

HALF YEARLY REPORT DECEMBER 2022



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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 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 Advisor

Haider Ali Khan

Advocate High Court , Partner, Fazle Ghani Advocates

Modaraba Company Registered Office

OLP Building, Plot no. 16, sector No. 24, Korangi Industrial Area Karachi.

Modaraba 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., 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, 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 of OLP Modaraba for the six months period ended December 31, 2022.

1. Economic Outlook

Pakistan economy is in a deep recession, inflation is incredibly high as (result of) part of the latest bailout conditions. The Inflation could average 33% in the first half of 2023 before trending lower, and a bailout from the International Monetary Fund alone is unlikely to put the economy back on track.

Although an agreement on the ninth review of the programme would release over \$1.1 billion of the total \$2.5 billion pending as part of the current package agreed in 2019 which ends on June 30. The funds are crucial for the economy as the current foreign exchange reserves barely cover 18 days' worth of imports.

The weaker rupee, which is plumbing record lows, is adding to imported inflation while domestically high energy costs on the back of tariff increases and still elevated food prices is likely to keep inflation high. The consumer price index rose 27.5% year-on-year in January, its highest in nearly half a century.

Last month, the central bank raised its key interest rate by 100 basis points (bps) to 17% in a bid to rein in persistent price pressures. It has raised the key rate by a total of 725 bps since January 2022.

World Bank's latest forecast suggests the real Gross Domestic Product (GDP) of the country is likely to grow at 2.0 percent in FY23 as global growth is also expected to slow amid soaring inflation, rising interest rates.

Historic floods last summer have also led to huge bills for reconstruction and aid, adding to strains on the government budget. The World Bank has estimated that at least \$16 billion is needed to cope with damage and losses.

2. Financial Highlights

Financial results are summarized as under:

Balance Sheet

| | December 31, 2022 | June 30, 2022 |
|--|----------------------------|------------------|
| | ----- (Rupees '000') ----- | |
| Certificate capital | 453,835 | 453,835 |
| Total equity | 1,105,926 | 1,138,605 |
| Total assets | 6,636,907 | 6,707,110 |
| Investment in Ijarah finance and Ijarah Assets | 1,776,319 | 1,811,424 |
| Investments in Diminishing Musharika | 3,957,544 | 3,762,885 |
| Short term Investments and Sukuks | 255,551 | - |
| Redeemable capital | 2,611,205 | 3,013,905 |

Profit and Loss

| | Six months ended December 31, 2022 | Six months ended December 31, 2021 |
|--|--|--|
| | ----- (Rupees '000') ----- | |
| Revenue (net of Ijarah assets depreciation) | 568,290 | 347,988 |
| Financial and other charges | 377,023 | 174,630 |
| Reversal of provisions – net | (15,695) | (7,188) |
| Operating expenses | 113,885 | 93,683 |
| Profit before modaraba management company's remuneration | 93,078 | 86,863 |
| Profit before taxation | 80,909 | 75,506 |
| Net profit | 58,088 | 53,609 |

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 63.31% from PKR 347.988 million to PKR 568.290 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 and other charges increased from PKR 174.630 million to PKR 377.023 million. Due to strong recovery efforts, provisions that were reversed amounted to PKR 15.695 million as compared to PKR 7.188 million reversal during corresponding period last year. Administrative and operating expenses increased by 21.56% from PKR 93.683 million to PKR 113.885 million mainly due to high inflation rate during the period. Profit before taxation increased by 7.16% from PKR 75.506 million to PKR 80.909 million. Whereas net profit for the period increased by 8.35% from PKR 53.609 million to PKR 58.088 million compared to corresponding period last year.

The portfolio of Ijarah finance, Sukuk investment, Diminishing Musharika finances and short term investments stood at PKR 5,989 million compared to PKR 5,574 million as at June 30, 2022, showing an increase of 7.45% during the six months period. However, total assets decreased by 1.05% to PKR 6,637 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 1,154 million as compared to PKR 1,193 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: February 23, 2023

Raheel Qamar Ahmad
Managing Director/ CEO

Ramon Alfrey
Director

31 دسمبر 2022ء کی اختتامی مدت کیلئے ڈائریکٹرز کا جائزہ:

OLP سرومز پاکستان (پرائیویٹ) لمیٹڈ (سابقہ ORIX سرومز پاکستان (پرائیویٹ) لمیٹڈ) جو کہ OLP مضاربہ (سابقہ ORIX مضاربہ) کی انتظامی کمپنی ہے کے بورڈ آف ڈائریکٹرز، 31 دسمبر 2022ء کو اختتام پذیر ہوا کی مدت کیلئے OLP مضاربہ کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

معاشی صورتحال:

پاکستان کی معیشت گہری کساد بازاری کا شکار ہے، تازہ ترین نیل آؤٹ کے ایک حصے کے نتیجے میں جب سے مہنگائی ناقابل یقین حد تک زیادہ ہے۔ 2023 کی پہلی ششماہی میں افراط زر کی شرح اوسطاً 33 فیصد رہ گئی ہے اس کے بعد پھر ترقی کر رہی ہوگی، اور صرف بین الاقوامی مالیاتی فنڈ سے نیل آؤٹ معیشت کو دوبارہ ٹریک پر لانے کے لیے کافی ہے۔

اگرچہ پروگرام کے نوین جائزے پر معاہدہ کی بقا یہ رقم 2.5 ملین ڈالر میں سے 1.1 ملین ڈالر جاری کرے گا یہ 2019 کے موجودہ ہیجینج جس کا اختتام 30 جون کو ہونا ہے کے حصہ کے طور پر زیر التواء ہے۔ جو معیشت کے لیے خیر ذرا پہنچائی اہمیت کے حامل ہیں کیونکہ موجودہ زرمبادلہ کے ذخائر بشکل 18 دنوں کی درآمدات کو پورا کرتے ہیں۔

روپے کی قدر میں کمی جو کہ ریکارڈ کم ترین سطح پر ہے، کی وجہ سے درآمدی افراط زر میں اضافہ ہو رہا ہے جبکہ ٹریف میں اضافہ خوراک کی قیمتوں میں اضافے اور ملکی سطح پر توانائی کی زیادہ قیمت میں اضافے کے باعث مہنگائی میں اضافہ رہنے کا امکان ہے۔ جنوری میں کمزور پرائس انڈیکس سال بہ سال 27.5 فیصد بڑھ گیا، جو کہ گذشتہ نصف صدی میں سب سے زیادہ ہے۔

گذشتہ ماہ بینرل بینک نے قیمتوں کے مسلسل دباؤ کو روکنے کے لیے اپنے شرح سود میں 100 بیس پوائنٹس (bps) سے بڑھا کر 17% کر دیا۔ اس نے جنوری 2022 سے شرح میں کل 725 bps کا اضافہ کیا ہے۔

