

QUARTERLY REPORT SEPTEMBER 2022



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Modaraba Information

Modaraba Company

OLP Services Pakistan (Pvt) Limited
(Formerly 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. 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

Mian Faysal Riaz Chairman

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

Phone: (021)35930000

Email: askus@olpmodaraba.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., Shakra-e-Faisal, Karachi.
Tel: (92-21) 34380101-5
Fax: (92-21) 34380106
Email: info.shares@famco.com.pk

Directors' Review

For the period ended September 30, 2022

The Board of Directors of OLP Services Pakistan (Private) Limited [formerly ORIX Services Pakistan (Private) Limited], the management company of OLP Modaraba (formerly ORIX Modaraba) is pleased to present the unaudited accounts for the three months period ended September 30, 2022.

1. Economic Outlook

Pakistan's economy is expected to grow by only 2 percent in the current fiscal year ending June 2023. The slower growth will reflect damages and disruptions caused by catastrophic floods, a tight monetary stance, high inflation, and a less conducive global environment. Recovery will be gradual, with real GDP growth projected to reach 3.2 percent in fiscal year 2024.

Poverty in the hardest-hit regions will likely worsen in the context of the recent flooding. Preliminary estimates suggest that – without decisive relief and recovery efforts to help the poor – the national poverty rate may increase by 2.5 to 4 percentage points, pushing between 5.8 and 9 million people into poverty. Macroeconomic risks also remain high as Pakistan faces challenges associated with a large current account deficit, high public debt, and lower demand from its traditional export markets amid subdued global growth.

Due to higher domestic energy prices, flood disruptions, and the weaker Rupee, inflation is projected to rise to 23.0 percent in FY23 but moderate to 9.5 percent in FY24 with declining international energy prices and resolution of flood-related supply constraints. Despite flood-associated effects, the CAD is expected to narrow slightly to 4.3 percent of GDP in FY23, partly due to stronger remittance inflows and is projected to shrink further in FY24 as exports recover from flood impacts.

The IMF Board approved the combined 7th and 8th reviews of the Extended Fund Facility (EFF) Program for Pakistan on 29 August 2022. The review focused on fiscal consolidation measures to reduce government borrowing needs, tightening monetary policy, and expanding and strengthening social safety nets to protect the poor

2. Financial Highlights

Financial results are summarized as under:

Balance Sheet

	September 30, 2022	June 30, 2022
	(Rupees)	
Certificate capital	453,835	453,835
Total equity	1,072,457	1,138,605
Total assets	6,820,818	6,707,110
Investment in Ijarah finance and Ijarah Assets	1,690,491	1,811,424
Investments in Diminishing Musharika and Sukuks	3,702,668	3,762,885
Redeemable capital	2,723,505	3,013,905

Profit and Loss

	Three months ended September 30, 2022	Three months ended September 30, 2021
	(Rupees)	
Revenue (net of Ijarah assets depreciation)	272,033	173,397
Financial charges	188,578	88,004
Provision / (reversal) of provisions – net	(11,119)	(5,402)
Operating expenses	54,684	46,628
Profit before modaraba management company's remuneration	39,889	44,168
Profit before taxation	34,674	38,393
Net profit	24,619	31,866

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 gross revenue (net of Ijarah assets depreciation and including other income) increased by 56.88% from PKR 173.40 million to PKR 272.03 million compared to the corresponding period of last year. The main reason behind this was increase in discount rate since April 2022. Our challenge during this period was the rapid and large movement of the SBP's discount rate which promoted immediate increase in deposit rates and financial charges but which translates into asset repricing with a lag. Financial charges increased from PKR 88.00 million to PKR 188.58 million. Due to strong recovery efforts, provisions that were reversed amounted to PKR 11.12 million as compared to PKR 5.40 million reversal during corresponding period last year. Administrative and operating expenses increased by 17.28% from PKR 46.63 million to PKR 54.68 million mainly due to high inflation rate during the quarter. Profit before taxation decreased by 9.69% from PKR 38.39 million to PKR 34.67 million. Whereas net profit for the quarter decreased by 22.74% from PKR 31.87 million to PKR 24.62 million compared to corresponding period last year.

The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at PKR 5,393 million compared to PKR 5,574 million as at June 30, 2022, showing a decrease of 3.25% during the three months period. However, total assets increased by 1.70% to PKR 6,821 million compared to PKR 6,707 million as at June 30, 2022. During the period under review, the Modaraba booked fresh disbursements to the tune of PKR 352 million as compared to PKR 542 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 corporates, selective SME relationships and an excellent housing and consumer portfolio.

OLP 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 is carried out 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 regulatory authorities, certificate-holders, customers and business partners and looks forward to their support in future.

