



M O D A R A B A

Crescent Standard Modaraba

(An Islamic Financial Institution)

Managed by:

B.R.R. Investments (Private) Limited

**A
N
N
U
A
L
R
E
P
O
R
T**

2014



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

Contents	Page
<u>Corporate Information</u>	<u>2</u>
<u>Mission and Vision</u>	<u>3</u>
<u>Notice of Annual Review Meeting</u>	<u>4</u>
<u>Directors' Report</u>	<u>5</u>
<u>Statement of Compliance with the Code of Corporate Governance</u>	<u>9</u>
<u>Auditors' Review Report</u>	<u>11</u>
<u>Auditors' Report to the Certificate Holders</u>	<u>12</u>
<u>Shariah Advisor Report</u>	<u>15</u>
<u>Balance Sheet</u>	<u>16</u>
<u>Profit and Loss Account</u>	<u>17</u>
<u>Statement of Comprehensive Income</u>	<u>18</u>
<u>Statement of Cash Flow</u>	<u>19</u>
<u>Statement of Changes in Equity</u>	<u>20</u>
<u>Notes to the Financial Statements</u>	<u>21</u>
<u>Pattern of Certificate Holding</u>	<u>44</u>
<u>Additional Information</u>	<u>46</u>
<u>Six Years Financial Summary</u>	<u>47</u>



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

CORPORATE INFORMATION

Modaraba Company	B.R.R Investments (Priveted)Limited
Chairman	Mr. Rafique Dawood
Chief Executive	Mr. Ayaz Dawood
Directors	Mr. Waqas Anwar Qureshi - Director Syed Ali Raza - Director
Audit Committee	Mr. Waqas Anwar Qureshi - Chairman Mr. Rafique Dawood - Member Syed Ali Raza - Member
HR and Remuneration Committee	Mr. Waqas Anwar Qureshi - Chairman Mr. Rafique Dawood - Member Mr. Ayaz Dawood- Member
Shariah Advisor	Mufti Syed Sabir Hussain
Chief Financial Officer	Syed Tariq Masood
Company Secretary	Mr. Tahir Mehmood
Auditors	BDO Ebrahim & Co. Chartered Accountants
Legal Advisor	Malik & Maliks
Bankers	Al -Baraka Bank(Pakistan) Limited
Web-site	www.firstdawood.com/csm
Registered Office & Head Office	18th Floor, B.R.R Tower Hassan Ali Street off. I.I Chundrigar Road, Karachi-74000 PABX 92-21-32602401-06 Fax : 92-21-3227-1912
Registrars	F.D Registrar Services (SMC-Pvt) Ltd. 1705,17 Floor, Saima Trade Towr "A" I.I Chundrigar Road, Karachi-74000 Phone # 92-21-32271906 # 92-21- 35478192-3 Fax # 92-21-32621233



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

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
(An Islamic Financial Institution)

Notice of Annual Review Meeting

The Board of Directors of B.R.R. Investments (Pvt) Ltd, Manager of Crescent Standard Modaraba (CSM) in their meeting held on September 30, 2014 has declared cash dividend @ Re. 0.15 per Modaraba Certificate for the year ended June 30, 2014.

To determine the names of Certificate-Holders entitled to receive dividend and to attend the Annual Review Meeting, the Register of Certificate-Holders will be closed from October 25, 2014 to October 31, 2014 (both days inclusive) the Transfers received at the Registrar Office, F.D. Registrar Services (SMC-Pvt.) Ltd at 1705, 17th Floor, Saima Trade Towers A, I.I. Chundrigar Road Karachi, before the close of business hours on October 24, 2014 will be treated in time for the purpose of above entitlement to the transferees. Further, the 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 Friday October 31, 2014 at 8:30 a.m. at First Floor, BRR Tower, Hassan Ali Street, off: I.I Chundrigar Road Karachi, 74000

Place Karachi
October 6, 2014

By Order of the Board
Tahir Mehmood
Company Secretary

REQUEST TO CERTIFICATE HOLDERS

Pursuant to the directives of the Securities and Exchange Commission of Pakistan (SECP) CNIC number of Modaraba Certificate-Holders has become mandatory to be mentioned on Dividend Warrant. Therefore, all those physical Modaraba Certificate-Holders not yet submitted their CNIC are hereby requested to immediately send valid copy of CNIC at above mentioned address of Shares Registrar Office.

In order to comply with the directives of SECP vide their SRO 831(1)/2012 dated July 5, 2012 the Registrar Office may withhold the dispatch of Dividend Warrant under Section 251(2) (a) of the Companies Ordinance, 1984 of those Certificate-Holders who fails to submit the copy of CNIC before the close of book of Certificate-Holders for entitlement of dividend as for the year ended June 30, 2014 announced by the Board of Directors in their meeting held on September 30, 2014.



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

DIRECTORS' REPORT

On behalf of the Board of Directors of B.R.R. Investments (Private) Limited ('BRR' or 'the company'), manager of Crescent Standard Modaraba ('CSM' or 'the Modaraba'), it gives me pleasure to present to you the Annual Report and Audited Financial Statements for the year ended June 30, 2014.

MODARABA'S PERFORMANCE

Summary of the comparative financial performance is given below;

	June 30, 2014	June 30, 2013
Rupees.....	
Profit Before Management Fee & WWF	6,844,165	6,746,521
Management Fee	684,417	674,652
Sales Tax on Management Fee	109,507	107,944
Provision for Workers' Welfare Fund	121,005	119,279
Profit After Management Fee & WWF	5,929,236	5,844,646
Certificate Holder's Equity	127,781,377	124,771,486
Earnings per certificate	0.30	0.29
Break up value – per certificate	6.39	6.24

Dividend:

The Board is pleased to announce Rs.0.15 per certificate cash dividend for the year ended June 30, 2014.

NATURE OF BUSINESS AND MARKET DYNAMICS:

After taken over the management control of Crescent Standard Modaraba, the team at CSM is engaged in rehabilitation work on the Modaraba. Today, the management is concentrating to regain the confidence of the investors, certificate holders of CSM and striving hard to maximize the returns of their investment. CSM is focusing on growth of the Modaraba in prudent manner, commitment to deliver customer centric solutions through well define corporate policies and coordinate action with team work for long term sustainable development.

Unfortunately the Modaraba sector which constituted over 52 entities at one point in time has shrunk into very few which are performing and we are pleased to report that your Modaraba is among them despite several limitations.

The Modaraba has made all Sharia-compliant modes of financing facilities mainly to SME sector and high net worth individuals. Major portion of financing remains towards Ijara of motor vehicles.

ECONOMIC REVIEW

Pakistan's economy has emerged from turbulent times with significant improvement on major fronts. For the first time in 5 years, GDP growth has crossed the 4% mark, clocking in at 4.1 % in FY14 against 3.7% in FY13. Progress was made on key structural reforms - the privatization process was resumed after a gap of 8 years and two capital market transactions were completed during FY14. Moreover, the process of privatizing public sector enterprises has also been initiated on a fast track basis and financial advisors for various entities have already been appointed.

Future Strategy:

The financial sector of the country has showed satisfactory growth during recent past. The economic managers of the country predict healthy off-take in the private sector as a positive sign for the economy with revival of industrial activities across the country.

The Islamic financial industry has also expanded and now at present is around 10% of overall banking asset base. The industry with its increasingly international footprints continues to demonstrate its resilience. The range of Shariah compliant products and services available has significantly expanded their market share.



CRESCENT STANDARD MODARABA

(An Islamic Financial Institution)

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, 2014. 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 books of accounts.

Appropriate accounting policies have been consistently applied in the preparation of financial statements on reasonable and prudent judgment.

Relevant International Accounting Standards and Islamic Financial Accounting Standards, as applicable in Pakistan, provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies & Modaraba Rules, 1981 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. The Sindh High Court grant relief against payment of Sales tax on management fee under C.P No. 3896 of 2013.

There has been no departure from the best practices of transfer pricing.

TRADING / DEALING IN CERTIFICATE OF MODARRABA:

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

CODE OF CONDUCT:

The Board of Directors of the Management Company has adopted the required 'Code of Conduct' to which the management company & Modarabas is committed voluntarily maintaining the highest standards of conduct and ethical behavior is a moral right and legal requirement that requires the personal commitment.

The Code of Conduct indicates good business conduct that generally promotes the qualities of honesty, fairness, consideration and enlightened professionalism.

STAFF RETIREMENT BENEFITS:

CSM operates a Provident Fund scheme for all permanent employees. The value of investments as at June 30, 2014 is Rs. 726,000.

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 transactions between BRR Guardian Modaraba (BRRGM) and connected person/related parties are carried at an arm's length basis except for those transactions whose justification has been recorded.

AUDITORS

We would also like to share the certificate-holders that on recommendation of Audit Committee M/s. BDO Ebrahim & Company - Chartered Accountants have been reappointed as auditors for the year ended 2014-15 subject to approval of Registrar Modaraba Companies and Modarabas.

