

NINE MONTHS
PERIOD ENDED
MARCH 31,
2021

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Modaraba Information

Modaraba Company

ORIX Services Pakistan (Pvt.) Limited

Directors of Modaraba Company

Mr. Shaheen Amin
Chairman

Mr. Raheel Qamar Ahmad
Managing Director/ Chief Executive Officer

Mr. Ramon Alfrey
Director

Mr. Nausherwan Adil
Independent Director

Mian Faysal Riaz
Director

Mr. Nadim D. Khan
Independent Director

Ms. Maryam Aziz
Director

Company Secretary

Mr. Muhammad Siddique

Audit Committee

Mr. Nausherwan Adil
Chairman

Mr. Ramon Alfrey
Member

Mian Faysal Riaz
Member

Human Resource and Remuneration (HR&R) Committee

Mr. Nadim D. Khan
Chairman

Mr. Shaheen Amin
Member

Mr. Raheel Qamar Ahmad
Member

Risk Committee

Ms. Maryam Aziz
Chairperson

Mr. Nausherwan Adil
Member

Mr. Raheel Qamar Ahmad
Member

Shariah Advisor

Mufti Faisal Ahmed

Auditors

A.F. Ferguson & Co. Chartered Accountants

Bankers/ Financial Institutions

Standard Chartered Bank (Pakistan) Limited (Saadiq)
Meezan Bank Limited

United Bank Limited (UBL Ameen)
Bank Alfalah Limited (Islamic banking)
Allied Bank Limited (Islamic banking)
Bank Al Habib Limited (Islamic banking)

Habib Bank Limited (Islamic banking)
Pakistan Mortgage Refinance Company Limited

Legal Advisors

Haider Ali Khan
Advocate High Court, Partner, Fazle Ghani Advocates

Registered and Head Office:

Office No. 601, 6th Floor,
Syedna Tahir Saifuddin Foundation Building,
Beaumont Road, Civil Lines, Karachi.
Phone: (021)35930000
Email: askus@orixmodaraba.com

Lahore Branch:

Office No. 602-B,
6th Floor, City Towers, Gulberg-II,
Lahore.

Islamabad Branch:

Ground Floor, Phase 1, State Life Building No. 5,
Nazimuddin Road, Blue Area, Islamabad.

Registrars & Share Registration Office

Famco Associates (Private) Limited
8-F, Next to Hotel Faran, Nursery,
Block 6, P.E.C.H.S., Shakra-e-Faisal, Karachi.
Tel: (92-21) 34380101-5
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The Board of Directors of ORIX Services Pakistan (Private) Limited, the management company of ORIX Modaraba is pleased to present the unaudited accounts for the nine months period ended March 31, 2021.

1. Economic Outlook

Pakistan's economy is on the path of recovery as main economic indicators are showing positive results in the ongoing financial year. The country's GDP growth is expected to increase to 3 percent because of the recovery in the manufacturing sector in the fiscal year 2020-21. The country's exports had shown growth and increased by 4.4 percent to US\$16.3 billion during the first eight months (July-February) of the FY 2021 as against US\$15.6 billion in the same period of the last year. In overall exports, the textile sector exports increased by 6.7 percent in the eight months of the FY2021 over the last year.

The country's primary balance posted a surplus of PKR 416 billion in the first half (July to December) of FY 2021 as compared with PKR 153 billion last year. The government had achieved the budget surplus on the back of strong growth in tax collection. The tax revenues grew by 6.0 percent to PKR 2,915 billion during Jul-Dec FY 2021 as against PKR 2,750 billion in the same period of the last year.

The Pak rupee has recently gained strength against US dollar with the reduction in trade deficit and current account deficit. Foreign remittances rose to US\$18.7 billion during July-February of the FY 2021 as against US\$ 15.1 billion last year, posting a growth of 24.1 percent. The State Bank of Pakistan (SBP) has maintained the policy rate at 7.0 percent to support the economy. The capital adequacy ratio at end-December 2020 remained well above the minimum regulatory requirement, indicating banking sector resilience over the first half of the fiscal year.

Output growth is expected to recover gradually over the medium-term, averaging 2.2 percent over FY21-23, mostly due to contributions from private consumption. However, sectors that employ the poorest, such as agriculture, are expected to remain weak, and therefore poverty is likely to remain high. The baseline outlook is predicated on the absence of significant infection flare-ups that would require more extensive lockdowns. Major risks to the outlook include the possibility of new waves of infections, the emergence of new vaccine-resistant strains, and setbacks in mass vaccinations. In addition, more delays in the implementation of critical structural reforms could lead to further fiscal and macroeconomic imbalances.

2. Financial Highlights

Financial results are summarized as under:

Balance Sheet

Certificate capital
Total equity
Total assets
Investment in Ijarah finance and Ijarah Assets
Investments in Diminishing Musharika and Sukuks
Redeemable capital

March 31, 2021	June 30, 2020
(Rupees '000)	
453,835	453,835
1,151,427	1,174,473
6,719,292	7,246,367
2,598,065	2,632,313
3,045,791	3,230,796
3,070,505	3,871,505

Profit and Loss

Revenue (net of Ijarah assets depreciation)
Financial charges
Provision / (reversal) of provisions – net
Operating expenses
Profit before modaraba management company's remuneration
Net profit

Nine months ended March 31, 2021	Nine months ended March 31, 2020
(Rupees '000)	
513,872	712,372
241,365	473,368
27,299	8,619
141,194	130,089
104,015	100,296
90,416	87,183

3. Review of Operations

By the Grace of Allah, your Modaraba's performance during the period under review continued to be strong in spite of economy slowdown due to COVID 19 and other factors. The Modaraba's net profit for the nine months period ended March 31, 2021 has increased by 1.39% from PKR 87.183 to PKR 90.416 million compared to corresponding period of last year. Gross revenue (net of Ijarah assets depreciation and including other income) for the nine months period decreased by 27.86% from PKR 712.372 million to PKR 513.872 million compared to corresponding period of last year mainly due to reduced average KIBOR during current period compared to average KIBOR during the corresponding period last year as the whole portfolio is on floating basis. Similarly, financial charges decreased by 49.01% from PKR 473.368 million to PKR 241.365 million compared to corresponding period of last year mainly due to reduced average KIBOR as stated above. In line with our prudent portfolio management practice, we subjectively downgraded some customers. Accordingly, during the period under review a net amount of PKR 27,299 million has been provided against doubtful finances. Administrative and operating expenses increased by 8.54% from PKR 130.089 million to PKR. 141.194 million mainly due to staff cost in line with the market and additional expenditures incurred for testing and protecting of staff during COVID-19.

The portfolio of Ijarah finance, Sukuk investment, and Diminishing Musharika finances stood at PKR 5,644 million compared to PKR 5,863 million as at June 30, 2020, showing a decrease of 7.27% during nine months period mainly due to slow down in economy resulting lower disbursement amount during the period. During the period under review, the Modaraba booked fresh net disbursements to the tune of Rs. 1,603.39 million as compared to Rs. 1,666.79 million during the corresponding period last year.

The business has been driven mainly by deepening relationships with selective clientele and initiating relationships with good names. The asset portfolio has a good mix of multi-nationals, large and medium sized local corporate and selective SME relationships.

During the COVID-19 pandemic, your Modaraba has increased both engagement and reviews of its clients to ensure there are no surprises and that we remain a trusted partner in this time of flux.

ORIX Modaraba manages and monitors risk exposure very prudently. The evaluation of borrower's credit profile including repayment ability is made at the time of grant of facility and regular oversight thereon. Further, there are Portfolio Management and Early Alert committees which are responsible to ensure portfolio monitoring and timely alerts for possible untoward scenarios.

4. Taxation

On March 22, 2021, the President of Pakistan promulgated the Tax Law (Second Amendment) Ordinance, 2021, (Ordinance 2021) whereby Clause 100 of the Part 1 of the Second Schedule to the Income Tax Ordinance, 2001 relating to the Tax Exemption available to the Modarabas stands withdrawn. The Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (Modaraba Ordinance) regulates matters relating to registration of modaraba companies and the floatation, management and regulation of modarabas and for matters connected therewith or ancillary thereto. As per Clause 37 of the Modaraba Ordinance, the income of a modaraba shall be exempt from tax, if not less than ninety per cent of its profits in a year is distributed to the holders of the Modaraba Certificates.