Karachi: October 26, 2022



Raheel Qamar Ahmad
Managing Director/ CEO



Ramon Alfrey
Director

ڈائریکٹر کا جائزہ:

30 ستمبر 2022ء کی اختتامی مدت کیلئے

OLP سروسز پاکستان (پرائیویٹ) لمیٹڈ (سابقہ ORIX سروسز پاکستان (پرائیویٹ) لمیٹڈ) کے بورڈ آف ڈائریکٹرز اور OLP مضاربہ (سابقہ ORIX مضاربہ) کی انتظامی کمیٹی، 30 ستمبر 2022ء کو اختتام پذیر ہونے والی سہ ماہی کیلئے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

معاشی صورتحال:

جون 2023ء کو ختم ہونے والے رواں مالی سال میں پاکستان کی معاشی شرح نمو صرف 2 فیصد رہنے کی توقع ہے۔ شرح نمو میں سست روی سیلابی تباہ کاریوں، سخت مالیاتی پالیسیاں، بلند افراط زر اور کم سازگار عالمی ماحول کے باعث ہونے والے نقصانات اور رکاوٹوں کی عکاس ہے۔ اور اس میں بتدریج بحالی ہوگی، مالی سال 2024 میں حقیقی GDP کی شرح نمو 3.2 فیصد تک پہنچنے کا امکان ہے۔

حالیہ سیلاب کے تناظر میں سب سے زیادہ متاثرہ علاقوں میں غربت میں مزید اضافے کا امکان ہے۔ ابتدائی تخمینے سے ظاہر ہوتا ہے کہ فرمیوں کی مدد کے لیے فیصلہ کن امداد اور بحالی کی کوششوں کے بغیر، قومی غربت کی شرح 2.5 سے 4 فیصد پوائنٹس تک بڑھ سکتی ہے، جس سے 5.8 سے 9 ملین افراد غربت کا شکار ہو سکتے ہیں۔ میکرو اکنامک خطرات بھی زیادہ ہیں کیونکہ پاکستان کو کرنٹ اکاؤنٹ کے بڑے خسارے، زیادہ عوامی قرضہ جات، اور اپنی روایتی برآمداتی مارکیٹس سے کم طلب جو کہ عالمی شرح نمو کی وجہ سے ہے جیسے چین، بھارت اور امریکا سامنا ہے۔

ملک میں بجلی کی قیمتوں میں اضافے، سیلاب کی رکاوٹوں اور روپے کی قدر میں کمی کے باعث مالی سال 2023 میں افراط زر 23.0 فیصد تک بڑھنے کا امکان ہے لیکن مالی سال 2024 میں بجلی کی بین الاقوامی قیمتوں میں کمی اور سیلاب سے متعلقہ سپلائی کی رکاوٹوں کے حل کے ساتھ یہ 9.5 فیصد تک آجائے گی۔ سیلاب سے وابستہ اثرات کے باوجود، مالی سال 2023 میں ترسیلات زر کے باعث CAD کی GDP کی شرح 4.3 فیصد تک محدود رہنے کی توقع ہے اور مالی سال 2024 میں سیلاب کے اثرات سے برآمدات بحال ہونے کی وجہ سے اس کے مزید کم ہونے کا امکان ہے۔

29 اگست 2022 کو IMF بورڈ نے پاکستان کے لیے ایک سیٹھ ڈیفنڈنسی (EFF) پروگرام کے مشیز کہ 7 ویں اور 8 ویں جائزوں کی منظوری دی۔ اس جائزے میں سکویتی قرض لینے کی ضروریات کو کم کرنے، مالیاتی پالیسی کو سخت کرنے، اور غربتوں کے تحفظ کے لیے سہ ماہی تحفظ کے پروگرام کو وسعت دینے اور مضبوط کرنے کے لیے مالی استحکام کے اقدامات پر توجہ مرکوز کی گئی۔

مالیاتی نتائج:

مالیاتی نتائج کا خلاصہ درج ذیل ہے:

30 ستمبر 2021ء

(روپے '000)

453,835

1,138,605

6,707,110

1,811,424

3,762,885

3,013,905

30 ستمبر 2022ء

(روپے '000)

453,835

1,072,457

6,820,818

1,690,491

3,702,668

2,723,505

بیلنس شیٹ

سر فیٹیٹیٹ کپیٹل

مجموعی ایکٹیو

مجموعی اثاثہ جات

اجارہ فنانس اور اجارہ اثاثہ جات میں سرمایہ کاری

ڈیفنڈنسی مشاشر کو وصولی میں سرمایہ کاری

ریٹیم ایبل کپیٹل

30 ستمبر 2021ء کی
اختصاصی سرمایہ

173,397

88,004

(5,402)

46,628

44,168

38,393

31,866

30 ستمبر 2022ء کی
اختصاصی سرمایہ

272,033

188,578

(11,119)

54,684

39,889

34,674

24,619

منافع اور خسارہ

آمدنی (جارہ اثاثہ جات کی قدر میں کمی)

