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# Modaraba Information

## Modaraba Company

ORIX Services Pakistan (Pvt) Limited

### Directors of Modaraba Company

Mr. Shaheen Amin  
Chairman

Mr. Raheel Qamar Ahmad  
Managing Director/ Chief Executive

Mr. Ramon Alfrey  
Director

Mr. Nausherwan Adil  
Independent Director

Mian Faysal Riaz  
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. Nausherwan Adil  
Chairman

Mr. Shaheen Amin  
Member

Mr. Raheel Qamar Ahmad  
Member

### Shariah Advisor

Mufti Faisal Ahmed

### Auditors

KPMG Taseer Hadi & 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)

### Legal Advisors

Fazle Ghani Advocates  
Haider Ali Khan  
Partner, Advocate High Court

### Registered and Head Office:

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

### Lahore Branch:

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

### Islamabad Branch:

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

### Registrars & Share Registration Office

Famco Associates (Private) Limited  
8-F, Next to Hotel Faran, Nursery,  
Block 6, P.E.C.H.S., 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 September 30, 2018

The Board of Directors of ORIX Services Pakistan (Private) Limited, the management company of ORIX Modaraba is pleased to present the unaudited accounts for the three months period ended September 30, 2018.

### 1. Economic Outlook

Pakistan's macroeconomic stability is a major concern for the near-term economic outlook, although GDP growth increased by 0.8 percentage points over the previous year to reach 5.8 percent in FY18, with impetus coming from improved performance of services and agriculture sector and recovery in the industrial sector. Average headline inflation in FY18 remained contained at 3.8 percent compared to 4.2 percent in FY17, well below the central bank's target of 6 percent for FY18. Inflation has been inching up and core inflation rose sharply in Q4 FY18 as a result of depreciation and demand-side pressures.

The balance of payments is under stress due to relatively high current account deficit (CAD) at 5.8 percent of GDP (US\$18.1 billion) in FY18. Exports, after contracting for three consecutive fiscal years, grew by 12.6 percent in FY18, but stronger import growth (14.7 percent) has resulted in a higher trade deficit. Government imposed regulatory duties on a large number of imports to slowdown import growth and the exchange rate has depreciated by a cumulative 18 percent in FY18. The policy interest rate was raised by 275 bps since December 2017 to ease demand pressures. Despite this, official international reserves have declined to US\$9.6 billion by early September 2018 (1.6 months of imports), compared to US\$16.1 billion at end-June 2017. The positive is that for 1QFY19, remittances are at USD 5,419bn, up 13% YoY.

The fiscal deficit further deteriorated in FY19 to 6.6 percent of GDP in the run up to the elections, 2.5 percentage points higher than the target set at the beginning of the FY. The main reasons for the fiscal slippage was a large increase in recurrent spending together with low revenue growth (non-tax revenues).

The new government has indicated that in the short term, Public investment spending at the federal and provincial levels will be scaled down and an increase in revenue collection will be managed through tax-base expansion and other administrative measures. Fiscal consolidation is, in turn, expected to improve debt dynamics, but the public debt-to GDP ratio is expected to remain at around 70 percent of GDP until FY20—the debt burden benchmark for emerging markets. Inflation is expected to rise in FY19 and remain high in FY20. The increase in prices will be driven by exchange-rate pass-through to domestic prices and a moderate increase in international oil prices.

### 2. Financial Highlights

Financial results are summarized as under:

#### Balance Sheet

	September 30, 2018 (PKR '000')	June 30, 2018 (PKR '000')
Certificate capital	453,835	453,835
Total equity	1,054,804	1,147,880
Total assets	7,217,436	6,953,437
Investments in Diminishing Musharika and Sukuks	2,658,847	2,493,963
Redeemable capital	3,299,815	3,127,115

#### Profit and Loss

	Three months ended September 30, 2018 (PKR '000')	Three months ended September 30, 2017 (PKR '000')
Revenue (net of Ijarah assets depreciation)	139,626	113,239
Financial charges	85,133	51,365
Reversal of provisions – net	2,667	395
Operating expenses	33,711	32,129
Profit before modaraba management company's remuneration	23,448	30,140
Net profit	20,383	26,200



### 3. Review of Operations

During the period under review in spite of reduction in industry spreads and stiff competition with Islamic banks, the Modaraba's gross revenue –net of Ijarah assets depreciation (including other income) increased by 23.3% from PKR 113.24 million to PKR 139.63 million compared to corresponding period of last year. This was achieved mainly due to increase in disbursements and some portfolio alignment. Financial charges increased by 65.74% from PKR 51.37 million to PKR 85.13 million. Administrative and operating expenses increased by 4.92% to PKR 33.71 million from PKR 32.13 million compared to corresponding period of last year mainly due to increase in staff cost in line with the market. Net profit however decreased to PKR 20.38 million from PKR 26.20 million as compared to corresponding period of last year mainly due to increase of financial charges that led the repricing in asset portfolio. This trend is expected to be fully neutralized by asset repricing in the Oct-Dec quarter.

During the current period, your Modaraba achieved a landmark as its assets increased to over PKR 7 billion. The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at PKR 6,480 million compared to PKR 6,327 million as at June 30, 2018, showing an increase of 2.42% within the three months period. During the period under review, the Modaraba booked fresh disbursements to the tune of PKR 695 million during the quarter.

Your Modaraba maintains a well diversified asset portfolio comprising of plant & machinery, equipment, motor vehicles and house finance. Moreover, the sector wise exposure is closely monitored. The asset portfolio has a good mix of multi-nationals, large and medium sized local corporate and selective SME relationships. Your Modaraba, while remaining cautious and prudent, is focused to take benefit of good opportunities that add value to all stake holders. Our prudent and proactive risk management approach has always helped us to maintain a leading position in the Modaraba sector. We will continue to place emphasis on customer service with focus on quality clientele.

### 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. The Board of Directors

Mr. Hideaki Yokoyama resigned from the office of Director on September 13, 2018 which was accepted by the Board on October 22, 2018. The Board wishes to place on record its appreciation and gratitude for the valuable contributions made by Mr. Hideaki Yokoyama during his association with ORIX Modaraba and its management company.