We understand that the Ordinance 2021 will be placed before the National Assembly to be ratified through a Finance Act. It is a settled law that the taxes can only be levied with prospective effect and any retrospective applicability thereof is ultra-vires under the Constitution. The matter was discussed at NBFi and Modaraba Associations of Pakistan (the Association) in detail. Based on legal and professional advice, the Management along with other Modarabas, through the Association has made representations to the appropriate authorities to remove intended withdrawal of tax exemption available to the Modarabas, particularly with any retrospective effect of the Ordinance 2021.

Considering all above facts, no provision for Income Tax as well as Deferred Tax has been made in the quarterly accounts for the period July 1, 2020 to March 31, 2021.

5. Modaraba Regulations, 2021

SECP has recently issued Modaraba Regulations, 2021 (the revised Regulations) on March 5, 2021 which replaces the existing Prudential Regulation for Modarabas, 2004. Revised regulation come into force at once. A number of changes has been introduced through the Regulations including revised limit on maximum exposure to a person or a group, more stringent time-based criteria for classified portfolio etc. A new chapter "Certificates of Musharakah" (COMs) has been introduced to regulate the COMs. Currently COMs were governed by the SECP's Guidelines for Issue of Certificates of Musharakah for Modarabas dated 7th September 1994 (the Guidelines) and COM Scheme of ORIX Modaraba duly approved by SECP.

ORIX Modaraba is already compliant with almost all requirements of the revised Regulations. The Regulations require that a minimum of 15 percent of the outstanding funds raised through Certificate of Musharakah (COM), excluding the COMs held by financial institutions, shall be invested at all times in Shariah compliant government securities, or instruments or investments as notified by the Commission. Modaraba is in of process investing the funds as per requirement of the Regulations.

6. The potential impact of COVID-19

The COVID-19 situation in Pakistan is once again getting precarious. Wracked by a third wave of coronavirus infections, Pakistan continues to tighten social distancing and movement restrictions, implementing a new ban on all gatherings in areas with a high number of cases. The new regulations will come into effect in cities and regions where the test-positive rate is higher, based on a three-day rolling average.

Pakistan formally launched the coronavirus vaccination drive on February 3, 2021 as the country continues to battle the virus. Pakistan received a second lot of 0.5 Million doses of the Chinese SinoPharm COVID-19 vaccines on 18 March. The government has announced import of 3 million CanSino vaccines next month. This would be a bulk order and the vaccines would be formulated and packaged in Pakistan.

Your Modaraba is closely monitoring the situation and has continued the required actions to ensure safety and security of Modaraba staff and an uninterrupted service to our customers. Strict compliance of Standard Operating Procedures (SOP) has been continuously monitored. Your Modaraba continues to meet the expectations of all stakeholders as they would in a normal scenario.

7. Credit Rating

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the ratings of your Modaraba as AA (Double A) and A1+ (A one plus) for long-term and short-term respectively. These ratings indicate low expectation of credit risk and very strong capacity for timely payment of financial commitments.

8. Acknowledgement

The Board appreciates the support of regulatory authorities, certificate-holders, customers and business partners and looks forward to their support in future.



Raheel Qamar Ahmad
Managing Director/CEO
Karachi: April 19, 2021



Ramon Alfrey
Director

ترمیم شدہ ضوابط فوری طور پر نافذ العمل ہیں۔ کئی ایک تبدیلیاں ریگولیشنز کے ذریعے متعارف کروائی گئی ہیں جن میں ایک فرد یا گروپ کے لئے زیادہ سے زیادہ سرمایہ کاری کی حد میں ترمیم کی گئی ہے، پورٹ فولیو کی وجہ بندی میں مدت کی بنیاد پر مزید سخت معیارِ اہلیت وضع کئے گئے ہیں۔ COMs کو ضابطہ میں لانے کے لئے ایک نیا باب ”مشارکہ سرٹیفکیٹس“ (COMs) متعارف کروایا گیا ہے۔ اس وقت COMs پر SECP کے رہنما اصول برائے اجراء مشارکہ سرٹیفکیٹس مورخہ 7 ستمبر 1994 (رہنما اصول) لاگو ہیں اور اس مضاربہ کی COM اسکیم باضابطہ SECP سے منظور شدہ ہے۔

اور اس مضاربہ پہلے ہی سے ترمیم شدہ ریگولیشنز کے تمام ضوابط کی پاسدار ہے۔ ریگولیشنز کے تحت مشارکہ سرٹیفکیٹس کے ذریعے حاصل شدہ واجب الادا رقم ”ماسوائے کے مالیاتی اداروں کے COMs“ کا کم از کم 15 فیصد حکومت کی شریعت کے مطابق سیکورٹیز یا انٹرنیشنل یا سرمایہ کاری جو کہ کمیشن نے مطلع کی ہوئی ہیں میں سرمایہ کاری لازمی ہے۔ مضاربہ ان ریگولیشنز کی ضروریات کے مطابق فنڈز کی سرمایہ کاری کا انتظام کر رہا ہے۔

6- COVID-19 کے امکانی اثرات

پاکستان میں COVID-19 کی صورتحال ایک مرتبہ پھر ابتر ہوتی جا رہی ہے۔ کورونا وائرس وباء کی تیسری لہر کی وجہ سے پاکستان میں تسلسل کے ساتھ سماجی فاصلہ اور حرکت کی پابندی برقرار ہے، ایسے تمام علاقوں میں اجتماعات پر پنی پابندیاں عائد ہیں جن میں کیسوں کی تعداد بلند ہے۔ نئے ضوابط ان شہروں اور علاقوں میں نافذ ہو چکے ہیں جہاں مثبت ٹیسٹ کی شرح زیادہ ہے، جس کی بنیاد بین الاقوامی سطح پر ہے۔

پاکستان نے باضابطہ طور پر کورونا وائرس ویکسین اہم کام کا آغاز 3 فروری 2021 کو کیا تھا کیونکہ ملک میں وائرس سے مسلسل مقابلہ جاری ہے۔ پاکستان کو چائنہ کی سینوفارم COVID-19 ویکسین کی 0.5 ملین کی دوسری کھیپ 18 مارچ کو موصول ہو گئی تھی۔ حکومت نے اگلے ماہ تین ملین کان سینوفارم ویکسین درآمد کرنے کا اعلان کیا ہے۔ یہ ایک بہت بڑا آرڈر ہوگا اور ویکسین کو پاکستان میں زیرِ مباحثہ اور پیک کیا جائے گا۔

آپ کا مضاربہ باریک بینی سے حالات کا جائزہ لے رہا ہے اور مضاربہ کے ملازمین کے تحفظ اور حفاظت اور کسٹمرز کو بلا رکاوٹ خدمات فراہم کرنے کے لئے تسلسل کے ساتھ ضروری اقدامات کر رہا ہے۔ سبکی کے ساتھ مسلسل معیاری ضابطہ کار (SOPs) کے نفاذ کی نگرانی کی جا رہی ہے۔ آپ کا مضاربہ تسلسل کے ساتھ تمام مستفیدان کی توقعات کو پورا کر رہا ہے جیسا کہ عمومی حالات میں ہوتا ہے۔

7- قرضہ جاتی ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے مضاربہ کی طویل مدتی اور قلیل مدتی ریٹنگ بالترتیب AA (ذیل اے) اور A1+ (اے وولنٹس) برقرار رکھی ہے۔ اس ریٹنگ سے قرضہ جاتی خطرے کی زیریں سطح اور مالیاتی ذمہ داریوں کی بروقت ادائیگی کی مستحکم صلاحیت کی نشاندہی ہوتی ہے۔

8- اعتراف

بورڈنگز اور اداروں کی شمولیت ہولڈرز، گاہکوں اور کاروباری شراکت داروں کے تعاون کا اعتراف کرتا ہے اور امید کرتا ہے کہ مستقبل میں بھی یہ تعاون جاری رہے گا۔



