



# HALF YEARLY REPORT

DECEMBER 2021



## CONTENTS

Modaraba Information	002
Directors' Review	003
Independent Auditor's Review Report	009
Condensed Interim Balance Sheet (Un-audited)	010
Condensed Interim Profit and Loss Account and Other Comprehensive Income (Un-audited)	011
Condensed Interim Cash Flow Statement (Un-audited)	012
Condensed Interim Statement of Changes in Equity (Un-audited)	013
Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)	014

# Modaraba Information

### Modaraba Company

OLP Services Pakistan (Private) Limited  
(Formerly ORIX Services Pakistan (Private) 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 Raiz Director

Mr. Nadim D. Khan Independent Director

Ms. Aseya Qasim 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. Aseya Qasim Chairperson

Mr. Nausherwan Adil Member

Mr. Raheel Qamar Ahmad Member

### Shariah Advisor

Mufti Faisal Ahmed

### Auditors

AF 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 Memorial Foundation Building,  
Beaumont Road, Civil Lines, Karachi.

Phone: (021)35930000

Email: askus@orixmodaraba.com

### Lahore Branch:

Office No-08, 1st floor,  
Park Lane Tower (Mall Of Lahore)  
172-Tufail Road, Lahore Cantt.

### 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., Shahra-e-Faisal, Karachi.

Tel: (92-21) 34380101-5

Fax: (92-21) 34380106

Email: info.shares@famco.com.pk

# DIRECTORS' REVIEW

For the period ended December 31, 2021

The Board of Directors of OLP Services Pakistan (Private) Limited (Formerly ORIX Services Pakistan (Private) Limited), the management company of ORIX Modaraba is pleased to present the unaudited accounts for the six months period ended December 31, 2021.

## 1. Economic Outlook

Economic activity has rebounded on the back of waning COVID-19 infections and expansionary fiscal and monetary policies. However, strong import growth fueled by the macroeconomic policy mix, higher international commodity prices, and credit growth have led to a marked deterioration of the external position with the rupee markedly depreciating, and inflation remains persistently high. The current account deficit is forecast to widen to 4 percent of GDP in FY 2022 due to strong domestic demand and higher commodity prices. Average CPI inflation is also expected to increase in the coming months and average 9.4 percent in FY 2022 due to the recent terms of trade shock, continued energy price adjustments, and GST reforms. Real GDP growth is projected at 4 percent in FY 2022. Assuming sustained policy and reform implementation, growth is expected to reach its medium-term potential of 5 percent.

The net provisional tax collection by FBR increased by 32.5 percent to reach PKR 2,920 billion during the first half of FY 2022 against PKR 2,204 billion in the same period of last year. The net collection has exceeded the target of PKR 2,633 billion by PKR 287 billion.

The SBP also after keeping the discount rate steady for 15 months raised the policy rate by 25 bps in October, 150 bps in November and 100 bps in mid-December to 9.75 percent and increased banks' cash reserve requirement by 100 bps (in November) to counter inflationary pressures.

## 2. Financial Highlights

Financial results are summarized as under:

	Note	December 31, 2021	June 30, 2021
<b>Balance Sheet</b>		(Rupees)	
Certificate capital		453,835	453,835
Total equity		1,080,669	1,158,672
Total assets		6,421,345	6,750,293
Investment in Ijarah finance and Ijarah Assets		2,181,737	2,244,264
Investments in Diminishing Musharika and Sukuks		3,311,863	3,326,029
Redeemable capital		3,131,205	3,250,705

	Six months ended December 31, 2021	Six months ended December 31, 2020
	----- (Rupees) -----	
<b>Profit and Loss</b>		
Revenue (net of Ijarah assets depreciation)	337,429	350,064
Financial charges	164,071	166,246
(Reversal) / Provision of provisions – net	(7,188)	21,407
Operating expenses	93,683	92,014
Profit before modaraba management company's remuneration	86,863	70,396
Profit before taxation	75,506	61,192
Net profit	53,609	61,192

### 3. Review of Operations

By the Grace of Allah, your Modaraba's performance during the period under review continued to be strong. The Modaraba's profit before taxation increased by 23.39% from PKR 61.192 million to PKR 75.506 million compared to the corresponding period of last year. During the current period, income tax is now applicable on Modarabas effective from July 1, 2021, therefore net profit for the six months period ended December 31, 2021 decreased by 12.39% from PKR 61.192 million to PKR 53.609 million compared to corresponding period of last year. Gross revenue (net of Ijarah assets depreciation and including other income) for the six months period decreased by 3.61% from PKR 350.064 million to PKR 337.429 million compared to corresponding period of last year mainly due to substantial reduction in KIBOR during period from March 2020 to June 2020. Since, the asset pricing is linked to KIBOR repricing and is lagging in nature, the increase in KIBOR during this period will be realized into higher profits during the second half of the fiscal year. Consequently, gross revenue of corresponding period of last year is higher compared to current period revenue. Financial charges decreased by 1.31% from PKR 166.246 million to PKR 164.071 million compared to corresponding period of last year. Due to recovery of some doubtful finances, there is a reversal in provision amounting to PKR 7.188 million compared to charge of PKR 21.407 million during the corresponding period of last year. Administrative and operating expenses increased by 1.18% from PKR 92.014 million to PKR 93.683 million.

The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at PKR 5,494 million compared to PKR 5,570 million as at June 30, 2021, showing a decrease of 1.38% during this six months period. During the period under review, the Modaraba booked fresh disbursements to the tune of PKR 1,193 million as compared to PKR 1,140 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.

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. 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.