### 6. Acknowledgement

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



Raheel Qamar Ahmed  
Director  
Karachi: October 22, 2018

## ڈائریکٹرز کا جائزہ

۳۰ ستمبر ۲۰۱۸ کو اختتام پذیر تین ماہ کے مدت کے لیے

30 ستمبر ۲۰۱۸ کو اختتام پذیر تین ماہ کی مدت کے لیے اور کس مضاربہ کی انتظامی کمپنی اور کس سر و سز پاکستان (پرائیوٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز اپنے ڈائریکٹر کی رپورٹ بمع غیر مختص شدہ (unaudited) مالیاتی و ستاویزات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

### ۱. معیشت منظر نامہ

پاکستان کی اقتصادی معاشی استحکام قریب کے معاشی نقطہ نظر کے لئے ایک اہم تشویش ہے، اگرچہ پچھلے سال کے مقابلے میں مجموعی قومی پیداوار (جی ڈی پی) کی ترقی میں ۰.۸ فیصد اضافے کے ساتھ مالی سال ۲۰۱۸ میں ۵.۸ فیصد تک پہنچ گئی۔ جس کی بنیادی وجہ خدمات اور زراعت کے شعبے میں بہتر کارکردگی اور صنعتی شعبہ کی بحالی ہے۔ اوسط سر د افراط زر مالی سال ۲۰۱۸ کے ۶.۲ فیصد کے مقابلے میں مالی سال ۲۰۱۸ میں ۳.۸ فیصد رہی جو کہ مرکزی بینک کے ہدف ۲ فیصد سے کافی کم ہے البتہ اب افراط زر بڑھ رہا۔ اور بنیادی افراط زر مالی سال ۲۰۱۸ کے Q4 میں فرسودگی اور مطالعے کے دبا کی وجہ تیزی سے اضافہ ہوا ہے۔

موجودہ اکاؤنٹ میں خسارہ (سی اے ڈی) مالی سال ۲۰۱۸ کے جی ڈی پی کے ۵.۸ فیصد (امریکی ڈالر ۱۸.۱ فیصد) کی وجہ سے ادائیگی کا توازن دباؤ کا شکار رہے گا برآمدات گزشتہ تین سال میں کمی کے بعد مالی سال ۲۰۱۸ میں ۱۲.۶ فیصد اضافہ ہوا البتہ درآمدات میں تیزی سے اضافہ (۱۳.۷ فیصد) کی وجہ تجارتی خسارے میں اضافہ ہوا ہے۔ درآمدات میں اضافے کی شرح میں کمی کے لیے حکومت نے درآمدات کی ایک بہت بڑی تعداد پر ریگولیٹری ڈیوٹی عاید کی ہے اور تبادلے کی بنیادی شرح میں مالی سال ۲۰۱۸ میں مجموعی طور پر ۱۸ فیصد کمی کی ہے۔ مطالعے کے دباؤ کو کم کرنے دسمبر ۲۰۱۷ سے پالیسی کی شرح سود میں ۲.۷۵ بی پی ایس کا اضافہ کیا ہے۔ اس کے باوجود سرکاری بین الاقوامی ذخائر میں جون ۲۰۱۷ کے اختتام پر ۱۶.۱ بلین امریکی ڈالر کے مقابلے میں کم ہو کر ستمبر ۲۰۱۸ میں ۹.۶ بلین امریکی ڈالر ہو گئے۔ البتہ ایک مثبت پہلو یہ ہے کہ مالی سال ۲۰۱۹ کے Q1 نے ترسیلات ۵.۴۱ بلین امریکی ڈالر رہی جو کہ ۱۳ فیصد Y0Y کا اضافہ ظاہر کرتی ہے۔

ایکشن کی وجہ سے مالی سال ۲۰۱۹ کے مالیاتی خسارے میں اضافہ ہو گا جو کہ جی ڈی پی کا ۶.۶۶ فیصد ہو گا۔ یہ مالی سال کے شروع میں مقرر کئے گئے ہدف ۲.۵ فیصد زیادہ ہے۔ مالی خسارہ کی بنیادی وجہ اخراجات میں مسلسل اضافہ اور آمدنی کی ترقی شرح (غیر ٹیکس آمدنی) میں کمی ہے۔

نئے حکومت نے یہ اشارہ دیا ہے کہ مختصر مد میں وفاقی اور صوبائی سطح پر عوامی سرمایہ کاری کے اخراجات کو کم جائے گا اور آمدنی اضافے کے لئے ٹیکس بس کی توسیع اور دیگر انتظامی تدابیر کے ذریعے منظم کیا جائے گا۔ مالیاتی یکجہتی کے نتیجے میں قرض کے صورت حال ہونے کی توقع ہے۔ البتہ عوامی قرض اور جی ڈی پی میں تناسب میں مالی سال ۲۰۲۰ تک جی ڈی پی کے ۷۰ فیصد تک رہنے کی توقع ہے جو کہ ابھرتی ہوئی مارکیٹ کے قرض کے تناسب کے عین مطابق ہے۔ مالی سال ۲۰۱۹ میں افراط زر میں اضافے کی توقع ہے جو مالی سال ۲۰۲۰ تک زیادہ رہے گی۔ قیمتوں میں اضافے کا انحصار تبادلے کی شرح کا اثر گھریلو قیمتوں میں منتقلی اور بی الاقوامی تیل کی قیمتوں میں اعتدال کے ساتھ اضافے پر منحصر ہے۔

## 2. مالیاتی جھلکیاں

مالیاتی نتائج کا خلاصہ درج ذیل ہے

بیلنس شیٹ

سرٹیفیکیٹس کا سرمایہ

کل ملکیتی سرمایہ (Equity)