KEY OPERATING AND FINANCIAL DATA

The Key Operating and Financial data of last six years has been presented with analysis summarized on the last page.



CRESCENT STANDARD MODARABA

(An Islamic Financial Institution)

RISK MANAGEMENT FRAMEWORK:

CSM manages risk through a framework of sound risk principles. Risk is an integral part of the financing business and risk management entails adoption of several measures to strengthen ability to cope with the dynamics of a complex business environment in which we operate. In the normal course of business, we manage these risks through a variety of strategies, including good balanced risk management controls and strong practices of Corporate Governance. Our fundamental objective is to maximize certificate's value, but this must be carried out in clearly articulated risk tolerance framework.

Board of Directors' Meetings

The following changes have been taken place in board of Directors of BRR Investments (Private) Limited, the management company of BRR Guardian Modaraba during the year ending June 30, 2014 with the approval of Registrar of Modaraba

Mr. Waqas Anwer Qureshi
Syed Ali Raza

approval received on October 31, 2013
approval received on December 06, 2013

The Status of Board of Directors Meetings is as follow

Sr. No	Name	Designation	Attendance
1	Mr. Rafique Dawood	Chairman	4 out of 4
2	Mr. Ayaz Dawood	CEO	4 out of 4
3	Mr. Waqas Anwer Qureshi	Director	4 out of 4
4	Syed Ali Raza	Director	2 out of 2

Audit Committee Meetings

The status of Board's Audit Committee Meetings is as follows

Sr. No	Name	Designation	Attendance
1	Mr. Waqas Anwer Qureshi	Chairman	4 out of 4
2	Mr. Rafique Dawood	Member	4 out of 4
3	Syed Ali Raza	Member	2 out of 2

AUDITORS' OBSERVATIONS:

- In view of lack of information and documents available at the time of takeover by present management the auditor could not satisfy themselves on the opening balances as mentioned in their report.
- Refer to note 16 to the financial statements, These financial statements included a liability amounting to Rs. 22.454 million outstanding as payable to one creditor. The liabilities pertaining to musharaka finance under mark-up arrangements amounting to Rs. 22.454 million have remained stagnant in the Modaraba's record since 2004.
- Several written confirmation requests regarding this payable have been sent to the registered address obtained from Securities and Exchange Commission of Pakistan (SECP), however, no contact has been established. Liquidation proceedings against this company were started in September 2008 and the company is not in existence any more. Further, based on legal advice obtained, management is of the view that company has lost its legal right to claim this amount as it is now a time barred liability.
- We refer to Note No. 10.1 of the Notes to the Accounts and emphasis of the Auditor in their report and hereby confirm that matter of Show Cause Notice is under discussion with the SECP and we are explaining them to withdraw the same after hearing our defense.

INTERNAL CONTROL AND AUDIT FUNCTION:

The Board is responsible for effective implementation of a sound internal control system including compliance with control procedures. At CSM, Audit Committee has outsourced Internal Audit Function to J.A.S.B & Associates, Chartered Accountants, for wider functions and role identified as below:

- Review compliance with responsible for monitoring compliance with Relevant International Accounting Standards, Islamic Financial Accounting Standards, as applicable in Pakistan, provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies & Modaraba Rules, 1981 and compliance of the policies and procedures framed by the Board.



CRESCENT STANDARD MODARABA

(An Islamic Financial Institution)

2. Review accounting and internal control system
3. Review the economy, efficiency and effectiveness of operations (Value for Money Audits / VFM Audits)
4. Examining financial and operational information.
5. Assisting with the identification of significant risks.

At CSM, Internal Auditors have an independent, objective assurance and consulting role designed to add value and improve the Modaraba's operations. It helps accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. It is a control which functions by examining and evaluating the adequacy and effectiveness of other controls.

CORPORATE SUSTAINABILITY AND SOCIAL RESPONSIBILITY:

At CSM, various initiatives have been taken that very clearly depict its dedication towards its Corporate Social Responsibility mission. The focus of the Modaraba is on achieving commercial success in a manner that honors ethical values, respects society and communities in meeting their needs in such a manner that the ability of future generations to meet their needs with pride and dignity is not compromised.

HEALTH, SAFETY & ENVIRONMENT:

We are committed to maintain a safe healthy working environment for our employees and factors attach to anybody or any institution. At CSM, it has been ensured at all times that no facility is made which is likely to affect human health, safety and working environment. CSM office premises have proper electric wiring, fire extinguishers and ready first aid to office inmates while maintaining smoking free environment.

CSM also provided group Takaful policy to all its employees for health and life.

PATTERN OF CERTIFICATE HOLDING

The pattern of certificate holding as on June 30, 2014 along with disclosure as required under the Code of Corporate Governance is annexed.

CONCLUSION & APPRECIATION:

At CSM our business is dependent on trusting relationships. Our reputation is founded on the integrity of the company's personnel and our commitment to our principles of Honesty, Excellence, Consistency, Compassion and Fairness. We believe that our ability to deliver superior long term financial returns is the cornerstone of enduring values for our stakeholders.

Moreover, appreciate the performance of our employees who worked diligently for the organization, our those customers who paid back their obligations and our regulators who guided us on every step of the way.

We reaffirm our commitment to all our stake-holders to continue our efforts for furthering the cause of the Modaraba.

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

Rafique Dawood
Chairman

September 30, 2014
Karachi.



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED JUNE 30, 2014.**

This Statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange 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 Crescent Standard Modaraba (the Modaraba) is a Private Limited Company, the Board of Directors are pleased to confirm that the Modaraba complied with all material principles contained in CCG.

The Management Company of the Modaraba has applied the principles contained in the CCG in the following manner:

1. The Management Company encourages representation of independent non-executive directors and directors representing minority interest on its Board of directors. At present the board includes.

Category	Names
Independent Directors	Mr. Waqas Anwer Qureshi Syed Ali Raza
Executive Director	Mr. Ayaz Dawood
Non-Executive Director	Mr. Rafique Dawood

The independent directors meet the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Modaraba (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident 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 DFI or an NBFIs and none of them is a member of any Stock Exchange.
4. Two casual vacancies have occurred during the year on the board and same were filled up by the directors within stipulated time, subject to approval of Registrar.
5. The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures. It has also been placed on the website of the Modaraba.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the 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 employment of CEO, other executive and non - executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Majority of the directors of the board are having more than 14 years of education and more than 15 years of experience therefore they are exempted from the Director's training programs as prescribed by the Code of Corporate Governance. Further, 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 Modaraba, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities.
10. The Board has approved the appointment of Head of Internal Audit, including their remuneration and terms and conditions of employment. No new appointment of CFO or Company Secretary has been made during the year.



CRESCENT STANDARD MODARABA

(An Islamic Financial Institution)

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Modaraba were duly endorsed and signed by the CEO and CFO before the approval of the Board.
13. The directors, CEO and executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of certificate holding.
14. The Modaraba has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors and the Chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Modaraba and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom the majority are non-executive directors and the chairman of the committee is an independent director.
18. The board has outsourced the internal audit function to J.A.S.B & Associates, Chartered Accountants who 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.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Modaraba's securities, was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles contained in the CCG have been complied.

September 30, 2014

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

Ayaz Dawood
Chief Executive Officer



Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

REVIEW REPORT TO THE CERTIFICATE HOLDERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2014 prepared by the Board of Directors of **B.R.R. INVESTMENT (PRIVATE) LIMITED (the Modaraba Company)** in respect of **CRESCENT STANDARD MODARABA (the Modaraba)** to comply with the Listing Regulations of the Karachi Stock Exchange Limited, where the Modaraba is listed.

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

As part of our audit of the 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.


Further, the code requires 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 of Compliance does not appropriately reflect the Modaraba's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, for the year ended June 30, 2014.

KARACHI

DATED: September 30, 2014

CHARTERED ACCOUNTANTS

 Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **CRESCENT STANDARD MODARABA** ("the Modaraba") as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), 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 purpose of our audit.

These financial statements are the Modaraba Company's [B.R.R. Investment (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 the 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 financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

1. In the absence of supporting documents and required information, we were unable to verify the opening balances pertaining to musharaka finance amounting to Rs. 10.182 million (2013: Rs. 10.182 million) against which full provision has been made (note 6), morabaha finance amounting to Rs. 1.902 million (2013: Rs. 1.902 million) against which full provision has been made (note 8), advances, deposits, prepayments and other receivables amounting to Rs. 101.517 million (2013: Rs. 101.517 million) against which full provision has been made (note 9), cash and bank balances amounting to Rs. 1.159 million (2013: Rs. 1.159 million) against which a provision of Rs. 1.159 million (2013: Rs. 1.159 million) has been made (note 12) and advance tax amounting to Rs. 0.162 million (2013: Rs. 0.162 million) against which full provision has been made. Further we were not provided with any supporting documents to verify the contingencies as disclosed in note 18 to the financial statements. Owing to the non-availability of the supporting documents and the required information, the effects on the accompanying financial statements cannot presently be determined.

