

ORIX Modaraba
(Formerly Standard Chartered Modaraba)



Half Yearly Report 2016

December 31, 2016

Contents

MODARABA INFORMATION	02
DIRECTORS' REVIEW	03
AUDITORS' REVIEW REPORT	08
CONDENSED INTERIM BALANCE SHEET	09
CONDENSED INTERIM PROFIT & LOSS ACCOUNT	10
CONDENSED INTERIM CASH FLOW STATEMENT	11
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	12
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	13

Modaraba Information

Modaraba Company

ORIX Services Pakistan (Pvt) Limited
(Formerly Standard Chartered Services of Pakistan (Pvt) Limited.)

Directors of Modaraba Company

Mr. Shaheen Amin
Chairman

Mr. Raheel Qamar Ahmad
Managing Director/ Chief Executive

Mr. Ramon Alfrey
Director

Mr. Hiroshi Nishio
Director

Mr. Nadim D. Khan
Independent Director

Mian Faysal Riaz
Director

Company Secretary

Mr. Muhammad Siddique

Audit Committee

Mr. Nadim D. Khan
Chairman

Mr. Ramon Alfrey
Member

Mian Faysal Riaz
Member

Human Resource and Remuneration (HR&R) Committee

Mr. Nadim D. Khan
Chairman

Mr. Shaheen Amin
Member

Mr. Raheel Qamar Ahmad
Member

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)

Legal Advisors

Fazle Ghani Advocates

Registered and Head Office:

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

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 half year ended 31 December 2016

The Board of Directors of ORIX Services Pakistan (Private) Limited (Formerly Standard Chartered Services of Pakistan (Private) Limited), the management company of ORIX Modaraba (Formerly Standard Chartered Modaraba) is pleased to present the unaudited accounts for the six months period ended December 31, 2016.

1. Economic Outlook

Domestic economic activity has picked up pace, driven by strong demand for consumption and investment. Improvement in law and order situation in the country along with growing foreign interest in Pakistan's economy has driven the Pakistan Stock Exchange which rose by 46% percent last year. Pakistan has also successfully completed the International Monetary Fund (IMF) programme in October 2016 that has stabilized the foreign exchange reserves presently standing at USD 23.2 billion. Current trends also suggest that the inflation would be lower than the target rate of 6 percent in FY17.

Growing CPEC-related imports, decline in exports, absence of Coalition Support Fund, and slowdown in remittances, pushed the current account deficit to USD 3.6 billion in the first half of FY17, from USD 1.7 billion in the same period last year. This higher deficit was financed by an increase in bilateral and multilateral funding along with pick up in investment flows. Overall surplus in the balance of payments stands at USD 0.2 billion in the first half of the current year. Going forward, with the aforementioned risks to the external sector, the need of financial inflows would grow further.

Healthy credit expansion, along with higher production of Kharif crops, visible improvements in energy supply, and upbeat business sentiments signal recuperating real economic activities. Large-scale Manufacturing grew by 3.2 percent during the first five months of the current fiscal year and further increase is expected on account of growing infrastructure spending and recent policy support for export oriented sectors.

2. Financial Highlights

Financial results are summarized as under:

	December 31, 2016	June 30, 2016
	(PKR '000')	
Balance Sheet		
Certificate capital	453,835	453,835
Total equity	1,091,013	1,176,182
Investment in Ijarah finance and Ijarah Assets	3,997,205	3,638,416
Investments in Diminishing Musharika and Sukuks	1,219,724	1,199,347
Redeemable capital	2,840,705	2,793,605
	Six Months ended December 31, 2016	Six Months ended December 31, 2015
	(PKR '000')	
Profit and Loss		
Revenue (net of Ijarah assets depreciation)	222,736	253,030
Financial charges	102,106	112,124
Reversal of provisions—net	10,333	8,920
Operating expenses	62,995	47,999
Profit before modaraba management company's remuneration	67,969	101,197
Net profit	69,135	87,868

3. Review of Operations

During the period under review the Modaraba's net profit decreased by 21.32% from Rs. 87.87 million to Rs. 69.14 million as compared to the corresponding period last year. The major difference in the profit was the recovery of nonperforming assets during the corresponding period of last year. Gross revenue (net off depreciation) reduced by 11.97% from Rs. 253.03 million to Rs. 222.74 million, whereas, financial charges decreased by 8.93% from Rs. 112.12 million to Rs. 102.11 million. The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at Rs. 5,217 million compared to Rs. 4,838 million as at June 30, 2016 showing an increase of 7.84% within six months period. Your Modaraba continued focusing on raisings funds from the general public through Certificates of Musharika (CoMs). Thus, the balance of CoMs has increased by 1.69% to Rs. 2,841 million, as at December 31, 2016 as compared to Rs. 2,794 million as at June 30, 2016. The asset portfolio has a good mix of multi-nationals, large and medium sized local corporates and selective SME relationships.

