

HALF YEARLY REPORT
DECEMBER 2023

OLP Modaraba |  OLP



Assisting in Development of the SME Sector in Pakistan

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Modaraba Information

Modaraba Company OLP 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
Ms. Naila Hasan	Independent Director
Mr. Nadim D. Khan	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

Ms. Naila Hasan	Chairperson
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

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) 38341168
Email: askus@olpmodaraba.com

Lahore Branch:

Office No-08, 1st floor,
Park Lane Tower (Mall Of Lahore)
172-Tufail Road, Lahore Cantt.
Phone: (042) 38017006

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, 2023

The Board of Directors of OLP Services Pakistan (Private) Limited, the management company of OLP Modaraba is pleased to present the unaudited accounts of OLP Modaraba for the six months period ended December 31, 2023.

1. Economic Outlook

Pakistan's economy is expected to rebound with Gross Domestic Product (GDP) to grow by 2.1% in the fiscal year 2024, after contracting by 0.17% in the previous year. It is expected that the growth rate will likely accelerate to 4.8% in the fiscal year 2025.

The Country has received preliminary approval for another loan tranche of \$700 million from the International Monetary Fund (IMF), which will help boost foreign exchange reserves and avert debt default. Pakistan will also likely negotiate a new longer-term deal with the IMF once the current program ends in March 2024.

The country's external accounts and foreign exchange reserves have improved and reached to \$ 12.9 billion in December 2023, and the current account deficit is also expected to shrink.

As the economic indicators are gradually improving and inflation is expected to decline significantly from March 2024 onwards. The State Bank of Pakistan (SBP) will likely start cutting its key policy rate going forward as inflation slows down. The SBP is forecasting that it will cut the discount rate to 15% by the end of 2024.

The optimistic economic outlook is also evident by the 2.13 percent growth achieved in the first quarter of FY2024, largely contributed by agriculture and industry. Further, the twin deficit is on a downward trajectory signifying better economic management to reduce the macroeconomic imbalances. This lays the foundation for progressing towards higher and sustainable economic growth.

Further, the general elections scheduled for February 2024 should lead to greater political stability and investor confidence.

2. Financial Highlights

Financial results are summarized as under:

Balance Sheet

	December 31, 2023	June 30, 2023
	----- (Rupees) -----	
Certificate capital	453,835	453,835
Total equity	1,162,574	1,176,623
Total assets	6,988,644	6,824,579
Investment in Ijarah finance and Ijarah Assets	1,411,919	1,627,562
Investments in Diminishing Musharika	4,354,027	4,269,916
Short term Investments and Sukuks	134,910	123,859
Redeemable capital	3,444,185	2,896,605

Profit and Loss

	Six months ended December 31, 2023	Six months ended December 31, 2022
	----- (Rupees) -----	
Revenue (net of Ijarah assets depreciation)	803,054	568,290
Financial and other charges	534,691	377,023
Provision / (reversal) of provisions – net	2,875	(15,695)
Operating expenses	141,506	113,885
Profit before modaraba management company's remuneration	123,983	93,078
Profit before taxation	107,773	80,909
Net profit	76,719	58,088

3. Review of Operations

By the Grace of Allah, your Modaraba's performance during the period under review continued to be very strong. The Modaraba's gross revenue (net of Ijarah assets depreciation and including other income) increased by 41.31% from PKR 568,290 million to PKR 803,054 million compared to the corresponding period of last year. The main reason behind this was the increase in the benchmark rate. Our challenge during this period was the rapid and large movement of the KIBOR 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 377,023 million to PKR 534,691 million showing an increase of 41.82% compared to last year six months period. Despite the risk of increase in infection rate due to high discount rate there is net provision of PKR 2,875 million which was due to pro-actively and subjectively downgrading of some of stressed customers. Administrative and operating expenses increased by 24.25% from PKR 113,885 million to PKR 141,506 million mainly due to high inflation rate during the period. Profit before taxation increased by 33.20% from PKR 80,909 million to PKR 107,773 million. Whereas net profit for the period increased by 30.07% from PKR 58,088 million to PKR 76,719 million compared to corresponding period last year.

During the period under review, the Modaraba also changed its policies related to staff finances to show a realistic employee cost. Now staff finances are funded at subsidized rates. Previously staff was paid subsidies against finances at commercial rates.

The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances and short-term investments stood at PKR 5,901 million compared to PKR 6,021 million as at June 30, 2023, showing a decrease of 2.00% during the six months period. However, total assets increased by 2.40% to PKR 6,989 million compared to PKR 6,825 million as at June 30, 2023. During the period under review, the Modaraba booked fresh disbursements to the tune of PKR 1,250 million as compared to PKR 1,154 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 14, 2024



Raheel Qamar Ahmad
Managing Director/ CEO



Ramon Alfrey
Director

31 دسمبر 2023ء کی اختتامی مدت کیلئے ڈائریکٹرز کا جائزہ:

OLP سرورمز پاکستان (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز اور OLP مضاربہ کی اختتامی کمیٹی، 31 دسمبر 2023ء کو اختتام پذیر ہونے والے چھ ماہ کیلئے OLP مضاربہ کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

معاشی صورتحال:

مالی سال 2024 میں پاکستان کی معیشت میں بحالی کی توقع ہے اور گذشتہ سال 0.17 فیصد کمی کے بعد مجموعی ملکی پیداوار (جی ڈی پی) میں 2.1 فیصد اضافے کا امکان ہے۔ مالی سال 2025 میں شرح نمو 4.8 فیصد تک پہنچنے کی توقع ہے۔

پاکستان نے انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) سے 700 ملین ڈالر کی اضافی قرض کی قسط کی ابتدائی منظوری حاصل کر لی ہے، جس کا مقصد غیر ملکی زرمبادلہ کے ذخائر کو تقویت دینا اور ڈیپلائٹ سے بچنا ہے۔ مارچ 2024 میں موجودہ پروگرام کے اختتام کے بعد پاکستان کی آئی ایم ایف کے ساتھ ایک نئے طویل مدتی معاہدے کے لیے بات چیت کی بھی توقع ہے۔

