



ORIX Leasing Pakistan Limited

ANNUAL REPORT

2019

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Vision

Excellence in pioneering creative and flexible financial services for a diverse market with particular emphasis on serving the needs of SME sector in Pakistan.

Mission

A corporate culture and environment that attracts and fosters the best available talent, inspires trust of customers, promotes innovation in products and services, creates value for all stakeholders, and is inclusive of support to the less privileged by improving their access to finance.

Core Values



Strategic Objectives

Enhance ORIX brand image in the market as a leading diverse non-banking financial institution with strong brand loyalty. **1**

2 Be a role model for the industry with high standards of governance and risk assessment framework.

Be recognized as making meaningful contributions to the economy and the society with a focus on micro and middle-tier segments. **3**

4 Maintain the highest credit ratings in the non-banking financial sector of Pakistan to provide maximum security to our depositors and lenders.

Meet varying and diverse demands of customers through innovation and differentiation in our products. **5**

6 Take personalized customer service to the next level through a highly trained and multi-skilled work force.

Become an employer of choice by creating a fair and conducive work environment that fosters growth and rewards talent. **7**

8 Bring transparency and control in all spheres of business and operations by introducing well-defined policies and procedures and training staff accordingly.

Identify and capitalize on opportunities for generating sustainable sources of income to secure the future interests of all stakeholders. **9**

10 Maximize return to shareholders by steadily increasing ROE and ROA.

Code of Business Ethics

It is vital to the financial success of OLP that we conduct our business in compliance with the rules and regulations applicable to and laid down by the Company. Our code of conduct sets out the fundamental standards to be followed by employees in their everyday actions.

The Company has adopted the following code of conduct principles:

1. Acting in the best interests of the Company by ensuring that personal interests do not influence decision-making ability.
2. Protecting OLP's proprietary and sensitive information by maintaining the highest level of confidentiality, both within and outside the Company.
3. Compliance with applicable laws, rules and regulations in letter and spirit.
4. Adherence to the highest standards of integrity and ethical business conduct.
5. Maintaining a conducive working environment by treating each other with respect, fairness and dignity.
6. Exercising due care and acting within the scope of one's own authority.
7. Maintaining a respectful and reverential attitude toward customers and conduct ourselves at all times to meet customers' needs.
8. Considering values that serve to support and advance societal interests and harmony and conducting our business activities in a manner that promotes harmony with social and environmental issues.
9. Committing to a secure and safe work environment and striving to maintain uninterrupted business continuity.
10. Reporting the discovery of any illegal or unethical conduct and prohibiting any reprisal against or unfavorable treatment of OLP personnel who come forward in good faith to report issues.

Company Profile

ORIX Leasing Pakistan Limited (“OLP”) was established in July 1986 as a joint venture between ORIX Corporation, Japan and local investors. The Company is listed on the Pakistan Stock Exchange.

OLP is headquartered in Karachi and has 38 branches situated in 35 cities. Its major shareholder is ORIX Corporation (ORIX) having 49.6% shareholding. Established in 1964, ORIX is one of Japan’s leading integrated financial services groups with operations in 37 countries worldwide. The group has experience of 55 years of operations and has a total asset base of Yen (¥) 12,405 billion and equity of ¥ 2,887 billion as at June 30, 2019, which equates to US\$ 118 billion and US\$ 27 billion respectively.

OLP offers value-added financial products and innovative customized services to a wide array of customers throughout Pakistan. The blend of international experience and local expertise acquired over the last 33 years provides OLP a distinctive competitive edge. OLP takes pride in the fact that it has played a major role towards the economic development of the Country by supporting the Small and Medium Enterprises (SME) Sector and in doing so, has helped grow numerous small and medium businesses into larger enterprises and created thousands of jobs both directly and indirectly. Today, OLP is the largest SME focused Non-Banking Finance Company in Pakistan.

Company Information

Board of Directors

1. **Mr. Khalid Aziz Mirza**
Chairman and Independent
Non-Executive Director
2. **Mr. Naveed Kamran Baloch**
Independent Non-Executive Director
3. **Mr. Nasim Hyder**
Independent Non-Executive Director
4. **Ms. Aminah Zahid Zaheer**
Independent Non-Executive Director
5. **Mr. Harukazu Yamaguchi**
Non-Executive Director
6. **Mr. Kiyokazu Ishinabe**
Non-Executive Director
7. **Mr. Ikuo Nakamura**
Non-Executive Director
8. **Mr. Masato Takata***
Non-Executive Director
9. **Mr. Shaheen Amin**
Chief Executive Officer and Executive Director

Committees

Audit Committee

1. **Mr. Nasim Hyder**
Chairman
2. **Ms. Aminah Zahid Zaheer**
Member
3. **Mr. Kiyokazu Ishinabe**
Member

Human Resource, Nomination & Remuneration Committee

1. **Mr. Khalid Aziz Mirza**
Chairman
2. **Mr. Naveed Kamran Baloch**
Member
3. **Mr. Ikuo Nakamura**
Member

Risk Committee

1. **Ms. Aminah Zahid Zaheer**
Chairperson
2. **Mr. Nasim Hyder**
Member
3. **Mr. Kiyokazu Ishinabe**
Member
4. **Mr. Shaheen Amin**
Member

Credit Committee

1. **Mr. Shaheen Amin**
Member
2. **Mr. Arshad Abbas**
Member
3. **Mr. Ramon Alfrey**
Member
4. **Mr. Hira Lal Bharvani**
Member
5. **Mian Faysal Riaz**
Member
6. **Mr. Imtiaz Ahmad Chaudhary**
Member

Deputy Chief Executive Officer

Mr. Arshad Abbas

Chief Financial Officer

Ms. Maryam Aziz

Company Secretary

Dr. Fakhara Rizwan

Head of Internal Audit and Secretary to Audit Committee

Mr. Nadeem Amir Ali

Head of Compliance

Mr. Rashid Ahmed

* Appointment is subject to approval of Securities and Exchange Commission of Pakistan.

The Management Team

- 1. Mr. Ramon Alfrey**
Group General Manager - Planning and Strategy
- 2. Mian Faysal Riaz**
Group General Manager - Marketing
- 3. Mr. Hira Lal Bharvani**
Head - Human Resource
- 4. Mr. M. Ayub Khan**
Head - Special Assets Management
- 5. Mr. Imtiaz Ahmad Chaudhary**
Head - Corporate Division
- 6. Mr. Tahir Ali Shah**
Head - Commercial Vehicle Division
- 7. Mr. Khawar Sultan**
Head - Consumer Auto Division
- 8. Mr. Shafique Ur Rehman**
Head - Risk Management
- 9. Mr. Jawaid Akhter**
Head - Micro Finance Division
- 10. Mr. Hamood Ahmed**
Head - Business Control
- 11. Mr. Muhammad Ikram**
Head - Information Systems
- 12. Mr. Jamal Saeed Dar**
Head - Operating Lease
- 13. Lt Col (Retd) Saad Saeed Ahmed**
Head - Administration

Credit Rating by The Pakistan Credit Rating Agency

Long term entity rating AA+

Short term entity rating A1+

Auditors

KPMG Taseer Hadi & Co.

Chartered Accountants

Sheikh Sultan Trust Building No. 2

Beaumont Road, Karachi-75530

Shariah Advisor

Al Hamd Shariah Advisory Services (Private) Limited

Legal Advisors

M/s Mansoor Ahmad Khan & Co.

M/s Mohsin Tayabaly & Co.

Registrar and Share Transfer Office

FAMCO Associates (Pvt) Limited,
8-F, Near Hotel Faran, Nursery, Block-6,

P. E. C. H. S., Shahra-e-Faisal, Karachi.

Tel: (92-21) 34380101-5, 34384621-3

Banks and Lending Institutions

1. Al Baraka Bank (Pakistan) Limited
2. Allied Bank Limited
3. Askari Bank Limited
4. Bank Al Habib Limited
5. Bank Alfalah Limited
6. Faysal Bank Limited
7. Habib Bank Limited
8. Habib Metro Bank Limited
9. JS Bank Limited
10. Karandaaz Pakistan
11. MCB Bank Limited
12. Meezan Bank Limited
13. National Bank of Pakistan
14. PAIR Investment Company Limited
15. Pak Oman Investment Company Ltd.
16. Soneri Bank Limited
17. Standard Chartered Bank (Pakistan) Ltd.
18. The Bank of Khyber
19. United Bank Limited

Registered Office

Islamic Chamber of Commerce Building,

Ground Floor, ST-2/A, Block 9,

KDA Scheme No.5,

Clifton, Karachi-75600

Head Office

ORIX Building, Plot No.16,

Sector No.24, Korangi Industrial Area,

Karachi-74900

Parent, Subsidiaries & Associated Companies Addresses

PARENT COMPANY

ORIX Corporation

Tokyo Headquarters,
World Trade Center Building, 2-4-1 Hamamatsu-cho, Minato-ku,
Tokyo 105-6135, Japan.
Tel:(81)-3-3435-3145
Fax:(81)-3-3435-3163
www.orix.co.jp

SUBSIDIARIES

ORIX Services Pakistan (Private) Limited

Office 601, 6th Floor, Syedna Tahir
Saifuddin Memorial Trust Building
Civil Lines, Beaumont Road,
Karachi, Pakistan.
Tel: (021) 35930000

ORIX Modaraba

Office 601, 6th Floor, Syedna Tahir
Saifuddin Memorial Trust Building
Civil Lines, Beaumont Road,
Karachi, Pakistan.
Tel: (021) 35930000
www.orixmodaraba.com

ASSOCIATED COMPANIES

Saudi ORIX Leasing Company

P.O. Box 22890, Riyadh 11416
343 King Saud Street, Riyadh
Kingdom of Saudi Arabia.
Tel: (9661) 2997777
Fax: (9661) 2997770
www.saudiorix.com.sa

ORIX Leasing Egypt SAE

5th Floor, Cairo Center Building
2, Abd El Kader Hamza Street
Garden City, Cairo 11461, Egypt
Tel: (202) 27922757-9
Fax: (202) 27922760
www.orix-egypt.com



At A Glance

Established in

1986

Long Term Rating

AA+

Short Term Rating

A1+

Rating by PACRA: August 28, 2019

Branches

38

Cities

35

Total Employees

517

Key Figures

Revenue

4,180

Rs. in Millions

Profit after
Tax

1,023

Rs. in Millions

Earnings per
Share

6.12

Rs.