Your Modaraba maintains a well diversified asset portfolio comprising of plant & machinery, motor vehicles and equipment. Moreover, the sector wise exposure is closely monitored. During the period under review, the Modaraba booked fresh disbursements to the tune of Rs. 1,468 million as compared to Rs. 1,094 million during the corresponding period last year.

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 assigned the ratings of ORIX 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.



Shaheen Amin
Chairman
Karachi: February 20, 2017

ڈائریکٹرز کا جائزہ

۳۱ دسمبر ۲۰۱۶ کو اختتام پذیر مدت کے لیے

اوریکس سروسز پاکستان (پرائیویٹ) لمیٹڈ (سابقہ اسٹینڈرڈ چارٹرڈ سروسز پاکستان (پرائیویٹ) لمیٹڈ) کے بورڈ آف ڈائریکٹرز، جو کہ اوریکس مضاربہ (سابقہ اسٹینڈرڈ چارٹرڈ مضاربہ) کی انتظامی کمپنی ہے، ۳۱ دسمبر ۲۰۱۶ کو اختتام پذیر ششماہی (چھ ماہ کی مدت) کے غیر آڈٹ شدہ اکاؤنٹس (گوشوارے) پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

۱. اقتصادی منظر نامہ

ملکی معاشی سرگرمیوں نے رفتار پکڑی ہے جس کا محرک کھیت کی مضبوط طلب اور سرمایہ کاری ہے۔ ملک میں امن وامان کی صورت حال میں بہتری کے ساتھ پاکستان کی معیشت میں بڑھتی ہوئی غیر ملکی دلچسپی نے پاکستان اسٹاک ایکسچینج کو محرک کر دیا اور اس میں گزشتہ سال ۳۶ فیصد کا اضافہ ہوا۔ پاکستان نے اکتوبر ۲۰۱۶ میں انٹرنیشنل مانیٹری فنڈ IMF کے پروگرام کی کامیاب تکمیل کی ہے جس نے غیر ملکی زر مبادلہ کے ذخائر کو مستحکم کیا اور ان کی موجودہ مالیت ۲۳.۲ بلین امریکی ڈالر ہے۔ موجودہ رجحان سے یہ توقع کی جا رہی ہے کہ سال ۲۰۱۷ میں افراطِ زر اپنے ۶ فیصد کے ہدف سے کم رہے گا۔

CPEC سے متعلقہ درآمدات، برآمدات میں کمی، باہمی اشتراک کے فنڈ کی عدم موجودگی اور غیر ملکی زر مبادلہ کے ترسیل میں کمی نے سال ۲۰۱۷ کی پہلی شش ماہی میں جاری کھاتوں کا خسارہ گزشتہ سال اسی مدت میں ۱۷.۷ امریکی ڈالر خسارے سے بڑھ کر ۳۶.۳ بلین امریکی ڈالر ہو گیا ہے۔ یہ بلند تر خسارہ کی فنانسنگ باہمی اور کثیر الجہتی فنڈنگ میں اضافے کے ساتھ سرمایہ کاری کے بہاؤ نے کی۔ موجودہ سال کی پہلی شش ماہی میں ادائیگیوں کے توازن کا مجموعی زائد کی مالیت ۷.۷ بلین امریکی ڈالر رہی۔ مزید یہ کہ مذکورہ بالا بیرونی سیکٹر کے خطرے سے بچنے کے لیے رقوم کے اندرونی بہاؤ کی ضرورت اور بڑھ جائے گی۔

صحت مند قرضوں کا پھیلاؤ کے ساتھ، خریف کی فصل کی بلند تر پیداوار، توانائی کی فراہمی میں نظر آتی ہوئی بہتری اور پر امید کاروبار کے احساسات اس بات کا اشارہ کرتے ہیں کہ اصل معاشی سرگرمیاں واپس بحال ہوں گی۔

موجودہ مالی سال کے ابتدائی پانچ ماہ میں بڑے پیمانے کی پیداوار میں ۳.۲ فیصد اضافہ ہوا اور بنیادی ڈھانچے میں اخراجات اور برآمدات سے متعلق شعبوں کی حمایت کرنی گزشتہ پالیسی کی حمایت سے اس میں مزید اضافے کی توقع ہے۔

۲۔ عملی نتائج اور کاروباری جائزہ

بیلنس شیٹ

۲۰۱۶ جون ۳۰	۳۱ دسمبر ۲۰۱۶
روپے ہزار میں	
۴۵۳،۸۳۵	۴۵۳،۸۳۵
۱،۱۷۶،۱۸۲	۱،۰۹۱،۰۱۳
۳،۶۳۸،۴۱۶	۳،۹۹۷،۲۰۵
۱،۱۹۹،۳۴۷	۱،۲۱۹،۷۲۴
۲،۷۹۳،۶۰۵	۲،۸۴۰،۷۰۵

