



# Contents

MODARABA INFORMATION	02
DIRECTORS' REVIEW	03
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION	09
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME (UNAUDITED)	10
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)	11
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)	12
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)	13

# 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 Raiz  
Director

Ms. Maryam Aziz  
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)  
Bank Al Habib 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  
Email: askus@orixmodaraba.com

### 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 March 31, 2019

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 nine months period ended March 31, 2019.

### 1. Economic Outlook

Pakistan continues to face macroeconomic challenges despite steps to tighten fiscal and monetary policies to rein in high and unsustainable twin deficits, and in this backdrop, the country's GDP growth is forecast to decelerate to 3.9 per cent in fiscal year 2019.

Lower revenue collection and higher current expenditure pushed the budget deficit from the equivalent of 2.3pc of GDP in the first half of FY-2018 to 2.7pc a year later. This situation will make it a challenge for the government to achieve the reduction in the budget deficit it targets for fiscal 2018-19.

To meet its large financing needs, the government is discussing a macroeconomic stabilization programmed with the International Monetary Fund in addition to arranging financial assistance and oil credit facilities from bilateral sources. Stabilization policies and rising inflation are likely to contain growth in private consumption and investment, while public sector development spending has already slackened. With exchange rate flexibility and declining imports, net exports are expected to contribute to growth.

The current account deficit, is expected to ease in current fiscal year but will remain high at the equivalent of 5pc of GDP because of the large trade deficit. It will narrow further to 3pc in fiscal 2019-20 with easing macroeconomic pressures on the external accounts.

Export growth projection was cut to \$25-27.0 Billion from \$27.0 to 28.0 Billion previously, as the export could miss the \$27.0 Billion target due to waned in export destinations. However, to strengthen in the remaining months of FY-2019 and further in 2019-2020 as the lagged impact of currency depreciation kicks in, along with the incentive package for export-oriented industries announced in January. Imports fell by 0.8pc in the first seven months of current fiscal year from the same period of FY-2018, with imports other than oil 5.7pc lower because of slower domestic economic activity, currency depreciation, and an increase in import duties for nonessential items.

As for the private sector credit, an additional uptake of Rs 570.4 billion has been observed during H1-FY19, compared to Rs 296.3 billion in the same period last year. This trend is largely due to the rising cost of imported inputs and higher energy prices on account of PKR depreciation and liquidity constraints owing to a higher level of unsold inventories (in POL, steel, autos, fertilizers, electronics and sugar sectors) along with circular debt in the energy sector. While nonmanufacturing businesses have curtailed further expansion, few industries, such as power, cement and textile sectors, continued to borrow for capacity additions.

### 2. Financial Highlights

Financial results are summarized as under:

#### Balance Sheet

Certificate capital	
Total equity	
Investment in Ijarah finance and Ijarah Assets	
Investments in Diminishing Musharika and Sukuks	
Redeemable capital	

March 31, 2019 (PKR '000')	June 30, 2018 (PKR '000')
453,835	453,835
1,108,664	1,147,880
3,763,013	3,833,125
2,771,756	2,493,963
2,903,740	3,127,115
Nine months ended March 31, 2019 (PKR '000')	Nine months ended March 31, 2018 (PKR '000')
509,511	346,027
315,584	170,257
3,669	1,898
112,188	101,740
85,408	75,928
74,242	66,002

#### Profit and Loss

Revenue (net of Ijarah assets depreciation)	
Financial charges	
Reversal of provisions – net	
Operating expenses	
Profit before modaraba management company's remuneration	
Net profit	

### 3. Review of Operations

During the period under review, in spite of reduction in industry spreads due to rapid and large movement of the SBP's discount rate, which promoted immediate increase in deposit rates and financial charges but which will take almost six months to be translated into profit on assets, and stiff competition with Islamic banks, the Modaraba's gross revenue (net of Ijarah assets depreciation and including other income) increased by 47.25% from PKR 346.03 million to PKR 509.51 million compared to the corresponding period of last year. The main reason behind this was increased in discount rate and better mix of portfolio resulting in better profit rates. Financial charges increased by 85.36% from PKR 170.26 million to PKR 315.58 million mainly due to movement of the SBP's discount rate as stated above. Profit after financial charges and before other income and administrative & operating expenses still increased by 17.48% from PKR 137.76 million to PKR 161.85 million. Administrative and operating expenses increased by 10.27% from PKR 101.74 million to PKR. 112.19 million mainly due to cost associated with the process alignment for compliance of new regulations. Net profit increased 12.49% from PKR 66.00 million to PKR 74.24 million as compared to corresponding period of last year.

The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at PKR 6,535 million compared to PKR 6,327 million as at June 30, 2018, showing an increase of 3.28% within the nine months period. During the period under review, the Modaraba booked fresh disbursements to the tune of Rs. 2,100 million as compared to Rs. 2,880 million during the corresponding period last.

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 with a very low non performing portfolio. 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 assigned 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.