ورلڈ بینک کی تازہ ترین صورتحال سے معلوم ہوتا ہے کہ ملک کی حقیقی مجموعی ملکی پیداوار (GDP) مالی سال 23 میں 2.0 فیصد کی شرح سے بڑھنے کا امکان ہے کیونکہ بڑھتی ہوئی مہنگائی، بڑھتی ہوئی شرح سود کے درمیان عالمی معیشتی رہنے کی توقع ہے۔

گزشتہ موسم گرما میں سیلاب کے باعث تعمیر نو اور درآمد کے لیے بھاری اخراجات کی وجہ سے کل وقتی بجٹ پر دباؤ پڑا ہے۔ ورلڈ بینک کے اندازہ کے مطابق نقصانات اور خسارات سے نمٹنے کے لیے کم از کم 16 بلین ڈالر کی ضرورت ہے۔

مالیاتی نتائج:

مالیاتی نتائج کا خلاصہ درج ذیل ہے:

| 31 دسمبر 2022 | 31 دسمبر 2022 |
|---------------|---------------|
| (روپے '000) | (روپے '000) |
| 2022 جون 30 | |
| | |
| 453,835 | 453,835 |
| 1,138,605 | 1,105,926 |
| 6,707,110 | 6,636,907 |
| 1,811,424 | 1,776,319 |
| 3,762,885 | 3,957,544 |
| - | 255,551 |
| 3,013,905 | 2,611,205 |

بیلنس شیٹ

سرٹیفیکیٹ کپیٹل

مجموعی ایکویٹی

مجموعی اثاثہ جات

اجارہ نمائش اور اجارہ اثاثہ جات میں سرمایہ کاری

ڈیویڈنڈ، مشارک اور سٹاک میں سرمایہ کاری

مختصر مدتی سرمایہ کاری

ریٹیم ایبل کپیٹل

31 دسمبر 2021

کے اختتامی چھ ماہ

(روپے '000)

347,988

174,630

(7,188)

93,683

86,863

75,506

53,609

31 دسمبر 2022 کے

اختتامی چھ ماہ

(روپے '000)

568,290

377,023

(15,695)

113,885

93,078

80,909

58,088

منافع اور خسارہ

آمدنی (اجارہ اثاثہ جات کی قدر میں کمی کے بعد)

مالیاتی اور دوسرے اخراجات

پروویژن/پروویژن کارپورسٹ - خالص

عملی اخراجات

انتظامی فیس سے قبل ادا منافع

قبل از ٹیکس منافع

خالص منافع

اللہ کے فضل و کرم سے زیر جائزہ مدت کے دوران آپ کے مضاربہ کی کارکردگی مسلسل بہتر رہی۔ مضاربہ کی مجموعی آمدنی (اجارہ اثاثوں کی قدر میں کمی اور دیگر آمدنی کے بعد) 63.31 فیصد اضافہ کے ساتھ گزشتہ سال کی اسی مدت کے مبلغ 347,988 ملین روپے سے مبلغ 568,290 ملین روپے ہو گئی۔ اس کی بنیادی وجہ اپریل 2022 سے ڈسکاؤنٹ ریٹ میں اضافہ تھا۔ دوران عرصہ ہمارا چیلنج اسٹیٹ بینک آف پاکستان کے ڈسکاؤنٹ ریٹ کی تیز رفتار اور بڑی حرکت تھی جس نے فنانس کی شرحوں اور مالیاتی اخراجات میں فوری اضافہ کو فروغ دیا لیکن یہ اثاثہ جات کی قیمت میں ایک دفعہ کے بعد تبدیل ہو گیا۔ مالیاتی اخراجات 174,630 ملین روپے سے بڑھ کر 377,023 ملین روپے ہو گئے۔ ریکوری کی مشیوٹ کو دشواری کے باعث، گزشتہ سال کے دوران 7,188 ملین روپے کے ریورسلز کے مقابلے میں 15,695 ملین روپے کے پروویژن کو ریورس کیا گیا ہے۔ انتظامی اور آپریٹنگ اخراجات 93,683 ملین روپے سے بڑھ کر 113,885 ملین روپے ہو گئے جو کہ 21.56 فیصد اضافہ ہے جس کی بنیادی وجہ دوران مدت افراط زر کی بلند شرح ہے۔ قبل از ٹیکس منافع مبلغ 75,506 ملین روپے سے مبلغ 80,909 ملین روپے ہو گیا جو کہ 7.16 فیصد اضافہ ہے۔ جبکہ شامی کے لیے خالص منافع گزشتہ سال کی اسی مدت کے مقابلے میں 53,609 ملین روپے سے مبلغ 58,088 ملین روپے ہو گیا جو کہ 8.35 فیصد اضافہ ہے۔

30 جون 2022 تک اجارہ فنانس، سوکھ انویسٹمنٹ اور ڈیٹ پیمنٹس کے ساتھ مشارکتی کارکردگی پورٹ فولیو 5574 ملین روپے کے مقابلے میں 5989 ملین روپے رہا، جو کہ دوران مدت 7.45 فیصد اضافہ کر رہا ہے۔ تاہم 30 جون 2022 تک مجموعی اثاثہ جات 6707 ملین روپے کے مقابلے میں 1.05 فیصد سے کم ہو کر 6637 ملین روپے ہو گئے۔ زیر جائزہ مدت کے دوران، مضاربہ نے 1154 ملین روپے کی تازہ ادائیگیوں کی بلنگ کی جو گزشتہ سال کی اسی مدت کے دوران 1193 ملین روپے تھی۔

کاروبار بنیادی طور پر منتخب کلائنٹس کے ساتھ تعلقات کو منظم طور پر استوار 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 امتزاج ہے۔

OLP مضاربہ بخاری خطرات کا انتظام اور نگرانی کرتا ہے۔ قرض حاصل کنندہ کے کریڈٹ پر دکان کا جائزہ بشمول ادائیگی کی اہلیت بھولت فراہم کرنے اور اس پر باقاعدہ نگرانی کے وقت کی جاتی ہے۔ اس کے علاوہ، پورٹ فولیو میں منجمنٹ اور ادائیگی کے الٹ کی بنیادیں ہیں جو کمزور یا خوشگوار حالات کے لیے پورٹ فولیو کی نگرانی اور بروقت الٹ کو یقینی بنانے کی ذمہ دار ہیں۔

کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی (پاکریٹنگ) (PACRA) نے OLP مضاربہ کی طویل مدتی اور مختصر مدتی درجہ بندی کو بائیں ترتیب AA (ڈبل اے) اور A1+ (اے ون پلس) کے طور پر برقرار رکھا ہے۔ یہ ریٹنگ کریڈٹ ریسک کی کم توقع اور مالی وعدوں کی بروقت ادائیگی کے لیے غیر معمولی مشیوٹ صلاحیت کی نشاندہی کرتی ہے۔

اعمالیہ رٹنگ:

بورڈ ریکوری لیوی، پیمنٹس، پیمنٹس، پیمنٹس اور کاروباری شراکت داروں کے تعاون کا شکریہ ادا کرنا چاہتا ہے اور مستقبل میں ان کے تعاون کا منتظر ہے۔

راہیل قمر احمد
مینیجنگ ڈائریکٹر/سی ای او

رامن انور
ڈائریکٹر

کراچی: 23 فروری 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE CERTIFICATE HOLDERS OF OLP MODARABA

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim balance sheet of OLP Modaraba (the 'Modaraba') as at December 31, 2022 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] 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, 2022 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2022.