اجارہ فنانس اور اجارہ اثاثہ جات میں سرمایہ کاری

گھٹتے ہوئے مشارکہ اور سکوک میں سرمایہ کاری

قابل تلافی سرمایہ

۳۰ جون ۲۰۱۸

۳۰ ستمبر ۲۰۱۸

روپے ہزار میں

۴۵۳،۸۳۵

۴۵۳،۸۳۵

۱،۱۴۷،۸۸۰

۱،۰۵۲،۸۰۴

۶،۹۵۳،۴۳۷

۷،۲۱۷،۴۳۶

۲،۴۹۳،۹۶۳

۲،۶۵۸،۸۱۷

۳،۱۲۷،۱۱۵

۳،۲۹۹،۸۱۵

تین ماہ کی مدت

۳۰ ستمبر ۲۰۱۷

تین ماہ کی مدت

۳۰ ستمبر ۲۰۱۸

نفع اور نقصان

مالگذاری / آمدن (اجارہ اثاثہ جات کی فرسودگی کا خالص)

مالیاتی کاموں کی فیس

مختصات (provisions) کی واپسی۔ خالص

عملداری کے اخراجات

منافع قبل از مضاربتہ منجمنٹ فیس

کپنی کا مشاہرہ / تنخواہ کا خرچ

خالص منافع

۱۱۳،۲۳۹

۱۳۹،۶۲۶

۵۱،۳۶۵

۸۵،۱۳۳

۳۹۵

۲،۶۶۷

۳۲،۱۲۹

۳۳،۷۱۱

۳۰،۱۴۰

۲۳،۴۴۸

۲۶،۲۰۰

۲۰،۳۸۳

## 3. آپریشن کا جائزہ

زیر جائزہ مدت کے دوران صنعتی پھیلاؤ میں کمی اور اسلامی بینکوں سے شدید مسابقت کے باوجود مضاربتہ کا مجموعی مالگذاری (revenue) (بشمول دیگر آمدنی) میں گزشتہ سال کی ۲۰۱۳ء ۱۱۳ ملین پاکستانی روپے میں ۲۰۱۷ء ۱۳۹ فیصد اضافے کے ساتھ بڑھ کر ۱۳۹،۶۲۳ ملین پاکستانی روپے ہو گئی۔ اس کے حصول کی بنیادی وجہ سرمایہ کاری میں اضافہ اور پورٹ فولیو کی صف بندی (alignment) ہے۔ مالیاتی چارجز میں ۲۰۱۷ء ۶۵ فیصد اضافے کے ساتھ ۲۰۱۸ء ۵۱ ملین پاکستانی روپے سے بڑھ کر ۸۵،۱۳۳ ملین پاکستانی روپے ہو گئی۔ انتظامی اور آپریشننگ اخراجات میں ۲۰۱۷ء ۹۲ فیصد اضافے سے ۲۰۱۸ء ۳۲ ملین روپے سے بڑھ کر

۱۷ء ۳۳ ملین پاکستانی روپے ہو گئے جس کی وجہ مارکیٹ کے رجحان کے مطابق عملے کے لاگت میں اضافہ ہے۔ تاہم، خالص منافع گذشتہ سال کے اس مدت کے ۲۶ء ۲۰ ملین پاکستانی روپے کے مقابلے میں کم ہو کر ۳۸ء ۲۰ ملین پاکستانی روپے ہو گیا، جس کی بنیادی وجہ مالیاتی چارجز میں اضافہ بنسبت اثاثہ جات کی قیمتوں کا یقین ہے۔ یہ رجحان اکتوبر دسمبر کو اثر میں اثاثہ جات کی قیمتوں کی از نو یقین کی وجہ سے ختم ہو جائے گا۔

موجودہ مدت میں آپ مضاربہ نے ایک تاریخی ہدف حاصل کیا ہے اس کے مجموعی اثاثہ جات ۷ ملین روپے کی حد کو عبور کر گئے۔ ۳۰ جون ۲۰۱۸ پر اجارہ پورٹ فیوچور فنانس، سکوک سرمایہ کاری اور گھٹنا ہوا مشارکہ فنانس کی مالیت ۶،۳۲ ملین پاکستانی روپے کے مقابلے میں اس کی مالیت ۶،۴۸۰ ملین پاکستانی روپے رہی جو ۳ ماہ کی مدت میں ۲ء ۴۲ فیصد اضافہ دکھا رہا ہے۔ زیر جائزہ مدت کے دوران، مضاربہ نے ۶۹۵ ملین روپے مالیت کے سرمایہ کاری کی۔

آپ کے مضاربہ نے پلانٹ، اور مشینری، آلات، گاڑیاں اور گھروں کی فنانس پر مشتمل متنوع اثاثہ جات کے پورٹ فولیو کو برقرار رکھا۔ مزید یہ کہ سیکٹر جاتی ایکسپوزر (exposure) کی بغور نگرانی کی جاتی ہے۔ اثاثہ جات کا پورٹ بین الاقوامی کمپنیاں، بڑی اور درمیانی حجم کی مقامی ادارے، اور منتخب SME سے تعلقات کا ایک اچھا آمیزہ (mix) ہے۔ آپ کے مضاربہ کی توجہ، چونکہ اور محتاط رہتے ہوئے، تمام شریک مفاد (stakeholders) کے فائدہ کی قدر میں اضافہ کرنے والے اچھے کاروباری مواقعوں کا فائدہ اٹھانے پر مرکوز ہے۔ ہماری محتاط اور فعال (proactive) خطرے کی مینجمنٹ کا طریقہ کار (approach) نے مضاربہ سیکٹر میں آپ کے مضاربہ کو ہمیشہ اپنی قائدانہ مقام کو برقرار رکھنے میں مدد کی ہے۔ ہم گاہکوں کی خدمت کے ساتھ معیاری گاہکوں کے حصول پر توجہ دیتے رہنا جاری رکھیں گے۔

#### ۴. درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے آپ کے مضاربہ طویل المدت اور قلیل المدت کی درجہ بندی بالترتیب ”AA اور A+ برقرار رکھی ہیں۔ یہ درجہ بندیاں قرضہ جاتی خطرات کی کم توقعات اور مالیاتی ادائیگی کے وعدوں کی بروقت ادائیگی کی غیر معمولی صلاحیت ظاہر کرتی ہیں۔

#### ۵. بورڈ آف ڈائریکٹرز

جناب ہاندیکی یوکیام نے ۱۳ ستمبر ۲۰۱۸ کو ڈائریکٹر کے عہدہ سے استعفیٰ دے دیا جو کہ بورڈ آف ڈائریکٹرز نے ۲۲ اکتوبر ۲۰۱۸ کو قبول کیا۔ بورڈ ان کی قابل قدر خدمات کو سراہتا ہے اور اپنی ممنونیت کا اظہار کرنا چاہتا ہے۔