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

2. As disclosed in note 16 to the financial statements, the Board of Directors of the Modaraba Management Company have determined and decided that the liabilities pertaining to musharaka finance under mark-up arrangements amounting to Rs. 22.454 million, which has remained unchanged in the Modaraba's books of account since 2004, are no longer payable and are to be written back in the financial statements of the Modaraba. We have not received independent confirmation of nil balance from the creditor and in the absence of any supporting documents and information we are unable to confirm that the liability is no longer payable.

Except for the adjustments in respect of matters stated above:

- a) in our opinion proper books of account have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 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 the 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 agreement with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - iii) the business conducted, investments made and expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- c) except for the adjustments in respect of matters stated above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement 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 June 30, 2014 and its profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.



- f) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Without further modifying our opinion, we draw attention to Note 10.1 to the accompanying financial statements which states that a show cause notice has been issued by the Securities and Exchange Commission of Pakistan (SECP) in respect of certain transactions, restricted under Regulation 7(3) of the Prudential Regulations for Modarabas. This matter is currently under discussion with the SECP.

The financial statements for the year ended June 30, 2013 were audited by another firm of chartered accountants who had expressed qualified opinion thereon vide their reports dated November 07, 2013. Their opinion was qualified in respect of matter stated in item (a) above and included an emphasis of matter paragraph in respect of the matter on which we have emphasized our opinion.

KARACHI

DATED: September 30, 2014

CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



CRESCENT STANDARD MODARABA

(An Islamic Financial Institution)

Shari'ah Advisor's Report

I have conducted the Shari'ah review of **Crescent Standard Modaraba** managed by B.R.R. Investments Pvt. Limited for the year ended 30th June, 2014. In accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modaraba that except the observation as reported hereunder. In my opinion:

1. All agreement(s) entered into by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met;
2. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shari'ah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shari'ah Compliance and Shari'ah Audit Regulations for Modarabas
3. Profit Sharing ratios, profits and charging of losses (if any) relating to any deposit raising product conform to the basis and principles of Shari'ah
4. The earnings that have been realized from the sources or by means prohibited by Shari'ah have been credited to charity accounts on immediate basis

Conclusion

Based on the above mentioned facts I am of the view that the business operations of Crescent Standard Modaraba are Shari'ah Compliant up to the best of my knowledge.

Mufit Syed Sabir Hussain
Shari'ah Advisor
Date; September 01, 2014



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

**BALANCE SHEET
AS AT JUNE 30, 2014**

	Note	2014 Rupees	2013 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	50,953,494	27,286,036
Musharaka finance	6	-	18,914,644
		<u>50,953,494</u>	<u>46,200,680</u>
CURRENT ASSETS			
Short-term investments	7	35,601,883	12,891,443
Current portion of musharaka finance	6	18,631,404	3,932,969
Murabaha finance	8	-	-
Advances, deposits, prepayments and other receivables	9	3,734,004	3,035,458
Trade debts	10	13,022,846	34,583,668
Advance tax	11	479,744	483,776
Cash and bank balances	12	21,669,739	59,447,452
		<u>93,139,620</u>	<u>114,374,766</u>
TOTAL ASSETS		<u><u>144,093,114</u></u>	<u><u>160,575,446</u></u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized capital			
25,000,000 (2013: 25,000,000) Modaraba certificate of Rs. 10/- each		<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid-up certificate capital	13	200,000,000	200,000,000
Statutory reserve	14	18,470,201	15,874,298
Accumulated loss		(90,553,895)	(90,887,228)
(Deficit) on revaluation of investments		<u>(134,929)</u>	<u>(215,584)</u>
		<u>127,781,377</u>	<u>124,771,486</u>
NON-CURRENT LIABILITIES			
Long-term portion of customers' security deposits	15	<u>6,780,705</u>	<u>6,333,949</u>
		6,780,705	6,333,949
CURRENT LIABILITIES			
Musharaka finance under mark-up arrangements	16	-	22,454,094
Current portion of customers' security deposits	15	4,610,690	2,615,211
Accrued expenses and other liabilities	17	2,222,558	1,892,278
Unclaimed profit distribution		<u>2,697,784</u>	<u>2,508,428</u>
		<u>9,531,032</u>	<u>29,470,011</u>
TOTAL EQUITY AND LIABILITIES		<u><u>144,093,114</u></u>	<u><u>160,575,446</u></u>
CONTINGENCIES AND COMMITMENTS	18		

The annexed notes from 1 to 38 form an integral part of these financial statements.

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

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014 Rupees	2013 Rupees
INCOME			
Ijarah rentals		11,267,155	15,426,592
Income on musharaka and murabaha finance		2,134,468	2,757,753
Income on short-term investments - net	19	9,399,053	5,447,515
Income on bank balances		3,465,423	3,477,012
Other income	20	22,877,985	194,931
		<u>49,144,084</u>	<u>27,303,803</u>
EXPENSES			
Depreciation on ijarah assets		9,338,426	11,041,562
Provision for doubtful receivables - net	21	25,036,606	173,368
Administrative and operating expenses	22	7,319,618	7,646,100
Investments written off	23	-	2,685,276
Bad debts written off		-	448,258
Loss / (gain) on disposal of ijarah assets		605,220	(303,230)
Financial charges		49	601
		<u>42,299,919</u>	<u>21,691,935</u>
		6,844,165	5,611,868
Reversal of impairment on debt securities	7.3	-	1,134,653
		6,844,165	6,746,521
Modaraba management company fee	24	(684,417)	(674,652)
Sales tax on Modaraba management company fee	24	(109,507)	(107,944)
Workers' Welfare Fund	25	(121,005)	(119,279)
Profit before taxation		5,929,236	5,844,646
Provision for taxation	26	-	-
Net profit for the period		<u>5,929,236</u>	<u>5,844,646</u>
Earnings per certificate			
Basic and diluted	27	<u>0.30</u>	<u>0.29</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.

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

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees
Profit for the year	5,929,236	5,844,646
Other comprehensive income for the year	-	-
Items that will be subsequently reclassified to profit or loss:		
Unrealized surplus / (deficit) on revaluation of available-for-sale investments - net	80,655	(233,852)
Total comprehensive income for the year	<u>6,009,891</u>	<u>5,610,794</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.

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

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,929,236	5,844,646
Adjustments for non-cash items:		
Depreciation on Ijarah assets	9,338,426	11,041,562
Depreciation on owned assets	488,171	784,652
Provision for doubtful receivables - net	25,036,606	-
Bad debts written off	-	3,133,534
Unrealised (gain) on revaluation of held-for-trading investments	(2,149,254)	(2,074,614)
(Reversal) of impairment on available-for-sale investments	-	(1,134,653)
(Gain) on sale of investments	(4,843,166)	(1,046,985)
Income on investments in debt securities	(1,562,903)	(966,353)
Liabilities no longer payable written back	(22,454,094)	-
Gain on sale of own assets	(271,652)	-
Loss / (gain) on disposal of ijarah assets	605,220	(303,230)
Dividend income	(843,730)	(1,361,158)
	3,343,624	8,072,755
(Increase) in current assets		
Trade debts	155,621	(645,218)
Advances, deposits, prepayments and other receivables	(698,546)	22,930
Advance tax	4,032	(56,446)
	(538,893)	(678,734)
(Decrease) in current liabilities		
Accrued expenses and other liabilities	330,280	26,248
Profit paid to the certificate holders	(2,810,644)	(2,203,276)
	(2,480,364)	(2,177,028)
Net cash flow generated from operating activities	6,253,603	11,061,639
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale / redemption of short term investments	107,144,265	47,830,617
Purchase of short term investments	(121,218,727)	(35,435,469)
Additions to property and equipment - ijarah	(37,908,030)	(10,874,400)
Additions to property and equipment - owned assets	(238,852)	(710,616)
Investments under musharaka finance	584,804	4,879,074
Proceed on disposal of ijarah assets	2,599,523	7,871,917
Proceed on disposal of owned assets	1,719,736	-
Dividend received	843,730	1,359,563
Customers' security deposits repaid	2,442,235	(778,460)
Net cash flow (used in) / generated from investing activities	(44,031,316)	14,142,226
Net (decrease) / increase in cash and cash equivalents	(37,777,713)	25,203,865
Cash and cash equivalents at beginning of the year	59,447,452	34,243,587
Cash and cash equivalents at end of the year	21,669,739	59,447,452

The annexed notes from 1 to 38 form an integral part of these financial statements.