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 Junaid Mesia.

Chartered Accountants

Karachi

Dated: February 27, 2023

UDIN: RR202210611dpcoAght2

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2022

| | Note | December 31, 2022 (Un-audited) | June 30, 2022 (Audited) |
|--|------|--------------------------------------|-------------------------------|
| | | (Rupees) | |
| ASSETS | | | |
| Current assets | | | |
| Cash and bank balances | 5 | 181,498,255 | 514,148,625 |
| Ijarah rentals receivable | 6 | 124,369,021 | 124,755,394 |
| Advances, deposits, prepayments and other receivables | | 232,251,233 | 411,973,563 |
| Short-term investments | 7 | 255,550,985 | - |
| Current portion of Diminishing Musharaka | 8.4 | 1,278,211,962 | 1,299,571,276 |
| Net investment in Ijarah finance | 9 | 370,000 | 370,000 |
| Total current assets | | 2,072,251,456 | 2,350,818,858 |
| Non-current assets | | | |
| Long-term term investments | 7.3 | - | - |
| Long-term portion of Diminishing Musharaka | 8.4 | 2,679,331,949 | 2,463,313,926 |
| Ijarah assets | 9 | 1,775,948,833 | 1,811,054,254 |
| Tangible assets | 10 | 21,734,246 | 18,188,866 |
| Intangible assets | 11 | 1,792,833 | 833,934 |
| Deferred tax assets | 12 | 85,847,702 | 62,900,127 |
| Total non-current assets | | 4,564,655,563 | 4,356,291,107 |
| TOTAL ASSETS | | 6,636,907,019 | 6,707,109,965 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Current portion of term finance arrangements | 13 | 1,134,875,192 | 437,094,289 |
| Current portion of security deposits | | 216,183,349 | 160,130,604 |
| Creditors, accrued and other liabilities | | 369,976,245 | 371,190,724 |
| Advance Ijarah rentals received | | 1,870,501 | 3,429,809 |
| Current portion of redeemable capital | | 2,223,705,000 | 2,598,205,000 |
| Unclaimed profit distribution | | 60,845,345 | 58,779,665 |
| Provision for taxation - net | | 86,253,021 | 60,840,457 |
| Total current liabilities | | 4,093,708,653 | 3,689,670,548 |
| Non-current liabilities | | | |
| Long-term portion of term finance arrangements | 13 | 760,371,030 | 1,150,009,856 |
| Long-term portion of security deposits | | 289,401,554 | 313,124,339 |
| Long-term portion of redeemable capital | | 387,500,000 | 415,700,000 |
| Total non-current liabilities | | 1,437,272,584 | 1,878,834,195 |
| TOTAL LIABILITIES | | 5,530,981,237 | 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 |
| Capital reserve | | 575,353,197 | 572,448,816 |
| Revenue reserve | | 76,737,285 | 112,321,106 |
| | | 1,105,925,782 | 1,138,605,222 |
| TOTAL LIABILITIES AND EQUITY | | 6,636,907,019 | 6,707,109,965 |

CONTINGENCIES AND COMMITMENTS

14

The annexed notes from 1 to 26 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 Officer

Director

Director

Chief Financial Officer

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

FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2022

| Note | Six months period ended December 31, 2022 | Six months period ended December 31, 2021 | Three months period ended December 31, 2022 | Three months period ended December 31, 2021 |
|---|---|---|---|---|
| | (Rupees) | (Rupees) | (Rupees) | (Rupees) |
| Ijarah rentals earned | 474,990,374 | 536,921,445 | 236,653,115 | 271,031,611 |
| Income on Diminishing Musharaka arrangements | 358,093,188 | 189,839,358 | 189,421,138 | 97,284,594 |
| Dividend income | 6,530,570 | - | 6,530,570 | - |
| Profit on bank balances | 42,628,392 | 17,160,826 | 19,157,183 | 7,965,882 |
| | 882,242,524 | 743,921,629 | 451,762,006 | 376,282,087 |
| Financial and other charges | 15 (377,022,537) | (174,629,510) | (188,444,531) | (93,354,101) |
| Depreciation on Ijarah assets | (334,736,489) | (412,610,378) | (164,825,184) | (201,173,680) |
| | 170,483,498 | 156,681,741 | 98,492,291 | 81,754,306 |
| (Provision) / reversal of provision against Ijarah rentals receivable - net | (2,641,390) | 932,027 | (5,123,084) | (8,909,153) |
| Reversal of provision against Diminishing Musharaka - net | 15,170,839 | 7,605,027 | 8,333,997 | 12,043,930 |
| Reversal of provision / (provision) against other receivables - net | 3,166,028 | (1,348,918) | 1,366,028 | (1,348,918) |
| | 186,178,975 | 163,869,877 | 103,069,232 | 83,540,165 |
| Other income | 20,784,021 | 16,676,369 | 9,320,537 | 6,210,839 |
| Administrative and operating expenses | (113,884,778) | (93,683,489) | (59,200,616) | (47,055,938) |
| | 93,078,218 | 86,862,757 | 53,189,153 | 42,695,066 |
| Management Company's remuneration | 16 (9,307,822) | (8,686,276) | (5,318,915) | (4,269,507) |
| Provision for services sales tax on the Management Company's remuneration | 17 (1,210,017) | (1,129,216) | (691,459) | (555,036) |
| Provision for Sindh Workers' Welfare Fund | 18 (1,651,208) | (1,540,945) | (943,576) | (757,410) |
| Profit for the period before taxation | 80,909,171 | 75,506,320 | 46,235,203 | 37,113,113 |
| Taxation | 19 (22,821,551) | (21,896,833) | (12,766,100) | (15,369,988) |
| Profit for the period after taxation | 58,087,620 | 53,609,487 | 33,469,103 | 21,743,125 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | 58,087,620 | 53,609,487 | 33,469,103 | 21,743,125 |
| Earnings per certificate - basic and diluted | 1.28 | 1.18 | 0.74 | 0.48 |

The annexed notes from 1 to 26 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 Officer

