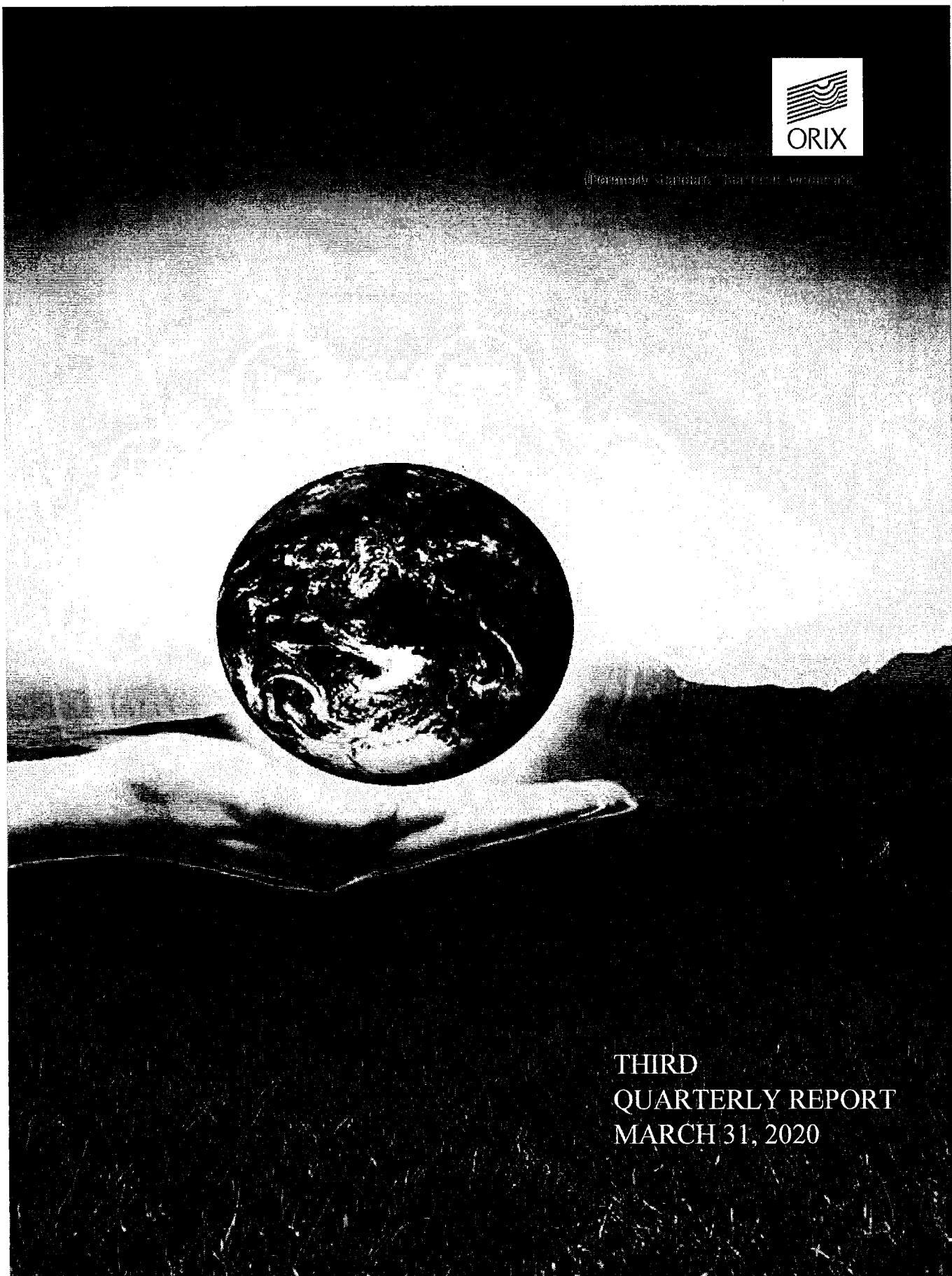




ORIX Corporation
Primary Standard, Not a Bank Account



THIRD
QUARTERLY REPORT
MARCH 31, 2020

Modaraba Information

Modaraba Company
ORIX Services Pakistan (Pvt) Limited

Directors of Modaraba Company
Mr. Shaheen Amin
Chairman

Mr. Raheel Qamar Ahmad
Managing Director/ Chief Executive Officer

Mr. Ramon Alfrey
Director

Mr. Nausherwan Adil
Independent Director

Mian Faysal Raiz
Director

Ms. Maryam Aziz
Director

Company Secretary
Mr. Muhammad Siddique

Audit Committee
Mr. Nausherwan Adil
Chairman

Mr. Ramon Alfrey
Member

Mian Faysal Raiz
Member

Risk Committee
Ms. Maryam Aziz
Chairperson

Mr. Raheel Qamar Ahmad
Member

Mr. Nausherwan Adil
Member

**Human Resource and Remuneration (HR&R)
Committee**
Mr. Nausherwan Adil
Chairman

Mr. Shaheen Amin
Member

Mr. Raheel Qamar Ahmad
Member

Shariah Advisor
Mufti Faisal Ahmed

Auditors
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)

Legal Advisors
Fazle Ghani Advocates Haider Ali Khan
Partner, Advocate High Court

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

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

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

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

ڈائریکٹرز کا جائزہ

۳۱ مارچ ۲۰۲۰ کو اختتام پذیر نومبر کی مدت کے لیے

اور کس مضامین کی انتظامی کمپنی اور کس سرورسز یا کس تان (پرائیویٹ) لیڈر کے بورڈ آف ڈائریکٹرز ۳۱ مارچ ۲۰۲۰ کو اختتام پذیر نومبر کی طے شدہ مالیاتی دستاویزات پیش کرتے ہوئے خوشی محسوس کرتے ہیں

۱. مصیبت منظر نامہ

فروری ۲۰۲۰ کے بعد COVID-19 وائرس کے تیزی سے پھیلاؤ کی وجہ سے پاکستان کی معاشی سرگرمیاں تقریباً تعطل کا شکار ہیں۔ ملک کا بیشتر حصہ جنوری طور پر بند کر دیا گیا ہے۔ غیر ضروری کاروباری اداروں کی بندش اور گھریلو سامان کی فراہمی کے سلسلے میں رکاوٹ کی وجہ سے خدمات کے سب سے بڑے شعبے ہول سیل اور ٹیلی کومنیکیٹیشن اور انٹرنیٹ اور سوشل میڈیا پر منفی اثرات مرتب ہوئے ہیں۔ مالی سال ۲۰۱۹ کی جولائی سے مارچ کی مدت کے دوران اوسط فراڈ زر ۶.۸ فیصد سے بڑھ کر مالی سال ۲۰۲۰ کی جولائی سے مارچ کی مدت کے دوران ۱۱.۸ فیصد ہو گیا۔ چونکہ انتظامی قیمتوں میں اضافے اور شرح تبادلہ کی کمی کی منتقلی کی وجہ سے ہے اسٹیٹ بینک آف پاکستان (ایس بی پی) نے اس مدت کے دوران سخت مالیاتی مؤقف برقرار رکھنے ہوئے پالیسی ریٹ کو متنوع املاط زر کی کمی کی خاطر ۱۳.۲۵ فیصد پر برقرار رکھا۔ تاہم COVID-19 وبائی مرض کے پھیلاؤ کی وجہ سے پالیسی کی شرح میں کمی ہونے اپریل ۲۰۲۰ میں ۹ فیصد کر دیا ہے۔