ریجنل مینیجر
ڈائریکٹر



راجیل قمر احمد
مینجنگ ڈائریکٹر/سی ای او

کراچی مورخہ 19 اپریل 2021

3- کاروباری جائزہ

COVID-19 اور دیگر عوامل کے نتیجے میں معاشی سست روی کے باوجود اللہ رب العزت کی رحمت سے آپ کی مضاربہ کی کارکردگی زیر جائزہ مدت کے دوران مستحکم رہی۔ نو ماہی مدت مختتمہ 31 مارچ 2021 میں مضاربہ کا خالص منافع 1.39 فیصد اضافہ کے ساتھ 90.416 ملین روپے راجیکہ گزشتہ سال اسی مدت میں 87.183 ملین روپے تھا۔ نو ماہی مدت میں خام آمدن میں (اجارہ اثاثوں کی فروسودگی نکالنے کے بعد اور دیگر آمدن شامل کرنے کے بعد) 27.86 فیصد کمی کے ساتھ 513.872 ملین روپے رہی جو کہ گزشتہ سال اسی مدت میں 712.372 ملین روپے تھی جس کی بنیادی وجہ گزشتہ سال اسی مدت کی بہ نسبت او۔ سٹا۔ KIBOR کی زبریں سطحی جبکہ مکمل پورٹ فولیو میں ٹرل بنیادوں پر ہے۔ اسی طرح مالیاتی اخراجات 49.01 فیصد کم ہو کر 241.365 ملین روپے گئے جو کہ گزشتہ سال اسی مدت میں 473.368 ملین روپے تھے جس کی بنیادی KIBOR کی مذکورہ بالا زبریں سطحی۔ ہمارے مختلط پورٹ فولیو کے انتظام کے تحت کچھ سٹمرز کو زبریں درجہ میں ڈال دیا گیا۔ لہذا جائزہ مدت کے دوران 27.299 ملین روپے مشکوک سرمایہ کاریوں کے عوض مختص کئے گئے۔ انتظامی اور کاروباری اخراجات 8.54 فیصد اضافہ کے ساتھ 141.194 ملین روپے رہے جو کہ گزشتہ سال 130.089 ملین روپے تھے جس کی بنیادی وجہ مارکیٹ میں عملہ کی لاگت اور COVID-19 کے دوران عملہ کی حفاظت کے لئے ٹیکنیک کے اضافی اخراجات تھے۔

30 جون 2020 کے 5,863 ملین روپے کے مقابلے میں اجارہ فنانس، سکوک میں سرمایہ اور ڈیفنڈیک مشا رک میں سرمایہ کاری 5,644 ملین روپے رہی، جس سے نو ماہی مدت کے دوران 7.27 فیصد کمی کی عکاسی ہوتی ہے، جس کی بنیادی وجہ معاشی سست روی تھی جس کے نتیجے میں مدت کے دوران ادائیگی کی رقم میں کمی تھی۔ جائزہ مدت کے دوران مضاربہ بنے 1,603.39 ملین روپے کی نئی ادائیگیاں کیں جو کہ گزشتہ سال اسی مدت میں 1,666.79 ملین روپے تھیں۔

کاروباری سست بندی کی بنیاد منتخب گاہکوں کے ساتھ تعلقات میں مضبوطی اور اچھی سادھ کے حامل سٹمرز سے نئے تعلقات کا آغاز ہے۔ اثاثوں کا پورٹ فولیو بیکر القوی، بڑی اور درمیانی درجے کی مقامی کارپوریشن اور منتخب SME کمپنیوں کے تعلقات کے بہتر مرکب پر مشتمل ہے۔

COVID-19 کی وبا کے دوران آپ کی مضاربہ نے گاہکوں کے ساتھ رابطہ اور جائزہ دہوں کو بڑھایا تاکہ کسی غیر متوقع واقعے سے بچا جاسکے اور ہم اس نازک وقت میں ایک قابل اعتماد شراکت دار رہیں۔

اور کس مضاربہ خطرات کا انتظام اور گمرانی انتہائی احتیاط سے کرتی ہے۔ قرض خواہ کا قرضہ جاتی پر دفاخل بشمول واپس ادائیگی کی صلاحیت کی تفصیلی قرضہ کی سہولت منظور کرتے وقت کی جاتی ہے اور باقاعدگی سے اس کی گمرانی ہوتی ہے۔ مزید برآں، یہاں پر پورٹ فولیو کے انتظام اور نقل از وقت ہوشیار کرنے والی کمپنیاں موجود ہیں جو کہ پورٹ فولیو کی گمرانی کو یقینی بناتی ہیں اور کسی ناواقف منظر ناموں سے بروقت ہوشیار کرتی ہیں۔

4- ٹیکس

22 مارچ 2021 کو صدر پاکستان نے ٹیکس لاء (سینڈ امینڈمنٹ) آرڈیننس 2021، (T آرڈیننس 2021) کو نافذ کیا جس میں انکم ٹیکس آرڈیننس کے سینڈ سڈیل ول حصہ 1 کی شق 100 کے تحت مضاربہ کمپنیز سے ملحقہ ٹیکس استثناء کو ختم کر دیا گیا ہے۔ مضاربہ کمپنیز اور مضاربہ (فلویشن اینڈ کنٹرول) آرڈیننس، 1980 (مضاربہ آرڈیننس) مضاربہ کمپنیز کی رجسٹریشن سے اور حصص، انتظام اور مضاربہ پر کو زبر مضابطہ لانے اور ان سے ملحقہ یا ناگزیر معاملات کا احاطہ کرتا ہے۔ مضاربہ آرڈیننس کی شق 37 کے مطابق مضاربہ کی آمدن اس صورت میں ٹیکس سے مستثنیٰ ہوگی جب اس 90 فیصد سالانہ منافع مضاربہ پر عموماً ٹیکس ہولڈرز کو تقسیم کر دیا جائے۔

ہم سمجھتے ہیں کہ آرڈیننس 2021 فنانس ایکٹ کے ذریعے قومی اسمبلی کے رد و ردو شق کیلئے پیش کیا جائے گا۔ یہ ایک شطہ قانون ہے کہ ٹیکس کو صرف آنے والی امکانی مدت سے عائد کیا جاسکتا ہے اور سابقہ مدت پر لاگو کرنا آئین کے خلاف ہے۔ NBFI اور مضاربہ ایسوسی ایشنز آف پاکستان (ایسوسی ایشن) نے معاملہ برقی فیصلی بحث کی ہے۔ قانونی اور پیشروانہ رائے کی بنیاد پر انتظامیہ نے دیگر مضاربہ کے ساتھ مل کر ایسوسی ایشن کے ذریعے متعلقہ اداروں کو مضاربہ کے لئے دستیاب استثناء کی مطلوبہ دستخطی کو ختم کرنے کے لئے عرضداشتیں پیش کی ہیں خاص طور پر آرڈیننس کے سابقہ مدت کے اثرات پر۔

مذکورہ بالا تمام حقائق کو مد نظر رکھتے ہوئے سرمایہ مالیاتی گوشوارے برائے مدت یکم جولائی 2020 تا 31 مارچ 2021 میں انکم ٹیکس یا موخر شدہ ٹیکس کے لئے کوئی اختصا ص نہیں رکھا گیا۔

5- مضاربہ ریگولیشنز 2021

SECP نے حال ہی میں 5 مارچ 2021 کو ترمیم شدہ مضاربہ ریگولیشنز 2021 (ترمیم شدہ ریگولیشنز) جاری کی ہیں جو کہ موجودہ پروڈیوٹل ریگولیشنز فار مضاربہ 2004 کی جگہ لیں گی۔

ڈائریکٹران کا جائزہ

برائے مختصر مدت 31 مارچ 2021

اورکس مضارب کی تنظیم کمپنی اورکس سروسز پاکستان (پرائیویٹ) لمیٹڈ کا پورڈ آف ڈائریکٹرز غیر آڈٹ شدہ مالیاتی گوشوارے برائے نو ماہی مدت 31 مارچ 2021 پیش کرتے ہوئے اظہارِ مسرت کرتا ہے۔

1- معاشی منظر نامہ

پاکستان کی معیشت بحالی کی سمت میں گامزن ہے کیونکہ بنیادی معاشی اشاریے جاری مالیاتی سال میں مثبت نتائج ظاہر کر رہے ہیں۔ مالیاتی سال 2020-21 میں پیداواری شعبے میں بحالی کی وجہ سے توقع ہے کہ ملکی GDP کی نمو 3 فیصد سے زیادہ رہے گی۔ ملکی برآمدات میں نمو ہوئی ہے اور ابتدائی آٹھ ماہ (جولائی-فروری) میں 4.4 فیصد اضافے کے ساتھ 16.3 بلین یو ایس ڈالر ہیں جو گزشتہ سال اسی مدت میں 15.6 بلین یو ایس ڈالر تھیں۔ مجموعی برآمدات میں یکساں شعبے میں FY2021 کے ابتدائی آٹھ ماہ کے دوران گزشتہ سال کی بہ نسبت 6.7 فیصد اضافہ ہوا۔