Total
Assets

25,991

Rs. in Millions

Shareholders'
Equity

8,013

Rs. in Millions

Dividend

37.50%

%

Chairman's Message

Your Company achieved another year of profitable operations by crossing the milestone of Rs. 1 billion net profit for the second consecutive year. This year's performance is commendable as it was achieved primarily through core operations in a challenging business environment.

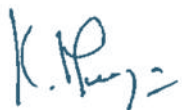
With the Country experiencing slower economic growth, we at OLP are focused on meeting the changing financial needs of the local market to achieve long term sustainability in our operations. Emphasis this year was on consolidation of operations and concentrating on maintaining portfolio quality and risk diversification. At the same time, efforts were made to establish the base for launching new products in future when market conditions stabilize. The Company's ability to adjust with changing business conditions has been its strength and focus will be re-diverted towards business growth as soon as conditions warrant.

During the year under review, the Company achieved new business disbursement of Rs. 13.9 billion, 19% lower than the disbursement of Rs. 17.2 billion last year. Rising interest rates and a depreciating currency have both had a significant impact on demand, especially for vehicles, both commercial and saloon; purchasing power of individuals has reduced while cost of business for corporates has risen. Higher competition in a contracted market required more caution. Resultantly, asset base reduced from Rs. 26.7 billion last year to Rs. 26.0 billion at the end of FY2019. Although, overall profit before tax for the year was 16% lower than last year, the profit from core operations showed a healthy growth of 22%. Financially, the Company is strong with low gearing and a healthy capital adequacy ratio, which will provide sufficient room for future growth.

Governance structure was further strengthened this year with the formation of a Risk Committee of the Board. The objective of the Committee is to oversee and implement effective risk management policies and direct the Company's strategies towards managing those risks which could impact the achievement of strategic objectives. The benefits of implementing such an enterprise risk management framework are multifold and will add considerable strength to OLP's risk management and internal control frameworks to safeguard the interests of all stakeholders.

OLP has once again outshone its peers in the NBFIs sector and has been bestowed with Corporate Excellence award of Management Association of Pakistan for the fourth consecutive year. We also received best NBFIs award from NBFIs and Modaraba Association of Pakistan and the Achievement award from Federation of Pakistan Chamber of Commerce & Industry in respective category. These awards are a testament of the continued exemplary performance of your Company and the hard work and commitment of the management and staff.

I would like to extend my appreciation to the Board, management and all employees of the Company for their contributions towards its success. I would also like to thank the regulators for their guidance and support, especially the Securities and Exchange Commission of Pakistan.



Khalid Aziz Mirza
Chairman Board of Directors

چیسر مین کا پیغام

آپ کی کمپنی نے مسلسل دوسرے سال 1 ارب روپے کے خالص منافع کا سنگ میل عبور کیا۔ اس سال کی کارکردگی قابل ستائش ہے کیونکہ یہ مشکل کاروباری ماحول میں کلیدی کاروباری سرگرمیوں کے ذریعے حاصل کی گئی ہے۔

اس حقیقت کے ساتھ کہ ملک میں معاشی نمو کی رفتار سست ہے ہم نے اولیل پی میں اپنی کاروباری سرگرمیوں میں طویل مدتی استحکام حاصل کرنے کے لئے اپنی توجہ مقامی مارکیٹ کی بدلتی مالیاتی ضروریات کو پورا کرنے پر مرکوز رکھی۔ رواں سال توجہ اس بات پر مرکوز رہی کہ کاروباری امور کو مربوط کیا جائے اور پورٹ فولیو کی کوالٹی اور رسک میں تنوع برقرار رہے۔ اس کے ساتھ ساتھ کوششیں کی گئیں کہ جب مارکیٹ کے حالات مستحکم ہوں تو مستقبل میں نئی مصنوعات متعارف کرائی جائیں۔ بدلتے ہوئے کاروبار کے ساتھ خود کو آراستہ کرنے کی کمپنی کی صلاحیت اس کی طاقت رہی ہے اور توجہ اس امر پر ہوگی کہ جو نئی حالات سازگار ہوں کاروبار میں وسعت پر توجہ مرکوز کی جائے۔

زیر جائزہ برس میں کمپنی نے 13.9 ارب روپے کی نئی کاروباری ادائیگیوں کے ہندسہ کو حاصل کیا جو گزشتہ برس کے 17.2 ارب روپے کے مقابلے میں 19 فیصد کم ہے۔ بڑھتے ہوئے شرح سود اور روپے کی قدر میں کمی کا طلب پر نمایاں اثر مرتب ہوا ہے، بالخصوص تجارتی اور سیلون دونوں گاڑیوں کی طلب، جبکہ انفرادی قوت خرید گھٹ گئی اور کارپوریٹ اداروں کی کاروباری لاگت بڑھ گئی۔ سکلڑتی ہوئی مارکیٹ میں پہلے سے زیادہ مسابقت زیادہ احتیاط کی متقاضی تھی۔ نتیجتاً مالی سال 2019ء کے اختتام پر اثاثوں کی بنیاد گزشتہ برس کے 26.7 ارب روپے کے مقابلے میں گھٹ کر 26.0 ارب روپے ہو گئی۔ اگرچہ سال کے لئے قبل از محصول مجموعی منافع گزشتہ برس سے 16 فیصد کم تر تھا لیکن کلیدی امور میں 22 فیصد کا صحت مندانہ اضافہ ہوا۔ مالیاتی طور پر کمپنی لوگیرنگ اور صحت مد کیپٹل ایڈی کیسی ریشو کے ساتھ مضبوط ہے جو مستقبل کی ترقی کے لئے کافی گنجائش فراہم کرے گی۔

گورننس کے ڈھانچے کو اس برس بورڈ کی رسک کمیٹی کی تشکیل کے ذریعے مزید مستحکم کیا گیا۔ کمیٹی کا مقصد موثر رسک منیجمنٹ پالیسیوں کا نفاذ اور نگرانی ہے اور کمپنی کی حکمت عملی کو ان رسک کا انتظام کرنے کی طرف لے جانا ہے جو حکمت عملی کے مقاصد کے حصول کو متاثر کر سکتے ہیں۔ اس قسم کے منظم رسک منیجمنٹ فریم ورک کے فوائد کئی گنا ہیں اور تمام حصص یافتگان کے مفادات کے تحفظ کے لئے اولیل پی کے رسک منیجمنٹ اور داخلی جانچ پڑتال میں خاطر خواہ مضبوطی پیدا کریں گے۔

اولیل پی نے ایک مرتبہ پھر این بی ایف آئی سیکٹر میں اپنے مسابقت کاروں کو پیچھے چھوڑ دیا ہے اور لگاتار چوتھے برس اسے منیجمنٹ ایسوسی ایشن آف پاکستان کے کارپوریٹ ایکسی لینس ایوارڈ سے نوازا گیا ہے۔ ہم نے این بی ایف آئی اور مضاربہ ایسوسی ایشن آف پاکستان سے این بی ایف آئی ایوارڈ اور فیڈریشن آف پاکستان جیمبرز آف کامرس اینڈ انڈسٹری کی جانب سے متعلقہ میدان میں اچیومنٹ ایوارڈ وصول کئے ہیں۔ یہ اعزازات آپ کی کمپنی کی مسلسل مثالی کارکردگی انتظامیہ اور عملے کے عزم اور انتھک محنت کا ثبوت ہیں۔

میں بورڈ، منیجمنٹ اور کمپنی کے تمام ملازمین کو کامیابی کے لئے ان کی معاونت پر ستائش پیش کرنا چاہتا ہوں۔ میں ریگولیٹرز بالخصوص سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا ان کی رہنمائی اور حمایت پر شکریہ ادا کرنا چاہتا ہوں۔

K.P.

خالد عزیز مرزا

چیسر مین بورڈ آف ڈائریکٹرز

Directors' Report

The Directors of ORIX Leasing Pakistan Limited (OLP / the Company) are pleased to present the thirty third annual report together with the Unconsolidated Financial Statements for the year ended June 30, 2019.

The Company

OLP was established in July 1986 as a joint venture between ORIX Corporation, Japan (ORIX) and local investors. The Company has an 'investment finance services' license to carry out business as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP).

Over the years, the Company has established itself as a SME-focused leading NBFC in Pakistan. Additionally, OLP caters to the car financing needs of individuals and also has presence in micro finance sector. The Company has investments in leasing companies in the Middle East and North Africa region and has ORIX Services Pakistan (Pvt.) Ltd and ORIX Modaraba as its subsidiaries in Pakistan.

