



M O D A R A B A

**Crescent Standard Modaraba  
(An Islamic Financial Institution)**

**Managed by  
B.R.R. Investments (Private) Limited**

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**2011**



## CRESCENT STANDARD MODARABA

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## CRESCENT STANDARD MODARABA

### CORPORATE INFORMATION

Modaraba Company	B.R.R. Investments (Private) Limited
Chairman	Mr. Rafique Dawood
Chief Executive	Mr. Ayaz Dawood
Directors	Mr Farouq Habib Rahimtoola Mr Muhammad Shahid Murtaza
Audit Committee	Mr Farouq Habib Rahimtoola - Chairman Mr. Rafique Dawood - Member Mr Muhammad Shahid Murtaza - Member
Chief Operating Officer	Mr. Saeed Siddiqui
Chief Financial Officer	Syed Tariq Masood
Company Secretary	Mr Tahir Mehmood
Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants
Legal Advisor	Malik & Maliks Minto & Mirza
Bankers	AI -Barka Bank(Pakistan) Limited NIB Bank Limited
Web-site	<a href="http://www.firstdawood.com/csm">www.firstdawood.com/csm</a>
Registered Office & Head Office	1900-B, Saima Trade Towers, I.I Chundrigar Road, Karachi-74000 PABX 32271874-84 37010960-65 37014641-4 Fax : 92-21-227-1912
Registrars	F.D Registrar Services (SMC-Pvt.) Ltd 11th Floor, Trade Centre, I.I Chundrigar Road, Karachi-74000 Phone # 92-21-35478192-93 Fax # 92-21-32621233
Branch Offices	Suit No. 210, 5th Floor, Siddiq Trade Centre, Main Boulevard, Gulberg - III, Lahore  Office No. 20 & 21, 1st Floor, Beverly Centre, 56-G7, Jinnah Avenue, Islamabad-44000
Security Vault	G-187 Block 2, Shahr-eh-e-Quaideen, PESHS Karachi-75400



## **CRESCENT STANDARD MODARABA**

### **MISSION**

To become a symbol for spreading a variety of Islamic modes of financing, thereby providing ample and profitable investment opportunities to the stake holders who demand Halal profits according to Sharia Laws, optimizing returns to the certificate holders, management and customers.

### **VISION**

To innovate and promote Islamic Financial Products, based on Sharia Principles and to curb interest based financial systems, thereby facilitating establishment of an equitable economic system.



**CRESCENT STANDARD MODARABA**

**NOTICE OF ANNUAL REVIEW MEETING (ARM)**

**NOTICE OF ANNUAL REVIEW MEETING (ARM)  
OF CRESCENT STANDARD MODARABA**

The Board of Directors of B.R.R. Investments (Pvt) Ltd Manager of Crescent Standard Modaraba (CSM) in their meeting held on September 30, 2011 have declared cash dividend of CSM @ Re. 0.12 per Modaraba Certificate i.e. 1.20% for the year ended June 30, 2011.

To determine the names of Certificate Holders entitled to receive Cash dividend and to attend the Annual Review Meeting, the Certificate Transfer Book will remain closed from October 18, 2011 to October 24, 2011 (both days inclusive). Transfers received at the Registrar Office, F.D. Registrar Services (SMC-Pvt.) Ltd at 1108, 11<sup>th</sup> Floor, Trade Centre I.I. Chundrigar Road, Karachi, before the close of business hours on October 17, 2011 will be treated in time for the entitlement of dividend Further Certificate Holders are advised to notify to the Registrar Office of any change in their addresses.

The ARM of Certificate Holders of CSM will be held on Monday October 24, 2011 at 4:00 p. m. at Ground Floor, BRR Tower, Plot No. 11/14 Hassan Ali Street, off: I.I Chundrigar Road Karachi, 74000.

Place Karachi  
October 2, 2011

By Order of the Board  
Company Secretary



## CRESCENT STANDARD MODARABA

### Directors' Report

Dear Certificate holders,

On behalf of the Board of Directors of B.R.R. Investments (Private) Limited ('BRRRI' or 'the company'), manager of Crescent Standard Modaraba ('CSM' or 'the Modaraba'), presents to certificate holders the Annual Report of CSM as of June 30, 2011.

#### Economic Scenario

Pakistan's economy continues to remain under pressure from the International Economy, and is trying hard to meet these new challenges.

Pakistan has also put on hold its relations with IMF and the repercussion may be detrimental to our economy.

In spite of these pressures, coupled with local challenges of, with high inflation, high interest rates and low growth. Your Modaraba has become profitable, and actions are being to ensure future profitability.

#### Modaraba's Performance

Summary of the comparative financial performance is given below;

	June 30, 2011	June 30, 2010
	.....Rupees.....	
<b>Total Income</b>	<b>16,842,243</b>	<b>13,527,979</b>
Total Expenses	11,144,194	7,790,620
<b>Profit Before Management Fee &amp; WWF</b>	<b>5,698,049</b>	<b>5,737,359</b>
Management Fee	569,805	558,246
Provision for Workers' Welfare Fund	102,565	154,901
<b>Profit After Management Fee &amp; WWF</b>	<b>5,025,679</b>	<b>5,024,212</b>

#### Profit Distribution

The Board is pleased to maintain a 0.12 per certificate cash dividend for the year ended June 30, 2011.

#### Recovery Position

We are pleased to inform you that management has been able to recover a total of 97.76 Million, including current year 6.0 million from its debtors.

#### Compliance with the Best Practice of the Code of Corporate Governance

Your Management Company has implemented provisions of the code of corporate governance relevant for the year ended June 30, 2009. The external auditors review report on the statement of compliance with the code of corporate governance is annexed with this report.

As per directives of SECP/Karachi Stock Exchange, the Directors hereby confirm the following code of good governance and ethical business practices required by clause (xix) of the Code:

- The financial statements prepared by management present fairly Modaraba's state of affairs, the result of its operations, cash flows and changes in equity.
- Your Modaraba has maintained proper book of accounts.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements on reasonable and prudent judgment.
- Relevant International Accounting Standards, as applicable in Pakistan, provision of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, and directives of the Securities and Exchanges Commission of Pakistan have been followed in the preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts over the ability to continue as going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no statutory payments on account of taxes, duties, levies and charges outstanding, except as disclosed in the financial statements.
- There has been no departure from the best practices of transfer pricing.



## CRESCENT STANDARD MODARABA

### Trading/Dealing in Certificate of Modarba

During the fiscal year, no trade in the certificates of the Modaraba was carried out by the Directors, CEO, CFO, Company Secretary, and their spouses of minor children.

### Statement of Ethics and Business Practices

The Board of Directors of the Management Company has adopted the required Statement of Ethics and Business Practices for the Modaraba. All employees are of this statement and are requested to observe these rules of conduct to business and regulations.

### Staff Retirement Benefits

Crescent Standard Modaraba operates a provident scheme for all permanent employees. The value of investment to date is Rs 107,000 in the provident scheme.

### Post Balance Sheet Events

No circumstances have arisen since the Balance Sheet date, which require adjustment to disclosure in the Financial Statements.

### Transaction with Connected Persons/Related Parties

All transaction between Crescent Standard Modaraba (CSM) and connected person/related parties are carried out on an arm's length basis.

### Internal Control and Audit Function.

The Board is responsible for effective implementation of a sound internal control system including compliance with control procedures. However the Internal Audit function is outsourced to one of the Chartered Accountants firms which review internal control for the both adequacy and operational effectiveness.

### Auditors Observations

In view of lack of information and documents available at the time of takeover by present management, the auditors could not satisfy themselves on the opening balances as mentioned in their report.

### Auditors

The retiring auditors of Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accounts, retired and offered themselves for reappointment on the recommendation of the Audit Committee of your Modaraba, the Board has agreed to recommend the appointment of Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accounts, to function as Modaraba's statutory auditors for the year ending June 30, 2012.

### Key Financial Highlight

Key financial highlights are summarized and annexed to these financial statements.

### Focal Point for the New Management

After taking over of the management, our main focus has been the recovery from various debtors., which has shown positive results.