#### ۶. اعتراف

بورڈ، ریگولیٹری اداروں، سرٹیفیکیٹس کنڈ گان، گاہکوں اور کاروباری شرکاء کی حمایت کو سراہتا ہے اور مستقبل میں ان کی حمایت کی امید رکھتا ہے۔

بورڈ کی جانب سے

راحیل قمر احمد

مینجنگ ڈائریکٹر / سی ای او

کراچی ۲۲ اکتوبر، ۲۰۱۸

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

AS AT SEPTEMBER 30, 2018

		(Un-audited) September 30, 2018	(Audited) June 30, 2018
ASSETS	Note	(Rupees)	
<b>Current assets</b>			
Cash and bank balances	5	502,569,353	409,085,082
Ijarah rentals receivable	6	110,860,772	101,827,754
Advances, deposits, prepayments and other receivables		100,019,285	89,359,494
Current portion of investment in Sukuk certificates	7	-	-
Current portion of Diminishing Musharika	8	674,636,813	564,568,486
Net investment in Ijarah finance	9	370,000	370,000
Taxation recoverable		8,731,640	8,731,640
<b>Total current assets</b>		<b>1,397,187,863</b>	<b>1,173,942,456</b>
<b>Non-current assets</b>			
Long-term portion of investment in Sukuk certificates	7	-	-
Long-term portion of Diminishing Musharika	8	1,984,210,225	1,929,394,797
Ijarah assets	9	3,821,070,389	3,832,755,196
Fixed assets in own use	10	14,967,055	17,344,567
Total non-current assets		5,820,247,669	5,779,494,560
<b>TOTAL ASSETS</b>		<b>7,217,435,532</b>	<b>6,953,437,016</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Current maturity of Musharika term finance arrangements	11	694,809,727	598,989,520
Current maturity of security deposits		194,403,828	167,820,317
Creditors, accrued and other liabilities		247,109,057	228,643,874
Advance Ijarah rentals received		50,009,916	41,275,011
Current portion of redeemable capital		3,290,065,000	3,118,915,000
Unclaimed profit distribution	12	163,793,997	50,525,989
<b>Total current liabilities</b>		<b>4,640,191,525</b>	<b>4,206,169,711</b>
<b>Non-current liabilities</b>			
Long-term portion of Musharika term finance arrangements	11	955,243,038	1,037,380,808
Long-term portion of security deposits		557,446,705	553,806,134
Long-term portion of redeemable capital		9,750,000	8,200,000
Total non-current liabilities		1,522,439,743	1,599,386,942
<b>TOTAL LIABILITIES</b>		<b>6,162,631,268</b>	<b>5,805,556,653</b>
<b>CERTIFICATE HOLDERS' EQUITY</b>			
Certificate capital			
Authorised certificate capital			
50,000,000 (June 30, 2018: 50,000,000) certificates of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid-up certificate capital			
28,500,000 (June 30, 2018: 28,500,000) certificates of Rs. 10 each fully paid in cash		285,000,000	285,000,000
16,883,530 (June 30, 2018: 16,883,530) bonus certificates of Rs. 10 each		168,835,300	168,835,300
		453,835,300	453,835,300
Unappropriated profit		53,379,979	147,475,214
Other reserves		547,588,985	546,569,849
		1,054,804,264	1,147,880,363
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>7,217,435,532</b>	<b>6,953,437,016</b>

## CONTINGENCIES AND COMMITMENTS

13

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

For ORIX Services Pakistan (Private) Limited  
(Management Company)
  
Chairman

  
Chief Executive

  
Director

  
CFO

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

		Three Month Period Ended (Unaudited) September 30, 2018	Three Month Period Ended (Unaudited) June 30, 2017
Note		(Rupees)	
	Ijarah rentals earned	395,344,906	468,969,909
	Income on Diminishing Musharika arrangements	64,440,094	22,832,285
	Income on deposits with banks	4,304,660	2,168,478
		<b>464,089,660</b>	<b>493,970,672</b>
	Financial charges	(85,133,154)	(51,364,712)
	Depreciation on assets under Ijarah arrangements	(329,530,703)	(393,149,656)
		<b>49,425,803</b>	<b>49,456,304</b>
	Reversal of provision in respect of Ijarah finances - net	1,200,000	395,133
	Reversal of provision in respect of Diminishing Musharika	1,466,695	-
		<b>52,092,498</b>	<b>49,851,437</b>
	Other income	5,066,774	12,417,934
	Administrative and operating expenses	(33,710,906)	(32,129,039)
		<b>23,448,366</b>	<b>30,140,332</b>
	Management Company's remuneration	(2,344,837)	(3,014,033)
	Provision for services sales tax on Management Company's remuneration	14 (304,829)	(391,824)
	Provision for Workers' Welfare Fund	15 (415,974)	(534,689)
	<b>Profit for the period before taxation</b>	<b>20,382,726</b>	<b>26,199,786</b>
	Taxation	16 -	-
	<b>Profit for the period after taxation</b>	<b>20,382,726</b>	<b>26,199,786</b>
	Other comprehensive income for the period	-	-
	<b>Total comprehensive income for the period</b>	<b>20,382,726</b>	<b>26,199,786</b>
	Earnings per certificate - basic and diluted	<b>0.45</b>	<b>0.58</b>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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