Financial Information

Financial results of the Company are summarized below:

	2019	2018
	-----Rupees-----	
Profit before taxation	1,447,798,732	1,719,753,685
Taxation	425,281,769	340,130,650
Profit for the year after taxation	1,022,516,963	1,379,623,035
Appropriations: transfer to statutory reserve	204,503,393	275,924,607
		(Restated)
Earnings per share – basic and diluted	6.12	8.40

Dividend

The Directors are pleased to recommend a cash dividend of 37.5% for the year ended June 30, 2019 (2018: cash dividend of 30% and bonus shares of 20%).

Overview of the Economy

Pakistan's economy achieved an average growth rate of 4.8% in the five years' period from 2013 to 2018 but this growth can be characterized as consumption-led. Increased borrowing from different sources fueled private and public consumption and created balance of payment and fiscal deficits. The Government is now focusing on economic stabilization which has brought down the GDP growth rate to 3.3% in FY2019 from 5.8% in FY2018. The growth rate is expected to remain low in the next fiscal year.

Government's policies for fiscal year 2019-20 are focused on demand management and revenue generation as the risks of higher inflation persisted in the economy. The rupee has been depreciated multiple times in the last fiscal year and cumulatively 33% since July 2018. The State Bank of Pakistan (SBP), in pursuit of its demand management policy and in order to contain rising inflation, has increased the policy rate by an aggregate of 7.5% since January 2018. The measures to increase revenues announced in the budget for FY2020 are expected to keep domestic demand subdued and are aimed towards fiscal stability. Further reforms on the fiscal side, including tax base broadening, reduction in subsidies and privatization of loss-making state owned enterprises, would bring much needed economic stability and growth in the longer run and avoid the recurring boom and bust cycles every 3-4 years.

The current account and fiscal deficits were the biggest challenges faced by the economy in FY2019. During FY2018, imports reached an all-time high of US\$ 67 billion with a current account (CA) deficit of US\$ 18 billion. In FY2019, the Government finalized a US\$ 6 billion IMF program and also arranged loan facilities from friendly countries to support the depleting foreign exchange reserves. With currency depreciation and other import restrictions, the CA deficit was brought down by 32% in FY2019 but is still at a very high level. On the back of improved export performance, increase in remittances and further containment of imports the CA deficit is expected to reduce further but the downside risk remains due to the on-going trade disputes between US and China which is expected to trigger global economic slowdown.

The stabilization policies are expected to keep the economic growth rate below 3% in FY2020 but with the right reform agenda, the macroeconomic indicators are expected to slowly revert towards growth trajectory in the long term. With the IMF program in place, the fiscal and external account consolidation will remain the top priority of the economic policy makers. The long due tax reforms, particularly the increase in tax base, will be critical in the success of this process and long term economic growth of the Country.

Business Review

In view of the prevailing business environment in the Country, OLP adopted a cautious business approach and focused on risk management and portfolio diversification, rather than asset growth. Reduced business volumes and portfolio size was observed in all segments of the business except Consumer Auto. The overall disbursement during the year was Rs. 13.9 billion as compared to Rs. 17.2 billion achieved in FY2018, a decrease of 19%.

Finance lease and loans to corporate customers remained the main business segment, recording a disbursement of Rs. 5.8 billion during the year, 18% lower than last year. Commercial vehicle business, which caters to the transport and logistic sectors of the economy, experienced a drop in business volume of 33%, from Rs. 5.9 billion last year to Rs. 3.9 billion in FY2019. Exposure in this business was intentionally reduced to avoid undue risk associated with slowdown in transport sector. The vehicle finance business to individuals continued to show strong performance despite overall slowdown in demand experienced by the auto sector as a result of higher prices. The total disbursement in this segment increased marginally to Rs. 3.5 billion as compared to Rs. 3.4 billion last year.

The Company's microfinance division aims at supporting lower income group of the society to create self-sustained micro businesses for them. OLP caters to this segment by using its branch network to primarily finance women entrepreneurs through small groups, encouraging group accountability. Financing for the current year amounted to Rs. 665 million as compared to Rs. 742 million last year.

OLP's operating lease segment comprises of newly acquired mobile cranes. The cranes were deployed on a short term rental basis at different projects across the Country with complete operations and maintenance of the assets being performed by OLP. Other assets are also being considered for addition to Operating Lease inventory in future.

As mentioned earlier, due to prudent credit measures, disbursements were curtailed and as a result, the lease and loan portfolio reduced to Rs. 22.5 billion as of June 30, 2019 from Rs. 23.2 billion as on June 30, 2018. With a focus on customer and sector diversification, exposure to individuals was increased and goods transportation was reduced. Over 70% of the portfolio comprises of vehicles, commercial vehicles and saloon cars, which have good secondary market value, especially in the current inflationary environment. These assets are also easily recoverable in case of default by the customer.

OLP has 38 branches including 12 microfinance branches in 35 cities across Pakistan.

In current weak economic circumstances, the Company is keeping a close watch on its problematic customers to maintain asset quality. However, overdue receivables over 90 days (before current year's write-offs) have increased by 16%. The overdue receivables over 90 days amounted to Rs. 1,207 million as of June 30, 2019 compared to Rs. 1,318 million at the end of last year. Current year's figure is after a write-off of long outstanding

receivables of Rs. 320 million against provision made in previous years. Strong recovery efforts will remain the main focus of the Company to control overdue in future.

Saudi ORIX Leasing Company (SOLC) showed improved performance in terms of new business execution and profitability as compared to last year. The other two overseas companies, ORIX Leasing Egypt (OLE) and Al Hail ORIX Finance PSC (AHO) are classified as “held for sale” and “at fair value through other comprehensive income” respectively. OLP intends to sell its stake in OLE. The negotiations and sale transaction are expected to be concluded in the next financial year.

ORIX Modaraba (ORIXM), a subsidiary acquired in 2016, showed a growth of 29% in total assets since its acquisition. The new disbursement of the Company in FY2019 was Rs. 2,682 million as compared to Rs. 3,742 million last year. The total assets as of June 30, 2019 were Rs. 6,966 million (June 2018: Rs. 6,953 million). ORIXM earned a profit of Rs. 126 million for the year (2018: Rs. 120 million) and declared a dividend of 25%.

Financial Performance

Despite a challenging business environment, OLP was able to achieve profitability of above Rs. 1 billion for a second consecutive year with net profit of Rs. 1.02 billion, 26% lower than net profit of Rs. 1.38 billion achieved last year. Profit before tax (PBT) for the year was Rs. 1.45 billion, 16% below the PBT of last year, which included a one-time gain of Rs. 677 million from the sale of investment in Oman ORIX Leasing Company SAOG (OOL). Excluding this one-time gain, PBT for the year was 39% higher than last year. Earnings per share for the year was Rs. 6.12 as compared to the re-stated EPS of Rs. 8.40 for FY2018.

Revenue

Total revenue for the year was Rs. 4,180 million, 6.5% lower than revenue of Rs. 4,472 million earned last year. Revenue from operations at Rs. 3,856 million was 11% higher than last year despite lower business volumes and drop in portfolio size. This is attributable to the increasing trend in interest rates during the year under review.

Finance lease income, which contributed 68% of the total revenue for the year, increased from Rs. 2,531 million last year to Rs. 2,840 million this year while revenue from finances and loans increased by 24% to Rs. 784 million from Rs. 633 million. The increase was primarily due to passing on recent rate increase to customers utilizing variable rate contracts. As rates on new business also increased in line with market, the average portfolio rate was higher at 17.6% in FY2019 from 14% in FY2018.

Revenue from operating lease business consisted of rental income from cranes and Ijarah finance. The cranes were deployed at different projects and generated rental income of Rs. 24 million for the year (2018: Nil). Prior year's income of Rs. 198 million from operating lease assets represents income earned on generator rentals; a class of operating lease assets that OLP exited last year. The total rental income from Ijarah business for the year was Rs. 208 million (2018: Rs. 115 million).

Other income of Rs. 273 million (2018: Rs. 896 million) was earned during the year which was significantly lower than last year. Last year's income included a substantial gain of Rs. 677 million from the sale of OLP's shareholding in Oman ORIX Leasing (OOL). Excluding the gain on OOL, this year's income was higher on account of rise in return on Government securities.

Share of profit from associated companies at Rs. 50.7 million (2018: Rs.98.6 million) showed a decline of 49% as this year's income only includes share of profit from Saudi ORIX Leasing Company amounting to Rs. 50.7 million (2018: Rs. 28.5 million). Last year's profit included share of profit from ORIX Leasing Egypt and OOL. The profit from OOL was recognized till December 2017 and the sale transaction of this investment was concluded in March 2018. OLE's share of profit was recognized till June 2018 and no income was recorded in FY2019 as this investment is being classified as “held for sale”.

Expenses

During the year, the Company focused towards reducing the operational expenses wherever possible. Total operational expense for the year were Rs. 2,913 million, 7% higher than the expenses of Rs. 2,734 million last year. The main reasons for this increase was higher financial cost and increase in staff related expenses.

Finance cost for the year increased by 11%, from Rs. 1,390 million last year to Rs. 1,542 million in FY2019. This was due to higher interest rates during the year as most of the Company's loans are on floating rates. The 3-month KIBOR increased from 6.92% in June 2018 to 12.97% as of June 30, 2019; higher by 605 basis points. As a result, average funding cost increased correspondingly. Average rates on Certificates of Deposit were also 120 basis points higher than last year. As explained earlier, with the overall drop in asset size, borrowing requirements were also lower and, therefore, total borrowings declined by 8%, from Rs. 17 billion last year to Rs. 15.6 billion as of June 30, 2019.