ملک کے بیرونی کھاتوں اور زرمبادلہ کے ذخائر میں بہتری آئی ہے اور دسمبر 2023 میں یہ ذخائر 12.9 بلین ڈالر تک پہنچ گئے ہیں اور توقع ہے کہ کرنٹ اکاؤنٹ خسارہ میں بھی کمی آئے گی۔

معاشی اشارے بتدریج بہتر ہو رہے ہیں اور مارچ 2024 کے بعد افراط زر میں نمایاں کمی متوقع ہے۔ اسٹیٹ بینک آف پاکستان (SBP) مکمل طور پر افراط زر کی رفتار کم ہونے پر اپنی اہم پالیسی شرح میں کمی کرنا شروع کر دے گا۔ اسٹیٹ بینک نے پیش گوئی کی ہے کہ وہ 2024 کے اختتام تک ڈسکونٹ ریٹ کو 15 فیصد تک کم کر دے گا۔

مالی سال 2024 کی پہلی سہ ماہی میں حاصل کی گئی 2.13 فیصد شرح نمو سے اقتصادی نقطہ نظر پر امید ظاہر ہوتا ہے جس میں زیادہ تر حصہ زراعت اور صنعت کا ہے۔ مزید برآں، جزاؤں خسارہ نیچے کی جانب گامزن ہے، جو بہتر معاشی انتظام کی نشاندہی کرتا ہے جس کا مقصد میٹرو انکماک عدم توازن کو کم کرنا ہے۔ یہ اعلیٰ اور پائیدار اقتصادی ترقی کی طرف پیش قدمی کا مرحلہ نظر کرتا ہے۔

مزید یہ کہ فروری 2024 کو ہونے والے عام انتخابات سیاسی استحکام اور سرمایہ کاروں کے اعتماد کا باعث بنیں گے۔

مالیاتی نتائج:

مالیاتی نتائج کا خلاصہ درج ذیل ہے:

30 جون 2023 (روپے '000)	31 دسمبر 2023 (روپے '000)
453,835	453,835
1,176,623	1,162,574
6,824,579	6,988,644
1,627,562	1,411,919
4,269,916	4,354,027
123,859	134,910
2,896,605	3,444,185

بیلنس شیٹ

سرٹیفکیٹ کپی ہیل

مجموعی ایکویٹی

مجموعی اثاثہ جات

اجارہ فنانس اور اجارہ اثاثہ جات میں سرمایہ کاری

ڈیویڈنڈ مشارکہ میں سرمایہ کاری

مختصر مدتی سرمایہ کاری اور سٹاک

ریڈیم ایبل کپی ہیل

31 دسمبر 2022 کے
اختصاصی چھ ماہ مدت
(روپے '000)

568,290
377,023
(15,695)
113,885
93,078
80,909
58,088

31 دسمبر 2023 کے
اختصاصی چھ ماہ مدت
(روپے '000)

803,054
534,691
2,875
141,506
123,983
107,773
76,719

منافع اور ضارہ

آمدنی (اجارہ اثاثہ جات کی قدر میں کمی)
مالیاتی اور دیگر چارجز
پروویڈنٹس/ (پروویڈنٹس کارپوریٹس) - خالص
عملی اخراجات
مضار ریٹینجمنٹ کمپنی کے معاوضے سے قفل منافع
قبل از ٹیکس منافع
خالص منافع

عملی کارکردگی کا جائزہ:

اللہ کے فضل و کرم سے زیر جائزہ مدت کے دوران آپ کے مضار بی کی کارکردگی مسلسل بہتر رہی۔ مضار بی کی مجموعی آمدنی (اجارہ اثاثوں کی قدر میں کمی اور دیگر آمدنی) گزشتہ سال کی اسی مدت کے مقابلے میں 41.31 فیصد اضافہ کے ساتھ مبلغ 568.290 ملین روپے سے بڑھ کر مبلغ 803.054 ملین روپے ہو گئی۔ اس کی بنیادی وجہ بیٹنگ مارک شرح میں اضافہ تھا۔ دوران عرصہ ہمارا بیٹنگ KIBOR کی شرح کی تیز رفتاری اور بڑی تبدیلی تھی جس نے ڈپازٹ کی شرحوں اور مالیاتی چارجز میں فوری اضافہ کو فروغ دیا لیکن یہ اثاثہ جات کی قیمت میں تحوّل بولنے کے بعد تبدیل کرتا ہے۔ مالیاتی چارجز 377.023 ملین روپے سے بڑھ کر 534.691 ملین روپے ہو گئے۔ جو کہ گزشتہ سال کی چھ ماہ کی مدت کے مقابلے میں 41.82 فیصد اضافہ ظاہر کرتا ہے۔ ہائی ڈسکانٹ ریٹ کے باعث انفلیکشن کی شرح میں اضافہ کے خطرے سے باوجود مبلغ 2.875 ملین روپے کا خالص پروویڈنٹس راہ جس کی بنیادی وجہ چند ماہ کا ڈسکار سارٹیفیکٹ میں گریڈنگ میں کمی کی گئی۔ انتظامی اور آپریٹنگ اخراجات 113.885 ملین روپے سے بڑھ کر مبلغ 141.506 ملین روپے ہو گئے۔ جو کہ 24.25 فیصد اضافہ ہے جس کی بنیادی وجہ دوران مدت افراط زر کی بلند شرح ہے۔ قبل از ٹیکس منافع مبلغ 80.909 ملین روپے سے بڑھ کر مبلغ 107.773 ملین روپے ہو گیا جو کہ 33.20 فیصد اضافہ ظاہر کرتا ہے۔ جبکہ شہامی کے لیے خالص منافع گزشتہ سال کی اسی مدت کے مقابلے میں 58.088 ملین روپے سے بڑھ کر مبلغ 76.719 ملین روپے ہو گیا جو کہ 30.07 فیصد اضافہ ظاہر کرتا ہے۔

زیر جائزہ مدت کے دوران، مضار بی نے اسٹاف کے مالیات سے متعلق اپنی پالیسیوں میں بھی تبدیلی کی تاکہ ملازمین کی حقیقی لاگت ظاہر کی جاسکے۔ اب اسٹاف فنانسنگ رعایتی شرحوں پر کی جاتی ہے۔ اس سے قبل اسٹاف کو تجارتی شرحوں پر فنانسنگ کی جاتی تھی اور اسٹاف کو سبسڈی دی جاتی تھی۔