ملکی بنیادی توازن FY 2021 کی پہلی ششماہی میں 416 بلین روپے فاضل رہا جبکہ گزشتہ سال اسی مدت میں 153 بلین روپے تھا۔ حکومت نے مستحکم ٹیکس وصولی کی بنیاد پر فاضل بجٹ حاصل کر لیا ہے۔ مالیاتی سال 2021 میں جولائی - دسمبر کے دوران ٹیکس محصولات 6.0 فیصد اضافہ کے ساتھ 2,915 بلین روپے رہے۔ جو کہ پچھلے سال کی اسی مدت میں 2,750 بلین روپے تھے۔

یو ایس ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں حالیہ استحکام سے تجارتی خسارہ اور رواں کھاتے کے خسارہ میں کمی ہوئی۔ FY2021 میں جولائی-فروری کے دوران بیرون ملک سے ترسیلات زر بڑھ کر 18.7 بلین یو ایس ڈالر ہو گئیں جو کہ گزشتہ سال اسی مدت میں 15.1 بلین ڈالر تھیں جو 24.1 فیصد اضافہ ظاہر کرتی ہیں۔ معیشت کو سہارا دینے کے لئے انٹیٹ بینک آف پاکستان (SBP) نے اپنے پالیسی نرخ کو 7.0 فیصد پر برقرار رکھا۔ دسمبر 2020 کے اختتام پر کپٹل ایکویٹی ریٹو ضابطوں کی ضروریات سے اوپر بائیس سے بیسٹینک کے شعبہ میں مالیاتی سال کی ابتدائی ششماہی کی بہ نسبت بہتری آئی۔

خام نمویں توقع ہے کہ وسط مدت میں بتدریج بحالی آئے گی جو کہ FY21-23 میں 2.2 فیصد رہے گی جس کی بنیادی وجوہات میں نجی اخراجات کی معاونت شامل ہیں۔ تاہم، ایسے شعبے جن میں غریب لوگ ملازم ہیں جیسے زراعت وغیرہ کی نمو کمزور رہے گی اور لہذا اندازہ ہے کہ غربت بلند سطح پر رہے گی۔ بنیادی منظر نامہ کا انحصار قابل ذکر واپائی چھٹکوں کی غیر موجودگی پر ہے جس کے لئے وسیع پیمانے پر لاک ڈاؤن کی ضرورت ہوگی۔ منظر نامے کے بڑے خطرات میں واپائی تیسری لہر کے امکانات، ویکسین سے عاجز ہونے جڑوٹھوں کا ابھار اور وسیع پیمانے پر ویکسین لگنے میں تاخیر وغیرہ شامل ہیں۔ اس کے علاوہ بنیادی ساختی اصلاحات کے نفاذ میں مزید تاخیر سے مالیاتی اور معاشی عدم توازن پیدا ہو سکتا ہے۔

2- مالیاتی جھلکیاں

مختصر آما مالیاتی جھلکیاں درج ذیل ہیں:

31 مارچ 2021 (روپے ہزار میں) 30 جون 2020 (روپے ہزار میں)

453,835	453,835
1,151,427	1,174,473
6,719,292	7,246,367
2,598,065	2,632,313
3,045,791	3,230,796
3,070,505	3,871,505

بیلنس شیٹ

سرٹیفیکیٹ سرمایہ

کل ایکویٹی

مجموعی اثاثہ جات

اجارہ فنانس اور اجارہ اثاثوں میں سرمایہ کاری

ڈسٹینک مشارک اور سکوس میں سرمایہ کاری

قابل خلاسی سرمایہ

نو ماہی مدت اختتام 31 مارچ 2021 (روپے ہزار میں) نو ماہی مدت اختتام 31 مارچ 2020 (روپے ہزار میں)

513,872	712,372
241,365	473,368
27,299	8,619
141,194	130,089
104,015	100,296
90,416	87,183

منافع و خسارہ

ریویژ (اصل خسارہ کے اثاثوں کی قیمت میں فرسودگی کے بعد)

مالی واجبات

دفعات

آپریٹنگ اخراجات:

مدار باندھائی کمپنی کے معاوضہ سے قبل منافع

خالص منافع:

	Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
(Rupees)			
ASSETS			
Current assets			
Cash and bank balances	5	596,726,533	1,038,077,150
Ijarah rentals receivable	6	178,629,072	180,028,517
Advances, deposits, prepayments and other receivables		287,013,999	149,743,964
Current portion of investment in sukuk certificates	7	-	-
Current portion of diminishing musharaka	8	1,269,898,242	984,997,788
Net investment in Ijarah finance	9	370,000	370,000
Taxation recoverable		9,620,784	9,619,860
Total current assets		2,342,258,630	2,362,837,279
Non-current assets			
Long-term portion of investment in sukuk certificates	7	-	-
Long-term portion of diminishing musharaka	8	1,775,892,922	2,245,797,777
Ijarah assets	9	2,597,694,878	2,631,943,089
Fixed assets in own use	10	3,446,001	5,789,033
Total non-current assets		4,377,033,801	4,883,529,899
TOTAL ASSETS		6,719,292,431	7,246,367,178
LIABILITIES AND EQUITY			
Current liabilities			
Current portion of term finance arrangements	11	395,023,822	519,255,299
Current portion of security deposits		271,083,596	201,933,288
Creditors, accrued and other liabilities		341,677,817	301,923,898
Advance Ijarah rentals received		60,339,340	23,266,400
Current portion of redeemable capital		2,951,855,000	3,832,405,000
Unclaimed profit distribution		58,521,776	58,119,424
Total current liabilities		4,078,501,351	4,936,903,309
Non-current liabilities			
Long-term portion of term finance arrangements	11	1,009,941,172	720,815,205
Long-term portion of security deposits		360,772,432	375,075,859
Long-term portion of redeemable capital		118,650,000	39,100,000
Total non-current liabilities		1,489,363,604	1,134,991,064
TOTAL LIABILITIES		5,567,864,955	6,071,894,373
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorised certificate capital			
50,000,000 (June 30, 2020: 50,000,000) certificates of Rs. 10 each amounting to Rs. 500,000,000 (June 30, 2020: Rs. 500,000,000)			
Issued, subscribed and paid-up certificate capital			
28,500,000 (June 30, 2020: 28,500,000) certificates of Rs. 10 each fully paid in cash			
16,883,530 (June 30, 2020: 16,883,530) bonus certificates of Rs. 10 each			
		285,000,000	285,000,000
		168,835,300	168,835,300
		453,835,300	453,835,300
Revenue reserve		133,825,785	161,391,902
Capital reserve		563,766,391	559,245,603
		1,151,427,476	1,174,472,805
TOTAL LIABILITIES AND EQUITY		6,719,292,431	7,246,367,178
CONTINGENCIES AND COMMITMENTS			
	12		

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

For ORIX Services Pakistan (Private) Limited
(Management Company of ORIX Modaraba)


Chairman


Chief Executive


Director


Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD AND QUARTER ENDED MARCH 31, 2021

	Note	Nine months period ended March 31, 2021	Nine months period ended March 31, 2020	Three months period ended March 31, 2021	Three months period ended March 31, 2020
----- (Rupees) -----					
Ijarah rentals earned		969,312,360	1,137,853,736	324,589,644	376,112,258
Income on Diminishing Musharaka arrangements		261,899,454	353,218,680	84,657,932	121,952,551
Income on deposits with banks		30,840,157	40,777,964	6,621,930	14,154,236
		<u>1,262,051,971</u>	<u>1,531,850,380</u>	<u>415,869,506</u>	<u>512,219,045</u>
Financial and other charges		(241,364,707)	(473,367,647)	(75,118,267)	(160,493,721)
Depreciation on assets under Ijarah arrangements		(774,006,697)	(868,098,388)	(259,096,488)	(286,487,510)
		<u>246,680,567</u>	<u>190,384,345</u>	<u>81,654,751</u>	<u>65,237,814</u>
Provision in respect of Ijarah finances - net		(7,868,697)	-	(2,068,762)	23,866
Provision in respect of Diminishing Musharaka		(19,430,315)	(8,618,710)	(3,823,119)	-
		<u>219,381,555</u>	<u>181,765,635</u>	<u>75,762,870</u>	<u>65,261,680</u>
Other income		25,827,107	48,619,764	7,035,735	11,983,988
Administrative and operating expenses		(141,194,020)	(130,089,326)	(49,179,549)	(46,379,002)
		<u>104,014,642</u>	<u>100,296,073</u>	<u>33,619,056</u>	<u>30,866,666</u>
Management Company's remuneration		(10,401,464)	(10,029,607)	(3,361,905)	(3,086,666)
Provision for services sales tax on Management Company's remuneration	13	(1,352,190)	(1,303,849)	(437,047)	(401,267)
Provision for Workers' Welfare Fund	14	(1,845,220)	(1,779,252)	(596,402)	(547,574)
Profit for the period before taxation		<u>90,415,768</u>	<u>87,183,365</u>	<u>29,223,702</u>	<u>26,831,159</u>
Taxation	15	-	-	-	-
Profit for the period after taxation		<u>90,415,768</u>	<u>87,183,365</u>	<u>29,223,702</u>	<u>26,831,159</u>
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		<u>90,415,768</u>	<u>87,183,365</u>	<u>29,223,702</u>	<u>26,831,159</u>
Earnings per certificate - basic and diluted	16	<u>1.99</u>	<u>1.92</u>	<u>0.64</u>	<u>0.59</u>