#### 5. Acknowledgement

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



**Raheel Qamar Ahmad**  
Managing Director/CEO  
Karachi: February 21, 2022



**Ramon Alfrey**  
Director

کاروبار چلانے کے بنیادی ستون میں منتخب کلائنٹس کے ساتھ تعلقات کو مزید بہتر بنانا اور اچھی ساکھ کے حامل نئے کلائنٹس کے ساتھ تعلقات کا آغاز کرنا ہے۔ اثاثوں کے پورٹ فولیو میں کثیر القومی، بڑی اور درمیانی سائز کی مقامی کارپوریٹ اور منتخب SME ادارے شامل ہیں۔ اور کس مضاربہ بہت محتاط انداز میں حائل خطرات کا انتظام اور نگرانی کرتی ہے۔ قرضہ کی منظوری کے وقت قرض خواہ کا قرضہ جاتی پروفائل بشمول واپس ادائیگی کی صلاحیت کا تجزیہ کیا جاتا ہے اور باقاعدگی سے اس کی نگرانی کی جاتی ہے۔ مزید برآں پورٹ فولیو کے انتظام اور ابتداء ہی میں ہوشیار کرنے والی کمیٹیاں موجود ہیں جو کہ پورٹ فولیو کی نگرانی اور برقت ہوشیار کرنے کی ذمہ دار ہیں تاکہ کسی بھی ناموافق منظر نامہ سے بچا جاسکے۔

#### 4- قرضہ جاتی ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے مضاربہ کی طویل مدتی اور قلیل مدتی ریٹنگ کو بالترتیب AA (ڈبل A) اور A1+ (اے وین پلس) برقرار رکھا ہے۔ ان ریٹنگ سے کم قرضہ جاتی خطرے اور مالیاتی وعدوں کی بروقت ادائیگی کی مضبوط صلاحیت کی عکاسی ہوتی ہے۔

#### 5- اعتراف

بورڈ انضباطی اداروں، سرٹیفیکیٹ ہولڈرز، گاہکوں اور کاروباری شراکت داروں کے تعاون کا اعتراف کرتا ہے اور امید کرتا ہے مستقبل میں بھی جاری رہے گا۔



ریمین الفرو  
ڈائریکٹر



راجیل قراحمہ  
مینجنگ ڈائریکٹر/CEO

کراچی: 21 فروری 2022



ششماہی مدت مختتم  
31 دسمبر 2020  
(روپے ہزار میں)

ششماہی مدت مختتم  
31 دسمبر 2021  
(روپے ہزار میں)

350,064  
166,246  
21,407  
92,014  
70,396  
61,192  
61,192

337,429  
164,071  
(7,188)  
93,683  
86,863  
75,506  
53,609

منافع و خسارہ  
آمدن (اجارہ اثاثوں پر فرسودگی نکالنے کے بعد)  
مالیاتی اخراجات  
اختصاص/اختصاص کی (معکوسی) - خالص  
کاروباری اخراجات  
مضاربہ کی منتظم کمپنی کا مشاہرہ نکالنے سے قبل  
منافع قبل از ٹیکس  
خالص منافع

#### کاروباری جائزہ

اللہ رب العزت کی رحمت سے جائزہ مدت کے دوران آپ کے مضاربہ کی کارکردگی مسلسل مستحکم رہی۔ مضاربہ کا منافع قبل از ٹیکس 61.192 ملین روپے سے بڑھ کر 75.506 ملین روپے ہو گیا جو کہ ششماہی مدت مختتمہ 31 دسمبر 2021 کے لئے 23.39 فیصد اضافہ ہے۔ موجودہ مدت میں یکم جولائی 2021 سے مضاربہ پر بھی اکم ٹیکس لاگو ہو گیا ہے جس کی وجہ سے خالص منافع میں 12.39 فیصد کمی ہوئی جو کہ گزشتہ سال کی اس مدت کے 61.192 ملین روپے سے کم ہو کر 53.609 ملین روپے رہ گیا۔ ششماہی مدت کی خام آمدنی (اجارہ اثاثوں پر فرسودگی نکالنے اور دیگر آمدن شامل کرنے کے بعد) میں 3.61 فیصد کمی ہوئی جو کہ گزشتہ سال کی اسی مدت کے 350.064 ملین روپے سے کم ہو کر 337.429 ملین روپے ہو گئی جس کی بنیادی وجہ مارچ 2020 سے جون 2020 کے دوران KIBOR میں قابل ذکر کمی تھی۔ چونکہ ہمارا پورٹ فولیو قیمت کے لحاظ سے متنزل بنیاد پر ہے اس لئے آمدنی کی مد میں نرخ میں اضافہ کے اثرات کو ظاہر ہونے میں کچھ وقت لگا۔ جس کے نتیجے میں گزشتہ سال کی خام آمدنی موجودہ مدت کی آمدنی کی بہ نسبت بلند ہے۔ اسی طرح مالیاتی چارجز میں 1.31 فیصد کمی ہوئی جو کہ گزشتہ سال اسی مدت کے 166.246 ملین روپے سے کم ہو کر 164.071 ملین روپے رہ گئے۔ کچھ مشکوک سرمایہ کاریوں میں بازیابی کی وجہ سے 7.188 ملین روپے کے اختصاص کو معکوس کیا گیا ہے جبکہ گزشتہ سال اسی مدت میں اختصاص 21.407 ملین روپے تھا۔ انتظامی اور کاروباری اخراجات میں 1.18 فیصد اضافہ ہوا جو کہ 92.014 ملین روپے سے بڑھ کر 93.683 ملین روپے ہو گئے۔

اجارہ فنانس، سکوک میں سرمایہ کاری اور ڈمٹنگ مشارکہ میں سرمایہ کاری 5,494 ملین روپے رہی جو کہ 30 جون 2021 کو 5,570 ملین روپے تھی، جس سے ششماہی مدت کے دوران 1.38 فیصد کمی کی عکاسی ہوتی ہے جس کی بنیادی وجہ نئی سرمایہ کاری رقم میں مدت کے دوران کمی ہے۔ زیر جائزہ مدت کے دوران مضاربہ نے 1,193 ملین روپے کی نئی سرمایہ کاری کی جو کہ گزشتہ سال اسی مدت میں 1,140 ملین روپے تھیں۔

