



OLP Modaraba | OLP
(FORMERLY ORIX MODARABA)

NINE MONTHS REPORT

MARCH 2022

www.olpmodaraba.com

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INTRODUCTORY

Modaraba Information

Modaraba Company

OLP Services Pakistan (Pvt) Limited
(Formerly ORIX Services Pakistan (Pvt) Limited)

Directors of Modaraba Company

Mr. Shaheen Amin Chairman

Mr. Raheel Qamar Ahmad Managing Director
/ Chief Executive Officer

Mr. Ramon Alfrey Director

Mr. Nausherwan Adil Independent Director

Mian Faysal Raiz Director

Mr. Nadim D. Khan Independent Director

Ms. Aseya Qasim 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. Nadim D. Khan Chairman

Mr. Shaheen Amin Member

Mr. Raheel Qamar Ahmad Member

Risk Committee

Mr. Mian Faisal Riaz Chairman

Mr. Nausherwan Adil Member

Mr. Raheel Qamar Ahmad Member

Shariah Advisor

Mufti Faisal Ahmed

Auditors

A.F.Ferguson & Co, Chartered Accountants

Bankers/ Financial Institutions

Standard Chartered Bank (Pakistan) Limited (Saadiq)

Meezan Bank Limited

United Bank Limited (UBL Ameen)

Bank Alfalah Limited (Islamic banking)

Allied Bank Limited (Islamic banking)

Bank Al Habib Limited (Islamic banking)

Habib Bank Limited (Islamic banking)

Pakistan Mortgage Refinance Company Limited

Legal Advisors

Haider Ali Khan

Advocate High Court , Partner,

Fazle Ghani Advocates

Registered and Head Office:

Office No. 601, 6th Floor,

Syedna Tahir Saifuddin Memorial Foundation Building,

Beaumont Road, Civil Lines, Karachi.

Phone: (021)35930000

Email:askus@olpmodaraba.com

Lahore Branch:

Office No-08, 1St floor,

Park Lane Tower (Mall Of Lahore)

172-Tufail Road, Lahore Cantt.

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., Shakra-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, 2022

The Board of Directors of OLP Services Pakistan (Private) Limited [formerly ORIX Services Pakistan (Private) Limited], the management company of OLP Modaraba (formerly ORIX Modaraba) is pleased to present the unaudited accounts for the nine months period ended March 31, 2022.

1. Economic Outlook

Pakistan's economy is recovering steadily due to well-coordinated fiscal and monetary responses to the pandemic. The economic growth is expected to moderate to 4% in FY2022 due to tighter fiscal and monetary policies before picking up again in FY2023. These led to a remarkable expansion in the industry and services sectors. It is key to continue structural reforms along with appropriate fiscal and monetary policies to contain rising inflation and external imbalances. Comprehensive reforms in tax policy and administration are also critical to boosting revenues in order to fund essential public services.

Pakistan's gross domestic product (GDP) growth is projected to slow to 4% in FY2022 from 5.6% in FY2021 as the government applies measures to reduce the current account deficit, raise international reserves, and cut inflation. Growth is expected to accelerate to 4.5% in FY2023 due to stronger private consumption and investment.

Inflation declined to 8.9% in FY2021 but is expected to pick up in FY2022 to around 11% due to higher international energy prices, significant currency depreciation, and elevated global food prices from supply disruptions. As a net importer of oil and gas, Pakistan will continue experiencing strong inflationary pressures for the remainder of FY2022 from the jump in global fuel prices resulting from the Russian Ukrainian conflict.

Inflationary pressures are likely to be less pronounced in FY2023, with inflation forecast to drop to 8.5% as fiscal consolidation progresses and oil and commodity prices stabilize.

2. Financial Highlights

Financial results are summarized as under:

	March 31, 2022	June 30, 2021
Balance Sheet	----- (Rupees) -----	
Certificate capital	453,835	453,835
Total equity	1,100,904	1,158,672
Total assets	6,305,069	6,750,293
Investment in Ijarah finance and Ijarah Assets	2,086,900	2,244,264
Investments in Diminishing Musharika and Sukuks	3,361,911	3,326,029
Redeemable capital	2,931,805	3,250,705
	Nine months ended March 31, 2022	Nine months ended March 31, 2021
Profit and Loss	----- (Rupees) -----	
Revenue (net of Ijarah assets depreciation)	512,941	513,872
Financial charges	266,293	241,365
Provision / (reversal) of provisions – net	(15,004)	27,299
Operating expenses	142,003	141,194
Profit before modaraba management company's remuneration	119,648	104,015
Profit before taxation	104,006	90,416
Net profit	73,844	90,416

3. Review of Operations

By the Grace of Allah, your Modaraba's performance during the period under review continued to be strong. The Modaraba's profit before taxation increased by 15% from PKR 90.4 Million to PKR 104 Million compared to corresponding period of last year. As income tax is now applicable on Modarabas effective from July 1, 2021 due to the withdrawal of exemption through Tax Laws (second) amendment Ordinance, 2021, net profit for the nine months period ended March 31, 2022 decreased by 18.33% from PKR 90.42 Million to PKR 73.84 Million. Gross revenue (net of Ijarah assets depreciation and including other income) for the nine months period marginally decreased by 0.18% from PKR 513.87 Million to PKR 512.94 Million and Financial charges increased by 10.33% from PKR 241.37 million to PKR 266.29 million compared to corresponding period of last year, mainly because of the increase in KIBOR rate. Since our portfolio is on floating basis with repricing on a periodic basis, there is a lag between the borrowing and lending cost, which is yet to be fully aligned. Provision reversed amounted to PKR 15 Million compared to charge of PKR 27.30 Million during corresponding period of last year due to strong recovery efforts. Administrative and operating expenses were marginally increased by 0.57% from PKR 141.19 Million to PKR. 142 Million.

The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at PKR 5,449 Million compared to PKR 5,570 Million as at June 30, 2021, showing a decrease of 2.18% during the nine months period. During the period under review, the Modaraba booked fresh disbursements to the tune of PKR 1,748.42 Million as compared to PKR 1,603 Million during the corresponding period last year.

The business has been driven mainly by deepening relationships with selective clientele and initiating relationships with good names. The asset portfolio has a good mix of multi-nationals, large and medium sized local corporates, selective SME relationships and an excellent housing and consumer portfolio.

OLP Modaraba manages and monitors risk exposure very prudently. The evaluation of borrower's credit profile including repayment ability is made at the time of grant of facility and regular oversight is carried out thereon. Further, there are Portfolio Management and Early Alert committees which are responsible to ensure portfolio monitoring and timely alerts for possible untoward scenarios.

