

2006

**HALF YEAR
ENDED**



M O D A R A B A

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

**DECEMBER 31, 2006
(Un-Audited)**



CRESCENT STANDARD MODARABA

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M O D A R A B A
CRESCENT STANDARD MODARABA

Corporate Information

Modaraba Company	B.R.R. Investments (Private) Limited
Chairman	Mr. Rafique Dawood
Chief Executive	Mr. Ayaz Dawood
Directors	Mrs. Farida Rokadia Mr. Majid Dawood Mr. Tauqir Shamshad
Audit Committee	Mrs. Farida Rokadia - Chairperson Mr. Majid Dawood - Member Mr. Tauqir Shamshad - Member
Group Finance Director	Mr. Muhammad Shoab
Chief Financial Officer	Mr. Ghazanfar-ul- Islam
Company Secretary	Mr. Tahir Mahmood
Auditors	M. Yousuf Adil Saleem & Company Chartered Accountant
Legal Advisor	Malik & Maliks
Bankers	Saudi Pak Commercial Bank Limited PICIC Commercial Bank Limited MCB Bank Limited
Web-site	www.firstdawood.com/csm
Registered Office & Head Office	1500-A, Saima Trade Towers, I.I Chundrigar Road, Karachi-74000 UAN : 111-DAWOOD (111-329-663) Fax : 92-21-227-1913
Registrars	F.D Registrar Services (SMC-Pvt.) Ltd 17th Floor, Saima Trade Tower-A I.I Chundrigar Road, Karachi Phone # 2271875
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



MODARABA
CRESCENT STANDARD MODARABA

Director's Report

Crescent Standard Modaraba
Managed by B.R.R. Investments (Private) Limited

Dear Certificate holders,

The Board of Directors of B.R.R. Investments (Private) Limited (BRR), manager of Crescent Standard Modaraba (CSM), are pleased to present to certificate holders the Financial Statements of the Modaraba for the Half year ended December 31, 2006.

On 19th January 2007 the Registrar Modaraba in exercise of his powers conferred by section 19(1)(a) and 20(1)(iii) of the Modaraba Companies and Modaraba (Floatation & Control) ordinance 1980, instructed Providence Modaraba Limited (PML) to take over the management of CSM.

PML has subsequently merged with BRR. Thus, BRR is currently the Manager of CSM.

During the period under review, the Modaraba has a quarterly loss of Rs.156,219/- and thus for the half year has a cumulative profit of Rs.38,091/- before charging management fee and this represents earnings per certificate of Rs.0.002 per certificate.

Auditors Review for the half year

Based on Auditors review, because of the significance of the matters discussed in para (a) to (h) of Auditors Review Report, they do not provide any assurance on these financial statements.

The new management has made every effort towards obtaining records from the previous management and the same has been provided to the Auditors for verification.

The Board of Directors of the Management Company appreciates the support of Mr. Bilal Rasul Registrar Modaraba, Securities & Exchange Commission of Pakistan for his continued assistance, guidance and support.

For and on behalf the
Board of Directors of
B.R.R. Investments (Private) Limited

August 9, 2007
Karachi

Rafique Dawood
Chairman



MODARABA
CRESCENT STANDARD MODARABA

REVIEW REPORT TO THE CERTIFICATE HOLDERS

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan

UAN: +92 (0) 21 111-55-2626
Fax: +92 (0) 21- 454 1314
Web: www.deloitte.com

We are engaged to review the annexed balance sheet of **CRESCENT STANDARD MODARABA** (the Modaraba) as at December 31, 2006 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the half year then ended. These financial statements are the responsibility of the Modaraba's management [B.R.R. Investments (Private) Limited]. Our responsibility is to issue a report on these financial statements based on our review. The figures of the profit and loss account, cash flow statement and statement of changes in equity for the quarter ended December 31, 2006 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2006.