## ڈائریکٹران کی جائزہ رپورٹ

برائے مختتمہ مدت 31 دسمبر 2021

اورکس مضاربہ کی منتظم کمپنی OLP سروسز پاکستان (پرائیویٹ) لمیٹڈ (سابقہ اورکس سروسز پاکستان) (پرائیویٹ) لمیٹڈ) کا بورڈ آف ڈائریکٹرز غیر کاڈ شدہ مالیاتی گوشوارے برائے ششماہی مدت مختتمہ 31 دسمبر 2021 پیش کرتے ہوئے اظہار مسرت کرتا ہے۔

### 1- معاشی منظر نامہ

COVID-19 کے انفیکشن میں کمی اور وسعت پذیر مالیاتی پالیسیوں کی وجہ سے معاشی سرگرمی میں مستحکم بحالی آئی۔ تاہم درآمدات میں مضبوط اضافہ جس کی وجہ معاشی پالیسی اشیاء کی بلند عالمی قیمتوں اور قرضوں میں اضافہ سے پوزیشن بدتر ہو گئی۔ روپیہ کمزور ہو گیا اور افراط زر مستقل بلند سطح پر ہے۔ رواں کھاتے کا خسارہ اندازہ ہے FY2022 میں بڑھ کر GDP کا 4 فیصد ہو جائے گا جس کی وجہ مستحکم مقامی طلب اور اشیاء کی بلند قیمتیں ہیں۔ اوسط افراط زر میں توقع ہے کہ عارضی طور پر آنے والے مہینوں میں اضافہ ہوگا اور FY 2022 میں اوسطاً 9.4 فیصد رہے گا جس کی وجوہات میں حالیہ تجارتی جھٹکے، توانائی کی قیمتوں میں مسلسل اضافہ اور GST اصلاحات شامل ہیں۔ اصلی GDP مالی سال 2022 میں 4 فیصد رہنے کی توقع ہے۔ پالیسی اور اصلاحات میں تسلسل کو تصور کر لیا جائے تو توقع ہے کہ نمونہ وسط مدت میں 5 فیصد رہے گی۔

FBR کی جانب سے خالص عبوری ٹیکس وصولی میں 32.5 فیصد اضافہ کے ساتھ 2920 بلین روپے تک پہنچ گئی ہے جو کہ گزشتہ سال اسی مدت میں 2204 بلین روپے تھی۔ خالص وصولی 287 بلین روپے اضافہ کے ساتھ ہدف سے بڑھ کر 2,633 بلین روپے ہو گئی۔

SBP نے اپنے پالیسی نرخ کو 15 ماہ تک ایک ہی سطح پر برقرار رکھنے کے بعد اکتوبر میں 25 بی بی ایس، نومبر میں 150 بی بی ایس اور وسط دسمبر میں 100 بی بی ایس بڑھا کر میں 9.75 فیصد کر دیا اور نومبر میں افراط زر کو روکنے کے لیے بینکوں کی کیش کے ذخائر کی ضروریات میں 100 بی بی ایس اضافہ کر دیا گیا۔

### 2- مالیاتی جھلکیاں

مالیاتی جھلکیاں درج ذیل ہیں:

30 جون 2021	31 دسمبر 2021	میزانیہ
(روپے ہزار میں)	(روپے ہزار میں)	
453,835	453,835	سرٹیفکیٹ سرمایہ
1,158,672	1,080,669	کل ایکویٹی
6,750,293	6,421,345	کل اثاثہ
2,244,264	2,181,737	اجارہ فنانس اور اجارہ اثاثوں پر سرمایہ کاری
3,326,029	3,311,863	ڈمٹنگ مشارکہ اور سکوئس میں سرمایہ کاری
3,250,705	3,131,205	قابل خلاصی سرمایہ

# INDEPENDENT AUDITOR'S REVIEW REPORT

## To The Certificate Holders Of Orix Modaraba

### Report On Review Of Condensed Interim Financial Statements

#### Introduction

We have reviewed the accompanying condensed interim balance sheet of ORIX Modaraba (the 'Modaraba') as at December 31, 2021 and the related condensed interim profit and loss account and other comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement, and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management of the Modaraba Management Company [OLP Services Pakistan (Private) Limited] [formerly ORIX Services Pakistan (Private) Limited] is responsible for the preparation and presentation of these condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim profit and loss account and other comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

#### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

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

The engagement partner on the audit resulting in this independent auditor's review report is **Noman Abbas Sheikh**.

  
Chartered Accountants  
Karachi

Dated: February 24, 2022

UDIN: RR202110061gquMW8UGz

# CONDENSED INTERIM BALANCE SHEET

As At December 31, 2021

As At December 31, 2021	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
		----- (Rupees) -----	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	5	468,294,337	769,029,312
Ijarah rentals receivable	6	104,279,730	113,500,031
Advances, deposits, prepayments and other receivables		312,999,027	282,263,341
Current portion of investment in sukuk certificates	7	-	-
Current portion of diminishing musharaka	8	1,250,003,289	1,327,392,382
Net investment in Ijarah finance	9	370,000	370,000
Taxation recoverable		-	10,960,822
<b>Total current assets</b>		<b>2,135,946,383</b>	<b>2,503,515,888</b>
<b>Non-current assets</b>			
Long-term portion of investment in sukuk certificates	7	-	-
Long-term portion of diminishing musharaka	8	2,061,860,006	1,998,636,555
Ijarah assets	9	2,181,366,631	2,243,894,173
Fixed assets in own use	10	7,781,702	4,246,065
Deferred tax assets	11	34,390,189	-
<b>Total non-current assets</b>		<b>4,285,398,528</b>	<b>4,246,776,793</b>
<b>TOTAL ASSETS</b>		<b>6,421,344,911</b>	<b>6,750,292,681</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Current portion of term finance arrangements	12	454,841,913	385,438,066
Current portion of security deposits		255,009,128	242,367,218
Creditors, accrued and other liabilities		248,833,125	300,360,164
Advance Ijarah rentals received		11,272,610	9,196,642
Current portion of redeemable capital		2,798,705,000	2,907,255,000
Unclaimed profit distribution		61,554,344	57,416,286
Provision for taxation - net		36,009,854	-
<b>Total current liabilities</b>		<b>3,866,225,974</b>	<b>3,902,033,376</b>
<b>Non-current liabilities</b>			
Long-term portion of term finance arrangements	12	820,467,454	1,012,112,250
Long-term portion of security deposits		321,482,132	334,024,954
Long-term portion of redeemable capital		332,500,000	343,450,000
<b>Total non-current liabilities</b>		<b>1,474,449,586</b>	<b>1,689,587,204</b>
<b>TOTAL LIABILITIES</b>		<b>5,340,675,560</b>	<b>5,591,620,580</b>
<b>CERTIFICATE HOLDERS' EQUITY</b>			
<b>Certificate capital</b>			
<b>Authorised certificate capital</b>			
50,000,000 (June 30, 2021: 50,000,000) certificates of Rs. 10 each amounting to Rs. 500,000,000 (June 30, 2021: Rs. 500,000,000)			
<b>Issued, subscribed and paid-up certificate capital</b>			
28,500,000 (June 30, 2021: 28,500,000) certificates of Rs. 10 each fully paid in cash		285,000,000	285,000,000
16,883,530 (June 30, 2021: 16,883,530) bonus certificates of Rs. 10 each		168,835,300	168,835,300
		453,835,300	453,835,300
<b>Revenue reserve</b>		<b>57,282,029</b>	<b>137,965,253</b>
<b>Capital reserves</b>		<b>569,552,022</b>	<b>566,871,548</b>
		<b>1,080,669,351</b>	<b>1,158,672,101</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,421,344,911</b>	<b>6,750,292,681</b>