### Board Meetings

The status of the Board meetings is as follows:

S. No	Name	Designation	Attendance
1	Mr. Rafique Dawood	Chairman	4 out of 4
2	Mr. Ayaz Dawood	Chief Executive	4 out of 4
5	Mr. Majid Dawood	Director	0 out of 4
6	Mr. Farouq Habib Rahimtoola	Director	4 out of 4

During the period Mr. Majid Dawood has resigned, a casual vacancy occurred in the Board on March 25, 2011 and was filled by Mr. Shahid Murtaza, the approval has been obtained by Securities and Exchange of Pakistan Limited on July 18, 2011.

### Pattern of Certificate Holding

The pattern of certificate holding as on June 30, 2011 along with disclosure as required under the Code of Corporate Governance is annexed.



## CRESCENT STANDARD MODARABA

### **Future Outlook and Prospects**

At present Management has taken efforts to generate funds through recovery and intends to improve the profitability next year.

### **Acknowledgment**

We thank our customers, business associates, lending financial institutions and bankers for putting their trust with us. We also appreciate the guidance provided to BRRGM by the Registrar Modaraba, Securities and Exchange Commission of Pakistan and other regulatory authorities. We appreciate and value the contribution of our staff.

We reaffirm our commitment to our Certificateholders to further enhance the value of their investment in the Modaraba.

On Behalf of the Board of Directors  
**B.R.R. Investments (Private) Limited**

Karachi

September 30, 2011

**Rafique Dawood**  
Chairman





## CRESCENT STANDARD MODARABA

### STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2011.

#### Statement of Compliance with the Code of Governance (As Required by the Listing Regulations).

This Statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange (Guaranteed) Limited for the purpose of establishing a framework of good governance, whereby a listed Modaraba is managed in compliance with the best practices of corporate governance.

Regardless of the fact that B.R.R Investments (Private) Limited the management company of B.R.R Guardian Modaraba (the Modaraba) is a Private Limited Company, the Board of Directors of the management company are pleased that the Code of Corporate Governance is being complied with in material respects.

Modaraba Management Company has applied the principles contained in the Code in the following manner.

1. The Management Company encourages representation of independent non-executive directors on its Board of directors. At Present, the board includes two non-executive independent directors.
2. The directors of the Management Company have confirmed that none of them is serving as a director in more than ten listed companies.
3. All the directors of the Management Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution, or a Non Banking Financial Institution and none of them is a member of a Stock Exchange.
4. A casual vacancy occurred in the Board on March 25, 2011 and was filled up by the directors on the same Day.
5. The Management Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the Modaraba.
6. The Board has developed a vision/mission overall corporate strategy significant policies of modaraba. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of the Chief Executive Officer and other Executives directors have been taken by the Board.
8. The related party transactions and pricing method have been placed before the audit committee and approved by the Board with necessary justification for terms and pricing methods for transactions that were made on Terms equivalent to those prevail in the arm's length transactions.



## CRESCENT STANDARD MODARABA

9. The meetings of the Board were presided over by the Chairman. The Board met four times during the year. Written notices of the Board meetings, along with the agenda and working papers, were circulated at least Seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
10. The Directors of the Company have been provided with copies of the Listing Regulations, Code of Corporate Governance, Modaraba Rules, Company's Memorandum and Articles of Association, Modaraba Prospectus and all other relevant rules and regulations and hence are conversant of the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities.
11. No new appointment of CFO or Company secretary has been made during the year. The BoD has approved their remuneration and terms and conditions of employment as determined by CEO.
12. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Modaraba were duly endorsed and signed by the Chief Executive Officer and Chief Financial Officer before the approval of Board.
14. The directors, Chief Executive Officer and executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of certificate holdings as on June 30, 2011.
15. The Modaraba has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit Committee. It comprises 3 members. The Chairman of the committee is Non-Executive Director.
17. The meetings of the Audit Committee were held four times during the year prior to approval of the interim and final results of the Modaraba. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The board has appointed a firm of Chartered Accountants, as Internal Auditors of the Modaraba and has also approved their terms and condition for the starting from July 01, 2010. They are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Modaraba.
19. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Modaraba and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.



## CRESCENT STANDARD MODARABA

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance to the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. We confirm that all other material principles contained in the Code have been complied.

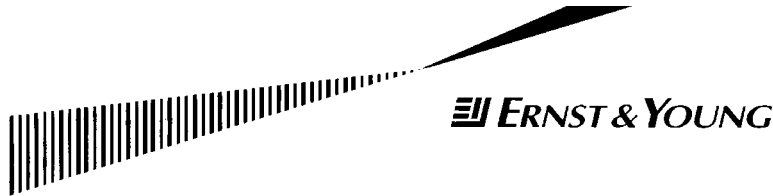
September 30, 2011

On Behalf of the Board of Directors  
**B.R.R Investments (Private) Limited**

**Ayaz Dawood**  
Chief Executive Officer



## CRESCENT STANDARD MODARABA



**Ernst & Young Ford Rhodes Sidat Hyder**  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530, Pakistan  
Tel: +9221 3565 0007  
Fax: +9221 3568 1965  
www.ey.com

### REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) for the year ended 30 June 2011 prepared by the Board of Directors of B.R.R. Investments (Private) Limited (the Management Company) of **Crescent Standard Modaraba** (the Modaraba) to comply with Listing Regulation No. 35 (Chapter XI) of The Karachi Stock Exchange (Guarantee) Limited, where the Modaraba is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company of the Modaraba. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Management Company's compliance with the provisions of the Code in respect of the Modaraba and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

Further, the Listing Regulations require the Management Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Modaraba for the year ended 30 June 2011.

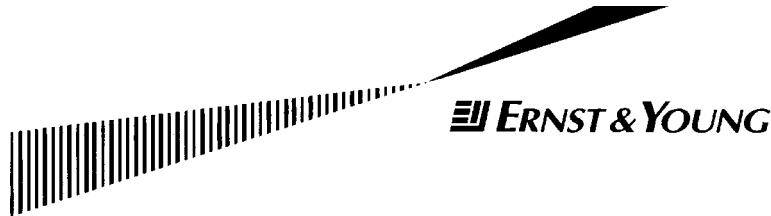
**Chartered Accountants**

September 30, 2011

Karachi



## CRESCENT STANDARD MODARABA



**Ernst & Young Ford Rhodes Sidat Hyder**  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530, Pakistan  
Tel: +9221 3565 0007  
Fax: +9221 3568 1965  
www.ey.com

### AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of Crescent Standard Modaraba (the Modaraba) as at **30 June 2011** and the related profit and loss account, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba Management Company's [B.R.R. Investments (Private) Limited] responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

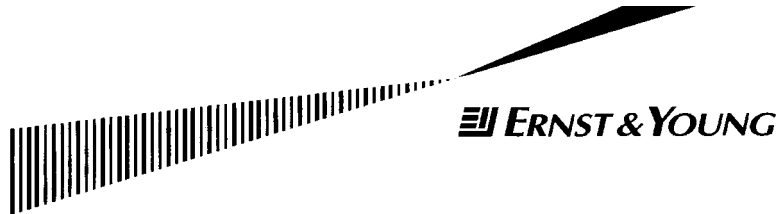
We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- i. In the absence of supporting documents and required information, we were unable to verify the opening balances pertaining to the Cash and bank balances amounting to Rs.1.159 (2010: Rs.1.090) million against which a provision of Rs.1.159 (2010: Rs.1.090) million has been made (note 7.2), Murabaha finance amounting to Rs.1.902 (2010: Rs.1.902) million against which full provision has been made (note 9), Advances, deposits, prepayment and other receivables amounting to Rs.101.517 (2010: Rs.101.517) million against which full provision has been made (note 10), Advance tax amounting to Rs.0.162 (2010: Rs.0.137) million against which full provision has been made (note 12), Musharaka finance amounting to Rs.10.182 (2010: Rs.10.182) million against which full provision has been made (note 13) and Musharaka finance under mark-up arrangements amounting to Rs.22.454 (2010: Rs.22.454) million (note 15). Further, we were not provided with any supporting documents to verify the contingencies as disclosed in note 19 to the financial statements.

Owing to the non-availability of the supporting documents and required information, the effects on and / or adjustments in the accompanying financial statements cannot presently be determined.



