ORIX Modaraba
(Formerly Standard Chartered Modaraba)

ORIX



1st Quarterly Report

September 30, 2016

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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)
Bank Islami Pakistan Limited
Meezan Bank Limited
United Bank Limited (UBL Ameen)
Habib Bank Limited (Islamic Banking)

Legal Advisors
Fazle Ghani Advocates
Izhar Law Associates
Sirajul Haque & Co.
Orr Dignam & Co
Mohsin Tayabali & Co
Liaquat Merchant Associates

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

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

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

Registrars & Share Registration Office
Famco Associates (Private) Limited
8-F, Next to Hotel Faran, Nursery,
Block 6, P.E.C.H.S., Shahra-e-Faisal,
Karachi.
Tel: (92-21) 34380101-5
Fax: (92-21) 34380106
Email: info.shares@famco.com.pk

Directors' Review

For the period ended September 30, 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 three months period ended September 30, 2016.

1. Economic Outlook

Despite increasing hostility between Pakistan and India which resulted in postponement of 19th SAARC Summit, Growth will likely increase moderately to 5 percent in FY 2016/17 supported by an investment upturn related to the China Pakistan Economic Corridor (CPEC), buoyant construction activity and healthy expansion of the service sector. After declining to 2.9 percent (on average) during the last fiscal year, headline inflation is expected to remain contained at 5.2 percent in FY 2016/17, well-anchored by prudent monetary policy.

The partial recovery in oil prices, higher CPEC-related imports and an expected slowdown in remittances growth will likely widen the current account deficit to about 1.5 percent of GDP in FY 2016/17. Having reached US$18.1 billion at end-June 2016, it is expected that foreign exchange reserves of the SBP will continue to increase upto $20.8 billion in FY2016/17 (covering 4.5 months of prospective imports), also reflecting further efforts to bolster external buffers.

The government has increased focus on the Islamic finance sector and there are many amendments being introduced in regulatory framework for Modarabas by SECP. This coupled with the growing demand in Shariah-Compliant products in the country will act as catalyst for the growth of Modaraba Sector.

2. Financial Highlights

Financial results are summarized as under:

	September 30, 2016	June 30, 2016
	(PKR '000')	
Balance Sheet		
Certificate capital	**453,835**	453,835
Total equity	**1,052,081**	1,176,182
Investment in Ijarah finance and Ijarah Assets	**3,591,195**	3,638,416
Investments in Diminishing Musharika and Sukuks	**1,281,707**	1,199,347
Redeemable capital	**2,961,765**	2,793,605

	Three Months ended September 30, 2016	Three Months ended September 30, 2015
	(PKR '000')	
Profit and Loss		
Revenue (net of Ijarah assets depreciation)	**117,543**	131,226
Financial charges	**52,817**	56,610
Reversal of provisions – net	**1,701**	6,507
Operating expenses	**31,681**	24,040
Profit before modaraba management company's remuneration	**34,745**	57,082
Net profit	**30,203**	49,563

3. Review of Operations

During the period under review the Modaraba's net profit decreased by 39% from Rs. 49.56 million to Rs. 30.203 million as compared to corresponding period of last year. The major difference in the profit was the recovery of nonperforming assets during the corresponding period of last year. Gross revenue reduced by 10.43% from Rs. 131.23 million to Rs. 117.54 million, whereas, financial charges decreased by 6.70% from Rs. 56.61 million to Rs. 52.82 million. The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at Rs. 4,873 million compared to Rs. 4,838 million as at June 30, 2016, showing a marginal increase of 0.73% within the three months period. The asset portfolio has a good mix of multi-nationals, large and medium sized local corporate and selective SME relationships.

Your Modaraba maintains a well diversified asset portfolio comprising of plant & machinery, motor vehicles and equipments. Moreover, the sector wise exposure is closely monitored. During the period under review, the Modaraba booked fresh disbursements to the tune of Rs. 587 million as compared to Rs. 534 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 maintained the ratings of your Modaraba as AA+ (Double A plus) 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.

Following the acquisition of Standard Chartered Bank (Pakistan) Limited's shareholding by ORIX Leasing Pakistan Limited in ORIX Modaraba and ORIX Services Pakistan (Private) Limited, as normal and routine practice, PACRA has placed the rating of ORIXM on Rating Watch.