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

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Issued, subscribed and paid-up certificate capital	*Statutory reserve	Surplus / (deficit) on revaluation of investment	Accumulated loss	Total
	----- (Rupees) -----				
Balance as at July 01, 2012	200,000,000	13,362,798	18,268	(91,220,374)	122,160,692
Profit for the year ended June 30, 2013	-	-	-	5,844,646	5,844,646
Other comprehensive income					
Unrealised (loss) on available-for-sale investments - net	-	-	(233,852)	-	(233,852)
Total comprehensive income for the year	-	-	(233,852)	5,844,646	5,610,794
Profit distribution for the year ended June 30, 2012					
@ Rs.0.15 per certificate	-	-	-	(3,000,000)	(3,000,000)
Transfer to statutory reserve		2,511,500		(2,511,500)	
Balance as at June 30, 2013	200,000,000	15,874,298	(215,584)	(90,887,228)	124,771,486
Profit for the year ended June 30, 2014	-	-	-	5,929,236	5,929,236
Other comprehensive income					
Unrealised gain on available-for-sale investments - net	-	-	80,655	-	80,655
Total comprehensive income for the year	-	-	80,655	5,929,236	6,009,891
Profit distribution for the year ended June 30, 2013					
@ Rs.0.15 per certificate	-	-	-	(3,000,000)	(3,000,000)
Transfer to statutory reserve	-	2,595,903	-	(2,595,903)	-
Balance as at June 30, 2014	200,000,000	18,470,201	(134,929)	(90,553,895)	127,781,377

* Statutory reserve represents profit set aside to comply with the Prudential Regulation for Modarabas issued by Securities and Exchange Commission of Pakistan.

The annexed notes from 1 to 38 form an integral part of these financial statements.

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

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

1. LEGAL STATUS AND NATURE OF THE BUSINESS

- 1.1 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 up to 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.
- 1.2 The Modaraba is a perpetual and multipurpose modaraba and is engaged in investing in equity and debt securities, musharaka and murabaha finance, etc. The address of registered office is 18th floor, BRR Tower, Hassan Ali Street off I. I. Chundrigar Road, Karachi. The Modaraba is listed on the Karachi Stock Exchange.

2. BASIS OF PREPARATION

2.1 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.

2.2 Basis of measurement

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

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

These financial statements have been presented in Pakistan Rupees, which is the functional and presentation currency of the Modaraba.

2.4 Significant 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. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period effected.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

Depreciation of property and equipment

For details please refer note 4.1 to these financial statements.

Classification and valuation of investments

For details please refer note 4.2 to these financial statements.



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

Provision for doubtful receivables

For details please refer note 4.3 to these financial statements.

Impairment of investments

For details please refer note 4.6 to these financial statements.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards or interpretations that are effective in current year but not relevant to the Modaraba

The Modaraba has adopted the following accounting standards and interpretations which became effective during the year:

		Effective date (annual periods beginning on or after)
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
IAS 27	Separate Financial Statements	January 01, 2013
IAS 28	Investments in Associates and Joint Ventures	January 01, 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

3.2 Amendments that are effective in current year but not relevant to the Modaraba

The Modaraba has adopted the amendments to the following accounting standards which became effective during the year:

IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendments for government loan with a below-market rate of interest when transitioning to IFRSs and amendments resulting from Annual Improvements 2009-2011 Cycle (repeat application, borrowing costs)	January 01, 2013
IFRS 7	Financial Instruments Disclosures - Amendments related to the offsetting of assets and liabilities	January 01, 2013
IFRS 10	Consolidated Financial Statements - Amendments to transitional guidance	January 01, 2013
IFRS 11	Joint Arrangements - Amendments to transitional guidance	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities - Amendments to transitional guidance	January 01, 2013
IAS 1	Presentation of Financial Statements - Amendments resulting from Annual Improvements 2009-2011 Cycle (comparative information)	January 01, 2013
IAS 16	Property, Plant and Equipment - Amendments resulting from Annual Improvements 2009-2011 Cycle (servicing equipment)	January 01, 2013
IAS 19	Employee Benefits - Amended standard resulting from the post-employment benefits and termination benefits projects	January 01, 2013
IAS 32	Financial Instruments: Presentation - Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions)	January 01, 2013



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

	Effective date (annual periods beginning on or after)
IAS 34 Interim Financial Reporting - Amendments resulting from Annual Improvements 2009-2011 Cycle (interim reporting of segment assets)	January 01, 2013
3.3 Amendments not yet effective	
The following amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:	
IFRS 2 Share-based Payment - Amendments resulting from Annual Improvements 2010-2012 Cycle (definition of 'vesting condition')	July 01, 2014
IFRS 3 Business Combinations - Amendments resulting from Annual Improvements 2010-2012 Cycle (accounting for contingent consideration) and 2011-2013 Cycle (scope exception for joint ventures)	July 01, 2014
IFRS 7 Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	January 01, 2018
IFRS 8 Operating Segments - Amendments resulting from Annual Improvements 2010-2012 Cycle (aggregation of segments, reconciliation of segment assets)	July 01, 2014
IFRS 9 Financial Instruments - Reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9	January 01, 2018
IFRS 9 Financial Instruments - Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements	January 01, 2018
IFRS 9 Financial Instruments - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	January 01, 2018
IFRS 10 Consolidated Financial Statements - Amendments for investment entities	January 01, 2014
IFRS 12 Disclosure of Interests in Other Entities - Amendments for investment entities	January 01, 2014
IFRS 13 Fair Value Measurement - Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52)	July 01, 2014
IAS 16 Property, Plant and Equipment - Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)	July 01, 2014
IAS 16 Amendments regarding the clarification of acceptable methods of depreciation and amortization and amendments bringing bearer plants into the scope of IAS 16	January 01, 2016



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

		Effective date (annual periods beginning on or after)
IAS 19	Employee Benefits - Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service	July 01, 2014
IAS 24	Related Party Disclosures - Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities)	July 01, 2014
IAS 27	Separate Financial Statements - Amendments for investment entities	January 01, 2014
IAS 32	Financial Instruments - Presentation - Amendments relating to the offsetting of assets and liabilities	January 01, 2014
IAS 36	Impairment of Assets - Amendments arising from recoverable amount disclosures for non financial assets	January 01, 2014
IAS 38	Intangible Assets - Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)	July 01, 2014
IAS 38	Amendments regarding the clarification of acceptable methods of depreciation and amortization	January 01, 2016
IAS 39	Financial Instruments: Recognition and Measurement - Amendments for novations of derivatives	January 01, 2014
IAS 39	Financial Instruments: Recognition and Measurement: Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	January 01, 2018
IAS 41	Amendments bringing bearer plants into the scope of IAS 16	January 01, 2016
IAS 40	Investment Property - Amendments resulting from Annual Improvements 2011-2013 Cycle (interrelationship between IFRS 3 and IAS 40)	July 01, 2014
3.4 Standards or interpretations not yet effective		
The following International Financial Reporting Standards or interpretations issued by IASB would be effective from the dates mentioned below against the respective standard or interpretation:		
IFRS 9	Financial Instruments	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2017
IFRIC 21	Levies	January 01, 2014
The Modaraba expects that the adoption of the above amendments and interpretations of the standards will not have any material impact and ,therefore, will not affect the Modaraba's financial statements in the period of initial application.		



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below.

4.1 Property and equipment

4.1.1 Property and equipment - owned

Operating assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account during the period in which they are incurred.

Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and disposals during the year, depreciation is charged proportionately to the period of use.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account.

Depreciation method, useful lives and residual values are reassessed at least at each balance sheet date and changes, if any, are recognized prospectively.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised and assets so replaced, if any, are retired.

4.1.2 Property, plant and equipment - Ijarah / leased

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 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 leases is made in accordance with Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan (SECP) and is charged to the profit and loss account.

4.2 Investments

All investments are initially recognised at cost, being the fair value of the consideration given, including the transaction costs associated with the investment, except in the case of held for trading investments in which case these transaction costs are charged off to the profit and loss account. After initial recognition these investments are categorised and accounted for as follows:

4.2.1 Held-for-trading 'at fair value through profit or loss'

These investments are initially recognized at cost, being the fair value of the consideration given and subsequently measured at fair value. As per requirement of IAS-39 "Financial Instruments, Recognition and Measurement" the gain or loss on revaluation of investments classified as held-for-trading is to be included in profit and loss account.

4.2.2 Available-for-sale

Investment securities held by the Modaraba which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognised at fair value plus transaction cost and subsequently measured at fair value. The investments for which quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Gains and losses arising from re-measurement at fair value is recognised directly in the other comprehensive income under fair value reserve until sold, collected, or otherwise disposed of, at which time the cumulative gain or loss previously recognised in the other comprehensive income is included in profit and loss account.



CRESCENT STANDARD MODARABA

(An Islamic Financial Institution)

4.2.3 Held to maturity

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

4.2.4 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.

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Modaraba has transferred substantially all risks and rewards of ownership.

4.3 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.

4.4 Trade date accounting

All 'regular way' purchases and sales of quoted equity securities are recognized on the trade date i.e. the date that the Modaraba commits to purchase / sell the asset. 'Regular way' purchases or sales of quoted investments require delivery within three working days after the transaction date as per stock exchange regulations.

4.5 Recognition and derecognition of financial instruments

Financial assets are recognized initially at fair value or in case of financial assets that are not carried at fair value through profit or loss, at fair value plus transaction cost.