## CONTINGENCIES AND COMMITMENTS

13

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

For OLP Services Pakistan (Private) Limited  
(Formerly 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 Six And Three Months Period Ended December 31, 2021

	Note	Six months period ended December 31, 2021	Six months period ended December 31, 2020	Three months period ended December 31, 2021	Three months period ended December 31, 2020
----- (Rupees) -----					
Ijarah rentals earned		526,363,286	644,722,716	260,473,452	324,043,249
Income on Diminishing Musharaka arrangements		189,839,358	177,241,522	97,284,594	87,281,622
Income on deposits with banks		17,160,826	24,218,227	7,965,882	9,681,689
		<u>733,363,470</u>	<u>846,182,465</u>	<u>365,723,928</u>	<u>421,006,560</u>
Financial and other charges		(164,071,351)	(166,246,440)	(82,795,942)	(80,329,930)
Depreciation on assets under Ijarah arrangements		(412,610,378)	(514,910,209)	(201,173,680)	(260,486,810)
		<u>156,681,741</u>	<u>165,025,816</u>	<u>81,754,306</u>	<u>80,189,820</u>
Reversal / (provision) in respect of Ijarah finances - net		932,027	(5,799,935)	(8,909,153)	-
Reversal / (provision) in respect of Diminishing Musharaka - net		7,605,027	(15,607,196)	12,043,930	(5,967,426)
Provision in respect of other receivables		(1,348,918)	-	(1,348,918)	-
		<u>163,869,877</u>	<u>143,618,685</u>	<u>83,540,165</u>	<u>74,222,394</u>
Other income		16,676,369	18,791,372	6,210,839	13,486,009
Administrative and operating expenses		(93,683,489)	(92,014,471)	(47,055,938)	(48,578,407)
		<u>86,862,757</u>	<u>70,395,586</u>	<u>42,695,066</u>	<u>39,129,996</u>
Management Company's remuneration		(8,686,276)	(7,039,559)	(4,269,507)	(3,913,000)
Provision for services sales tax on the Management Company's remuneration	14	(1,129,216)	(915,143)	(555,036)	(508,690)
Provision for Workers' Welfare Fund	15	(1,540,945)	(1,248,818)	(757,410)	(694,166)
<b>Profit for the period before taxation</b>		<u>75,506,320</u>	<u>61,192,066</u>	<u>37,113,113</u>	<u>34,014,140</u>
Taxation	16	(21,896,833)	-	(15,369,988)	-
<b>Profit for the period after taxation</b>		<u>53,609,487</u>	<u>61,192,066</u>	<u>21,743,125</u>	<u>34,014,140</u>
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period</b>		<u>53,609,487</u>	<u>61,192,066</u>	<u>21,743,125</u>	<u>34,014,140</u>
<b>Earnings per certificate - basic and diluted</b>	17	<u>1.18</u>	<u>1.35</u>	<u>0.48</u>	<u>0.75</u>

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

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

  
Chairman

  
Chief Executive

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For The Six Months Period Ended December 31, 2021

	Note	Six months period ended December 31, 2021	Six months period ended December 31, 2020
			(Rupees)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period before taxation		75,506,320	61,192,066
<b>Adjustments for non-cash and other items:</b>			
Depreciation on tangible fixed assets in own use		1,372,073	2,235,674
Amortisation on intangible fixed assets in own use		121,323	146,675
Gain on disposal of fixed assets in own use		(13,150)	-
Depreciation on assets under Ijarah arrangements		412,610,378	514,910,209
Gain on disposal of assets under Ijarah arrangements		(6,398,459)	(9,498,393)
(Reversal) / provision in respect of Ijarah finances - net		(932,027)	5,799,935
(Reversal) / provision in respect of Diminishing Musharaka		(7,605,027)	15,607,196
Provision in respect of other receivables		1,348,918	-
Income on bank deposits		(17,160,826)	(24,218,227)
Profit on:			
- Redeemable capital		102,969,044	112,003,486
- Term finance arrangements		48,511,544	37,426,710
Provision for services sales tax on the Management Company's remuneration		1,129,216	915,143
Provision for Workers' Welfare Fund		1,540,945	1,248,818
		537,493,952	656,577,226
		613,000,272	717,769,292
<b>(Increase) / decrease in assets</b>			
Advances, deposits, prepayments and other receivables		(33,038,076)	(91,501,300)
Ijarah rentals receivable		10,152,328	8,804,266
Diminishing Musharaka		21,770,669	133,353,536
Purchase of assets under Ijarah arrangements		(444,463,671)	(726,146,998)
Proceeds from disposal of assets under Ijarah arrangements		100,779,289	173,093,484
		(344,799,461)	(502,397,012)
<b>(Decrease) / increase in liabilities</b>			
Creditors, accrued and other liabilities		(49,585,883)	29,091,235
Advance Ijarah rentals received		2,075,968	30,075,588
Security deposits		99,088	40,978,087
		(47,410,827)	100,144,910
		220,789,984	315,517,190
Profit paid on			
- Redeemable capital		(94,158,960)	(92,423,897)
- Term finance arrangements		(61,932,943)	(48,319,999)
		(156,091,903)	(140,743,896)
Taxes paid		(9,316,346)	-
<b>Net cash generated from operating activities</b>		55,381,735	174,773,294
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(5,029,033)	(1,072,565)
Proceeds from sale of fixed assets in own use		13,150	-
Income received on bank deposits		18,114,301	26,486,485
<b>Net cash generated from investing activities</b>		13,098,418	25,413,920
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Redeemable capital less repayments		(119,500,000)	(432,700,000)
Term finance less repayments		(122,240,949)	61,009,261
Profit paid to certificate holders		(127,474,179)	(111,464,036)
<b>Net cash used in financing activities</b>		(369,215,128)	(483,154,775)
<b>Net decrease in cash and cash equivalents during the period</b>		(300,734,975)	(282,967,561)
Cash and cash equivalents at the beginning of the period		769,029,312	1,038,077,150
<b>Cash and cash equivalents at the end of the period</b>	5	468,294,337	755,109,589