## CRESCENT STANDARD MODARABA



Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

- (a) in our opinion, proper books of account have been kept by the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, and the Modaraba Companies and Modaraba Rules, 1981;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4.1 to the financial statements, with which we concur;
  - (ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Modaraba;
- (c) in our opinion except for the possible effects of the matters described in paragraph (i) above and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at 30 June 2011 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Modaraba and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The financial statements of the Modaraba for the year ended 30 June 2010 were audited by another firm of Chartered Accountants, whose report dated 08 October 2010 expressed a disclaimer of opinion on such statements on account of (a) the following opening balances remaining unverified - MCB bank account and dividend account, Advances, deposits and other receivables, Musharaka finance, Murabaha finance and Musharaka finance under mark-up arrangements aggregating to Rs.137.35 million and contingencies; and (b) grant of unsecured musharaka facility amounting to Rs.12.162 million.

### Chartered Accountants

**Audit Engagement Partner:** Shabbir Yunus

September, 30, 2011

Karachi



**CRESCENT STANDARD MODARABA**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2011**

	Note	June 30, 2011	June 30, 2010
		----- (Rupees) -----	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	7	20,645,314	20,812,016
Short-term investments	8	22,845,740	44,589,305
Murabaha finance	9	-	-
Advances, deposits, prepayment and other receivables	10	9,911,394	5,171,660
Trade debts	11	34,539,642	40,210,401
Current portion of musharaka finance	13	8,431,720	23,629,162
Advance tax	12	356,601	236,929
		<u>96,730,411</u>	<u>134,649,473</u>
<b>Non current assets</b>			
Musharaka finance	13	25,644,585	22,197,007
Property and equipment	14	25,864,238	2,285,117
<b>Total assets</b>		<u>148,239,234</u>	<u>159,131,597</u>
<b>Current liabilities</b>			
Unclaimed profit distribution		481,430	69,014
Accrued expenses and other liabilities		1,574,499	3,428,027
Musharaka finance under mark-up arrangements	15	22,454,094	40,454,094
		<u>24,510,023</u>	<u>43,951,135</u>
<b>Non current liabilities</b>			
Security deposits	16	6,178,145	150,200
<b>Net assets</b>		<u>117,551,066</u>	<u>115,030,262</u>
<b>REPRESENTED BY:</b>			
Certificate capital	17	200,000,000	200,000,000
Statutory reserve	18	10,462,798	7,949,958
Accumulated loss		(91,911,055)	(92,023,894)
Deficit on revaluation of available-for-sale investments		(1,000,677)	(895,802)
		<u>117,551,066</u>	<u>115,030,262</u>
Contingencies	19		

The annexed notes from 1 to 36 form an integral part of these financial statements.

**For B.R.R. Investments (Private) Limited**  
**(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



**CRESCENT STANDARD MODARABA  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2011**

	Note	June 30, 2011	June 30, 2010
		----- (Rupees) -----	
<b>INCOME</b>			
Income on musharaka and murabaha finance		7,064,824	3,979,451
Ijarah rentals		6,343,866	468,070
Income on short-term investments - net	20	472,699	7,002,800
Income on bank balances		2,180,808	2,035,047
Other income		780,046	42,611
		<b>16,842,243</b>	<b>13,527,979</b>
<b>EXPENDITURE</b>			
Depreciation on Ijarah assets		3,964,555	347,384
Administrative and operating expenses	21	5,242,346	5,827,627
Financial charges	23	1,937,293	1,615,609
		<b>11,144,194</b>	<b>7,790,620</b>
		<b>5,698,049</b>	<b>5,737,359</b>
Modaraba management company's fee	24	(569,805)	(558,246)
Workers' Welfare Fund	22	(102,565)	(154,901)
<b>PROFIT BEFORE TAXATION</b>		<b>5,025,679</b>	<b>5,024,212</b>
Provision for taxation	25	-	-
<b>PROFIT FOR THE YEAR</b>		<b>5,025,679</b>	<b>5,024,212</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Deficit on revaluation of available-for-sale investments		(104,875)	(265,719)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>4,920,804</b>	<b>4,758,493</b>
<b>EARNINGS PER CERTIFICATE - BASIC AND DILUTED</b>	26	<b>0.25</b>	<b>0.25</b>

The annexed notes from 1 to 36 form an integral part of these financial statements.

For B.R.R. Investments (Private) Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director





**CRESCENT STANDARD MODARABA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	June 30, 2011	June 30, 2010
Note	----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,025,679	5,024,212
Adjustments for non-cash items:		
Depreciation on Ijarah assets	3,964,555	347,384
Depreciation on assets in own use	256,600	-
Loss on revaluation of held-for-trading investments	444,551	413,050
Impairment loss on available-for-sale investments	505,894	1,127,159
Gain on disposal of property and equipment - Ijarah	(484,257)	(17,111)
	4,687,343	1,870,482
(Increase) / decrease in current assets		
Trade debts	5,670,759	10,500,000
Advances, deposits, prepayment and other receivables	(4,739,734)	916,577
Advance tax	(119,672)	(204,043)
	811,353	11,212,534
Increase / (decrease) in current liabilities		
Accrued expenses and other liabilities	(1,853,528)	1,175,142
Profit paid to certificate holders	(1,987,584)	-
Net cash flows generated from operating activities	6,683,263	19,282,370
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of short-term investments	13,579,996	8,830,877
Purchase of short-term investments	(7,391,750)	-
Proceeds from sale of property and equipment - Ijarah	7,918,304	1,626,610
Additions to property and equipment - Ijarah	(33,241,831)	(4,242,000)
Additions to property and equipment - assets in own use	(1,992,493)	-
Investments / (repayments) under musharaka finance	26,249,864	(39,326,170)
Security deposits	6,027,945	150,200
Net cash flows generated from / (used in) investing activities	11,150,035	(32,960,483)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Musharaka finance under mark-up arrangements	(18,000,000)	18,000,000
Net cash (used in) / generated from financing activities	(18,000,000)	18,000,000
Net (decrease) / increase in cash and cash equivalents	(166,702)	4,321,887
Cash and cash equivalents at beginning of the year	20,812,016	16,490,129
Cash and cash equivalents at end of the year	7 20,645,314	20,812,016

The annexed notes from 1 to 36 form an integral part of these financial statements.

**For B.R.R. Investments (Private) Limited**  
**(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



**CRESCENT STANDARD MODARABA  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2011**

	Certificate capital	Statutory reserve	Deficit on revaluation of investments (Rupees)	Accumulated loss	Total
<b>Balance as at July 01, 2009</b>	200,000,000	5,437,852	(630,083)	(94,536,000)	110,271,769
Profit for the year ended June 30, 2010	-	-	-	5,024,212	5,024,212
Other comprehensive income	-	-	(265,719)	-	(265,719)
<b>Total comprehensive income</b>	-	-	(265,719)	5,024,212	4,758,493
Transfer to statutory reserve for the year ended June 30, 2010	-	2,512,106	-	(2,512,106)	-
<b>Balance as at June 30, 2010</b>	200,000,000	7,949,958	(895,802)	(92,023,894)	115,030,262
Final profit distribution for the year ended June 30, 2010 @ 0.12 paisa per certificate	-	-	-	(2,400,000)	(2,400,000)
Profit for the year ended June 30, 2011	-	-	-	5,025,679	5,025,679
Other comprehensive income	-	-	(104,875)	-	(104,875)
<b>Total comprehensive income</b>	-	-	(104,875)	5,025,679	4,920,804
Transfer to statutory reserve for the year ended June 30, 2011	-	2,512,840	-	(2,512,840)	-
<b>Balance as at June 30, 2011</b>	<b>200,000,000</b>	<b>10,462,798</b>	<b>(1,000,677)</b>	<b>(91,911,055)</b>	<b>117,551,066</b>

The annexed notes from 1 to 36 form an integral part of these financial statements.

**For B.R.R. Investments (Private) Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



**CRESCENT STANDARD MODARABA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**1. STATUS AND NATURE OF THE BUSINESS**

Crescent Standard Modaraba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Rules framed thereunder. Modaraba was managed by Financial Link Limited upto January 19, 2007, however, the Deputy Registrar, Modaraba Wing, SECP, vide order No. SC/M/RW/CSM2006-32 dated January 19, 2007 transferred management of Modaraba to Providence Modaraba Limited. During the year 2008, Providence Modaraba Limited merged with and into B.R.R. Investments (Private) Limited, and since then the Modaraba is under management of B.R.R. Investments (Private) Limited.