All financial assets and liabilities are recognized at the time when the entity becomes party to the contractual provisions of the instrument and are recognized in case of assets, when the contractual rights under the instrument are recognized, expired or surrendered and in case of a liability, when the obligation is discharged, cancelled or expired.

Any gain / (loss) on the recognition and derecognition of the financial assets and liabilities is included in the profit / (loss) for the period in which it arises.

Assets and liabilities that are not of contractual nature and that are created as a result of statutory requirements imposed by the Government are not financial instruments of the Modaraba.

4.6 Impairment

4.6.1 Financial assets

Impairment is recognized by the Modaraba on the basis of provision requirements given under Prudential Regulations for Modaraba and subjective evaluation carried out on an ongoing basis.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

4.6.2 Available-for-sale investments

For available-for-sale financial investments, the Modaraba assesses at each balance sheet date whether there is an objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value less any impairment loss on that investment previously recognized in the income statement, is removed from equity and recognized in the profit and loss account. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognized directly in equity.



CRESCENT STANDARD MODARABA

(An Islamic Financial Institution)

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. 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 recognized in the income statement, the impairment loss is reversed through the profit and loss account.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of available for-sale financial assets recognized previously in equity is transferred to profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

4.6.3 Non-financial assets

The Modaraba assesses at each balance sheet date whether there is any indication that assets 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 recognized 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 recognized as income in profit and loss account.

4.7 Revenue recognition

4.7.1 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.

4.7.2 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.

Unrealised lease income pertaining to non-performing leases is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations.

4.7.3 Dividend income

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

4.7.4 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.

4.7.5 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.

4.7.6 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.

4.7.7 Unrealised income on non-performing assets

Unrealised income is suspended, where necessary, on non-performing assets (including non-performing net investment in Ijarah and murabaha and musharaka finances), in accordance with the requirements of the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan. Unrealised suspense income is recognized in profit and loss account on receipt basis



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

4.8 Taxation

4.8.1 Current

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.

4.8.2 Deferred

The Modaraba accounts for deferred taxation on all material temporary differences using the liability method arising between the amounts attributed to assets and liabilities for financial reporting purposes and financial statements used for taxation purposes. However, deferred tax liability has not been provided in these financial statements as the management believes that the future income of Modaraba will not be taxable in the foreseeable future due to the fact that the Modaraba intends to continue availing the tax exemption through profit distribution to the extent of 90 percent of distributable profit.

4.9 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 fund at 10% of the basic salary.

4.10 Foreign currencies translation

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 recognized in profit and loss account.

4.11 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 include investments, musharaka and murabaha finances, trade debts, deposits and 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.

4.12 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, balances at banks in current and deposit accounts and stamps in hand.

4.13 Profit distribution and other appropriations of profit

Profit distributions to the certificate holders and other appropriations of profit are recognized in the year in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which these relate.

4.14 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 realise the asset and settle the liability simultaneously.

4.15 Related party transactions

All transactions with the related parties are priced on arm's length basis. Prices for those transactions are determined on the basis of admissible valuation methods.



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

PROPERTY AND EQUIPMENT

Particulars	2 0 1 4							Rate of depreciation per annum
	Cost			Depreciation			Written down value as at June 30, 2014	
	As at July 01, 2013	Additions / (disposal) / transfer during the year	As at June 30, 2014	As at July 01, 2013	For the year / (on disposal) / on transfers	As at June 30, 2014		
Rupees								
Owned assets								
Vehicles (note 5.1)	4,219,334	131,508 (2,746,609)	1,604,233	1,490,291	476,241 (1,298,525)	668,007	936,226	20%
Computers	-	107,344	107,344	-	11,930	11,930	95,414	33%
Ijarah assets								
Machinery	9,589,050	25,000,000 (4,615,750) 27,275*	30,000,575	5,745,133	2,308,542 (3,822,812) 27,259*	4,258,122	25,742,453	20%- 33%
Vehicles	28,198,515	12,908,030 (5,648,500) 27,275*	35,458,045	9,733,214	6,026,816 (3,643,198) 27,259*	12,116,832	23,341,213	20%- 33%
Computers and equipment	3,785,900	- (1,170,900) (27,275)*	2,587,725	1,538,125	1,003,068 (764,397) (27,259)*	1,749,537	838,188	33%
Total	45,792,799	38,174,157 (14,209,034)	69,757,922	18,506,763	9,826,597 (9,528,932)	18,804,428	50,953,494	

Particulars	2 0 1 3							Rate of depreciation per annum
	Cost			Depreciation			Written down value as at June 30, 2013	
	As at July 01, 2012	Additions / (disposal) during the year	As at June 30, 2013	As at July 01, 2012	For the year / (on disposal)	As at June 30, 2013		
Rupees								
Owned assets								
Vehicles	3,508,718	710,616	4,219,334	705,639	784,652	1,490,291	2,729,043	20%
Ijarah assets								
Machinery	9,511,050	1,213,000 (1,135,000)	9,589,050	3,958,056	2,687,077 (900,000)	5,745,133	3,843,917	20%- 33%
Vehicles	31,974,015	8,275,500 (12,051,000)	28,198,515	7,186,242	7,264,285 (4,717,313)	9,733,214	18,465,301	20%- 33%
Computers and equipment	2,400,000	1,385,900	3,785,900	447,925	1,090,200	1,538,125	2,247,775	33%
Total	47,393,783	11,585,016 (13,186,000)	45,792,799	12,297,862	11,826,214 (5,617,313)	18,506,763	27,286,036	

5.1 Disposal of property and equipment - Owned assets - during the year

Property and equipment - Owned assets	Cost	Accumulated depreciation	Written down value	Disposal proceed	Gain / (Loss) on disposal	Mode of disposal	Particulars of purchaser
	Rupees						
Vehicle SG - 498						Company Policy	Mr. Naseem Ahmed
Honda Oriel	1,992,493	1,086,806	905,687	1,104,936	199,249		
Vehicle AXQ - 537						Negotiation	Mrs. Farkhunda Tariq
Suzuki Alto	667,800	189,210	478,590	555,000	76,410		
Vehicle KDX-1225						Company Policy	Mr. Muhammad Sohaib
Unique 70 Bike	8,233	8,232	1	3,800	3,799		
Vehicle KFN - 9905						Company Policy	Mr. Tanveer Ahmed
Unique 70 Bike	34,583	9,202	25,381	26,000	619		
Vehicle KGU - 6763						Company Policy	Mr. Muhammad Aslam
Habib 70 Bike	43,500	5,075	38,425	30,000	(8,425)		
2014	2,746,609	1,298,525	1,448,084	1,719,736	271,652		
2013	-	-	-	-	-		



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

	Note	2014 Rupees	2013 Rupees
6 MUSHARAKA FINANCE - Secured			
Considered good	6.1	18,631,404	22,847,613
Considered doubtful		<u>13,813,744</u>	<u>10,182,339</u>
		32,445,148	33,029,952
Less: Provision for doubtful receivables		<u>(13,813,744)</u>	<u>(10,182,339)</u>
Current portion of Musharaka finance		<u>(18,631,404)</u>	<u>(3,932,969)</u>
		<u>-</u>	<u>18,914,644</u>
6.1 The Modaraba has entered into musharaka agreements with different parties on profit and loss sharing basis. The expected profit rate on these arrangements ranges from 10.01% to 17.03% (2013: 11.35% to 17.03%) per annum. The arrangement is secured against mortgage on property and hypothecation over 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 April 13, 2022.			
6.2 Movement of provision			
Opening balance		10,182,339	10,182,339
Charge for the year	21	<u>3,631,405</u>	-
Closing balance		<u>13,813,744</u>	<u>10,182,339</u>
6.3 The ageing of musharaka finance is as follows:			
Neither past due nor impaired		15,000,000	21,312,538
Past due but not impaired - over 180 days		-	1,535,075
Past due and impaired		<u>17,445,148</u>	<u>10,182,339</u>
		<u>32,445,148</u>	<u>33,029,952</u>
7 SHORT-TERM INVESTMENTS			
Held-for-trading			
- Listed ordinary shares	7.1	15,130,079	10,092,931
Available-for-sale			
- Debt securities	7.2	<u>20,471,804</u>	<u>2,798,512</u>
		<u>35,601,883</u>	<u>12,891,443</u>
7.1 Held-for-trading: Listed ordinary shares			
Unless stated otherwise, the holdings are in the fully paid ordinary shares of Rs. 10 each.			
No. of shares			
2014	2013	Name of investee	
		Electricity	
55,000	-	K- Electric Limited	466,950
		Commercial Banks	
-	10,000	BankIslami Pakistan Limited	65,100
		Mutiutilities (Gas & water)	
-	210,000	Sui Southern Gas Company Limited	4,099,200
		Oil and gas	
-	2,000	Pakistan Petroleum Limited	423,160