مالیاتی چارجز

پروویژنز/پروویژنز کا ریورسل - خالص

عملی اخراجات

انتظامی فیس سے قبل ازمنافع

قبل از ٹیکس منافع

خالص منافع

اللہ کے فضل و کرم سے زیر جائزہ سال کے دوران آپ کے مضاربہ کی کارکردگی مسلسل مضبوط رہی۔ مضاربہ کی مجموعی آمدنی (جارہ اثاثوں کی قدر میں کمی اور دیگر آمدنی) 56.88 فیصد اضافہ کے ساتھ گزشتہ سال کے مبلغ 173.40 ملین روپے سے مبلغ 272.03 ملین روپے ہو گئی۔ اس کی بنیادی وجہ اپریل 2022 سے ڈسکاؤنٹ ریٹ میں اضافہ تھا۔ دورانِ عرصہ مارچ 2022 میں ایک آف پاکستان کے ڈسکاؤنٹ ریٹ کی تیز رفتاری اور بڑی حرکت تھی جس نے ڈسکاؤنٹ کی شرحوں اور مالیاتی چارجز میں فوری اضافہ کو فروغ دیا لیکن یہ اضافہ جات کی قیمت میں تبدیل ہو گیا۔ مالیاتی چارجز 88.00 ملین سے بڑھ کر 188.58 ملین روپے ہو گئے۔ ریکوری کی مضبوط کوششوں کے باعث، گزشتہ سال کے دوران 11.12 ملین روپے کے ریورسلز کے مقابلے میں 5.40 ملین روپے کے پروویژن کو ریورس کیا گیا ہے۔ انتظامی اور آپریٹنگ اخراجات مبلغ 46.63 ملین روپے سے بڑھ کر مبلغ 54.68 ملین روپے ہو گئے جو کہ 17.28 فیصد اضافہ ہے جس کی بنیادی وجہ دورانِ سرمایہ افراط زر کی بلند شرح ہے۔ قبل از ٹیکس منافع مبلغ 9.69 فیصد کم ہوئے 38.39 ملین روپے سے مبلغ 34.67 ملین روپے ہو گیا۔ جبکہ سرمایہ کے لیے خالص منافع گزشتہ سال کی اسی مدت کے مقابلے میں 31.87 ملین روپے سے مبلغ 24.62 ملین روپے ہو گیا جو کہ 22.74 فیصد کمی ہے۔

30 جون 2022 تک جارہ اثاثہ مناس، سکو، انویسٹمنٹ اور ڈیٹ ہولڈنگس کے ساتھ کارکنانِ نرسز کا پورٹ فولیو 5,574 ملین روپے کے مقابلے میں 5,393 ملین روپے رہا، جو کہ دورانِ سرمایہ 3.25 فیصد غماز کرتا ہے۔ تاہم 30 جون 2022 تک مجموعی اثاثہ جات بھی گزشتہ سال کے 6,707 ملین روپے کے مقابلے میں 1,70 فیصد سے 6,821 ملین روپے ہو گئے۔ زیر جائزہ مدت کے دوران، مضاربہ نے 352 ملین روپے کی تازہ ادائیگیوں کی بلنگ کی جو گزشتہ سال کی اسی مدت کے دوران 542 ملین روپے تھی۔

کاروبار بنیادی طور پر منتخب کلائنٹس کے ساتھ تعلقات کو منظم طور پر پاسٹوار کرنے اور اچھے ناموں کے ساتھ تعلقات کی شروعات کرنے سے چلایا گیا ہے۔ اثاثہ جات کے پورٹ فولیو میں ملٹی سیکٹر، بڑے اور متوسط درجہ کے مقامی کارپوریشن اور منتخب SME تعلقات کا ایک اچھا استخراج ہے۔

OLP مضاربہ بخامی خطرہ کا انتظام اور گمرانی کرتا ہے۔ قرض حاصل کنندہ کے کریڈٹ پر وفا کا جائزہ بشمول ادائیگی کی اہلیت سہولت فراہم کرنے اور اس پر باقاعدہ گمرانی کے وقت کی جاتی ہے۔ اس کے علاوہ، پورٹ فولیو مینجمنٹ اور اداریہ اثاثہ کی بنیادیں ہیں جو کم آمدنی والے حالات کے لیے غیر معمولی مضبوط صلاحیت کی نشاندہی کرتی ہے۔

کریڈٹ ریسٹرو:

پاکستان کریڈٹ رینٹنگ ایجنسی (PACRA) نے OLP مضاربہ کی طویل مدتی اور مختصر مدتی درجہ بندی کو بائربیب AA (ڈبل اے) اور A1+ (پلس اے ون) کے طور پر برقرار رکھا ہے۔ یہ رینٹنگ کریڈٹ رسک کی کم توقع اور مدد و مالیاتی کی بروقت ادائیگی کے لیے غیر معمولی مضبوط صلاحیت کی نشاندہی کرتی ہے۔

اطلاع دہندہ:

پورٹ فولیو لیویز، ہر شیکہیت ہولڈرز، صارفین اور کاروباری شراکت داروں کے تعاون کا شکریہ ادا کرنا چاہتا ہے اور مستقبل میں ان کے تعاون کا منتظر ہے۔