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

For ORIX Services Pakistan (Private) Limited
(Management Company of ORIX Modaraba)


Chairman


Chief Executive


Director


Chief Financial Officer

Note	Nine months period ended March 31, 2021	Nine months period ended March 31, 2020
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	90,415,768	87,183,365
Adjustments for non-cash and other items:		
Depreciation on tangible fixed assets in own use	3,376,130	3,441,415
Amortisation on intangible fixed assets in own use	219,467	228,069
Depreciation on assets under Ijarah arrangements	774,006,697	868,098,388
Gain on disposal of assets under Ijarah arrangements	(14,164,615)	(31,408,116)
Provision in respect of Ijarah finances - net	7,868,697	-
Provision in respect of Diminishing Musharaka	19,430,315	8,618,710
Income on bank deposits	(30,840,157)	(40,777,964)
Profit on:		
- Redeemable capital	158,899,248	280,461,749
- Term finance arrangements	58,250,578	175,820,438
Provision for services sales tax on the Management Company's remuneration	1,352,190	1,779,252
Provision for Workers' Welfare Fund	1,845,220	1,303,849
	980,243,770	1,267,565,790
	1,070,659,538	1,354,749,155
(Increase) / decrease in assets		
Advances, deposits, prepayments and other receivables	(133,434,191)	(19,425,966)
Ijarah rentals receivable	(6,469,252)	(33,407,107)
Diminishing Musharaka	165,574,086	84,287,015
Purchase of assets under Ijarah arrangements	(971,847,911)	(1,146,989,333)
Proceeds from disposal of assets under Ijarah arrangements	246,254,041	501,934,325
	(699,923,227)	(613,601,066)
Increase / (decrease) in liabilities		
Creditors, accrued and other liabilities	7,460,663	(16,585,206)
Advance Ijarah rentals received	37,072,940	(15,409,315)
Security deposits	54,846,885	(10,652,599)
	99,380,488	(42,647,120)
	470,116,799	698,500,969
Profit paid on		
- Redeemable capital	(122,816,680)	(257,623,370)
- Term finance arrangements	(65,237,301)	(179,640,272)
	(188,053,981)	(437,263,642)
Taxes paid	(924)	(886,478)
Net cash generated from operating activities	282,061,894	260,350,849
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,252,565)	(1,569,658)
Income received on bank deposits	27,004,314	37,869,714
Net cash generated from investing activities	25,751,749	36,300,056
CASH FLOWS FROM FINANCING ACTIVITIES		
Redeemable capital less repayments	(801,000,000)	639,800,000
Term finance less repayments	164,894,485	(695,114,225)
Profit paid to certificate holders	(113,058,745)	(109,452,128)
Net cash used in financing activities	(749,164,260)	(164,766,353)
Net (decrease) / increase in cash and cash equivalents during the period	(441,350,617)	131,884,552
Cash and cash equivalents at the beginning of the period	1,038,077,150	432,292,749
Cash and cash equivalents at the end of the period	596,726,533	564,177,301

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

For ORIX Services Pakistan (Private) Limited
(Management Company of ORIX Modaraba)


Chairman


Chief Executive


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

	Issued, subscribed and paid-up certificate capital	Premium on issue of modaraba certificates	Capital reserve Statutory reserve	Sub-total	Revenue reserve Unappropri- ated profit	Sub-total	Total
	(Rupees)						
Balance as at June 30, 2019	453,835,300	55,384,700	497,487,980	552,872,680	153,767,466	706,640,146	1,160,475,446
Total comprehensive income for the period							
- Profit for the nine months period ended March 31, 2020	-	-	-	-	87,183,365	87,183,365	87,183,365
- Other comprehensive income for the nine months period ended March 31, 2020	-	-	-	-	-	-	-
	-	-	-	-	87,183,365	87,183,365	87,183,365
Transactions with owners							
Profit distribution for the year ended June 30, 2019 @ Rs. 2.5 per certificate declared subsequent to the year ended June 30, 2019	-	-	-	-	(113,461,097)	(113,461,097)	(113,461,097)
Transfer to statutory reserve	-	-	4,359,168	4,359,168	(4,359,168)	-	-
Balance as at March 31, 2020	<u>453,835,300</u>	<u>55,384,700</u>	<u>501,847,148</u>	<u>557,231,848</u>	<u>123,130,566</u>	<u>680,362,414</u>	<u>1,134,197,714</u>
Balance as at June 30, 2020	453,835,300	55,384,700	503,860,903	559,245,603	161,391,902	720,637,505	1,174,472,805
Total comprehensive income for the period							
- Profit for the nine months period ended March 31, 2021	-	-	-	-	90,415,768	90,415,768	90,415,768
- Other comprehensive income for the nine months period ended March 31, 2021	-	-	-	-	-	-	-
	-	-	-	-	90,415,768	90,415,768	90,415,768
Transactions with owners							
Profit distribution for the year ended June 30, 2020 @ Rs. 2.5 per certificate declared subsequent to the year ended June 30, 2020	-	-	-	-	(113,461,097)	(113,461,097)	(113,461,097)
Transfer to statutory reserve	-	-	4,520,788	4,520,788	(4,520,788)	-	-
Balance as at March 31, 2021	<u>453,835,300</u>	<u>55,384,700</u>	<u>508,381,691</u>	<u>563,766,391</u>	<u>133,825,785</u>	<u>697,592,176</u>	<u>1,151,427,476</u>

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

For ORIX Services Pakistan (Private) Limited
(Management Company of ORIX Modaraba)


Chairman


Chief Executive


Director


Chief Financial Officer

1. STATUS AND NATURE OF BUSINESS

ORIX Modaraba ('the Modaraba') was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by ORIX Services Pakistan (Private) Limited ('the Management Company'). The Management Company is a wholly owned subsidiary of ORIX Leasing Pakistan Limited.

The registered office is situated at 6th Floor, Syedna Tahir Saifuddin Trust Building, Beaumont Road, Civil Lines, Karachi, Pakistan.

The Modaraba is operated through a head office in Karachi and two branches which are located in Lahore and Islamabad. The head office is placed separately within the premises of the Management Company. In Lahore, the branch office is situated at 602-B, 6th Floor, City Towers, Gulberg-II, whereas in Islamabad, the branch office is situated at Ground Floor, Phase 1, State Life Building No. 5, Nazimuddin Road, Blue Area.

The Modaraba is a perpetual Modaraba and is primarily engaged in financing of plant and machinery, motor vehicles (both commercial and private), computer equipment and housing under the modes of Ijarah (Islamic leasing) and Diminishing Musharaka. The Modaraba may also invest in commercial and industrial ventures suitable for the Modaraba. The Modaraba is listed on the Pakistan Stock Exchange Limited.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long term rating of AA (2020: AA) and a short term rating of A1+ (2020: A1+) to the Modaraba on March 04, 2021 (2020: March 04, 2020).

2. BASIS OF PREPARATION**2.1 Statement of compliance**

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The approved accounting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and the Prudential Regulations for Modarabas;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017; and
- Provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP), under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017.

Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, IFAS, the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP), under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 differ from IAS 34, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, IFAS, the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP), under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 have been followed.

- 2.2** IFRS 9: "Financial Instruments" has become applicable effective for accounting periods beginning on or after July 1, 2018. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'Expected Credit Losses' (ECL) approach.

During 2019, the NBFI and Modaraba Association of Pakistan (the Association) informed its members that the SECP has deferred the applicability of IFRS 9 to the extent of provision against financings made by the modaraba and required the modaraba to follow all other requirements of IFRS 9. The aforementioned communication by the Association to its members was based on the clarification given by the SECP to the Association. Accordingly, the Modaraba had adopted all requirements of IFRS 9 and had determined the provision against financings (Ijarah and Diminishing Musharaka) as per the requirements of the Prudential Regulations issued by the SECP (repealed Regulations now Modaraba Regulations, 2021) at the time of finalization of the financial statements for the year ended June 30, 2019.