درآمدات میں ۱۴.۵ فیصد کمی کی بدولت کرنٹ اکاؤنٹ کا خسارہ (سی اے ڈی) مالی سال ۲۰۲۰ کی جولائی تا فروری کی مدت میں ۱ فیصد رہ گیا۔ چونکہ مالی سال ۲۰۱۹ کی اسی مدت میں ۳.۵ فیصد نقصان کثیر الجہتی ادا کیے گئے اور غیر ملکی سرمایہ کاری کی وجہ سے بیس الاقوامی ذخائر (۲۲ مارچ ۲۰۲۰ تک) ۱۳.۲ بلین امریکی ڈالر تک پہنچ گئے۔ جونہ ۳.۵ ماہ کی درآمدات کے برابر ہیں۔ زرمبادلہ کی شرح مالی سال ۲۰۲۰ کی مدت جون سے فروری کے دوران نسبتاً مستحکم رہنے کے بعد مارچ میں ۷.۳ فیصد کمی ہوئی۔ اسٹیٹ بینک آف پاکستان کے تازہ اندازے کے مطابق مالی سال ۲۰۲۰ میں اصل جی ڈی پی کی نمو ۳ فیصد ہوگی۔ رواں مالی سال ۲۰۲۰ میں کرنٹ اکاؤنٹ کا خسارہ کم ہو کر ۱.۹ فیصد رہنے کی توقع ہے۔ چونکہ درآمدات کے معاہدے برآمدات کے مقابلے میں زیادہ ہونے کی وجہ سے ہیں۔ مالی سال ۲۱ میں

میں بھی برآمدی نمونہ کی توقع ہے۔ لیکن اس کے بعد یہ مثبت ہو جائے گی۔ اسی طرح ملکی صنعتی سرگرمیوں میں اضافے کے بعد مالی سال ۲۰۲۰ میں درآمدات میں آہستہ آہستہ بحالی متوقع ہے۔ خلیج تعاون کونسل کی محنتوں کی غور میں کمی کی وجہ سے مالی سال ۲۰۲۰ اور ۲۰۲۱ میں زرمبادلہ کی ترسیلات میں کمی ہوگی۔ درمیانی مدت کے لیے کثیر الجہتی اور دو طرفہ ہماؤ میں اضافہ ایک اہم مالی وسائل ہونے کی توقع ہے۔

مالی سال ۲۰۲۰ اور ۲۰۲۱ میں مالی خسارہ بلند رہنے کی توقع ہے۔ گلوبل سرگرمیوں کے دباؤ کی وجہ سے محصول کے حصول کی کوششوں پر منفی اثر پڑے گا، جبکہ COVID-19 کے پھیلاؤ پر تالو اور معیشت کی بحالی کے اخراجات میں اضافہ ہوگا۔ بحران کے اثرات کے خاتمے کے بعد مالی سال ۲۰۲۲ سے مالی خسارے میں بہتری کی توقع ہوگی۔ البتہ پاکستان کے قرضوں سے متعلق خدشات بلند ہونے کی وجہ سے عوامی قرضہ جات اور جی ڈی پی کا تناسب درمیانی مدت میں بڑھنے اور بلند رہنے کی توقع ہے۔

ذرائع معلومات مالی بینک کی رپورٹ "پاکستان ناچائزہ اپریل ۲۰۲۰"

۲۔ مالیاتی جھلکیاں

مختصر مالیاتی جھلکیاں درج ذیل ہیں

۳۰ جون ۲۰۱۹ (روپے '۰۰۰)	۳۱ مارچ ۲۰۲۰ (روپے '۰۰۰)	گوشوارہ
۳۵۳,۸۵	۳۵۳,۸۳۵	سرٹیفکیٹ سرمایہ
۱,۱۶۰,۴۷۵	۱,۱۳۴,۱۹۸	کل پبلٹی سرمایہ (ایبویٹی)
۶,۹۶۶,۰۱۳	۶,۸۶۷,۸۸۵	کل اثاثہ جات
۳,۱۳۹,۸۸۸	۲,۹۴۸,۲۵۲	اجارہ نمائش اور اجارہ اثاثہ جات میں سرمایہ کاری
۳,۰۸۴,۶۹۰	۲,۹۹۱,۷۸۵	مصارف متناقص اور سلوگ میں سرمایہ کاری
۲,۷۸۵,۷۰۵	۳,۴۲۵,۵۰۵	قابل بازیابی سرمایہ

نومبر کی مدت	نومبر کی مدت	نفع اور نقصان
۳۱ مارچ ۲۰۱۹ (روپے '۰۰۰)	۳۱ مارچ ۲۰۲۰ (روپے '۰۰۰)	حصول آمدن (اجارہ اثاثہ جات کی فرسودگی کے بعد)
۵۰۹,۵۱۱	۷۱۲,۳۷۲	مالیاتی واجبات
۳۱۵,۵۸۳	۲۷۲,۳۶۸	پروویژن (ایورسل) پروویژن - مجموعی
(۳,۲۲۹)	۸,۶۱۹	فعال اخراجات
۱۱۲,۱۸۸	۱۳۵,۵۸۹	مضاربہ انتظامی کمپنی کے معاوضہ سے قبل ضائع
۸۵,۲۰۸	۱۰۰,۲۹۶	خالص آمدن
۷۶,۲۲۲	۸۷,۱۸۳	

۳۔ آپریشن کا جائزہ

اللہ تعالیٰ کے فضل سے، زیر جائزہ مدت کے دوران معاشی سست روی، صنعتی پھیلاؤ میں کمی اور اسلامی بینکوں کے ساتھ سخت مسابقت کے باوجود مضاربہ کی کارکردگی بہت مضبوط رہی۔ مضاربہ کی نومبر کی مدت کیلئے کل حصول آمدنی میں ۰.۶۷ فیصد اضافہ ہوا جو کہ گذشتہ سال کی اسی مدت کے ۱۵۲۱.۶۵ ملین پاکستانی روپے سے بڑھ کر ۱۵۳۱.۸۵ ملین پاکستانی روپے ہوئی۔ حصول آمدنی (اجارہ اثاثہ جات کی فرسودگی اور بشمول دیگر آمدنی) میں ۳۹.۸۱ فیصد اضافہ کے ساتھ ۵۰۹.۵۱۱ ملین پاکستانی روپے سے بڑھ کر ۷۱۲.۳۷۲ ملین پاکستانی روپے ہوئی۔ مالیاتی واجبات کے بعد کی حصول آمدنی میں ۲۳.۴۲ فیصد اضافہ کے ساتھ ۱۹۳.۹۲۷ ملین پاکستانی روپے سے بڑھ کر ۲۳۹.۵۵۴ ملین پاکستانی روپے ہوئی۔ جس کی بنیادی وجہ ریٹائی نرخوں میں اضافے کا رجحان اور مصنوعات کا بہترین مرکب تھیں جس کی وجہ سے بہتر شرح منافع حاصل ہوئی۔ انتظامی اور کاروباری اخراجات میں ۱۵.۹۶ فیصد اضافہ ہوا جو کہ ۱۱۲.۱۸۸ ملین پاکستانی روپے سے بڑھ کر ۱۳۵.۵۸۹ ملین پاکستانی روپے ہوئے۔ اس کی بنیادی وجہ مارکیٹ کے تحت عملہ کی لاگت میں اضافہ اور نئے ضوابط کی تعمیل سے منسلک لاگت ہے۔ تاہم خالص منافع میں ۱۷.۴۲ فیصد اضافہ ہوا جو کہ ۷۶.۲۲۲ ملین پاکستانی روپے سے بڑھ کر

۲۰۱۸ء میں پاکستانی روپے ہو گیا۔

اجارہ فنانس، سٹروک سرمایہ کاری اور مشارکہ تعلقہ میں سرمایہ ۵,۹۲۰ ملین پاکستانی روپے رہی جو کہ ۳ جون ۲۰۱۹ تک کے ۶,۲۲۵ ملین روپے کے مقابلے میں، نوواد کے حصہ میں ۲۰۱۷ میں ۲۰۵۷ ملین روپے کی کمی کو ظاہر کرتی ہے۔ زیر جائزہ مدت کے دوران دفناریہ نے ۲۰۱۵ء میں پاکستانی روپے کی نئی سرمایہ کاری کی جو کہ پچھلے سال کی اسی مدت کے دوران ۲,۱۰۰ ملین پاکستانی روپے تھی۔