کراچی: 26 اکتوبر 2022ء



راشل قمر احمد

ٹی بی بی ڈائریکٹر سرمایہ



رامن الفری

ڈائریکٹر

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2022

	Note	September 30, 2022 (Un-audited)	June 30, 2022 (Audited)
		(Rupees)	
ASSETS			
Current assets			
Cash and bank balances	5	863,718,573	514,148,625
Ijarah rentals receivable	6	129,485,956	124,755,394
Advances, deposits, prepayments and other receivables		344,448,996	411,973,563
Current portion of investment in sukuk certificates	7	-	-
Current portion of diminishing musharika	8	1,267,425,458	1,299,571,276
Net investment in Ijarah finance	9	370,000	370,000
Taxation recoverable		-	-
Total current assets		2,605,448,983	2,350,818,858
Non-current assets			
Long-term portion of investment in sukuk certificates	7	-	-
Long-term portion of diminishing musharika	8	2,435,242,695	2,463,313,926
Ijarah assets	9	1,690,120,869	1,811,054,254
Tangible assets	10	23,144,458	18,188,866
Intangible assets	10	846,483	833,934
Deferred taxation		66,016,639	62,900,127
Total non-current assets		4,215,369,144	4,356,291,107
TOTAL ASSETS		6,820,818,127	6,707,109,965
LIABILITIES AND EQUITY			
Current liabilities			
Current portion of term finance arrangements	12	1,004,123,683	437,094,289
Current portion of security deposits		15,418,910	160,130,604
Creditors, accrued and other liabilities		381,827,425	371,190,724
Advance Ijarah rentals received		2,005,315	3,429,809
Current portion of redeemable capital		2,308,505,000	2,598,205,000
Profit distribution payable	11	149,546,725	58,779,665
Provision for taxation - net		61,574,879	60,840,457
Total current liabilities		3,923,001,937	3,689,670,548
Non-current liabilities			
Long-term portion of term finance arrangements	12	955,364,685	1,150,009,856
Long-term portion of security deposits		454,994,826	313,124,339
Long-term portion of redeemable capital		415,000,000	415,700,000
Total non-current liabilities		1,825,359,511	1,878,834,195
TOTAL LIABILITIES		5,748,361,448	5,568,504,743
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorised certificate capital			
50,000,000 (June 30, 2022: 50,000,000) certificates of Rs. 10 each amounting to Rs. 500,000,000 (June 30, 2022: Rs. 500,000,000)			
Issued, subscribed and paid-up certificate capital			
28,500,000 (June 30, 2022: 28,500,000) certificates of Rs. 10 each fully paid in cash		285,000,000	285,000,000
16,883,530 (June 30, 2022: 16,883,530) bonus certificates of Rs. 10 each		168,835,300	168,835,300
		453,835,300	453,835,300
Revenue reserve		44,941,637	112,321,106
Capital reserves		573,679,742	572,448,816
		1,072,456,679	1,138,605,222
TOTAL LIABILITIES AND EQUITY		6,820,818,127	6,707,109,965

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 OLP Modaraba) (Formerly ORIX Modaraba)

Chief Executive

Director

Director

Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

	Note	Three months period ended September 30, 2022	Three months period ended September 30, 2021
		(Rupees)	
Ijarah rentals earned		238,337,259	265,889,834
Income on diminishing musharika arrangements		168,672,050	92,554,764
Income on deposits with banks		23,471,209	9,194,944
		430,480,518	367,639,542
Financial and other charges		(188,578,006)	(81,275,409)
Depreciation on assets under Ijarah arrangements		(169,911,305)	(211,436,698)
		71,991,207	74,927,435
Reversal of provision in respect of Ijarah finances - net		2,481,694	9,841,180
Reversal / (provision) in respect of diminishing musharika - net		6,836,842	(4,438,903)
Reversal of provision in respect of other receivables		1,800,000	-
		83,109,743	80,329,712
Other income		11,463,484	10,465,530
Administrative and operating expenses		(54,684,162)	(46,627,551)
		39,889,065	44,167,691
Management Company's remuneration		(3,988,907)	(4,416,769)
Provision for services sales tax on the Management Company's remuneration	14	(518,558)	(574,180)
Provision for Workers' Welfare Fund	15	(707,632)	(783,535)
Profit for the period before taxation		34,673,968	38,393,207
Taxation	16	(10,055,451)	(6,526,845)
Profit for the period after taxation		24,618,517	31,866,362
Other comprehensive income for the period		-	-
Total comprehensive income for the period		24,618,517	31,866,362
Earnings per certificate - basic and diluted	17	0.54	0.70

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 OLP Modaraba) (Formerly ORIX Modaraba)

Chief Executive

Director

Director

Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

	Note	Three months period ended September 30, 2022	Three months period ended September 30, 2021
(Rupees)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before taxation		34,673,968	38,393,207
Adjustments for non-cash and other items:			
Depreciation on tangible fixed assets in own use		2,122,788	512,928
Amortisation on intangible fixed assets in own use		85,731	72,792
Gain on disposal of fixed assets in own use		(3,400,000)	-
Depreciation on assets under Ijarah arrangements		169,911,305	211,436,698
Gain on disposal of assets under Ijarah arrangements		(2,328,565)	(5,403,174)
(Reversal) / provision in respect of Ijarah finances - net		(2,481,694)	(9,841,180)
(Reversal) / provision in respect of Diminishing Musharaka		(6,836,842)	4,438,903
Reversal of provision in respect of other receivables		(1,800,000)	-
Income on bank deposits		(23,471,209)	(9,194,944)
Profit on:			
- Redeemable capital		97,862,117	50,120,223
- Term finance arrangements		75,568,509	24,825,657
Provision for services sales tax on the Management Company's remuneration		707,632	574,180
Provision for Workers' Welfare Fund		518,558	783,535
		306,458,330	268,325,618
		341,132,298	306,718,825
(Increase) / decrease in assets			
Advances, deposits, prepayments and other receivables		73,385,023	(49,513,540)
Ijarah rentals receivable		(2,248,868)	12,192,543
Diminishing Musharaka		67,053,892	35,733,609
Purchase of assets under Ijarah arrangements		(82,764,238)	(234,487,227)
Proceeds from disposal of assets under Ijarah arrangements		36,114,882	58,685,679
		91,540,691	(177,388,936)
(Decrease) / increase in liabilities			
Creditors, accrued and other liabilities		(10,700,723)	1,611,648
Advance Ijarah rentals received		(1,424,494)	1,726,960
Security deposits		(2,841,207)	9,117,697
		(14,966,424)	12,456,305
		417,706,565	141,786,194
Profit paid on			
- Redeemable capital		(93,129,159)	(46,030,973)
- Term finance arrangements		(60,190,234)	(37,625,626)
		(153,319,393)	(83,656,599)
Taxes paid		(12,435,541)	(3,488,664)
Net cash generated from operating activities		251,951,631	54,640,931
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(7,176,660)	(849,430)
Proceeds from sale of fixed assets in own use		3,400,000	-
Income received on bank deposits		19,410,753	10,059,239
Net cash generated from investing activities		15,634,093	9,209,809
CASH FLOWS FROM FINANCING ACTIVITIES			
Redeemable capital less repayments		(290,400,000)	(211,150,000)
Term finance less repayments		372,384,224	(141,324,283)
Profit paid to certificate holders		-	-
Net cash generated / (used in) financing activities		81,984,224	(352,474,283)
Net increase / (decrease) in cash and cash equivalents during the period		349,569,948	(288,623,543)
Cash and cash equivalents at the beginning of the period		514,148,625	769,029,312
Cash and cash equivalents at the end of the period	5	863,718,573	480,405,769