During the year ended June 30, 2020, the SECP extended the applicability of IFRS 9 for modarabas for period / year ending on or after June 30, 2021. Moreover, the management also sought a clarification from the SECP with respect to the applicability date of IFRS 9. Based on the clarification received from the SECP, the requirements of IFRS 9 are applicable on the annual financial statements of the Modaraba for the year ending June 30, 2021 and not on the condensed interim financial statements for the nine months period ended March 31, 2021. The Modaraba had already adopted all the requirements of IFRS 9 in the year 2019 with the exception of determining the provision against financing (Ijarah and Diminishing Musharaka). The provision against financing (Ijarah and Diminishing Musharaka) has been currently determined in accordance with the requirements of the Modaraba Regulations, 2021 issued by the SECP.

The Management is currently in the process of assessing the impact of IFRS 9 on the financial statements of the Modaraba for the year ending June 30, 2021.

- 2.3** On March 22, 2021, the President of Pakistan promulgated the Tax Law (Second Amendment) Ordinance, 2021, (Ordinance 2021) whereby Clause 100 of the Part 1 of the Second Schedule to the Income Tax Ordinance, 2001 relating to the Tax Exemption available to the Modarabas stands withdrawn.

Tax Exemption has been available to the Modarabas under Section 37 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, which is still operative and was specified under Clause 100 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, which exemption has been removed by Ordinance 2021. It is believed that the Ordinance 2021 will be placed before the Assembly to be ratified through a Finance Act. It is a settled law that the taxes can only be levied with prospective effect and any retrospective applicability thereof is ultra-vires under the Constitution. Based on the legal and professional advice, the Management, along with other Modarabas, has made representations to the appropriate authorities to remove intended withdrawal of tax exemption available to the Modarabas, particularly any retrospective effect of the Ordinance 2021.

Accordingly, no provision for Income Tax as well as Deferred Tax has been made in these condensed interim financial statements for the period from July 1, 2020 to March 31, 2021.

- 2.4** The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34: 'Interim financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required for a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Modaraba for the year ended June 30, 2020.

- 2.5** These condensed interim financial statements are unaudited.

2.6 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees which is also the Modaraba's functional currency. All financial information presented has been rounded off to the nearest rupee.

2.7 Critical accounting estimates and judgments

The preparation of these condensed interim financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgments in application of the Modaraba's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Modaraba's accounting policies and the key sources of estimation of uncertainty were the same as those that were applied in the annual published audited financial statements for the year ended June 30, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those that were applied in the preparation of the annual published audited financial statements of the Modaraba for the year ended June 30, 2020.

3.2 Standards, interpretations and amendments to the published approved accounting standards that are effective in the current period

There are certain amendments to the published approved accounting standards that are mandatory for the Modaraba's accounting period beginning on July 1, 2020. However, these do not have any significant impact on the Modaraba's operations and, therefore, have not been detailed in these condensed interim financial statements.

3.3 Standards, interpretations and amendments to the published approved accounting standards that are not yet effective

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Modaraba's accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or will not have any significant effect on the Modaraba's operations and are, therefore, not detailed in these condensed interim financial statements.

4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Modaraba are consistent with those disclosed in the annual published audited financial statements of the Modaraba for the year ended June 30, 2020.

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
5. CASH AND BANK BALANCES	Note	----- (Rupees) -----	
Balances with banks			
- in current accounts		30,930,234	106,419,144
- in deposit accounts	5.1	515,569,750	431,556,697
- in term deposit receipts		50,000,000	500,000,000
Balance with the State Bank of Pakistan		151,549	51,549
Cash in hand		75,000	49,760
		<u>596,726,533</u>	<u>1,038,077,150</u>

5.1 These carry profit at rates ranging from 3.5% - 6% (June 30, 2020: 4.50% - 6.75%) per annum.

5.2 The balances held with banks in deposit accounts have been kept in order to comply with the requirements of the guidelines issued by the SECP with respect to the maintenance of prescribed liquidity against the Certificates of Musharaka issued by the Modaraba.

SECP has issued Modaraba Regulations, 2021 (the Regulations) on March 5, 2021 which replaces the existing Prudential Regulations for Modarabas, 2004. Revised regulations come into force at once. Regulations require that a minimum of 15 percent of the outstanding funds raised through Certificate of Musharakah (COM), excluding the COMs held by financial institutions, shall be invested at all times in Shariah compliant government securities, or instruments or investments as notified by the Commission.

As per the Regulations current requirement for the investment as at March 31, 2021 is PKR 303,075,750. Modaraba is in process to investing the funds as per requirement of the Regulations.

		(Un-audited) March 31, 2021	(Audited) June 30, 2020
6. IJARAH RENTALS RECEIVABLE	Note	----- (Rupees) -----	
Ijarah rentals receivable - considered good		141,150,931	143,732,051
Ijarah rentals receivable - considered bad or doubtful		75,469,693	67,753,723
Less: Allowance for potential Ijarah losses	6.1	(13,374,177)	(5,505,480)
Less: Profit held in suspense	6.2	(24,617,375)	(25,951,777)
		<u>37,478,141</u>	<u>36,296,466</u>
		<u>178,629,072</u>	<u>180,028,517</u>

6.1 Allowance for potential Ijarah losses

Opening balance	5,505,480	5,505,480
Charge for the period	10,341,862	-
Reversal of prior-period provision	(2,473,165)	-
Provision for the period - net	7,868,697	-
Closing balance	<u>13,374,177</u>	<u>5,505,480</u>

6.2 Profit held in suspense

Opening balance
Income suspended / reversal during the period - net
Closing balance

(Un-audited) March 31, 2021	(Audited) June 30, 2020
----- (Rupees) -----	
25,951,777	18,224,887
(1,334,402)	7,726,890
<u>24,617,375</u>	<u>25,951,777</u>

6.3 Ijarah includes PKR 112.05 million (June 30, 2020: PKR 164.2 million) which have been placed under non-performing status.

6.4 The Modaraba has availed the benefit of forced sales value of assets held as collateral against non-performing Ijarah as allowed under the Modaraba Regulations, 2021 issued by the Securities and Exchange Commission of Pakistan. Had the benefit not been taken by the Modaraba, the specific provision against non-performing Ijarah would have been higher by Rs. 23.18 million (June 30, 2020 : PKR 24.43 million).

7. INVESTMENT IN SUKUK CERTIFICATES**At amortised cost**

Investment in sukuk certificates
Less: Provision in respect of sukuk certificates

(Un-audited) March 31, 2021	(Audited) June 30, 2020
----- (Rupees) -----	

7.1 Movement in provision against Sukuk certificates

Opening balance
Provision for the year
Closing balance

57,701,835	57,701,835
(57,701,835)	(57,701,835)
-	-
57,701,835	57,701,835

7.2 Break-up of investment in sukuk certificates between long-term and current portion is as follows:

Current portion of investment in sukuk certificates
Less: Provision held

57,701,835	56,093,720
(57,701,835)	(56,093,720)
-	-
-	1,608,115
-	(1,608,115)
-	-

Long-term portion of investment in sukuk certificates
Less: Provision held

8. DIMINISHING MUSHARAKA

Staff - considered good

	(Un-audited) March 31, 2021	(Audited) June 30, 2020
- Housing finance	77,630,473	87,740,576
- Motor vehicles	29,229,584	29,936,317
- Others	3,464,965	3,323,435
8.1	110,325,022	121,000,328

Others - considered good

- Housing finance	397,721,111	474,274,989
- Motor vehicles	1,106,657,552	1,127,941,998
- Plant, machinery and equipment	1,258,351,226	1,184,672,731
	2,762,729,889	2,786,889,718

Others - considered bad or doubtful

- Housing finance	-	2,116,083
- Motor vehicles	52,770,236	102,904,546
- Plant, machinery and equipment	149,719,727	228,208,285
8.3	202,489,963	333,228,914

Less: Provision in respect of Diminishing Musharakah

8.2 (29,753,710) (10,323,395)

Less: current portion of Diminishing Musharakah - net

2,935,466,142	3,109,795,237
3,045,791,164	3,230,795,565
(1,269,898,242)	(984,997,788)
1,775,892,922	2,245,797,777

8.1 This includes Diminishing Musharakah facility availed by the key management personnel as per the employment terms, with respect to housing finance, motor vehicles and personal finance amounting to PKR 24.738 million (June 30, 2020: PKR 44.030 million), PKR 6.831 million (June 30, 2020: PKR 8.309 million) and PKR 0.790 million (June 30, 2020: PKR 1.191 million) respectively.