کاروبار کو خصوصاً منتخب شرہ کلائنٹ اور اچھے ناموں کے ساتھ تعلقات قائم کرتے ہوئے چلایا گیا ہے۔ تاثر جاتی بورڈ فیلو کثیر الاقوامی، بڑے اور درمیانی حجم کے مقامی ادارے اور منتخب کردہ SME سے تعلقات کا بہتر مرکب ہے۔

اور کس دفناریہ خطراتی امکانات اور اس کی نگرانی بہت دانشمندی سے کرتی ہے۔ قرض خواہ کی طرف سے جاتی کوائف بشمول واپسی ادائیگی کی صلاحیت کی تشخیص سرمایہ کاری سہولت کی منظوری کے وقت کی جاتی ہے اور باقاعدگی سے نگرانی جاتی ہے۔ مزید یہ کہ بورڈ فیلو انتظامیہ اور قبل از وقت پیشاب کرنے والی کمیٹیاں موجود ہیں۔ جو بورڈ فیلو کی نگرانی کرنے اور کس غیر متوقع ناخوشگوار منظر نامے سے بروقت آگاہ رہنے کو یقینی بنانے کی ذمہ دار ہیں۔

۲۰۱۹-COVID کے ممکنہ اثرات

چنانچہ مالیاتی دستاویزات کے نوٹ نمبر ۱۸ میں بیان کیا گیا ہے کہ COVID-19 کے پھیلاؤ کو کم کرنے کے اقدامات نے پاکستان کی معیشت کو نمایاں طور پر متاثر کیا ہے۔ دنیا بھر کے انتظامی اداروں اور حکومتوں نے اس کے اثرات کو کم کرنے کے لیے مالی اور معاشی اقدامات متعارف کرائے ہیں۔ معلوم اثرات کے علاوہ، معاشی غیر یقینی صورتحال معاشی سرگرمیوں میں رکاوٹ پیدا کرنے کا سبب بنی ہیں، اور بیماری کا دوبارہ اس کے کیا طویل مدتی اثرات ہوں گے ابھی یہ معلوم نہیں ہے۔ اس وبائی مرض کا دائرہ کار اور دورانیہ ابھی غیر یقینی ہے۔ البتہ اس کے دوبارے کا دوبارہ پر مزید اثر پڑنے کی توقع ہے COVID-19 کے حوالے سے موجودہ غیر یقینی صورت حال کے نتیجے میں بے روزگاری اور اہم خدمات میں آٹانوں کا بحیال اور کرپٹ ریسک، لیکویڈیٹی پنچٹ اور آپریشن شامل ہیں۔ ان کی مختصر مدد مالی دستاویزات کے نوٹ نمبر ۱۸

میں کی گئی ہے۔ ہم نے اس بات کو یقینی بنانے کے لیے پوری طرح تیار ہو۔

ایسٹ بینک آف پاکستان (ایس بی پی) نے مارچ اور اپریل ۲۰۲۰ کے مہینوں میں بالسی شرح میں ۲۲۵ بنیادی پوائنٹس کمی کرتے ہوئے ۹ فیصد کر دیا ہے۔ اور بینکاری نظام کو مستحکم رکھنے اور معاشی سرگرمیوں کو برقرار رکھنے کے لیے ریگولیٹری اقدامات متعارف کروائے ہیں۔ دوسری طرف سیکورٹیز اینڈ ایکسچین کمیشن آف پاکستان (ایس ای سی پی) نے بذریعہ سرٹیفیکٹ ۱۵ آف ۲۰۲۰ بتاریخ ۲۴ اپریل ۲۰۲۰ حصاروں کو ان کے کلائنٹس کی مالی ذمہ داریوں کے سلسلے میں پرنسپل کی ادائیگی کو ایک سال تک مؤخر کرنے کی اجازت دی ہے اور حصارین ایک سال سے زائد مدت کے لیے پرنسپل کی ادائیگی کے لیے تو بیع درکار ہے ان کے لیے تنظیم نواری شیڈول فنانش کے ریگولیٹری معیار میں ترقی کی ہے۔

آپ کا ادارہ اس صورت حال پر کٹری نظر رکھ کر سوچے ہے۔ اور اس نے ادارہ کے عملے کی حفاظت اور اپنے صارفین کی بلا تعلق خدمات کو یقینی بنانے کے لیے ضروری اقدامات کیے ہیں۔ ادارہ کی سینئر انتظامیہ اس صورت حال کی منتقلی ٹھکانی کر رہی ہے۔ اور کسی بھی خدشات کے حل کے لیے بروقت فیصلہ کر رہی ہے۔ عملے کی حفاظت اور بحال اور صارفین کو بلا تعلق خدمات کو یقینی بنانے کے لیے مضبوط معیاری آپریٹنگ طریقہ کار (ایس او پی) وضع کیا اور لاگو کیے ہیں۔ نہایت اہم عملے کی دور دراز سے کام کرنے کی صلاحیت کو لاگو کیا ہے۔ اور اس سے متعلقہ دستک اور کنٹرول کے اقدامات کا جائزہ لیا گیا تاکہ اس بات کو یقینی بنایا جاسکے کہ ورچوئل پرائیویٹ نیٹ ورک (دی جی این) کا استعمال مکمل طور پر محفوظ ہے۔ آپ کا ادارہ، جیسے نارمل حالات میں تمام اسٹیک ہولڈرز کی توقعات پر پورا اترتا رہے گا۔

۵۔ کوویڈ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لیمیٹڈ (پی اے سی آر اے) نے آپ کے ادارہ کی درجہ بندی کو طویل المدت اور قلیل المدت کے لیے بالترتیب AA (طویل مدتی) اور A1+ (اے ون پلس) پر برقرار رکھا ہے۔ یہ درجہ بندی قرضہ جاتی خطرے کی توقع میں کمی اور مالیاتی معیارات کی بروقت ادائیگی کے لیے بہت مضبوط صلاحیت کی نشاندہی کرتی ہے۔

۶. التراف

یہ لورڈ ضیا بھنگارا داروں، سرٹیفیکیٹ حاصلین، صارفین اور کاروباری شرکات داران کی حمایت کو سراہتا ہے۔ اور مستقبل میں ان کی حمایت کا متحنی ہے۔

ریمین الغری

ڈائریکٹر

راحمیل قمر احمد

منجنگ ڈائریکٹر/سی ای او

کراچی ۲۷ اپریل ۲۰۲۰



Directors' Review
For the period ended March 31, 2020

The Board of Directors of ORIX Services Pakistan (Private) Limited, the management company of ORIX Modaraba is pleased to present the unaudited accounts for the nine months period ended March 31, 2020.

1. Economic Outlook

The rapid spread of the COVID-19 virus since February 2020 has brought Pakistan's economic activity to a near-halt. Most of the country has been placed under a partial lockdown. The closure of non-essential businesses and domestic supply chain disruptions are having a significant impact on wholesale and retail trade and transport, storage and communication, the largest sub-sectors of the services sector.

Average inflation increased to 11.8 percent during Jul-Mar FY20 (from 6.8 percent in Jul-Mar FY19) reflecting upward adjustments in administrated prices and exchange rate depreciation pass-through. The State Bank of Pakistan (SBP) maintained a tight monetary stance during this period, keeping the policy rate at 13.25 percent to dampen inflationary expectations. However, as the COVID-19 pandemic spread, it reduced the policy rate to 9.0 percent in April 2020.