Managing Director/CEO



Director

Karachi: April 22, 2019

## ڈائریکٹرز کا جائزہ

۳۱ مارچ ۲۰۱۹ کو اختتام پذیر نومبر کے مدت کے لیے

اور کس مضاربہ کی انتظامی کمپنی اور کس سروسز پاکستان (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز ۳۱ مارچ ۲۰۱۹ کو اختتام پذیر نومبر کی غیر محتسب شدہ مالیاتی دستاویزات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

### ۱. معیشت منظر نامہ

غیر مستحکم اور بلند مالی خسارے کو کنٹرول کرنے کی غرض سے مالیاتی پالیسیوں کو مضبوط بنانے کے اقدامات کے باوجود پاکستان کو مسلسل اقتصادی و معاشی چیلنجوں کا سامنا کرنا پڑ رہا ہے۔ اس پس منظر میں ملک کی جی ڈی پی کی ترقی کی رفتار میں کمی کے بعد مالی سال ۲۰۱۹ میں ۳.۹ فیصد رہنے کی توقع ہے۔

آمدنی میں کمی اور موجودہ اخراجات میں اضافہ کی وجہ سے بجٹ خسارہ جو کہ مالی سال ۲۰۱۸ کے پہلے نصف میں جی ڈی پی کا ۲.۳ فیصد تھا ایک سال کے بعد ۲.۶ فیصد ہو گیا۔ حکومت کے لئے یہ صورتحال ایک چیلنج ہے کہ مالی سال ۱۹-۲۰۱۸ کے ٹارگٹ کے مطابق بجٹ خسارے میں کمی لائے۔

اپنی بلند مالیاتی ضروریات کو پورا کرنے کی غرض سے حکومت عالمی مالیاتی فنڈ (آئی ایم ایف) کے ساتھ، وسیع اقتصادی استحکام کے سلسلے میں متادلہ خیال کر رہی ہے۔ اس کے علاوہ دوطرفہ ذرائع سے مالی امداد اور ادھار تیل کی سہولت کا بندوبست کر رہی ہے۔ استحکامی پالیسیوں اور بڑھتی ہوئی افراط زر کی وجہ سے نجی کھپت اور سرمایہ کاری میں اضافہ ہونے کا امکان ہے، جبکہ سرمایہ کاری شعبہ کی ترقی کے اخراجات پہلے ہی سست روی کا شکار ہیں۔ تبادلے کی شرح میں چلک اور درآمدات میں کمی کی وجہ سے خالص برآمدات کاترٹی میں حصہ ڈالنے کی توقع ہے۔

موجودہ اکاؤنٹ کے خسارے میں موجودہ مالی سال میں کمی متوقع ہے لیکن پھر بھی زیادہ تجارتی خسارے کی وجہ سے جی ڈی پی کے ۵ فیصد کی بلند سطح پر رہنے کی توقع ہے۔ یہ مالی سال ۲۰۱۹-۲۰ میں مزید کمی کے بعد ۳ فیصد ہونے کی توقع ہے۔ جس کی وجہ سے بیرونی اکاؤنٹ پر مالیاتی اقتصادی دباؤ میں کمی ہوگی۔

برآمدات کی ترقی کا تخمینہ کمی کے بعد ۲-۲.۵ بلین امریکی ڈالر لگا گیا جو کہ پہلے ۲۸-۲۶ بلین امریکی ڈالر تھا۔ جیسا کہ برآمدات ۲ بلین امریکی ڈالر کا حدف حاصل نہیں کر پائے گی جس کی وجہ سے بعض برآمدی مقامات میں کمی ہے۔ تاہم مالی سال ۲۰۱۹ کے باقی مہینوں اور مالی سال ۲۰۱۹-۲۰ میں برآمدات کو مضبوط کرنے کی غرض سے کرنسی کی قیمت میں تخفیف اور اس کے ساتھ جنوری کے مہینے میں برآمدات سے متعلق صنعت کے لئے حوصلہ افزا پیکج کا اعلان کیا گیا۔ درآمدات میں موجودہ مالی سال کے پہلے سات ماہ میں مالی سال ۲۰۱۸ کی اسی مدت کے مقابلے میں ۰.۸ فیصد کمی ہوئی۔ داخلی اقتصادی سرگرمیوں میں سست روی، کرنسی کی شرح میں تخفیف اور بعض غیر ضروری اشیاء کی درآمدی ڈیوٹی میں اضافے کی وجہ سے تیل کی علاوہ درآمدات میں ۵.۵ فیصد کمی ہوئی۔

گزشتہ سال کی اسی مدت کے ۲۹۶.۳ بلین روپے کے مقابلے میں مالی سال ۲۰۱۹ کے پہلے نصف میں نجی شعبہ کے کریڈٹ میں ۵۷۰.۳ بلین روپے کا اضافہ ہوا۔ اس رجحان کی بڑی وجہ درآمدات کی لاگت میں اضافہ اور توانائی کی بلند قیمت ہے۔ جس کی وجہ سے پاکستانی روپے کی قدر میں تخفیف اور مالی مشکلات ہیں جو کہ بہت زیادہ غیر فروخت شدہ انونٹری