Director

Director

Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

| | <div> <div>Note</div> <div> <div>Six months period ended December 31, 2022</div> <div>Six months period ended December 31, 2021</div> </div> </div> | |
|---|---|---------------|
| | | (Rupees) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the period before taxation | 80,909,171 | 75,506,320 |
| Adjustments for non-cash and other items: | | |
| Depreciation on tangible assets | 4,631,630 | 1,372,073 |
| Amortisation on intangible assets | 220,896 | 121,323 |
| Gain on disposal of tangible assets | (3,400,000) | (13,150) |
| Depreciation on Ijarah assets | 334,736,489 | 412,610,378 |
| Gain on disposal of Ijarah assets | (3,257,291) | (6,398,459) |
| Provision / (reversal) of provision against Ijarah rentals receivable - net | 2,641,390 | (932,027) |
| Reversal of provision against Diminishing Musharaka - net | (15,170,839) | (7,605,027) |
| (Reversal) of provision / provision against other receivables - net | (3,166,028) | 1,348,918 |
| Profit on bank balances | (42,628,392) | (17,160,826) |
| Financial charges on: | | |
| - Redeemable capital | 193,784,658 | 102,969,044 |
| - Term finance arrangements | 155,144,912 | 48,511,544 |
| Provision for services sales tax on the Management Company's remuneration | 1,210,017 | 1,129,216 |
| Provision for Sindh Workers' Welfare Fund | 1,651,208 | 1,540,945 |
| | 626,398,650 | 537,493,952 |
| | 707,307,821 | 613,000,272 |
| (Increase) / decrease in assets | | |
| Advances, deposits, prepayments and other receivables | 179,230,326 | (33,038,076) |
| Ijarah rentals receivable | (2,255,023) | 10,152,328 |
| Diminishing Musharaka | (179,487,870) | 21,770,669 |
| Short-term investments | (255,550,985) | - |
| | (258,063,552) | (1,115,079) |
| Increase / (decrease) in liabilities | | |
| Creditors, accrued and other liabilities | (53,271,924) | (49,585,883) |
| Advance Ijarah rentals received | (1,559,308) | 2,075,968 |
| Security deposits | 32,329,960 | 99,088 |
| | (22,501,272) | (47,410,827) |
| | 426,742,997 | 564,474,366 |
| Financial charges paid on: | | |
| - Redeemable capital | (191,377,728) | (94,158,960) |
| - Term finance arrangements | (108,355,620) | (61,932,943) |
| | (299,733,348) | (156,091,903) |
| Taxes paid | (20,356,562) | (9,316,346) |
| Net cash generated from operating activities | 106,653,087 | 399,066,117 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditure of fixed assets in own use | (9,356,805) | (5,029,033) |
| Capital expenditure of Ijarah assets | (357,715,483) | (444,463,671) |
| Proceeds from disposal of fixed assets in own use | 3,400,000 | 13,150 |
| Proceeds from disposal of Ijarah assets | 61,341,694 | 100,779,289 |
| Profit received on bank deposits | 46,286,440 | 18,114,301 |
| Net cash used in investing activities | (256,044,154) | (330,585,964) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Redeemable capital less repayments | (402,700,000) | (119,500,000) |
| Term finance less repayments | 308,142,077 | (122,240,949) |
| Profit distribution to the certificate holders | (88,701,380) | (127,474,179) |
| Net cash used in financing activities | (183,259,303) | (369,215,128) |
| Net decrease in cash and cash equivalents during the period | (332,650,370) | (300,734,975) |
| 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 | 181,498,255 | 468,294,337 |

The annexed notes from 1 to 26 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 Officer

Director

Director

Chief Financial Officer

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 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 on July 01, 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 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 |
| 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 | - | - | - | - | (131,612,237) | (131,612,237) | (131,612,237) |
| Transfer to statutory reserve | - | - | 2,680,474 | 2,680,474 | (2,680,474) | - | - |
| Balance as at December 31, 2021 (un-audited) | 453,835,300 | 55,384,700 | 514,167,322 | 569,552,022 | 57,282,029 | 626,834,051 | 1,080,669,351 |
| Balance as on July 01, 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 six months period ended December 31, 2022 | - | - | - | - | 58,087,620 | 58,087,620 | 58,087,620 |
| - Other comprehensive income for the six months period ended December 31, 2022 | - | - | - | - | - | - | - |
| | - | - | - | - | 58,087,620 | 58,087,620 | 58,087,620 |
| Transactions with owners | | | | | | | |
| Profit distribution for the year ended June 30, 2022 @ Rs. 2 per certificate declared subsequent to the year ended June 30, 2022 | - | - | - | - | (90,767,060) | (90,767,060) | (90,767,060) |
| Transfer to statutory reserve | - | - | 2,904,381 | 2,904,381 | (2,904,381) | - | - |
| Balance as at December 31, 2022 (un-audited) | 453,835,300 | 55,384,700 | 519,968,497 | 575,353,197 | 76,737,285 | 652,090,482 | 1,105,925,782 |

The annexed notes from 1 to 26 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 Officer

Director

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, 2022

1 STATUS AND NATURE OF BUSINESS

OLP Modaraba ('the Modaraba', formerly ORIX 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 ('the Management Company') (formerly ORIX 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 of Modaraba Company is OLP Building, Plot no. 16, sector No. 24, Korangi Industrial Area 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 of Modaraba is situated at 6th Floor, Syedna Tahir Saifuddin Trust Building, Beaumont Road, Civil Lines, Karachi, Pakistan. 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 (PACRA) Limited 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. 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, unless otherwise stated.

3 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

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 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.

3.3 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 01, 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.

3.4 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 01, 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) December 31, 2022 | (Audited) June 30, 2022 |
|---|------|--------------------------------------|-------------------------------|
| 5 CASH AND BANK BALANCES | Note | ----- (Rupees) ----- | |
| Balances with banks in: | | | |
| - current accounts | | 15,172,962 | 6,717,664 |
| - deposit accounts | 5.1 | 166,204,089 | 457,273,251 |
| - term deposit receipts | | - | 50,000,000 |
| Balance with the State Bank of Pakistan | | 26,204 | 76,204 |
| Cash in hand | | 95,000 | 81,506 |
| | | 181,498,255 | 514,148,625 |

5.1 These carry profit at the rates ranging from 6.00% to 13.90% (June 30, 2022: 9.64% to 12.75%) 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.

| | | (Un-audited) December 31, 2022 | (Audited) June 30, 2022 |
|--|------|--------------------------------------|-------------------------------|
| 6 IJARAH RENTALS RECEIVABLE | Note | (Rupees) | |
| Ijarah rentals receivable - considered good | | 124,369,021 | 124,755,394 |
| Ijarah rentals receivable - considered bad or doubtful | 6.1 | 33,128,210 | 27,569,069 |
| Less: allowance for potential Ijarah losses | 6.2 | (14,969,043) | (12,327,647) |
| Less: profit held in suspense | 6.3 | (18,159,167) | (15,241,422) |
| | | - | - |
| | | 124,369,021 | 124,755,394 |

6.1 This is netted-off with the related security deposits held as at the reporting date.

6.2 Allowance for potential Ijarah losses

| | | |
|--|-------------------|-------------------|
| Opening balance | 12,327,647 | 16,520,076 |
| Provision / (reversal) for the period / year - net | 2,641,390 | (4,192,429) |
| Amount written off during the year | - | - |
| Closing balance | 14,969,037 | 12,327,647 |

6.3 Profit held in suspense

| | | |
|---|-------------------|-------------------|
| Opening balance | 15,241,422 | 19,746,816 |
| Reversal of income suspended during the period / year | - | (4,505,394) |
| Suspended income reversed during the period / year | 2,917,745 | - |
| Closing balance | 18,159,167 | 15,241,422 |

6.4 Ijarah includes Rs. 82.29 million (June 30, 2022: Rs. 53.55 million) which have been placed under non-performing status.