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 OLP Modaraba) (Formerly ORIX Modaraba)

Chief Executive

Director

Director

Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

	Issued, subscribed and paid-up certificate capital	Capital reserve			Revenue reserve	Sub-total	Total
		Premium on issue of modaraba certificates	Statutory reserve	Sub-total	Unappropriated profit		
(Rupees)							
Balance as at June 30, 2021 (audited)	453,835,300	55,384,700	511,486,848	566,871,548	137,965,253	704,836,801	1,158,672,101
Total comprehensive income for the period							
- Profit for the three months period ended September 30, 2021	-	-	-	-	31,866,362	31,866,362	31,866,362
- Other comprehensive income for the three months period ended September 30, 2021	-	-	-	-	-	-	-
	-	-	-	-	31,866,362	31,866,362	31,866,362
Transactions with owners							
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	-	-	1,593,318	1,593,318	(1,593,318)	-	-
Balance as at September 30, 2021 (un-audited)	453,835,300	55,384,700	513,080,166	568,464,866	36,626,060	605,090,926	1,058,926,226
Balance as at June 30, 2022 (audited)	453,835,300	55,384,700	517,064,116	572,448,816	112,321,106	684,769,922	1,138,605,222
Total comprehensive income for the period							
- Profit for the three months period ended September 30, 2022	-	-	-	-	24,618,517	24,618,517	24,618,517
- Other comprehensive income for the three months period ended September 30, 2022	-	-	-	-	-	-	-
	-	-	-	-	24,618,517	24,618,517	24,618,517
Transactions with owners							
Profit distribution for the year ended June 30, 2022 @ Rs.2.0 per certificate declared subsequent to the year ended June 30, 2022 on September 15, 2022	-	-	-	-	(90,767,060)	(90,767,060)	(90,767,060)
Transfer to statutory reserve	-	-	1,230,926	1,230,926	(1,230,926)	-	-
Balance as at September 30, 2022 (un-audited)	453,835,300	55,384,700	518,295,042	573,679,742	44,941,637	618,621,379	1,072,456,679

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 OLP Modaraba) (Formerly ORIX Modaraba)

Chief Executive

Director

Director

Chief Financial Officer

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

1. STATUS AND NATURE OF BUSINESS

OLP Modaraba; formerly 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 OLP Services Pakistan (Private) Limited; formerly ORIX Services Pakistan (Private) Limited ('the Management Company'). During last financial year, the name of the Modaraba has been changed from ORIX Modaraba to OLP Modaraba and the name of the Management Company changed from ORIX Services Pakistan (Private) Limited to OLP Services Pakistan (Private) Limited. The SECP gave its approval for change of name on February 24, 2022.

The registered office is situated at 6th Floor, Syedna Tahir Saifuddin Foundation 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 (2021: AA) and short term rating of A1+ (2021: A1+) to the Modaraba on March 03, 2022 (2021: March 04, 2021).

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 Modaraba Regulations, 2021;
- 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, Modaraba Regulations, 2021, 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, Modaraba Regulations, 2021, 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, 2022.

2.3 These condensed interim financial statements are unaudited.

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, 2022.

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, 2022.

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, 2022. 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, 2023 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, 2022.

		(Un-audited) September 30, 2022	(Audited) June 30, 2022
5. CASH AND BANK BALANCES	Note	----- (Rupees) -----	
Balances with banks			
- in current accounts		8,108,239	6,717,664
- in deposit accounts	5.1 & 5.2	805,439,130	457,273,251
- in term deposit receipts		50,000,000	50,000,000
Balance with the State Bank of Pakistan		76,204	76,204
Cash in hand		95,000	81,506
		863,718,573	514,148,625

- 5.1** These carry profit at the rates ranging from 9.35% to 13.50% (June 30, 2022: 9.64% to 12.75%) per annum.
- 5.2** The balances held with banks in deposit accounts 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.