سرٹیفیکٹ سرمایہ
کل حصص
اجارہ فنانس اور اجارہ اثاثہ شہمیں سرمایہ کاری
مشارکہمتناقصہ اور شلوک میں سرمایہ کاری
قابل بازیابی سرمایہ

نفع و نقصان:

۳۱ دسمبر ۲۰۱۵

۳۱ دسمبر ۲۰۱۶

روپے ہزار میں

۲۵۳,۰۳۰

۲۲۲,۷۳۶

۱۱۲,۱۲۴

۱۰۲,۱۰۶

۸,۹۲۰

۱۰,۳۳۳

۴,۹۹۹

۶۲,۹۹۵

۱۰۱,۱۹۷

۶۷,۹۶۹

۸۷,۸۶۸

۶۹,۱۳۵

ریونیو (محاصل) اجارہ کے اثاثہ جات کی فرسودگی کا کل۔

مالیاتی چارجز

(ریورسل) / دفعات اور نقائص

کاروبار چلانے کے اخراجات (آپریٹنگ اخراجات)

منافع قبل از انتظامی فیس

خالص منافع

۳. اپریشن کا جائزہ

گذشتہ سال مضاربہ کا اسی مدت کے دوران خالص منافع ۸۷ اعشاریہ ۸ ملین روپے میں ۲۱ اعشاریہ ۳۲ فیصد کمی کے ساتھ زیر غور مدت میں مضاربہ کا خالص منافع ۶۹ اعشاریہ ۱۴ ملین روپے رہا۔ گذشتہ سال کی اسی مدت کے منافع کے حصول میں بڑا فرق غیر کاردگی دکھانے والے اثاثہ جات کو وصولیائی تھی۔ مجموعی آمدنی ۱۱۱ اعشاریہ ۹۷ فیصد کمی کے ساتھ ۲۵۳ اعشاریہ ۰۳ ملین روپے سے کم ہو کر ۲۲۲ اعشاریہ ۷۳ ملین روپے رہی، جبکہ مالیاتی چارجز ۸ اعشاریہ ۹۳ فیصد کمی کے ساتھ ۱۱۲ اعشاریہ ۱۲ ملین روپے سے کم ہو کر ۱۰۲ اعشاریہ ۱۱ ملین روپے رہے۔ اجارہ فنانس، سکوک انوسٹمنٹ اور مشارکہ متناقصہ کا پورٹ فولیو ۳۰ جون ۲۰۱۶ کے اختتام پر ۸۳۸,۴ ملین روپے کے مقابلے میں ۵,۲۱ ملین روپے رہا جو یہ ظاہر کر رہا ہے کہ ۶ ماہ کی مدت میں ۷ اعشاریہ ۸۴ فیصد کا اضافہ ہوا۔ آپ کا مضاربہ عوام الناس سے مشارکہ سرٹیفیکٹ کی صورت میں ڈیپازٹ لینے کو اہمیت دیتا ہے۔ جس کی وجہ سے مشارکہ سرٹیفیکٹ کا ٹرنلنس ۱۱ اعشاریہ ۶۹ فیصد سے بڑھ کر ۳۱ دسمبر ۲۰۱۶ کو ۸۳۱,۲ ملین روپے ہو گیا ہے جو کہ ۳۰ جون ۲۰۱۶ کو ۷۹۴,۷ ملین روپے تھا۔ اثاثہ جات کے پورٹ فولیو میں ملٹی نیشنلز، بڑی اور درمیانی سائز کے مقامی ادارے اور منتخب ایس ایم ایز سے تعلقات کا ایک مرکب ہے۔

آپ کے مضاربہ نے متنوع اثاثہ جات کے پورٹ فولیو کو برقرار رکھا جو پلانٹ اور مشینری، گاڑیاں اور ایکوپمنٹ (آلات) پر مشتمل ہے، اور اس میں سیکٹر ہونے والی تبدیلی کی باریک بینی سے نگرانی کی جاتی ہے۔ مضاربہ نے گذشتہ سال اسی مدت کے دوران ۱,۰۹۴ ملین روپے کے مقابلے میں اس سال زیر غور مدت کے دوران نئی ادائیگیوں کے لیے ۱,۴۶۸ ملین روپے مختص کئے ہیں۔

آپ کے مضاربہ کی، محتاط اور چوکنا رہتے ہوئے، توجہ اچھے مواقعوں سے فائدہ اٹھانے پر مرکوز ہے جو تمام اسٹیک ہولڈرز (شرکاء مفاد) کے فائدے میں قابل قدر اضافہ کرے۔

۴. کریڈٹ درجہ بندی (ریٹنگ)

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (پی اے سی آر اے) نے آپ کے مضاربہ کی طویل مدتی درجہ بندی (ریٹنگ) اے اے اور مختصر مدتی درجہ بندی (ریٹنگ) اے اے پلس مقرر کی ہے۔ یہ درجہ بندیاں (ریٹنگس) کم متوقع قرضہ جاتی خطرات (کریڈٹ رسک) اور مالیاتی ادائیگی کے وعدوں کی بروقت غیر معمولی صلاحیت ظاہر کرتی ہیں۔