Administrative and general expenses at Rs. 1,188 million were 9% higher than Rs. 1,094 million incurred last year. The increase was mainly due to adjustments made to staff compensation and hiring of new staff members which increased personnel cost by 12% in FY2019. Staff cost of Rs. 853 million (2018: Rs. 764 million) represents 72% of the total expenses. The total staff numbers as of June 30, 2019 were 517 as compared to 515 in June 2018 while the average staff members during the year were 525 as against 488 employees in FY2018. Other expenses reflected increases due to inflationary impact.

Direct cost for the year decreased by 27% to Rs. 183 million from Rs. 250 million last year in line with reduced revenues from Operating Lease business. Overall cost was also lower as the Company is operating and maintaining its own fleet of cranes whereas the maintenance of generators had been outsourced. The generators inventory was either sold or leased under Ijarah Finance last year.

During the year under review, the Company adopted a new statistical model for provisioning for potential lease and loan losses. This model considers OLP's historical data and is compliant with the provisioning requirements of IFRS 9. It encompasses a methodical technique for determination of Company's provision while reducing reliance on judgmental factors. The regulatory provisioning requirements are also considered and provision charge is based on higher of regulatory requirement and statistical model. The Company previously maintained 100% provisioning against accounts when these became overdue by 90 days or more. Based on the model, a reversal of Rs. 190 million was made this year as compared to a charge for provision of Rs. 18 million made last year. The accumulated provision for potential lease and other loan losses of Rs. 870 million provides 72% cover against all accounts in overdue by 90 days or more. The Company has written off Rs. 320 million of long-outstanding stuck-up accounts against which 100% provision had been held. This also contributed to the reduction in coverage ratio.

A higher tax charge of Rs. 425 million was made in FY2019 under the provisions of Alternate Corporate Tax (ACT) as compared to Rs. 340 million in FY2018, which was made under normal tax regime. Last year's charge was lower as the Company had taken into account adjustments for minimum tax and ACT paid in previous years.

Risk Management

Sound risk management remains pivotal to OLP's operations. The Company's organization structure has always included a Risk Department to manage credit risk while other risks such as liquidity, market, IT and various operational risks are managed at each individual departmental level by other lines of defense. In order to formalize the process of systematically and continuously identifying and managing existing and potential risks, the Company has implemented an Enterprise Risk Management framework (ERM). The objective is to make risk management more robust and extensive by elevating the risk management process to a strategic level from an operational level. It extends from the level of the Board of Directors by augmenting the governance framework and strengthening Board oversight, to the level of functional managers, through improvements in risk management and internal control framework.

In order to enhance the Board's role in the governance of risk and implementation of risk management policies, a separate Board's Risk Committee was formed during the year. The Committee comprises of 4 directors

including the CEO and is chaired by an independent director. The Committee is responsible for developing and overseeing the implementation of the ERM strategy of the Company.

The ERM framework would enhance existing risk management practices by enhancing the understanding of risks and their implications throughout the Company and strengthening the first lines of defense. OLP's second line of defense comprises of the departments of Risk and Information Security. OLP also has independent Compliance and Internal Audit departments which act as the third lines of defense and provide independent assurance on the risk management and internal control frameworks. Both functions report directly to the Audit Committee of the Board, having an independent director as its Chairman.

The major risks being faced by the Company are as follows:

Credit Risk

Credit risk is the risk of failure of counterparties to fulfill their financial obligations on time. As OLP's business revolves around taking credit risks, maintaining the risk within the Board's approved parameters is the top priority for the management.

OLP has a Board approved Credit Risk Policy which provides guidelines for extending credit to different segments of the economy. The policy also guides the Company on concentration of credit risk in different sectors and asset classes and for an entity or group. Credit approval authority has been delegated by the Board to different levels of management depending on the amount of the facility. The approving authorities ensure that all credit facilities are approved as per the Credit Risk Policy.

The Risk Management department performs an independent assessment of credit risk and reports the same to the Credit Committee. New credit facilities above certain limit are reviewed by this department before approval. Additionally, a post-disbursement review of other approvals is also made to ensure that the Credit Policy is fully complied with at all levels of approving authorities. The department also ensures that Credit Policy is updated as per the changing business conditions.

Being an NBFIs focused towards the SME sector of the economy, OLP also uses diversification of credit to multiple borrowers effectively as a means of mitigating credit risk. As of June 30, 2019, the maximum exposure against a single group is 0.6% of total portfolio and 1.8% of OLP's equity.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due or is unable to arrange sufficient funds to meet its financial commitments. OLP has a sound liquidity management system, overseen by the Asset Liability Management Committee (ALCO) chaired by the CEO. The Board approved Asset Liability Management (ALM) Policy guides the ALCO in managing the liquidity risk within acceptable levels. ALCO meets at least once a month to review the ALM ratios and liquidity position. It assesses the Company's funding sources and advises changes to achieve optimum funding mix.

OLP's main sources of funding are bank borrowings and certificates of deposit. The Company maintains a diversified mix of lenders and ensures that sufficient unutilized lines are available at all times to meet unforeseen requirements.

In compliance with the statutory requirements, liquid securities comprising primarily of investments in Government Securities are held against OLP's certificates of deposit portfolio. The requirements are monitored on daily basis to ensure the optimum level of securities being held against the deposits.

Market Risk

Market risk is the risk of movement in market sensitive assets and liabilities due to movements in the market factors like interest rates and currency exchange rates. Offering primarily spread-based products, OLP's

business is significantly exposed to the risks arising from movements in interest rates. The Company is also exposed to the currency risk due to its investment in foreign associates which is only realizable in case of sale of investment in associates and dividend payments by the associates. OLP has no exposure to currency risk on the liabilities side. As a policy, OLP does not take any foreign currency debt without having cross currency swap to fully cover against the movement in foreign currency.

Monitoring and control of interest rate risk is the responsibility of ALCO. Significant portion of lease and loan portfolio is linked to the KIBOR and any change in rates have significant impact on the profitability of the Company. Similarly, major debts of the Company are also benchmarked against KIBOR. The ALCO has devised pricing strategies and policies to control and manage interest rate risk by passing on the same to customers to the extent possible and by matching substantial portion of variable rate liabilities with variable rate assets. In case of a negative mismatch beyond acceptable limits, OLP has the option of repositioning its assets and/or liabilities mix or executing interest rate swaps.

In the last year with significant movements in both currency rates and market interest rates, the Company was able to avoid any negative downside of the PKR depreciation and interest rate movements had an overall positive impact as the Company is low geared.

Operational Risk

Operational risk is the risk of loss due to occurrence of an event which disrupts the normal operations of the Company. It may include a loss due to failure of systems or processes, loss due to fraud or human error and losses due to external events like accidents or natural disaster. It also includes non-compliance with the local laws and regulations. Risk of reputational damage to the Company due to the above events also comes under operational risk.

Management remains fully committed towards identifying, measuring and mitigating the operational risks. To minimize these risks strong internal policies and procedures have been developed which are regularly reviewed for improvement. All major functions of the Company have the policies and SOPs defined and implemented. For unforeseen events, which may cause disruptions to its operations, OLP has disaster recovery plan which is tested on regular intervals to check its smooth functionality. Furthermore, the Company has in place Information Security Policies, Code of Conduct, Anti-money laundering, Anti-fraud and Whistleblowing policies in place. New and existing staff are provided continuous training on these policies to develop a culture of ethics and avoid frauds and other malpractices. An Anti-harassment Policy was also introduced to create more conducive and safe working environment for staff.

Internal Controls and Compliance

It is one of OLP's main objectives to become a role model for the industry with high standards of governance, internal control and risk assessment framework. Comprehensive policies and procedures have been approved by the Board covering all major spheres of operations. The policies are continuously reviewed and updated as per the changing business, operational and regulatory requirements. Internal committees hold responsibility for implementation and compliance with those policies.

The Compliance function ensures that all new and existing rules and regulations, applicable to the Company, are fully complied with. The responsibilities of Compliance department have become more crucial due to the increased level of oversight by SECP for financial institutions in respect of money laundering and terrorist financing. As one of the largest deposit-taking NBFC, the Company has introduced extensive measures to ensure full compliance with all regulatory requirements including UN/NACTA screening and enhanced KYC requirements. Multiple trainings were conducted across the Company to educate staff on AML regulations and their responsibilities for compliance. Risk assessment was performed both on company level and individual business relationship level and necessary action taken to address gaps.

The Company's Internal Audit department works independently under the direct supervision of Audit Committee of the Board. A risk based internal audit plan is prepared and approved by the Audit Committee annually. The

department wise audits are performed as per the plan and the Committee and Board are updated regularly on the outcomes of these audits. The implementation and effectiveness of the policies and SOPs are regularly reviewed by Internal Audit department and gaps, if any, are highlighted. The Board places high emphasis on the internal audit reports and implementation of recommendations of such reports. Internal Audit plays an important role in implementing and testing controls against operational risks. Their regular audits help in identifying risk areas and also improve the existing policies and controls.