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

No. of shares		Name of investee		
2014	2013		2014 Rupees	2013 Rupees
-	17,000	Shell Pakistan Limited	-	2,433,890
6,000	7,500	National Refinery Limited	1,292,220	1,804,350
78,000	-	Lotte Chemical Pakistan Limited	560,820	-
29,000	-	Sui Northern Gas Limited	656,850	-
Engineering				
3,500	-	KSB Pumps Company Limited	291,165	-
Chemicals				
9,000	2,000	Fauji Fertilizer Company	1,347,002	214,860
47,000	-	Fauji Fertilizer Bin Qasim Limited	1,471,490	-
1,200	-	Linde Pakistan Limited	1,229,320	-
General Industries				
250	1,450	Thal Limited	51,849	184,861
1,100	-	Siemens Pakistan Engineering Company Limited	1,382,700	-
Power generation				
32,000	-	Pakgen Power Limited	577,280	-
Pharma and Bio Tech				
10,500	-	Feroz Sons Laboratories Limited	2,419,937	-
7,865	7,150	Glaxo Smith Kline Pakistan Limited	1,305,826	867,510
		Abbott Laboratories HighNoon Laboratories Limited	1,144,640	-
5,500	-	Limited	932,030	-
			<u>15,130,079</u>	<u>10,092,931</u>
7.2 Available-for-sale: Investment in debt securities				
Sukuk				
1,267	1,267	Eden Housing Limited	1,245,953	2,374,374
3,000	-	K-Electric Sukuk	15,073,050	-
4,239	-	Maple Leaf Cement Factory Limited	4,436,618	-
Term Finance Certificates				
-	1,500	Escort Investment Bank Limited	-	707,955
			<u>20,755,621</u>	<u>3,082,329</u>
		Less: Provision for impairment	<u>(283,817)</u>	<u>(283,817)</u>
			<u>20,471,804</u>	<u>2,798,512</u>



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

7.2.1 Details of particulars of Term Finance Certificates / Sukuk Certificates

Name of the investee	Repayment frequency	Profit	Face value per certificate Rupees	Original maturity date	Secured / Unsecured
		Rate per annum			
Maple Leaf Cement Factory Limited	Semi-Annually	Six Months KIBOR + 2.5%		November 04, 2017	Unsecured
Eden Housing Limited	Quarterly	3 months KIBOR + 2.5%	1,874	June 29, 2014	Secured against hypothecated assets and mortgaged property
K-Electric	Quarterly	3 months KIBOR + 2.25%	5,000	June 23, 2017	Secured against hypothecation charge on Sukuk Assets of up to Rs. 8,000 million
			Note	2014 Rupees	2013 Rupees

7.3 Particulars of provision

Opening balance	283,817	1,418,470
Charge for the year	-	-
Reversal during the year	-	(1,134,653)
	-	(1,134,653)
Closing balance	283,817	283,817

8 MURABAHA FINANCE

Considered doubtful - unsecured	1,902,053	1,902,053
Less: Provision for doubtful receivables	(1,902,053)	(1,902,053)
	-	-

9 ADVANCES, DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

Considered good

Advances - secured

Advances against purchase of securities	9.1	2,027,654	579,615
Advances to staff against salary		548,666	520,000
		2,576,320	1,099,615

Prepayments

Takaful		47,921	134,187
---------	--	--------	---------



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

	Note	2014 Rupees	2013 Rupees
Other receivables			
Accrued profit on:			
Bank balances		770,318	999,086
Sukuk certificates		224,241	82,131
Term Finance Certificates		-	122,872
Musharaka finance		-	597,567
Takaful contribution receivable		115,204	-
		<u>1,109,763</u>	<u>1,801,656</u>
		3,734,004	3,035,458
Considered doubtful			
Advances			
Advance for purchases		90,387,701	90,387,701
Deposits			
Security deposit		25,000	25,000
Other receivables			
Accrued profit		7,715,387	7,715,387
Sales tax receivable		3,350,922	3,350,922
Other receivables		37,592	37,592
		<u>101,516,602</u>	<u>101,516,602</u>
Less: Provision for doubtful receivables		<u>(101,516,602)</u>	<u>(101,516,602)</u>
		<u>3,734,004</u>	<u>3,035,458</u>
9.1	This includes advance paid to a related party, dawood equities limited, against purchase of securities amounting to Rs. 0.028 million (2013: 0.580 million).		
10 TRADE DEBTS			
Secured and considered good			
Ijarah rental	10.1	617,646	773,267
Others	10.2	12,405,200	33,810,401
		<u>13,022,846</u>	<u>34,583,668</u>
Unsecured and considered doubtful			
Others		21,405,201	-
Trade debt - gross		34,428,047	34,583,668
Less: Provision for receivables	10.3	<u>(21,405,201)</u>	<u>-</u>
	10.4	<u>13,022,846</u>	<u>34,583,668</u>
10.1	As at June 30, 2014, the Modaraba has an outstanding balance of nil (2013: Rs. 0.181 million) outstanding from Dawood Family Takaful Limited (DFTL), a related party, in respect of ijarah facilities granted during the prior year aggregating to Rs. 12.824 million.		
	During current year, upon examination of the quarterly accounts of Modaraba for the period ended March 31, 2013, the Securities and Exchange Commission of Pakistan had issued a show cause notice under Section 32 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, whereby the said ijarah facility to DFTL is considered as a violation as the Modaraba is not allowed to extend finance facility of any kind to its associated undertakings under Regulations 7(3) of the Prudential Regulations for Modaraba.		
10.2	This facility was partly secured against pledge of stock of jute while some of the stock was misappropriated from the factory premises of the borrower. During the year, the Modaraba has filed a criminal case against the borrower and its owner against misappropriation of pledged stock.		
	During the current year, a suit has also been filed by the Modaraba before the Modaraba Tribunal / Banking Court-II for the recovery of outstanding dues inter alia by sale of pledged stock which is currently under control and possession of mucedam but is lying in the factory premises of the borrower. The Tribunal passed an order and appointed a commission, directing him to count the inventory of the pledged stock, which was carried out in the presence of Modaraba officials. The borrower filed an application and pleaded to dismiss the suit filed by the Modaraba. The Modaraba has also filed a reply to the application filed by the borrower which is currently pending consideration.		



CRESCENT STANDARD MODARABA

(An Islamic Financial Institution)

During the year, an amount of Rs. 16.905 million has been recorded as provision against outstanding balance as per Prudential Regulations. The management believes that the said lawsuit and criminal case will be decided in favour of the Modaraba. However, the management has adopted a prudent approach and decided to record subjective based provision of Rs. 4.5 million, in addition to time based provision of Rs. 16.905 million, considering the credit worthiness and previous history of the borrower.

	2014	2013
	Rupees	Rupees
10.3 Particulars of provision for doubtful receivables		
Opening balance	-	126,632
Charge for the year	21,405,201	-
Amount written off	-	(126,632)
Closing balance	<u>21,405,201</u>	<u>-</u>
10.4 The aging of trade debts is as follows:		
Neither past due nor impaired	617,646	773,267
Past due but not impaired - over 180 days	12,405,200	33,810,401
Past due and impaired	21,405,201	-
	<u>34,428,047</u>	<u>34,583,668</u>
11 ADVANCE TAX		
Considered good	479,744	483,776
Considered doubtful	161,820	161,820
	<u>641,564</u>	<u>645,596</u>
Less: Provision for doubtful receivables	(161,820)	(161,820)
	<u>479,744</u>	<u>483,776</u>
12 CASH AND BANK BALANCES		
Cash in hand	665	3,100
With banks in:		
PLS savings accounts	12.1 20,254,963	58,520,819
Current accounts	2,573,360	2,082,782
Provision for doubtful balances	12.2 (1,159,249)	(1,159,249)
	<u>1,414,111</u>	<u>923,533</u>
	<u>21,669,739</u>	<u>59,447,452</u>
12.1 These carry mark-up at rates ranging from 5% to 8% (2013: 8.65% to 10.85%) per annum.		
12.2 This includes a sum of Rs. 1.090 million (2013: Rs.1.090 million) against which a claim has been lodged by a commercial bank as referred to in note 18.1 and a sum of Rs. 0.069 million (2013: Rs.0.069 million) representing balance in a dividend account with a commercial bank. The Modaraba has made full provision against the above balances.		
13 ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL		
	2014	2013
	Number of certificates	
	<u>20,000,000</u>	<u>20,000,000</u>
		Modaraba certificates of Rs. 10/- each fully paid in cash
		<u>200,000,000</u> <u>200,000,000</u>
Innovative Investment Bank Limited held 6,724,600 (33.62%) certificates of Rs.10 each as at June 30, 2014 (2013: 6,742,600 (33.62%) certificates).		
Ayaz Dawood, Amir Ilyas and Financial Link Limited held 1,024,300 (5.12%), nil and 2,000,000 (10%) certificates of Rs.10 each as at June 30, 2014 (2013: 1,024,300 (5.12%), 1,249,305 (6.25%) and 2,000,000 (10%) certificates).		