The Current Account Deficit (CAD) narrowed to 1.0 percent of GDP in Jul-Feb FY20, from 3.5 percent in the same period in FY19, thanks to a 17.5 percent decline in goods imports. This, with large multilateral disbursements and higher foreign investment flows, helped shore up gross international reserves to US\$13.2 billion (as of March 27th, 2020)—or equivalent to 3.5 months of imports. The exchange rate, which had remained relatively stable through June-February FY20, depreciated by 7.3 percent in March. The latest SBP projection for Real GDP growth was also contracted to 3.0 percent in FY 20. The current account deficit is projected to narrow to 1.9 percent in FY20, as imports contract more than exports. Export growth is expected to remain negative in FY21 but to subsequently rebound. Similarly, imports are expected to recover slowly from FY22 onwards, as domestic industrial activities pick up. Remittances are expected to contract in FY20 and FY21, respectively, due to lower growth in the Gulf Cooperation Council economies. Increased multilateral and bilateral flows are expected to be the main financing sources over the medium-term.

The fiscal deficit is expected to remain elevated in FY20 and FY21. Revenue mobilization efforts will be negatively impacted by subdued domestic activity, while expenditures will increase to contain the spread of COVID-19 and support the economy. The fiscal deficit is expected to fall gradually by FY22 as the impact of the crisis tapers-off. However, the public debt-to-GDP ratio is expected to increase and remain elevated over the medium-term, with Pakistan's exposure to debt-related shocks remaining high.

Source of information is World Bank Report "Pakistan Overview April 2020."

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A handwritten signature in black ink, appearing to be a stylized name or set of initials.

2. Financial Highlights

Financial results are summarized as under:

	March 31, 2020 (PKR '000')	June 30, 2019 (PKR '000')
Balance Sheet		
Certificate capital	453,835	453,835
Total equity	1,134,198	1,160,475
Total assets	6,867,885	6,966,013
Investment in Ijarah finance and Ijarah Assets	2,948,252	3,139,888
Investments in Diminishing Musharika and Sukuks	2,991,785	3,084,690
Redeemable capital	3,425,505	2,785,705
	Nine months ended March 31, 2020 (PKR '000')	Nine months ended March 31, 2019 (PKR '000')
Profit and Loss		
Revenue (net of Ijarah assets depreciation)	712,372	509,511
Financial charges	473,368	315,584
Provision / (reversal) of provisions – net	8,619	(3,669)
Operating expenses	130,089	112,188
Profit before modaraba management company's remuneration	100,296	85,408
Net profit	87,183	74,242

3. Review of Operations

By the Grace of Allah, your Modaraba's performance during the period under review continued to be strong in spite of economy slowdown, reduction in industry spreads and stiff competition with Islamic banks. The Modaraba's gross revenue for the nine months period increased by 0.67% from PKR 1,521.60 million to PKR 1,531.85 million compared to corresponding period of last year. Revenue (net of Ijarah assets depreciation and including other income) increased by 39.81% from PKR 509.511 million to PKR 712.372 million compared to the corresponding period of last year. Whereas revenue net of financial charges increased by 23.24% from PKR 193.927 million to PKR 239.004 million compared to the corresponding period last year. This was achieved mainly due to upward movement in discount rate during the period and better mix of portfolio resulting in better profit rates. Administrative and operating expenses increased by 15.96% from PKR 112.188 million to PKR 130.089 million mainly due to staff cost in line with



the market and cost associated with the process alignment for compliance of new regulations. Net profit however, increased by 17.43% from PKR 74.242 to PKR 87.183 million.

The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at PKR 5,940 million compared to PKR 6,225 million as at June 30, 2019, showing a decrease of 4.57% during nine months period. During the period under review, the Modaraba booked fresh disbursements to the tune of Rs. 1,715 million as compared to Rs. 2,100 million during the corresponding period last.

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 corporate and selective SME relationships.

ORIX 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 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. The potential impact of COVID-19

As explained in Note 18 in the financial statements, the COVID – 19 and the measures to reduce its spread has impacted the economy of Pakistan significantly. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. In addition to the already known effects, the macroeconomic uncertainty causes disruption to economic activity and it is unknown what the longer-term impact on our business may be. The scale and duration of this pandemic remain uncertain but is expected to further impact our business. The main risks that result from the current uncertain situation regarding COVID-19 include asset quality and credit risk, liquidity management and operations. These are briefly explained in the Note 18 in the financial statement. We have taken extraordinary measures to ensure that the Modaraba remains liquid and fully prepared to discharge all our obligations.

State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 425 basis points to 9 percent during the months of March and April 2020 and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. On the other hand, Securities and Exchange Commission of Pakistan (SECP) vide circular 15 of 2020 dated 24th April 2020 allow Modarabas to defer clients' payment of principal on finance obligations by one year and relaxing regulatory criteria for restructured/rescheduled finances for customers who require relief beyond the extension of principal repayment for one year.

Your Modaraba is closely monitoring the situation and has invoked required actions to ensure safety and security of Modaraba staff and an uninterrupted service to our customers. The senior management of the Modaraba is continuously monitoring the situation and is taking timely decisions to resolve any concerns. Robust Standard Operating Procedures (SOP) have been developed and implemented to ensure safety and security of the staff and uninterrupted service to the customers. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Your Modaraba continues to meet the expectations of all stakeholders as they would in a normal scenario.





5. 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.


6. Acknowledgement

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

Karachi: April 27, 2020



Raheel Qamar Ahmad
Managing Director/CEO



Ramon Alfrey
Director

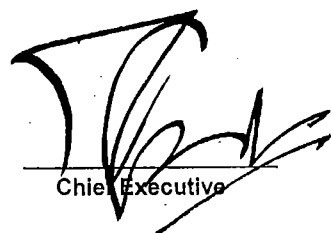
**ORIX MODARABA
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020**

ASSETS	Note	(Un-audited) March 31, 2020	(Audited) June 30, 2019
----- (Rupees) -----			
Current assets			
Cash and bank balances	5	564,177,301	432,292,749
Ijarah rentals receivable	6	139,651,005	106,243,898
Advances, deposits, prepayments and other receivables		208,022,225	185,688,009
Current portion of investment in Sukuk certificates	7	-	-
Current portion of Diminishing Musharaka	8	1,125,514,557	1,056,293,238
Net investment in Ijarah finance	9	370,000	370,000
Taxation recoverable		9,619,860	8,733,382
Total current assets		2,047,354,948	1,789,621,276
Non-current assets			
Long-term portion of investment in Sukuk certificates	7	-	-
Long-term portion of Diminishing Musharaka	8	1,866,269,946	2,028,396,990
Ijarah assets	9	2,947,882,459	3,139,517,722
Fixed assets in own use	10	6,377,307	8,477,133
Total non-current assets		4,820,529,712	5,176,391,845
TOTAL ASSETS		6,867,884,660	6,966,013,121
LIABILITIES AND EQUITY			
Current liabilities			
Current maturity of term finance arrangements	11	705,024,498	832,919,998
Current maturity of security deposits		206,445,802	188,434,541
Creditors, accrued and other liabilities		350,714,382	345,197,941
Advance Ijarah rentals received		20,995,544	36,404,859
Current portion of redeemable capital		3,386,705,000	2,747,955,000
Unclaimed profit distribution		59,761,207	55,752,238
Total current liabilities		4,729,646,433	4,206,664,577
Non-current liabilities			
Long-term portion of term finance arrangements	11	533,533,154	1,100,751,879
Long-term portion of security deposits		431,707,359	460,371,219
Long-term portion of redeemable capital		38,800,000	37,750,000
Total non-current liabilities		1,004,040,513	1,598,873,098
TOTAL LIABILITIES		5,733,686,946	5,805,537,675
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
<i>Authorised certificate capital</i>			
50,000,000 (June 30, 2019: 50,000,000) certificates of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid-up certificate capital			
28,500,000 (June 30, 2019: 28,500,000) certificates of Rs. 10 each fully paid in cash		285,000,000	285,000,000
16,883,530 (June 30, 2019: 16,883,530) bonus certificates of Rs. 10 each		168,835,300	168,835,300
		453,835,300	453,835,300
Unappropriated profit		123,130,566	153,767,466
Other reserves		557,231,848	552,872,680
		1,134,197,714	1,160,475,446
TOTAL LIABILITIES AND EQUITY		6,867,884,660	6,966,013,121
CONTINGENCIES AND COMMITMENTS			