6.5 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. 22.28 million (June 30, 2022: Rs. 27.97 million).

| | | (Un-audited) December 31, 2022 | (Audited) June 30, 2022 |
|--|------|--------------------------------------|-------------------------------|
| 7 SHORT-TERM INVESTMENTS | Note | (Rupees) | |
| At amortised cost | | | |
| Investment in Sukuk certificates | 7.1 | 57,701,835 | 57,701,835 |
| Less: provision in respect of Sukuk certificates | 7.2 | (57,701,835) | (57,701,835) |
| | | - | - |
| At fair value through profit or loss | | | |
| Investment in mutual funds | | 255,550,985 | - |
| | | 255,550,985 | - |

7.1 Particulars of Investment in Sukuk Certificates

| Name of the Investee Company | Number of certificates | | | | Profit rate | Tenor | Security | December 31, 2022 (Un-audited) | | |
|--|------------------------|---------------------------|----------------------|-------------------------|-------------|----------|---|--------------------------------|----------------|-----------------|
| | As at July 01, 2022 | Purchased during the year | Sold during the year | As at December 31, 2022 | | | | Principal amount outstanding | Provision held | Carrying amount |
| | | | | | | | | (Rupees) | | |
| Sukuk certificates of Rs. 5,000 each unless stated otherwise | | | | | | | | | | |
| Security Leasing Corporation Limited (note 7.1.1) | 5,000 | - | - | 5,000 | - | 10 years | First charge over specific leased assets and associated lease receivables with 25% security margin | 7,701,835 | (7,701,835) | - |
| Shahraj Fabrics (Private) Limited (note 7.1.2) | 10,000 | - | - | 10,000 | 11.52% | 5 years | First pari passu charge over all present and future plant and machinery of the Company, equivalent to the facility amount with a 25% margin | 50,000,000 | (50,000,000) | - |
| As at December 31, 2022 | | | | | | | | 57,701,835 | (57,701,835) | - |
| As at June 30, 2022 | | | | | | | | 57,701,835 | (57,701,835) | - |

7.1.1 On March 18, 2010, the terms of the redemption of principal outstanding balance and payment of profit thereon were restructured. Under the revised terms, principal redemptions were to commence from April 2010 in 48 equal monthly installments payable in arrears and profit was to be payable at the rate of 6% for the first eighteen months commencing from the date of restructuring and at the rate of 1 month KIBOR thereafter. The revised agreement was restructured with effect from March 19, 2011 under which, all future profit payments as per the first restructuring agreement were waived and the redemptions of the outstanding principal balance were to be continued to be made as per the original restructuring agreement. During the year ended June 30, 2012, the terms of the agreement were revised for the third time, whereby, the remaining principal became payable in 120 equal monthly installments commencing from February 19, 2012. The payments of these Sukuk certificates have been overdue since July 2014. Accordingly, the outstanding balance has been fully provided.

7.1.2 As per the terms of the Sukuk agreement, the principal was to be repaid in 14 equal quarterly installments beginning from the 21st month following the date of disbursement, whereas, profit was payable semi-annually in arrears. However, principal payments have been overdue since 2008 and, accordingly, the Sukuk has been classified under the 'loss' category of non-performing assets as per the requirements of the Modaraba Regulations, 2021. Consequently, the management has retained a provision at the rate of 100 percent in respect of the said investment and has suspended the accrued profit upto December 31, 2022.

7.2 Movement in provision against Sukuk certificates

| | (Un-audited) December 31, 2022 | (Audited) June 30, 2022 |
|---------------------------------|--------------------------------------|-------------------------------|
| ----- (Rupees) ----- | | |
| Opening balance | 57,701,835 | 57,701,835 |
| Provision for the period / year | - | - |
| Closing balance | 57,701,835 | 57,701,835 |

| | | (Un-audited) December 31, 2022 | (Audited) June 30, 2022 |
|---|-----------|--------------------------------------|-------------------------------|
| | Note | ----- (Rupees) ----- | |
| 7.3 Break-up of investment in Sukuk certificates between long-term and current portion | | | |
| 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 | | 101,616,325 | 62,928,839 |
| - Motor vehicles | | 35,727,244 | 24,467,656 |
| - Others | | 3,129,626 | 1,933,187 |
| | 8.1 & 8.2 | 140,473,195 | 89,329,682 |
| Others - considered good | | | |
| - Housing finance | | 353,097,768 | 387,290,598 |
| - Motor vehicles | | 1,501,935,855 | 1,464,938,707 |
| - Plant, machinery and equipment | | 1,824,182,134 | 1,727,437,560 |
| | | 3,679,215,757 | 3,579,666,865 |
| Others - considered bad or doubtful | | | |
| - Housing finance | | 1,137,630 | - |
| - Motor vehicles | | 66,369,654 | 56,299,464 |
| - Plant, machinery and equipment | | 144,366,397 | 126,778,752 |
| | | 211,873,681 | 183,078,216 |
| Less: provision in respect of Diminishing Musharaka | 8.3 | (74,018,722) | (89,189,561) |
| | | 3,817,070,716 | 3,673,555,520 |
| | | 3,957,543,911 | 3,762,885,202 |

8.1 These represent finance provided to employees, officers and key management personnel of the Modaraba under Diminishing Musharaka arrangement for renovation, construction and purchase of house, purchase of vehicles and other consumer durables. These carry profit at the rates ranging from 18.32% to 20.06% (June 30, 2022: 13.74% to 18.44%) per annum and are repayable on monthly basis over a maximum period of 20 years (June 30, 2022: 20 years). The maximum aggregate amount due from officers and employees at any time during the year calculated by reference to month-end balance is Rs. 140.473 million (June 30, 2022: Rs. 124.080 million).

8.1.1 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. 27.775 million (June 30, 2022: Rs. 29.816 million), Rs. 19.421 million (June 30, 2022: Rs. 9.996 million) and Rs. 0.476 million (June 30, 2022: Rs. 0.616 million) respectively. These are secured against Diminishing Musharaka assets.