It is a perpetual and multipurpose Modaraba. It is engaged in investments in equity and debt securities, musharaka and murabaha finance, etc. The certificates of the Modaraba are quoted on Karachi Stock Exchange (Guarantee) Limited.

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies & Modaraba Rules, 1981, Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan (SECP) ['the Modaraba Regulations'] together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) and Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Ordinance, 1984 and made applicable to Modarabas under 'the Modaraba Regulations'. Wherever the requirements of 'the Modaraba Regulations' differ from the requirements of these standards, the requirements of 'the Modaraba Regulations' take precedence.

**3. BASIS OF MEASUREMENT**

These financial statements have been prepared under the historical cost convention, except for certain investments held for trading and available for sale which are stated at fair value.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

**4.1 New and amended standards and interpretations**

The Modaraba has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IFRS 2 – Group Cash-settled Share-based Payment Arrangements

IAS 32 – Financial Instruments: Presentation – Classification of Rights Issues (Amendment)

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments



**CRESCENT STANDARD MODARABA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

***Improvements to various standards issued by IASB***

***Issued in 2009***

IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations

IFRS 8 – Operating Segments

IAS 1 – Presentation of Financial Statements

IAS 7 – Statement of Cash Flows

IAS 17 – Leases

IAS 36 – Impairment of Assets

IAS 39 – Financial Instruments: Recognition and Measurement

***Issued in April 2010***

IFRS 3 – Business Combinations

IAS 27 – Consolidated and Separate Financial Statements

The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on the financial statements of the Modaraba.

The accounting policies adopted in the preparation of these financial statements are set out below.

**4.2 Property and equipment**

**4.2.1 In own use**

Assets in own use are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged to profit and loss account applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and disposal during the year, depreciation is charged proportionately to the period of use.

Major renewals and improvements are capitalised whereas normal repairs and maintenance is charged to profit and loss account as and when incurred.

Gain and losses, if any, on disposal of fixed assets are taken to the profit and loss account.

**4.2.2 Under Ijarah arrangements**

The assets subject to Ijarah are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged on these assets using straight line method over the



## **CRESCENT STANDARD MODARABA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011**

Ijarah period which is from date of delivery of respective assets to mustajir upto the date of maturity/ termination of Ijarah agreement. In respect of the addition or deletion during the year, depreciation is charged proportionately to the period of Ijarah.

Allowance for non-performing Ijarah arrangements is made in accordance with Prudential Regulations for the Modarabas issued by the SECP and is charged to the profit and loss account.

### **4.3 Investments**

The investments of the Modaraba, upon initial recognition, are classified as held-for-trading, available-for-sale, held to maturity investments or loans and receivables as appropriate.

All investments, are initially measured at fair value plus, in the case of investments not available-for-sale, transaction costs that are directly attributable to acquisition.

All regular way purchases / sales of investments that require delivery within the time frame established by the regulation or market convention are recognised on the trade date, i.e. the date on which the Modaraba commits to purchase / sell the investment. Regular way purchases / sales of investments require delivery of securities within the period generally established by the regulation or market convention such as "T+2".

#### **At fair value through profit and loss**

These include held-for-trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the near term. After initial measurement, such investments are carried at fair value and gains or losses on revaluation are recognised in the profit and loss account.

#### **Available-for-sale**

Investments which are not classified in any of the preceding categories are classified as available-for-sale investments. After initial measurement, such investments are measured at fair value with unrealised gain or loss recognised directly in the other comprehensive income until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recognised in other comprehensive income is taken to the profit and loss account.

#### **Held-to-maturity**

These are investments with fixed or determinable payments and fixed maturity, and in which, the Modaraba has positive intent and ability to hold till maturity. Held to maturity investments are initially recognised at fair value plus transaction costs and are subsequently measured at amortised cost using effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.



## **CRESCENT STANDARD MODARABA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011**

### **Loans and receivables**

Loans and receivables are non-derivative investments with fixed or determinable payments that are not quoted on the active market. The Modaraba's loans and receivables comprise of cash and bank balances, Ijarah rental receivable, musharaka finance, advances, deposits, prepayments and other receivables and trade debts.

Fair value of investments is determined as follows:

### **Listed shares**

These are valued on the basis of closing market prices quoted on the respective stock exchanges.

### **Debt securities**

The Modaraba's investment in debt securities is revalued at the rates quoted by Mutual Funds Association of Pakistan (MUFAP) in accordance with the SECP's Circular No. 1 of 2009 dated January 06, 2009, read with Regulation 66(b) of the NBFC Regulations.

#### **4.4 Musharaka and Murabaha transactions**

Profit from musharaka transactions is recognised on the basis of pro-rata accrual of the profit estimated for the transaction over the period.

Profit from murabaha finance is accounted for, on culmination of murabaha transaction. However, the profit on that portion of murabaha finance not due for payment is deferred and recorded as "Deferred Murabaha Income". The same is then recognised on a time proportion basis.

#### **4.5 Provisions**

Provisions are recognised when the Modaraba has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### **4.6 Impairment**

##### **Financial assets**

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss, is recognised in the profit and loss account.

Impairment is determined as follows:

- (a) for assets carried at amortised cost, impairment is based on estimated cash flows discounted at the original effective rate of return.
- (b) for assets carried at fair value, impairment is the difference between cost and fair value.
- (c) for assets carried at cost, impairment is present value of future cash flows discounted at the current market rate of return for a similar financial asset.



**CRESCENT STANDARD MODARABA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

For available-for-sale investments, reversal of impairment losses are recorded as increases in cumulative changes in fair value through other comprehensive income.

For available-for-sale debt instruments, impairment is assessed based on the same criteria as financial assets carried at amortised cost. Profit continues to be accrued at the effective rate of return on the carrying amount of the asset and is recorded as part of income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account, the impairment loss is reversed through the other comprehensive income.

In addition, a provision is made to cover impairment for specific groups of assets where there is a measurable decrease in estimated future cash flows.

**Non-financial assets**

The Modaraba assesses at each balance sheet date whether there is any indication that assets except deferred tax assets and investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss for asset subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognised as income.

**4.7 Revenue recognition**

**i) Murabaha and musharaka transactions**

Income from murabaha and musharaka transactions is recognised on the basis of pro rata accrual of the profit estimated for the transaction over the period.

**ii) Ijarah rental income**

Modaraba adopts IFAS 2 'Ijarah' for all lease disbursements. Under this standard the unearned income i.e. the excess of aggregate Ijarah rentals (including residual value) over the cost of the asset under Ijarah facility is deferred and then amortised over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah.

**iii) Dividend income**

Dividend income is recognised as income when the right to receive is established.

**iv) Income on debt securities**

Income on debt securities is accrued on a time proportion basis, by reference to the principal outstanding and at the effective profit rate applicable.



**CRESCENT STANDARD MODARABA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**v) Gain / losses on sale of investments**

Gains and losses on sale of investments are accounted for when their commitment (trade date) for sale of security is made.

**vi) Income on bank balances**

Income on bank balances are accounted on the basis of pro rata accrual of the profit estimated for the average balance over the period.

**4.8 Taxation**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates, if any. The Modaraba is exempt from taxation under clause 99 of Part I of the 2nd Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income excluding realised and unrealised capital gains for the year are distributed amongst the certificate holders. The Modaraba intends to avail this exemption for current and future periods. Accordingly, no provision is made for current and deferred taxation in these financial statements.

**4.9 Foreign currencies translation**

The financial statements are presented in Pak Rupees, which is the Modaraba's functional and presentation currency. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange approximating to those prevalent on the balance sheet date. Foreign currency transactions are converted into Pak Rupees at the rate of exchange prevailing on the date of transactions. Exchange gains and losses on translation are taken to income.

**4.10 Financial assets and financial liabilities**

All financial assets and financial liabilities are recognised at the time when the Modaraba becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to receive cash flows related to the assets expire. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income.

Financial assets comprise of investments, musharaka and murabaha finances, trade debts, deposits, other receivables, excluding taxation and bank balances. Musharaka, murabaha, trade debts, deposits and other receivables are stated at cost as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities are classified according to the substance of contractual arrangements entered into. Significant financial liabilities are short term borrowings, musharaka finance under mark-up arrangements and accrued and other liabilities.