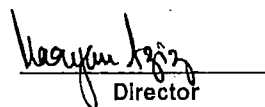
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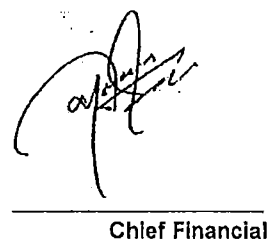
The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

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


Chief Executive


Director


Director

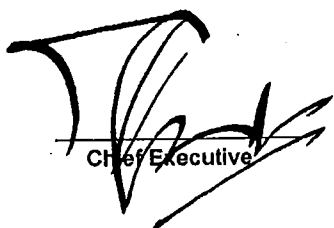

Chief Financial

ORIX MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

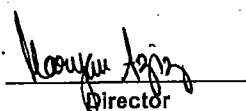
	Note	Nine months period ended March 31, 2020	Nine months period ended March 31, 2019	Three months period ended March 31, 2020	Three months period ended March 31, 2019
----- (Rupees) -----					
Ijarah rentals earned		1,137,853,736	1,276,816,518	376,112,258	446,613,515
Income on Diminishing Musharaka arrangements		353,218,680	232,054,957	121,952,551	90,625,468
Income on deposits with banks		40,777,964	12,731,173	14,154,236	3,851,297
		<u>1,531,850,380</u>	<u>1,521,602,648</u>	<u>512,219,045</u>	<u>541,090,280</u>
Financial charges		(473,367,647)	(315,583,932)	(160,493,721)	(125,804,419)
Depreciation on assets under Ijarah arrangements		(868,098,388)	(1,047,842,432)	(286,487,510)	(360,160,997)
		<u>190,384,345</u>	<u>158,176,284</u>	<u>65,237,814</u>	<u>55,124,864</u>
(Provision) / reversal of provision in respect of Ijarah finances		-	2,183,652	23,866	537,385
(Provision) / reversal of provision in respect of Diminishing Musharaka		(8,618,710)	1,485,402	-	-
		<u>181,765,635</u>	<u>161,845,338</u>	<u>65,261,680</u>	<u>55,662,249</u>
Other income		48,619,764	35,750,804	11,983,988	20,623,894
Administrative and operating expenses		(130,089,326)	(112,187,781)	(46,379,002)	(39,448,833)
		<u>100,296,073</u>	<u>85,408,361</u>	<u>30,866,666</u>	<u>36,837,310</u>
Management Company's remuneration		(10,029,607)	(8,540,836)	(3,086,666)	(3,683,731)
Provision for services sales tax on Management Company's remuneration	13	(1,303,849)	(1,110,309)	(401,267)	(478,885)
Provision for Workers' Welfare Fund	14	(1,779,252)	(1,515,144)	(547,574)	(653,494)
		<u>87,183,365</u>	<u>74,242,072</u>	<u>26,831,159</u>	<u>32,021,200</u>
Profit for the period before taxation		<u>87,183,365</u>	<u>74,242,072</u>	<u>26,831,159</u>	<u>32,021,200</u>
Taxation	15	-	-	-	-
		<u>87,183,365</u>	<u>74,242,072</u>	<u>26,831,159</u>	<u>32,021,200</u>
Profit for the period after taxation		<u>87,183,365</u>	<u>74,242,072</u>	<u>26,831,159</u>	<u>32,021,200</u>
Other comprehensive income for the period		-	-	-	-
		<u>87,183,365</u>	<u>74,242,072</u>	<u>26,831,159</u>	<u>32,021,200</u>
Total comprehensive income for the period		<u>87,183,365</u>	<u>74,242,072</u>	<u>26,831,159</u>	<u>32,021,200</u>
Earnings per certificate - basic and diluted	16	<u>1.92</u>	<u>1.64</u>	<u>0.59</u>	<u>0.71</u>

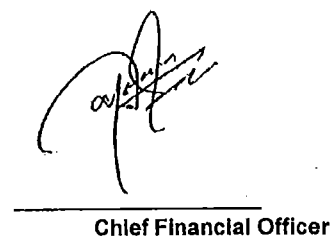
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For ORIX Services Pakistan (Private) Limited
(Management Company of ORIX MODARABA)


Chief Executive


Director


Director


Chief Financial Officer

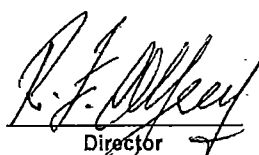
ORIX MODARABA
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

Note	Nine months period ended March 31, 2020	Nine months period ended March 31, 2019
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	87,183,365	74,242,072
Adjustments for non-cash and other items:		
Depreciation / amortisation on fixed assets in own use	3,669,484	8,087,802
Depreciation on Ijarah assets	868,098,388	1,047,842,432
Gain on disposal of Ijarah assets	(31,408,116)	(20,769,066)
Provision / (reversal of provision) in respect of Ijarah finances - net	-	(2,183,652)
Provision / (reversal of provision) in respect of Diminishing Musharaka	8,618,710	(1,485,402)
Income on deposits with bank	(40,777,964)	(12,731,173)
Profit on:		
- Redeemable capital	280,461,749	182,125,972
- Term finance arrangements	175,820,438	120,814,469
Provision for services sales tax on Management Company's remuneration	1,779,252	1,110,309
Provision for Workers' Welfare Fund	1,303,849	1,515,144
	<u>1,267,565,790</u>	<u>1,324,326,835</u>
	1,354,749,155	1,398,568,907
(Increase) / decrease in assets		
Advances, deposits, prepayments and other receivables	(19,425,966)	(36,334,462)
Ijarah rentals receivable	(33,407,107)	(15,881,774)
Diminishing Musharaka	84,287,015	(276,307,605)
Purchase of assets under Ijarah arrangements	(1,146,989,333)	(1,374,177,327)
Proceeds from disposal of assets under Ijarah arrangements	501,934,325	417,216,650
	<u>(613,601,066)</u>	<u>(1,285,484,518)</u>
Increase / (decrease) in liabilities		
Creditors, accrued and other liabilities	(16,585,206)	24,288,266
Advance Ijarah rentals received	(15,409,315)	23,273,814
Security deposits	(10,652,599)	47,803,971
	<u>(42,647,120)</u>	<u>95,366,051</u>
	698,500,969	208,450,440
Profit paid on		
- Redeemable capital	(257,623,370)	(128,262,785)
- Term finance arrangements	(179,640,272)	(108,096,059)
	<u>(437,263,642)</u>	<u>(236,358,844)</u>
Taxes paid	(886,478)	(1,742)
Net cash generated from / (used in) operating activities	<u>260,350,849</u>	<u>(27,910,146)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,569,658)	(1,394,061)
Income on deposits with bank	37,869,714	12,698,974
Net cash generated from Investing activities	<u>36,300,056</u>	<u>11,304,913</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Redeemable capital less repayments	639,800,000	(223,375,000)
Term finance less repayments	(695,114,225)	311,960,314
Profit paid to certificate holders	(109,452,128)	(106,801,363)
Net cash generated from financing activities	<u>(164,766,353)</u>	<u>(18,216,049)</u>
Net Increase / (decrease) in cash and cash equivalents	<u>131,884,552</u>	<u>(34,821,282)</u>
Cash and cash equivalents at the beginning of period	432,292,749	409,085,082
Cash and cash equivalents at end of the period	<u>564,177,301</u>	<u>374,263,800</u>

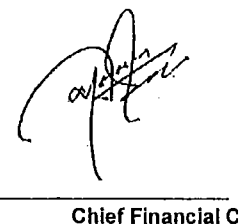
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For ORIX Services Pakistan (Private) Limited
(Management Company of ORIX MODARABA)