8.2 Reconciliation of carrying amounts of finance provided to employees and officers under Diminishing Musharaka arrangement

| (Un-audited) December 31, 2022 | (Audited) June 30, 2022 |
|--------------------------------------|-------------------------------|
| ----- (Rupees) ----- | |

| | | |
|--|--------------|--------------|
| Opening balance | 89,329,682 | 106,598,697 |
| Disbursements during the period / year | 72,403,134 | 31,686,254 |
| Transfer of resigned staff | - | (4,235,115) |
| Receipts during the period / year | (21,259,621) | (44,720,154) |
| Closing balance | 140,473,195 | 89,329,682 |

8.3 Movement in provision against Diminishing Musharaka

| | | |
|--|--------------|------------|
| Opening balance | 89,189,561 | 88,152,308 |
| (Reversal) / provision for the period / year - net | (15,170,839) | 1,037,253 |
| Closing balance | 74,018,722 | 89,189,561 |

8.4 Break-up of Diminishing Musharaka between long-term and current portion

| | | |
|--|---------------|---------------|
| Current portion of Diminishing Musharaka | 1,332,149,160 | 1,333,903,806 |
| Less: provision held | (53,937,198) | (34,332,530) |
| | 1,278,211,962 | 1,299,571,276 |
| Long-term portion of Diminishing Musharaka | 2,699,413,473 | 2,518,170,957 |
| Less: provision held | (20,081,524) | (54,857,031) |
| | 2,679,331,949 | 2,463,313,926 |

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

8.6 Diminishing Musharaka includes Rs. 211.87 million (June 30, 2022: Rs. 183.08 million) which have been placed under non-performing status.

8.7 Diminishing Musharaka carries profit at the rates ranging from 14.77% to 22.46% (June 30, 2022: 10.04% to 21.16%) per annum.

9 IJARAH ASSETS

| | Note | (Un-audited) December 31, 2022 | (Audited) June 30, 2022 |
|---|-----------|--------------------------------------|-------------------------------|
| | | ----- (Rupees) ----- | |
| Ijarah contracts commencing on or after July 01, 2008 - accounted for under IFAS 2 | 9.1 & 9.2 | 1,775,948,833 | 1,811,054,254 |
| Ijarah contracts prior to July 01, 2008 - accounted for as finance leases | | 370,000 | 370,000 |
| Less: net investment in Ijarah finance | | (370,000) | (370,000) |
| | | - | - |
| | | 1,775,948,833 | 1,811,054,254 |

- 9.1 During the six months period ended December 31, 2022, additions amounting to Rs. 358 million (December 31, 2021: Rs. 444 million) and disposals amounting to Rs. 303 million (December 31, 2021: Rs. 440 million) were made to the assets under Ijarah arrangements.

| | (Un-audited) December 31, 2022 | (Un-audited) December 31, 2021 |
|-------------------------------------|--------------------------------------|--------------------------------------|
| | ----- (Rupees) ----- | |
| Ijarah assets | | |
| Additions at cost during the period | | |
| - Plant, machinery and equipments | 357,715,483 | 413,982,671 |
| - Motor vehicles | - | 30,481,000 |
| | 357,715,483 | 444,463,671 |
| Disposals at cost during the period | | |
| - Plant, machinery and equipments | 106,578,977 | 192,605,927 |
| - Motor vehicles | 196,219,789 | 247,602,426 |
| | 302,798,766 | 440,208,353 |

- 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 51% (June 30, 2022: 0% to 55%) are obtained at the time of disbursement. The rate of profit implicit in Ijarah finance ranges between 13.83% to 22.06% (June 30, 2022: 12.91% to 20.35%) per annum.
- 9.3 Ijarah includes Rs. 82.29 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. 22.28 million (June 30, 2022: Rs. 27.97 million).

10 TANGIBLE ASSETS

| | Note | (Un-audited) December 31, 2022 | (Audited) June 30, 2022 |
|----------------------------|------|--------------------------------------|-------------------------------|
| | | ----- (Rupees) ----- | |
| Tangible assets in own use | 10.1 | 21,734,246 | 18,188,866 |

10.1 The following is a statement of tangible assets in own use:

| December 31, 2022 (Un-audited) | | | | | |
|------------------------------------|------------------------|---|----------------|-------------|--------------|
| Tangible assets | | | | | Total |
| Lease hold improvements | Furniture and fittings | Office equipment, appliances and computer systems | Motor vehicles | | |
| (Rupees) | | | | | |
| At July 01, 2022 | | | | | |
| Cost | 12,198,211 | 8,279,748 | 36,719,739 | 2,594,300 | 59,791,998 |
| Accumulated depreciation | (11,409,910) | (6,835,618) | (20,763,304) | (2,594,300) | (41,603,132) |
| Net book value | 788,301 | 1,444,130 | 15,956,435 | - | 18,188,866 |
| Additions | - | - | 1,829,010 | 6,348,000 | 8,177,010 |
| Disposals | | | | | |
| Cost | - | - | - | 2,492,500 | 2,492,500 |
| Depreciation | - | - | - | (2,492,500) | (2,492,500) |
| | - | - | - | - | - |
| Depreciation charge for the period | (98,826) | (357,888) | (3,469,584) | (705,332) | (4,631,630) |
| Closing net book value | 689,475 | 1,086,242 | 14,315,861 | 5,642,668 | 21,734,246 |
| At December 31, 2022 | | | | | |
| Cost | 12,198,211 | 8,279,748 | 38,548,749 | 6,449,800 | 65,476,508 |
| Accumulated depreciation | (11,508,736) | (7,193,506) | (24,232,888) | (807,132) | (43,742,262) |
| Net book value | 689,475 | 1,086,242 | 14,315,861 | 5,642,668 | 21,734,246 |
| Depreciation rate (% per annum) | 20% | 33.33% | 20% - 33.33% | 33.33% | |

| June 30, 2022 (Audited) | | | | | |
|----------------------------------|------------------------|---|----------------|-------------|--------------|
| Tangible assets | | | | | Total |
| Lease hold improvements | Furniture and fittings | Office equipment, appliances and computer systems | Motor vehicles | | |
| (Rupees) | | | | | |
| At July 01, 2021 | | | | | |
| Cost | 11,277,508 | 6,946,242 | 21,896,467 | 2,594,300 | 42,714,517 |
| Accumulated depreciation | (11,212,258) | (6,518,397) | (18,264,820) | (2,594,300) | (38,589,775) |
| Net book value | 65,250 | 427,845 | 3,631,647 | - | 4,124,742 |
| Additions | 920,703 | 1,680,537 | 15,887,501 | - | 18,488,741 |
| Disposals | | | | | |
| Cost | - | (347,031) | (1,064,229) | - | (1,411,260) |
| Depreciation | - | 347,031 | 1,029,919 | - | 1,376,950 |
| | - | - | (34,310) | - | (34,310) |
| Depreciation charge for the year | (197,652) | (664,252) | (3,528,403) | - | (4,390,307) |
| Closing net book value | 788,301 | 1,444,130 | 15,956,435 | - | 18,188,866 |
| At June 30, 2022 | | | | | |
| Cost | 12,198,211 | 8,279,748 | 36,719,739 | 2,594,300 | 59,791,998 |
| Accumulated depreciation | (11,409,910) | (6,835,618) | (20,763,304) | (2,594,300) | (41,603,132) |
| Net book value | 788,301 | 1,444,130 | 15,956,435 | - | 18,188,866 |
| Depreciation rate (% per annum) | 20% | 33.33% | 20% - 33.33% | 33.33% | |