۵. اعتراف

بورڈ ریگولیٹری اتھارٹیز، حامل سرٹیفیکیٹ (سرٹیفیکیٹ ہولڈرز)، گاہکوں اور شراکت داروں کی حمایت کو سراہتا ہے اور مستقبل میں ان کی حمایت کی توقع کرتا ہے

شاہین امین

چیرمین

کراچی: ۲۰ فروری ۲۰۱۷

Auditors' Review Report

For the half year ended 31 December 2016

Independent Auditors' Review Report to the Certificate holders on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of ORIX Modaraba (formerly Standard Chartered Modaraba) ("the Modaraba") as at 31 December 2016, the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six months period then ended (herein-after referred to as the "condensed interim financial information"). The Modaraba Management Company [ORIX Services Pakistan (Private) Limited (formerly Standard Chartered Services of Pakistan (Private) Limited)] is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other matters

The figures for the three months period ended 31 December 2016 in the condensed interim profit and loss account have not been reviewed and we do not express a conclusion on them.

Date: 20 February 2017

Karachi.

**KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq**

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2016

	Note	(Un-audited) December 31, 2016	(Audited) June 30, 2016
ASSETS			
Current assets			
Cash and bank balances	5	178,738,559	266,801,857
Ijarah rentals receivable	6	91,887,631	91,936,767
Advances, deposits, prepayments and other receivables		52,584,274	38,780,481
Current portion of investment in Sukuk certificates	7	-	-
Current portion of Diminishing Musharika	8	166,029,330	169,798,936
Net investment in Ijarah finance	9	370,000	370,000
Taxation recoverable		11,234,900	2,386,666
Total current assets		500,844,694	570,074,707
Non-current assets			
Long-term portion of investment in Sukuk certificates	7	-	-
Long-term portion of Diminishing Musharika	8	1,053,694,806	1,029,547,745
Ijarah assets	9	3,996,835,215	3,638,045,852
Fixed assets in own use	10	31,325,659	40,184,137
Total non-current assets		5,081,855,680	4,707,777,734
TOTAL ASSETS		5,582,700,374	5,277,852,441
LIABILITIES AND EQUITY			
Current liabilities			
Musharika finance	11	17,911,846	9,662,350
Current maturity of Musharika term finance arrangements	12	99,999,999	168,545,829
Current maturity of security deposits		236,066,436	194,110,409
Creditors, accrued and other liabilities		551,974,877	227,841,618
Advance Ijarah rentals received		45,300,794	54,604,114
Current portion of redeemable capital		2,516,510,000	2,110,325,000
Unclaimed profit distribution	13	75,317,604	39,524,051
Total current liabilities		3,543,081,556	2,804,613,371
Non-current liabilities			
Long-term portion of Musharika term finance arrangements	12	99,999,996	150,000,000
Long-term portion of security deposits		524,410,340	463,776,888
Long-term portion of redeemable capital		324,195,000	683,280,000
Total non-current liabilities		948,605,336	1,297,056,888
TOTAL LIABILITIES		4,491,686,892	4,101,670,259
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorised certificate capital			
50,000,000 (June 30, 2016: 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, 2016: 28,500,000) certificates of Rs. 10 each fully paid in cash		285,000,000	285,000,000
16,883,530 (June 30, 2016: 16,883,530) bonus certificates of Rs. 10 each		168,835,300	168,835,300
		453,835,300	453,835,300
Unappropriated profit		99,578,454	188,203,919
Other reserves		537,599,728	534,142,963
		1,091,013,482	1,176,182,182
TOTAL LIABILITIES AND EQUITY		5,582,700,374	5,277,852,441
CONTINGENCIES AND COMMITMENTS			

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

For ORIX Services Pakistan (Private) Limited
(formerly Standard Chartered Services of Pakistan (Private) Limited)
(Management Company)