30 جون 2023 تک اجارہ فنانس، سلوک اور مختصر مدت انویسٹمنٹ اور ڈیٹ ہینڈلنگ مشارکتی فنانسنگ کا پورٹ فولیو 6,021 ملین روپے کے مقابلے میں 5,901 ملین روپے رہا، جو کہ دوران شہامی 2.00 فیصد کمی ظاہر کرتا ہے۔ تاہم 30 جون 2023 تک مجموعی اثاثہ جات 6,825 ملین روپے کے مقابلے میں 2.40 فیصد اضافہ کے ساتھ 6,989 ملین روپے ہو گئے۔ زیر جائزہ مدت کے دوران، مضار بی نے 1,250 ملین روپے کی تازہ ادا کیلیوں کی بنیاد پر گزشتہ سال کی اسی مدت کے دوران 1,154 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 چلا گیا ہے۔ اثاثہ جات کے پورٹ فولیو میں ٹیلی کمیونیکیشنز، بڑے اور متوسط درجے کے مقامی کارپوریٹ اور منتخب SME تعلقات کا ایک اچھا استخراج ہے۔

OLP مضار بی ظاہری خطرات کا انتظام اور نگرانی کرتا ہے۔ قرض حاصل کنندہ کے کریڈٹ پروفائل کا جائزہ بشمول ادائیگی کی اہلیت، سہولت فراہم کرنے اور اس پر باقاعدہ نگرانی کے وقت کی جاتی ہے۔ اس کے علاوہ، پورٹ فولیو ریٹینجمنٹ اور الرٹ کمیٹیاں ہیں جو ممکنہ ناخوشگوار حالات کے لیے پورٹ فولیو نگرانی اور بروقت الرٹ کو کیٹینی بنانے کی ذمہ دار ہیں۔

کریڈٹ ریٹنگز:

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے OLP مضار بی کی طویل مدتی اور مختصر مدتی درجہ بندی کو بائز ریٹنگ AA (ڈبل اے) اور A1+ (اے ون پلس) کے طور پر برقرار رکھا ہے۔ یہ ریٹنگ کریڈٹ رسک کی کم توقع اور مالی وعدوں کی بروقت ادائیگی کے لیے غیر معمولی مضبوط صلاحیت کی نشاندہی کرتی ہے۔

اظہار تشکر:

پورڈ ریگولیریٹی اتھارٹیز، حقیقت پسندی، صاف کاری اور کاروباری شراکت داروں کے تعاون کا شکریہ ادا کرنا چاہتا ہے اور مستقبل میں ان کے تعاون کا منتظر ہے۔

راہیل قراچہ

ٹیچنگ ڈائریکٹر/سی ای او

راسن الفرسے

ڈائریکٹر

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, 2023 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, 2023 and December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2023.

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.

A.F. Ferguson & Co.
Chartered Accountants

Karachi

Dated:

Engagement Partner: Junaid Mesia

UDIN:

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2023

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
----- (Rupees) -----			
ASSETS			
Current assets			
Cash and bank balances	5	488,600,381	400,254,200
Ijarah rentals receivable	6	70,630,132	103,759,046
Advances, deposits, prepayments and other receivables		350,917,396	161,625,207
Short-term investments	7	134,910,041	123,858,681
Current portion of Diminishing Musharaka	8.4	1,321,449,423	1,321,802,595
Total current assets		2,366,507,373	2,111,299,729
Non-current assets			
Long-term portion of Diminishing Musharaka	8.4	3,032,577,614	2,948,113,326
Ijarah assets	9	1,411,919,083	1,627,562,155
Tangible assets	10	17,056,261	17,061,707
Intangible assets	11	4,720,983	2,194,932
Deferred tax assets	12	155,862,494	118,347,633
Total non-current assets		4,622,136,435	4,713,279,753
TOTAL ASSETS		6,988,643,808	6,824,579,482
LIABILITIES AND EQUITY			
Current liabilities			
Current portion of term finance arrangements	13	629,912,541	1,146,247,638
Current portion of security deposits		169,528,499	169,344,276
Creditors, accrued and other liabilities		398,275,471	415,240,194
Advance Ijarah rentals received		10,868,426	1,653,873
Current portion of redeemable capital		3,250,985,000	2,717,105,000
Unclaimed profit distribution		61,876,759	59,295,174
Provision for taxation - net		173,267,426	129,117,535
Total current liabilities		4,694,714,122	4,638,003,690
Non-current liabilities			
Long-term portion of term finance arrangements	13	647,208,489	503,762,218
Long-term portion of security deposits		290,946,873	326,691,002
Long-term portion of redeemable capital		193,200,000	179,500,000
Total non-current liabilities		1,131,355,362	1,009,953,220
TOTAL LIABILITIES		5,826,069,484	5,647,956,910
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorised certificate capital			
50,000,000 (June 30, 2023: 50,000,000) certificates of Rs. 10 each amounting to Rs. 500,000,000 (June 30, 2023: Rs. 500,000,000)			
Issued, subscribed and paid-up certificate capital			
28,500,000 (June 30, 2023: 28,500,000) certificates of Rs. 10 each fully paid in cash		285,000,000	285,000,000
16,883,530 (June 30, 2023: 16,883,530) bonus certificates of Rs. 10 each		168,835,300	168,835,300
Capital reserve		453,835,300	453,835,300
Revenue reserve		578,888,037	578,888,037
		129,850,987	143,899,235
		1,162,574,324	1,176,622,572
TOTAL LIABILITIES AND EQUITY		6,988,643,808	6,824,579,482
CONTINGENCIES AND COMMITMENTS			
	14		

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

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

SD	SD	SD	SD
Chief Executive	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, 2023