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: October 26, 2016

ڈائریکٹرز کا جائزہ
۳۰ ستمبر ۲۰۱۶ کو اختتام پذیر مدت کے لیے

اوریکس سروسسز پاکستان (پرائیویٹ) لمیٹڈ (سابقہ اسٹینڈرڈ چارٹرڈ سروسسز آف پاکستان (پرائیویٹ) لمیٹڈ) کے بورڈ آف ڈائریکٹرز، جو کہ اوریکس مضاربہ (سابقہ اسٹینڈرڈ چارٹرڈ مضاربہ) کی انتظامی کمپنی ہے، ۳۰ ستمبر ۲۰۱۶ کو اختتام پذیر پہلی سہ ماہی (تین ماہ کی مدت) کے غیر آڈٹ شدہ اکاؤنٹس (گوشوارے) پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

۱. اقتصادی منظر نامہ

پاکستان اور انڈیا میں بڑھتی ہوئی دشمنی، جس کے نتیجے میں ۱۹ ویں سارک سمّٹ ملتوی ہوئی، کے باوجود سال ۲۰۱۶-۱۷ میں معتدل طور سے ۵ فیصد تک ترقی ہوگی، جس کی معاونت چائینا پاکستان معاشی راہداری (سی پی ای سی) کے تناظر میں سرمایہ کاری، بڑھتی ہوئی تعمیراتی سرگرمیاں اور خدمات کے سیکٹر کی صحت مند توسیع کر رہے ہیں۔ گذشتہ مالیاتی سال میں ۲ اعشاریہ ۹ فیصد (اوسطاً) کی کمی کے بعد، توقع ہے کہ محتاط مانیٹری پالیسی کی وجہ سے سال ۲۰۱۶-۱۷ میں افراطِ زر کی شرحیاں ۵ اعشاریہ ۲ فیصد تک محدود رہیں گی۔

تیل کی قیمتوں کی جزوی بحالی، سی پی ای سی سے متعلق درآمدات اور (اندرونی) ترسیلِ زر میں کمی سے اس بات کا امکان ہے ترقی میں اضافہ سال ۲۰۱۶-۱۷ میں جاری اکاؤنٹ کا خسارہ، جی ڈی پی کے ۱ اعشاریہ ۵ فیصد تک بڑھادے گا۔ جون ۲۰۱۶ کے اختتام پر غیر ملکی زرمبادلہ کے ذخائر ۱۸ اعشاریہ ۱ بلین امریکی ڈالر تک پہنچ چکے ہیں اور اس کی توقع کی جارہی ہے کہ سال ۲۰۱۶-۱۷ میں ایس بی پی کے غیر ملکی زرمبادلہ کے ذخائر میں اضافی جاری رہے گا اور وہ ۲۰ اعشاریہ ۸ بلین امریکی ڈالر (جو ساڑھے چار ماہ کی ممکنہ درآمدات کے لیے کافی ہوگا) تک پہنچ جائے گا جو عکاسی بھی کر رہا ہے کہ بیرونی بفرز کو بہتر کرنے کے لیے مزید کوششیں کرنی ہوں گی۔

حکومت اسلامی مالیاتی شعبہ پر خصوصی توجہ دے رہی اور ایس ای سی پی کی طرف سے مضاربات کے ریگولیٹری فریم ورک میں بہت سی ترامیم متعارف کروا رہا ہے۔ اس کے ساتھ ساتھ ملک میں شریعہ کے مطابق مصنوعات میں بڑھتی ہوئی مانگ مضاربہ سیکٹر کی ترقی کے لئے کیٹیلسٹ کے طور پر کام کرے گا۔

۲۔ عملی نتائج اور کاروباری جائزہ:

بیلنس شیٹ

	۳۰ ستمبر ۲۰۱۶	۳۰ جون ۲۰۱۶
	روپے ہزار میں	
سرٹیفیکٹ سرمایہ	۴۵۳،۸۳۵	۴۵۳،۸۳۵
کل حصص	۱،۰۵۲،۰۸۱	۱،۱۷۶،۱۸۲
اجارہ فنانس اور اجارہ اثاثہ میں سرمایہ کاری	۳،۵۹۱،۱۹۵	۳،۶۳۸،۴۱۶
مشارکہ متناقصہ اور سُکوک میں سرمایہ کاری	۱،۲۸۱،۷۰۷	۱،۱۹۹،۳۴۷
قابلِ بازیابی سرمایہ	۲،۹۶۱،۷۶۵	۲،۷۹۳،۶۰۵