		(Un-audited) September 30, 2022	(Audited) June 30, 2022
6. IJARAH RENTALS RECEIVABLE	Note	(Rupees)	
Ijarah rentals receivable - considered good		129,485,956	124,755,394
Ijarah rentals receivable - considered bad or doubtful		24,626,638	27,569,069
Less: allowance for potential Ijarah losses	6.1	(9,845,953)	(12,327,647)
Less: profit held in suspense	6.2	(14,780,685)	(15,241,422)
		-	-
		<u>129,485,956</u>	<u>124,755,394</u>

6.1 Allowance for potential Ijarah losses

Opening balance	12,327,647	16,520,076
Reversal for the period / year - net	(2,481,694)	(4,192,429)
Closing balance	<u>9,845,953</u>	<u>12,327,647</u>

6.2 Profit held in suspense

Opening balance	15,241,422	19,746,816
Income suspended during the period / year - net	(460,737)	(4,505,394)
Closing balance	<u>14,780,685</u>	<u>15,241,422</u>

6.3 Ijarah includes Rs. 48.50 million (June 30, 2022: Rs. 53.55 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. 26.42 million (June 30, 2022: Rs. 27.97 million).

	(Un-audited) September 30, 2022	(Audited) June 30, 2022
7. INVESTMENT IN SUKUK CERTIFICATES	(Rupees)	
At amortised cost		
Investment in sukuk certificates	57,701,835	57,701,835
Less: provision in respect of sukuk certificates	(57,701,835)	(57,701,835)
	<u>-</u>	<u>-</u>

		(Un-audited) September 30, 2022	(Audited) June 30, 2022
7.1	Movement in provision against Sukuk certificates	Note	----- (Rupees) -----
	Opening balance	57,701,835	57,701,835
	Provision for the period	-	-
	Closing balance	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	57,701,835	57,701,835
	Less: Provision held	(57,701,835)	(57,701,835)
		-	-
	Long-term portion of investment in sukuk certificates	-	-
	Less: Provision held	-	-
		-	-
8.	DIMINISHING MUSHARAKA		
	Staff - considered good		
	- Housing finance	78,819,713	62,928,839
	- Motor vehicles	22,317,373	24,467,656
	- Others	2,199,357	1,933,187
		103,336,443	89,329,682
	Others - considered good		
	- Housing finance	347,530,178	387,290,598
	- Motor vehicles	1,484,145,493	1,464,938,707
	- Plant, machinery and equipment	1,680,935,672	1,727,437,560
		3,512,611,343	3,579,666,865
	Others - considered bad or doubtful		
	- Housing finance	4,611,790	-
	- Motor vehicles	69,662,505	56,299,464
	- Plant, machinery and equipment	94,798,791	126,778,752
		169,073,086	183,078,216
	Less: provision in respect of diminishing musharaka	(82,352,719)	(89,189,561)
		3,599,331,710	3,673,555,520
		3,702,668,153	3,762,885,202

8.1 Break-up of diminishing Musharika between long-term and current portion is as follows:

	(Un-audited) September 30, 2022	(Audited) June 30, 2022
	(Rupees)	
Current portion of diminishing musharika	1,291,697,054	1,333,903,806
Less: provision held	(24,271,596)	(34,332,530)
	<u>1,267,425,458</u>	<u>1,299,571,276</u>
Long-term portion of diminishing musharika	2,493,323,818	2,518,170,957
Less: provision held	(58,081,123)	(54,857,031)
	<u>2,435,242,695</u>	<u>2,463,313,926</u>

8.2 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. 28.711 million (June 30, 2022: Rs. 29.816 million), Rs. 8.626 million (June 30, 2022: Rs. 9.996 million) and Rs. 0.547 million (June 30, 2022: Rs. 0.616 million) respectively. These carry profit at rates ranging between 16.05% to 19.10% (June 30, 2022: 13.74% to 18.44%) per annum.

8.3 Diminishing musharaka carries profit at rates ranging between 11.49% to 22.10% (June 30, 2022: 10.04% to 21.16%) per annum.

8.4 Movement in provision against diminishing musharaka

	(Un-audited) September 30, 2022	(Audited) June 30, 2022
	(Rupees)	
Opening balance	89,189,561	88,152,308
(Reversal) / charge for the period / year	(6,836,842)	1,037,253
Closing balance	<u>82,352,719</u>	<u>89,189,561</u>

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. 25.66 million (June 30, 2022: Rs. 49.28 million).

8.6 Diminishing musharaka includes Rs. 169.07 million (June 30, 2022: Rs. 183.08 million) which have been placed under non-performing status.

9. IJARAH ASSETS

Note

	(Un-audited) September 30, 2022	(Audited) June 30, 2022
	(Rupees)	
Ijarah contracts commencing on or after July 1, 2008 - accounted for under IFAS 2	<u>1,690,120,869</u>	<u>1,811,054,254</u>

9.1 & 9.2

	(Un-audited) September 30, 2022	(Audited) June 30, 2022
	(Rupees)	
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 three months period ended September 30, 2022, additions amounting to Rs. 83 million (September 30, 2021: Rs. 234 million) and disposals amounting to Rs. 129 million (September 30, 2021 : Rs. 242 million) were made to the assets under Ijarah arrangements.