Chairman


Chief Executive


Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

Note	Six months period ended December 31, 2016	Six months period ended December 31, 2015	Three months period ended December 31, 2016	Three months period ended December 31, 2015
(Rupees)				
Ijarah rentals earned	873,808,388	853,529,361	434,850,058	415,449,501
Income on Diminishing Musharika arrangements	53,744,668	64,247,148	26,971,298	32,579,466
Income on deposits with banks	6,307,777	7,244,715	2,836,685	3,532,315
	933,860,833	925,021,224	464,658,041	451,561,282
Financial charges	(102,105,653)	(112,123,879)	(49,288,259)	(55,513,911)
Depreciation on assets under Ijarah arrangements	(730,642,884)	(690,727,119)	(369,771,129)	(341,517,507)
	101,112,296	122,170,226	45,598,653	54,529,864
Reversal of provision in respect of Ijarah finances - net	10,332,705	7,054,942	8,631,354	660,429
Reversal of provision in respect of Diminishing Musharika	-	1,235,381	-	1,123,010
	111,445,001	130,460,549	54,230,007	56,313,303
Other income	19,518,415	18,736,137	10,306,826	11,760,620
Administrative and operating expenses	(62,994,782)	(47,999,353)	(31,313,286)	(23,958,855)
	67,968,634	101,197,333	33,223,547	44,115,068
Management Company's remuneration	(6,796,863)	(10,119,733)	(3,322,354)	(4,411,507)
Provision for services sales tax on Management Company's remuneration	(883,592)	(1,416,763)	(431,906)	(617,611)
Reversal / (Provision) for Workers' Welfare Fund	8,847,123	(1,793,217)	9,463,501	(781,719)
Profit for the period before taxation	69,135,302	87,867,620	38,932,788	38,304,231
Taxation	-	-	-	-
Profit for the period after taxation	69,135,302	87,867,620	38,932,788	38,304,231
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	69,135,302	87,867,620	38,932,788	38,304,231
Earnings per certificate - basic and diluted	1.52	1.94	0.86	0.84

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

For ORIX Services Pakistan (Private) Limited
(formerly Standard Chartered Services of Pakistan (Private) Limited)
(Management Company)


Chairman


Chief Executive


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

Note

Six months
period ended
December 31,
2016

Six months
period ended
December 31,
2015

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

CASH FLOWS FROM OPERATING ACTIVITIES

Profit for the period before taxation

69,135,302

87,867,620

Adjustments for non-cash and other items:

Depreciation / amortisation on fixed assets in own use

8,858,478

4,217,515

Depreciation on Ijarah assets

730,642,884

690,727,119

Gain on disposal of Ijarah assets

(15,727,756)

(17,062,098)

(Reversal of provision) in respect of Ijarah finances - net

(10,332,705)

(7,054,942)

(Reversal of provision) in respect of Diminishing Musharika

-

(1,235,381)

Income on deposits with bank

(6,307,777)

(7,244,715)

Profit on:

- Redeemable capital

77,548,403

83,753,356

- Musharika finance

49,334

36,798

- Musharika term finance arrangements

8,209,091

13,321,982

Provision for services sales tax on Management Company's remuneration

883,592

1,416,763

(Reversal) / Provision for Workers' Welfare Fund

(8,847,123)

1,793,217

784,976,421

762,669,614

854,111,723

850,537,234

(Increase) / decrease in assets

Advances, deposits, prepayments and other receivables

(8,281,339)

42,090,671

Ijarah rentals receivable

10,381,841

19,105,394

Diminishing Musharika

(20,377,455)

(353,984,032)

Purchase of assets under Ijarah arrangements

(1,265,447,771)

(570,889,258)

Proceeds from disposal of assets under Ijarah arrangements

191,743,280

218,959,500

(1,091,981,444)

(644,717,725)

Increase / (decrease) in liabilities

Creditors, accrued and other liabilities

316,386,396

(28,903,039)

Advance Ijarah rentals received

(9,303,320)

26,990,511

Security deposits

102,589,479

4,380,530

409,672,555

2,468,002

171,802,834

208,287,511

Profit paid on

- Redeemable capital

(69,874,108)

(86,898,774)

- Musharika finances

(9,201)

(17,705)

- Musharika term finance arrangements

(9,060,248)

(13,959,106)

(78,943,557)

(100,875,585)

Taxes paid

(1,111)

(1,167)

Net cash generated from operating activities

92,858,166

107,410,759

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure

-

(12,475,811)

Income on deposits with bank

785,323

6,373,587

Net cash generated / (used) from investing activities

785,323

(6,102,224)

CASH FLOWS FROM FINANCING ACTIVITIES

Redeemable capital less repayments

47,100,000

93,585,000

Musharika term finance less repayments

(118,545,834)

106,454,168

Profit paid to certificate holders

(118,510,449)

(126,913,175)

Net (decrease) / increase in cash and cash equivalents

(189,956,283)

73,125,993

(Decrease) / increase in cash and cash equivalents

(96,312,794)

174,434,528

Cash and cash equivalents at the beginning of period

257,139,507

245,362,838

Cash and cash equivalents at end of the period

160,826,713

419,797,366

18

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

For ORIX Services Pakistan (Private) Limited
(formerly Standard Chartered Services of Pakistan (Private) Limited)
(Management Company)


Chairman


Chief Executive


Director

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

1. STATUS AND NATURE OF BUSINESS

ORIX Modaraba (formerly Standard Chartered 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 (formerly Standard Chartered Services of 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 Memorial Foundation Building, Beaumont Road, Civil Line, Karachi, Pakistan.

The Modaraba is a perpetual Modaraba and is primarily engaged in leasing / Ijarah of plant, machinery, motor vehicles (both commercial and private) and computer equipment, etc. The Modaraba may also invest in commercial and industrial ventures suitable for the Modaraba. The Modaraba is listed on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange, in which the Lahore and Islamabad stock exchanges have merged).