نفع ونقصان:

	۳۰ ستمبر ۲۰۱۶	۳۰ ستمبر ۲۰۱۵
	روپے ہزار میں	
ریونیو (محاصل) اجارہ کے اثاثہ جات کی فرسودگی کا کُل۔	۱۱۷،۵۴۳	۱۳۱،۲۲۶
مالیاتی چارجز	۵۲،۸۱۷	۵۶،۶۱۰
(ریورسل) / دفعات اور نقائص	۱،۷۰۱	۶،۵۰۷
کاروبار چلانے کے اخراجات (آپریٹنگ اخراجات)	۳۱،۶۸۱	۲۴،۰۴۰
منافع قبل از انتظامی فیس	۳۴،۷۴۵	۵۷،۰۸۲
خالص منافع	۳۰،۲۰۳	۴۹،۵۶۳

۳. اپریشن کا جائزہ

گذشتہ سال مضاربہ کا اسی مدت کے دوران خالص منافع ۴۹ اعشاریہ ۵۶ ملین روپے میں ۳۹ فیصد کمی کے ساتھ زیر غور مدت میں مضاربہ کا خالص منافع ۳۰ اعشاریہ ۲۰۳ ملین روپے رہا۔ گذشتہ سال کی اسی مدت کے منافع کے حصول میں بڑا فرق غیر کارد گی دکھانے والے اثاثہ جات کو وصولیابی تھی۔ مجموعی آمدنی ۱۱۰ اعشاریہ ۴۳ فیصد کمی کے ساتھ ۱۳۱ اعشاریہ ۲۳ ملین روپے سے کم ہو کر ۱۱۷ اعشاریہ ۵۴ ملین روپے رہی، جبکہ مالیاتی چارجز ۱۶ اعشاریہ ۷۰ فیصد کمی کے ساتھ ۵۶ اعشاریہ ۶۱ ملین روپے سے کم ہو کر ۱۵۲ اعشاریہ ۸۲ 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 ۸۷۳، ۴ ملین روپے رہا جو یہ ظاہر کر رہا ہے کہ تین ماہ کی مدت میں صفر اعشاریہ ۷۳ فیصد کی معمولی اضافہ ہوا۔ 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۔

آپکے 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 بہ سیکٹر ہونے والی تبدیلی کی باریک بینی سے نگرانی کی جاتی ہے۔ مضاربہ نے گذشتہ سال اسی مدت کے دوران ۵۳۴ ملین روپے کے مقابلے میں اس سال زیرِ غور مدت کے دوران نئی ادائیگیوں کے لیے ۵۸۷ 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 قابلِ قدر اضافہ کرے۔

۴. کریڈٹ درجہ بندی (ریٹنگ)

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

اورکیس لیزنگ پاکستان لمیٹڈ کی اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ سے اورکیس مضاربہ اور اورکیس سروسسز پاکستان (پرائیویٹ) لمیٹڈ کے حصص کے حصول کے بعد، پی اے سی آر اے کے معمول کے طریقہ کار کے مطابق اورکیس مضاربہ کی درجہ بندی (ریٹنگ) نگرانی میں ہے۔

۵. اعتراف

بورڈ ریگولیٹری اتھاریٹیز، حاملِ سرٹیفکیٹ (سرٹیفکیٹ ہولڈرز)، گاہکوں اور شراکت داروں کی حمائت کو سراہتا ہے اور مستقبل میں ان کی حمائت کی توقع کرتا ہے