Funding and Liquidity

OLP has a strong funding position with low gearing and healthy capital adequacy ratio. It enjoys sound credibility within the banking sector and amongst retail/ institutional depositors. With total equity of Rs. 8,013 million (June 2018: Rs. 7,249 million) as of June 30, 2019, the Capital Adequacy Ratio (CAR) as of June 30, 2019 was 27% (June 2018: 25%) as against the minimum regulatory requirement of 10%, while gearing was 1.95 (June 2018: 2.35). During the year, the Company issued bonus shares which increased the paid-up capital to Rs. 1,670 million from Rs. 1,392 million last year.

The Company has developed strong banking relationships and extended its bilateral relationships with all major commercial banks in Pakistan. OLP utilizes funding facilities from 17 banks and NBFCs. As of June 30, 2019, out of total borrowings of Rs. 15.6 billion (June 2018: Rs. 17.1 billion), bank borrowings stood at Rs. 11.4 billion. Further, OLP had unutilized facilities of Rs. 3.5 billion as of that date. Long term facilities account for 88% of bank borrowing, which provides sufficient maturity match against the lease and loan portfolio.

OLP also has a sizeable portfolio of Certificates of Deposit (CODs), comprising of both individual and institutional investors. Some of the depositors are associated with OLP for more than 10 years indicating a loyal customer base. The total COD portfolio as of June 30, 2019 was Rs. 4.2 billion as compared to Rs. 5.2 billion as of June 30, 2018, which represents 27% of the total debt. During the year, COD rates were revised upwards in line with increase in market rates. New products are continuously developed to meet changing customer needs and demands.

Corporate Governance

OLP's strong corporate governance structure facilitates effective management of the Company in the achievement of its long-term objectives by emphasizing transparency, accountability and compliance, which are the basis of any sound governance structure. Well established policies, well defined authorities and responsibilities and strong controls and risk management framework are in place to achieve these objectives.

The governance structure is headed by a nine-member Board of Directors (BOD). OLP's Board comprises of four independent directors bringing diversified experienced to Board meetings. There are three sub-committees of the Board, namely; Audit Committee, Human Resource, Nomination and Remuneration Committee and Risk Committee to assist the Board in performing its functions. The formation of Risk Committee during the year shows the BOD's emphasis on improving the governance standards. The BOD and all its Committees are headed by independent directors. Apart from the Board's Committees, OLP has 4 internal committees overseeing the important functions of the Company, namely; Management Committee, Asset Liability Management Committee, Credit Committee and IT Steering Committee.

The Company also places high emphasis on compliance with all regulatory requirements and ensures that the compliance culture is cascaded to all levels of organization. OLP is fully compliant with the regulatory framework and also aims to comply with industry best practices.

Corporate Social Responsibility

Our business objective revolves around making a social impact by creating a sustainable business model, creating maximum value for all stakeholders, fostering individual talent and financial inclusion of all segments of the society. OLP has presence in all major cities of the Country and endeavors to nurture local businesses especially those which have no access to the financial sector of the Country.

OLP's Microfinance division is operational since 2004 and provides financing to less-privileged class of the society which is not catered by the larger financial institutions. Its main focus is towards up-lifting of women entrepreneurs to make them self-sufficient and improving their living standards.

OLP is also a regular contributor towards social causes and every year donates a portion of its profit to the institutions working in the field of education, healthcare and other social work. These donations are made after a thorough due-diligence of the recipient organization to ensure proper utilization of funds.

People

The Company continuously focuses on development of its staff, which are considered as its most valuable asset. Their hard work, diligence and dedication are crucial for the success of the Company. Apart from the internal and external training programs, staff engagement activities are a regular feature. These activities boost the morale of employees and create long-term association, which ultimately benefits the Company.

To gauge the level of employees' satisfaction, an Employees' Satisfaction Survey was carried out this year. The results are intended to help Management in formulating future strategies and making necessary changes to address staff grievances and improve transparency and fairness across the Company, wherever required. During the year, Anti-harassment Policy was formulated and Anti-harassment committee was set up to address harassment related issues and develop a harmonious working environment in OLP.

The Human Resource, Nomination and Remuneration Committee advises the Board on hiring of key management staff, HR Policies, succession planning and performance evaluation and compensation of senior management. It also focuses on training and development needs of senior management and overall training programs of the Company.

OLP's staff is well geared to face the challenges offered by a competitive financial sector. The Board places on record its appreciation for the contribution made by the employees in the success of the Company and completing yet another year of successful operations.

Business Ethics

OLP is fully committed to ensuring that all its activities and transactions are in accordance with applicable laws and regulations and all its employees perform their responsibilities with the highest degree of professional and moral standards.

The Code of Conduct and Ethics Policy provides clear guidelines for employees on how to conduct themselves in dealing with internal and external customers. The Policy also ensures that all local laws and regulations are fully complied with. Further, OLP has zero tolerance towards frauds and professional misconduct. The Anti-fraud Policy and Whistleblowing Policy are in place which encourage the employees to report any form of fraud and misconduct and guide them on how to report them.

The HR and Compliance departments ensure that all policies in this regard are inculcated into the Company's culture and communicated to all employees from time to time. New employees are provided training/orientation on these policies immediately on their joining to assimilate them in OLP's culture.

Awards and Recognition

During FY2019, OLP received following awards which are recognition of its performance and standing in the market:

- Management Association of Pakistan (MAP) awarded Corporate Excellence Award in the leasing sector for the fourth consecutive year.
- The NBF and Modaraba Association of Pakistan awarded OLP the best NBF Award for the year.
- The Federation of Pakistan Chamber of Commerce & Industry (FPCCI) awarded 7th achievement award to OLP.

Future Outlook

The high interest rate environment, expected to continue in the short term, necessitates high degree of credit assessment for new lending. Similarly, risk management will take precedence in future operations due the challenging economic environment. OLP will continue with its policy of risk diversification in different sector and customers.

We are optimistic about the long-term economic growth of the Country. The business community will have to face the challenges of the current economic policy measures by the Government in the short run. However, we believe that such measures were necessary to bring the economy on sustainable growth path in future. OLP, due to its unique business model, always adjusted to the changing business environment and will continue to do so in future.

Board of Directors and Board Committees

The composition of the Board of Directors and its sub-committees are given in the Statement of Compliance on page no. 40.

Evaluation of the Performance of the Board:

The Board of Directors aims at ensuring that the Company adopts best practices of the industry in its functions. In order to do so, the Directors effectively participate in meetings of the Board and their respective committees.

To evaluate the contribution and performance of the Directors, the Company has devised a formal evaluation process. This evaluation is carried out on an annual basis, either in-house or through external independent consultants. In the process of evaluation, the assessment proformas are circulated to the Board members who send their replies to the Company Secretary or the external independent consultants as the case may be.

A report is compiled based on the responses given by the Members and presented before the Board. The Board discusses the results, especially the areas which need improvements. Confidentiality of the complete process is strictly ensured.

Board's Remuneration Policy

The Company has a Board of Directors Remuneration Policy in place, which was duly approved by the Board. It provides a formal mechanism for determining the remuneration of the directors of the Company, for attending the Board and its committee meetings. As per the Policy, only the Independent Non-Executive Directors are eligible for remuneration for attending the Board and its committees' meetings. Whereas, the Non-Executive Directors are only entitled to reimbursement of the expenses incurred for attending the meetings.

Compliance with Pakistan Stock Exchange Limited (PSX) Regulations

In compliance with rule 5.6.1(a) and (d) of the PSX Regulations in respect of dissemination of price-sensitive information relating to the business and mandatory disclosure to PSX on buying and selling of shares by Directors, CEO, substantial shareholders and executives, the Board has set the following threshold for the term "Executive":

- Chief Executive Officer
- Deputy Chief Executive Officer
- Chief Financial Officer
- Company Secretary
- Head of Internal Audit
- All Departmental Heads

Directors' Declaration

1. The financial statements of the Company fairly represent its financial state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards as applicable in Pakistan have been followed in the preparation of financial statements, and any departure has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There is no reason to doubt the Company's ability to continue as a going concern.
7. Details of significant deviations in the Company's operating results during the year ended June 30, 2019, are stated within the Directors' Report.
8. Key operating and financial data for the last six years in a summarized form is given on page no. 46.
9. There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2019, except for those disclosed in the financial statements.
10. The value of investments of the recognised provident fund as at June 30, 2019, was PKR 435.9 million (unaudited), and as at June 30, 2018, was PKR 401.7 million (audited).

The value of investments of the Company's recognised gratuity fund as at June 30, 2019, was PKR 208.4 million (unaudited), and as at June 30, 2018, was PKR 176.2 million (audited).

11. Following are the details of the trade in the shares of the Company, carried out by the significant Shareholder, Director and Executives of the Company, during the year:

Name	Designation	Nature of Transaction	Number of Shares
MAJOR SHAREHOLDER			
ORIX Corporation	Shareholder	Shares transfer received from Nominee Director and Ex-Nominee Directors	2,925
DIRECTOR			
Harukazu Yamaguchi	Non-Executive Director	Shares Transferred to ORIX Corporation	975
EXECUTIVES			
Mr. Shaheen Amin	Chief Executive Officer	Shares Purchased	100,000
Imtiaz Ahmad Chaudhry	Executive Officer	Shares Purchased	1,037
Effat Assad *	Executive Officer	Shares Sold	20,500

*Resigned on May 12, 2019.

12. Five (05) out of nine (09) Directors of the Company have certification/exemption under the Directors Training Program that meets the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017.

13. During the year, seven meetings of the Board of Directors, five meetings of the Audit Committee, three meetings of Board Human Resource, Nomination and Remuneration Committee and two Meetings of Board Risk Committee were held. The Directors, who were unable to attend the meetings, followed the progress of the proceedings of the Board.