The Pakistan Credit Rating Agency Limited (PACRA) has assigned long term rating of AA and short term rating of A1+ to the Modaraba.

2. BASIS OF PREPARATION

2.1 Statement of compliance

a) These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Islamic Financial Accounting Standards (IFASs) and the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Islamic Financial Accounting Standards (IFASs) or the directives issued by the SECP prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34; 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Modaraba for the year ended June 30, 2016.

The comparative balance sheet presented in this condensed interim financial information as at December 31, 2016 has been extracted from the audited financial statements of the Modaraba for the year ended June 30, 2016, whereas the comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity have been extracted from the condensed interim financial information for the period ended December 31, 2015.

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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

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, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

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, 2016. Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Modaraba's operations and did not have any impact on the accounting policies of the Modaraba.

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, 2016.

5. CASH AND BANK BALANCES

Balances with banks

- in current accounts
- in deposit accounts

Cash in hand

Note	(Un-audited) December 31, 2016	(Audited) June 30, 2016
	----- (Rupees) -----	
	127,646	50,057,157
5.1	178,560,913	216,694,700
	50,000	50,000
	178,738,559	266,801,857

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

5.1 These include balances maintained with Standard Chartered Bank (Pakistan) Limited (holding Company of the Management Company till June 20, 2016) amounting to Rs. 28.66 million (June 2016: Rs. 61.800 million) and carry profit at rate ranging between 3.02% - 5.25% per annum (June 30, 2016: 2.94% - 4.2%). 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. These deposit accounts are under profit and loss sharing arrangements, permissible under Shariah.

Note	(Un-audited) December 31, 2016	(Audited) June 30, 2016
	----- (Rupees) -----	

6. IJARAH RENTALS RECEIVABLE

Ijarah rentals receivable - considered good	6.1	85,373,208	91,936,767
Ijarah rentals receivable - considered bad or doubtful		39,003,231	42,428,120
Less: allowance for potential Ijarah losses	6.2	(13,152,660)	(23,485,365)
Less: profit held in suspense	6.3	(19,336,148)	(18,942,755)
		6,514,423	-
		<u>91,887,631</u>	<u>91,936,767</u>

6.1 This includes an amount due from key management personnel aggregated to Rs. 128,869 (June 30, 2016: Rs.75,737).

6.2 Allowance for potential Ijarah losses

Opening balance	23,485,365	37,267,892
(Reversal) for the period / year	(10,332,705)	(9,181,468)
Amount written off during the period / year	-	(4,601,059)
Closing balance	<u>13,152,660</u>	<u>23,485,365</u>

6.3 Profit held in suspense

Opening balance	18,942,755	16,683,689
Income suspended during the period / year - net	393,393	2,416,278
Income write off during the period / year	-	(157,212)
Closing balance	<u>19,336,148</u>	<u>18,942,755</u>

(Un-audited) December 31, 2016	(Audited) June 30, 2016
----- (Rupees) -----	

7. INVESTMENT IN SUKUK CERTIFICATES

Held-to-maturity investments

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	-	-
	<u>-</u>	<u>-</u>

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

	Note	(Un-audited) December 31, 2016	(Audited) June 30, 2016
		(Rupees)	
8. DIMINISHING MUSHARIKA			
- Staff			
Housing finance		67,282,202	55,254,422
Others		2,190,548	1,903,057
	8.1	69,472,750	57,157,479
- Other Customers			
Housing finance		671,874,502	676,804,655
Others		478,376,884	465,384,547
		1,150,251,386	1,142,189,202
		1,219,724,136	1,199,346,681
Less: current portion of Diminishing Musharika		(166,029,330)	(169,798,936)
		1,053,694,806	1,029,547,745

- 8.1 This includes diminishing musharika facility availed by key management personnel with respect to housing finance and personal finance amounted to Rs. 38.449 million (June 2016: Rs. 33.411 million) and Rs. 0.901 million (June 2016: Rs. 1.118 million) respectively.

	(Un-audited) December 31, 2016	(Audited) June 30, 2016
		(Rupees)
9. NET INVESTMENT IN IJARAH FINANCE		
Ijarah contracts commencing on or after July 1, 2008		
- accounted for under IFAS 2	3,996,835,215	3,638,045,852
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)
	-	-

	(Un-audited) December 31, 2016	(Un-audited) December 31, 2015
		(Rupees)
Ijarah Assets		
Additions at cost during the period		
- Plant, machinery and equipments	620,842,612	231,007,135
- Motor vehicles	644,605,159	339,882,123
	1,265,447,771	570,889,258
Disposals at cost during the period		
- Plant, machinery and equipments	290,761,482	422,181,335
- Motor vehicles	278,625,096	528,389,888
	569,386,578	950,571,223

- 9.1 Ijarah facility extended to key management personnel as per HR policies having net book value amounting to Rs. 9.380 million (June 2016: Rs. 4.103 million).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