Chief Executive


Director


Director


Chief Financial Officer

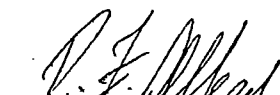
ORIX MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

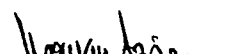
	Reserves				Total	
	Paid-up certificate capital	Premium on modaraba certificates	Statutory reserve	Unappropriated profit		Sub-total
	(Rupees)					
Balance as at June 30, 2018	453,835,300	55,384,700	491,185,149	147,475,214	694,045,063	1,147,880,363
Total comprehensive income for the period						
- Profit for the nine months period ended March 31, 2019	-	-	-	74,242,072	74,242,072	74,242,072
- Other comprehensive income for the nine months period	-	-	-	-	-	-
	-	-	-	74,242,072	74,242,072	74,242,072
Transfer to statutory reserve	-	-	3,712,104	(3,712,104)	-	-
Profit distribution for the year ended June 30, 2018 @ Rs. 2.5 per certificate	-	-	-	(113,461,545)	(113,461,545)	(113,461,545)
Balance as at March 31, 2019	453,835,300	55,384,700	494,897,253	104,543,637	654,825,590	1,108,660,890
Balance as at June 30, 2019	453,835,300	55,384,700	497,487,980	153,767,466	706,640,146	1,160,475,446
Total comprehensive income for the period						
- Profit for the nine months period ended March 31, 2020	-	-	-	87,183,365	87,183,365	87,183,365
- Other comprehensive income for the nine months period	-	-	-	-	-	-
	-	-	-	87,183,365	87,183,365	87,183,365
Transfer to statutory reserve	-	-	4,359,168	(4,359,168)	-	-
Profit distribution for the year ended June 30, 2019 @ Rs. 2.5 per certificate	-	-	-	(113,461,097)	(113,461,097)	(113,461,097)
Balance as at March 31, 2020	453,835,300	55,384,700	501,847,148	123,130,566	680,362,414	1,134,197,714

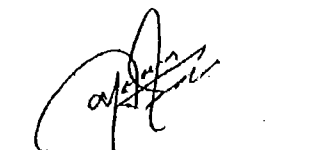
The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

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


Chief Executive


Director


Director


Chief Financial Officer

**ORIX MODARABA
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020**

1. STATUS AND NATURE OF BUSINESS

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

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

The Modaraba is a perpetual Modaraba and is primarily engaged in financing of plant and machinery, motor vehicles (both commercial and private), computer equipment and housing under the modes of Ijarah (Islamic leasing) and Diminishing 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 and short term rating of A1+ to the Modaraba on March 24, 2020.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Where the provisions of and directives issued under the Companies Act 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and the Prudential Regulation for Modarabas and IFASs differ with the requirements of IAS 34, the provision of and directives issued under the Companies Act, 2017 the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and the Prudential Regulations for Modarabas and IFASs have been followed.

b) **Applicability of International Accounting Standard (IAS) 17 'Leases' and Islamic Financial Accounting Standard (IFAS) 2 'Ijarah'**

SECP vide its circular No. 10 of 2004 dated February 13, 2004 had deferred, till further orders, the applicability of International Accounting Standard (IAS) 17 "Leases" on modarabas with effect from July 1, 2003 and advised the management companies of modarabas that they may continue to prepare the financial statements of the modarabas without applying the requirements of IAS 17. Currently, lease transactions (both for assets given and assets obtained) are being accounted for in accordance with the requirements of IFAS 2 as explained below.

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

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

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 March 9, 2009, allowed that in case of Modarabas, IFAS 2 shall be applied for Ijarah transactions executed on or after July 01, 2008. Accordingly, the Modaraba has accounted for leasing transactions executed before July 01, 2008 as finance leases and has treated the leasing transactions executed on or after July 1, 2008 in accordance with the requirements of IFAS 2.

- 2.2 These condensed interim financial statements do not include all the information 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, 2019.
- 2.3 These condensed interim financial statements are unaudited.
- 2.4 IFRS 9: "Financial Instruments"; is applicable effective from July 1, 2018. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach.

The SECP has deferred the applicability of IFRS 9 for provision against financings made by Modaraba in the financial statements for the year ended June 30, 2019 and required the Modaraba to follow all other requirements of IFRS 9. The Modaraba had adopted all requirements of IFRS 9 and had determined the provision in respect of financings as per the requirements of the Prudential Regulations.

During the current period, the SECP has deferred the applicability of IFRS 9 for Modarabas upto June 30, 2020. However, as mentioned above the Modaraba had already adopted all other requirements of IFRS 9 except for provision against financings last year therefore, the Modaraba has continued same practice during the current period as well. The provision against financings has been determined in accordance with the requirements of the Prudential Regulations.

2.5 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.

2.6 Significant accounting estimates and judgements

The preparation of these condensed interim financial statements require 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 these condensed interim financial statements the significant judgements made by the management in applying the Modaraba's accounting policies and the key sources of estimates and uncertainty were the same as those that were applied to the financial statements for the year ended June 30, 2019.

3. Significant Accounting Policies

- 3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Modaraba as at and for the year ended June 30, 2019 except for the adoption of new standard as referred to in note 3.2 to these condensed interim financial statements.

3.2 Standards, Interpretations and amendments to published accounting and reporting standards adopted by the Modaraba during the current period

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017, and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 1, 2019:

- IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard; IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases. The Modaraba has adopted IFRS 16 with effect from July 1, 2019. However, there is no impact on these condensed Interim financial statements as a result of adoption of IFRS 16 as the leases are either of short term or low value.

There are other certain new and amended standards, interpretations and amendments that are mandatory for the Modaraba's accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or do not have any significant effect on the Modaraba's operations and are therefore not detailed in these condensed interim financial statements.

4. GOING CONCERN ASSUMPTION

After the declaration of outbreak of Novel Corona Virus (the Covid -19) as Pandemic in March 2020, the overall global economic situation have significantly been affected due to containment and mitigation measures that have been recommended and adopted worldwide. In Pakistan, Government has also put in place strict measures and restrictions to avoid the potential risk of mass spread of COVID-19 within the country. Such measures mainly includes major businesses lockdown, maintaining social distancing among citizens, restrictions on travelling and transportation, etc. These restrictions have been resulted in the significant decline in the scale of overall commercial activities that has in turn affected the financial markets. In light of the financial and operational risks to which ORIXM is exposed due to COVID 19, the management has assessed the Going Concern assumption of the Modaraba at the date of financial position to these interim condensed financial statements which are explained in detail in Note 18 to these financial statements. These condensed interim financial statements have been prepared on "Going-Concern" basis based on the management assessment with respect to the credit quality of its advances portfolio, overall liquidity position and business operations.

	Note	(Un-audited) March 31, 2020	(Audited) June 30, 2019
------(Rupees)-----			
5. CASH AND BANK BALANCES			
Balances with banks			
- in current accounts		3,420,071	100,437,077
- in deposit accounts	5.1	560,655,821	331,804,363
Balance with State Bank of Pakistan		51,549	1,549
Cash in hand		49,860	49,760
		<u>564,177,301</u>	<u>432,292,749</u>

- 5.1 These carry profit at rates ranging from 5.5% - 12.75% per annum (June 30, 2019: 3.59% - 10%). The balances with banks in deposit accounts and term deposits have been kept in order to comply with the requirements of guidelines issued by the Securities and Exchange Commission of Pakistan (SECP) with respect to the maintenance of prescribed liquidity against the Certificates of Musharaka issued by the Modaraba.