8.2 Movement in Provision against Diminishing Musharakah

Opening balance

Charge for the period

Closing balance

	(Un-audited) March 31, 2021	(Audited) June 30, 2020
	10,323,395	-
	19,430,315	10,323,395
	29,753,710	10,323,395

8.2.1 The Modaraba has availed the benefit of forced sale value of assets held as collateral against non-performing Diminishing Musharakah finances as allowed under the Modaraba Regulations, 2021 issued by the Securities and Exchange Commission of Pakistan. Had the benefit not been taken by the Modaraba, the specific provision against non-performing Diminishing Musharakah finances would have been higher by PKR 51.304 million (June 30, 2020 : PKR 31 million).

8.3 Diminishing Musharaka includes PKR 202.49 million (June 30, 2020: PKR 333.23 million) which have been placed under non-performing status.

			(Un-audited) March 31, 2021	(Audited) June 30, 2020
9. IJARAH ASSETS	Note		(Rupees)	
Ijarah contracts commencing on or after July 1, 2008 - accounted for under IFAS 2	9.1, 9.2 & 9.3		<u>2,597,694,878</u>	<u>2,631,943,089</u>
Ijarah contracts prior to July 1, 2008 - accounted for as finance leases			370,000	370,000
Less: Current portion of net investment in Ijarah finance			<u>(370,000)</u>	<u>(370,000)</u>
			<u>-</u>	<u>-</u>

- 9.1 During the nine months period ended March 31, 2021, additions amounting to Rs 972 million (March 31, 2020: Rs 1,147 million) and disposals amounting to Rs 718 million (March 31, 2020 : Rs 1,316 million) were made to the assets under Ijarah arrangements.

	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
Ijarah Assets	(Rupees)	
Additions at cost during the period		
- Plant, machinery and equipments	657,270,281	759,228,633
- Motor vehicles	314,577,630	387,760,700
	<u>971,847,911</u>	<u>1,146,989,333</u>
Disposals at cost during the period		
- Plant, machinery and equipments	224,064,708	539,121,983
- Motor vehicles	494,189,086	777,145,540
	<u>718,253,794</u>	<u>1,316,267,523</u>

- 9.2 Ijarah includes Rs 112.05 million (June 30, 2020: Rs 164.2 million) which have been placed under non-performing status.

- 9.3 The Modaraba has availed the benefit of forced sales value of assets held as collateral against non-performing Ijarah as allowed under the Modaraba Regulations, 2021 issued by the Securities and Exchange Commission of Pakistan. Had the benefit not been taken by the Modaraba, the specific provision against non-performing Ijarah would have been higher by Rs. 23.18 million (June 30, 2020 : Rs 24.43 million).

	(Un-audited) March 31, 2021	(Audited) June 30, 2020
10. FIXED ASSETS IN OWN USE	(Rupees)	
Tangible assets	3,251,886	5,375,451
Intangible assets	194,115	413,582
	<u>3,446,001</u>	<u>5,789,033</u>

- 10.1** During the nine months period ended March 31, 2021, additions amounting to Rs. 1.253 million (March 31, 2020 : Rs. 1.57 million) were made to the tangible fixed assets in own use.

Additions at cost during the period

- Office equipment, appliances and computer systems

(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
(Rupees)	
1,252,565	1,569,658
<u>1,252,565</u>	<u>1,569,658</u>

11. TERM FINANCE ARRANGEMENTS

Note

Musharaka / Wakala finance

11.1 & 11.2

Less: Current portion of Musharakah term finance

(Un-audited) March 31, 2021	(Audited) June 30, 2020
(Rupees)	
1,404,964,994	1,240,070,504
<u>(395,023,822)</u>	<u>(519,255,299)</u>
<u>1,009,941,172</u>	<u>720,815,205</u>

11.1 Musharaka / Wakala Finance

Name of bank	Facility limit		Profit rate (per rupee one thousand per day)		Frequency of mark-up payment	Tenor		Balance outstanding	
	As at March 31, 2021 (Un-audited)	As at June 30, 2020 (Audited)	During the period ended March 31, 2021 (Un-audited)	During the year ended June 30, 2020 (Audited)		March 31, 2021 (Un-audited)	June 30, 2020 (Audited)	As at March 31, 2021 (Un-audited)	As at June 30, 2020 (Audited)
	(Rupees)							(Rupees)	
Meezan Bank Limited	35,000,000	100,000,000	0.2151-0.2244	0.3236-0.3975	Quarterly	3-5 years	3-5 years	35,000,000	100,000,000
Bank Alfalah Limited	350,000,000	30,550,000	0.2014-0.3863	0.3208-0.3962	Quarterly	3 years	3 years	350,000,000	30,550,000
Allied Bank Limited	800,000,000	800,000,000	0.2151-0.2214	0.3126-0.3962	Quarterly	3-5 years	3-5 years	607,859,800	659,520,504
Pakistan Mortgage Refinance Company Limited	412,105,183	450,000,000	0.1644	0.1644	Quarterly	5 years	5 years	412,105,183	450,000,000
								<u>1,404,964,983</u>	<u>1,240,070,504</u>

- 11.2** These carry profit at the rates ranging between 6% to 14.10% (June 30, 2020: 6% to 14.10%) per annum.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

There were no contingencies outstanding as at March 31, 2021 and June 30, 2020.

12.2 Commitments

Outstanding letter of credit at March 31, 2021 amounts to Rs. 62.65 million (June 30, 2020: Rs. 107.72 million).

13. PROVISION FOR SERVICES SALES TAX ON THE MANAGEMENT COMPANY'S REMUNERATION

During 2013, the Sindh Revenue Board (SRB) levied Sindh sales tax on management remuneration, which is paid by the Modaraba to its Management Company under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, treating it as a fee and chargeable under the Sindh Sales Tax Act, 2011. The Modaraba, however, considers that the management remuneration is an allocation of profit under the Shariah principle of "Modaraba" and therefore does not qualify to be treated as a fee and therefore does not attract any services sales tax.

Pursuant to Order number SRB-COM-II/AC-V/Mgt/SCSOP/5878/2012 of the SRB dated April 22, 2013 issued to the Management Company, the Modaraba has recorded a provision in respect of Sindh sales tax on Management Company's remuneration at applicable rates with effect from November 1, 2011. The Management Company had filed an appeal before the Appellate Tribunal SRB against this order. The Appellate Tribunal SRB through its order dated February 19, 2016 allowed the appeal and set aside the order-in-original and order-in-appeal and remanded back the case to the assessing officer for re-assessment. Thereafter, on April 8, 2016, the assessing officer issued a fresh notice to the Management Company contending that sales tax on the Management Company's remuneration is applicable. Against the notice, the Management Company has filed an appeal before the Honorable Sindh High Court. As an interim relief, the Court vide its Order dated October 13, 2016 has stopped the assessing authorities to pass any final order till the culmination of its proceedings. The interim relief was reconfirmed by the Court in its Order dated November 5, 2018. The case is pending to date. However, the Modaraba has continued to recognise the provision for services sales tax on the Management Company's remuneration.

14. PROVISION FOR WORKERS' WELFARE FUND

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay to Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income.

The Sindh Revenue Board (SRB) vide letter no. SRB/DC-A(W)/2017/Rep/4760 dated January 16, 2017 had advised the Modaraba to pay off all its liabilities falling due under the SWWF Act. The management considered that the SWWF Act is limited only to the province of Sindh and till the time there is any mechanism available for apportionment of total income relevant to province of Sindh, no SWWF liability to SRB can be paid out. On these grounds, foreseeing the expected WWF demand and penal actions from SRB, the Modaraba had filed a Constitutional Petition (CP) No. CP.D.3879/2017 with the Honorable Sindh High Court. On March 16, 2020, an interim order was issued by the Honorable Sindh High Court whereby it was instructed to deposit the SWWF liability either with SRB or Nazir as appointed by the Court. During the current period, the Modaraba has deposited the SWWF amounting to Rs 7.18 million with SRB, calculated on a proportionate basis and as advised by its legal counsel and consistent with the grounds adopted by the Modaraba in its petition. The management has provided for SWWF liability for the period from January 1, 2014 to March 31, 2021 in these condensed interim financial statements on a prudent basis.