| | | (Un-audited) December 31, 2022 | (Audited) June 30, 2022 |
|---|------|--------------------------------------|-------------------------------|
| 11 INTANGIBLE ASSETS | Note | (Rupees) ----- | |
| Software | 11.1 | 1,792,833 | 833,934 |
| 11.1 Opening balance | | | |
| Cost | | 31,770,056 | 30,887,067 |
| Accumulated amortisation | | (30,936,122) | (30,765,744) |
| Net book value | | 833,934 | 121,323 |
| Additions during the period / year | | 1,179,795 | 882,989 |
| Disposals | | | |
| Cost | | - | - |
| Accumulated amortisation | | - | - |
| Amortisation charge for the period / year | | (220,896) | (170,378) |
| Closing net book value | | 1,792,833 | 833,934 |
| Amortisation rate (% per annum) | | 33.33% | 33.33% |
| Closing balance | | | |
| Cost | | 32,949,851 | 31,770,056 |
| Accumulated amortisation | | (31,157,018) | (30,936,122) |
| Net book value | | 1,792,833 | 833,934 |
| 12 DEFERRED TAX ASSETS | | | |
| Deferred tax assets | 12.1 | 85,847,702 | 62,900,127 |

12.1 Movement in temporary differences during the period:

| | As at July 01, 2022 | Recognised in P&L | Recognised in OCI | As at December 31, 2022 |
|--|------------------------|----------------------|-------------------|----------------------------|
| Deductible temporary differences on | | | | |
| - Ijarah assets | 53,948,565 | 14,799,530 | - | 68,748,095 |
| - Tangible assets | 2,139,882 | 1,566,266 | - | 3,706,148 |
| - Intangible assets | 6,811,680 | 6,581,779 | - | 13,393,459 |
| | 62,900,127 | 22,947,575 | - | 85,847,702 |
| | 62,900,127 | 22,947,575 | - | 85,847,702 |

13 TERM FINANCE ARRANGEMENTS

Note

(Un-audited)
December 31,
2022

(Audited)
June 30,
2021

(Rupees)

| | | | |
|--|-------------------|-----------------|---------------|
| Musharaka / Wakala finance | 13.1, 13.2 & 13.3 | 1,895,246,222 | 1,587,104,145 |
| Less: current portion of term finance arrangements | | (1,134,875,192) | (437,094,289) |
| Long-term portion of term finance arrangements | | 760,371,030 | 1,150,009,856 |

13.1 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, 2022 (Un-audited) | As at June 30, 2022 (Audited) | During the period ended December 31, 2022 (Un-audited) | During the year ended June 30, 2022 (Audited) | | December 31, 2022 (Un-audited) | June 30, 2022 (Audited) | As at December 31, 2022 (Un-audited) | As at June 30, 2022 (Audited) |
| | (Rupees) | | | | | | | (Rupees) | |
| Bank Alfalah Limited | 175,000,000 | 262,499,999 | 0.4290-0.4458 | 0.2178-0.429 | Quarterly | 3 years | 3 years | 175,000,000 | 262,499,999 |
| Allied Bank Limited | 800,000,000 | 800,000,000 | 0.4290-0.4458 | 0.2205-0.3422 | Quarterly | 5 years | 3-5 years | 629,027,048 | 693,533,197 |
| Pakistan Mortgage Refinance Company Limited | 291,219,174 | 331,070,949 | 0.3658 | 0.1786-0.3658 | Quarterly | 5 years | 5 years | 291,219,174 | 331,070,949 |
| Meezan Bank Limited | 500,000,000 | - | 0.4405-0.4816 | - | Quarterly | 1 year | - | 500,000,000 | - |
| United Bank Limited | 300,000,000 | 300,000,000 | 0.4184-0.4455 | 0.4184 | Quarterly | 3 years | 3 years | 300,000,000 | 300,000,000 |
| | | | | | | | | 1,895,246,222 | 1,587,104,145 |

13.2 The aforementioned facilities are secured against exclusive hypothecation over term deposit receipts, specific movable Ijarah and Diminishing Musharaka assets and the rentals / installments receivable in respect of such assets.

13.3 These carry profit at the rates ranging from 13.35% to 17.58% (June 30, 2022: 6.52% to 15.66%) per annum.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

There were no contingencies outstanding as at December 31, 2022 and June 30, 2022.

14.2 Commitments

Outstanding letters of comfort as at December 31, 2022 amounts to Rs. 83.8 million (June 30, 2022: Rs. 83.8 million).

| (Un-audited) Six months period ended December 31, 2022 | (Un-audited) Six months period ended December 31, 2021 |
|--|--|
| | |
| | (Rupees) |

15 FINANCIAL AND OTHER CHARGES

| | | |
|-------------------------------------|--------------------|--------------------|
| Profit on redeemable capital | 193,784,658 | 102,969,044 |
| Profit on term finance arrangements | 155,144,912 | 48,511,544 |
| Commission | 10,942,034 | 12,557,502 |
| Unwinding of security deposits | 16,681,685 | 10,558,159 |
| Bank charges | 469,248 | 33,261 |
| | 377,022,537 | 174,629,510 |

16 MANAGEMENT COMPANY'S REMUNERATION

The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba. The remuneration for the period ended December 31, 2022 has been recognised at 10% (June 30, 2022: 10%) of the profit before taxation for the period before charging such remuneration.

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

During 2013, the Sindh Revenue Board (SRB) levied Sindh sales tax on the Management Company's 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 on Services Act, 2011. The Modaraba, however, considers that the Management Company's 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 01, 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 08, 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 (the 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 05, 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.

18 **PROVISION FOR SINDH 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 its 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 year ended June 30, 2021, 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 01, 2014 to December 31, 2022 in these condensed interim financial statements on a prudent basis.

19 **TAXATION**

- Current
- Deferred

| (Un-audited) Six months period ended December 31, 2022 | (Un-audited) Six months period ended December 31, 2021 |
|--|--|
| ----- (Rupees) ----- | |
| 45,769,126 | 56,287,022 |
| (22,947,575) | (34,390,189) |
| <u>22,821,551</u> | <u>21,896,833</u> |

19.1 The income of non-trading Modarabas was exempt from income tax provided that not less than 90% of their profits are distributed to the certificate holders. The tax clause which provides for such exemption has been omitted through Tax Laws (second) amendment Ordinance, 2021. Accordingly, provision for taxation has been made in these condensed interim financial statements.

20 **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, 2022 and December 31, 2021 which would have any effect on the earnings per certificate if the option to convert is exercised.

21 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Parties which are related to the Modaraba as per the requirements of in pursuit of IAS 24 'Related Party Disclosures' and includes associates, directors, staff retirement benefit plans and key management personnel. Remuneration of key management personnel are in accordance with the terms of employment. Dividend payout is recorded at the rate approved by the Modaraba Management Company. The Management Company's remuneration is in accordance with the rate mentioned in the law. Contributions to the staff provident fund and staff gratuity fund are made in accordance with the service rules. Other transactions are at agreed rates. 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.