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

For OLP Services Pakistan (Private) Limited  
(Formerly 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 Six Months Period Ended December 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)						
<b>Balance as at June 30, 2020 (audited)</b>	453,835,300	55,384,700	503,860,903	559,245,603	161,391,902	720,637,505	1,174,472,805
Effect of change in accounting policy							
- Impact of IFRS 9	-	-	-	-	(54,858,500)	(54,858,500)	(54,858,500)
Balance as at July 1, 2020 - restated	453,835,300	55,384,700	503,860,903	559,245,603	106,533,402	665,779,005	1,119,614,305
<b>Total comprehensive income for the period</b>							
- Profit for the six months period ended December 31, 2020	-	-	-	-	61,192,066	61,192,066	61,192,066
- Other comprehensive income for the six months period ended December 31, 2020	-	-	-	-	-	-	-
	-	-	-	-	61,192,066	61,192,066	61,192,066
<b>Transactions with owners</b>							
Profit distribution for the year ended June 30, 2020 @ Rs. 2.5 per certificate declared subsequent to the year ended June 30, 2020 on September 26, 2020	-	-	-	-	(113,461,097)	(113,461,097)	(113,461,097)
Transfer to statutory reserve	-	-	3,059,603	3,059,603	(3,059,603)	-	-
<b>Balance as at December 31, 2020 - restated (un-audited)</b>	453,835,300	55,384,700	506,920,506	562,305,206	51,204,768	613,509,974	1,067,345,274
<b>Balance as at June 30, 2021 (audited)</b>	453,835,300	55,384,700	511,486,848	566,871,548	137,965,253	704,836,801	1,158,672,101
<b>Total comprehensive income for the period</b>							
- Profit for the six months period ended December 31, 2021	-	-	-	-	53,609,487	53,609,487	53,609,487
- Other comprehensive income for the six months period ended December 31, 2021	-	-	-	-	-	-	-
	-	-	-	-	53,609,487	53,609,487	53,609,487
<b>Transactions with owners</b>							
Profit distribution for the year ended June 30, 2021 @ Rs.2.9 per certificate declared subsequent to the year ended June 30, 2021 on September 22, 2021	-	-	-	-	(131,612,237)	(131,612,237)	(131,612,237)
Transfer to statutory reserve	-	-	2,680,474	2,680,474	(2,680,474)	-	-
<b>Balance as at December 31, 2021 (un-audited)</b>	453,835,300	55,384,700	514,167,322	569,552,022	57,282,029	626,834,051	1,080,669,351

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

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

  
Chairman

  
Chief Executive

  
Director

  
Chief Financial Officer

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Six Months Period Ended December 31, 2021

## 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'). Subsequent to the period end, the Management Company has changed its name to OLP Services Pakistan (Private) Limited. The Management Company is a wholly owned subsidiary of OLP Financial Services Pakistan Limited (formerly 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 Office no. 08, Park Lane Tower, 172-Tufail road, Lahore Cantonment. The Islamabad branch is situated at Ground Floor, Phase 1, State Life Building No. 5, Nazimuddin Road, Blue Area, Islamabad.

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 long term rating of AA (2020: AA) and short term rating of A1+ (2020: A1+) to the Modaraba on March 04, 2021 (2020: March 24, 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.



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Six Months Period Ended December 31, 2021

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** 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, 2021.

**2.3** These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance.

## **2.4 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.

## **2.5 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, 2021.

## **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, 2021.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Six Months Period Ended December 31, 2021

## 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, 2021. 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, 2022 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, 2021.

## 5. CASH AND BANK BALANCES

Balances with banks

- in current accounts

- in deposit accounts

- in term deposit receipts

Balance with the State Bank of Pakistan

Cash in hand

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
Note			(Rupees)
		64,139,250	252,639,769
5.1 & 5.2		353,951,368	466,185,824
5.2		50,000,000	50,000,000
		128,719	128,719
		75,000	75,000
		468,294,337	769,029,312

5.1 These carry profit at the rates ranging from 4.40% to 9.00% (June 30, 2021: 3.25% to 6.00%) per annum.

5.2 The balances held with banks in deposit accounts and term deposit receipts have been kept in order to comply with the requirement of the Modaraba Regulations, 2021 issued by the SECP with respect to the maintenance of the prescribed liquidity against the Certificates of musharaka issued by the Modaraba.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Six Months Period Ended December 31, 2021