	Note	(Un-audited) March 31, 2020	(Audited) June 30, 2019
------(Rupees)-----			
6. IJARAH RENTALS RECEIVABLE			
Ijarah rentals receivable - considered good		114,322,406	106,243,898
Ijarah rentals receivable - considered bad or doubtful		55,492,350	23,730,367
Less: allowance for potential Ijarah losses	6.1	(5,505,480)	(5,505,480)
Less: profit held in suspense	6.2	(24,658,271)	(18,224,887)
		25,328,599	-
		<u>139,651,005</u>	<u>106,243,898</u>

6.1 Allowance for potential Ijarah losses

Opening balance	5,505,480	7,998,229
Charge / (reversal) for the period / year	-	(2,492,749)
Closing balance	<u>5,505,480</u>	<u>5,505,480</u>

6.2 Profit held in suspense

Opening balance	18,224,887	18,651,654
Income suspended during the period	6,433,384	25,037
Suspended income reversed during the period	-	(451,804)
Closing balance	<u>24,658,271</u>	<u>18,224,887</u>

7. INVESTMENT IN SUKUK CERTIFICATES

Held-to-maturity investments

Investment in Sukuk certificates	57,701,835	57,701,835
Less: Provision in respect of Sukuk certificates	(57,701,835)	(57,701,835)
	-	-
Less: Current portion of investment in Sukuk Certificates	-	-
	<u>-</u>	<u>-</u>

	Note	(Un-audited) March 31, 2020	(Audited) June 30, 2019
8. DIMINISHING MUSHARAKA		------(Rupees)-----	
- Staff			
Housing finance		88,983,751	68,792,546
Motor vehicles		31,537,477	29,390,342
Others		3,662,742	3,428,287
	8.1	<u>124,183,970</u>	<u>101,611,175</u>
- Other Customers			
Housing finance		503,547,514	593,496,094
Motor vehicles		1,172,503,489	1,091,821,401
Plant, Machinery and equipments		1,200,168,240	1,297,761,558
Less: Provision in respect of Diminishing Musharaka		(8,618,710)	-
		<u>2,867,600,533</u>	<u>2,983,079,053</u>
		<u>2,991,784,503</u>	<u>3,084,690,228</u>
Less: current portion of Diminishing Musharaka		<u>(1,125,514,557)</u>	<u>(1,056,293,238)</u>
		<u>1,866,269,946</u>	<u>2,028,396,990</u>
8.1	This includes Diminishing Musharaka facility availed by key management personnel with respect to housing finance, motor vehicles and personal finance amounted to Rs. 45.109 million (June 30, 2019: Rs.27.254 million), Rs. 8.866 million (June 30, 2019: Rs.10.166 million) and Rs. 1.142 million (June 30, 2019: Rs. 1.541 million) respectively.		
		(Un-audited) March 31, 2020	(Audited) June 30, 2019
9. NET INVESTMENT IN IJARAH FINANCE		------(Rupees)-----	
Ijarah contracts commencing on or after July 1, 2008			
- accounted for under IFAS 2		<u>2,947,882,459</u>	<u>3,139,517,722</u>
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		<u>(370,000)</u>	<u>(370,000)</u>
		<u>-</u>	<u>-</u>
9.1	During the nine months period ended March 31, 2020, additions amounting to Rs. 1,147 million (March 31, 2019: Rs. 1,374 million) and disposals amounting to Rs. 1,316 million (March 31, 2019: Rs. 1,227 million) were made to the net investments in Ijarah finance.		
		(Un-audited) March 31, 2020	(Un-audited) March 31, 2019
Ijarah Assets		------(Rupees)-----	
Additions at cost during the period / year			
- Plant, machinery and equipments		759,228,633	896,138,630
- Motor vehicles		387,760,700	478,038,697
		<u>1,146,989,333</u>	<u>1,374,177,327</u>
Disposals at cost during the period / year			
- Plant, machinery and equipments		539,121,983	307,556,705
- Motor vehicles		777,145,540	919,317,550
		<u>1,316,267,523</u>	<u>1,226,874,255</u>
		(Un-audited) March 31, 2020	(Audited) June 30, 2019
10. FIXED ASSETS IN OWN USE		------(Rupees)-----	
Tangible assets		5,887,702	7,759,459
Intangible assets		489,605	717,674
		<u>6,377,307</u>	<u>8,477,133</u>
10.1	During the nine months period ended March 31, 2020, additions amounting to Rs. 1.570 million (March 31, 2019 : Rs. 1.394 million) and deletion amounting to Rs. 0.122 million (March 31, 2019 : nil) were made to the operating fixed assets.		

	(Un-audited) March 31, 2020	(Un-audited) March 31, 2019
Additions at cost during the period / year		
- Computer equipment, appliances and systems	1,569,658	520,543
- Computer software	-	873,518
	<u>1,569,658</u>	<u>1,394,061</u>
Disposals at cost during the period	<u>122,000</u>	<u>-</u>
10.2 This pertains to advance given against purchase of computer software.		
	(Un-audited) March 31, 2020	(Audited) June 30, 2019
10. UNCLAIMED PROFIT DISTRIBUTION	----- (Rupees) -----	
	<u>59,761,207</u>	<u>55,752,238</u>
	(Un-audited) March 31, 2020	(Audited) June 30, 2019
11. TERM FINANCE ARRANGEMENTS	----- (Rupees) -----	
Musharaka term finance with other banks	1,238,557,652	1,933,671,877
Less: Current portion of musharaka term finance	<u>(705,024,498)</u>	<u>(832,919,998)</u>
	<u>533,533,154</u>	<u>1,100,751,879</u>
12. CONTINGENCIES AND COMMITMENTS		
12.1 Contingencies		
There were no contingencies outstanding as at March 31, 2020 and June 30, 2019.		
12.3 Commitments		
The outstanding value of letter of comforts issued to various commercial banks in favour of ORIXM customers amounts to Rs. 60.4 million (June 30, 2019: Rs. 119.213 million).		
13. PROVISION FOR SERVICES SALES TAX ON MANAGEMENT COMPANY'S REMUNERATION		
Pursuant to Order number SRB-COM-I/AC-V/Mgt/SCSOP/5878/2012 of the Sindh Revenue Board (SRB) dated April 22, 2013, the Modaraba has recorded a provision in respect of Sindh Sales Tax on Management Company's remuneration at applicable rates with effect from November 1, 2011. The Management Company has filed an appeal before the Appellate Tribunal SRB against this order. The Appellate Tribunal SRB through its order dated February 19, 2016 allowed the appeal and set aside the order-in-original and order-in-appeal 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. 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 provision for services sales tax on the management company's remuneration.		
14. PROVISION FOR WORKERS' WELFARE FUND		
The Sindh Revenue Board (SRB) vide letter no. SRB/DC-A(W)/2017/Rep/4760 dated January 16, 2017 has advised the Modaraba to pay off all its liabilities falling due under the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act). As per SWWF Act, Workers' Welfare Fund (SWWF) levy is required to be paid on total income accruing after December 31, 2013. The management considers that the SWWF Act is limited only to the province of Sindh and till the time there is any mechanism available for apportionment of total income relevant to province of Sindh, no SWWF liability to SRB can be paid out. On these grounds, foreseeing the expected SWWF demand and penal actions from SRB, the Modaraba has filed a Constitutional Petition (CP) No. CP.D.3879/2017 with the Honorable Sindh High Court which is pending to date. However the Honorable Sindh High Court has restrained the SRB from levy of WWF under the SWWF Act. The management has provided for SWWF liability for the period from January 1, 2014 to March 31, 2020 in these condensed interim financial statements on a prudent basis.		

15. TAXATION

As per the Second Schedule to the Income Tax Ordinance, 2001, the income of a non-trading modaraba is exempt from income tax provided that it distributes at least 90% of its profits to its certificate holders for the year after making appropriation for statutory reserves. The Modaraba intends to continue to avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation to statutory reserves for the year ending June 30, 2020. Accordingly, no provision in respect of current and deferred taxation has been made in these condensed interim financial statements.