	Note	(Un-audited) December 31, 2016	(Audited) June 30, 2016
10. FIXED ASSETS IN OWN USE		(Rupees)	
Tangible assets		27,255,165	30,904,194
Intangible assets		4,070,494	9,279,943
		31,325,659	40,184,137

	Note	(Un-audited) December 31, 2016	(Audited) June 30, 2016
11. MUSHARIKA FINANCE		(Rupees)	
Musharika with:			
- Standard Chartered Bank (Pakistan) Limited - secured	11.1	17,911,846	9,662,350

11.1 The total facility for Musharika finance available from Standard Chartered Bank (Pakistan) Limited (holding Company of the Management Company till June 20, 2016) amounts to Rs. 500 million (June 2016: Rs. 500 million) and carries profit of Re. 0.1936 (June 2016: Re. 0.2013) per rupee one thousand per day. The facility is secured against a specific charge over moveable leased out assets of the Modaraba along with the associated receivables. The facility has matured on December 31, 2016 and its renewal is in process.

	Note	(Un-audited) December 31, 2016	(Audited) June 30, 2016
12. MUSHARIKA TERM FINANCE		(Rupees)	
Musharika with other banks		199,999,995	318,545,829
Less: Current portion of musharika term finance		(99,999,999)	(168,545,829)
		99,999,996	150,000,000

	Note	(Un-audited) December 31, 2016	(Audited) June 30, 2016
13. UNCLAIMED PROFIT DISTRIBUTION		(Rupees)	
Unclaimed profit distribution	13.1	75,317,604	39,524,051

13.1 This includes dividend payable to ORIX Leasing Pakistan Limited (Holding Company) and ORIX Services Pakistan (Private) Limited (Formerly Standard Chartered Services of Pakistan (Private) Limited - Management company amounting to Rs. 15.43 million and Rs. 15.43 million respectively.

14. CONTINGENCIES AND COMMITMENTS

14.1 Commitments

The Modaraba has issued letter of comfort to Silk Bank Limited equal to an amount of Rs. 58.5 million on behalf of Omer Jibar Engineering Industries Limited.

15. 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

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

Management Company's remuneration at applicable rates with effect from November 1, 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. The company filed an appeal before the Honorable Sindh High Court on October 13, 2016.

16 PROVISION FOR WORKERS' WELFARE FUND

The Supreme Court passed a judgment on November 10, 2016, which upheld the view of Lahore High Court, declaring the insertion of amendments through Finance Acts 2006 and 2008 pertaining to Workers Welfare Fund (WWF) as unlawful and there by striking down the amendments introduced through these Finance Acts.

The provision against Federal Workers' Welfare Fund for the period 2008 to 2013 has been reversed, based on the Supreme Court's Judgement dated November 10, 2016.

17. 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, 2017. Accordingly, no provision in respect of current and deferred taxation has been made in this condensed interim financial information.

18. CASH AND CASH EQUIVALENTS

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

		(Un-audited) December 31, 2016	(Un-Audited) December 31, 2015
	Note	(Rupees)	
Cash and bank balances	5	178,738,559	429,362,358
Musharika finance	11	(17,911,846)	(9,564,992)
		<u>160,826,713</u>	<u>419,797,366</u>

19. RELATED PARTIES TRANSACTIONS

The related parties of the Modaraba include the management company, staff retirement funds, directors, 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:

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

	Six months period ended December 31, 2016 (Un-audited)	Six months period ended December 31, 2015 (Un-audited)
Standard Chartered Bank (Pakistan) Limited		
- Holding Company of the Management Company till June 20, 2016.		
Profit on Musharika finance	-	36,798
Profit on Musharika term finance	-	-
Profit on deposit account	-	1,133,667
Bank charges and commission	-	14,849,369
Charge for reimbursement of miscellaneous expenses	-	2,431,680
Dividend	-	14,976,565
ORIX Leasing Pakistan Limited		
- Holding Company of the Management Company		
Dividend	15,430,400	-
Staff retirement benefits funds		
Contribution to the staff provident fund	1,502,065	1,255,126
Contribution to the staff gratuity fund	1,251,196	1,026,359
ORIX Services Pakistan (Private) Limited (Formerly Standard Chartered Services of Pakistan (Private) Limited)		
- Management Company		
Management company's remuneration	6,796,863	10,119,733
Dividend	15,430,400	14,976,565
Key Management Personnel		
Salaries and benefits	20,502,038	16,965,377
Contribution to the staff provident fund	699,617	535,994
Contribution to the staff gratuity fund	582,772	446,478
Income earned on DM finances to Key management personnel	1,708,470	1,307,470
Ijarah rental earned on Ijarah finances to Key management personnel	988,083	663,075
Profit on Redeemable Capital	27,726	111,514
Number of persons	8	6

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

	(Un-audited) December 31, 2016	(Audited) June 30, 2016
Standard Chartered Bank (Pakistan) Limited		
- Holding Company of the Management Company till June 20, 2016.		
Advances, deposits, prepayments and other receivables	-	25,559,201
Creditors, accrued and other liabilities	-	8,703,281

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

ORIX Services Pakistan (Private) Limited (Formerly Standard Chartered Services of Pakistan (Private) Limited) - Management Company

	(Un-audited) December 31, 2016	(Audited) June 30, 2016
	(Rupees)	
Management company's remuneration payable	26,235,512	19,938,649
Staff retirement benefits funds		
Receivable from staff provident fund	403,552	403,552
Receivable from staff gratuity fund	181,461	181,461

20. 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 December 31, 2016 and June 30, 2016, there were no financial instruments which were measured at fair values in the financial statements.