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
<b>6. IJARAH RENTALS RECEIVABLE</b>	Note	----- (Rupees) -----	
Ijarah rentals receivable - considered good		90,415,691	113,500,031
Ijarah rentals receivable - considered bad or doubtful		51,514,454	36,266,892
Less: allowance for potential Ijarah losses	6.1	(15,588,049)	(16,520,076)
Less: profit held in suspense	6.2	(22,062,366)	(19,746,816)
		13,864,039	-
		104,279,730	113,500,031

## 6.1 Allowance for potential Ijarah losses

Opening balance	16,520,076	5,505,480
Effect of change in accounting policy	-	26,718,922
	16,520,076	32,224,402
Reversal for the period / year - net	(932,027)	(15,704,326)
Closing balance	15,588,049	16,520,076

## 6.2 Profit held in suspense

Opening balance	19,746,816	25,951,777
Income suspended during the period / year - net	2,315,550	(6,204,961)
Closing balance	22,062,366	19,746,816

**6.3** Ijarah includes Rs. 69.13 million (June 30, 2021: Rs. 66.81 million) which have been placed under non-performing status.

**6.4** The Modaraba has availed the benefit of forced sale value of assets held as collateral against non-performing Ijarah as allowed under the Modaraba Regulations, 2021 issued by the SECP. Had the benefit not been taken by the Modaraba, the specific provision against non-performing Ijarah would have been higher by Rs. 27.97 million (June 30, 2021: Rs. 27.97 million).

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
<b>7. INVESTMENT IN SUKUK CERTIFICATES</b>	Note	----- (Rupees) -----	
<b>At amortised cost</b>			
Investment in sukuk certificates		57,701,835	57,701,835
Less: provision in respect of sukuk certificates		(57,701,835)	(57,701,835)
		-	-

## 7.1 Movement in provision against Sukuk certificates

Opening balance	57,701,835	57,701,835
Provision for the period	-	-
Closing balance	57,701,835	57,701,835

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Six Months Period Ended December 31, 2021

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
<b>7.2</b>	Break-up of investment in sukuk certificates between long-term and current portion is as follows:	Note	----- (Rupees) -----
	Current portion of investment in sukuk certificates		57,701,835
	Less: Provision held		(57,701,835)
			-
	Long-term portion of investment in sukuk certificates		-
	Less: Provision held		-
			-
<b>8.</b>	<b>DIMINISHING MUSHARAKA</b>		
	Staff - considered good		
	- Housing finance	66,993,259	76,252,324
	- Motor vehicles	25,959,593	27,000,932
	- Others	2,382,805	3,345,441
		8.1	95,335,657
	Others - considered good		
	- Housing finance	335,944,543	382,961,380
	- Motor vehicles	1,342,551,472	1,379,317,965
	- Plant, machinery and equipment	1,436,031,786	1,419,942,212
			3,182,221,557
	Others - considered bad or doubtful		
	- Motor vehicles	90,655,785	33,469,658
	- Plant, machinery and equipment	91,891,333	91,891,333
			125,360,991
	Less: provision in respect of diminishing musharaka	8.3	(80,547,281)
			3,216,527,638
			3,311,863,295
			3,326,028,937
<b>8.1</b>	This includes diminishing musharaka facility availed by key management personnel as per employment terms, with respect to housing finance, motor vehicles and personal finance amounting to Rs. 32.072 million (June 30, 2021: Rs. 23.680 million), Rs. 10.292 million (June 30, 2021: Rs. 10.465 million) and Rs. 0.751 million (June 30, 2021: Rs. 0.725 million) respectively. These carry profit at rates ranging between 14.05% to 14.21% (June 30, 2021: 10.35% to 10.89%) per annum.		
<b>8.2</b>	Diminishing musharaka carries profit at rates ranging between 11.79% to 17.21% (June 30, 2021: 8.94% to 13.56%) per annum.		

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Six Months Period Ended December 31, 2021

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
<b>8.3 Movement in provision against diminishing musharaka</b>	<b>Note</b>	<b>----- (Rupees) -----</b>	
Opening balance		88,152,308	10,323,395
Effect of change in accounting policy		-	28,139,578
		88,152,308	38,462,973
(Reversal) / charge for the period / year		(7,605,027)	49,689,335
Closing balance		80,547,281	88,152,308

**8.4** Break-up of diminishing Musharaka between long-term and current portion is as follows:

Current portion of diminishing musharaka	1,306,328,656	1,359,393,304
Less: Provision held	(56,325,367)	(32,000,922)
	1,250,003,289	1,327,392,382
Long-term portion of diminishing musharaka	2,086,081,920	2,054,787,941
Less: Provision held	(24,221,914)	(56,151,386)
	2,061,860,006	1,998,636,555

**8.5** The Modaraba has availed the benefit of forced sale value of assets held as collateral against non-performing diminishing musharaka as allowed under the Modaraba Regulations, 2021 issued by the SECP. Had the benefit not been taken by the Modaraba, the specific provision against non-performing diminishing musharaka would have been higher by Rs. 21.7 million (June 30, 2021: Rs. 19.3 million).

**8.6** Diminishing musharaka includes Rs. 182.55 million (June 30, 2021: Rs. 125.36 million) which have been placed under non-performing status.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
<b>9. IJARAH ASSETS</b>	<b>Note</b>	<b>----- (Rupees) -----</b>	
Ijarah contracts commencing on or after July 1, 2008			
- accounted for under IFAS 2	9.1 & 9.2	2,181,366,631	2,243,894,173
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		(370,000)	(370,000)
		-	-

**9.1** During the six months period ended December 31, 2021, additions amounting to Rs. 444 million (December 31, 2020: Rs. 726 million) and disposals amounting to Rs. 440 million (December 31, 2020 : Rs. 486 million) were made to the assets under Ijarah arrangements.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Six Months Period Ended December 31, 2021

## Ijarah Assets

Additions at cost during the period

Plant, machinery and equipments

Motor vehicles

Disposals at cost during the period

Plant, machinery and equipments

Motor vehicles

(Un-audited) December 31, 2021	(Audited) June 30, 2021
----- (Rupees) -----	
413,982,671	509,002,439
30,481,000	217,144,559
444,463,671	726,146,998
192,605,927	124,243,486
247,602,426	361,653,518
440,208,353	485,897,004

**9.2** The Modaraba has entered into various Ijarah agreements for periods ranging from 2 to 6 years (June 30, 2021: 2 to 6 years). Security deposits ranging between 0% to 55% (June 30, 2021: 0% to 55%) are obtained at the time of disbursement. The rate of profit implicit in Ijarah finance ranges between 12.29% to 17.25% (June 30, 2021: 9.25% to 13.74%) per annum.