16. EARNINGS PER CERTIFICATE

A diluted earnings per certificate has not been presented as the Modaraba did not have any convertible instruments in issue as at March 31, 2020 and 2019 which would have any effect on the earnings per certificate if the option to convert is exercised.

17. RELATED PARTIES TRANSACTIONS

The related parties of the Modaraba include the management company, its holding company, other associated companies, staff retirement funds, directors and key management personnel. 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:

	Nine months period ended March 31, 2020 (Un-audited)	Nine months period ended March 31, 2019 (Un-audited)
	----- (Rupees) -----	
ORIX Leasing Pakistan Limited - Holding Company of the Management Company		
Dividend	11,345,883	11,345,883
Rent paid for Islamabad office	372,828	379,275
Staff retirement benefits funds		
Contribution to the staff provident fund	3,506,685	3,042,180
Contribution to the staff gratuity fund	2,921,041	2,536,363
Reimbursement from staff gratuity fund	93,480	649,505
ORIX Services Pakistan (Private) Limited - Management Company		
Management company's remuneration	10,029,607	8,540,836
Dividend	11,345,883	11,345,883
Key Management Personnel		
Salaries and benefits	35,854,734	30,096,809
Contribution to the staff provident fund	1,363,666	1,156,546
Contribution to the staff gratuity fund	1,135,926	964,417
Reimbursement from staff gratuity fund	-	355,920
Income earned on DM finances to Key management personnel	5,882,553	3,790,470
Ijarah rental earned on Ijarah finances to Key management personnel	-	2,944,147
Profit on Redeemable Capital	395,915	125,288
Number of persons	7	8

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

	(Unaudited) March 31, 2020	(Audited) June 30, 2019
	----- (Rupees) -----	
ORIX Services Pakistan (Private) Limited - Management Company		
Management company's remuneration payable	9,012,617	14,501,602
Staff retirement benefits funds		
Receivable from staff gratuity fund	-	55,962
Key Management Personnel		
Accrued profit on finances under diminishing musharaka	296,518	389,714
Profit payable on redeemable capital	110,214	194,455
Redeemable capital	4,550,000	4,000,000

18 FINANCIAL RISK MANAGEMENT

The Modaraba's risk management policies are the same as disclosed in the financial statements for the year ended June 30, 2019 except for the following additional considerations due to the COVID - 19.

The COVID - 19 and the measures to reduce its spread has impacted the economy of Pakistan significantly . Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact.

The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 425 basis points to 9 percent during the months of March and April 2020 and by introducing regulatory measures to maintain banking system soundness and to sustain economic activities. The Securities and Exchange Commission of Pakistan (SECP) has issued a circular dated April 24, 2020 allowing Modarabas to defer clients' payment of principal on finance obligations by one year and relaxing regulatory criteria for restructured/rescheduled finances for customers who require relief beyond the extension of principal repayment for one year.

COVID 19 has impacted the financial sector in Pakistan from various facets which includes increase in overall credit risk pertaining to loans and advances portfolio in certain sectors, reduced fee income due to slowdown in economic activity, operational issues such as managing cyber security threat etc. We have discussed below the major aspects of COVID 19 on the Modaraba's risk management policies.

18.1 Assets quality and credit risk

The Modaraba is regularly conducting assessments to identify borrowers operating in various sectors which are most likely to get affected. The Modaraba has further strengthened its credit review procedures in the light of COVID 19. The Modaraba has also reassessed its portfolio as at March 31, 2020 and none of its customers required further downgrading on a subjective basis as yet.

18.2 Liquidity management

Modaraba has received applications for deferral of principal and markup from certain customers and is expected to receive further such applications. In absence of any regulatory guidance from SECP, currently these applications are being reviewed by the modaraba as per its established policies and regulations. In case guidelines issued by SECP, the above will have an impact on the maturity profile of the Modaraba as estimated previously. The Asset and Liability Committee (ALCO) of the Modaraba is continuously monitoring the liquidity position and is taking due precautionary measures where needed. The Modaraba has conducted various stress testing on its liquidity ratios and is confident that the liquidity buffer currently maintained by the Modaraba is sufficient to cater any adverse movement in cash flow maturity profile.

18.3 Operations

The Modaraba is closely monitoring the situation and has invoked required actions to ensure safety and security of Modaraba staff and an uninterrupted service to our customers. The senior management of the Modaraba is continuously monitoring the situation and is taking timely decisions to resolve any concerns. Business Continuity Plans (BCP) for respective areas are in place and tested. The Modaraba has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Modaraba has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber attacks. the Modaraba continues to meet the expectations of their clients as they would in a normal scenario.

19 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 under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As per the requirements of the IFRS 13, the Modaraba shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

As at March 31, 2020 and June 30, 2019, there were no financial instruments which were measured at fair values in the financial statements.

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

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

	Note	As at March 31, 2020 (Unaudited)					
		Carrying value			Fair value		
		Financial assets at Amortised cost	Other Financial Liabilities	Total	Level 1	Level 2	Level 3
(Rupees)							
Financial assets not measured at fair value	19.2						
Cash and bank balances		564,177,301	-	564,177,301	-	-	-
Ijarah rentals receivable		139,651,005	-	139,651,005	-	-	-
Advances, deposits and other receivables		200,716,210	-	200,716,210	-	-	-
Diminishing Musharika		2,991,784,503	-	2,991,784,503	-	-	-
Net investment in Ijarah finance		370,000	-	370,000	-	-	-
Total		3,896,699,019	-	3,896,699,019	-	-	-
Financial liabilities not measured at fair value	19.2						
Musharika term finance		-	1,238,557,852	1,238,557,852	-	-	-
Security deposits		-	638,153,161	638,153,161	-	-	-
Creditors, accrued and other liabilities		-	330,284,946	330,284,946	-	-	-
Redeemable capital		-	3,425,505,000	3,425,505,000	-	-	-
Unclaimed profit distribution		-	59,781,207	59,781,207	-	-	-
Advance Ijarah rentals received		-	20,995,544	20,995,544	-	-	-
Total		-	5,713,237,510	5,713,237,510	-	-	-
	Note	As at June 30, 2019 (audited)					
		Carrying value			Fair value		
		Financial assets at Amortised cost	Other Financial Liabilities	Total	Level 1	Level 2	Level 3
(Rupees)							
Financial assets not measured at fair value	19.2						
Cash and bank balances		432,292,749	-	432,292,749	-	-	-
Ijarah rentals receivable		106,243,898	-	106,243,898	-	-	-
Advances, deposits and other receivables		171,391,283	-	171,391,283	-	-	-
Diminishing Musharika		3,084,690,228	-	3,084,690,228	-	-	-
Net investment in Ijarah finance		370,000	-	370,000	-	-	-
Total		3,794,988,158	-	3,794,988,158	-	-	-
Financial liabilities not measured at fair value	19.2						
Musharika term finance		-	1,933,671,877	1,933,671,877	-	-	-
Security deposits		-	648,805,760	648,805,760	-	-	-
Creditors, accrued and other liabilities		-	326,527,757	326,527,757	-	-	-
Redeemable capital		-	2,785,705,000	2,785,705,000	-	-	-
Unclaimed profit distribution		-	55,752,238	55,752,238	-	-	-
Advance Ijarah rentals received		-	36,404,859	36,404,859	-	-	-
Total		-	5,786,867,491	5,786,867,491	-	-	-

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

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 and reporting 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.

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 these condensed interim financial statements during the current period.

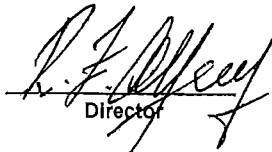
22. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on 27 APR 2020 by the Board of Directors of the Management Company.

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



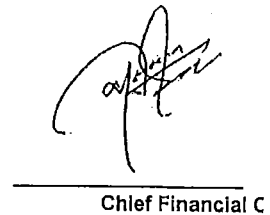
Chief Executive



Director



Director



Chief Financial C