Note	Six months period ended December 31, 2023	Six months period ended December 31, 2022	Three months period ended December 31, 2023	Three months period ended December 31, 2022
	(Rupees)		(Rupees)	
Ijarah rentals earned	451,513,822	474,990,374	224,036,933	236,653,115
Income on Diminishing Musharaka arrangements	556,631,833	358,093,188	284,488,084	189,421,138
Dividend income	13,001,601	6,530,570	4,055,658	6,530,570
Profit on bank balances	42,685,733	42,628,392	23,833,052	19,157,183
	<u>1,063,832,989</u>	<u>882,242,524</u>	<u>536,413,727</u>	<u>451,762,006</u>
Financial and other charges	15 (534,691,115)	(377,022,537)	(277,166,930)	(188,444,531)
Depreciation on Ijarah assets	(273,744,254)	(334,736,489)	(132,291,636)	(164,825,184)
Reversal of impairment on assets under Ijarah arrangements	13,424,240	-	474,979	-
	<u>268,821,860</u>	<u>170,483,498</u>	<u>127,430,140</u>	<u>98,492,291</u>
Provision against Ijarah rentals receivable - net	(22,642,018)	(2,641,390)	(13,959,671)	(5,123,084)
Reversal of provision against Diminishing Musharaka - net	6,343,089	15,170,839	3,715,266	8,333,997
Reversal of provision against other receivables - net	-	3,166,028	-	1,366,028
	<u>252,522,931</u>	<u>186,178,975</u>	<u>117,185,735</u>	<u>103,069,232</u>
Other income	12,965,297	20,784,021	12,179,466	9,320,537
Administrative and operating expenses	(141,505,613)	(113,884,778)	(71,063,767)	(59,200,616)
	<u>123,982,615</u>	<u>93,078,218</u>	<u>58,301,434</u>	<u>53,189,153</u>
Management Company's remuneration	16 (12,398,262)	(9,307,822)	(5,830,144)	(5,318,915)
Provision for services sales tax on the Management Company's remuneration	17 (1,611,774)	(1,210,017)	(757,919)	(691,459)
Provision for Sindh Workers' Welfare Fund	18 (2,199,452)	(1,651,208)	(1,034,268)	(943,576)
Profit for the period before taxation	<u>107,773,127</u>	<u>80,909,171</u>	<u>50,679,103</u>	<u>46,235,203</u>
Taxation	19 (31,054,315)	(22,821,551)	(14,159,145)	(12,766,100)
Profit for the period after taxation	<u>76,718,812</u>	<u>58,087,620</u>	<u>36,519,958</u>	<u>33,469,103</u>
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>76,718,812</u>	<u>58,087,620</u>	<u>36,519,958</u>	<u>33,469,103</u>
Earnings per certificate - basic and diluted	<u>20 1.69</u>	<u>1.28</u>	<u>0.80</u>	<u>0.74</u>

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

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

SD Chief Executive SD Director SD Director SD Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

Note	Six months period ended December 31, 2023	Six months period ended December 31, 2022
(Rupees)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	107,773,127	80,909,171
Adjustments for non-cash and other items:		
Depreciation on tangible assets	4,239,070	4,631,630
Amortisation on intangible assets	835,405	220,896
Gain on disposal of tangible assets	(32,461)	(3,400,000)
Depreciation on Ijarah assets	273,744,254	334,736,489
Loss on disposal of Ijarah assets	1,303,073	(3,257,291)
Reversal of impairment on assets under Ijarah arrangements	(13,424,240)	-
Provision against Ijarah rentals receivable - net	22,642,018	2,641,390
Reversal of provision against Diminishing Musharaka - net	(6,343,089)	(15,170,839)
Reversal of provision against other receivables - net	-	(3,166,028)
Profit on bank balances	(42,685,733)	(42,628,392)
Financial charges on:		
- Redeemable capital	320,390,923	193,784,658
- Term finance arrangements	166,593,619	155,144,912
Provision for services sales tax on the Management Company's remuneration	1,611,774	1,210,017
Provision for Sindh Workers' Welfare Fund	2,199,452	1,651,208
	731,074,065	626,398,650
	838,847,192	707,307,821
Increase in assets		
Advances, deposits, prepayments and other receivables	(194,412,776)	179,230,326
Ijarah rentals receivable	10,486,896	(2,255,023)
Diminishing Musharaka	(77,768,027)	(179,487,870)
Short-term investments	(11,051,360)	(255,550,985)
	(272,745,267)	(258,063,552)
Decrease in liabilities		
Creditors, accrued and other liabilities	(15,815,828)	(53,271,924)
Advance Ijarah rentals received	9,214,553	(1,559,308)
Security deposits	(35,559,906)	32,329,960
	(42,161,181)	(22,501,272)
	523,940,744	426,742,997
Financial charges paid on:		
- Redeemable capital	(311,202,936)	(191,377,728)
- Term finance arrangements	(178,742,523)	(108,355,620)
	(489,945,459)	(299,733,348)
Payment against Workers' Welfare Fund	(1,999,202)	-
Taxes paid	(24,419,285)	(20,356,562)
Net cash generated from operating activities	7,576,798	106,653,087
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure of fixed and intangible assets	(7,597,619)	(9,356,805)
Capital expenditure of Ijarah assets	(149,201,375)	(357,715,483)
Proceeds from disposal of fixed assets in own use	35,000	3,400,000
Proceeds from disposal of Ijarah assets	103,221,359	61,341,694
Profit received on bank deposits	47,806,319	46,286,440
Net cash used in investing activities	(7,536,316)	(256,044,154)
CASH FLOWS FROM FINANCING ACTIVITIES		
Redeemable capital less repayments	547,580,000	(402,700,000)
Term finance less repayments	(372,888,826)	308,142,077
Profit distribution to the certificate holders	(88,185,475)	(88,701,380)
Net cash generated from / (used in) financing activities	86,505,699	(183,259,303)
Net increase / (decrease) in cash and cash equivalents during the period	88,346,181	(332,650,370)
Cash and cash equivalents at the beginning of the period	400,254,200	514,148,625
Cash and cash equivalents at the end of the period	488,600,381	181,498,255