شاہین امین
چیئرمین
کراچی: ۲۶ اکتوبر، ۲۰۱۶

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2016

	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
		(Rupees)	
ASSETS			
Current assets			
Cash and bank balances	5	**358,893,756**	266,801,857
Ijarah rentals receivable	6	**90,419,824**	91,936,767
Advances, deposits, prepayments and other receivables		**71,829,150**	38,780,481
Current portion of investment in Sukuk certificates	7	**-**	-
Current portion of Diminishing Musharika	8	**155,819,820**	169,798,936
Net investment in Ijarah finance	9	**370,000**	370,000
Taxation recoverable		**1,770,288**	2,386,666
Total current assets		**679,102,838**	570,074,707
Non-current assets			
Long-term portion of investment in Sukuk certificates	7	**-**	-
Long-term portion of Diminishing Musharika	8	**1,125,887,500**	1,029,547,745
Ijarah assets	9	**3,590,824,857**	3,638,045,852
Fixed assets in own use	10	**35,789,899**	40,184,137
Total non-current assets		**4,752,502,256**	4,707,777,734
TOTAL ASSETS		**5,431,605,094**	5,277,852,441
LIABILITIES AND EQUITY			
Current liabilities			
Musharika finance	11	**18,471,700**	9,662,350
Current maturity of Musharika term finance arrangements	12	**134,272,912**	168,545,829
Current maturity of security deposits		**194,110,409**	194,110,409
Creditors, accrued and other liabilities		**214,652,880**	227,841,618
Advance Ijarah rentals received		**52,619,412**	54,604,114
Current portion of redeemable capital		**2,637,570,000**	2,110,325,000
Profit distribution payable	13	**193,798,170**	39,524,051
Total current liabilities		**3,445,495,483**	2,804,613,371
Non-current liabilities			
Long-term portion of Musharika term finance arrangements	12	**125,000,000**	150,000,000
Long-term portion of security deposits		**484,833,917**	463,776,888
Long-term portion of redeemable capital		**324,195,000**	683,280,000
Total non-current liabilities		**934,028,917**	1,297,056,888
TOTAL LIABILITIES		**4,379,524,400**	4,101,670,259
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorised certificate capital			
50,000,000 (June 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 2016: 28,500,000) certificates of Rs 10 each fully paid in cash		**285,000,000**	285,000,000
16,883,530 (June 2016: 16,883,530) bonus certificates of Rs 10 each		**168,835,300**	168,835,300
		453,835,300	453,835,300
Unappropriated profit		**62,592,305**	188,203,919
Other reserves		**535,653,089**	534,142,963
		1,052,080,694	1,176,182,182
TOTAL LIABILITIES AND EQUITY		**5,431,605,094**	5,277,852,441
CONTINGENCIES AND COMMITMENTS	14		

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 THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

	Note	Three months period ended September 30, 2016	Three months period ended September 30, 2015
		(Rupees)	
Ijarah rentals earned		**438,958,330**	438,079,860
Income on Diminishing Musharika arrangements		**26,773,370**	31,667,682
Income on deposits with banks		**3,471,092**	3,712,400
		469,202,792	473,459,942
Financial charges		**(52,817,394)**	(56,609,968)
Depreciation on assets under Ijarah arrangements		**(360,871,755)**	(349,209,612)
		55,513,643	67,640,362
Reversal of provision in respect of Ijarah finances - net		**1,701,351**	6,394,513
Reversal of provision in respect of Diminishing Musharika		**-**	112,371
		57,214,994	74,147,246
Other income		**9,211,589**	6,975,517
Administrative and operating expenses		**(31,681,496)**	(24,040,498)
		34,745,087	57,082,265
Management Company's remuneration		**(3,474,509)**	(5,708,226)
Provision for services sales tax on Management Company's remuneration	15	**(451,686)**	(799,152)
Provision for Workers' Welfare Fund	16	**(616,378)**	(1,011,498)
Profit for the period before taxation		**30,202,514**	49,563,389
Taxation	17	**-**	-
Profit for the period after taxation		**30,202,514**	49,563,389
Other comprehensive income for the period		**-**	-
Total comprehensive income for the period		**30,202,514**	49,563,389
Earnings per certificate - basic and diluted		**0.67**	1.09

The annexed notes from 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 THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