15. TAXATION

As mentioned in note 2.3, on March 22, 2021, the President of Pakistan promulgated the Tax Law (Second Amendment) Ordinance, 2021, (Ordinance 2021) whereby Clause 100 of the Part 1 of the Second Schedule to the Income Tax Ordinance, 2001 relating to the Tax Exemption available to the Modarabas stands withdrawn.

Based on the legal and professional advice and justifications as mentioned in note 2.3 of these condensed interim financial statements, no provision for Income Tax as well as Deferred Tax has been made in these condensed interim financial statements for the period from July 1, 2020 to March 31, 2021.

16. EARNINGS PER CERTIFICATE - BASIC AND DILUTED

Diluted earnings per certificate has not been presented as the Modaraba does not have any convertible instruments in issue as at March 31, 2021 and March 31, 2020 which would have any effect on the earnings per certificate if the option to convert is exercised.

17. RELATED PARTY TRANSACTIONS

The related parties of the Modaraba comprise of the management company and its holding company, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties other than those which have been specifically disclosed elsewhere in these condensed interim financial statements and remuneration and benefits to key management personnel (which are employed by the management company) under the terms of their employment are as follows:

	Nine months period ended March 31, 2021 (Un-audited)	Nine months period ended March 31, 2020 (Un-audited)
	----- (Rupees) -----	
ORIX Leasing Pakistan Limited - Holding Company of the Management Company		
Dividend	11,345,883	11,345,883
Allocated cost to the Modaraba for Islamabad office	498,503	372,828
Staff retirement benefits funds		
Contribution made to ORIX Modaraba - Staff Provident Fund	3,860,766	3,506,685
Contribution made to ORIX Modaraba - Staff Gratuity Fund	3,215,990	2,921,041
Refund received from ORIX Modaraba - Staff Gratuity Fund	54,648	93,480
ORIX Services Pakistan (Private) Limited - Management Company		
Management company's remuneration	10,401,464	10,029,607
Dividend	11,345,883	11,345,883
AWT Investments Limited (AWTIL)		
Profit on Certificate of Musharaka issued to mutual funds managed by AWTIL	504,551	2,982,522
Layton Rahmatulla Benevolent Trust Hospital		
Donation paid by the Modaraba	1,000,000	500,000
Directors of the Management Company		
Dividend paid to Mr. Shaheen Amin	250,000	250,000
Dividend paid to Mr. Nadeem D. Khan	15,123	15,123

Key Management Personnel

	Nine months period ended March 31, 2021 (Un-audited)	Nine months period ended March 31, 2020 (Un-audited)
Salaries and benefits	37,159,142	35,854,734
Contribution to the staff provident fund	1,453,281	1,363,666
Contribution to the staff gratuity fund	1,210,566	1,135,926
Income earned on diminishing Musharakah finances to Key management personnel	3,781,345	5,882,553
Profit on redeemable capital	359,452	395,915

Number of persons

7

7

The Modaraba enters into transactions with related parties for lease of assets and other general services. These transactions are based on a transfer pricing policy under which all transactions are carried out on agreed terms. The balances with related parties other than balances that have been disclosed in the respective notes are as follows:

ORIX Leasing Pakistan Limited - Holding Company of the Management Company

	(Un-audited) March 31, 2021	(Audited) June 30, 2020
Certificate capital (Certificates held : 4,538,353, June 30, 2020: 4,538,353)	45,383,530	45,383,530
Rent payable for Islamabad office	-	-

ORIX Services Pakistan (Private) Limited - Management Company

Certificate capital (Certificates held : 4,538,353, June 30, 2020: 4,538,353)	45,383,530	45,383,530
Remuneration payable to the Management company	10,401,464	13,645,879

AWT Investments Limited (AWTIL)

Redeemable capital	-	29,000,000
Profit payable on redeemable capital	-	2,982,522

Directors of the Management Company

Certificate Capital		
Mr. Shaheen Amin (Certificates held: 100,000, June 30, 2020: 100,000)	1,000,000	1,000,000
Mr. Nadim D. Khan (Certificates held: 6,049, June 30, 2020: 6,049)	60,490	60,490

Key Management Personnel

Accrued profit on finances under diminishing Musharakah	125,665	296,518
Advance against diminishing Musharakah	3,203,000	-
Profit payable on redeemable capital	237,269	110,214
Redeemable capital	7,050,000	4,550,000

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

18.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Modaraba to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

As at March 31, 2021 and June 30, 2020, there were no financial instruments which were measured at fair values in these condensed interim financial statements.

The following table shows the carrying amounts and fair values of all financial assets and financial liabilities, including their levels in the fair value hierarchy.

Note	As at March 31, 2021 (Un-audited)						
	Carrying value			Fair value			
	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees)						
Financial assets not measured at fair value	18.1.1						
Cash and bank balances	596,726,533	-	596,726,533	-	-	-	-
Jarah rentals receivable	178,629,072	-	178,629,072	-	-	-	-
Advances, deposits and other receivables	273,138,123	-	273,138,123	-	-	-	-
Diminishing Musharaka	3,045,791,164	-	3,045,791,164	-	-	-	-
Net investment in Jarah finance	370,000	-	370,000	-	-	-	-
Total	4,094,654,892	-	4,094,654,892	-	-	-	-
Financial liabilities not measured at fair value	18.1.1						
Term finance arrangements	-	1,404,964,994	1,404,964,994	-	-	-	-
Security deposits	-	631,856,028	631,856,028	-	-	-	-
Creditors, accrued and other liabilities	-	325,744,305	325,744,305	-	-	-	-
Redeemable capital	-	3,070,505,000	3,070,505,000	-	-	-	-
Unclaimed profit distribution	-	58,521,776	58,521,776	-	-	-	-
Advance Jarah rentals received	-	60,339,340	60,339,340	-	-	-	-
Total	-	5,551,931,443	5,551,931,443	-	-	-	-

Note	As at June 30, 2020 (Audited)						
	Carrying value			Fair value			
	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees)							
Financial assets not measured at fair value	18.1.1						
Cash and bank balances	1,038,077,150	-	1,038,077,150	-	-	-	-
Jarah rentals receivable	180,028,517	-	180,028,517	-	-	-	-
Advances, deposits and other receivables	124,143,434	-	124,143,434	-	-	-	-
Diminishing Musharaka	3,230,795,565	-	3,230,795,565	-	-	-	-
Net investment in Jarah finance	370,000	-	370,000	-	-	-	-
Total	4,573,414,666	-	4,573,414,666	-	-	-	-
Financial liabilities not measured at fair value	18.1.1						
Term finance arrangements	-	1,240,070,504	1,240,070,504	-	-	-	-
Security deposits	-	577,009,147	577,009,147	-	-	-	-
Creditors, accrued and other liabilities	-	280,652,521	280,652,521	-	-	-	-
Redeemable capital	-	3,871,505,000	3,871,505,000	-	-	-	-
Unclaimed profit distribution	-	58,119,424	58,119,424	-	-	-	-
Advance Jarah rentals received	-	23,266,400	23,266,400	-	-	-	-
Total	-	6,050,622,996	6,050,622,996	-	-	-	-

18.1.1 These financial assets and liabilities are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

19. SEGMENT INFORMATION

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

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

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

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

The Modaraba also has a diversified certificate holder population. As at March 31, 2021, there were only two (June 30, 2020: two) certificate holders who individually hold equal to or more than 10% of the Modaraba's certificate capital. Their holdings were 10% and 10% (June 30, 2020: 10% and 10%) respectively.

20. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the current period.

21. IMPACT OF COVID-19

Following the financial year that ended on June 30, 2020, increase in the COVID positive cases have been observed in the country and worldwide at different time intervals. At balance sheet date of these financial statements and later on, the infection rate is on increase in the country and as a consequence, the government has formally tighten the implementation of COVID related standard operating procedures along with enforcement of some other strict measures. However, there is no alarming indication towards infection spread at large scale leading towards economic and business lockdown in the country.

The Management Company is closely monitoring the situation and is of the view that adequate controls business continuity plans, remote working capabilities and procedures are in place that ensures the safety and security of the staff and uninterrupted service to the customers. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of COVID-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Modaraba.

22. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on **April, 19 2021** by the Board of Directors of the Management Company.

For ORIX Services Pakistan (Private) Limited
(Management Company of ORIX Modaraba)


Chairman
Chief Executive
Director
Chief Financial Officer



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