Board of Directors' Meetings

The attendance at the meetings of the Board of Directors is given below:

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Khalid Aziz Mirza	7	Mr. Naveed Kamran Baloch	7
Mr. Nasim Hyder	7	Ms. Aminah Zahid Zaheer	7
Mr. Harukazu Yamaguchi (Non-resident)	2	Mr. Kiyokazu Ishinabe (Non-resident)	6
Mr. Ikuo Nakamura (Non-resident)	7	Mr. Takashi Nakayama (Non-resident) ^[1]	3
Mr. Fumihiko Sato (Non-resident) ^[2]	0	Mr. Shaheen Amin	7

[1] Resigned as Director on April 23, 2019.

[2] Appointed as Director on April 23, 2019.

On request, the leave of absence was granted to the Directors who could not attend the Board meetings.

Audit Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Nasim Hyder	5	Mr. Kiyokazu Ishinabe (Non-resident)	5
Ms. Aminah Zahid Zaheer	5	Mr. Takashi Nakayama (Non-resident) ^[1]	1

[1] Appointed as a member on October 23, 2018, and resigned as Director on April 23, 2019.

Human Resource Nomination And Remuneration Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Khalid Aziz Mirza	3	Mr. Takashi Nakayama (Non-resident) ^[1]	0
Mr. Naveed Kamran Baloch	3	Mr. Ikuo Nakamura (Non-resident)	2

[1] Appointed as a member on October 23, 2018, and resigned as Director on April 23, 2019.

Risk Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Ms. Aminah Zahid Zaheer	2	Mr. Kiyokazu Ishinabe (Non-resident)	2
Mr. Nasim Hyder	2	Mr. Shaheen Amin	2

All members were appointed on February 06, 2019

Board Changes

Mr. Takashi Nakayama resigned as the Director of OLP on April 23, 2019, and Mr. Fumihiko Sato was appointed as the Director on April 23, 2019. Subsequent to the year end, Mr. Fumihiko Sato resigned as Director on September 6, 2019 and Mr. Masato Takata was appointed as Director on September 6, 2019. The Board of Directors places on record its appreciation for services rendered by Mr. Takashi Nakayama and Mr. Fumihiko Sato. Further, the Board welcomes Mr. Masato Takata as Directors on the Board.

Credit Rating

The Pakistan Credit Rating Agency Limited (PACRA) maintained the Company's long term rating of AA+ (Double A plus) and short term rating of A1+ (A one plus) on August 28, 2019. These are among the highest ratings in the Non-Banking Financial Sector.

Major Shareholder

ORIX Corporation, Japan hold 49.58% of the Company's shareholding.

Auditors

M/s KPMG Taseer Hadi & Co., Chartered Accountants (KPMG) were appointed as the Company's auditors for the year ended June 30, 2019. The Code of Corporate Governance (CCG) requires that all inter related companies providing financial services shall appoint the same firm of auditors. In the year ended June 30, 2019, KPMG completed their maximum allowed five-year term as external auditors of ORIX Modaraba (ORIXM), OLP's subsidiary company. Consequently, ORIXM has appointed A.F. Ferguson & Co., Chartered Accountants as their auditors for the year ending June 30, 2020. To comply with the requirements of CCG, the Audit Committee of the Board recommended appointment of A.F. Ferguson & Co., Chartered Accountants as the Auditors for the year ending June 30, 2020. The Board of Directors endorses the recommendation of the Audit Committee for this appointment.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2019 is given on page no. 207.

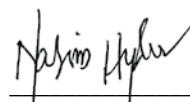
Acknowledgement

The Board would like to take this opportunity to thank the regulatory authorities, bankers, business partners and all stakeholders for their continued support and cooperation extended to the Company. We also thank our valued customers and depositors for their trust and confidence.

On behalf of the Board



SHAHEEN AMIN
Chief Executive Officer
September 6, 2019



NASIM HYDER
Director

بورڈ میں تبدیلیاں

جناب تاکاشی ناکایاما نے اولیل پی کے ڈائریکٹر کی حیثیت سے 23 اپریل 2019ء کو استعفیٰ دیا اور جناب فیومی ہیکو ساتو کا ڈائریکٹر کی حیثیت سے 23 اپریل 2019ء کو تقرر ہوا۔ سال کے اختتام پر، جناب فیومی ہیکو ساتو نے 6 ستمبر، 2019 کو ڈائریکٹر کے عہدے سے استعفیٰ دیا اور جناب مساتو تاکا 6 ستمبر 2019 کو ڈائریکٹر کے عہدے پر فائز ہوئے۔ بورڈ کے ڈائریکٹران جناب تاکاشی ناکایاما اور جناب فیومی ہیکو ساتو کی فراہم کردہ خدمات کا اعتراف کرتے ہیں۔ علاوہ ازیں، بورڈ کے ڈائریکٹر کے طور پر جناب مساتو تاکا کا خیر مقدم کیا۔

کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (پاکرا) نے 28 اگست 2019ء کمپنی کی طویل مدت ریٹنگ AA+ (ڈبل اے پلس) اور قلیل مدت ریٹنگ A1+ (اے ون پلس) برقرار رکھی۔ یہ نان بینکنگ فنانشل سیکٹر میں بالاترین ریٹنگز میں سے ہیں۔

نمایاں شیئر ہولڈرز

اور کس کارپوریشن، جاپان کمپنی کی 49.58 فیصد شیئر ہولڈنگ کی حامل ہے۔

آڈیٹرز

میسرز کے پی ایم جی تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس کا 30 جون 2019ء کو آڈیٹرز کے طور پر تقرر کیا گیا۔ کوڈ آف کارپوریٹ گورننس (سی سی جی) کا تقاضہ ہے کہ مالی خدمات فراہم کرنے والی تمام متعلقہ کمپنیاں ایک ہی آڈیٹرز فرم کا تقرر کریں۔ 30 جون، 2019 کو ختم ہوئے سال میں، کے پی ایم جی نے اولیل پی کی ذیلی کمپنی، اور کس مضاربہ (ORIXM) کے بیرونی آڈیٹرز کی حیثیت سے اپنی زیادہ سے زیادہ اجازت شدہ پانچ سالہ میعاد مکمل کی۔ اس کے نتیجے میں، ORIXM نے اختتامیہ سال 30 جون، 2020 کے لئے اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو اپنا آڈیٹر مقرر کیا ہے۔ سی سی جی کی ضروریات کو پورا کرنے کے لئے، بورڈ کی آڈٹ کمیٹی نے اختتامیہ سال 30 جون، 2020 کے لئے اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو بطور آڈیٹر مقرر کرنے کی سفارش کی۔ بورڈ کے ڈائریکٹران اس تقرری کے لئے آڈٹ کمیٹی کی سفارش کی توثیق کرتے ہیں۔

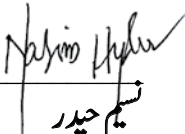
شیئر ہولڈنگ کا طرز


30 جون 2019ء کو شیئر ہولڈنگ کا پیٹرن صفحہ نمبر 207 پر دیا گیا ہے۔

اعتراف

بورڈ اس موقع پر ریگولیٹری اتھارٹیز، بینکرز، کاروباری شراکت دار اور جملہ شیئر ہولڈرز کا ان کی جانب سے کمپنی کے لئے مسلسل حمایت اور تعاون کا شکریہ ادا کرنا چاہتا ہے۔ ہم اپنے گاہکوں اور ڈپازٹ کنندگان کا ان کے بھروسہ اور اعتماد کا بھی شکریہ ادا کرتے ہیں۔

بورڈ کی جانب سے


نسیم حیدر
ڈائریکٹر


شاہین امین
چیف ایگزیکٹو آفیسر

6 ستمبر 2019ء

12- کمپنی کے نو (09) میں سے پانچ (05) ڈائریکٹران کے پاس ڈائریکٹرز تریبیٹی پروگرام کے تحت سرٹیفیکیشن / اسٹڈی ہے جو لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017ء کی ضروریات کو پورا کرتا ہے۔

13- سال کے دوران بورڈ آف ڈائریکٹرز کے سات اجلاس ہوئے، آڈٹ کمیٹی کے پانچ اجلاس ہوئے، بورڈ ہیومن ریسورس نامزدگی اور معاوضہ کمیٹی کے تین اجلاس ہوئے اور بورڈ رسک کمیٹی کے دو اجلاس ہوئے۔ وہ ڈائریکٹرز جو اجلاس میں شرکت سے قاصر رہے انہوں نے بورڈ کی کارروائیوں کی پراگریس پر عمل کیا۔

بورڈ آف ڈائریکٹرز کے اجلاس

بورڈ آف ڈائریکٹرز کے اجلاس میں حاضری حسب ذیل رہی:

ڈائریکٹر کا نام	اجلاس میں حاضری	ڈائریکٹر کا نام	اجلاس میں حاضری
جناب خالد عزیز مرزا	7	جناب نوید کامران بلوچ	7
جناب نسیم حیدر	7	محترمہ آمنہ زاہد ظہیر	7
جناب بارو کا زویا گوچی (غیر مقامی)	2	جناب کیو کا زوایشی نابلی (غیر مقامی)	6
جناب اکیونا کا مور (غیر مقامی)	7	جناب تاکاشی ناکایاما (غیر مقامی) ^[1]	3
جناب فومی نیکو ساٹو (غیر مقامی) ^[2]	0	جناب شاہین امین	7