We conducted our review in accordance with the International Standards on Review Engagement ISRE-2400 applicable to review engagement. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Management Company's personnel and analytical procedures applied to the financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

- a) Due to the significance of the matters mentioned in para 'a' to 'n' in the auditors report dated June 18, 2007 on the financial statements of the Modaraba for the year ended June 30, 2006, auditors had issued a disclaimer as such we do not provide any assurance on the comparative figures of the balance sheet in the annexed financial statements and accordingly opening balances remains unverified.
- b) No supporting documents has been made available to us to verify advances, deposits and other receivable amounting Rs.117.594 million out of this amount provision for doubtful of recovery has been made for Rs.102.569 million. in the accounts for the year ended June 30, 2006. As per the revised agreement dated March 31, 2007 with the party, out of remaining amount, Rs.15 million is secured (refer Note 4 to the financial statements).
- c) No credit files and supporting documents were made available to us to verify the Funds provided under Musharika and Morabaha arrangements. Out of total Rs.15.902 million, provision for doubtful recovery has been made for Rs.12.454 million, whereas the remaining balance of Rs.3.448 million representing Funds Provided under Morabaha arrangements. This amount of Rs.3.448 million is unsecured, which is a violation of Regulation 7(4) of the Prudential Regulations for Modarabas, The amount, in our opinion. in doubtful of recovery against which no provision has been made.

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Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants

- d) No supporting documents were made available in respect of "Funds received under Musharaka arrangements" amounting to Rs.22.454 million.
- e) Due to non-availability of records and documents it was not possible to verify the disclosures made in Note 9 (Related Party transactions) to the financial statements.
- f) Modaraba had received a legal notice from Crescent Standard Investment Bank Limited which was addressed to previous Management Company (Financial Link Limited) of the Modaraba, whereby they asked Modaraba to settle an outstanding balance of Short Term Borrowing amounting to Rs.171.930 million along with the mark up thereon. As the claim is not supported by any documentary evidence and no such liability has been recognised in the books of account of the Modaraba, this liability has been shown under contingencies (Refer note 7.3 to the financial statements). We were not made available with any legal opinion on the above case by the legal adviser of the Modaraba. In addition we were also not provided with any supporting documents to verify the contingencies shown under Note 7.1 and 7.2 to the financial statements.
- g) As per audited financial statements for the year ended June 30, 2005 tax losses available with the Modaraba is Rs.30.468 million where as carry forward tax losses as per income tax return for the tax year 2005 is Rs.0.136 million only. We were not provided with any reason for such difference and its reconciliation.
- h) We have not been provided with the bank statements and details of a MCB bank account and a Dividend account as such we could not verify the total closing balance of Rs.1.159 million, and the transactions in these accounts during the period, if any. Provision for doubtful recovery has been made for Rs.1.090 million, in the accounts, for the year ended June 30, 2006 in the respect of amount in MCB Bank account Frozen at the request of United Bank Limited against the dispute referred to in Note 7.2 to the financial statement.

Based on our review, because of the significance of the matters discussed in para (a) to (h) above, we do not provide any assurance on these financial statements.

The comparative figures of the profit and loss account, cash flow statement and statement of changes in equity together with the notes for the quarter and half year ended December 31, 2005 were reviewed by another firm of chartered accountants who vide their report dated February 28, 2006 issued an unqualified review report.

Chartered Accountants

Karachi

Date : August 9, 2007



M O D A R A B A
CRESCENT STANDARD MODARABA

BALANCE SHEET AS AT DECEMBER 31, 2006

	Note	(Un-Audited) December 31, 2006 Rupees	(Audited) June 30, 2006 Rupees
ASSETS			
Current Assets			
Bank balances		795,647	316,324
Advances, deposits and other receivable	4	15,025,000	15,025,000
Trade debts	4	111,383,034	111,383,034
Funds provided under musharika arrangements	5	-	-
Funds provided under morabaha arrangements		3,448,482	3,714,144
Short term equity investment		447,636	343,726
TOTAL ASSETS		<u>131,099,799</u>	<u>130,782,228</u>
Current Liabilities			
Short term borrowings	6	-	-
Funds received under musharika arrangements		22,454,094	22,454,094
Accrued expenses and other liabilities		478,289	195,000
Unclaimed dividend		69,016	69,016
		<u>23,001,399</u>	<u>22,718,110</u>
Contingencies and Commitments	7		
Net Assets		<u><u>108,098,400</u></u>	<u><u>108,064,118</u></u>
REPRESENTED BY:			
Certificate capital	8	200,000,000	200,000,000
Statutory reserve		4,287,970	4,287,970
Accumulated loss		(96,189,570)	(96,223,852)
		<u><u>108,098,400</u></u>	<u><u>108,064,118</u></u>

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

Director

Director



M O D A R A B A
CRESCENT STANDARD MODARABA

PROFIT AND LOSS ACCOUNT (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2006