4. Credit Rating

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the ratings of your Modaraba as AA (Double A) and A1+ (A one plus) for long-term and short-term respectively. These ratings indicate low expectation of credit risk and very strong capacity for timely payment of financial commitments.

5. Acknowledgement

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



Raheel Qamar Ahmad
Managing Director/CEO
Karachi: April 25, 2022



Ramon Alfrey
Director

4- قرضہ جاتی ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے مضار پے کی طویل مدتی اور قلیل مدتی ریٹنگ کو باترتیب AA (ڈبل A) اور A1+ (اے ون پلس) برقرار رکھا ہے۔ ان ریٹنگ سے کم قرضہ جاتی خطرے اور مالیاتی وعدوں کی بروقت ادائیگی کی مضبوط صلاحیت کی عکاسی ہوتی ہے۔

5- اعتراف

بورڈ انضباطی اداروں، ٹھیکہ داروں، ہولڈرز، گاہکوں اور کاروباری شراکت داروں کے تعاون کا اعتراف کرتا ہے اور امید کرتا ہے مستقبل میں بھی جاری رہے گا۔



رامون الفارے
ڈائریکٹر



راجیل قمر احمد
مینجنگ ڈائریکٹر/CEO

کراچی: 25 اپریل 2022

نومای مدت مختتم 31 مارچ 2021 (روپے ہزار میں)	نومای مدت مختتم 31 مارچ 2022 (روپے ہزار میں)
513,872	512,941
241,365	266,293
27,299	(15,004)
141,194	142,003
104,015	119,648
90,416	104,006
90,416	73,844

منافع و خسارہ

آمدن (اجارہ اثاثوں پر فرسودگی ٹکا لےنے کے بعد)

مالیاتی اخراجات

اختصاص/اختصاص کی (معکوس) - خالص

کاروباری اخراجات

مضاربہ کی منتظم کٹینی کا مشاہرہ ٹکا لےنے سے قبل

منافع قبل از ٹیکس

خالص منافع

کاروباری جائزہ

اللہ رب العزت کی رحمت سے جائزہ مدت کے دوران آپ کی مضاربہ کی کارکردگی مسلسل مستحکم رہی۔ مضاربہ کا قبل از ٹیکس منافع 15 فیصد بڑھ کر 104 ملین روپے رہا جو کہ گزشتہ سال اسی مدت میں 90.4 ملین روپے تھا۔ چونکہ ٹیکس لاز (سکینڈ) تربیتی آرڈیننس 2021 کے ذریعے حاصل استثناء کے یکم جولائی 2021 کے خاتمے سے مضاربہ پر ٹیکس لاگو ہو گیا ہے، لہذا نومای مدت مختتم 31 مارچ 2022 کا خالص منافع 18.33 فیصد کم ہو کر 73.84 ملین روپے رہ گیا جو کہ گزشتہ سال اسی مدت میں 90.42 ملین روپے تھا۔ نومای مدت کی خام آمدنی (اجارہ اثاثوں پر فرسودگی ٹکا لےنے اور دیگر آمدن شامل کرنے کے بعد) میں 0.18 فیصد کی معمولی کمی ہوئی جو کہ گزشتہ سال کی 513.87 ملین روپے سے کم ہو کر 512.94 ملین روپے رہ گئی اور مالیاتی اخراجات میں 10.33 فیصد اضافہ ہوا جو کہ گزشتہ سال اسی مدت کے 241.37 ملین روپے سے بڑھ کر 266.29 ملین روپے ہو گئے، جس کی بنیادی وجہ KIBOR کے نرخ میں اضافہ تھا۔ چونکہ ہمارا پورٹ فولیو قیمت کے لحاظ سے متوازن بنیاد پر ہے اس لئے قرضہ جاتی اور قرض خواہی کی لاگت میں فرق ہے جسے ابھی مکمل طور پر مطابقت کرنا ہے۔ مستحکم بحالی کی کوششوں کی وجہ سے گزشتہ سال 27.30 ملین روپے کی بہ نسبت 15 ملین روپے کا اختصاص معکوس کیا گیا۔ انتظامی اور کاروباری اخراجات میں معمولی اضافہ ہوا جو کہ 141.19 ملین روپے بڑھ کر 142 ملین روپے ہو گئی۔

اجارہ فنانس، سلوک میں سرمایہ کاری اور ڈمٹنگ مشارک میں سرمایہ کاری 5,449 ملین روپے رہی جو کہ 30 جون 2021 کو 5,570 ملین روپے تھی، جس سے نومای مدت کے دوران 2.18 فیصد کی عکاسی ہوئی ہے۔ جائزہ مدت کے دوران مضاربہ نے مضاربہ بننے 1,748.42 ملین روپے کی نئی سرمایہ کاری جو کہ گزشتہ سال اسی مدت میں 1,603 ملین روپے تھیں۔

کاروبار چلانے کے بنیادی ستون میں منتخب کٹینٹس کے ساتھ تعلقات کو مزید بہتر بنانا اور اچھی ساکھ کے حامل نئے کٹینٹس کے ساتھ تعلقات کا آغاز کرنا ہے۔ اثاثوں کے پورٹ فولیو میں کثیر القومی، بڑی اور درمیانی سائز کی مقامی کارپوریٹ اور منتخب SME ادارے شامل ہیں۔

OLP مضاربہ بہت محتاط انداز میں حائل خطرات کا انتظام اور نگرانی کرتی ہے۔ قرضہ کی منظوری کے وقت قرض خواہ کا قرضہ جاتی پروفائل بشمول واپس ادا ٹیکس کی صلاحیت کا تجزیہ کیا جاتا ہے اور باقاعدگی سے اس کی نگرانی کی جاتی ہے۔ مزید برآں پورٹ فولیو کے انتظام اور ابتداء ہی میں ہوشیار کرنے والی کمیٹیاں موجود ہیں جو کہ پورٹ فولیو کی نگرانی اور برقت ہوشیار کرنے کی ذمہ دار ہیں تاکہ کسی بھی ناموافق منظر نامہ سے بچا جاسکے۔

ڈائریکٹران کا جائزہ

برائے تختہ مدت 31 مارچ 2022

OLP مضاربہ (سابقہ اورکس مضاربہ) کی منتظم کمپنی OLP سروسز پاکستان (پرائیویٹ) لمیٹڈ (سابقہ اورکس سروسز (پرائیویٹ) لمیٹڈ کا بورڈ آف ڈائریکٹرز نومانی مدت تختہ 31 مارچ 2022 کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے اظہار مسرت کرتا ہے۔