21.1 Transactions during the period:

| | (Un-audited) Six months period ended December 31, 2022 | (Un-audited) Six months period ended December 31, 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 | 301,787 | 299,279 |
| OLP Services Pakistan (Private) Limited [formerly ORIX Services Pakistan (Private) Limited] - Management Company | | |
| Management Company's remuneration | 9,307,822 | 8,686,276 |
| Dividend | 9,076,706 | 13,161,224 |
| Rent reimbursement | 2,295,641 | - |
| Staff retirement benefits funds | | |
| Contribution made to OLP Modaraba - Staff Provident Fund | 2,937,646 | 2,641,701 |
| Contribution made to OLP Modaraba - Staff Gratuity Fund | 2,447,060 | 2,201,417 |
| Reimbursement from OLP Modaraba - Staff Gratuity Fund | 1,029,527 | - |
| AWT Investments Limited (AWTIL) - Associate | | |
| Profit on Certificate of Musharaka issued to mutual funds managed by AWTIL | 6,169,860 | - |
| The Patients' Behbud Society for AKU - Associate | | |
| Donation paid by the Modaraba | 1,000,000 | - |
| Layton Rahmatulla Benevolent Trust Hospital - Associate | | |
| Donation paid by the Modaraba | 1,000,000 | - |
| Directors of the Management Company | | |
| Dividend paid during the period | 212,098 | 307,542 |

Key management personnel

| | (Un-audited) Six months period ended December 31, 2022 | (Un-audited) Six months period ended December 31, 2021 |
|--|--|--|
| | ----- (Rupees) ----- | |
| Salaries and benefits | 33,582,281 | 30,076,977 |
| Contribution to the staff provident fund | 1,105,391 | 1,040,123 |
| Contribution to the staff gratuity fund | 920,788 | 866,769 |
| Reimbursement from the staff gratuity fund | 936,242 | - |
| Income on Diminishing Musharaka arrangements | 3,876,308 | 2,083,022 |
| Profit on redeemable capital for the period | 1,508,546 | 246,576 |
| Redeemable capital issued (net off redemption) | 6,400,000 | 6,500,000 |

21.2 Balances outstanding as at period / year end**OLP Financial Services Pakistan Limited****[formerly ORIX Leasing Pakistan Limited] - Holding Company of the Management Company**

| | (Un-audited) December 31, 2022 | (Audited) June 30, 2021 |
|--|--------------------------------------|-------------------------------|
| | ----- (Rupees) ----- | |
| Certificate capital [Certificates held: 4,538,353 (June 30, 2022: 4,538,353)] | 45,383,530 | 45,383,530 |

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 | 9,307,822 | 17,941,905 |

AWT Investments Limited (AWTIL) - Associate

| | | |
|---|------------|-------------|
| Profit payable on redeemable capital | 2,006,040 | 3,283,231 |
| Redeemable capital [Certificates held: 2 (June 30, 2022: 21)] | 48,000,000 | 100,000,000 |

Directors of the Management Company

| | | |
|---|-----------|-----------|
| Certificate capital [Certificates held: 106,049 (June 30, 2022: 106,049)] | 1,060,490 | 1,060,490 |
|---|-----------|-----------|

Key management personnel

| | | |
|--|------------|------------|
| Accrued profit on finances under Diminishing Musharaka | 307,706 | 138,680 |
| Profit payable on redeemable capital | 1,095,531 | 979,000 |
| Redeemable capital [Certificates held: 50 (June 30, 2022: 50)] | 28,950,000 | 22,550,000 |

22 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.

22.1 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).

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.

| | As at December 31, 2022 (Un-audited) | | | | | | | |
|---|--------------------------------------|------------------------|----------------------|----------------------|------------|--------------------|----------|--------------------|
| | Carrying value | | | | Fair value | | | |
| | Fair value through profit or loss | Fair value through OCI | Amortised cost | Total | Level 1 | Level 2 | Level 3 | Total |
| | (Rupees) | | | | | | | |
| Financial assets | | | | | | | | |
| Cash and bank balances | - | - | 181,498,255 | 181,498,255 | - | - | - | - |
| Ijarah rentals receivable | - | - | 124,369,021 | 124,369,021 | - | - | - | - |
| Investments | 255,550,985 | - | - | 255,550,985 | - | 255,550,985 | - | 255,550,985 |
| Advances, deposits, prepayments and other receivables | - | - | 216,393,384 | 216,393,384 | - | - | - | - |
| Diminishing Musharaka | - | - | 3,957,543,911 | 3,957,543,911 | - | - | - | - |
| Net investment in Ijarah finance | - | - | 370,000 | 370,000 | - | - | - | - |
| Total | 255,550,985 | - | 4,480,174,571 | 4,735,725,556 | - | 255,550,985 | - | 255,550,985 |
| Financial liabilities | | | | | | | | |
| Term finance arrangements | - | - | 1,895,246,222 | 1,895,246,222 | - | - | - | - |
| Security deposits | - | - | 505,584,903 | 505,584,903 | - | - | - | - |
| Creditors, accrued and other liabilities | - | - | 344,809,690 | 344,809,690 | - | - | - | - |
| Redeemable capital | - | - | 2,611,205,000 | 2,611,205,000 | - | - | - | - |
| Unclaimed profit distribution | - | - | 60,845,345 | 60,845,345 | - | - | - | - |
| Advance Ijarah rentals received | - | - | 1,870,501 | 1,870,501 | - | - | - | - |
| Total | - | - | 5,419,561,661 | 5,419,561,661 | - | - | - | - |

| As at June 30, 2022 (Audited) | | | | | | | |
|--|------------------------|----------------|---------------|---------------|---------|---------|-------|
| Carrying value | | | | Fair value | | | |
| Fair value through profit or loss | Fair value through OCI | Amortised cost | Total | Level 1 | Level 2 | Level 3 | Total |
| ----- (Rupees) ----- | | | | | | | |
| Financial assets | | | | | | | |
| 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 | | | | | | | |
| Term finance arrangements | - | - | 1,587,104,145 | 1,587,104,145 | - | - | - |
| Security deposits | - | - | 404,914,141 | 404,914,141 | - | - | - |
| 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 | - | - | 5,415,808,137 | 5,415,808,137 | - | - | - |

23 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 and all of its income is generated in Pakistan.

The Modaraba also has a diversified certificate holder population. As at December 31, 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.

24 GENERAL

Figures in there condensed interim financial statements for the quarters ended December 31, 2022 and December 31, 2021 have not been subjected to limited scope review of the auditors.

25 **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.

26 **DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on **February 23, 2023** 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 Officer | Director | Director | Chief Financial Officer |
|-------------------------|----------|----------|-------------------------|



OLP

OLP Modaraba
(Formerly ORIX Modaraba)

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