**CRESCENT STANDARD MODARABA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**4.11 Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and short-term deposits with an original maturity of three months or less. Cash and cash equivalents are carried in the balance sheet at cost.

**4.12 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Modaraba has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**4.13 Staff Provident Fund**

The Modaraba contributes to an approved group fund scheme covering all its employees who are eligible under the scheme. Equal monthly contributions are made by the Modaraba and the employees to the Staff Provident Fund at 6.67% of the basic salary.

**5. ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustments are explained in the relevant accounting policies / notes to the financial statements.

The areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgment was exercised in application of accounting policies are as follows:

- i) classification of investments (note 8)
- ii) provision for doubtful receivables (note 9 and 10)
- iii) depreciation of property and equipment - Ijarah (note 14)
- iv) impairment of investments (note 8)

**6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE**

The following revised standards, interpretations and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, interpretations and amendments:



**CRESCENT STANDARD MODARABA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>Standard, interpretation or amendment</b>	<b>Effective date (annual periods beginning on or after)</b>
IAS 1 Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 01, 2012
IFRS 7 Financial Instruments: Disclosures - Amendments enhancing disclosures about transfers of financial assets	July 01, 2011
IAS 12 Income Tax (Amendment) – Deferred Taxes : Recovery of Underlying Assets	January 01, 2012
IAS 19 Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 01, 2013
IAS 24 Related Party Disclosures (Revised)	January 01, 2011
IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)	January 01, 2011

The Modaraba expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Modaraba's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standard</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 9 – Financial Instruments	January 01, 2013
IFRS 10 – Consolidated Financial Statements	January 01, 2013
IFRS 11 – Joint Arrangements	January 01, 2013
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 – Fair Value Measurement	January 01, 2013



**CRESCENT STANDARD MODARABA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Note	June 30, 2011	June 30, 2010
		----- (Rupees) -----	
<b>7. CASH AND BANK BALANCES</b>			
Cash in hand		3,408	5,000
With banks in:			
Current accounts		481,436	80,845
PLS saving accounts	7.1 & 7.2	21,319,719	21,816,404
Provision for doubtful balances	7.2	(1,159,249)	(1,090,233)
		20,160,470	20,726,171
		20,645,314	20,812,016

7.1 The effective mark-up rate on these accounts ranges from 3% to 13% (2010: 3% to 11%) per annum.

7.2 This includes (a) a sum of Rs.1.090 (2010: Rs.1.090) million against which a claim has been lodged by a commercial bank as referred to in note 19.1 and (b) a sum of Rs.0.069 (2010: Rs.0.069) million representing balance in a dividend account with a commercial bank. The Modaraba has made full provision against the above balances.

**8. SHORT-TERM INVESTMENTS**

Held-for-trading	8.1	4,500,212	1,589,238
Available-for-sale	8.2	18,345,528	43,000,067
		22,845,740	44,589,305

**8.1 Held-for-trading**

Unless stated otherwise, the holdings are in the fully paid Ordinary shares of Rs.10 each.

	2011 No. of shares	2010		Note	June 30, 2011	June 30, 2010
				----- (Rupees) -----		
			<b>Financial services</b>			
	-	5,000	Arif Habib Securities Limited		-	166,050
			<b>Banks</b>			
	-	97	NIB Bank Limited		-	290
			<b>Personal goods</b>			
	-	462	Kohinoor Textile Mills Limited		-	2,596
	-	15,027	Nishat Mills Limited		-	647,964
	-	140	Saif Textile Mills Limited		-	346
			<b>Gas water and multi-utilities</b>			
	200,000	-	Sui Southern Gas Company Limited		4,334,000	-
			<b>Construction and material</b>			
	-	25	D.G. Khan Cement Limited		-	590
	300	300	Lucky Cement Limited		21,252	18,642



**CRESCENT STANDARD MODARABA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Chemicals**

-	5,000	ICI Pakistan Limited	-	592,800
<b>10,651</b>	<b>10,664</b>	United Distributors Pakistan Limited	<b>144,960</b>	<b>159,960</b>
			<u><b>4,500,212</b></u>	<u><b>1,589,238</b></u>

**8.2 Available-for-sale**

Listed Ordinary shares	8.2.1	<b>1,137,500</b>	-
Debt securities	8.2.2	<b>17,208,028</b>	<b>43,000,067</b>
		<u><b>18,345,528</b></u>	<u><b>43,000,067</b></u>

**8.2.1 Listed ordinary shares**

2011	2010			June 30, 2011	June 30, 2010
No. of shares / certificates		Name of investee	Note	----- (Rupees) -----	
		<b>Financial services</b>			
875,000	-	Dawood Equities Limited		<b>1,137,500</b>	-
				<u><b>1,137,500</b></u>	<u>-</u>

**8.2.2 Debt securities**

**Sukuk Certificates**

1,900	1,900	Haq Bahoo Sugar Mills Limited		<b>2,375,000</b>	7,125,000
1,267	1,400	Eden Housing Limited	8.2.2.1	<b>4,512,437</b>	4,429,091
				<u><b>6,887,437</b></u>	<u>11,554,091</u>

**Term Finance Certificates**

1,013	1,013	Avari Hotel Limited		<b>4,302,342</b>	4,697,135
1,000	1,000	Trust Investment Bank Limited		<b>2,981,491</b>	3,946,902
		Invest Capital Investment Bank Limited (Formerly: Al-Zamin Leasing Corporation Limited)		<b>1,500,000</b>	1,600,000
200	2,999	Pace (Pakistan) Limited	8.2.2.1	<b>422,847</b>	14,245,957
151	908	Worldcall Telecom Limited		<b>748,968</b>	2,227,854
1,499	1,499	Escort Investment Bank Limited		<b>1,997,996</b>	4,728,128
				<u><b>11,953,644</b></u>	<u>31,445,976</u>
		Less: Provision for impairment		<u><b>(1,633,053)</b></u>	-
				<u><b>17,208,028</b></u>	<u><b>43,000,067</b></u>

**8.2.2.1** During the year, the debt securities aggregating to Rs.14.5 (2010: Rs.Nil) million were sold to B.R.R. Guardian Modaraba, a related party, in exchange for musharaka finance of Rs.10 (2010: Rs.Nil) million resulting in a loss of Rs.4.5 (2010: Rs.Nil) million (see note 20).



**CRESCENT STANDARD MODARABA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**8.2.3 Details of particulars of Term Finance Certificates / Sukuk Certificates**

Name of Company	Profit		Face value per certificate Rupees	Maturity	Secured / unsecured
	Frequency	Rate per annum			
<b>Sukuk Certificates</b>					
Haq Bahoo Sugar Mills Limited	Semi annually	6 months KIBOR + 3.25%	5,000	September 15, 2011	Secured
Eden Housing Limited	Quarterly	3 months KIBOR + 2.50%	3,562	June 29, 2014	Secured
<b>Term Finance Certificates</b>					
Avari Hotel Limited	Annually	1 year KIBOR + 2.50%	4,247	October 30, 2014	Secured
Trust Investment Bank Limited	Semi annually	6 months KIBOR + 2.00%	3,124	July 04, 2013	Secured
Invest Capital Investment Bank Limited (Formerly: Al-Zamin Leasing Corporation Limited)	Semi annually	6 months KIBOR + 2.00%	5,000	March 13, 2012	Secured
Pace (Pakistan) Limited	Semi annually	6 months KIBOR + 1.50%	326	February 15, 2017	Secured
Worldcall Telecom Limited	Semi annually	6 months KIBOR + 2.75%	833	November 28, 2011	Secured
Escort Investment Bank Limited	Semi annually	6 months KIBOR + 2.75%	1,665	September 15, 2011	Secured
				<b>June 30, 2011</b>	<b>June 30, 2010</b>
			<b>Note</b>	----- (Rupees) -----	

**9. MURABAHA FINANCE**

Considered doubtful - unsecured	1,902,053	1,902,053
Less: Provision for doubtful receivables	<u>(1,902,053)</u>	<u>(1,902,053)</u>
	<u>          -</u>	<u>          -</u>