(پی، او، ایل، اسٹیل، آئوز کھادیں، الیکٹرونکس اور چینی کے شعبوں میں) اور گردشی قرضہ جات کی وجہ سے ہیں۔ حالانکہ غیر مینوفیکچرنگ کاروبار نے مزید توسیع میں کمی کی ہے پھر بھی کچھ صنعتیں مثلاً بجلی، سینٹ اور ٹیکسٹائل کے شعبوں نے اپنی صلاحیتوں میں اضافہ کے لئے مزید قرضے حاصل کرنا جاری رکھے ہیں۔

۳۰ جون ۲۰۱۸

۳۱ مارچ ۲۰۱۹

۲ 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

۴۵۳،۸۳۵

۴۵۳،۸۳۵

۱،۱۴۷،۸۸۰

۱،۱۰۸،۶۶۴

۳،۸۳۳،۱۲۵

۳،۷۶۳،۰۱۳

۲،۴۹۳،۹۶۳

۲،۷۷۱،۷۵۶

۳،۱۲۷،۱۱۵

۲،۹۰۳،۷۴۰

نوماہ کی مدت

۳۱ مارچ ۲۰۱۸

نوماہ کی مدت

۳۱ مارچ ۲۰۱۹

نفع اور نقصان

۳۴۶،۰۲۷

۵۰۹،۵۱۱

۱۷۰،۲۵۷

۳۱۵،۵۸۴

۱،۸۹۸

۳،۶۶۹

۱۰۱،۷۴۰

۱۱۲،۱۸۸

۷۵،۹۲۸

۸۵،۴۰۸

۶۶،۰۰۲

۷۷۴،۲۴۲

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

مالیاتی کاموں کی فیس

مختصات (provisions) کی واپسی۔ خالص

عملدراری کے اخراجات

منافع قبل از مضاربہ مینجمنٹ فیس

کمپنی کا مشاہرہ / تنخواہ کا خرچ

خالص منافع

## ۳. آپریشن کا جائزہ

جائزہ مدت کے دوران صنعت کے اسپرڈ میں کمی جو کہ ایس بی پی کی ڈسکانوٹ کی شرح میں بلند اور تیزی سے اضافہ جس کی وجہ سے ڈیباٹ کی شرح اور مالی اخراجات میں فوری اضافہ ہوا جبکہ اثاثوں کے منافع پر اثر ہونے میں تقریباً چھ ماہ لگے اور اسلامی بینکوں سے سخت مقابلے کے باوجود مضاربہ کی مجموعی آمدنی (اجارہ اثاثہ جات کی فرسودگی کے بعد اور بشمول دیگر آمدنی) ۲۵.۲۷ فیصد اضافے کے بعد گزشتہ سال اسی مدت کے ۳۶.۰۳ میں روپے مقابلے میں ۵۰۹.۵۱ ملین روپے رہی، اس کا بنیادی سبب ڈسکانوٹ کی شرح میں اضافہ اور پورٹ فولیو کا بہترین مرکب ہے، جس کی وجہ سے منافع کی بہتر شرح حاصل ہوئی۔ مالی اخراجات ۸۵.۳۶ فیصد اضافے کے ساتھ ۱۰۰.۲۶ ملین روپے سے بڑھ کر ۳۱۵.۵۸ ملین روپے ہو گئے جس کی بنیادی وجہ اوپر بیان کیا گیا ڈسکانوٹ کی شرح میں اضافہ ہے۔ مالی اخراجات کے بعد اور دیگر آمدنی اور انتظامی اخراجات سے پہلے کا منافع ۷۴.۴۸ فیصد اضافے کے بعد ۱۳۷.۷۶ ملین روپے سے بڑھ کر ۱۶۱.۸۵ ملین روپے ہو گیا۔ انتظامی اخراجات ۱۰.۲۷ فیصد اضافے کے بعد ۱۰۱.۷۳ ملین روپے سے بڑھ کر ۱۱۲.۱۹ ملین روپے رہے۔ جس کی بنیادی وجہ نئے قوانین پر عمل درآمد کے متعلق اخراجات ہیں۔ خالص منافع ۱۲.۴۹ فیصد اضافے کے بعد گزشتہ سال اسی مدت کے ۶۶ ملین روپے سے بڑھ کر ۷۴.۲۴ ملین روپے رہا۔

۳۰ جون ۲۰۱۸ پر اجارہ فنانس، سکوک سرمایہ کاری اور گھٹا ہوا اشارہ کہ فنانس کی مالیت ۶۳۲ ملین روپے کے مقابلے میں ۵۳۵ ملین روپے رہی جو نومبر کی مدت میں ۳.۲۸ فیصد اضافہ دکھا رہی ہے۔ زیر جائزہ مدت کے دوران مضاربہ نے ۱۰۰ ملین روپے مالیت کی نئی سرمایہ کاری کی جبکہ گزشتہ سال اسی مدت کے دوران ۸۸۰ ملین روپے کی نئی سرمایہ کاری ہوئی۔

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 فولیو 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 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 کی طویل المدت اور قلیل المدت کی درجہ بندی بالترتیب "AA" اور "A1" 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. اعتراف