1- معاشی منظر نامہ

پاکستان کی معیشت و باء دوران بہترین مالیاتی اور زرعی پالیسیوں کی وجہ سے تیزی سے بحال ہو رہی ہے۔ FY2023 میں دوبارہ بحالی سے قبل سخت مالیاتی اور زرعی پالیسیوں سے اندازہ ہے کہ معاشی نمو FY2022 میں درمیانی یعنی 4 فیصد رہے گی۔ ان کی وجہ سے صفت اور خدمات سے شعبوں میں قابل ذکر توسیع ہوئی۔ بڑھتے ہوئے افراط زر اور بیرونی کھاتے کے عدم توازن کو تاقا کرنے کے لئے مسلسل ازسرنو ساخت بندی کے ساتھ مناسب مالیاتی اور زرعی پالیسیاں بنیادی حیثیت رکھتی ہیں۔ ٹیکس پالیسی اور انتظام میں جامع اصلاحات آمدن بڑھانے میں بنیادی اہمیت کی حامل ہیں جس سے بنیادی عوامی خدمات کے لئے رقم فراہم کی جاسکتی ہے۔

پاکستان کی مجموعی ملکی پیداوار (GDP) توقع ہے کہ سترہ فیصد یعنی FY2021 کی 5.6 فیصد کی نسبت FY2022 میں 4 فیصد رہے گی جس کی وجہ حکومت کی رواں کھاتے کے خسارہ کو کم کرنے، عالمی زرمبادلہ کے ذخائر بڑھانے اور افراط زر کو کم کرنے کے اقدامات ہیں۔ توقع ہے کہ FY2023 میں مستحکم نجی انحصار اور سرمایہ کاریوں سے نمو بڑھ کر 4.5 فیصد رہے گی۔

FY2021 میں افراط زر کم ہو کر 8.9 فیصد رہا تھا لیکن اندازہ ہے کہ FY2022 میں 11 فیصد ہوگا جس کی وجہ توانائی کی بلند عالمی قیمتیں، کرنسی کی قدر میں قابل ذکر کمی اور رسد میں رکاوٹوں کی وجہ سے بڑھتی ہوئی عالمی غذائی قیمتیں شامل ہے۔ تیل و گیس کے خالص درآمد کنندہ کی حیثیت سے روس پوکرین تنازعہ کے نتیجے میں ایندھن کی عالمی قیمتوں میں اضافہ سے پاکستان کو FY2022 کے بقایا سال میں افراط زر کے شدید دباؤ سے کا سامنا کرنا پڑے گا۔

توقع ہے کہ افراط زر کا دباؤ FY2023 میں کم ہو جائے گا جس میں افراط زر مالیاتی ایشیا ترقی اور تیل اور ایشیائے صرف کی قیمتوں کے مستحکم ہونے سے کم ہو کر 8.5 فیصد رہنے کی پیشین گوئی ہے۔

2- مالیاتی جھلکیاں

مالیاتی جھلکیاں درج ذیل ہیں:

	31 مارچ 2021	31 مارچ 2022
	(روپے ہزار میں)	(روپے ہزار میں)
میزانیہ		
سرٹیفکیٹ سرمایہ	453,835	453,835
کل ایکویٹی	1,158,672	1,100,904
کل اثاثہ	6,750,293	6,305,069
اجارہ فنانس اور اجارہ اثاثوں پر سرمایہ کاری	2,244,264	2,086,900
ڈمٹنگ مشارکہ اور سکوئس میں سرمایہ کاری	3,326,029	3,361,911
قابل خلاصی سرمایہ	3,250,705	2,931,805

CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2022

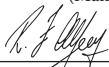
		(Un-audited) March 31, 2022	(Audited) June 30, 2021
ASSETS	Note	----- (Rupees) -----	
Current assets			
Cash and bank balances	5	378,683,789	769,029,312
Ijarah rentals receivable	6	110,313,376	113,500,031
Advances, deposits, prepayments and other receivables		342,510,578	282,263,341
Current portion of investment in sukuk certificates	7	-	-
Current portion of diminishing musharaka	8	1,253,256,886	1,327,392,382
Net investment in Ijarah finance	9	370,000	370,000
Taxation recoverable		-	10,960,822
Total current assets		2,085,134,629	2,503,515,888
Non-current assets			
Long-term portion of investment in sukuk certificates	7	-	-
Long-term portion of diminishing musharaka	8	2,108,654,265	1,998,636,555
Ijarah assets	9	2,086,529,575	2,243,894,173
Fixed assets in own use	10	19,328,362	4,246,065
Deferred tax assets		5,421,991	-
Total non-current assets		4,219,934,193	4,246,776,793
TOTAL ASSETS		6,305,068,822	6,750,292,681
LIABILITIES AND EQUITY			
Current liabilities			
Current portion of term finance arrangements	11	515,885,663	385,438,066
Current portion of security deposits		249,206,176	242,367,218
Creditors, accrued and other liabilities		395,598,570	300,360,164
Advance Ijarah rentals received		14,059,868	9,196,642
Current portion of redeemable capital		2,587,805,000	2,907,255,000
Unclaimed profit distribution		60,805,548	57,416,286
Provision for taxation - net		6,924,268	-
Total current liabilities		3,830,285,093	3,902,033,376
Non-current liabilities			
Long-term portion of term finance arrangements	11	698,601,502	1,012,112,250
Long-term portion of security deposits		331,278,387	334,024,954
Long-term portion of redeemable capital		344,000,000	343,450,000
Total non-current liabilities		1,373,879,889	1,689,587,204
TOTAL LIABILITIES		5,204,164,982	5,591,620,580
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorised certificate capital			
50,000,000 (June 30, 2021: 50,000,000) certificates of Rs. 10 each amounting to Rs. 500,000,000 (June 30, 2021: Rs. 500,000,000)			
Issued, subscribed and paid-up certificate capital			
28,500,000 (June 30, 2021: 28,500,000) certificates of Rs. 10 each fully paid in cash		285,000,000	285,000,000
16,883,530 (June 30, 2021: 16,883,530) bonus certificates of Rs. 10 each		168,835,300	168,835,300
Revenue reserve		453,835,300	453,835,300
Capital reserves		76,504,793	137,965,253
		570,563,747	566,871,548
		1,100,903,840	1,158,672,101
TOTAL LIABILITIES AND EQUITY		6,305,068,822	6,750,292,681
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

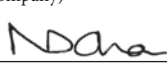
For OLP Services Pakistan (Private) Limited
(formerly ORIX Services Pakistan (Private) Limited)
(Management Company)