**CRESCENT STANDARD MODARABA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Note	June 30, 2011	June 30, 2010
		----- (Rupees) -----	
<b>10. ADVANCES, DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES</b>			
<b>Considered good</b>			
<b>Advances</b>			
Advance against purchase of securities		6,045,391	-
<b>Prepayment</b>			
Insurance		65,535	-
<b>Other receivables</b>			
Accrued profit on:			
Bank balances		647,108	-
Sukuk certificates		1,151,625	1,227,580
Term Finance Certificates		1,279,969	1,871,822
Musharaka finance		567,679	2,052,018
		<b>3,646,381</b>	<b>5,151,420</b>
Dividend receivable		20,240	20,240
		<b>9,777,547</b>	<b>5,171,660</b>
<b>Considered doubtful</b>			
<b>Advances</b>			
Advance for purchases		90,387,701	90,387,701
<b>Deposits</b>			
Security deposit		25,000	25,000
<b>Other receivables</b>			
Accrued profit		7,849,234	7,715,387
Sales tax receivable		3,350,922	3,350,922
Other receivables		37,592	37,592
		<b>101,650,449</b>	<b>101,516,602</b>
Less: Provision for doubtful receivables		<b>(101,516,602)</b>	<b>(101,516,602)</b>
		<b>9,911,394</b>	<b>5,171,660</b>
<b>11. TRADE DEBTS</b>			
<b>Secured and considered good</b>			
Ijara rentals		329,241	-
Others	11.1	34,210,401	40,210,401
		<b>34,539,642</b>	<b>40,210,401</b>
<b>Secured and considered doubtful</b>			
Ijara rentals		115,000	-
Trade debt - gross		34,654,642	40,210,401
Less: Provision for doubtful Ijara rentals		(115,000)	-
	11.1 & 11.2	<b>34,539,642</b>	<b>40,210,401</b>



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11.1 It is secured against pledge of stock (jute) valuing Rs.34.344 (2010: Rs.41.267) million.

11.2 The aging of trade debts is as follows:

Neither past due nor impaired	329,241	-
Past due but not impaired - over 180 days	34,210,401	40,210,401
Past due and impaired	115,000	-
	<u>34,654,642</u>	<u>40,210,401</u>

**12. ADVANCE TAX**

Considered good	356,601	236,929
Considered doubtful	161,820	136,822
	<u>518,421</u>	<u>373,751</u>
Less: Provision for doubtful receivables	<u>(161,820)</u>	<u>(136,822)</u>
	<u>356,601</u>	<u>236,929</u>

**13. MUSHARAKA FINANCE - Secured**

Considered good	13.1	34,076,305	45,826,169
Considered doubtful		10,182,339	10,182,339
		<u>44,258,644</u>	<u>56,008,508</u>
Less: Provision for doubtful receivables		<u>(10,182,339)</u>	<u>(10,182,339)</u>
Current portion of Musharaka finance		<u>(8,431,720)</u>	<u>(23,629,162)</u>
		<u>25,644,585</u>	<u>22,197,007</u>

13.1 The Modaraba has entered into musharaka investment agreements with different parties on profit and loss sharing basis. The expected profit on these arrangements ranges from 14% to 18.65% (2010: 14% to 17.41%) per annum. The arrangement is secured against mortgage charge on property and hypothecation charge on stocks and receivables of the customers as well as a lien on cash deposited with a financial institution. These musharaka finances are receivable on various dates latest by December 31, 2014.

**14. PROPERTY AND EQUIPMENT**

	Rate of depreciation	Cost			Depreciation			Book value as at June 30, 2011
		As at July 01, 2010	Additions / (disposals)	As at June 30, 2011	Accumulated as at July 01, 2010	For the year / (on disposal)	Accumulated as at June 30, 2011	
(Rupees)								
<b>Assets in own use</b>								
Vehicle	20%	-	1,992,493	1,992,493	-	256,600	256,600	1,735,893



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**Ijarah assets**

Machinery	-	835,000	8,610,300	9,445,300	83,500	1,297,424	1,380,924	8,064,376
			-			-		
Vehicle	-	1,667,000	24,631,531	18,237,515	133,383	2,667,131	2,173,546	16,063,969
			(8,061,016)			(626,968)		
<b>June 30, 2011</b>		<b>2,502,000</b>	<b>35,234,324</b>	<b>29,675,308</b>	<b>216,883</b>	<b>4,221,155</b>	<b>3,811,070</b>	<b>25,864,238</b>
			(8,061,016)			(626,968)		

	Cost			Depreciation			Book value as at June 30, 2010
	As at July 01, 2009	Additions / (disposals)	As at June 30, 2010	Accumulated as at July 01, 2009	For the year / (on disposal)	Accumulated as at June 30, 2010	
<b>Ijarah assets</b>							
Machinery	-	-	835,000	-	83,500	83,500	751,500
			-		-	-	
Vehicle	-	-	3,407,000	-	263,884	133,383	1,533,617
			(1,740,000)		(130,501)		
<b>June 30, 2010</b>			<b>4,242,000</b>		<b>347,384</b>	<b>216,883</b>	<b>2,285,117</b>
			(1,740,000)		(130,501)		

	Note	June 30, 2011	June 30, 2010
<b>15. MUSHARAKA FINANCE UNDER MARK-UP ARRANGEMENTS</b>		<b>(Rupees)</b>	
Opening balance	15.1	<b>40,454,094</b>	22,454,094
Add: Funds (paid) / obtained during the year		<b>(18,000,000)</b>	18,000,000
		<b>22,454,094</b>	<b>40,454,094</b>

**15.1** These represent funds received under musharaka arrangements on profit and loss sharing basis. Pending complete information and documents, no accrual has been made for profit payable, if any, on this amount.

**16. SECURITY DEPOSITS**

These deposits are received under Ijarah arrangements and are adjustable at the expiry of the lease period.

**17. CERTIFICATE CAPITAL**

**Authorised**

25,000,000 Certificates of Rs.10 each	<b>250,000,000</b>	250,000,000
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**CRESCENT STANDARD MODARABA**  
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**Issued, subscribed and paid-up**

<u>Number of certificates</u>					
2011	2010				
20,000,000	20,000,000	Modaraba certificates of Rs.10 each issued as fully paid in cash			
			<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: right;"><u>200,000,000</u></td> <td style="width: 50%; text-align: right;"><u>200,000,000</u></td> </tr> </table>	<u>200,000,000</u>	<u>200,000,000</u>
<u>200,000,000</u>	<u>200,000,000</u>				

**18. STATUTORY RESERVE**

Statutory reserve represents profit set aside to comply with the Prudential Regulation for Modarabas issued by the SECP. These regulations require the Modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that reserves equals 100% of the paid-up capital. Thereafter, a sum not less than 5% of the after tax profits is to be transferred.

During the year, the Modaraba has credited 50% of the profit to this reserve.

**19. CONTINGENCIES**

Following contingencies are related to period before the management of the Modaraba was transferred to the present management.

**19.1** A commercial bank has lodged a claim of Rs.1.090 (2010: Rs.1.090) million on account of excess mark-up paid to the Modaraba during previous years which is not accepted by the Modaraba. The Modaraba has also lodged a claim before the banking tribunal against the said commercial bank for short payment of mark-up to the Modaraba to the extent of Rs.2.498 (2010: Rs.2.498) million. The proceedings under both cases are pending to-date. As a matter of abundant caution, full provision in respect of the said claim of the commercial bank has been made in these financial statements (refer note 7.2).

**19.2** The Modaraba had received a legal notice from Innovative Investment Bank Limited (formerly: Crescent Standard Investment Bank Limited) which was addressed to previous Management Company (Financial Link Limited) of the Modaraba, wherein they had asked the Modaraba to settle an outstanding balance of short-term borrowing amounting to Rs.171.143 (2010: Rs.171.143) million alongwith the mark-up thereon on or before February 10, 2007. The management and the legal advisor of the Modaraba believe that the matter will be decided in favour of the Modaraba and accordingly no liability in respect of the above has been recognised in the financial statements.