بورڈ، ریگولیٹری اداروں، سٹیفیکیشن کنندگان، گاہکوں اور کاروباری شرکاء کی حمایت کو سراہتا ہے اور مستقبل میں ان کی حمایت کی امید رکھتا ہے۔

بورڈ کی جانب سے



ریمین الفری  
ڈائریکٹر



راجیل قمر احمد  
یجنگ ڈائریکٹر / سی ای او

کراچی: ۲۲ اپریل ۲۰۱۹

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**

AS AT MARCH 31, 2019

		(Un-audited) March 31, 2019	(Audited) June 30, 2018
<b>ASSETS</b>	Note		
(Rupees)			
<b>Current assets</b>			
Cash and bank balances	5	374,263,800	409,085,082
Ijarah rentals receivable	6	119,893,180	101,827,754
Advances, deposits, prepayments and other receivables		125,726,155	89,359,494
Current portion of investment in Sukuk certificates	7	-	-
Current portion of Diminishing Musharika	8	847,743,530	564,568,486
Net investment in Ijarah finance	9	370,000	370,000
Taxation recoverable		8,733,382	8,731,640
<b>Total current assets</b>		<b>1,476,730,047</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	1,924,012,760	1,929,394,797.21
Ijarah assets	9	3,762,642,508	3,832,755,196
Fixed assets in own use	10	10,650,826	17,344,567
<b>Total non-current assets</b>		<b>5,697,306,094</b>	<b>5,779,494,560</b>
<b>TOTAL ASSETS</b>		<b>7,174,036,141</b>	<b>6,953,437,016</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Current maturity term finance arrangements	11	772,444,797	598,989,520
Current maturity of security deposits		169,895,054	167,820,317
Creditors, accrued and other liabilities		322,139,191	228,643,874
Advance Ijarah rentals received		64,548,825	41,275,011
Current portion of redeemable capital		2,886,190,000	3,118,915,000
Unclaimed profit distribution		57,183,451	50,525,989
<b>Total current liabilities</b>		<b>4,272,401,318</b>	<b>4,206,169,711</b>
<b>Non-current liabilities</b>			
Long-term portion of term finance arrangements	11	1,175,885,845	1,037,380,808
Long-term portion of security deposits		599,535,368	553,806,134
Long-term portion of redeemable capital		17,550,000	8,200,000
<b>Total non-current liabilities</b>		<b>1,792,971,213</b>	<b>1,599,386,942</b>
<b>TOTAL LIABILITIES</b>		<b>6,065,372,531</b>	<b>5,805,556,653</b>
<b>CERTIFICATE HOLDERS' EQUITY</b>			
<b>Certificate capital</b>			
<i>Authorised certificate capital</i>			
50,000,000 (June 30, 2018: 50,000,000) certificates of Rs. 10 each		500,000,000	500,000,000
<b>Issued, subscribed and paid-up certificate capital</b>			
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		104,546,357	147,475,214
Other reserves		550,281,953	546,569,849
		1,108,663,610	1,147,880,363
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>7,174,036,141</b>	<b>6,953,437,016</b>

**CONTINGENCIES AND COMMITMENTS**

12

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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

  
 Chairman

  
 Chief Executive

  
 Director

  
 Chief Financial Officer

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Note	Nine months period ended March 31, 2019	Nine months period ended March 31, 2018	Three months period ended March 31, 2019	Three months period ended March 31, 2018
(Rupees)					
Ijarah rentals earned		1,276,816,518	1,366,661,027	446,613,515	447,053,726
Income on Diminishing Musharika arrangements		232,054,957	85,693,065	90,625,468	35,910,561
Income on deposits with banks		12,731,173	6,787,293	3,851,297	1,859,316
		<u>1,521,602,648</u>	<u>1,459,141,385</u>	<u>541,090,280</u>	<u>484,823,603</u>
Financial charges		(315,583,932)	(170,256,663)	(125,804,419)	(61,810,246)
Depreciation on assets under Ijarah arrangements		<u>(1,047,842,432)</u>	<u>(1,153,022,832)</u>	<u>(360,160,997)</u>	<u>(378,298,736)</u>
		158,176,284	135,861,890	55,124,864	44,714,621
Reversal of provision in respect of Ijarah finances - net		2,183,652	1,898,208	537,385	-
Reversal of provision in respect of Diminishing Musharika		1,485,402	-	-	-
		<u>161,845,338</u>	<u>137,760,098</u>	<u>55,662,249</u>	<u>44,714,621</u>
Other income		35,750,804	39,908,031	20,623,894	10,296,013
Administrative and operating expenses		<u>(112,187,781)</u>	<u>(101,739,647)</u>	<u>(39,448,833)</u>	<u>(36,253,970)</u>
		85,408,361	75,928,482	36,837,310	18,756,664
Management Company's remuneration		(8,540,836)	(7,592,848)	(3,683,731)	(1,875,666)
Provision for services sales tax on Management Company's remuneration	13	(1,110,309)	(987,070)	(478,885)	(243,836)
Provision for Workers' Welfare Fund	14	(1,515,144)	(1,346,971)	(653,494)	(332,743)
<b>Profit for the period before taxation</b>		<u>74,242,072</u>	<u>66,001,593</u>	<u>32,021,200</u>	<u>16,304,419</u>
Taxation	15	-	-	-	-
<b>Profit for the period after taxation</b>		<u>74,242,072</u>	<u>66,001,593</u>	<u>32,021,200</u>	<u>16,304,419</u>
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period</b>		<u>74,242,072</u>	<u>66,001,593</u>	<u>32,021,200</u>	<u>16,304,419</u>
Earnings per certificate - basic and diluted		1.64	1.45	0.71	0.36