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

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

SD	SD	SD	SD
Chief Executive	Director	Director	Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Issued, subscribed and paid-up certificate capital	Capital reserve		Revenue reserve	Sub-total	Total
		Premium on issue of modaraba certificates	Statutory reserve	Sub-total		
(Rupees)						
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
Total comprehensive income for the period						
- Profit for the six months period ended December 31, 2022	-	-	-	-	58,087,620	58,087,620
- Other comprehensive income for the six months period ended December 31, 2022	-	-	-	-	-	-
	-	-	-	-	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)
Transfer to statutory reserve	-	-	2,904,381	2,904,381	(2,904,381)	-
Balance as at December 31, 2022 (un-audited)	<u>453,835,300</u>	<u>55,384,700</u>	<u>519,968,497</u>	<u>575,353,197</u>	<u>76,737,285</u>	<u>652,090,482</u>
Balance as on July 01, 2023 (audited)	453,835,300	55,384,700	523,503,337	578,888,037	143,899,235	722,787,272
Total comprehensive income for the period						
- Profit for the six months period ended December 31, 2023	-	-	-	-	76,718,812	76,718,812
- Other comprehensive income for the six months period ended December 31, 2023	-	-	-	-	-	-
	-	-	-	-	76,718,812	76,718,812
Transactions with owners						
Profit distribution for the year ended June 30, 2023 @ Rs. 2 per certificate declared subsequent to the year ended June 30, 2023	-	-	-	-	(90,767,060)	(90,767,060)
Transfer to statutory reserve	-	-	-	-	-	-
Balance as at December 31, 2023 (un-audited)	<u>453,835,300</u>	<u>55,384,700</u>	<u>523,503,337</u>	<u>578,888,037</u>	<u>129,850,987</u>	<u>708,739,024</u>

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

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

SD Chief Executive	SD Director	SD Director	SD Chief Financial Officer
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NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

1 STATUS AND NATURE OF BUSINESS

OLP 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 ('the Management Company'). The Management Company is a wholly owned subsidiary of OLP Financial Services Pakistan Limited.

The registered office of the Management Company is situated at OLP Building, Plot No. 16, Sector No. 24, Korangi Industrial Area, Karachi.

The Modaraba is operated through a head office in Karachi which is situated at 6th Floor, Syedna Tahir Saifuddin Trust Building, Beaumont Road, Civil Lines and two branches which are located in Lahore and Islamabad. The Lahore 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 Musharika. 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 (2022: AA) and short term rating of A1+ (2022: A1+) to the Modaraba on March 03, 2023 (2022: March 03, 2022).

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, 2023.
- 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 and accounting estimates 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 except for those mentioned in the note 3.3 in the preparation of the annual published audited financial statements of the Modaraba for the year ended June 30, 2023.
- 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 of the modaraba for the year ended June 30, 2023.

3.3 Change in accounting estimate

During the current period, the estimated useful lives of certain assets under the category of leasehold improvements, furniture and fittings and motor vehicles have been reviewed and based on the management experience, the estimated useful lives have been revised from 5, 3 and 3 years to 3, 6 and 4 to 5 years for different class of assets. Furthermore, residual value of motor vehicles has also been revised from 0% to 40% to 45%. This change has been accounted for as change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS) 8 'Accounting policies, changes in accounting estimates and errors' whereby the effect of the change has been recognised prospectively by including the same in the statement of profit or loss with effect from July 1, 2023 (i.e. the date of change in estimate). The impacts of change in accounting estimate (before tax) are given as follows:

	2023 (Rupees)
Balance sheet	
Increase in property, plant and equipment	941,867
Profit and loss account and other comprehensive income (Note 3.3.1)	
Decrease in depreciation expense	941,867
Increase in earnings per share	0.02
Statement of changes in equity	
Increase in unappropriated profit	941,867
Cash flow statement	
Decrease in depreciation expense	941,867

3.3.1 The impact of change in accounting estimate on the Management Company's remuneration, related provision for services sales tax and provision for Sindh Workers' Welfare Fund has not been incorporated in the impacts shown in note 3.3 as there impact is not material.

3.4 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, 2023. 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.

3.5 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, 2024 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, 2023.

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
5 CASH AND BANK BALANCES	Note	----- (Rupees) -----	
Balances with banks in:			
- current accounts		5,706,869	15,693,606
- deposit accounts	5.1	482,636,529	384,285,213
Balance with the State Bank of Pakistan		152,483	190,881
Cash in hand		104,500	84,500
		<u>488,600,381</u>	<u>400,254,200</u>
5.1	These carry profit at the rates ranging from 12.00% to 20.50% (June 30, 2023: 10.04% to 19.50%) per annum.		
5.2	The balances held with banks in deposit accounts and Investment in mutual funds 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.		
6 IJARAH RENTALS RECEIVABLE	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
		----- (Rupees) -----	
Ijarah rentals receivable - considered good		71,105,111	103,759,046
Ijarah rentals receivable - considered bad or doubtful		65,981,926	48,454,351
Less: allowance for potential Ijarah losses	6.1	(53,427,379)	(30,785,361)
Less: profit held in suspense	6.2	(13,029,526)	(17,668,990)
		(474,979)	-
		<u>70,630,132</u>	<u>103,759,046</u>
6.1 Allowance for potential Ijarah losses			
Opening balance		30,785,361	12,327,647
Provision for the period / year - net		22,642,018	18,457,714
Closing balance		<u>53,427,379</u>	<u>30,785,361</u>
6.2 Profit held in suspense			
Opening balance		17,668,990	15,241,422
Reversal of income suspended during the period / year		(4,639,464)	-
Income suspended during the period / year		-	2,427,568
Closing balance		<u>13,029,526</u>	<u>17,668,990</u>
6.3	Ijarah includes Rs. 102.910 million (June 30, 2023: Rs. 40.095 million) which have been placed under non-performing status.		

6.4 During the period, the Modaraba has not availed the benefit of forced sales value of assets held as collateral against non-performing Ijarah as allowed under the Modaraba Regulations, 2021 issued by the SECP.