Chief Executive



Director



Director



Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

For The Nine Months And Three Months Period
Ended March 31, 2022

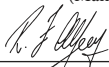
		Nine months period ended March 31, 2022	Nine months period ended March 31, 2021	Three months period ended March 31, 2022	Three months period ended March 31, 2021
	Note	(Rupees)			
Ijarah rentals earned		776,821,678	969,312,360	250,458,392	324,589,644
Income on Diminishing Musharaka arrangements		297,694,378	261,899,454	107,855,020	84,657,932
Income on deposits with banks		24,493,905	30,840,157	7,333,079	6,621,930
		<u>1,099,009,961</u>	<u>1,262,051,971</u>	<u>365,646,491</u>	<u>415,869,506</u>
Financial and other charges		(266,293,320)	(241,364,707)	(102,221,969)	(75,118,267)
Depreciation on assets under Ijarah arrangements		(608,899,868)	(774,006,697)	(196,289,490)	(259,096,488)
		<u>223,816,773</u>	<u>246,680,567</u>	<u>67,135,032</u>	<u>81,654,751</u>
Reversal / (provision) in respect of Ijarah finances - net		1,027,784	(7,868,697)	95,757	(2,068,762)
Reversal / (provision) in respect of Diminishing Musharaka - net		15,325,595	(19,430,315)	7,720,568	(3,823,119)
Provision in respect of other receivables		(1,348,918)	-	-	-
		<u>238,821,234</u>	<u>219,381,555</u>	<u>74,951,357</u>	<u>75,762,870</u>
Other income		22,830,478	25,827,107	6,154,109	7,035,735
Administrative and operating expenses		(142,003,275)	(141,194,020)	(48,319,786)	(49,179,549)
		<u>119,648,437</u>	<u>104,014,642</u>	<u>32,785,680</u>	<u>33,619,056</u>
Management Company's remuneration		(11,964,844)	(10,401,464)	(3,278,568)	(3,361,905)
Provision for services sales tax on the Management Company's remuneration	13	(1,555,430)	(1,352,190)	(426,214)	(437,047)
Provision for Workers' Welfare Fund	14	(2,122,563)	(1,845,220)	(581,618)	(596,402)
Profit for the period before taxation		<u>104,005,600</u>	<u>90,415,768</u>	<u>28,499,280</u>	<u>29,223,702</u>
Taxation	15	(30,161,624)	-	(8,264,791)	-
Profit for the period after taxation		<u>73,843,976</u>	<u>90,415,768</u>	<u>20,234,489</u>	<u>29,223,702</u>
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		<u>73,843,976</u>	<u>90,415,768</u>	<u>20,234,489</u>	<u>29,223,702</u>
Earnings per certificate - basic and diluted	16	<u>1.63</u>	<u>1.99</u>	<u>0.45</u>	<u>0.64</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

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



Chief Executive



Director



Director



Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For The Nine Months Period Ended March 31, 2022

	Nine months period ended March 31, 2022	Nine months period ended March 31, 2021
Note	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	104,005,600	90,415,768
Adjustments for non-cash and other items:		
Depreciation on tangible fixed assets in own use	2,644,597	3,376,130
Amortisation on intangible fixed assets in own use	-	219,467
Gain on disposal of fixed assets in own use	(13,150)	
Depreciation on assets under Ijarah arrangements	608,899,868	774,006,697
Gain on disposal of assets under Ijarah arrangements	(8,330,691)	(14,164,615)
(Reversal) / provision in respect of Ijarah finances - net	(1,027,784)	7,868,697
(Reversal) / provision in respect of Diminishing Musharaka	(15,325,595)	19,430,315
Provision in respect of other receivables	1,348,918	-
Income on bank deposits	(24,493,905)	(30,840,157)
Profit on:		
- Redeemable capital	167,683,090	158,899,248
- Term finance arrangements	79,194,417	58,250,578
Provision for services sales tax on the Management Company's remuneration	2,122,563	1,352,190
Provision for Workers' Welfare Fund	1,555,430	1,845,220
	814,257,758	980,243,770
	918,263,358	1,070,659,538
(Increase) / decrease in assets		
Advances, deposits, prepayments and other receivables	(55,471,343)	(133,434,191)
Ijarah rentals receivable	4,214,439	(6,469,252)
Diminishing Musharaka	(20,556,619)	165,574,086
Purchase of assets under Ijarah arrangements	(579,412,570)	(971,847,911)
Proceeds from disposal of assets under Ijarah arrangements	136,207,991	246,254,041
	(515,018,102)	(699,923,227)
(Decrease) / increase in liabilities		
Creditors, accrued and other liabilities	58,206,517	7,460,663
Advance Ijarah rentals received	4,863,226	37,072,940
Security deposits	4,092,391	54,846,885
	67,162,134	99,380,488
	470,407,390	470,116,799
Profit paid on		
- Redeemable capital	(136,040,736)	(122,816,680)
- Term finance arrangements	(77,482,875)	(65,237,301)
	(213,523,611)	(188,053,981)
Taxes paid	(17,698,525)	(924)
Net cash generated from operating activities	239,185,254	282,061,894
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(17,726,894)	(1,252,565)
Proceeds from sale of fixed assets in own use	13,150	-
Income received on bank deposits	18,369,093	27,004,314
Net cash generated from investing activities	655,349	25,751,749
CASH FLOWS FROM FINANCING ACTIVITIES		
Redeemable capital less repayments	(318,900,000)	(801,000,000)
Term finance less repayments	(183,063,151)	164,894,485
Profit paid to certificate holders	(128,222,975)	(113,058,745)
Net cash used in financing activities	(630,186,126)	(749,164,260)
Net decrease in cash and cash equivalents during the period	(390,345,523)	(441,350,617)
Cash and cash equivalents at the beginning of the period	769,029,312	1,038,077,150
Cash and cash equivalents at the end of the period	378,683,789	596,726,533