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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

  
 Chairman

  
 Chief Executive

  
 Director

  
 Chief Financial Officer

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

Nine months  
period ended  
March 31,  
2019

Nine months  
period ended  
March 31,  
2018

(Rupees)

**CASH FLOWS FROM OPERATING ACTIVITIES**

Profit for the period before taxation	74,242,072	66,001,593
<b>Adjustments for non-cash and other items:</b>		
Depreciation / amortisation on fixed assets in own use	8,087,802	7,779,176
Depreciation on Ijarah assets	1,047,842,432	1,153,022,832
Gain on disposal of Ijarah assets	(20,769,066)	(26,632,070)
Reversal of provision in respect of Ijarah finances - net	(2,183,652)	(1,898,208)
Reversal of provision in respect of Diminishing Musharika	(1,485,402)	-
Income on deposits with bank	(12,731,173)	(6,787,293)
Profit on:		
- Redeemable capital	182,125,972	113,763,471
- Musharika term finance arrangements	120,814,469	46,253,675
Provision for services sales tax on Management Company's remuneration	1,110,309	987,070
Provision for Workers' Welfare Fund	1,515,144	1,346,971
	<b>1,324,326,835</b>	<b>1,287,835,624</b>
	<b>1,398,568,907</b>	<b>1,353,837,217</b>
<b>(Increase) / decrease in assets</b>		
Advances, deposits, prepayments and other receivables	(36,334,462)	(10,250,961)
Ijarah rentals receivable	(15,881,774)	(26,812,206)
Diminishing Musharika	(276,307,605)	(736,652,502)
Purchase of assets under Ijarah arrangements	(1,374,177,327)	(1,828,806,557)
Proceeds from disposal of assets under Ijarah arrangements	417,216,650	853,801,657
	<b>(1,285,484,518)</b>	<b>(1,748,720,569)</b>
<b>Increase / (decrease) in liabilities</b>		
Creditors, accrued and other liabilities	24,288,266	91,319,275
Advance Ijarah rentals received	23,273,814	12,418,696
Security deposits	47,803,971	16,585,396
	<b>95,366,051</b>	<b>120,323,367</b>
	<b>208,450,440</b>	<b>(274,559,985)</b>
Profit paid on		
- Redeemable capital	(128,262,785)	(101,415,163)
- Term finance arrangements	(108,096,059)	(37,741,196)
	<b>(236,358,844)</b>	<b>(139,156,359)</b>
Taxes paid	(1,742)	(3,154)
<b>Net cash (used) / generated from operating activities</b>	<b>(27,910,146)</b>	<b>(413,719,498)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Fixed capital expenditure	(1,394,061)	(2,697,136)
Income on deposits with bank	12,698,974	4,911,771
<b>Net cash generated / (used) from investing activities</b>	<b>11,304,913</b>	<b>2,214,635</b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Redeemable capital less repayments	(223,375,000)	129,530,000
Term finance less repayments	311,960,314	341,128,323
Profit paid to certificate holders	(106,801,363)	(117,438,702)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(18,216,049)</b>	<b>353,219,621</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>(34,821,282)</b>	<b>(58,285,242)</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>374,263,800</b>	<b>309,017,913</b>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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

  
Chairman

  
Chief Executive

  
Director

  
Chief Financial Officer

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

## 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-din 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 26 February 2019.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

a) The condensed interim financial statements of the Modaraba for the nine months period ended on 31 March 2019 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 Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Boards (IASB) as notified under the Companies Act, 2017;
- Provisions of and directions issued under the Companies Act, 2017;
- Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulation for Modarabas; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017.

Where the provisions of and directives issued under the Companies Act 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulation for Modarabas and IFAS differ from IFRS Standards, the provision of and directives issued under the Companies Act, 2017 the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas and IFAS 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 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:

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.

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

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 financial statements for the year ended June 30, 2018.

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

3.1 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 separate financial statements of the Modaraba as at and for the year ended June 30, 2018 except for the adoption of new standards effective as of July 01, 2018 as referred to in note 3.4 to these condensed interim financial statements.

### 3.2 New standards, interpretations and amendments adopted by the Modaraba

The Modaraba has initially adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' from July 01, 2018. The impact of the adoption of these standards and the new accounting policies are disclosed in note 3.4 below. A number of other new standards are effective from July 01, 2018 but they do not have a material effect on the Modaraba's condensed interim financial statements.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 01, 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after January 01, 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Modaraba's condensed interim financial statements.