	Note	Three months period ended September 30, 2016	Three months period ended September 30, 2015
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before taxation		**30,202,514**	49,563,389
Adjustments for non-cash and other items:			
Depreciation / amortisation on fixed assets in own use		**4,394,238**	2,116,020
Depreciation on Ijarah assets		**360,871,755**	349,209,612
Gain on disposal of Ijarah assets		**(7,528,648)**	(6,436,401)
Provision/ (Reversal of provision) in respect of Ijarah finances - net		**(1,701,351)**	(6,394,513)
(Reversal of provision) in respect of Diminishing Musharika		**-**	(112,371)
Income on deposits with bank		**(3,471,092)**	(3,712,400)
Profit on:			
- Redeemable capital		**39,562,030**	42,151,092
- Musharika finance		**-**	17,701
- Musharika term finance arrangements		**4,581,704**	6,915,633
Provision for services sales tax on Management Company's remuneration		**451,686**	799,152
Provision for Workers' Welfare Fund		**616,378**	1,011,498
		397,776,700	385,565,023
		427,979,214	435,128,412
(Increase) / decrease in assets			
Advances, deposits, prepayments and other receivables		**(29,577,577)**	5,946,891
Ijarah rentals receivable		**3,218,294**	14,016,777
Diminishing Musharika		**(82,360,639)**	(198,498,609)
Purchase of assets under Ijarah arrangements		**(403,673,927)**	(235,339,572)
Proceeds from disposal of assets under Ijarah arrangements		**97,551,815**	87,102,285
		(414,842,034)	(326,772,228)
Increase / (decrease) in liabilities			
Creditors, accrued and other liabilities		**(14,939,858)**	(40,652)
Advance Ijarah rentals received		**(1,984,702)**	21,520,582
Security deposits		**21,057,029**	(7,996,296)
		4,132,469	13,483,634
		17,269,649	121,839,818
Profit paid on			
- Redeemable capital		**(37,774,004)**	(47,321,430)
- Musharika finances		**(8,915)**	-
- Musharika term finance arrangements		**(5,061,381)**	(7,949,478)
		(42,844,300)	(55,270,908)
Taxes paid		**-**	(192)
Net cash (used in) / generated from operating activities		**(25,574,651)**	66,568,718
CASH FLOWS FROM INVESTING ACTIVITIES			
Income on deposits with bank		**-**	3,493,245
Net cash generated from investing activities		**-**	3,493,245
CASH FLOWS FROM FINANCING ACTIVITIES			
Redeemable capital less repayments		**168,160,000**	(44,315,000)
Musharika term finance less repayments		**(59,272,917)**	(96,772,916)
Profit paid to certificate holders		**(29,883)**	(325,386)
Net increase / (decrease) in cash and cash equivalents		**108,857,200**	(141,413,302)
Increase/ (decrease) in cash and cash equivalents		**83,282,549**	(71,351,339)
Cash and cash equivalents at the beginning of period		**257,139,507**	245,362,838
Cash and cash equivalents at end of the period	18	**340,422,056**	174,011,499

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 STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

	Paid-up certificate capital	Reserves				Total
		Premium on modaraba certificates	Statutory reserve	Unappropriated profit	Sub-total	
	(Rupees)					
Balance as at June 30, 2015	453,835,300	55,384,700	470,102,098	173,502,431	698,989,229	1,152,824,529
Total comprehensive income for the quarter						
- Profit for the quarter ended 30 September 2015	-	-	-	49,563,389	49,563,389	49,563,389
- Other comprehensive income for the quarter	-	-	-	-	-	-
	-	-	-	49,563,389	49,563,389	49,563,389
Profit distribution for the year ended June 30, 2015 @ Rs. 3.3 per certificate	-	-	-	(149,765,649)	(149,765,649)	(149,765,649)
Transfer to statutory reserve	-	-	2,478,169	(2,478,169)	-	-
Balance as at September 30, 2015	**453,835,300**	**55,384,700**	**472,580,267**	**70,822,002**	**598,786,969**	**1,052,622,269**
Balance as at June 30, 2016	453,835,300	55,384,700	478,758,263	188,203,919	722,346,882	1,176,182,182
Total comprehensive income for the quarter						
- Profit for the quarter ended 30 September 2016	-	-	-	30,202,514	30,202,514	30,202,514
- Other comprehensive income for the quarter	-	-	-	-	-	-
	-	-	-	30,202,514	30,202,514	30,202,514
Profit distribution for the year ended June 30, 2016 @ Rs. 3.4 per certificate	-	-	-	(154,304,002)	(154,304,002)	(154,304,002)
Transfer to statutory reserve	-	-	1,510,126	(1,510,126)	-	-
Balance as at September 30, 2016	**453,835,300**	**55,384,700**	**480,268,389**	**62,592,305**	**598,245,394**	**1,052,080,694**

The annexed notes from 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 AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 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 Trust 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 30 June 2016.