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

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


Chief Executive


Director


Director


Chief Financial Officer

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

For The Nine Months Period Ended March 31, 2022

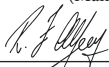
	Issued, subscribed and paid-up certificate capital	Capital reserve		Revenue reserve		Total	
		Premium on issue of modaraba certificates	Statutory reserve	Sub-total	Unappropri- ated profit		Sub-total
----- (Rupees) -----							
Balance as at June 30, 2020 (audited)	453,835,300	55,384,700	503,860,903	559,245,603	161,391,902	720,637,505	1,174,472,805
Effect of change in accounting policy - Impact of IFRS 9	-	-	-	-	(54,858,500)	(54,858,500)	(54,858,500)
Balance as at July 1, 2020 - restated	453,835,300	55,384,700	503,860,903	559,245,603	106,533,402	665,779,005	1,119,614,305
Total comprehensive income for the period							
- Profit for the nine months period ended March 31, 2021	-	-	-	-	90,415,768	90,415,768	90,415,768
- Other comprehensive income for the nine months period ended March 31, 2021	-	-	-	-	-	-	-
	-	-	-	-	90,415,768	90,415,768	90,415,768
Transactions with owners							
Profit distribution for the year ended June 30, 2020 @ Rs. 2.5 per certificate declared subsequent to the year ended June 30, 2020 on September 26, 2020	-	-	-	-	(113,461,097)	(113,461,097)	(113,461,097)
Transfer to statutory reserve	-	-	4,520,788	4,520,788	(4,520,788)	-	-
Balance as at March 31, 2021 - restated (un-audited)	<u>453,835,300</u>	<u>55,384,700</u>	<u>508,381,691</u>	<u>563,766,391</u>	<u>78,967,285</u>	<u>642,733,676</u>	<u>1,096,568,976</u>
Balance as at June 30, 2021 (audited)	453,835,300	55,384,700	511,486,848	566,871,548	137,965,253	704,836,801	1,158,672,101
Total comprehensive income for the period							
- Profit for the nine months period ended March 31, 2022	-	-	-	-	73,843,976	73,843,976	73,843,976
- Other comprehensive income for the nine months period ended March 31, 2022	-	-	-	-	-	-	-
	-	-	-	-	73,843,976	73,843,976	73,843,976
Transactions with owners							
Profit distribution for the year ended June 30, 2021 @ Rs.2.9 per certificate declared subsequent to the year ended June 30, 2021 on September 22, 2021	-	-	-	-	(131,612,237)	(131,612,237)	(131,612,237)
Transfer to statutory reserve	-	-	3,692,199	3,692,199	(3,692,199)	-	-
Balance as at March 31, 2022 (un-audited)	<u>453,835,300</u>	<u>55,384,700</u>	<u>515,179,047</u>	<u>570,563,747</u>	<u>76,504,793</u>	<u>647,068,540</u>	<u>1,100,903,840</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

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



Chief Executive



Director



Director



Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Nine Months Period Ended March 31, 2022

1. STATUS AND NATURE OF BUSINESS

OLP Modaraba; formerly 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 OLP Services Pakistan (Private) Limited; formerly ORIX Services Pakistan (Private) Limited ('the Management Company'). During the period the Modaraba has changed its name from ORIX Modaraba to OLP Modaraba. SECP issued no objection certificate dated February 24, 2022. The Management Company is a wholly owned subsidiary of OLP Financial Services Pakistan Limited (formerly ORIX Leasing Pakistan Limited).

The registered office is situated at 6th Floor, Syedna Tahir Saifuddin 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 Office no. 08, Park Lane Tower, 172-Tufail road, Lahore Cantonment. The Islamabad branch is situated at Ground Floor, Phase 1, State Life Building No. 5, Nazimuddin Road, Blue Area, Islamabad.

The Modaraba is a perpetual Modaraba and is primarily engaged in financing of plant and machinery, motor vehicles (both commercial and private), computer equipment and housing under the modes of Ijarah (Islamic leasing) and Diminishing Musharaka. 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 (2021: AA) and short term rating of A1+ (2021: A1+) to the Modaraba on March 03, 2022 (2020: March 04, 2021).

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The approved accounting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Modaraba Regulations, 2021;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017; and
- Provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP), under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Nine Months Period Ended March 31, 2022

Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021, IFAS, the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP), under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 differ from IAS 34, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021, IFAS, the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP), under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 have been followed.

2.2 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required for a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Modaraba for the year ended June 30, 2021.

2.3 These condensed interim financial statements are unaudited.

2.4 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees which is also the Modaraba's functional currency. All financial information presented has been rounded off to the nearest rupee.

2.5 Critical accounting estimates and judgments

The preparation of these condensed interim financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgments in application of the Modaraba's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Modaraba's accounting policies and the key sources of estimation of uncertainty were the same as those that were applied in the annual published audited financial statements for the year ended June 30, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those that were applied in the preparation of the annual published audited financial statements of the Modaraba for the year ended June 30, 2021.

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Nine Months Period Ended March 31, 2022

There are certain amendments to the published approved accounting standards that are mandatory for the Modaraba's accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Modaraba's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Modaraba's accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or will not have any significant effect on the Modaraba's operations and are, therefore, not detailed in these condensed interim financial statements.

4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Modaraba are consistent with those disclosed in the annual published audited financial statements of the Modaraba for the year ended June 30, 2021.

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
5. CASH AND BANK BALANCES	Note	----- (Rupees) -----	
Balances with banks			
- in current accounts		6,776,251	252,639,769
- in deposit accounts	5.1 & 5.2	321,703,819	466,185,824
- in term deposit receipts	5.2	50,000,000	50,000,000
Balance with the State Bank of Pakistan		128,719	128,719
Cash in hand		75,000	75,000
		378,683,789	769,029,312

5.1 These carry profit at the rates ranging from 6.70% to 9.00% (June 30, 2021: 3.25% to 6.00%) per annum.

5.2 The balances held with banks in deposit accounts and term deposit receipts have been kept in order to comply with the requirement of the Modaraba Regulations, 2021 issued by the SECP with respect to the maintenance of the prescribed liquidity against the Certificates of Musharaka issued by the Modaraba.

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
6. IJARAH RENTALS RECEIVABLE	Note	----- (Rupees) -----	
Ijarah rentals receivable - considered good		94,677,637	113,500,031
Ijarah rentals receivable - considered bad or doubtful		53,976,133	36,266,892
Less: allowance for potential Ijarah losses	6.1	(15,492,292)	(16,520,076)
Less: profit held in suspense	6.2	(22,848,102)	(19,746,816)
		15,635,739	-
		110,313,376	113,500,031

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Nine Months Period Ended March 31, 2022

	(Un-audited) March 31, 2022	(Audited) June 30, 2021
6.1 Allowance for potential Ijarah losses	----- (Rupees) -----	
Opening balance	16,520,076	5,505,480
Effect of change in accounting policy	-	26,718,922
	<u>16,520,076</u>	<u>32,224,402</u>
Reversal for the period / year - net	(1,027,784)	(15,704,326)
Closing balance	<u>15,492,292</u>	<u>16,520,076</u>

6.2 Profit held in suspense

Opening balance	19,746,816	25,951,777
Income suspended during the period / year - net	3,101,286	(6,204,961)
Closing balance	<u>22,848,102</u>	<u>19,746,816</u>

6.3 Ijarah includes Rs. 65.67 million (June 30, 2021: Rs. 66.81 million) which have been placed under non-performing status.