[1] ڈائریکٹرز کی حیثیت سے 23 اپریل 2019ء کو مستعفی ہو گئے۔

[2] ڈائریکٹرز کی حیثیت سے 23 اپریل 2019ء کو تقرر ہوا۔

جو ڈائریکٹران بورڈ کے اجلاس میں حاضر نہ ہو سکے ان کی چھٹی کی درخواست منظور کر لی گئی۔

آڈٹ کمیٹی کے اجلاس

ڈائریکٹر کا نام	اجلاس میں حاضری	ڈائریکٹر کا نام	اجلاس میں حاضری
جناب نسیم حیدر	5	جناب کیو کا زوایشی نابلی (غیر مقامی)	5
محترمہ آمنہ زاہد ظہیر	5	جناب تاکاشی ناکایاما (غیر مقامی) ^[1]	1

[1] ممبر کی حیثیت سے 23 اکتوبر 2018ء کو تقرر ہوا اور ڈائریکٹرز کی حیثیت سے 23 اپریل 2019ء کو مستعفی ہو گئے۔

ہیومن ریسورس نامزدگی اور معاوضہ کمیٹی کے اجلاس

ڈائریکٹر کا نام	اجلاس میں حاضری	ڈائریکٹر کا نام	اجلاس میں حاضری
جناب خالد عزیز مرزا	3	جناب تاکاشی ناکایاما (غیر مقامی) ^[1]	0
جناب نوید کامران بلوچ	3	جناب اکیونا کا مور (غیر مقامی)	2

[1] ممبر کی حیثیت سے 23 اکتوبر 2018ء کو تقرر ہوا اور ڈائریکٹرز کی حیثیت سے 23 اپریل 2019ء کو مستعفی ہو گئے۔

رسک کمیٹی کے اجلاس

ڈائریکٹر کا نام	اجلاس میں حاضری	ڈائریکٹر کا نام	اجلاس میں حاضری
محترمہ آمنہ زاہد ظہیر	2	جناب کیو کا زوایشی نابلی (غیر مقامی)	2
جناب نسیم حیدر	2	جناب شاہین امین	2

تمام ممبران کا تقرر 06 فروری 2019ء کو ہوا۔

ڈائریکٹران کا اعلامیہ

- 1- کمپنی کے مالیاتی گوشوارے صاف ستھرے طور پر اس کے معاملات کی مالی حالت، اس کے آپریشنز کے نتائج، کیش فلو اور ایکونٹی میں تبدیلیوں کی نمائندگی کرتے ہیں۔
- 2- کمپنی کی اکاؤنٹس کی باضابطہ کتابیں ترتیب دی گئی ہیں۔
- 3- مالیاتی گوشواروں کی تیاری میں بالکل مناسب اکاؤنٹنگ پالیسیوں کا متواتر استعمال کیا گیا ہے اور اکاؤنٹنگ تخمینے واجبی اور انتہائی محتاط اندازوں پر مبنی ہیں۔
- 4- اندرونی مالیاتی رپورٹنگ کے معیارات جیسا کہ پاکستان میں ان کا اطلاق ہوتا ہے پر مالیاتی گوشواروں کی تیاری میں عمل کیا گیا ہے اور کوئی بھی ڈپارچر بالکل کافی طور پر عیاں اور واضح کئے گئے ہیں۔
- 5- اندرونی کنٹرول کا نظام اپنے ڈیزائن میں بالکل مستحکم ہے اور موثر طور پر اس کا نفاذ کیا گیا اور مانیٹرنگ کی گئی ہے۔
- 6- کمپنی کی ایک چلتے ہوئے کاروباری ادارے کے طور پر اہلیت کے بارے میں شک کرنے کی کوئی وجہ نہیں ہے۔
- 7- کمپنی کے آپریشنز کے نتائج میں معنی خیز ڈیویڈنڈز کی تفصیلات 30 جون 2019ء کو ختم ہونے والے سال کی ڈائریکٹران کی رپورٹ کے اندر بیان کئے گئے ہیں۔
- 8- گزشتہ چھ برسوں کے لئے کلیدی آپریشنز اور مالیاتی ڈیٹا ایک خلاصہ کی صورت میں صفحہ نمبر 46 پر دیا گیا ہے۔
- 9- محصولات، ڈیویڈنڈز، لیویز اور چارجز کی مد میں 30 جون 2019ء تک کوئی بھی لازمی ادائیگیاں واجب الادا نہیں ہیں ماسوا ان کے جو مالیاتی گوشواروں میں ظاہر کی گئی ہیں۔
- 10- معروف شدہ پراویڈنٹ فنڈ کی سرمایہ کاری کی ویلیو 30 جون 2019ء کو 435.9 ملین پاکستانی روپے (غیر آڈٹ شدہ) تھی اور 30 جون 2018ء کو 401.7 ملین پاکستانی روپے (آڈٹ شدہ) تھی۔
- 11- کمپنی کی معروف شدہ گریجویٹ فنڈ کی سرمایہ کاری کی ویلیو 30 جون 2019ء تک 208.4 ملین پاکستانی روپے (غیر آڈٹ شدہ) تھی اور 30 جون 2019ء تک 176.2 ملین پاکستانی روپے (آڈٹ شدہ) تھی۔
- 11- کمپنی کے شیئرز میں سال کے دوران کمپنی کے اہم شیئر ہولڈرز، ڈائریکٹرز اور ایکزیکیٹوز کی جانب سے شیئرز کی تجارت کی تفصیلات مندرجہ ذیل ہیں:

نام	عہدہ	ٹرانزیکشن کی نوعیت	شیئرز کی تعداد
نمایاں شیئر ہولڈرز			
اور کس کارپوریشن	حصص یافتگان	حصص کی منتقلی نامزد ڈائریکٹرز اور سابق نامزد ڈائریکٹرز کی جانب سے وصول ہوئی	2,925
ڈائریکٹرز			
ہاروکازو یاماگوچی	نان۔ ایکزیکیٹو ڈائریکٹرز	اور کس کارپوریشن میں حصص منتقل کئے گئے	975
ایکزیکیٹوز			
جناب شاہین امین	چیف ایکزیکیٹو آفیسر	حصص خریدے گئے	100,000
امتیاز احمد چوہدری	ایکزیکیٹو آفیسر	حصص خریدے گئے	1,037
عفت اسد*	ایکزیکیٹو آفیسر	حصص فروخت کئے گئے	20,500

* 12 مئی 2019ء کو مستعفی ہو گئے۔

ہم ملک کی طویل مدت میں معاشی ترقی کے لئے پر امید ہیں۔ کاروباری طبقہ کو قلیل عرصہ میں حکومت کے جاری معاشی پالیسی اقدامات کے مقابلے کا سامنا کرنا پڑے گا۔ تاہم ہمیں یقین ہے کہ ایسے اقدامات معیشت کو مستقبل میں ٹھوس ترقی کی راہ پر لانے کے لئے ضروری تھے۔ اولدیل پی نے اپنے منفرد کاروباری نمونہ کے باعث ہمیشہ بدلتے کاروباری ماحول کے مطابق آراستہ کیا اور مستقبل میں بھی ایسا کرنا جاری رکھے گی۔

بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیاں

بورڈ کے ڈائریکٹران اور اس کی ذیلی کمیٹیوں کی تشکیلی صورت اسٹیٹمنٹ آف کپلائنس کے صفحہ نمبر 40 پر دی گئی ہیں۔

بورڈ کی کارکردگی کا جائزہ

بورڈ کے ڈائریکٹران کا ہدف اس امر کو یقینی بنانا ہے کہ کمپنی اپنے افعال میں انڈسٹری کی بہترین روش کو اپنائے۔ ایسا کرنے کی غرض سے ڈائریکٹران بورڈ کی اور اپنی متعلقہ کمیٹیوں میں موثر شرکت کرتے ہیں۔

ڈائریکٹران کی حصہ داری اور کارکردگی کی قدر پیمائش کرنے کے لئے کمپنی نے ایک باضابطہ قدر پیمائش طریقہ کار تیار کیا ہے۔ یہ قدر پیمائش سالانہ بنیادوں پر ان ہاؤس یا بیرونی خود مختار کنسلٹنٹس کے ذریعے کی جاتی ہے۔ قدر پیمائش کے عمل میں بورڈ ممبران میں اسٹیٹمنٹ پر وفارمے تقسیم کئے جاتے ہیں جو ان کے جوابات کمپنی سیکریٹری یا بیرونی خود مختار کنسلٹنٹس جیسی بھی صورت ہو کو بھیج دیتے ہیں۔

ممبران کے دیئے گئے جوابات کی بنیاد پر ایک رپورٹ تالیف کی جاتی ہے اور بورڈ کے سامنے پیش کی جاتی ہے۔ بورڈ نتائج پر خاص طور پر جہاں بہتری کی ضرورت ہو گفت و شنید کرتا ہے۔ اس مکمل عمل کی رازداری کو سختی سے یقینی بنایا جاتا ہے۔

بورڈ کے معاوضہ کی پالیسی

کمپنی کی بورڈ آف ڈائریکٹران کے معاوضہ کے لئے ایک پالیسی موجود ہے جسے بورڈ نے باضابطہ طور پر منظور کیا تھا۔ یہ پالیسی کمپنی کے ڈائریکٹران کے بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کے معاوضہ کو طے کرنے کیلئے ایک باضابطہ میکینزم فراہم کرتی ہے۔ پالیسی کے مطابق صرف آزادانہ ایکزیکیوٹو ڈائریکٹران ہی بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کے معاوضہ کے اہل ہیں۔ جبکہ ایکزیکیوٹو ڈائریکٹران صرف اجلاس میں شرکت پر ہونے والے اخراجات کی ادائیگی کے حقدار ہیں۔