  
Chairman

  
Chief Executive

  
Director

  
CFO

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

	Three months period ended September 30, 2018	Three months period ended September 30, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period before taxation	20,382,726	26,199,786
<b>Adjustments for non-cash and other items:</b>		
Depreciation / amortisation on fixed assets in own use	2,662,362	2,543,112
Depreciation on Ijarah assets	329,530,703	393,149,656
Gain on disposal of Ijarah assets	(1,998,546)	(9,327,581)
Reversal of provision in respect of Ijarah finances - net	(1,200,000)	(395,133)
Reversal of provision in respect of Diminishing Musharika	(1,466,695)	-
Income on deposits with bank	(4,304,660)	(2,168,478)
Profit on:		
- Redeemable capital	48,581,050	32,843,680
- Musharika finance	-	-
- Musharika term finance arrangements	31,705,939	15,649,837
Provision for services sales tax on Management Company's remuneration	304,829	391,824
Provision for Workers' Welfare Fund	415,974	534,689
	404,230,956	433,221,606
	424,613,682	459,421,392
<b>(Increase) / decrease in assets</b>		
Advances, deposits, prepayments and other receivables	(6,355,131)	(19,331,967)
Ijarah rentals receivable	(7,833,018)	(17,868,225)
Diminishing Musharika	(163,417,060)	(82,819,588)
Purchase of assets under Ijarah arrangements	(379,899,700)	(634,792,803)
Proceeds from disposal of assets under Ijarah arrangements	64,052,348	339,042,107
	(493,452,561)	(415,770,476)
<b>Increase / (decrease) in liabilities</b>		
Creditors, accrued and other liabilities	3,794,880	291,536,830
Advance Ijarah rentals received	8,734,905	1,063,403
Security deposits	30,224,082	13,586,561
	42,753,867	306,186,794
	(26,085,012)	349,837,710
Profit paid on		
- Redeemable capital	(37,981,567)	(36,005,624)
- Musharika term finance arrangements	(28,355,920)	(7,467,123)
	(66,337,487)	(43,472,747)
Taxes paid	-	(536,671)
<b>Net cash (used) / generated from operating activities</b>	<b>(92,422,499)</b>	<b>305,828,292</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(284,850)	(2,600,236)
Income on deposits with bank	-	2,241,666
<b>Net cash generated / (used) from investing activities</b>	<b>(284,850)</b>	<b>(358,570)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Redeemable capital less repayments	172,700,000	(295,575,000)
Musharika term finance less repayments	13,682,437	(50,000,000)
Profit paid to certificate holders	(190,817)	(55,592)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>186,191,620</b>	<b>(345,630,592)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>93,484,271</b>	<b>(40,160,870)</b>
Cash and cash equivalents at the beginning of period	409,085,082	367,303,155
<b>Cash and cash equivalents at end of the period</b>	<b>502,569,353</b>	<b>327,142,285</b>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

For ORIX Services Pakistan (Private) Limited  
(Management Company)
  
Chairman

  
Chief Executive

  
Director

  
CFO



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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

	Paid-up certificate capital	Premium on modaraba certificates	Reserves			Total
			Statutory reserve	Unappropriated profit	Sub-total	
			(Rupees)			
<b>Balance as at June 30, 2017</b>	453,835,300	55,384,700	485,170,304	155,728,690	696,283,694	1,150,118,994
Total comprehensive income for the period						
- Profit for the three months period ended September 30, 2017	-	-	-	26,199,786	26,199,786	26,199,786
- Other comprehensive income for the three months period	-	-	-	-	-	-
	-	-	-	26,199,786	26,199,786	26,199,786
Profit distribution for the year ended June 30, 2017 @ Rs. 2.7 per certificate	-	-	-	(122,535,531)	(122,535,531)	(122,535,531)
Transfer to statutory reserve	-	-	1,309,989	(1,309,989)	-	-
<b>Balance as at September 30, 2017</b>	<u>453,835,300</u>	<u>55,384,700</u>	<u>486,480,293</u>	<u>58,082,956</u>	<u>599,947,949</u>	<u>1,053,783,249</u>
<b>Balance as at June 30, 2018</b>	453,835,300	55,384,700	491,185,149	147,475,214	694,045,063	1,147,880,363
Total comprehensive income for the period						
- Profit for the three months period ended September 30, 2018	-	-	-	20,382,726	20,382,726	20,382,726
- Other comprehensive income for the three months period	-	-	-	-	-	-
	-	-	-	20,382,726	20,382,726	20,382,726
Profit distribution for the year ended June 30, 2018 @ Rs. 2.5 per certificate	-	-	-	(113,458,825)	(113,458,825)	(113,458,825)
Transfer to statutory reserve	-	-	1,019,136	(1,019,136)	-	-
<b>Balance as at September 30, 2018</b>	<u>453,835,300</u>	<u>55,384,700</u>	<u>492,204,285</u>	<u>53,379,979</u>	<u>600,968,964</u>	<u>1,054,804,264</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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

  
Chairman

  
Chief Executive

  
Director

  
CFO

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

### 1. STATUS AND NATURE OF BUSINESS

ORIX Modaraba ('the Modaraba') was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by ORIX Services Pakistan (Private) Limited ('the Management Company'). The Management Company is a wholly owned subsidiary of ORIX Leasing Pakistan Limited. The registered office is situated at 6th Floor, Syedna Tahir Saif-u-ddin Trust Building, Beaumont Road, Civil Lines, Karachi, Pakistan.

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

The Modaraba is a perpetual Modaraba and is primarily engaged in financing of plant and machinery, motor vehicles (both commercial and private), computer equipment and housing under the modes of Ijarah (Islamic leasing) and Diminishing 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 Limited (PACRA) has assigned long term rating of AA and short term rating of A1+ to the Modaraba on 19 April 2018.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

- a) The condensed interim financial statements of the Modaraba for the first quarter ended on 30 September 2018 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standard as 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;
  - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.;
  - provisions of and directives issued under the Companies Act 2017, Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas.;
  - provisions of and directives issued under the Companies Act 2017, Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas.;

Where requirements, provisions and directives as given under the Companies Act, 2017, Modaraba Companies and Modarabas (Floating and Control) Ordinance 1980, Modaraba Companies and Modarabas Rules, 1981, Prudential Regulations for Modaraba and Islamic Financial Reporting Standards (IFRS) differ with the requirements of IAS 34, the requirements, provisions and directives given under the Companies Act, 2017, Modaraba Companies and Modarabas (Floating and Control) Ordinance 1980, Modaraba Companies and Modarabas Rules, 1981, Prudential Regulations for Modaraba and Islamic Financial Reporting Standards (IFRS) have been followed.