6.4 The Modaraba has availed the benefit of forced sale value of assets held as collateral against non-performing Ijarah as allowed under the Modaraba Regulations, 2021 issued by the SECP. Had the benefit not been taken by the Modaraba, the specific provision against non-performing Ijarah would have been higher by Rs. 27.97 million (June 30, 2021: Rs. 27.97 million).

	(Un-audited) March 31, 2022	(Audited) June 30, 2021
7. INVESTMENT IN SUKUK CERTIFICATES	----- (Rupees) -----	

At amortised cost

Investment in sukuk certificates	57,701,835	57,701,835
Less: provision in respect of sukuk certificates	(57,701,835)	(57,701,835)
	<u>-</u>	<u>-</u>

7.1 Movement in provision against Sukuk certificates

Opening balance	57,701,835	57,701,835
Provision for the period	-	-
Closing balance	<u>57,701,835</u>	<u>57,701,835</u>

7.2 Break-up of investment in sukuk certificates between long-term and current portion is as follows:

Current portion of investment in sukuk certificates	57,701,835	57,701,835.00
Less: Provision held	(57,701,835)	(57,701,835)
	<u>-</u>	<u>-</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Nine Months Period Ended March 31, 2022

	(Un-audited) March 31, 2022	(Audited) June 30, 2021
	----- (Rupees) -----	
Long-term portion of investment in sukuk certificates	-	-
Less: Provision held	-	-
	-	-

8. DIMINISHING MUSHARAKA

Staff - considered good

- Housing finance	64,113,468	76,252,324
- Motor vehicles	26,537,182	27,000,932
- Others	2,587,799	3,345,441
8.1	93,238,449	106,598,697

Others - considered good

- Housing finance	343,681,906	382,961,380
- Motor vehicles	1,320,942,068	1,379,317,965
- Plant, machinery and equipment	1,482,804,112	1,419,942,212
	3,147,428,086	3,182,221,557

Others - considered bad or doubtful

- Motor vehicles	65,178,091	33,469,658
- Plant, machinery and equipment	128,893,238	91,891,333
	194,071,329	125,360,991
8.3	(72,826,713)	(88,152,308)

Less: provision in respect of diminishing musharaka

	3,268,672,702	3,219,430,240
	3,361,911,151	3,326,028,937

8.1 This includes diminishing musharaka facility availed by key management personnel as per employment terms, with respect to housing finance, motor vehicles and personal finance amounting to Rs. 30.925 million (June 30, 2021: Rs. 23.680 million), Rs. 10.767 million (June 30, 2021: Rs. 10.465 million) and Rs. 0.684 million (June 30, 2021: Rs. 0.725 million) respectively. These carry profit at rates ranging between 11.31% to 14.91% (June 30, 2021: 10.35% to 10.89%) per annum.

8.2 Diminishing musharaka carries profit at rates ranging between 10.04% to 17.93% (June 30, 2021: 8.94% to 13.56%) per annum.

8.3 Movement in provision against diminishing musharaka

	(Un-audited) March 31, 2022	(Audited) June 30, 2021
	----- (Rupees) -----	
Opening balance	88,152,308	10,323,395
Effect of change in accounting policy	-	28,139,578
	88,152,308	38,462,973
(Reversal) / charge for the period / year	(15,325,595)	49,689,335
Closing balance	72,826,713	88,152,308

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Nine Months Period Ended March 31, 2022

8.4 Break-up of diminishing Musharaka between long-term and current portion is as follows:

	(Un-audited) March 31, 2022	(Audited) June 30, 2021
	----- (Rupees) -----	
Current portion of diminishing musharaka	1,294,703,019	1,359,393,304
Less: Provision held	(41,446,133)	(32,000,922)
	<u>1,253,256,886</u>	<u>1,327,392,382</u>
Long-term portion of diminishing musharaka	2,140,034,845	2,054,787,941
Less: Provision held	(31,380,580)	(56,151,386)
	<u>2,108,654,265</u>	<u>1,998,636,555</u>

8.5 The Modaraba has availed the benefit of forced sale value of assets held as collateral against non-performing diminishing musharaka as allowed under the Modaraba Regulations, 2021 issued by the SECP. Had the benefit not been taken by the Modaraba, the specific provision against non-performing diminishing musharaka would have been higher by Rs. 23.23 million (June 30, 2021: Rs. 19.3 million).

8.6 Diminishing musharaka includes Rs. 194.07 million (June 30, 2021: Rs. 125.36 million) which have been placed under non-performing status.

9. IJARAH ASSETS

	(Un-audited) March 31, 2022	(Audited) June 30, 2021
Note	----- (Rupees) -----	
Ijarah contracts commencing on or after July 1, 2008 - accounted for under IFAS 2	2,086,529,575	2,243,894,173
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)
	<u>-</u>	<u>-</u>

9.1 During the nine months period ended March 31, 2022, additions amounting to Rs. 579 million (March 31, 2021: Rs. 972 million) and disposals amounting to Rs. 582 million (March 31, 2021 : Rs. 718 million) were made to the assets under Ijarah arrangements.

	(Un-audited) March 31, 2022	(Un-audited) March 31, 2020
	----- (Rupees) -----	
Ijarah Assets		
Additions at cost during the period		
- Plant, machinery and equipments	544,826,570	657,270,281
- Motor vehicles	34,586,000	314,577,630
	<u>579,412,570</u>	<u>971,847,911</u>
Disposals at cost during the period		
- Plant, machinery and equipments	228,593,367	224,064,708
- Motor vehicles	353,394,719	494,189,086
	<u>581,988,086</u>	<u>718,253,794</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Nine Months Period Ended March 31, 2022

9.2 The Modaraba has entered into various Ijarah agreements for periods ranging from 2 to 6 years (June 30, 2021: 2 to 6 years). Security deposits ranging between 0% to 55% (June 30, 2021: 0% to 55%) are obtained at the time of disbursement. The rate of profit implicit in Ijarah finance ranges between 9.90% to 17.76% (June 30, 2021: 9.25% to 13.74%) per annum.

9.3 Ijarah includes Rs. 65.67 million (June 30, 2021: Rs. 66.81 million) which have been placed under non-performing status.

9.4 The Modaraba has availed the benefit of forced sale value of assets held as collateral against non-performing Ijarah as allowed under the Modaraba Regulations, 2021 issued by the SECP. Had the benefit not been taken by the Modaraba, the specific provision against non-performing Ijarah would have been higher by Rs. 27.97 million (June 30, 2021: Rs. 27.97 million).