**9.3** Ijarah includes Rs. 69.13 million (June 30, 2021: Rs. 66.81 million) which have been placed under non-performing status.

**9.4** The Modaraba has availed the benefit of forced sale value of assets held as collateral against non-performing Ijarah as allowed under the Modaraba Regulations, 2021 issued by the SECP. Had the benefit not been taken by the Modaraba, the specific provision against non-performing Ijarah would have been higher by Rs. 27.97 million (June 30, 2021: Rs. 27.97 million).

## 10. FIXED ASSETS IN OWN USE

Tangible assets

Intangible assets

(Un-audited) December 31, 2021	(Audited) June 30, 2021
----- (Rupees) -----	
7,781,702	4,124,742
-	121,323
7,781,702	4,246,065

**10.1** During the six months period ended December 31, 2021, additions amounting to Rs. 5.029 million (December 31, 2020 : Rs. 1.073 million) and disposals amounting to Rs. 0.39 million (December 31, 2020 : Nil ) were made to the tangible fixed assets in own use.

Additions at cost during the period

- Lease hold improvements

- Furniture and fittings

- Office equipment, appliances and computer systems

Disposals at cost during the period

- Office equipment, appliances and computer systems

(Un-audited) December 31, 2021	(Audited) June 30, 2021
----- (Rupees) -----	
920,703	-
1,680,537	-
2,427,793	1,072,565
5,029,033	1,072,565
390,444	-
390,444	-

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Six Months Period Ended December 31, 2021

## 11. DEFERRED TAX ASSETS

(Un-audited)  
December 31,  
2021

(Audited)  
June 30,  
2021

Note ..... (Rupees) .....

Deferred tax assets

11.1 **34,390,189** -

### 11.1 Movement in temporary differences during the period:

	As at July 1, 2021	Recognised in P&L	Recognised in OCI	As at December 31, 2021
	(Un-audited)			
	(Rupees)			
Deductible temporary differences on				
- Ijarah assets	-	(26,695,040)	-	(26,695,040)
- Fixed assets in own use	-	(7,248,275)	-	(7,248,275)
- Workers' Welfare fund	-	(446,874)	-	(446,874)
	-	(34,390,189)	-	(34,390,189)
	-	(34,390,189)	-	(34,390,189)

(Un-audited)  
December 31,  
2021

(Audited)  
June 30,  
2021

Note ..... (Rupees) .....

## 12. TERM FINANCE ARRANGEMENTS

Musharaka / Wakala finance

12.1 & 12.2 **1,275,309,367** 1,397,550,316

Less: current portion of musharaka term finance

**(454,841,913)** (385,438,066)

Long-term portion of term finance arrangements

**820,467,454** 1,012,112,250

### 12.1 Musharaka / Wakala Finance

Name of bank	Facility limit		Profit rate (per rupee one thousand per day)		Frequency of profit payment	Tenor		Balance outstanding	
	As at December 31, 2021 (Un-audited)	As at June 30, 2021 (Audited)	During the period ended December 31, 2021 (Un-audited)	During the year ended June 30, 2021 (Audited)		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)	As at December 31, 2021 (Un-audited)	As at June 30, 2021 (Audited)
	(Rupees)								
Bank Alfalah Limited	350,000,000	350,000,000	0.2268-0.3025	0.2151-0.2216	Quarterly	3 years	3 years	350,000,000	350,000,000
Allied Bank Limited	800,000,000	800,000,000	0.2178-0.2992	0.2151-0.2323	Quarterly	3-5 years	3-5 years	558,857,507	649,841,035
Pakistan Mortgage Refinance Company Limited	366,451,860	397,709,281	0.1786	0.1644-0.1786	Quarterly	5 years	5 years	366,451,860	397,709,281
								<b>1,275,309,367</b>	<b>1,397,550,316</b>

12.2 These carry profit at rates ranging between 6.52% to 11.04% (June 30, 2021: 6.52% to 8.48%) per annum.

## 13. CONTINGENCIES AND COMMITMENTS

### 13.1 Contingencies

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

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Six Months Period Ended December 31, 2021

## 13.2 Commitments

Outstanding letters of comfort as at December 31, 2021 amounts to Rs. 64.437 million (June 30, 2021: Rs. 57.496 million).

## 14. 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-I/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.

## 15. 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 SWWF Act. The management considered that 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 year ended June 30 2021, 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 December 31, 2021 in these condensed interim financial statements on a prudent basis.



# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Six Months Period Ended December 31, 2021

## 16. TAXATION

- Current
- Deferred

	(Un-audited) Six months period ended December 31, 2021	(Un-audited) Six months period ended December 31, 2020
	----- (Rupees) -----	
	56,287,022	-
	(34,390,189)	-
	<b>21,896,833</b>	-

- 16.1** During the year ended June 30, 2021, the income of non-trading modaraba was made taxable through the Tax Laws (second) amendment ordinance, 2021. Based on the advice of the tax advisor, the management was of the view that the taxability on income will be effective from July 1, 2021. Accordingly, the management has recognised a provision for taxation amounting to Rs. 56.29 million for the six months period ended December 31, 2021.

## 17. 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 December 31, 2021 and December 31, 2020 which would have any effect on the earnings per certificate if the option to convert is exercised.