	(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
	(Rupees)	
Ijarah Assets		
Additions at cost during the period		
- Plant, machinery and equipments	82,764,238	210,740,227
- Motor vehicles	-	23,747,000
	82,764,238	234,487,227
Disposals at cost during the period		
- Plant, machinery and equipments	31,136,869	80,336,919
- Motor vehicles	98,051,585	161,243,116
	129,188,454	241,580,035

- 9.2** The Modaraba has entered into various Ijarah agreements for periods ranging from 2 to 6 years (June 30, 2022: 2 to 6 years). Security deposits ranging between 0% to 55% (June 30, 2022: 0% to 55%) are obtained at the time of disbursement. The rate of profit implicit in Ijarah finance ranges between 13.02% to 21.16% (June 30, 2022: 12.91% to 20.35%) per annum.
- 9.3** Ijarah includes Rs. 48.50 million (June 30, 2022: Rs. 53.55 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. 26.42 million (June 30, 2022: Rs. 27.97 million).

	(Un-audited) September 30, 2022	(Audited) June 30, 2022
	(Rupees)	
10. FIXED ASSETS IN OWN USE		
Tangible assets	23,144,458	18,188,866
Intangible assets	846,483	833,934
	23,990,941	19,022,800

- 10.1** During the three months period ended September 30, 2022, additions amounting to Rs. 7.177 million (September 30, 2021 : Rs. 0.849 million) and disposals amounting to Rs. 2.493 million (September 30, 2021 : Nil) were made to the tangible fixed assets in own use.

	(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
	(Rupees) -----	
Additions at cost during the period		
- Computer software	98,280	-
- Motor vehicles	6,348,000	-
- Office equipment, appliances and computer systems	730,380	849,430
	<u>7,176,660</u>	<u>849,430</u>
Disposals at cost during the period		
- Motor vehicles	<u>2,492,500</u>	<u>-</u>

11. PROFIT DISTRIBUTION PAYABLE

Note

Profit distribution payable for the year ended June 30, 2022 11.1 & 11.2
Unclaimed profit distribution

	(Un-audited) September 30, 2022	(Audited) June 30, 2022
	(Rupees) -----	
	90,767,060	-
	58,779,665	58,779,665
	<u>149,546,725</u>	<u>58,779,665</u>

- 11.1** The Board of Directors of the Management Company in their meeting held on September 15, 2022 approved a cash distribution of Rs. 2.0 per certificate for the year ended June 30, 2022. Payment of the dividend is in process.

- 11.2** This includes dividend payable to OLP Financial Services Pakistan Limited (formerly ORIX Leasing Pakistan Limited) (holding company) and OLP Services Pakistan (Private) Limited (formerly ORIX Services Pakistan (Private) Limited) - Management company amounting to Rs 9.077 million and Rs. 9.077 million respectively

12. TERM FINANCE ARRANGEMENTS

Note

Musharaka / Wakala finance
Less: current portion of musharaka term finance
Long-term portion of term finance arrangements

12.1 & 12.2

	(Un-audited) September 30, 2022	(Audited) June 30, 2022
	(Rupees) -----	
	1,959,488,368	1,587,104,145
	(1,004,123,683)	(437,094,289)
	<u>955,364,685</u>	<u>1,150,009,856</u>

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 September 30, 2022 (Un-audited)	As at June 30, 2022 (Audited)	During the period ended September 30, 2022 (Un-audited)	During the year ended June 30, 2022 (Audited)		September 30, 2022 (Un-audited)	June 30, 2022 (Audited)	As at September 30, 2022 (Un-audited)	As at June 30, 2022 (Audited)
	(Rupees)							(Rupees)	
Bank Alfalah Limited	218,750,000	262,499,999	0.4290-0.4512	0.2178-0.429	Quarterly	3 years	3 years	218,750,000	262,499,999
Allied Bank Limited	800,000,000	800,000,000	0.4290	0.2205-0.3422	Quarterly	3-5 years	3-5 years	629,027,047	693,533,197
Pakistan Mortgage Refinance Company Limited	311,711,321	331,070,949	0.3658	0.1786-0.3658	Quarterly	5 years	5 years	311,711,321	331,070,949
United Bank Limited	300,000,000	300,000,000	0.4184-0.4351	0.4184	Quarterly	3 years	3 years	300,000,000	300,000,000
Meezan Bank Limited	500,000,000	-	0.4132	-	Quarterly	1 years	-	500,000,000	-
								1,959,488,368	1,587,104,145

12.2 These carry profit at rates ranging between 13.35% to 15.88% (June 30, 2022: 6.52% to 15.66%) per annum.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There were no contingencies outstanding as at September 30, 2022 and June 30, 2022.

13.2 Commitments

Outstanding letters of comfort as at September 30, 2022 amounts to Rs. 83.8 million (June 30, 2022: 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 the 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 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 the Modaraba was instructed to deposit the SWWF liability either with SRB or Nazir as appointed by the Court. During the previous year, the Modaraba has deposited the SWWF amounting to Rs 7.183 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 September 30, 2022 in these financial statements on a prudent basis.