The comparative balance sheet presented in this condensed interim financial information as at 30 September 2016 has been extracted from the audited financial statements of the Modaraba for the year ended 30 June 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 30 September 2015.

b) During the year ended 30 June 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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

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.

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 01 July 2008. Accordingly, the Modaraba has accounted for leasing transactions executed before 01 July 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 30 June 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 30 June 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 30 June 2016.

	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
5. CASH AND BANK BALANCES		---------- (Rupees) ----------	
Balances with banks			
- in current accounts		**57,157**	70,057,157
- in deposit accounts	5.1	**358,786,599**	196,694,700
Cash in hand		**50,000**	50,000
		358,893,756	266,801,857

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

5.1 These include balances maintained with Standard Chartered Bank (Pakistan) Limited (holding Company of the Management Company till 20 June 2016) amounting to Rs. 73.892 million (June 2016: Rs.61.800 million) and carry profit at rate ranging between 2.97% - 5.75 % per annum (June 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.

6. IJARAH RENTALS RECEIVABLE

	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
		(Rupees)	
Ijarah rentals receivable - considered good	6.1	**83,905,401**	91,936,767
Ijarah rentals receivable - considered bad or doubtful		**41,174,826**	42,428,120
Less: allowance for potential Ijarah losses	6.2	**(21,784,014)**	(23,485,365)
Less: profit held in suspense	6.3	**(12,876,389)**	(18,942,755)
		6,514,423	-
		90,419,824	91,936,767

6.1 This includes an amount due from key management personnel aggregated to Rs. 159,947 (June 2016: Rs.75,737).

6.2 Allowance for potential Ijarah losses

Opening balance	**23,485,365**	37,267,892
Charge / (reversal) for the period / year	**(1,701,351)**	(9,181,468)
Amount written off during the period / year	**-**	(4,601,059)
Closing balance	**21,784,014**	23,485,365

6.3 Profit held in suspense

Opening balance	**18,942,755**	16,683,689
Income suspended during the period / year - net	**(6,066,366)**	2,416,278
Income write off during the period / year	**-**	(157,212)
Closing balance	**12,876,389**	18,942,755

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	**-**	-
	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
		(Rupees)	
8. DIMINISHING MUSHARIKA			
- Staff			
Housing finance		**67,956,911**	55,254,422
Others		**1,877,906**	1,903,057
	8.1	**69,834,817**	57,157,479
- Other Customers			
Housing finance		**706,820,517**	676,804,655
Others		**505,051,986**	465,384,547
		1,211,872,503	1,142,189,202
		1,281,707,320	1,199,346,681
Less: current portion of Diminishing Musharika		**(155,819,820)**	(169,798,936)
		1,125,887,500	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 38.965 million (June 2016: Rs 33.411 million) and Rs 1.011 million (June 2016: Rs 1.118 million) respectively.

	(Un-audited) September 30, 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	**3,590,824,857**	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) September 30, 2016	(Un-audited) September 30, 2015
	(Rupees)	
Ijarah Assets		
Additions at cost during the period		
- Plant, machinery and equipments	**143,068,290**	369,083,228
- Motor vehicles	**260,605,637**	118,251,010
	403,673,927	487,334,238
Disposals at cost during the period		
- Plant, machinery and equipments	**176,832,232**	66,913,200
- Motor vehicles	**131,389,047**	240,448,162
	308,221,279	307,361,362

9.1. Ijarah facility extended to key management personnel as per HR policies having net book value amounting to Rs. 9.934 million (June 2016: Rs 4.103 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
		(Rupees)	
10. FIXED ASSETS IN OWN USE			
Tangible assets		**29,021,263**	30,904,194
Intangible assets		**6,768,636**	9,279,943
		35,789,899	40,184,137
11. MUSHARIKA FINANCE			
Musharika with:			
- Standard Chartered Bank (Pakistan) Limited - secured	11.1	**18,471,700**	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 20 June 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 and is due to mature on 31 December 2016.