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
7 SHORT-TERM INVESTMENTS			
	Note	----- (Rupees) -----	
At amortised cost			
Investment in Sukuk certificates	7.1	-	57,701,835
Less: write off in respect of sukuk certificates	7.1	-	(57,701,835)
		-	-
At fair value through profit or loss			
Investment in mutual funds		134,910,041	123,858,681
		<u>134,910,041</u>	<u>123,858,681</u>
7.1 Movement in provision against Sukuk certificates			
Opening balance		-	57,701,835
Amount written off		-	(57,701,835)
Closing balance		-	-
8 DIMINISHING MUSHARAKA			
Staff - considered good			
- Housing finance		90,693,567	93,264,073
- Motor vehicles		37,682,795	42,155,284
- Others		3,244,150	3,408,044
	8.1 & 8.2	<u>131,620,512</u>	<u>138,827,401</u>
Others - considered good			
- Housing finance		328,419,872	359,313,371
- Motor vehicles		1,791,884,784	1,578,611,124
- Plant, machinery and equipment		2,056,368,110	2,164,116,759
		<u>4,176,672,766</u>	<u>4,102,041,254</u>
Others - considered bad or doubtful			
- Housing finance		3,693,976	3,683,790
- Motor vehicles		16,420,126	23,267,047
- Plant, machinery and equipment		86,838,085	69,657,946
		<u>106,952,187</u>	<u>96,608,783</u>
Less: provision in respect of Diminishing Musharaka	8.3	(61,218,428)	(67,561,517)
		<u>4,222,406,525</u>	<u>4,131,088,520</u>
		<u>4,354,027,037</u>	<u>4,269,915,921</u>

- 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 effective rates ranging from 0% to 3% (June 30, 2023: 18.32% to 25.17%) per annum and are repayable on monthly basis over a maximum period of 20 years (June 30, 2023: 20 years). The maximum aggregate amount due from officers and employees at any time during the period calculated by reference to month-end balance is Rs. 139.563 million (June 30, 2023: Rs. 145.127 million). During the period, management altered its staff policy, accepting profits from employees ranging from 0% to 3%. However, in the previous period, management imposed a profit margin of 18% to 21%, which was then refunded to employees in the form of salary adjustments.
- 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. 23.389 million (June 30, 2023: 25.608 million), Rs. 19.164 million (June 30, 2023: Rs. 18.164 million) and Rs. 0.832 million (June 30, 2023: 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, 2023	(Audited) June 30, 2023
---	-------------------------------

----- (Rupees) -----

Opening balance	138,827,401	89,329,682
Disbursements during the period / year	4,368,041	88,075,914
Transfer of resigned staff	(4,195,115)	-
Receipts during the period / year	(7,379,815)	(38,578,195)
Closing balance	<u>131,620,512</u>	<u>138,827,401</u>

8.3 Movement in provision against Diminishing Musharaka

Opening balance	67,561,517	89,189,561
Reversal for the period / year - net	(6,343,089)	(21,628,044)
Closing balance	<u>61,218,428</u>	<u>67,561,517</u>

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

Current portion of Diminishing Musharaka	1,377,994,998	1,385,236,732
Less: provision held	(56,545,575)	(63,434,137)
	<u>1,321,449,423</u>	<u>1,321,802,595</u>
Long-term portion of Diminishing Musharaka	3,037,250,467	2,952,240,706
Less: provision held	(4,672,853)	(4,127,380)
	<u>3,032,577,614</u>	<u>2,948,113,326</u>

- 8.5** During the period, the Modaraba has not availed the benefit of forced sales value of assets held as collateral against non-performing diminishing musharaka as allowed under the Modaraba Regulations, 2021 issued by the SECP.
- 8.6** Diminishing Musharaka includes Rs. 106.952 million (June 30, 2023: Rs. 96.609 million) which have been placed under non-performing status.
- 8.7** Diminishing Musharaka carries profit at the rates ranging from 21.41% to 29.09% (June 30, 2023: 18.13% to 28.09%) per annum.

9 IJARAH ASSETS	Note	(Un-audited)	(Audited)
		December 31, 2023	June 30, 2023
		----- (Rupees) -----	
Ijarah contracts	9.1 & 9.2	1,411,919,083	1,627,562,155
		<u>1,411,919,083</u>	<u>1,627,562,155</u>

- 9.1** During the six months period ended December 31, 2023, additions amounting to Rs. 149.201 million (December 31, 2022: Rs. 357.715 million) and disposals amounting to Rs. 398.876 million (December 31, 2022: Rs. 302.799 million) were made to the assets under Ijarah arrangements.

Ijarah assets	(Un-audited)	(Un-audited)
	December 31, 2023	December 31, 2022
	----- (Rupees) -----	
Additions at cost during the period		
- Plant, machinery and equipments	149,201,375	357,715,483
	<u>149,201,375</u>	<u>357,715,483</u>
Disposals at cost during the period		
- Plant, machinery and equipments	345,128,398	106,578,977
- Motor vehicles	53,747,550	196,219,789
	<u>398,875,948</u>	<u>302,798,766</u>

- 9.2** The Modaraba has entered into various Ijarah agreements for periods ranging from 2 to 6 years (June 30, 2023: 2 to 6 years). Security deposits ranging between 0% to 55% (June 30, 2023: 0% to 55%) are obtained at the time of disbursement. The rate of profit implicit in Ijarah finance ranges between 23.41% to 28.95% (June 30, 2023: 19.29% to 27.28%) per annum.
- 9.3** Ijarah includes Rs. 102.910 million (June 30, 2023: Rs. 40.095 million) which have been placed under non-performing status.
- 9.4** During the period, the Modaraba has not availed the benefit of forced sales value of assets held as collateral against non-performing Ijarah as allowed under the Modaraba Regulations, 2021 issued by the SECP.