## 18. 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:

	(Un-audited) Six months period ended December 31, 2021	(Un-audited) Six months period ended December 31, 2020
	----- (Rupees) -----	
<b>OLP Financial Services Pakistan Limited</b> <b>(formerly ORIX Leasing Pakistan Limited) -</b> <b>Holding Company of the Management Company</b>		
Dividend	13,161,224	11,345,883
Allocated cost to the Modaraba for Islamabad office	299,279	299,279
<b>Staff retirement benefits funds</b>		
Contribution made to ORIX Modaraba - Staff Provident Fund	2,641,701	2,567,865
Contribution made to ORIX Modaraba - Staff Gratuity Fund	2,201,417	2,139,008
<b>OLP Services Pakistan (Private) Limited</b> <b>[formerly ORIX Services Pakistan (Private) Limited] -</b> <b>Management Company</b>		
Management company's remuneration	8,686,276	7,039,559
Dividend	13,161,224	11,345,883

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Six Months Period Ended December 31, 2021

	(Un-audited) Six months period ended December 31, 2021	(Un-audited) Six months period ended December 31, 2020
	----- (Rupees) -----	
<b>AWT Investments Limited (AWTIL)</b>		
Profit on Certificate of Musharaka issued to mutual funds managed by AWTIL	-	504,551
<b>Layton Rahmatulla Benevolent Trust Hospital</b>		
Donation paid by the Modaraba	-	1,000,000
<b>Directors of the Management Company</b>		
Dividend paid to Mr. Shaheen Amin	290,000	250,000
Dividend paid to Mr. Nadim D. Khan	17,542	15,123
<b>Key Management Personnel</b>		
Salaries and benefits	30,076,977	27,264,413
Contribution to the staff provident fund	1,040,123	968,853
Contribution to the staff gratuity fund	866,769	807,045
Income earned on diminishing musharaka finances to key management personnel	2,083,022	2,847,039
Profit on redeemable capital	246,576	239,846
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:

	(Un-audited) December 31, 2021	(Audited) June 30, 2021
	----- (Rupees) -----	
<b>OLP Financial Services Pakistan Limited (formerly ORIX Leasing Pakistan Limited) - Holding Company of the Management Company</b>		
Certificate capital (Certificates held : 4,538,353, June 30, 2021: 4,538,353)	45,383,530	45,383,530
<b>OLP Services Pakistan (Private) Limited [formerly ORIX Services Pakistan (Private) Limited] - Management Company</b>		
Certificate capital (Certificates held : 4,538,353, June 30, 2021: 4,538,353)	45,383,530	45,383,530
Remuneration payable to the Management company	8,686,276	17,545,831
<b>Directors of the Management Company</b>		
Certificate Capital		
Mr. Shaheen Amin (Certificates held: 100,000, June 30, 2021: 100,000)	1,000,000	1,000,000
Mr. Nadim D. Khan (Certificates held: 6,049, June 30, 2021: 6,049)	60,490	60,490

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Six Months Period Ended December 31, 2021

	(Un-audited) December 31, 2021	(Audited) June 30, 2021
	----- (Rupees) -----	
<b>Key Management Personnel</b>		
Accrued profit on finances under diminishing musharaka	125,909	45,072
Profit payable on redeemable capital	186,133	355,912
Redeemable capital	13,550,000	7,050,000

## 19 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.

### 19.1 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 December 31, 2021 and June 30, 2021, 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.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Six Months Period Ended December 31, 2021

Note	As at December 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)							
<b>Financial assets not measured at fair value</b>	19.1.1						
Cash and bank balances	468,294,337	-	468,294,337	-	-	-	-
Ijarah rentals receivable	104,279,730	-	104,279,730	-	-	-	-
Advances, deposits and other receivables	286,823,738	-	286,823,738	-	-	-	-
Diminishing Musharaka	3,311,863,295	-	3,311,863,295	-	-	-	-
Net investment in Ijarah finance	370,000	-	370,000	-	-	-	-
<b>Total</b>	<b>4,171,631,100</b>	<b>-</b>	<b>4,171,631,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>	19.1.1						
Term finance arrangements	-	1,275,309,367	1,275,309,367	-	-	-	-
Security deposits	-	576,491,260	576,491,260	-	-	-	-
Creditors, accrued and other liabilities	-	230,091,258	230,091,258	-	-	-	-
Redeemable capital	-	3,131,205,000	3,131,205,000	-	-	-	-
Unclaimed profit distribution	-	61,554,344	61,554,344	-	-	-	-
Advance Ijarah rentals received	-	11,272,610	11,272,610	-	-	-	-
<b>Total</b>	<b>-</b>	<b>5,285,923,839</b>	<b>5,285,923,839</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
(Rupees)							
As at June 30, 2021 (Audited)							
Note	Carrying value			Fair value			
	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees)							
<b>Financial assets not measured at fair value</b>	19.1.1						
Cash and bank balances	769,029,312	-	769,029,312	-	-	-	-
Ijarah rentals receivable	113,500,031	-	113,500,031	-	-	-	-
Advances, deposits and other receivables	260,746,838	-	260,746,838	-	-	-	-
Diminishing Musharaka	3,326,028,937	-	3,326,028,937	-	-	-	-
Net investment in Ijarah finance	370,000	-	370,000	-	-	-	-
<b>Total</b>	<b>4,469,675,118</b>	<b>-</b>	<b>4,469,675,118</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>	19.1.1						
Term finance arrangements	-	1,397,550,316	1,397,550,316	-	-	-	-
Security deposits	-	576,392,172	576,392,172	-	-	-	-
Creditors, accrued and other liabilities	-	283,159,242	283,159,242	-	-	-	-
Redeemable capital	-	3,250,705,000	3,250,705,000	-	-	-	-
Unclaimed profit distribution	-	57,416,286	57,416,286	-	-	-	-
Advance Ijarah rentals received	-	9,196,642	9,196,642	-	-	-	-
<b>Total</b>	<b>-</b>	<b>5,574,419,658</b>	<b>5,574,419,658</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

## 20. 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.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Six Months Period Ended December 31, 2021

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 December 31, 2021, there were only two (June 30, 2021: 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, 2021: 10% and 10%) respectively.

## 21. 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.

## 22. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 21, 2022 by the Board of Directors of the Management Company.

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

  
Chairman  
Chief Executive  
Director  
Chief Financial Officer