- b) During the year ended June 30, 2008, Islamic Financial Accounting Standard 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan which was notified by the Securities and Exchange Commission of Pakistan (SECP) vide an SRO 431(1)/2007 dated 5 May 2007 was adopted. Under the above IFAS 2, the 'Ijarah' transactions are accounted for in the following manner:

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

Muj'ir (lessors) shall present the assets subject to Ijarah in their balance sheet according to the nature of the asset, distinguished from the assets in own use.

Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income shall be recognised as an expense.

Ijarah income shall be recognised in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.

SECP, vide its letter No. SC/ M/ RW/ SCM /2009 dated 09 March 2009, allowed that in case of Modarabas, IFAS 2 shall be applied for Ijarah transactions executed on or after July 01, 2008. Accordingly, the Modaraba has accounted for leasing transactions executed before July 01, 2008 as finance leases and has treated the leasing transactions executed on or after 01 July 2008 in accordance with the requirements of IFAS 2.

### 2.2 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is also the Modaraba's functional currency and all financial information presented has been rounded off to the nearest rupee.

### 2.3 Significant accounting estimates and judgements

The preparation of this condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. However, actual results may differ from these estimates. In preparing this condensed interim financial information the significant judgements made by the management in applying the Modaraba's accounting policies and the key sources of estimates and uncertainty were the same as those that were applied to the audited financial statements for the year ended June 30, 2018.

## 3 Significant Policies, Estimates, Assumptions and Changes therein

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Modaraba as at and for the year ended June 30, 2018. Effective from July 01, 2018, the Modaraba has adopted IFRS 9 'Financial Instruments' issued by the International Accounting Standards Board (IASB) in July 2014. IFRS 9 replaces the existing guidance in IAS 39, "Financial Instruments: Recognition and Measurement" and includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. There has been no major change resulted in accounting treatment for the financial instruments that have been accounted for in these financial statements except for the calculation of impairment provision on financial assets where the requirements of the Prudential Regulations for Modarabas as issued by SECP prevails.

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

**3.1.1** Certain new amendments to approved accounting standards have been published and are mandatory for the Modaraba's accounting period beginning on or after July 01, 2018 but are considered not to be relevant or to have any significant effect on this condensed interim financial information.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

- 3.2** Standards, interpretations and amendments to approved accounting standards that are not yet effective

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 16 - Leases	January 01, 2019
IAS 28 - Investments in associates and joint ventures - (Amendments)	January 01, 2019
IAS 19 - Employee Benefits - (Amendments)	January 01, 2019
IFRIC 23 - Uncertainty Over Income Tax treatments	January 01, 2019

The Modaraba expects that the adoption of above amendments and interpretations will not affect its financial statements in the period of initial application except certain addition disclosures.

### 4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Modaraba are consistent with those disclosed in the annual financial statements as at and for the year ended June 30, 2018.

### 5. CASH AND BANK BALANCES

Note	(Un-audited) September 30, 2018	(Audited) June 30, 2018
Balances with banks		
- in current accounts	27,205,591	23,218,993
- in deposit accounts	475,303,762	385,852,889
Cash in hand	60,000	13,200
	<b>502,569,353</b>	<b>409,085,082</b>

- 5.1 These carry profit at rate ranging between 3.34% - 7.00% per annum (June 2018: 2.48% - 6.20%). The balances with banks in deposit accounts have been kept in order to comply with the requirement of guidelines issued by the Securities and Exchange Commission of Pakistan (SECP) with respect to the maintenance of prescribed liquidity against the Certificates of Musharika issued by the Modaraba.

### 6. IJARAH RENTALS RECEIVABLE

Note	(Un-audited) September 30, 2018	(Audited) June 30, 2018
Ijarah rentals receivable - considered good	110,860,772	101,827,754
Ijarah rentals receivable - considered bad or doubtful	25,449,883	26,649,883
Less: allowance for potential Ijarah losses	(6,798,229)	(7,998,229)
Less: profit held in suspense	(18,651,654)	(18,651,654)
	-	-
	<b>110,860,772</b>	<b>101,827,754</b>

- 6.1 This includes an amount due from key management personnel aggregated to Rs. 153,016 (June 30, 2018: Rs.131,144) given as per terms of employment. These are secured against Ijarah assets.

### 6.2 Allowance for potential Ijarah losses

Note	(Un-audited) September 30, 2018	(Audited) June 30, 2018
Opening balance	7,998,229	11,898,001
(Reversal) for the period / year	(1,200,000)	(3,899,772)
Closing balance	<b>6,798,229</b>	<b>7,998,229</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

## 6.3 Profit held in suspense

	(Un-audited) September 30, 2018	(Audited) June 30, 2018
	(Rupees)	
Opening balance	18,651,654	19,395,119
Income (reversed) / suspended during the period / year - net	-	(743,465)
Closing balance	18,651,654	18,651,654

## 7. INVESTMENT IN SUKUK CERTIFICATES

### Investments - At Amortized Cost

	(Un-audited) September 30, 2018	(Audited) June 30, 2018
	(Rupees)	
Investment in Sukuk certificates	57,701,835	57,701,835
Less: Provision in respect of Sukuk certificates	(57,701,835)	(57,701,835)
	-	-
Less: Current portion of investment in Sukuk Certificates	-	-
	-	-

## 8. DIMINISHING MUSHARIKA

		(Un-audited) September 30, 2018	(Audited) June 30, 2018
		(Rupees)	
- Staff	Note		
Housing finance		69,854,116	75,533,608
Others		2,745,155	3,235,364
	8.1	72,599,271	78,768,972
- Other Customers			
Housing finance		641,341,257	620,947,927
Motor vehicles		871,556,408	762,464,519
Plant, Machinery and equipments		1,073,350,102	1,033,267,267
Less: Provision in respect of Diminishing Musharika		-	(1,485,402)
		2,586,247,767	2,415,194,311
		2,658,847,038	2,493,963,283
Less: current portion of Diminishing Musharika		(674,636,813)	(564,568,486)
		1,984,210,225	1,929,394,797

8.1 This includes diminishing musharika facility availed by key management personnel with respect to housing finance and personal finance amounted to Rs. 42.638 million (June 2018: Rs. 48.144 million) and Rs. 1.224 million (June 2018: Rs. 1.620 million) respectively.