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

- IFRS 16 'Leases' (effective for annual period beginning on or after January 01, 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Modaraba is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after January 01, 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Modaraba's condensed interim financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after January 01, 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Modaraba's condensed interim financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 01, 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after January 01, 2020). The amendments are intended to make the definition of materiality in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle - the improvements address amendments to following approved accounting standards:
  - a. IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.



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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

- b. IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- c. IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after January 01, 2019 and are not likely to have an impact on Modaraba's financial statements.

### 3.4 Changes in accounting policies

The below explains the impact of the adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' on the Modaraba's condensed interim financial information and also discloses the new accounting policies that have been applied from July 01, 2018, where these are different to those applied in prior periods.

#### 3.4.1 IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income (OCI), or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). Gain and losses for financial instruments designated as amortised cost is recognised in profit and loss account.

The classification and measurement under IFRS 9 does not have any impact on Modaraba's accounting policy. There has been no major change resulted in accounting treatment for the financial instruments that have been accounted for in these condensed interim financial statements

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

except for the calculation of impairment provision on financial assets where the requirements of the Prudential Regulations for Modarabas as issued by SECP prevails. Except to that of Ijarah financing, financings extended on the basis of Diminishing Musharaka, Investments in Sukuk Certificates, other receivables and cash and cash equivalents that were classified as loans and receivables under IAS 39 are now classified as amortised cost. These were initially measured at transaction price and subsequently measured at amortised cost using the effective interest method, net of impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in statement of profit or loss.

### 3.4.2 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Modaraba has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings. Accordingly, the information presented for 2018 has not been restated i.e. it is presented, as previously reported under IAS 18 and related interpretations.

The revenue recognition of the Modaraba is based on the following policies:

- The Modaraba follows the finance method for recognising income on Ijarah contracts commencing prior to 1 July 2008 and accounted for as finance leases. Under this method the unearned income i.e. the excess of aggregate Ijarah rentals (including residual value) over the cost of the asset under Ijarah facility is deferred and then amortised over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognised as income on receipt basis. Income on Ijarah is recognised from the date of delivery of the respective assets to the mustajir (lessor).
- For Ijarah arrangements commencing on or after 1 July 2008 Ijarah rentals are recognised as income on accrual basis, as and when rentals become due. In case of Ijarah arrangements with staggered rentals, the income is recognised on a straight line basis over the Ijarah term.
- Income in respect of non-performing Ijarah finance is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations for Modarabas issued by the SECP.
- Documentation charges, front end fees and other Ijarah related income are taken to the profit and loss account when these are realised.
- Profit on Diminishing Musharaka arrangements is recognised under the effective mark-up rate method based on the amount outstanding.
- Profit / return on deposits / investments is recognised on accrual basis using the effective profit rate method.
- Income from Shariah non-compliant avenues is not recognised in the profit and loss account and is classified as charity payable.
- Other income is recognised on an accrual basis.

The above is generally consistent with the timing and amounts of revenue the Modaraba recognised in accordance with the previous standard, IAS 18, except for Ijarah transactions executed on or after July 01, 2008 in accordance with the requirements of IFAS 2. Therefore, the adoption of IFRS 15 did not have an impact on the timing and amounts of revenue recognition of the Modaraba.

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

Apart from providing more extensive disclosures, the application of IFRS 15 has not had a significant impact on the financial position and / or financial performance of the Modaraba for the reasons described above. Accordingly there were no adjustments to retained earning on application of IFRS 15 at July 01, 2018.

### 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

Balances with banks

- in current accounts
- in deposit accounts

Cash in hand

Note	(Un-audited) March 31, 2019	(Audited) June 30, 2018
	----- (Rupees) -----	
	6,484,545	23,218,993
5.1	367,709,255	385,852,889
	70,000	13,200
	<b>374,263,800</b>	<b>409,085,082</b>

- 5.1 These carry profit at rate ranging between 3.34% - 9.50% 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

Ijarah rentals receivable - considered good

Ijarah rentals receivable - considered bad or doubtful

Less: allowance for potential Ijarah losses

Less: profit held in suspense

Note	(Un-audited) March 31, 2019	(Audited) June 30, 2018
	----- (Rupees) -----	
6.1	119,893,180	101,827,754
	24,255,964	26,649,883
6.2	(5,814,577)	(7,998,229)
6.3	(18,441,387)	(18,651,654)
	-	-
	<b>119,893,180</b>	<b>101,827,754</b>

- 6.1 This includes an amount due from key management personnel aggregated to Rs. 162,289 (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) March 31, 2019	(Audited) June 30, 2018
	----- (Rupees) -----	
Opening balance	7,998,229	11,898,001
(Reversal) for the period / year	(2,183,652)	(3,899,772)
Closing balance	<b>5,814,577</b>	<b>7,998,229</b>

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Note	(Un-audited) March 31, 2019	(Audited) June 30, 2018
(Rupees)			
6.3 Profit held in suspense			
Opening balance		18,651,654	19,395,119
Income (reversed) / suspended during the period / year - net		(210,267)	(743,465)
Closing balance		18,441,387	18,651,654