16. TAXATION

- Current
- Deferred

	(Un-audited) Three months period ended September 30, 2022	(Un-audited) Three months period ended September 30, 2021
	----- (Rupees) -----	
	13,169,963	6,526,845
	(3,114,512)	-
	<u>10,055,451</u>	<u>6,526,845</u>

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 September 30, 2022 and September 30, 2021 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) Three months period ended September 30, 2022	(Un-audited) Three months period ended September 30, 2021
	----- (Rupees) -----	
OLP Financial Services Pakistan Limited (formerly ORIX Leasing Pakistan Limited) - Holding Company of the Management Company		
Dividend	9,076,706	13,161,224
Allocated cost to the Modaraba for Islamabad office	135,000	147,240
Staff retirement benefits funds		
Contribution made to ORIX Modaraba - Staff Provident Fund	1,492,905	1,323,620
Contribution made to ORIX Modaraba - Staff Gratuity Fund	1,243,586	1,082,256
OLP Services Pakistan (Private) Limited [formerly ORIX Services Pakistan (Private) Limited] - Management Company		
Management company's remuneration	3,988,906	4,416,769
Dividend	9,076,706	13,161,224
Rent reimbursement	1,093,163	-
AWT Investments Limited (AWTIL)		
Profit on Certificate of Musharaka issued to mutual funds managed by AWTIL	3,863,811	-
Key Management Personnel		
Salaries and benefits	19,945,610	19,336,711
Contribution to the staff provident fund	576,962	520,063
Contribution to the staff gratuity fund	480,609	404,536
Income earned on diminishing musharaka finances to key management personnel	1,510,305	900,994
Profit on redeemable capital	516,121	99,152
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) September 30, 2022	(Audited) June 30, 2022
	----- (Rupees) -----	
OLP Financial Services Pakistan Limited (formerly ORIX Leasing Pakistan Limited) - Holding Company of the Management Company		
Certificate capital (Certificates held : 4,538,353, June 30, 2022: 4,538,353)	45,383,530	45,383,530
Dividend payable	9,076,706	-
OLP Services Pakistan (Private) Limited [formerly ORIX Services Pakistan (Private) Limited] - Management Company		
Certificate capital (Certificates held : 4,538,353, June 30, 2022: 4,538,353)	45,383,530	45,383,530
Remuneration payable to the Management company	3,988,906	17,941,905
Dividend payable	9,076,706	-
Rent reimbursement payable	5,366,333	4,273,170
AWT Investments Limited (AWTIL)		
Certificate of Musharaka issued to mutual funds managed by AWTIL	48,000,000	100,000,000
Profit payable on Certificate of Musharaka	1,523,404	3,283,231
Directors of the Management Company		
Certificate Capital		
Mr. Shaheen Amin (Certificates held: 100,000, June 30, 2022: 100,000)	1,000,000	1,000,000
Mr. Nadim D. Khan (Certificates held: 6,049, June 30, 2022: 6,049)	60,490	60,490
Key Management Personnel		
Accrued profit on finances under diminishing musharaka	138,780	138,680
Advance against diminishing musharaka	5,880,000	-
Profit payable on redeemable capital	637,522	1,074,818
Redeemable capital	12,550,000	22,550,000

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 September 30, 2022 and June 30, 2022, 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 September 30, 2022 (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	19.1.1						
Cash and bank balances	863,718,573	-	863,718,573	-	-	-	-
Ijarah rentals receivable	129,485,956	-	129,485,956	-	-	-	-
Advances, deposits and other receivables	336,683,575	-	336,683,575	-	-	-	-
Diminishing Musharaka	3,702,668,153	-	3,702,668,153	-	-	-	-
Net investment in Ijarah finance	370,000	-	370,000	-	-	-	-
Total	5,032,926,257	-	5,032,926,257	-	-	-	-
Financial liabilities not measured at fair value	19.1.1						
Term finance arrangements	-	1,959,488,368	1,959,488,368	-	-	-	-
Security deposits	-	470,413,736	470,413,736	-	-	-	-
Creditors, accrued and other liabilities	-	357,604,446	357,604,446	-	-	-	-
Redeemable capital	-	2,723,505,000	2,723,505,000	-	-	-	-
Unclaimed profit distribution	-	149,546,725	149,546,725	-	-	-	-
Advance Ijarah rentals received	-	2,005,315	2,005,315	-	-	-	-
Total	-	5,662,563,590	5,662,563,590	-	-	-	-

Note		As at June 30, 2022 (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	19.1.1							
Cash and bank balances		514,148,625	-	514,148,625	-	-	-	-
Ijarah rentals receivable		124,755,394	-	124,755,394	-	-	-	-
Advances, deposits and other receivables		255,664,043	-	255,664,043	-	-	-	-
Diminishing Musharaka		3,762,885,202	-	3,762,885,202	-	-	-	-
Net investment in Ijarah finance		370,000	-	370,000	-	-	-	-
Total		4,657,823,264	-	4,657,823,264	-	-	-	-
Financial liabilities not measured at fair value	19.1.1							
Term finance arrangements		-	1,587,104,145	1,587,104,145	-	-	-	-
Security deposits		-	473,254,943	473,254,943	-	-	-	-
Creditors, accrued and other liabilities		-	347,675,377	347,675,377	-	-	-	-
Redeemable capital		-	3,013,905,000	3,013,905,000	-	-	-	-
Unclaimed profit distribution		-	58,779,665	58,779,665	-	-	-	-
Advance Ijarah rentals received		-	3,429,809	3,429,809	-	-	-	-
Total		-	5,484,148,939	5,484,148,939	-	-	-	-

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.

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 September 30, 2022, there were only two (June 30, 2022: 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, 2022: 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 **October 26, 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 OLP Modaraba) (Formerly ORIX Modaraba)

_____ Chief Executive	_____ Director	_____ Director	_____ Chief Financial Officer
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