10. FIXED ASSETS IN OWN USE

	(Un-audited) March 31, 2022	(Audited) June 30, 2021
	----- (Rupees) -----	
Tangible assets	19,328,362	4,124,742
Intangible assets	-	121,323
	<u>19,328,362</u>	<u>4,246,065</u>

10.1 During the nine months period ended March 31, 2022, additions amounting to Rs. 17.727 million (March 31, 2021 : Rs. 1.253 million) and disposals amounting to Rs. 0.737 million (March 31, 2021 : Nil) were made to the tangible fixed assets in own use.

	(Un-audited) March 31, 2022	(Un-audited) March 31, 2021
	----- (Rupees) -----	
Additions at cost during the period		
- Lease hold improvements	920,703	-
- Furniture and fittings	1,680,537	-
- Office equipment, appliances and computer systems	15,125,654	1,252,565
	<u>17,726,894</u>	<u>1,252,565</u>
Disposals at cost during the period		
- Furniture and fittings	347,031	-
- Office equipment, appliances and computer systems	390,444	-
	<u>737,475</u>	<u>-</u>

11. TERM FINANCE ARRANGEMENTS

Note

	(Un-audited) March 31, 2022	(Audited) June 30, 2021
	----- (Rupees) -----	
Musharaka / Wakala finance	1,214,487,165	1,397,550,316
Less: current portion of musharaka term finance	(515,885,663)	(385,438,066)
Long-term portion of term finance arrangements	<u>698,601,502</u>	<u>1,012,112,250</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Nine Months Period Ended March 31, 2022

11.1 Musharaka / Wakala Finance

Name of bank	Facility limit		Profit rate (per rupee one thousand per day)		Frequency of profit payment	Tenor		Balance outstanding	
	As at March 31, 2022 (Un-audited)	As at June 30, 2021 (Audited)	During the period ended March 31, 2022 (Un-audited)	During the year ended June 30, 2021 (Audited)		March 31, 2022 (Un-audited)	June 30, 2021 (Audited)	As at March 31, 2022 (Un-audited)	As at June 30, 2021 (Audited)
	----- (Rupees) -----							----- (Rupees) -----	
Bank Alfalah Limited	306,250,000	350,000,000	0.2268-0.3405	0.2151-0.2216	Quarterly	3 years	3 years	306,250,000	350,000,000
Allied Bank Limited	800,000,000	800,000,000	0.2178-0.3052	0.2151-0.2323	Quarterly	3-5 years	3-5 years	558,857,507	649,841,035
Pakistan Mortgage Refinance Company Limited	349,379,658	397,709,281	0.1786	0.1644-0.1786	Quarterly	5 years	5 years	349,379,658	397,709,281
								1,214,487,165	1,397,550,316

11.2 These carry profit at rates ranging between 6.52% to 12.43% (June 30, 2021: 6.52% to 8.48%) per annum.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

There were no contingencies outstanding as at March 31, 2022 and June 30, 2021.

12.2 Commitments

Outstanding letters of comfort as at March 31, 2022 amounts to Rs. 109.765 million (June 30, 2021: Rs. 57.496 million).

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

During 2013, the Sindh Revenue Board (SRB) levied Sindh sales tax on management remuneration, which is paid by the Modaraba to its Management Company under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, treating it as a fee and chargeable under the Sindh Sales Tax Act, 2011. The Modaraba, however, considers that the management remuneration is an allocation of profit under the Shariah principle of "Modaraba" and therefore does not qualify to be treated as a fee and therefore does not attract any services sales tax.

Pursuant to Order number SRB-COM-I/AC-V/Mgt/SCSOP/5878/2012 of the SRB dated April 22, 2013 issued to the Management Company, the Modaraba has recorded a provision in respect of Sindh sales tax on Management Company's remuneration at applicable rates with effect from November 1, 2011. The Management Company had filed an appeal before the Appellate Tribunal SRB against this order. The Appellate Tribunal SRB through its order dated February 19, 2016 allowed the appeal and set aside the order-in-original and order-in-appeal and remanded back the case to the assessing officer for re-assessment. Thereafter, on April 8, 2016, the assessing officer issued a fresh notice to the Management Company contending that sales tax on the Management Company's remuneration is applicable. Against the notice, the Management Company has filed an appeal before the Honorable Sindh High Court. As an interim relief, the Court vide its Order dated October 13, 2016 has stopped the assessing authorities to pass any final order till the culmination of its proceedings. The interim relief was reconfirmed by the Court in its Order dated November 5, 2018. The case is pending to date. However, the Modaraba has continued to recognise the provision for services sales tax on the Management Company's remuneration.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Nine Months Period Ended March 31, 2022

14 PROVISION FOR WORKERS' WELFARE FUND

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay to Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income.

The Sindh Revenue Board (SRB) vide letter no. SRB/DC-A(W)/2017/Rep/4760 dated January 16, 2017 had advised the Modaraba to pay off all its liabilities falling due under SWWF Act. The management considered that SWWF Act is limited only to the province of Sindh and till the time there is any mechanism available for apportionment of total income relevant to province of Sindh, no SWWF liability to SRB can be paid out. On these grounds, foreseeing the expected WWF demand and penal actions from SRB, the Modaraba had filed a Constitutional Petition (CP) No. CP.D.3879/2017 with the Honorable Sindh High Court. On March 16, 2020, an interim order was issued by the Honorable Sindh High Court whereby it was instructed to deposit the SWWF liability either with SRB or Nazir as appointed by the Court. During the year ended June 30 2021, the Modaraba has deposited the SWWF amounting to Rs. 7.18 million with SRB, calculated on a proportionate basis and as advised by its legal counsel and consistent with the grounds adopted by the Modaraba in its petition. The management has provided for SWWF liability for the period from January 1, 2014 to March 31, 2022 in these condensed interim financial statements on a prudent basis.

15. TAXATION

- Current
- Deferred

	(Un-audited) Nine months period ended March 31, 2022	(Un-audited) Nine months period ended March 31, 2021
	----- (Rupees) -----	
	35,583,615	-
	(5,421,991)	-
	30,161,624	-

- 15.1 During the year ended June 30, 2021, the income of non-trading modaraba was made taxable through the Tax Laws (second) amendment ordinance, 2021. Based on the advice of the tax advisor, the management was of the view that the taxability on income will be effective from July 1, 2021. Accordingly, the management has recognised a provision for taxation amounting to Rs. 35.58 million for the nine months period ended March 31, 2022.

16. EARNINGS PER CERTIFICATE - BASIC AND DILUTED

Diluted earnings per certificate has not been presented as the Modaraba does not have any convertible instruments in issue as at March 31, 2022 and March 31, 2021 which would have any effect on the earnings per certificate if the option to convert is exercised.