	Note	(Un-audited) March 31, 2019	(Audited) June 30, 2018
(Rupees)			
7. INVESTMENT IN SUKUK CERTIFICATES			
<i>Held-to-maturity investments</i>			
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		-	-
		-	-

	Note	(Un-audited) March 31, 2019	(Audited) June 30, 2018
(Rupees)			
8. DIMINISHING MUSHARIKA			
- Staff			
Housing finance		69,435,153	75,533,608
Others		3,044,051	3,235,364
	8.1	72,479,204	78,768,972
- Other Customers			
Housing finance		616,716,387	620,947,927
Motor vehicles		938,513,840	762,464,519
Plant, Machinery and equipments		1,144,046,859	1,033,267,267
Less: Provision in respect of Diminishing Musharika		-	(1,485,402)
		2,699,277,086	2,415,194,311
		2,771,756,290	2,493,963,283
Less: current portion of Diminishing Musharika		(847,743,530)	(564,568,486)
		1,924,012,760	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. 27.730 million (June 2018: Rs. 48.144 million) and Rs. 1.161 million (June 2018: Rs. 1.620 million) respectively.

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	Note	(Un-audited) March 31, 2019	(Audited) June 30, 2018
(Rupees)			
<b>9. NET INVESTMENT IN IJARAH FINANCE</b>			
Ijarah contracts commencing on or after July 1, 2008			
- accounted for under IFAS 2		<b>3,762,642,508</b>	3,832,755,196
Ijarah contracts prior to July 1, 2008			
- accounted for as finance leases		<b>370,000</b>	370,000
Less: Current portion of net investment in Ijarah finance		<b>(370,000)</b>	(370,000)
		<b>-</b>	-

- 9.1 During the nine months period ended March 31, 2019, additions amounting to Rs. 1,374 million (March 31, 2018: Rs. 1,829 million) and disposals amounting to Rs. 1,227 million (December 31, 2017: Rs. 2,387 million) were made to the net investments in Ijarah finance.

	Note	(Un-audited) March 31, 2019	(Un-audited) March 31, 2018
(Rupees)			
<b>Ijarah Assets</b>			
Additions at cost during the period			
- Plant, machinery and equipments		<b>896,138,630</b>	835,813,109
- Motor vehicles		<b>478,038,697</b>	992,993,448
		<b>1,374,177,327</b>	1,828,806,557
Disposals at cost during the period			
- Plant, machinery and equipments		<b>307,556,705</b>	1,203,119,297
- Motor vehicles		<b>919,317,550</b>	1,183,959,329
		<b>1,226,874,255</b>	2,387,078,626

- 9.2 Ijarah facility extended to key management personnel as per HR policies having net book value amounting to Rs. 10.363 million (June 2018: Rs. 11.244 million).

	Note	(Un-audited) March 31, 2019	(Audited) June 30, 2018
(Rupees)			
<b>10. FIXED ASSETS IN OWN USE</b>			
Tangible assets		<b>9,679,703</b>	16,341,796
Intangible assets		<b>971,123</b>	1,002,771
		<b>10,650,826</b>	17,344,567

- 10.1 During the nine months period ended March 31, 2019, additions amounting to Rs. 1.394 million (March 31, 2018 : 2.697 million) are made to the operating fixed assets.

	Note	(Un-audited) March 31, 2019	(Un-audited) March 31, 2018
(Rupees)			
Additions at cost during the period			
- Computers / equipment		<b>520,543</b>	165,850
- Motor vehicles		-	2,492,500
- Computer software	10.2	<b>873,518</b>	38,786
		<b>1,394,061</b>	2,697,136
Disposals at cost during the period		<b>-</b>	-

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

10.2 This pertains to advance given against purchase of computer software.

Note	(Un-audited) March 31, 2019	(Audited) June 30, 2018
	----- (Rupees) -----	
<b>11. TERM FINANCE ARRANGEMENTS</b>		
Musharika term finance with other banks	1,948,330,642	1,636,370,328
Less: Current portion of musharika term finance	(772,444,797)	(598,989,520)
	<u>1,175,885,845</u>	<u>1,037,380,808</u>

**12. CONTINGENCIES AND COMMITMENTS****12.1 Commitments**

The Modaraba has issued letters of comfort in favour of Faysal Bank Limited valuing Rs. 11.05 million, Habib Metropolitan Bank Limited valuing Rs. 2.68 million and Dubai Islamic Bank valuing 94.25 million on behalf of its customers.

**13. PROVISION FOR SERVICES SALES TAX ON MANAGEMENT COMPANY'S REMUNERATION**

Pursuant to Order number SRB-COM-I/AC-V/Mgt/SCSOP/5878/2012 of the Sindh Revenue Board (SRB) dated April 22, 2013, 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 has 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. Against the notice, the Management Company has filed an appeal before the Honorable Sindh High Court. As an interim relief, the Court vide its Orders dated October 13, 2016 and November 05, 2018 has stopped the assessing authorities to pass any final order till the culmination of its proceedings. The case is pending to date.

**14. PROVISION FOR WORKERS' WELFARE FUND**

Vide letter no. SRB/DC-A(W)/2017/Rep/4760 dated January 16, 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 December 31, 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. The management has accrued for WWF liability for the period from 2014 to 2019 in these condensed interim financial information considering it as prudent.