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

14 STATUTORY RESERVE

Statutory reserve represents profit set aside to comply with the Prudential Regulations 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 reserve 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 43.78% of the profit to this reserve.

15 SECURITY DEPOSITS

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

	Note	2014 Rupees	2013 Rupees
16 MUSHARAKA FINANCE UNDER MARK-UP ARRANGEMENTS			
Musharaka finance under mark-up arrangements	16.1	-	22,454,094

16.1 These represent funds received under musharaka arrangements on profit and loss sharing basis. No information and documents are available in Modaraba records pertaining to this balance and no accrual for profit payable, if any, on this amount has been made previously. During the year, the management company has written back this liability which has remained unchanged in the Modaraba's books of account since 2004. Several written confirmation requests regarding this payable have been sent to the registered address of the creditor but no response has been received. Liquidation proceedings against this creditor was started in September 2008 and this creditor is not in existence any more. The management and legal advisor of the Modaraba are of the view that the creditor has lost its legal right to claim this amount as it is now a time barred liability.

17 ACCRUED EXPENSES AND OTHER LIABILITIES

Management fee payable	684,417	674,652
Sales tax on management fee payable	217,451	107,944
Provision for Workers' Welfare Fund	622,268	501,263
Advance ijarah rentals	76,852	37,429
Accrued expenses	621,570	569,395
Charity payable	-	1,595
	<u>2,222,558</u>	<u>1,892,278</u>

18 CONTINGENCIES AND COMMITMENTS

18.1 A commercial bank has lodged a claim of Rs. 1.090 million (2013: 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 million (2013: 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 commercial bank has been made by the Modaraba (refer note 12.2).

18.2 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 Modaraba to settle an outstanding balance of short-term borrowings amounting to Rs. 171.143 million (2013: Rs. 171.143 million) along with 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 recognized in the financial statements.



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

	Note	2014 Rupees	2013 Rupees
19 INCOME ON SHORT-TERM INVESTMENTS - NET			
Income on investment in debt securities		1,562,903	966,353
Gain on sale of investments		4,843,166	1,046,985
Unrealised gain on revaluation of held-for-trading		2,149,254	2,074,614
Dividend income		843,730	1,359,563
		<u>9,399,053</u>	<u>5,447,515</u>
20 OTHER INCOME			
Gain on sale of fixed assets		271,652	-
Liabilities written back	16.1	22,454,094	-
Miscellaneous income		152,239	194,931
		<u>22,877,985</u>	<u>194,931</u>
21 PROVISION FOR DOUBTFUL RECEIVABLES - NET			
Charge for the year			
Provision on Musharaka finance	6.2	3,631,405	-
Provision on debt securities		-	300,000
Provision on Ijarah finance		21,405,201	-
		25,036,606	300,000
Less: Reversal during the year			
Reversal of provision on Ijarah		-	(126,632)
		<u>25,036,606</u>	<u>173,368</u>
22 ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries, allowances and other benefits		3,725,180	4,212,078
Printing, postage and stationery		253,576	216,349
Fees and subscription		765,575	690,802
Commission and brokerage		214,388	94,438
Takaful		239,792	281,715
Vehicle running expenses		702,925	463,263
Advertisement and entertainment		41,419	22,300
Auditors' remuneration	22.1	405,970	346,250
Legal and professional		368,213	485,200
Depreciation		488,171	784,653
Others		114,409	49,052
		<u>7,319,618</u>	<u>7,646,100</u>
22.1 Auditors' remuneration			
Statutory audit fee		250,000	250,000
Half yearly review fee		50,000	50,000
Sundry advisory services		45,000	-
Out of pocket expenses		60,970	46,250
		<u>405,970</u>	<u>346,250</u>

22.2 During the year, the Modaraba contributed Rs.0.195 million (2013: Rs.0.163 million) to the provident fund.



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

22.3 Disclosures relating to Provident Fund

Size of the fund	73,015,196	66,121,346
Cost of investments made	33,957,731	62,728,856
Percentage of investments made	46.51%	94.87%
Fair value of investments	33,957,731	72,209,728

	2014	2013
	Rupees	Rupees
Break-up of investments		
Government securities	10,000,000	39,000,000
Term Finance Certificates	1,839,264	1,840,000
Investment in sukuk	13,690,165	12,407,984
Un-listed securities	-	1,090,196
Listed securities	3,307,378	1,674,924
Mutual Funds	5,120,924	6,715,752

	% age of size of the fund	
Break-up of investments		
Government securities	29.45%	62.17%
Term Finance Certificates	5.42%	2.93%
Investment in sukuk	40.32%	19.78%
Un-listed securities	0.00%	1.74%
Listed securities	9.74%	2.67%
Mutual Funds	15.08%	10.71%

The figures for 2014 are based on the unaudited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance 1984 and the rules formulated for this purpose.

23 INVESTMENTS WRITTEN - OFF

Debt securities	-	2,622,360
Equity securities	-	62,916
	<u>-</u>	<u>2,685,276</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.

During the current year, an amount of Rs.0.110 million (2013: Rs.0.108 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

25 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 at 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.0.121 million (2013: Rs.0.119 million) in respect of this liability.

26 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 reserves as required under Modaraba Regulations is 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
(An Islamic Financial Institution)

	2014 Rupees	2013 Rupees
27 EARNINGS PER CERTIFICATE - BASIC AND DILUTED		
The earnings per share as required under IAS 33 "Earnings per share" is given below:		
Profit for the year	5,929,236	5,844,646
Weighted average number of certificates outstanding	20,000,000	20,000,000
Earnings per certificate (Rupees)	0.30	0.29

27.1 There were no convertible dilutive potential ordinary certificates outstanding as on June 30, 2014 and 2013.

28 REMUNERATION OF OFFICERS / EXECUTIVES

Remuneration and staff retirement benefits	2,669,000	3,264,856
Medical expenses reimbursed	36,000	37,500
	2,705,000	3,302,356
Number of officers / executives at the end of the year	1	3

The officers and executives are also provided with the free use of vehicles owned and maintained by the Modaraba.

29 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 oversight of the Modaraba's risk management framework.

The Modaraba's 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.

29.1 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.

29.1.1 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, 2014, 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, 2014, approximately 65% (2013: 64%) 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. 0.600 million (2013: Rs. 0.849 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.

29.1.2 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 instruments in foreign currencies and hence is not exposed to such risk.

29.1.3 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. 15.130 million from Rs. 10.093 million in 2013. 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. 0.757 million (2013: Rs. 0.505 million). However, in practice, the actual results may differ from the sensitivity analysis.



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

29.2 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.

2014	Upto one month	More than one month and upto three months	More than three months and upto one year	More than one year	Total contractual cash flows
	Rupees				
Accrued expenses and other liabilities	2,222,558	-	-	-	2,222,558
Security deposits	-	-	4,610,690	6,780,705	11,391,395
Unclaimed profit distribution	-	2,697,784	-	-	2,697,784
	<u>2,222,558</u>	<u>2,697,784</u>	<u>4,610,690</u>	<u>6,780,705</u>	<u>16,311,737</u>

2013	Upto one month	More than one month and upto three months	More than three months and upto one year	More than one year	Total contractual cash flows
	Rupees				
Musharaka finance under mark-up arrangements	22,454,094	-	-	-	22,454,094
Accrued expenses and other liabilities	1,892,278	-	-	-	1,892,278
Security deposits	-	-	2,615,211	6,333,949	8,949,160
Unclaimed profit distribution	-	2,508,428	-	-	2,508,428
	<u>24,346,372</u>	<u>2,508,428</u>	<u>2,615,211</u>	<u>6,333,949</u>	<u>35,803,960</u>

29.3 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:

	2014 Rupees	2013 Rupees
Bank balances	21,669,739	59,444,352
Investment in debt securities	20,471,804	3,082,329
Musharaka finance	18,631,404	22,847,613
Trade debts	13,022,846	34,583,668
Advance against purchase of shares	2,027,654	579,615
Accrued profit on debt securities	224,241	205,003
Accrued profit on bank balances	770,318	999,086
Accrued profit on Musharaka finance	-	597,567
Insurance premium receivable	115,204	-
	<u>76,933,210</u>	<u>122,339,233</u>

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:



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

	%	%
Banks	29.17%	50.47%
Other financial institutions	0.00%	0.15%
Computer and software services	0.00%	0.34%
Sugar, jute and allied	41.47%	41.40%
Electricity	19.68%	0.00%
Miscellaneous	9.68%	7.64%
	<u>100.00%</u>	<u>100.00%</u>

29.4 Financial instruments by category

Financial assets		
Loans and receivables at amortised cost		
Long term loans		
Long-term deposits		
Trade debts	13,022,846	34,583,668
Musharaka finance	18,631,404	22,847,613
Loans and advances	2,576,320	1,099,615
Other receivables	1,109,763	1,801,656
Cash and bank balances	21,669,739	59,447,452
Available-for-sale		
Short-term investments	15,130,079	10,092,931
Held-for-trading		
Short-term investments	20,471,804	2,798,512
	<u>92,611,955</u>	<u>132,671,447</u>