20.1 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 December 31, 2016					Fair value			
	Carrying value					Level 1	Level 2	Level 3	Total
	Held for trading	Available for	Loans and receivables	Other financial assets	Other financial liabilities				
Note									
	(Rupees)								
Financial assets not measured at fair value									
20.2									
Cash and bank balances	-	-	178,738,559	-	-	178,738,559	-	-	-
Ijarah rentals receivable	-	-	91,887,631	-	-	91,887,631	-	-	-
Advances, deposits and other receivables	-	-	39,454,117	-	-	39,454,117	-	-	-
Diminishing Musharika	-	-	1,219,724,136	-	-	1,219,724,136	-	-	-
Taxation recoverable	-	-	11,234,900	-	-	11,234,900	-	-	-
Investment in Sukuk certificates	-	-	-	-	-	-	-	-	-
Total	-	-	1,541,039,343	-	-	1,541,039,343	-	-	-

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

Note	As at December 31, 2016						Fair value			
	Carrying value					Total				
	Held for trading	Available for	Loans and receivables	Other financial assets	Other financial liabilities		Level 1	Level 2	Level 3	Total
	(Rupees)									
Financial liabilities not measured at fair value	20.2									
Musharika finance	-	-	-	-	17,911,846	17,911,846	-	-	-	-
Musharika term finance	-	-	-	-	199,999,995	199,999,995	-	-	-	-
Security deposits	-	-	-	-	760,476,776	760,476,776	-	-	-	-
Creditors, accrued and other liabilities	-	-	-	-	551,974,877	551,974,877	-	-	-	-
Redeemable capital	-	-	-	-	2,840,705,000	2,840,705,000	-	-	-	-
Unclaimed profit distribution	-	-	-	-	75,317,604	75,317,604	-	-	-	-
Advance Ijarah rentals received	-	-	-	-	45,300,794	45,300,794	-	-	-	-
Total	-	-	-	-	4,491,686,892	4,491,686,892	-	-	-	-

Note	30 June 2016						Fair value			
	Carrying value					Total				
	Held for trading	Available for	Loans and receivables	Other financial assets	Other financial liabilities		Level 1	Level 2	Level 3	Total
	(Rupees)									
Financial assets not measured at fair value	20.2									
Cash and bank balances	-	-	266,801,857	-	-	266,801,857	-	-	-	-
Ijarah rentals receivable	-	-	91,936,767	-	-	91,936,767	-	-	-	-
Advances, deposits and other receivables	-	-	9,847,846	-	-	9,847,846	-	-	-	-
Diminishing Musharika	-	-	1,199,346,681	-	-	1,199,346,681	-	-	-	-
Taxation recoverable	-	-	2,386,666	-	-	2,386,666	-	-	-	-
Investment in Sukuk certificates	-	-	-	-	-	-	-	-	-	-
Total	-	-	1,570,319,817	-	-	1,570,319,817	-	-	-	-

Financial liabilities not measured at fair value	20.2									
Murabaha finance	-	-	-	-	9,662,350	9,662,350	-	-	-	-
Musharika term finance	-	-	-	-	318,545,829	318,545,829	-	-	-	-
Security deposits	-	-	-	-	657,887,297	657,887,297	-	-	-	-
Creditors, accrued and other liabilities	-	-	-	-	227,841,618	227,841,618	-	-	-	-
Redeemable capital	-	-	-	-	2,793,605,000	2,793,605,000	-	-	-	-
Unclaimed profit distribution	-	-	-	-	39,524,051	39,524,051	-	-	-	-
Advance Ijarah rentals received	-	-	-	-	54,604,114	54,604,114	-	-	-	-
Total	-	-	-	-	4,101,670,259	4,101,670,259	-	-	-	-

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

21. 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.

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016

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 December 31, 2016, there were only two (June 30, 2016: two) certificate holders who each held more than 10% of the Modaraba's certificate capital. Their holdings were 10% and 10% (June 30, 2016: 10% and 10%) respectively.

22. 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.

23. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on February 20, 2017 by the Board of Directors of the Management Company.

For ORIX Services Pakistan (Private) Limited
(formerly Standard Chartered Services of Pakistan (Private) Limited)
(Management Company)



Chairman



Chief Executive



Director

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ORIX Modaraba

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