17. RELATED PARTY TRANSACTIONS

The related parties of the Modaraba comprise of the management company and its holding company, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties other than those which have been specifically disclosed elsewhere in these condensed interim financial statements and 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 CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Nine Months Period Ended March 31, 2022

	(Un-audited) Nine months period ended March 31, 2022	(Un-audited) Nine months period ended March 31, 2021
OLP Financial Services Pakistan Limited		
(formerly ORIX Leasing Pakistan Limited) -		
Holding Company of the Management Company		
Dividend	13,161,224	11,345,883
Allocated cost to the Modaraba for Islamabad office	400,655	498,503
Staff retirement benefits funds		
Contribution made to ORIX Modaraba - Staff Provident Fund	4,056,322	3,860,766
Contribution made to ORIX Modaraba - Staff Gratuity Fund	3,378,909	3,215,990
Reimbursement from Staff Gratuity Fund	429,703	54,648
OLP Services Pakistan (Private) Limited		
(formerly ORIX Services Pakistan (Private) Limited) -		
Management Company		
Management company's remuneration	11,964,844	10,401,464
Dividend	13,161,224	11,345,883
AWT Investments Limited (AWTIL)		
Profit on Certificate of Musharaka issued to mutual funds managed by AWTIL	-	504,551
Deposit against issuance of Certificate of Musharaka by mutual funds managed by AWTIL	77,000,000	-
Layton Rahmatulla Benevolent Trust Hospital		
Donation paid by the Modaraba	2,000,000	1,000,000
The Patients' Behbud Society for AKU		
Donation paid by the Modaraba	1,000,000	-
Directors of the Management Company		
Dividend paid to Mr. Shaheen Amin	290,000	250,000
Dividend paid to Mr. Nadim D. Khan	17,542	15,123
Key Management Personnel		
Salaries and benefits	40,996,181	37,159,142
Contribution to the staff provident fund	1,560,187	1,453,281
Contribution to the staff gratuity fund	1,299,631	1,210,566
Income earned on diminishing musharaka finances to key management personnel	3,377,912	3,781,345
Profit on redeemable capital	542,241	359,452
Number of persons	7	7

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Nine Months Period Ended March 31, 2022

	(Un-audited) March 31, 2022	(Audited) June 30, 2021
----- (Rupees) -----		
OLP Financial Services Pakistan Limited (formerly ORIX Leasing Pakistan Limited) - Holding Company of the Management Company		
Certificate capital (Certificates held : 4,538,353, June 30, 2021: 4,538,353)	45,383,530	45,383,530
OLP Services Pakistan (Private) Limited (formerly ORIX Services Pakistan (Private) Limited) - Management Company		
Certificate capital (Certificates held : 4,538,353, June 30, 2021: 4,538,353)	45,383,530	45,383,530
Remuneration payable to the Management company	11,964,844	10,401,464
Directors of the Management Company		
Certificate Capital		
Mr. Shaheen Amin (Certificates held: 100,000, June 30, 2021: 100,000)	1,000,000	1,000,000
Mr. Nadim D. Khan (Certificates held: 6,049, June 30, 2021: 6,049)	60,490	60,490
Key Management Personnel		
Accrued profit on finances under diminishing musharaka	120,382	125,665
Advance against diminishing musharaka	-	3,203,000
Profit payable on redeemable capital	451,727	237,269
Redeemable capital	13,550,000	7,050,000

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Modaraba is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

18.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Modaraba to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at March 31, 2022 and June 30, 2021, there were no financial instruments which were measured at fair values in these condensed interim financial statements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Nine Months Period Ended March 31, 2022

The following table shows the carrying amounts and fair values of all financial assets and financial liabilities, including their levels in the fair value hierarchy.

As at March 31, 2022 (Un-audited)						
Financial assets at amortised cost	Carrying value		Fair value			
	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note ----- (Rupees) -----						
Financial assets not measured at fair value	18.1.1					
Cash and bank balances	-	378,683,789	-	-	-	-
Ijarah rentals receivable	-	110,313,376	-	-	-	-
Advances, deposits and other receivables	-	332,885,216	-	-	-	-
Diminishing Musharaka	-	3,361,911,151	-	-	-	-
Net investment in Ijarah finance	-	370,000	-	-	-	-
Total	-	4,184,163,532	-	-	-	-
Financial liabilities not measured at fair value	18.1.1					
Term finance arrangements	-	1,214,487,165	-	-	-	-
Security deposits	-	580,484,563	-	-	-	-
Creditors, accrued and other liabilities	-	376,275,085	-	-	-	-
Redeemable capital	-	2,931,805,000	-	-	-	-
Unclaimed profit distribution	-	60,805,548	-	-	-	-
Advance Ijarah rentals received	-	14,059,868	-	-	-	-
Total	-	5,177,917,229	-	-	-	-

As at June 30, 2021 (Audited)						
Financial assets at amortised cost	Carrying value		Fair value			
	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Note ----- (Rupees) -----						
Financial assets not measured at fair value	18.1.1					
Cash and bank balances	-	769,029,312	-	-	-	-
Ijarah rentals receivable	-	113,500,031	-	-	-	-
Advances, deposits and other receivables	-	260,746,838	-	-	-	-
Diminishing Musharaka	-	3,326,028,937	-	-	-	-
Net investment in Ijarah finance	-	370,000	-	-	-	-
Total	-	4,469,675,118	-	-	-	-
Financial liabilities not measured at fair value	18.1.1					
Term finance arrangements	-	1,397,550,316	-	-	-	-
Security deposits	-	576,392,172	-	-	-	-
Creditors, accrued and other liabilities	-	283,159,242	-	-	-	-
Redeemable capital	-	3,250,705,000	-	-	-	-
Unclaimed profit distribution	-	57,416,286	-	-	-	-
Advance Ijarah rentals received	-	9,196,642	-	-	-	-
Total	-	5,574,419,658	-	-	-	-

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

19. SEGMENT INFORMATION

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Nine Months Period Ended March 31, 2022

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

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

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

The Modaraba also has a diversified certificate holder population. As at March 31, 2022, there were only two (June 30, 2021: two) certificate holders who individually hold equal to or more than 10% of the Modaraba's certificate capital. Their holdings were 10% and 10% (June 30, 2021: 10% and 10%) respectively.

20. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the current period.

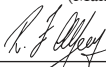
21. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on **April 25, 2022** by the Board of Directors of the Management Company.

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



Chief Executive



Director



Director



Chief Financial Officer