	For the Half Year Ended		For the Quarter Ended	
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
	<.....Rupees.....>			
Income				
Income from funds provided under musharika and morabaha arrangements	87,618	27,805,038	41,743	20,692,836
Operating expenses				
Administrative and general expenses	153,162	1,809,573	50,000	1,642,037
Operating (loss) / profit	(65,544)	25,995,465	(8,257)	19,050,799
Gain / (loss) on remeasurement of investment	103,910	84,013	(147,962)	47,418
Other income	-	649,507	-	646,507
	38,366	26,728,985	(156,219)	19,744,724
Financial charges	275	25,815,786	-	23,458,679
	38,091	913,199	(156,219)	(3,713,955)
Modaraba Company's Management fee	3,809	-	(15,622)	-
Profit after Manaement fee	34,282	913,199	(140,597)	(3,713,955)
Profit / (loss) for the Period	34,282	913,199	(140,597)	(3,713,955)
Earnings per Certificate - Basic and Diluted	0.002	0.06	(0.056)	(0.186)

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

Director

Director



CASH FLOW STATEMENT (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2006

	For the Half Year Ended		For the Quarter Ended	
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
	<-----Rupees----->			
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit / (loss) before taxation	34,282	913,199	(140,597)	(3,713,955)
Adjustments for non-cash items:				
(Gain) / loss on remeasurement of investment	(103,910)	(84,013)	147,962	(47,418)
Depreciation	-	880	-	706
	(69,628)	830,066	7,365	(3,760,667)
(Increase) / decrease in current assets				
Advances, deposits and other receivables	-	(41,042,687)	-	(78,225,480)
Trade debts	-	25,000,000	-	32,837,098
Fund placed under musharika arrangements	265,662	(47,636,031)	265,662	(1,037,645)
Fund placed under morabaha arrangements	-	(5,654,120)	(130,765)	(4,997,794)
	265,662	(69,332,838)	134,897	(51,423,821)
Increase / (decrease) in current liabilities				
Short term borrowings	-	130,960,758	-	127,481,537
Profit payable on fund received under musharika arrangements	-	(22,454,094)	-	(30,199,654)
Accrued expenses and other liabilities	283,289	(14,661,845)	79,878	(16,747,316)
	283,289	93,844,819	79,878	80,534,567
	548,951	24,511,981	214,775	29,110,746
Net cash flow from operating activities	479,323	25,342,047	222,140	25,350,079
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of shares / investment in placements	-	(20,000,000)	-	(20,000,000)
Net cash used in investing activities	-	(20,000,000)	-	(20,000,000)
Net increase in cash and cash equivalents (A + B)	479,323	5,342,047	222,140	5,350,079
Cash and cash equivalents at the beginning of the period	316,324	1,204,314	573,507	1,196,282
Cash and cash equivalents at the end of the period	795,647	6,546,361	795,647	6,546,361

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

Director

Director



M O D A R A B A
CRESCENT STANDARD MODARABA

STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2006

	Certificate capital	Statutory reserve	Accumulated loss	Deposit against issue of modaraba certificates	Total
	←-----Rupees----->				
Balance as at July 01, 2005	100,000,000	4,287,970	(90,545,219)	100,000,000	113,742,751
Issued right certificates	100,000,000	-	-	(100,000,000)	-
Profit for the quarter	-	-	4,627,154	-	4,627,154
Balance as at September 30, 2005	200,000,000	4,287,970	(85,918,065)	-	118,369,905
Loss for the quarter ended December 31, 2005	-	-	(3,713,955)	-	(3,713,955)
Balance as at December 31, 2005	200,000,000	4,287,970	(89,632,020)	-	114,655,950
Loss for the half year ended June 30, 2006	-	-	(6,591,832)	-	(6,591,832)
Balance as at June 30, 2006	200,000,000	4,287,970	(96,223,852)	-	108,064,118
Loss for the quarter ended September 30, 2006	-	-	174,879	-	174,879
Balance as at September 30, 2006	200,000,000	4,287,970	(96,048,973)	-	108,238,997
Profit for the quarter ended December 31, 2006	-	-	(140,597)	-	(140,597)
Balance as at December 31, 2006	200,000,000	4,287,970	(96,189,570)	-	108,098,400

The annexed notes form an integral part of these financial statements.