	Note	(Un-audited) September 30, 2016	(Audited) June 30, 2016
		(Rupees)	
12. MUSHARIKA TERM FINANCE			
Musharika with other banks		**259,272,912**	318,545,829
Less: Current portion of musharika term finance		**(134,272,912)**	(168,545,829)
		125,000,000	150,000,000
13. PROFIT DISTRIBUTION PAYABLE			
Profit distribution payable for the year ended June 30, 2016		**154,304,002**	-
Unclaimed profit distribution		**39,494,168**	39,524,051
		193,798,170	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 Habib Metropolitan Bank Limited and Askari Bank Limited equal to an amount of Rs 21.915 and Rs. 41.448 million on behalf of Maqsood Faisal Printing Press (Private) Limited and Securlog (Private) Limited respectively.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

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 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 19 February 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 Cout on October 13, 2016.

16 PROVISION FOR WORKERS' WELFARE FUND

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) due to which the Modaraba became liable to pay contribution to Workers' Welfare Fund (WWF) at the higher of the profit before taxation as per the financial statements or the return of income.

Provision for WWF has been netted off against taxation recoverable.

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, 2016. 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:

	Note	(Un-audited) September 30, 2016	(Un-audited) September 30, 2015
		(Rupees)	
Cash and bank balances	5	**358,893,756**	182,473,389
Musharika finance	11	**(18,471,700)**	(8,461,890)
		340,422,056	174,011,499

19. 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:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

	Three months period ended September 30, 2016 (Un-audited)	Three months period ended September 30, 2015 (Un-audited)
	----------(Rupees)----------	
Standard Chartered Bank (Pakistan) Limited		
- Holding Company of the Management Company till 20 June 2016		
Profit on Musharika finance	**-**	17,701
Profit on Musharika term finance	**-**	-
Profit on deposit account	**545,583**	646,187
Bank charges and commission	**8,668,074**	7,383,042
Charge for reimbursement of miscellaneous expenses	**-**	1,774,083
Dividend	**-**	14,976,565
ORIX Leasing Pakistan Limited		
- Holding Company of the Management Company	**15,430,400**	-
Staff retirement benefits funds		
Contribution to the staff provident fund	**757,533**	631,291
Contribution to the staff gratuity fund	**631,012**	523,502
ORIX Services Pakistan (Private) Limited (Formerly Standard Chartered Services of Pakistan (Private) Limited) - Management Company		
Management company's remuneration	**3,474,509**	5,708,226
Dividend	**15,430,400**	14,976,565
Key Management Personnel		
Salaries and benefits	**13,108,461**	11,376,956
Contribution to the staff provident fund	**349,808**	269,318
Contribution to the staff gratuity fund	**291,385**	224,340
Income earned on DM finances to Key management personnel	**804,130**	1,105,598
Ijarah rental earned on Ijarah finances to Key management personnel	**404,228**	294,738
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) September 30, 2016	(Audited) June 30, 2016
	---------- (Rupees) ----------	
Standard Chartered Bank (Pakistan) Limited		
- Holding Company of the Management Company till 20 June 2016		
Advances, deposits, prepayments and other receivables	**19,729,659**	25,559,201
Creditors, accrued and other liabilities	**10,981,364**	8,703,281
ORIX Services Pakistan (Private) Limited (Formerly Standard Chartered Services of Pakistan (Private) Limited) - Management Company		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2016

	(Un-audited) September 30, 2016	(Audited) June 30, 2016
	(Rupees)	
Management company's remuneration payable	**23,413,158**	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. SEGMENT INFORMATION

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

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

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

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

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

The Modaraba also has a diversified certificate holder population. As at September 30, 2016, there were only two (June 2016: two) certificate holders who each held more than 10% of the Modaraba's certificate capital. Their holdings were 10% and 10% (June 2016: 10% and 10%) respectively.

21. 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.

22. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on October 26, 2016 by the Board of Directors of the Management Company.

23. GENERAL

Figures have been rounded off to the nearest rupee.

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



Chairman



Chief Executive



Director

ORIXMODARABA.COM

Printed by Union Packages

ORIX Modaraba

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

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

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