10 TANGIBLE ASSETS

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

	(Un-audited) December 31, 2023	(Audited) June 30, 2023
Note	----- (Rupees) -----	
	17,056,261	17,061,707

Tangible assets in own use

10.1

	December 31, 2023 (Un-audited)				Total
	Tangible assets				
	Lease hold improve- ments	Furniture and fittings	Office equipment, appliances and computer systems	Motor vehicles	
	----- (Rupees) -----				
At July 01, 2023					
Cost	12,198,211	8,279,748	38,494,154	6,520,400	65,492,513
Accumulated depreciation	(11,607,562)	(7,551,394)	(27,440,745)	(1,831,105)	(48,430,806)
Net book value	590,649	728,354	11,053,409	4,689,295	17,061,707
Additions	660,906	487,658	3,087,599	-	4,236,163
Disposals					
Cost	-	-	(522,203)	-	(522,203)
Depreciation	-	-	519,664	-	519,664
	-	-	(2,539)	-	(2,539)
Depreciation charge for the period	(335,870)	(89,526)	(3,596,852)	(216,822)	(4,239,070)
Closing net book value	915,685	1,126,486	10,541,617	4,472,473	17,056,261
At December 31, 2023					
Cost	12,859,117	8,767,406	41,059,550	6,520,400	69,206,473
Accumulated depreciation	(11,943,432)	(7,640,920)	(30,517,933)	(2,047,927)	(52,150,212)
Net book value	915,685	1,126,486	10,541,617	4,472,473	17,056,261
Depreciation rate (% per annum)	33%	15.00%	20% - 33.33%	20% - 25%	

'June 30, 2023 (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
Accumulated depreciation	(11,409,910)	(6,835,618)	(20,763,304)	(2,594,300)
Net book value	788,301	1,444,130	15,956,435	-
Additions	-	-	2,054,010	6,469,500
Disposals				
Cost	-	-	(279,595)	(2,543,400)
Depreciation	-	-	127,432	2,543,400
	-	-	(152,163)	-
Depreciation charge for the year	(197,652)	(715,776)	(6,804,873)	(1,780,205)
Closing net book value	590,649	728,354	11,053,409	4,689,295
At June 30, 2023				
Cost	12,198,211	8,279,748	38,494,154	6,520,400
Accumulated depreciation	(11,607,562)	(7,551,394)	(27,440,745)	(1,831,105)
Net book value	590,649	728,354	11,053,409	4,689,295
Depreciation rate (% per annum)	20%	33.33%	20% - 33.33%	33.33%

11 INTANGIBLE ASSETS

11.1 Opening balance

	(Un-audited) September 30, 2023	(Audited) June 30, 2023
	(Rupees)	
Software	4,720,983	2,194,932
Cost	33,785,274	31,770,056
Accumulated amortisation	(31,590,342)	(30,936,122)
Net book value	2,194,932	833,934
Additions during the period / year	3,361,456	2,039,788
Disposals		
Cost	-	(24,570)
Accumulated amortisation	-	4,095
	-	(20,475)
Amortisation charge for the period / year	(835,405)	(658,315)
Closing net book value	4,720,983	2,194,932
Amortisation rate (% per annum)	33.33%	33.33%

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
Closing balance	Note	(Rupees)	
Cost		37,146,730	33,785,274
Accumulated amortisation		(32,425,747)	(31,590,342)
Net book value		<u>4,720,983</u>	<u>2,194,932</u>

12 DEFERRED TAX ASSETS

Deferred tax assets	12.1	<u>155,862,494</u>	<u>118,347,633</u>
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12.1 Movement in temporary differences during the period:

	As at July 01, 2023	Recognised in P&L	Recognised in OCI	As at December 31, 2023
Deductible temporary differences on				
- Ijarah assets	99,740,516	37,147,746	-	136,888,262
- Tangible assets	5,086,633	409,998	-	5,496,631
- Intangible assets	13,520,484	(42,883)	-	13,477,601
	<u>118,347,633</u>	<u>37,514,861</u>	<u>-</u>	<u>155,862,494</u>
	<u>118,347,633</u>	<u>37,514,861</u>	<u>-</u>	<u>155,862,494</u>

13 TERM FINANCE ARRANGEMENTS

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	(Rupees)	
Musharaka / Wakala finance	13.1, 13.2 & 13.3	1,277,121,030	1,650,009,856
Less: current portion of term finance arrangements		(629,912,541)	(1,146,247,638)
Long-term portion of term finance arrangements		<u>647,208,489</u>	<u>503,762,218</u>

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, 2023 (Un-audited)	As at June 30, 2023 (Audited)	During the period ended December 31, 2023 (Un-audited)	During the year ended June 30, 2023 (Audited)		December 31, 2023 (Un-audited)	June 30, 2023 (Audited)	As at December 31, 2023 (Un-audited)	As at June 30, 2023 (Audited)
	(Rupees)							(Rupees)	
Bank Alfalah Limited	-	87,500,000	0.6345-0.6414	0.4458-0.6159	Quarterly	3 years	3 years	-	87,500,000
Allied Bank Limited	800,000,000	800,000,000	0.6411-0.6345	0.4458-0.6159	Quarterly	3-5 years	3-5 years	340,031,025	516,361,991
Pakistan Mortgage Refinance Company Limited	498,000,000	246,147,865	0.5653	0.3658-0.5633	Quarterly	5 years	5 years	243,340,005	246,147,865
Meezan Bank Limited	468,750,000	500,000,000	0.6219-0.6400	0.4405-0.6219	Quarterly	5 years	1 year	468,750,000	500,000,000
United Bank Limited	225,000,000	300,000,000	0.6140-0.6471	0.4436-0.6178	Quarterly	3 years	3 years	225,000,000	300,000,000
								<u>1,277,121,030</u>	<u>1,650,009,856</u>

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 20.56% to 23.16% (June 30, 2023: 20.56% to 22.70%) per annum.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

There were no contingencies outstanding as at December 31, 2023 and June 30, 2023.

14.2 Commitments

The Modaraba has issued letters of comfort to Habib Metropolitan Bank Limited on behalf of M/s. Pharmatec Pakistan (Private) Limited as at period end amounting to Rs. 83.80 million (June 30, 2023: Rs. 83.80 million) for guaranteeing the payment against import of plant and machinery which will ultimately be given by the Modaraba to the customers against diminishing musharika or Ijarah arrangements.

15 FINANCIAL AND OTHER CHARGES

(Un-audited) Six months period ended December 31, 2023	(Un-audited) Six months period ended December 31, 2022
----- (Rupees) -----	
320,390,923	193,784,658
166,593,619	155,144,912
13,294,709	10,942,034
33,970,457	16,681,685
441,407	469,248
<u>534,691,115</u>	<u>377,022,537</u>

Profit on redeemable capital
 Profit on term finance arrangements
 Commission
 Unwinding of security deposits
 Bank charges

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 six months period ended December 31, 2023 has been recognised at 10% (June 30, 2023: 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 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, 2023 in these condensed interim financial statements on a prudent basis.