	Note	June 30, 2011	June 30, 2010
		----- (Rupees) -----	
<b>20. INCOME ON SHORT-TERM INVESTMENTS - NET</b>			
Income on investment in debt securities Profit /		5,406,654	8,551,226
(loss) on sale of held-for-trading investments		390,310	(70,957)
Loss on revaluation of held-for-trading investments		(444,551)	(413,050)
Loss on sale of available-for-sale investments		(4,500,000)	-
Impairment loss on available-for-sale investments		(505,894)	(1,127,159)
Dividend income		126,180	62,740
		<u>472,699</u>	<u>7,002,800</u>



**CRESCENT STANDARD MODARABA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. ADMINISTRATIVE AND OPERATING EXPENSES**

Salaries, allowances and benefits		3,616,324	3,871,505
Printing and stationery		125,824	65,412
Subscription		292,071	185,847
Commission or brokerage		269	-
Insurance		78,634	24,000
Advertisement		16,700	10,000
Auditors' remuneration	21.1	252,860	419,300
Legal and professional		496,000	1,240,000
Depreciation		256,600	-
Others		107,064	11,563
		<u>5,242,346</u>	<u>5,827,627</u>

**21.1 Auditors' remuneration**

Statutory audit fee		125,000	125,000
Half yearly review fee		50,000	50,000
Sundry advisory services		50,000	175,000
Out of pocket expenses		27,860	69,300
		<u>252,860</u>	<u>419,300</u>

**22. WORKERS' WELFARE FUND**

The Finance Act, 2008 made certain changes to the Workers' Welfare Fund Ordinance, 1971. As a result of these amendments, Workers' Welfare Fund (WWF) is payable @ 2% of the profit before taxation as per the financial statements or taxable income as per the return of income, whichever is higher. During the current year, the management has made a provision of Rs.0.103 (2010: Rs.0.155) million in respect of this liability.

**23. FINANCIAL CHARGES**

Profit on finance under musharaka arrangement		1,931,178	1,596,329
Bank charges		6,115	19,280
		<u>1,937,293</u>	<u>1,615,609</u>

**24. MODARABA MANAGEMENT COMPANY'S FEE**

In accordance with the Modaraba Companies and Modaraba Rules, 1981 management fee at the rate of 10% of annual profits is payable to the Management Company.

**25. PROVISION FOR TAXATION**

The income of non-trading modarabas is exempt from tax under clause 100 of the second schedule of the Income Tax Ordinance 2001, provided not less than 90% of its profits {after appropriation to statutory (mandatory) reserves as required under Modaraba Regulations} are distributed to the certificate holders. The modaraba has decided to continue availing the tax exemption and hence no provision has been made in these financial statements for tax liabilities for the current year.



**CRESCENT STANDARD MODARABA**  
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	<b>June 30, 2011</b>	<b>June 30, 2010</b>
	----- (Rupees) -----	
<b>26. EARNINGS PER CERTIFICATE - basic and diluted</b>		
Profit for the year	<u>5,025,679</u>	<u>5,024,212</u>
	--- (number of certificates) ---	
Weighted average number of certificates	<u>20,000,000</u>	<u>20,000,000</u>
	----- (Rupee) -----	
Earnings per certificate	<u>0.25</u>	<u>0.25</u>

**26.1** There were no convertible dilutive potential ordinary certificates outstanding on June 30, 2011 and 2010.

	<b>June 30, 2011</b>	<b>June 30, 2010</b>
	----- (Rupees) -----	
<b>27. REMUNERATION OF OFFICERS</b>		
Remuneration and staff retirement benefits	<u>1,673,678</u>	<u>1,244,140</u>
Medical expenses reimbursed	<u>15,000</u>	<u>15,000</u>
Other benefits	<u>-</u>	<u>482,031</u>
	<u><b>1,688,678</b></u>	<u><b>1,741,171</b></u>
Number of employees at the end of the year	<u>1</u>	<u>1</u>

**28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Modaraba's objective in managing risk is the creation and protection of certificate holders' value. Risk is inherent in the Modaraba's activities, but it is managed through monitoring and controlling activities which are primarily setup to be performed, based on limits established by the Management Company, Modaraba's constitutive documents and the regulations and directives of the SECP. The Modaraba's activities expose it to a variety of financial risks: market risk (including profit rate risk, equity price risk and fair value risk), credit risk and liquidity risk. The Board of Directors of the Management company has overall responsibility for the establishment and over sight of the Modaraba's risk management framework.

The Modarabas overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Modaraba's financial performance.

The Modaraba primarily invests in Ijarah assets, musharaka, diversified portfolio of listed securities, sukuk certificates and term finance certificates. Such investments are subject to varying degrees of risk, which emanate from various factors that include but are not limited to market risk, liquidity risk and credit risk.



## **CRESCENT STANDARD MODARABA NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011**

### **28.1 Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

#### **28.1.1 Profit rate risk**

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. As of June 30, 2011, the Modaraba's exposure to the risk of changes in market profit rates relates primarily to bank balances in PLS saving accounts, musharaka finance and debt securities. The bank balances in PLS saving accounts are subject to profit rates as declared by the respective banks on periodic basis while, the debt securities are subject to floating profit rates. As at June 30, 2011, approximately 74.13% (June 30, 2010: 85.10%) of the Modaraba's financial assets are subject to floating profit rates. Management of the Modaraba estimates that an increase of 100 basis points in the market profit rate, with all other factors remaining constant, would increase the Modaraba's income by Rs.0.147 (June 30, 2010: Rs.0.146) million and a decrease of 100 basis points would result in a decrease in the Modaraba's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

#### **28.1.2 Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Modaraba does not have any financial instrument in foreign currencies and hence is not exposed to such risk.

#### **28.1.3 Equity price risk**

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the company in which the investment is made, change in business circumstances of the company, its business sector, industry and / or the economy in general.

At the balance sheet date, the exposure to listed equity securities has increased to Rs.5.637 million from Rs.1.589 million in 2010. Management of the Modaraba estimates that 5% increase or decrease in the overall equity prices in the market with all other factors remaining constant would result in increase or decrease of Modaraba's net assets by Rs.0.283 (2010: Rs.0.079) million. However, in practice, the actual results may differ from the sensitivity analysis.

### **28.2 Liquidity risk**

Liquidity risk is defined as the risk that the Modaraba will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Modaraba could be required to pay its liabilities earlier than expected. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation.

The table below summarizes the maturity profile of the Modaraba's financial liabilities based on contractual undiscounted payments.



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<b>June 30, 2011</b>	<b>Upto one month</b>	<b>More than one month and upto three months</b>	<b>More than three months and upto one year</b>	<b>More than one year</b>	<b>Total contractual cash flows</b>
	----- (Rupees) -----				
Musharaka finance under mark-up arrangements	22,454,094	-	-	-	22,454,094
Accrued expenses and other liabilities	1,574,499	-	-	-	1,574,499
Security deposits	-	-	-	6,178,145	6,178,145
Unclaimed profit distribution	481,430	-	-	-	481,430
	<u>24,510,023</u>	<u>-</u>	<u>-</u>	<u>6,178,145</u>	<u>30,688,168</u>

<b>June 30, 2010</b>	<b>Upto one month</b>	<b>More than one month and upto three months</b>	<b>More than three months and upto one year</b>	<b>More than one year</b>	<b>Total contractual cash flows</b>
	----- (Rupees) -----				
Musharaka finance under mark-up arrangements	40,454,094	-	-	-	40,454,094
Accrued expenses and other liabilities	2,411,786	-	1,016,241	-	3,428,027
Security deposits	-	-	-	150,200	150,200
Unclaimed profit distribution	69,014	-	-	-	69,014
	<u>42,934,894</u>	<u>-</u>	<u>1,016,241</u>	<u>150,200</u>	<u>44,101,335</u>

**28.3 Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Modaraba by failing to discharge its obligation. The Modaraba's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Modaraba's maximum exposure to credit risk. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements at reporting date:

	<b>June 30, 2011</b>	<b>June 30, 2010</b>
	----- (Rupees) -----	
Bank balances	20,641,906	20,807,016
Investment in debt securities	17,208,028	43,000,067
Musharaka finance	34,076,305	45,826,169
Trade debts	34,539,642	40,210,401
Advance against purchase of shares	6,045,391	-
Accrued profit on debt securities	2,431,594	3,099,402
Accrued profit on bank balances	647,108	-
Accrued profit on Musharaka finance	567,679	2,052,018
	<u>116,157,653</u>	<u>154,995,073</u>



**CRESCENT STANDARD MODARABA**  
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Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Modaraba's total credit exposure. The Modaraba's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The table below analyses the Modaraba's concentration of credit risk by industrial distribution:

	June 30, 2011 %	June 30, 2010 %
Banks	17.93	13.08
Other financial institutions	1.22	1.50
Computer and software services	5.03	6.88
Sugar and allied	12.38	11.70
Technology and communication	0.60	1.95
Miscellaneous	37.45	50.05
	<b>74.61</b>	<b>85.16</b>

**28.4 Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Level 2: 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

June 30, 2011	Level 1 -----	Level 2 (Rupees)	Level 3 -----
<b>Investments at fair value through profit or loss - held-for-trading</b>			
- Listed Ordinary shares	4,500,212	-	-
<b>Available-for-sale investments</b>			
- Listed Ordinary shares	1,137,500	-	-
- Listed debt securities	-	11,953,644	-
- Unlisted debt securities	-	-	5,254,384
	<b>5,637,712</b>	<b>11,953,644</b>	<b>5,254,384</b>



**CRESCENT STANDARD MODARABA**  
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June 30, 2010	Level 1	Level 2	Level 3
	----- (Rupees) -----		
<b>Investments at fair value through profit or loss - held-for-trading</b>			
- Listed Ordinary shares	1,589,238	-	-
<b>Available-for-sale investments</b>			
- Listed Ordinary shares	-	-	-
- Listed debt securities	-	31,445,976	-
- Unlisted debt securities	-	-	11,554,091
	<u>1,589,238</u>	<u>31,445,976</u>	<u>11,554,091</u>

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

#### 29. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Modaraba is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value as the items are short term in nature.

#### 30. CAPITAL RISK MANAGEMENT

The Modaraba's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for certificate-holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of profit distributed to certificate-holders, issue new certificates or sell assets to reduce debt.

Consistent with others in the industry, the Modaraba monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total Certificates of Musharaka and borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

The gearing ratio of the Modaraba at year end is as follows:



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	June 30, 2011	June 30, 2010
	----- (Rupees) -----	
Musharaka finance under mark-up arrangements	22,454,094	40,454,094
Cash and bank balances	<u>(20,645,314)</u>	<u>(20,812,016)</u>
Net debt	<u>1,808,780</u>	<u>19,642,078</u>
Equity	<u>117,551,066</u>	<u>115,030,262</u>
Net debt to equity ratio	<u>02:98</u>	<u>15:85</u>

**31. RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include a subsidiary company, associated companies with or without common directors, directors, and key management personnel.

The Modaraba has related party relationship with its Management Company, Associated Undertakings and its Key Management Personnel.

A number of transactions are entered into with related parties in the normal course of business.

The details of transactions with related parties and balances with them, apart from compensation to officers as disclosed in note 27, are given below:

Relationship with the company	Nature of transactions	June 30, 2011	June 30, 2010
		----- (Rupees) -----	
Management Company	Management fee	(569,805)	558,240
B.R.R. Guardian Modaraba	Payment of sharing expenses	3,300,059	3,576,680
	Musharaka facility received	10,000,000	-
	Sale of debt securities	(14,500,000)	-
Employee Provident Fund	Transfer of provident fund	18,000	-

**32. SEGMENT INFORMATION**

As per IFRS 8, operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer of the Management Company has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.





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The Chief Operating Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

The internal reporting provided to the Chief Executive Officer for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from investments in entities incorporated in Pakistan.

**33. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors of the Management Company in their meeting held on September 31, 2011 have approved profit distribution at the rate of 1.2% i.e. Rs.2,400,000 (2010: at the rate of 1.2% i.e. Rs.2,400,000 ) for the year ended June 30, 2011. These financial statements do not reflect this distribution.

**34. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on September 30, 2011 by the Board of Directors of the B.R.R. Investments (Private) Limited.

**35. GENERAL**

Figures have been rounded off to the nearest rupee.

**36. COMPARATIVES**

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements for the purposes of better presentation. Reclassifications made are as follows:

- Rs.0.237 million have been re-arranged from Advances, deposits, prepayment and other receivables to Advance tax.
- Rs.0.413 million pertaining to loss on revaluation of held-for-trading investments and Rs.1.127 million pertaining to impairment loss on available-for-sale investments have been re-arranged from the face of Profit and loss account to Income on short-term investments - net.
- Rs.0.155 million pertaining to Workers' Welfare Fund have been re-arranged from Administrative and operating expenses to the face of Profit and loss account.

**For B.R.R. Investments (Private) Limited**  
**(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



**CRESCENT STANDARD MODARABA**

**Pattern of Certificate holding  
As at June 30, 2011**

Number of Certificate Holders	Certificate Holding		Total Certificates Held
	From	To	
78	1	100	4,888
1188	101	500	580,030
88	501	1,000	84,012
184	1,001	5,000	571,524
90	5,001	10,000	774,621
38	10,001	15,000	508,008
21	15,001	20,000	389,121
18	20,001	25,000	418,451
4	25,001	30,000	116,500
9	30,001	35,000	296,512
6	35,001	40,000	231,767
5	40,001	45,000	208,721
16	45,001	50,000	780,913
5	50,001	55,000	263,016
3	55,001	60,000	171,301
5	60,001	65,000	315,352
1	65,001	70,000	70,000
2	90,001	95,000	187,000
5	95,001	100,000	497,001
1	100,001	105,000	101,000
1	130,001	135,000	132,755
3	145,001	150,000	450,000
1	160,001	165,000	161,950
2	165,001	170,000	335,000
3	185,001	190,000	561,710
1	225,001	230,000	229,976
1	295,001	300,000	300,000
1	300,001	305,000	300,500
1	315,001	320,000	320,000
1	340,001	345,000	345,000
1	425,001	430,000	425,471
1	440,001	445,000	443,300
1	695,001	700,000	700,000
1	1,995,001	2,000,000	2,000,000
1	6,720,001	6,725,000	6,724,600
<b>1787</b>			<b>20,000,000</b>

S. No.	Categories of Certificate Holders	Number of Certificate Holders	Total Certificates Held	Percentage
1	Individual Local	1,749	9,833,111	49.17
2	Investment Companies	3	6,737,100	33.69
3	Insurance Company	1	2700	0.01
4	Joint Stock Companies	27	3,157,375	15.79
5	Modarabas	2	47,700	0.24
6	Mutual Funds	1	185,214	0.93
7	Financial Institutions	4	36,800	0.18
		<b>1787</b>	<b>20,000,000</b>	<b>100.00</b>



**CRESCENT STANDARD MODARABA**

**Additional Information as on June 30, 2011**

<b>S. No.</b>	<b>Categories of Certificates Holders</b>	<b>Number</b>	<b>Certificates Held</b>	<b>% Age</b>
<b>1</b>	<b>NIT &amp; ICP</b>	<b>2</b>	<b>197,214</b>	<b>1.94</b>
	National Bank of Pakistan Trustee Deptt.		185,214	0.93
	Investment Corporation of Pakistan		12,000	0.06
<b>2</b>	<b>Banks, DFIs, NBFIs, Insurance Companies, Modarabas Joint Stock Companies and Mutual Funds</b>	<b>36</b>	<b>9,969,675</b>	<b>49.85</b>
<b>3</b>	<b>Certificate Holders holding ten percent or more in the Modaraba</b>		<b>8,724,600</b>	<b>43.62</b>
	Innovative Investment Bank Limited		6,724,600	33.62
	Financial Link Modaraba		2,000,000	10.00



## CRESCENT STANDARD MODARABA

### Key Financial and Operating Data

Particulars	2011	2010	2009	2008	2007	2006
				(Rupees in thousand)		
Paid up Capital	200,000.00	200,000.00	200,000.00	200,000.00	200,000.00	200,000.00
Equity	117,551.06	115,030.26	110,271.00	107,829.00	108,602.00	108,064.00
Current Liabilities	24,510.02	43,951.14	23,179.00	23,107.00	23,651.00	22,718.00
Current Assets	148,239.23	159,131.60	133,451.00	130,618.00	132,253.00	130,782.00
Operating Profit/(Loss)	5,698.04	5,737.36	2,218.53	(405.00)	(469.00)	(189.00)
Profit/(Loss) for the Year	5,025.67	5,024.21	1,762.00	537.00	537.00	(5,678.00)
Dividend	2,400	2,400.00	-	-	-	-
Earning per Certificate	0.25	0.25	0.09	0.03	0.03	(0.28)

**BOOK POST**  
Printed Matter

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