**15. 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 NINE MONTHS PERIOD ENDED MARCH 31, 2019

**16. 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:

	<b>Nine months period ended March 31, 2019 (Un-audited)</b>	<b>Nine months period ended March 31, 2018 (Un-audited)</b>
----- (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	379,275	-
<b>Staff retirement benefits funds</b>		
Contribution to the staff provident fund	3,042,180	2,739,073
Contribution to the staff gratuity fund	2,536,363	2,281,700
Reimbursement from staff gratuity fund	649,505	1,134,383
<b>ORIX Services Pakistan (Private) Limited - Management Company</b>		
Management company's remuneration	8,540,836	7,592,848
Dividend	11,345,883	12,253,553
Rent reimbursement	-	300,726
<b>Key Management Personnel</b>		
Salaries and benefits	30,096,809	30,158,693
Contribution to the staff provident fund	1,156,546	1,110,432
Contribution to the staff gratuity fund	964,417	924,984
Reimbursement from staff gratuity fund	355,920	-
Income earned on DM finances to Key management personnel	3,790,470	4,138,045
Ijarah rental earned on Ijarah finances to Key management personnel	2,944,147	2,419,214
Profit on Redeemable Capital	125,288	20,644
Number of persons	8	8

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:

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

	(Un-audited) March 31, 2019	(Audited) June 30, 2018
<b>ORIX Leasing Pakistan Limited - Holding Company of the Management Company</b>		
Rent payable for Islamabad office		
<b>ORIX Services Pakistan (Private) Limited - Management Company</b>		
Management company's remuneration payable	22,379,837	13,839,001
<b>Staff retirement benefits funds</b>		
Payable to staff provident fund	-	56,500
Receivable from staff gratuity fund	-	25,635
<b>Key Management Personnel</b>		
Accrued profit on finances under diminishing musharaka	291,513	270,896
Profit payable on redeemable capital	96,542	11,979
Security deposits	307,355	665,436
Redeemable capital	4,000,000	500,000

**17 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 March 31, 2019 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:



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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

## 17 FAIR VALUE OF FINANCIAL INSTRUMENTS.....Cont'd

**17.1** 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 31 March 2019 (Unaudited)						
		Carrying value			Fair value			
		Financial assets at Amortised cost	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees)						
Financial assets not measured at fair value	17.2							
Cash and bank balances		374,263,800	-	374,263,800	-	-	-	-
Ijarah rentals receivable		119,893,180	-	119,893,180	-	-	-	-
Advances, deposits and other receivables		119,796,535	-	119,796,535	-	-	-	-
Diminishing Musharika		2,771,756,290	-	2,771,756,290	-	-	-	-
Taxation recoverable		8,733,382	-	8,733,382	-	-	-	-
Investment in Sukuk certificates		-	-	-	-	-	-	-
Total		3,394,443,187	-	3,394,443,187	-	-	-	-
Financial liabilities not measured at fair value	17.2							
Musharika term finance		-	1,948,330,642	1,948,330,642	-	J	-	-
Security deposits		-	769,430,422	769,430,422	-	-	-	-
Creditors, accrued and other liabilities		-	304,526,447	304,526,447	-	-	-	-
Redeemable capital		-	2,903,740,000	2,903,740,000	-	-	-	-
Unclaimed profit distribution		-	57,183,451	57,183,451	-	-	-	-
Advance Ijarah rentals received		-	64,548,825	64,548,825	-	-	-	-
Total		-	6,047,759,787	6,047,759,787	-	-	-	-
		30 June 2018 (Audited)						
		Carrying value			Fair value			
		Financial assets at Amortised cost	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Note		(Rupees)						
Financial assets not measured at fair value	17.2							
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		3,090,419,293	-	3,090,419,293	-	-	-	-
Financial liabilities not measured at fair value	17.2							
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		-	5,789,459,053	5,789,459,053	-	-	-	-

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019

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

### 18. 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 March 31, 2019, there were only two (June 30, 2018: two) certificate holders who each held 10% or more of the Modaraba's certificate capital. Their holdings were 10% and 10% (June 30, 2018: 10% and 10%) respectively.

### 19. 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.

### 20. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on **April 22, 2019** by the Board of Directors of the Management Company.

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

  
Chairman

  
Chief Executive

  
Director








  
Chief Financial Officer










**Be aware, Be alert,  
Be safe**

**Learn about investing at  
www.jamapunji.pk**

**Key features:**

-  Licensed Entities Verification
-  Scam meter\*
-  Jamapunji games\*
-  Tax credit calculator\*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator  
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

 [jamapunji.pk](https://www.facebook.com/jamapunji.pk)

 [@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices



## ORIX Modaraba

Office No. 601, 6th Floor,  
Syedna Tahir Saifuddin Foundation Building,  
Beaumont Road, Civil Lines, Karachi.  
Phone: (021) 35930000  
E-mail: [askus@orixmodaraba.com](mailto:askus@orixmodaraba.com)

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

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