## 9. NET INVESTMENT IN IJARAH FINANCE

	(Un-audited) September 30, 2018	(Audited) June 30, 2018
	(Rupees)	
Ijarah contracts commencing on or after July 1, 2008		
- accounted for under IFAS 2	3,821,070,389	3,832,755,196
Ijarah contracts prior to July 1, 2008		
- accounted for as finance leases	370,000	370,000
Less: Current portion of net investment in Ijarah finance	(370,000)	(370,000)
	-	-

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

	(Un-audited) September 30, 2018	(Unaudited) September 30, 2017
<b>Ijarah Assets</b>		
	(Rupees)	
Additions at cost during the period		
- Plant, machinery and equipments	192,818,803	200,531,084
- Motor vehicles	187,080,897	434,261,719
	<u>379,899,700</u>	<u>634,792,803</u>
Disposals at cost during the period		
- Plant, machinery and equipments	29,135,250	328,289,033
- Motor vehicles	155,720,679	451,544,036
	<u>184,855,929</u>	<u>779,833,069</u>

- 9.1 Ijarah facility extended to key management personnel as per HR policies having net book value amounting to Rs. 14,910 million (June 2018: Rs. 11,244 million).

	(Un-audited) September 30, 2018	(Audited) June 30, 2018
<b>10. FIXED ASSETS IN OWN USE</b>		
	(Rupees)	
Tangible assets	14,233,654	16,341,796
Intangible assets	733,401	1,002,771
	<u>14,967,055</u>	<u>17,344,567</u>

- 10.1 During the quarter ended September 30, 2018, additions amounting to Rs. 284,850 (September 2017 : Nil) are made to the operating fixed assets.

	(Un-audited) September 30, 2018	(Audited) June 30, 2018
<b>11. MUSHARIKA TERM FINANCE</b>		
	(Rupees)	
Musharika with other banks	1,650,052,765	1,636,370,328
Less: Current portion of musharika term finance	(694,809,727)	(598,989,520)
	<u>955,243,038</u>	<u>1,037,380,808</u>

	(Un-audited) September 30, 2018	(Audited) June 30, 2018
<b>12. PROFIT DISTRIBUTION PAYABLE</b>		
	(Rupees)	
Profit distribution payable for the year ended June 30, 2018	12.1 113,458,825	-
Unclaimed profit distribution	& 50,335,172	50,525,989
	12.2 <u>163,793,997</u>	<u>50,525,989</u>

- 12.1 The Board of Directors of the Management Company in their meeting held on August 28, 2018 approved a cash distribution of Rs. 2.5 per certificate for the year ended June 30, 2018. Payment of the dividend is in process.

- 12.2 This includes dividend payable to ORIX Leasing Pakistan Limited (holding company) and ORIX Services Pakistan (Private) Limited - Management company amounting to Rs 11.35 million and Rs. 11.35 million respectively

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

### 13. CONTINGENCIES AND COMMITMENTS

#### 13.1 Commitments

The Modaraba has issued letters of comfort in favour of Faysal Bank Limited valuing Rs. 36 million, Habib Metropolitan Bank Limited valuing Rs. 73 million and Dubai Islamic Bank valuing 67 million on behalf of its customers.

### 14. PROVISION FOR SERVICES SALES TAX ON MANAGEMENT COMPANY'S REMUNERATION

Pursuant to Order number SRB-COM-II/AC-V/Mgt/SCSOP/5878/2012 of the Sindh Revenue Board (SRB) dated 22 April 2013, the Modaraba has recorded a provision in respect of Sindh sales tax on Management Company's remuneration at applicable rates with effect from 1 November 2011. The Management Company has filed an appeal before the Appellate Tribunal SRB against this order. The Appellate Tribunal SRB through its order dated 19 February 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 8 April 2016, the assessing officer issued a fresh notice to the Management Company. Against the notice, the Management Company has filed an appeal before the Honorable Sindh High Court. As an interim relief, the Court vide its Order dated 13 October 2016 has stopped the assessing authorities to pass any final order till the culmination of its proceedings. The case is pending to date.

### 15. PROVISION FOR WORKERS' WELFARE FUND

Vide letter no. SRB /DC-A(W)/2017/Rep/4760 dated 16 January 2017, the Sindh Revenue Board (SRB) has advised the Modaraba to pay off all its liabilities falling due under the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act). As per SWWF Act, Workers' Welfare Fund (WWF) levy is required to be paid on total income accruing after 31 December 2013. The management considers 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 WWF liability to SRB can be paid out. On these grounds, foreseeing the expected WWF demand and penal actions from SRB, the Modaraba has filed a Constitutional Petition (CP) No. CP.D.3879/2017 with the Honorable Sindh High Court which is pending to date, however the Honorable Court has restrained the SRB from levy of WWF under the SWWF Act. The management has accrued for WWF liability for the period from 2014 to 2018 (including first quarter ended on 30 September 2018) in these financial statements considering it as prudent.

### 16. TAXATION

As per the Second Schedule to the Income Tax Ordinance, 2001, the income of a non-trading modaraba is exempt from income tax provided that it distributes at least 90% of its profits to its certificate holders for the year after making appropriation for statutory reserves. The Modaraba intends to continue to avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation to statutory reserves for the year ending June 30, 2018. Accordingly, no provision in respect of current and deferred taxation has been made in this condensed interim financial information.