	(Un-audited) Six months period ended December 31, 2023	(Un-audited) Six months period ended December 31, 2022
19 TAXATION		
- Current	68,569,176	45,769,126
- Deferred	(37,514,861)	(22,947,575)
	<u>31,054,315</u>	<u>22,821,551</u>

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, 2023 and June 30, 2023 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

OLP Financial Services Pakistan Limited

- Holding Company of the Management Company

	(Un-audited) Six months period ended December 31, 2023	(Un-audited) Six months period ended December 31, 2022
Dividend	9,076,706	9,076,706
Allocated cost to the Modaraba for Islamabad office	360,611	301,787

OLP Services Pakistan (Private) Limited - Management Company

Management Company's remuneration	12,398,262	9,307,822
Dividend	9,076,706	9,076,706
Rent reimbursement	4,970,248	2,295,641

Staff retirement benefits funds

Contribution made to OLP Modaraba - Staff Provident Fund	3,407,802	2,937,646
Contribution made to OLP Modaraba - Staff Gratuity Fund	2,804,404	2,447,060
Reimbursement from OLP Modaraba - Staff Gratuity Fund	414,813	1,029,527

The Patients' Behbud Society for AKU - Associate

Donation paid by the Modaraba	2,000,000	1,000,000
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Layton Rahmatulla Benevolent Trust Hospital - Associate

Donation paid by the Modaraba	2,000,000	1,000,000
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Directors of the Management Company

Dividend paid during the period	212,098	212,098
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Key management personnel

Salaries and benefits	37,068,744	33,582,281
Contribution to the staff provident fund	1,187,851	1,105,391
Contribution to the staff gratuity fund	989,477	920,788
Reimbursement from the staff gratuity fund	-	936,242
Income on Diminishing Musharaka arrangements	3,203,005	2,083,022
Profit on redeemable capital for the period	4,238,746	1,508,546
Redeemable capital issued (net off redemption)	13,100,000	6,400,000
Number of persons	7	7

21.2 Balances outstanding as at period / year end

(Un-audited) December 31, 2023	(Audited) June 30, 2023
----- (Rupees) -----	

OLP Financial Services Pakistan Limited

- Holding Company of the Management Company

Certificate capital (Certificates held: 4,538,353
(June 30, 2023: 4,538,353))

45,383,530	45,383,530
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OLP Services Pakistan (Private) Limited

- Management Company

Certificate capital (Certificates held: 4,538,353
(June 30, 2023: 4,538,353))

45,383,530	45,383,530
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Remuneration payable to the Management company

12,398,262	12,521,234
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Directors of the Management Company

Certificate capital (Certificates held: 106,049
(June 30, 2023: 106,049))

1,060,490	1,060,490
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Key management personnel

Accrued profit on finances under Diminishing Musharaka

18,866	605,341
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Profit payable on redeemable capital

4,422,271	5,908,537
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Redeemable capital (Certificates held: 61 (June 30, 2023: 50))

41,550,000	28,450,000
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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, 2023 (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 measured at fair value								
Investments	134,910,041	-	-	134,910,041	-	134,910,041	-	134,910,041
Financial assets not measured at fair value								
Cash and bank balances	-	-	488,600,381	488,600,381	-	-	-	-
ġarah rentals receivable	-	-	70,630,132	70,630,132	-	-	-	-
Advances, deposits and other receivables	-	-	89,963,043	89,963,043	-	-	-	-
Diminishing Musharaka	-	-	4,354,027,037	4,176,820,605	-	-	-	-
Total	134,910,041	-	5,003,220,593	5,188,130,634	-	134,910,041	-	134,910,041
Financial liabilities not measured at fair value								
Term finance arrangements	-	-	1,277,121,030	1,277,121,030	-	-	-	-
Security deposits	-	-	435,014,458	435,014,458	-	-	-	-
Creditors, accrued and other liabilities	-	-	342,251,161	342,251,161	-	-	-	-
Redeemable capital	-	-	3,444,185,000	3,444,185,000	-	-	-	-
Unclaimed profit distribution	-	-	61,876,759	61,876,759	-	-	-	-
Total	-	-	5,560,448,408	5,560,448,408	-	-	-	-

	As at June 30, 2023 (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 measured at fair value								
Investments	123,858,681	-	-	123,858,681	-	123,858,681	-	123,858,681
Financial assets not measured at fair value								
Cash and bank balances	-	-	400,254,200	400,254,200	-	-	-	-
ġarah rentals receivable	-	-	103,759,046	103,759,046	-	-	-	-
Advances, deposits and other receivables	-	-	82,620,089	82,620,089	-	-	-	-
Diminishing Musharaka	-	-	4,269,915,921	4,269,915,921	-	-	-	-
Total	123,858,681	-	4,856,549,256	4,980,407,937	-	123,858,681	-	123,858,681
Financial liabilities not measured at fair value								
Term finance arrangements	-	-	1,650,009,856	1,650,009,856	-	-	-	-
Security deposits	-	-	388,269,302	388,269,302	-	-	-	-
Creditors, accrued and other liabilities	-	-	361,027,908	387,627,300	-	-	-	-
Redeemable capital	-	-	2,896,605,000	2,896,605,000	-	-	-	-
Unclaimed profit distribution	-	-	59,295,174	59,295,174	-	-	-	-
Total	-	-	5,355,207,240	5,355,207,240	-	-	-	-

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, 2023, there were only two (June 30, 2023: 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, 2023: 10% and 10%) respectively.

24 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise of the following amounts appearing on the balance sheet:

	(Un-audited) Six months period ended December 31, 2023	(Un-audited) Six months period ended December 31, 2022
Cash and bank balances	488,600,381	181,498,255

25 GENERAL

Figures in there condensed interim financial statements for the quarters ended December 31, 2023 and December 31, 2022 have not been subjected to limited scope review of the auditors.

26 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.

27 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on **February 14, 2024** by the Board of Directors of the Management Company.

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

SD	SD	SD	SD
Chief Executive	Director	Director	Chief Financial Officer



OLP

OLP Modaraba
(Formerly ORIX Modaraba)

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