2014
Rupees

2013
Rupees

Financial liabilities

Financial liabilities at amortised cost

Musharaka finance under mark-up arrangements	-	22,454,094
Customers' security deposits	11,391,395	8,949,160
Accrued expenses and other liabilities	2,222,558	1,892,278
Unclaimed profit distribution	2,697,784	2,508,428
	<u>16,311,737</u>	<u>35,803,960</u>

30 FAIR VALUE HIERARCHY

The Modaraba uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at June 30, 2014, the Modaraba held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
Investments at fair value through profit or loss - held-for-trading				
Listed ordinary shares	15,130,079	-	-	15,130,079
Available-for-sale investments				
Debt securities	19,509,668	-	962,136	20,471,804
	<u>34,639,747</u>	<u>-</u>	<u>962,136</u>	<u>35,601,883</u>

As at June 30, 2013, the Modaraba held the following financial instruments measured at fair value:



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

	Level 1	Level 2	Level 3	Total
	Rupees			
Investments at fair value through profit or loss - held-for-trading				
Listed ordinary shares	10,092,931	-	-	10,092,931
Available-for-sale investments				
Debt securities	-	707,955	2,090,557	2,798,512
	<u>10,092,931</u>	<u>707,955</u>	<u>2,090,557</u>	<u>12,891,443</u>

The following table presents the movement in level 3 instruments:

	2014 Rupees	2013 Rupees
Opening balance	2,090,557	4,185,347
Redemptions / sales / written offs during the year	(1,128,421)	(3,229,443)
Impairment reversal recognized in profit and loss account	-	1,134,653
Closing balance	<u>962,136</u>	<u>2,090,557</u>

31 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 balance sheet 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.

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

32 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.

The Modaraba's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. 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 musharaka finance under mark-up arrangements less cash and bank balances.

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

	2014 Rupees	2013 Rupees
Musharaka finance under mark-up arrangements	-	22,454,094
Cash and bank balances	(21,669,739)	(59,447,452)
Net debt	<u>(21,669,739)</u>	<u>(36,993,358)</u>
Equity	<u>127,781,377</u>	<u>124,771,486</u>
Net debt to equity ratio	<u>-</u>	<u>-</u>



CRESCENT STANDARD MODARABA

(An Islamic Financial Institution)

33 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, Employee Benefit Plans, and its Key Management Personnel.

A number of transactions are entered into with related parties in the normal course of business. These include financings, investments, borrowings, sharing of common expenses and rental income.

The details of transactions with related parties and balances with them, apart from compensation to executives as disclosed in note 28, are given below:

Relationship with the Modaraba	Nature of transactions / Balances	2014 Rupees	2013 Rupees
Management Company			
B.R.R Investments (Private) Limited	Management fee accrued	684,417	674,652
B.R.R Investments (Private) Limited	Expenses paid	15,025	-
Associated companies / other related parties			
B.R.R Guardian Modaraba	Share of common expenses	446,923	2,416,666
B.R.R Guardian Modaraba	Purchase of vehicle	-	676,033
First Dawood Investment Bank Limited	Share of common expenses paid	-	12,666
First Dawood Investment Bank Limited	Purchase of vehicle	-	34,583
First Dawood Investment Bank Limited	Share of common expenses received	-	12,666
First Dawood Investment Bank Limited	Received against sale of debts securities	-	4,165,917
Glaxosmith Kline Pakistan Limited	Investment in shares	-	867,510
First Dawood Employee Provident Fund	Transfer to provident fund	195,106	111,700
Dawood Family Takaful Limited	Ijarah finance	-	4,768,500
Dawood Family Takaful Limited	Security deposit received	-	476,850
Dawood Family Takaful Limited	Rental received against ijarah	4,150,632	3,511,435
Dawood Equities Limited	Brokerage and commission	214,387	94,438
Dawood Equities Limited	Receivable against sale of securities	27,654	579,615
Sui Southern Gas Company Limited	Dividend received	-	472,500
Glaxosmith Kline Pakistan Limited	Dividend received	-	26,000



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

33.1 Group shared services

The Modaraba has entered into an arrangement with its management company to share human resource costs on agreed terms.

34 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on September 30, 2014 have approved profit distribution at the rate of 1.5% i.e. Rs.3,000,000 (2013: at the rate of 1.5% i.e. Rs.0.15 paisa per certificate) for the year ended June 30, 2014. These financial statements do not reflect this distribution.

35 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 30, 2014 by the Board of Directors of B.R.R. Investments (Private) Limited.

36 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. However, no significant reclassification has been made during the year.

37 NUMBER OF EMPLOYEES

The number of employees as at year end was 3 (2013: 6) and average number of employees during the year was 3 (2013:4).

38 GENERAL

Amounts have been presented and rounded off to the nearest Rupees.

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

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

Pattern of Certificate Holding
Shareholders Statistics As At June 30 2014

Number Of Certificate Holders	Certificate Holding		Total Certificate Held
	From	To	
109	1	-	100 4,969
1172	101	-	500 570,316
91	501	-	1,000 87,443
218	1,001	-	5,000 703,016
91	5,001	-	10,000 783,353
26	10,001	-	15,000 354,640
19	15,001	-	20,000 348,995
19	20,001	-	25,000 440,050
11	25,001	-	30,000 321,000
7	30,001	-	35,000 230,315
4	35,001	-	40,000 156,200
1	40,001	-	45,000 41,500
9	45,001	-	50,000 441,300
1	55,001	-	60,000 60,000
2	65,001	-	70,000 140,000
2	70,001	-	75,000 145,000
1	80,001	-	85,000 85,000
1	90,001	-	95,000 92,000
8	95,001	-	100,000 800,000
1	100,001	-	105,000 101,500
1	105,001	-	110,000 105,500
2	125,001	-	130,000 259,500
1	140,001	-	145,000 140,500
1	145,001	-	150,000 150,000
1	150,001	-	155,000 150,501
2	160,001	-	165,000 329,500
1	195,001	-	200,000 200,000
1	295,001	-	300,000 300,000
1	300,001	-	305,000 300,500
1	325,001	-	330,000 325,500
1	340,001	-	345,000 345,000
1	530,001	-	535,000 530,500
1	600,001	-	605,000 602,500
1	605,001	-	610,000 605,002
1	1,020,001	-	1,025,000 1,024,300
1	1,995,001	-	2,000,000 2,000,000
1	6,720,001	-	6,725,000 6,724,600
1812			20,000,000



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

S. No.	Categories Of Certificate holders	Number Of Certificate holders	Total Certificate Held	Percentage
1	Individuals	1775	10,047,969	50.24
2	Investment Companies	7	7,200,600	36.00
3	Financial Institutions	4	20,004	0.10
4	Joint Stock Companies	21	2,663,700	13.32
5	Modarabas	2	47,700	0.24
6	Insurance Company	1	2,500	0.01
8	Others	2	17,527	0.09
		1812	20,000,000	100.00



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

Additional Information as on June 30, 2014

S. No.	Categories of Certificates Holders	Number	Certificates Held	% Age
1	NIT & ICP Investment Corporation of Pakistan	1	12,000 12,000	0.06
3	Directors, CEO their Spouse & Minor Children Ayaz Dawood	1	1,024,300 1,024,300	5.12
2	Banks, DFIs, NBFIs, Insurance Companies, Modarabas Joint Stock Companies and Mutual Funds	36	9,940,031	49.70
Certificate Holders holding five percent or more in the Modaraba				
	Paid Up Capital		20,000,000	
	Innovative Investment Bank Limited		6,724,600	33.62
	Financial Link Limited		2,000,000	10.00
	Ayaz Dawood		1,024,300	5.12



CRESCENT STANDARD MODARABA
(An Islamic Financial Institution)

Six Years Financial Summary

Particulars	2014	2013	2012	2011	2010	2009
			(Rupees in Thousand)			
Paid up Capital	200,000	200,000	200,000	200,000	200,000	200,000
Equity	127,781	124,771	122,160	117,551	115,030	110,271
Current Liabilities	9,531	29,470	26,032	24,510	43,951	23,179
Current Assets	93,139	114,375	101,137	148,239	159,132	133,451
Operating Profit / (Loss)	6,844	6,747	6,918	5,698	5,737	2,219
Profit/(Loss) for the Year	5,929	5,845	5,991	5,026	5,024	1,762
Dividend	3,000	3,000	3,000	2,400	2,400	-
Earning per Certificate	0.30	0.29	0.30	0.25	0.25	0.09

BOOK POST
PRINTED MATTER

UNDER CERTIFICATE OF POSTING

If Undelivered, Please Return to:

CRESCENT STANDARD MODARABA

18th Floor, B.R.R Tower Hassan Ali Street

off. I.I Chundrigar Road, Karachi-74000

PABX 92-21-32602401-06

Fax : 92-21-3227-1912