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

**17. RELATED PARTIES TRANSACTIONS**

The related parties of the Modaraba include the management company, staff retirement funds, directors and key management personnel and ORIX Leasing Pakistan Limited. Transactions with related parties other than remuneration and benefits to key management personnel (which are employed by the management company) under the terms of their employment are as follows:

	Three months period ended September 30, 2018 (Un-audited)	Three months period ended September 30, 2017 (Un-audited)
	----- (Rupees) -----	
<b>ORIX Leasing Pakistan Limited - Holding Company of the Management Company</b>		
Dividend	11,345,883	12,253,553
Rent payable for Islamabad office	127,350	-
<b>Staff retirement benefits funds</b>		
Contribution to the staff provident fund	1,026,372	859,678
Contribution to the staff gratuity fund	854,959	716,105
<b>ORIX Services Pakistan (Private) Limited - Management Company</b>		
Management company's remuneration	2,344,837	3,014,033
Dividend	11,345,883	12,253,553
Rent reimbursement	-	247,500
<b>Key Management Personnel</b>		
Salaries and benefits	13,530,269	13,080,011
Contribution to the staff provident fund	394,659	331,768
Contribution to the staff gratuity fund	328,750	276,362
Income earned on DM finances to Key management personnel	1,379,018	1,376,192
Ijarah rental earned on Ijarah finances to Key management personnel	951,179	829,658
Profit on Redeemable Capital	7,562	6,932
Number of persons	7	7

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

	(Unaudited) September 30, 2018	(Audited) June 30, 2018
	----- (Rupees) -----	
<b>ORIX Leasing Pakistan Limited - Holding Company of the Management Company</b>		
Rent payable for Islamabad office	127,350	254,670
<b>ORIX Services Pakistan (Private) Limited - Management Company</b>		
Management company's remuneration payable	16,183,838	13,839,001
<b>Staff retirement benefits funds</b>		
Payable to staff provident fund	56,500	56,500
Receivable from staff gratuity fund	25,635	25,635
<b>Key Management Personnel</b>		
Accrued profit on finances under diminishing musharaka	276,948	271,000
Profit payable on redeemable capital	7,562	11,979
Security deposits	307,355	665,436
Redeemable capital	500,000	500,000

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

### 18 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. 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.

International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' requires the Modaraba to classify fair value measurements 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:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- 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) (level 2); and
- inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

As at September 30, 2018 and June 30, 2018, there were no financial instruments which were measured at fair values in the financial statements.

The table below analyses financial instruments measured at the end of the reporting period (i.e. financial assets measured at fair value through profit and loss account (FVTPL), financial asset measured at fair value through other comprehensive income (FVOCI), financial assets measured at amortised cost, financial liabilities measured at fair value through profit and loss and those that are measured at amortised cost) by the level in the fair value hierarchy into which the fair value measurement is categorised:

**18.1** The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

		As at 30 September 2018										
		Carrying value						Fair value				
	Note	FVTPL	FVOCI	Financial assets at Amortised cost	Other Financial Assets	Financial liabilities at amortised	Other Financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees)										
Financial assets not measured at fair value	18.2											
Cash and bank balances		-	-	502,569,353	-	-	-	502,569,353	-	-	-	-
Ijarah rentals receivable		-	-	-	110,860,772	-	-	110,860,772	-	-	-	-
Advances, deposits and other receivables		-	-	89,919,110	-	-	-	89,919,110	-	-	-	-
Diminishing Musharika		-	-	2,658,847,038	-	-	-	2,658,847,038	-	-	-	-
Taxation recoverable		-	-	-	8,731,640	-	-	8,731,640	-	-	-	-
Investment in Sukuk certificates		-	-	-	-	-	-	-	-	-	-	-
Total		-	-	3,251,335,501	119,592,412	-	-	3,370,927,913	-	-	-	-
Financial liabilities not measured at fair value	18.2											
Musharika term finance		-	-	-	-	1,650,052,765	-	1,650,052,765	-	-	-	-
Security deposits		-	-	-	-	-	751,850,533	751,850,533	-	-	-	-
Creditors, accrued and other liabilities		-	-	-	-	-	230,595,483	230,595,483	-	-	-	-
Redeemable capital		-	-	-	-	3,299,815,000	-	3,299,815,000	-	-	-	-
Unclaimed profit distribution		-	-	-	-	-	163,793,997	163,793,997	-	-	-	-
Advance Ijarah rentals received		-	-	-	-	-	50,009,916	50,009,916	-	-	-	-
Total		-	-	-	-	4,949,867,765	1,196,249,929	6,146,117,694	-	-	-	-

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

30 June 2018											
		Carrying value					Fair value				
	FVTPL	FVOCI	Financial assets at Amortised cost	Other Financial Assets	Financial liabilities at amortised cost	Other Financial liabilities at	Total	Level 1	Level 2	Level 3	Total
	(Rupees)										
Financial assets not measured at fair value	18.2										
Cash and bank balances	-	-	409,085,082	-	-	-	409,085,082	-	-	-	-
Ijarah rentals receivable	-	-	-	101,827,754	-	-	101,827,754	-	-	-	-
Advances, deposits and other receivables	-	-	76,811,534	-	-	-	76,811,534	-	-	-	-
Diminishing Musharika	-	-	2,493,963,283	-	-	-	2,493,963,283	-	-	-	-
Taxation recoverable	-	-	-	8,731,640	-	-	8,731,640	-	-	-	-
Investment in Sukuk certificates	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	2,979,859,899	110,559,394	-	-	3,090,419,293	-	-	-	-
Financial liabilities not measured at fair value	18.2										
Musharika term finance	-	-	-	-	1,636,370,328	-	1,636,370,328	-	-	-	-
Security deposits	-	-	-	-	-	721,626,451	721,626,451	-	-	-	-
Creditors, accrued and other liabilities	-	-	-	-	-	212,546,274	212,546,274	-	-	-	-
Redeemable capital	-	-	-	-	3,127,115,000	-	3,127,115,000	-	-	-	-
Unclaimed profit distribution	-	-	-	-	-	50,525,989	50,525,989	-	-	-	-
Advance Ijarah rentals received	-	-	-	-	-	41,275,011	41,275,011	-	-	-	-
Total	-	-	-	-	4,763,485,328	1,025,973,725	5,789,459,053	-	-	-	-

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

## 19. SEGMENT INFORMATION

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

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

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

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

The Modaraba has a diversified product portfolio whereby resources have been allocated.

The Modaraba also has a diversified certificate holder population. As at September 30, 2018, there were only two (June 30, 2018: two) certificate holders who each held more than 10% of the Modaraba's certificate capital. Their holdings were 10% and 10% (June 30, 2018: 10% and 10%) respectively.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

### 20. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison and better presentation. There were no major reclassifications in this condensed interim financial information during the current period.

### 21. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on 22 October 2018 by the Board of Directors of the Management Company.

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

  
Chairman

  
Chief Executive

  
Director

  
CFO