow characteristics of the financial asset and specifies that the classification category (3) is the residual category. However, IFRS 9 also allows an entity to make an irrevocable election at initial recognition for particular investments in **equity instruments** (i.e. those instruments that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination) that otherwise would be measured at FVTPL to present subsequent changes in fair value in other comprehensive income ('the OCI option').

For a considerably long period of time, the Modaraba has been holding investments in ordinary shares of listed companies and the units of open-ended quoted mutual funds. As reported in note 3.2(i) to the financial statements of the Modaraba for the year ended June 30, 2019, upon initial application of IFRS 9, the Modaraba adopted the OCI option, referred to above, to present subsequent changes in the fair value of *all* its investments (including investments in units of mutual funds) in other comprehensive income. However, since, as per IAS 32 *Financial Instruments: Presentation*, units of a mutual fund are considered as **puttable financial instruments** (thus, falling under the definition of a 'financial liability'), they are not considered as 'equity instruments' for the purpose of applying the aforesaid OCI option in IFRS 9 (as also acknowledged by the International Accounting Standards Board (IASB) in paragraph BC5.21 of IFRS 9). Accordingly, the OCI option was not available for investments in units of mutual funds and, thus, these investments should have been carried at FVTPL instead of at FVOCI.

In addition to the error described above, the Modaraba applied IFRS 9 for the first time in its annual financial statements for the year ended June 30, 2019 i.e. it did not apply IFRS 9 in its condensed interim financial statements for the half year ended December 31, 2018 in view of the S.R.O. 229 (I) / 2019 dated February 14, 2019 issued by the Securities and Exchange Commission of Pakistan. However, since, as per IAS 34 *Interim Financial Reporting* an interim period is a part of a larger financial year, any change in accounting policy is required to be applied from the **beginning of the financial year** in which it is applied.

Accordingly, in these condensed interim financial statements, the above errors have been rectified retrospectively in accordance with the requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, and the corresponding figures have been restated, wherever deemed necessary. However, these restatements have no effect on the balance sheet as at the beginning of the earliest period presented (i.e. as of June 30, 2018) because, as reported in note 3.2(i) to the financial statements of the Modaraba for the year ended June 30, 2019, the change in classification of investments in ordinary shares of listed companies and units of mutual funds was only applied as at July 01, 2018 (i.e. not retrospectively) as permitted under the transitional provisions of IFRS 9. Hence, the statement of financial position as at June 30, 2018 has not been presented in these condensed interim financial statements.

The retrospective correction of the aforesaid errors has the effects on the corresponding figures presented in these condensed interim financial statements as follows:

	Reserves	Surplus / (Deicit) on re-measurement of investments	Accrued and other liabilities	Due to management company
	Rupees			
Effects on the balance sheet				
Balance as at December 31, 2018 (as previously reported)	56,715,736	(4,141,737)	2,150,289	143,675
<i>Effects of restatement as on December 31, 2018</i>				
Unrealized gain on re-measurement of investments in units of mutual funds	2,321,422	(2,321,422)	-	-
Reversal of Management fee	143,675	-	-	(143,675)
Reversal of provision for Workers' Welfare Fund	25,862	-	(25,862)	-
Balance as at December 31, 2018 (as restated)	59,206,695	(6,463,159)	2,124,427	-
Balance as at June 30, 2019 (as previously reported)	61,039,242	(13,371,286)	1,603,358	346,593
<i>Effect of restatement as on June 30, 2019</i>				
Unrealized loss on re-measurement of investments in units of mutual funds	(1,745,260)	1,745,260	-	-
Reversal of Management fee	143,675	-	-	(143,675)
Reversal of provision for Workers' Welfare Fund	25,862	-	(25,862)	-
Balance as at June 30, 2019 (as restated)	59,463,519	(11,626,026)	1,577,496	202,918

B.F. MODARABA**Half Yearly Accounts**

<u>Effects on profit and loss account for the half year ended December 31, 2018</u>	Six months period ended December 31, 2018	Three months period ended December 31, 2018
	----- (Rupees) -----	
<i>Effects on profit or loss</i>		
Recognition of unrealized loss on investment in units of mutual funds	(1,683,962)	(97,772)
Gain realized on disposal of investments in ordinary shares of listed companies recognized directly in equity	(1,815,150)	(1,040,855)
Reversal of Management fee	143,675	59,339
Reversal of provision for Workers' Welfare Fund	25,862	10,681
Decrease in profit before and after taxation	<u>(3,329,575)</u>	<u>(1,068,607)</u>
<i>Effects on other comprehensive income</i>		
Derecognition of unrealized loss on investment in units of mutual funds	1,683,962	97,772
Derecognition of loss realized on disposal of investments	2,445,793	1,040,855
Decrease in other comprehensive loss	<u>4,129,755</u>	<u>1,138,627</u>
Net decrease in total comprehensive loss	<u>800,180</u>	<u>70,020</u>

13 GENERAL

Figures have been rounded off to the nearest rupees.

FOR E.A Management (Private) Limited
(Management Company)

Chairman

Chief Executive

Director

Chief Financial Officer