Chief Executive Officer

Director

Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2006

1. LEGAL 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 there under. Modaraba was managed by Financial Link Limited upto January 19, 2007 however vide order no. SC/M/RW/CSM2006-32 dated January 19, 2007 from Deputy Registrar, Modaraba Wing, SECP, management of Modaraba was transferred to Providence Modaraba Limited with immediate effect. Subsequent to the year end, Providence Modaraba Limited merged in B.R.R. Investments (Private) Limited, and thereafter the Modaraba is under management of B.R.R. Investments (Private) Limited.

The Modaraba is perpetual and multipurpose. It is engaged in venture capital, trading, equity investment, musharika/modaraba financing arrangements and financial advisory services. The certificates of the Modaraba are quoted on Karachi Stock Exchange.

The financial statements are presented in Pak Rupees, which is the Modaraba's functional and presentation currency.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the requirements of the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980, the Modaraba Companies & Modaraba Rules, 1981 and directives issued by 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 Accounting Standards (IASs) 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' have been followed. The disclosures made in these financial statements have, however, been limited based on the requirements of the International Accounting Standards 34, Interim Financial Reporting.

These financial statements are unaudited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance and are being submitted to certificate holders as required under the Companies Ordinance, 1984.

3. ACCOUNTING POLICIES

The accounting convention and policies adopted for the preparation of these financial statements are same as those applied in preparing the audited financial statements for the year ended June 30, 2006.

4. Advance for purchases amounting to Rs.15 million and trade debts amounting to Rs.111.383 million is secured against pledge of jute stock.



5. FUNDS PROVIDED UNDER MUSHARIKA ARRANGEMENTS

The modaraba had entered into musharika investment agreements with different parties on profit and loss sharing basis.

	December 31, 2006 Rupees	June 30, 2006 Rupees
Considered doubtful:		
Fund placed under musharika arrangements	10,182,339	10,182,339
	<u>10,182,339</u>	<u>10,182,339</u>
Less: provision for doubtful receivables	(10,182,339)	(10,182,339)
	<u>-</u>	<u>-</u>

6. SHORT TERM BORROWINGS

Short term borrowings	-	25,000,000
	-	25,000,000
Liabilities no longer payable - written back	-	(25,000,000)
	<u>-</u>	<u>-</u>

7. CONTINGENCIES AND COMMITMENTS

- 7.1** Modaraba has filed appeals before the Income Tax Appellate Tribunal and Commissioner of Income Tax (Appeals) in respect of assessments years 1994-95 to 1999-2000. The aggregate disputed tax liability of Rupees 4.24 million has not been accounted for in these financial statements in view of the pending outcome of the matters. The Modaraba is confident for favorable outcome in appeals
- 7.2** United Bank Limited has lodged a claim of Rupees 1,090,000. on account of excess markup paid to the Modaraba for previous years which is not accepted by the Modaraba. The Modaraba has also lodged a claim before the Banking Tribunal against United Bank Limited for short payment of mark up to the Modaraba to the extent of Rs.2,497,867 in previous years. The proceeding under both cases are pending to date.
- 7.3** Modaraba has received a legal notice from Crescent Standard Investment Bank Limited which was addressed to previous Management Company (Financial Link Limited) of the Modaraba, whereby they have asked Modaraba to settle an outstanding balance of Short Term Borrowing amounting to Rs.171,930,350/- along with the mark up thereon on or before February 10, 2007. After new management took the charge, they asked plaintiff to send all the agreements and supporting documents in this respect but plaintiff did not respond. Therefore, in the absence of any substance in the claim, management of the Modaraba is confident that no liability will accrue.



8. CERTIFICATE CAPITAL

Authorised

25,000,000 Certificates of Rs.10/- each	250,000,000	250,000,000
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Issued, subscribed and paid-up

Modaraba certificates of Rs.10/- each.

December 31, 2006	June 30, 2006		
		Number of certificates	
20,000,000	20,000,000	Certificates issued as fully paid in cash	
			200,000,000
			200,000,000
			200,000,000

9. RELATED PARTY TRANSACTIONS

Relationship with the Modaraba	Nature of Transactions	December 31, 2006	December 31, 2005
Associated Company	Placement Made During the Period	-	26,019,014
	Short Term Borrowings During the Period	-	49,157,023
	Profit on Placement	-	1,820,656
	Profit on Borrowings	-	15,977,155

10. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 9, 2007 by the Board of Directors of the B.R.R. Investments (Private) Limited.

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