پاکستان اسٹاک ایکسچینج لمیٹڈ (پی ایس ایکس) کے ریگولیشنز سے مطابقت

پی ایس ایکس ریگولیشنز کے ضابطہ 5.6.1 (اے) اور (ڈی) سے مطابقت کے تحت قیمتوں سے متعلق حساس معلومات کے پھیلاؤ کے ضمن میں پی ایس ایکس کے لازمی طور پر علم میں لانے والی کاروباری اور مینڈیٹری معلومات جن کا تعلق ڈائریکٹران، سی ای او، بڑے شیئرز ہولڈرز اور ایکزیکیوٹو کی طرف سے شیئرز کی خرید و فروخت کے حوالے سے بورڈ نے اصطلاح ”ایکزیکیوٹو“ کے لئے مندرجہ ذیل حد طے کی ہیں:

- چیف ایکزیکیوٹو آفیسر
- ڈپٹی چیف ایکزیکیوٹو آفیسر
- چیف فنانسئل آفیسر
- کمپنی سیکریٹری
- انٹرنل آڈٹ کاسربراہ
- تمام شعبہ جاتی سربراہان

مستقبل کی حکمت عملی طے کرنے اور ضروری تبدیلیاں کرنے میں امداد کی جائے تاکہ عملہ کی شکایات کو رفع کیا جائے اور کمپنی بھر میں جہاں بھی ضرورت ہو وہاں شفافیت اور درستگی کو بہتر بنایا جائے۔ سال کے دوران 4 ہفتی ہر اسمنٹ پالیسی تشکیل دی گئی اور انسداد ہراساں کرنے والی کمیٹی قائم کی گئی تاکہ ہراساں سے متعلق مسائل سے نمٹا جائے اور اولیل پی میں کام کرنے کے پُرامن ماحول کو فروغ دیا جائے۔

ہیومن ریسورس، نامزدگی اور معاوضہ کمیٹی بورڈ کو کلیدی منیجمنٹ اسٹاف کو ملازمت دینے، ایچ آر پالیسیوں، متبادل کی منصوبہ بندی اور کارکردگی کی قدر پیمائش اور سینئر منیجمنٹ کو تلافی معاوضہ کے ضمن میں مشورہ دیتی ہے۔ یہ کمیٹی سینئر منیجمنٹ کی تربیتی اور ترقی کی ضروریات پر اور کمپنی کے مجموعی تربیتی پروگرامز پر بھی توجہ مرکوز رکھتی ہے۔

اولیل پی کا اسٹاف مسابقت سے پُرمالیاتی سیکٹر میں پیش آنے والے مقابلے کا سامنا کرنے کے لئے پوری طرح تیار ہے۔ بورڈ کمپنی کی کامیابی اور کامیاب آپریشنز کے ایک اور برس کی تکمیل پر ملازمین کی حصہ داری کے لئے ستائش کو ریکارڈ پر رکھتا ہے۔

کاروباری اخلاقیات

اولیل پی اس امر کو یقینی بنانے کے لئے پر عزم ہے کہ اس کی تمام سرگرمیاں اور معاملات تمام متعلقہ قوانین اور ضوابط کے مطابق ہوں اور اس کے تمام ملازمین اپنی ذمہ داریاں بلند ترین پیشہ ورانہ اور اخلاقی معیارات پر انجام دیں۔

کوڈ آف کنڈکٹ اور اخلاقیات پالیسی ملازمین کے لئے رہنما اصول مہیا کرتی ہے کہ وہ اندرونی و بیرونی گاہکوں سے معاملہ کرتے ہوئے کس طرح کاروبار اور طریقہ اپنائیں۔ پالیسی یہ بھی یقینی بناتی ہے کہ تمام مقامی قوانین اور ضوابط سے کلی طور پر مطابقت کی جائے۔ نیز دھوکہ دہی اور پیشہ ورانہ بدتمیزی کے ضمن میں اولیل پی کی صفر برداشت کی پالیسی ہے۔ 4 ہفتی فراڈ حکمت عملی اور خطرات سے قبل از وقت آگاہی کی پالیسی اپنی جگہ پر موجود ہیں جو ملازمین کی کسی بھی نوعیت کے دھوکے اور مس کنڈکٹ کی رپورٹ کرنے کی حوصلہ افزائی کرتی ہے اور انہیں رپورٹ کرنے پر رہنمائی کرتی ہے۔

ایچ آر اور کمپلائنس کے شعبہ جات یہ یقینی بناتے ہیں کہ اس ضمن میں تمام حکمت عملی کمپنی کے کلچر میں رچ بس جائیں اور ملازمین تک انہیں وقفہ وقفہ سے پھنچایا جائے۔ نئے ملازمین کو ان کی شمولیت کے ساتھ ہی فوراً ان حکمت عملی پر تربیت / اور واقفیت فراہم کی جاتی ہے تاکہ انہیں اولیل پی کے کلچر میں سمولیا جائے۔

اعزازات اور کارکردگی کے اعترافات

- مالی سال 2019ء کے دوران اولیل پی کو مندرجہ ذیل اعزازات ملے جو اس کی کارکردگی اور مارکیٹ میں اس کے مقام کا اعتراف ہیں:
- منیجمنٹ ایسوسی ایشن آف پاکستان (ایم او پی) نے لیزنگ سیکٹر میں لگاتار چوتھے برس کارپوریٹ ایکسی لینس ایوارڈ دیا۔
 - این بی ایف آئی اور مضاربہ ایسوسی ایشن آف پاکستان نے اولیل پی کو سال کے لئے بہترین این بی ایف آئی ایوارڈ دیا۔
 - فیڈریشن آف پاکستان جنٹلمینز آف کامرس اینڈ انڈسٹری (ایف پی سی سی آئی) نے اولیل پی کو ساتواں ایچومنٹ ایوارڈ دیا۔

مستقبل کا منظر نامہ

بلند شرح سود کا ماحول جس کی قلیل مدت تک جاری رہنے کی توقع ہے نئے قرضوں کے لئے بلند درجہ کے کریڈٹ تخمینے کی ضرورت پیدا کرتا ہے۔ اسی طرح چینجنگ معاشی ماحول کی وجہ سے مستقبل کے آپریشنز میں رسک منیجمنٹ کی نظیر قائم ہوگی۔ اولیل پی مختلف سیکٹر اور گاہکوں میں مختلف النوع رسک کی پالیسی جاری رکھے گی۔

فیو 30 جون 2018ء کے 5.2 ارب روپے کے بالمقابل 4.2 ارب روپے تھا جو کل قرضوں کے 27 فیصد کی نمائندگی کرتا ہے۔ سال کے دوران سی او ڈی نرخ مارکیٹ نرخ میں اضافہ کے حساب سے اوپری جانب تبدیل کئے گئے۔ بدلتی ہوئی گاہکوں کی ضروریات اور طلب کو پورا کرنے کے لئے نئی پروڈکٹس مسلسل تیار کی جاتی ہیں۔

کارپوریٹ گورننس

اولیل پی کا مضبوط کارپوریٹ گورننس ڈھانچہ کمپنی کے طویل المدت مقاصد کے حصول کے لئے موثر انتظامیہ کو سہل بناتا ہے جو شفافیت، احتساب اور کمپلائنس پر زور دیتا ہے جو کہ کسی بھی مضبوط گورننس ڈھانچہ کی بنیاد ہیں۔ اچھی طرح قائم کی گئی پالیسیاں، اچھی طرح طے شدہ حکام اور ذمہ داریاں اور مضبوط کنٹرولز اور رسک منیجمنٹ فریم ورک ان مقاصد کے حصول کے لئے اپنی جگہ موجود ہیں۔ گورننس کے ڈھانچہ کی سربراہی ایک نور کنی بورڈ آف ڈائریکٹرز (بی او ڈی) کے پاس ہے۔ اولیل پی کا بورڈ چار آزاد ڈائریکٹران پر مشتمل ہے جو اپنے ساتھ بورڈ کے اجلاسوں میں مختلف النوع تجربہ لے کر آتے ہیں۔ بورڈ کی تین ذیلی کمیٹیاں ہیں جن کے نام آڈٹ کمیٹی، ہیومن ریسورس، نامزدگی اور معاوضہ کمیٹی اور رسک کمیٹی ہیں جو بورڈ کی اس کے افعال کی انجام دہی میں مدد کرتی ہیں۔ سال کے دوران رسک کمیٹی کی تشکیل بورڈ کی جانب سے گورننس معیارات میں بہتری لانے پر زور دینے کو ظاہر کرتی ہے۔ بی او ڈی اور اس کی تمام کمیٹیوں کی سربراہی آزاد ڈائریکٹران کے پاس ہے۔ بورڈ کی کمیٹیوں کے علاوہ اولیل پی کی کمپنی کے اہم افعال کی نگرانی کرنے والی 14 اندرونی کمیٹیاں ہیں جن کے نام انتظامی کمیٹی، ایسیٹ لائسبلٹی منیجمنٹ کمیٹی، رسک کمیٹی اور آئی ٹی اسٹیٹنگ کمیٹی ہیں۔

کمپنی تمام ریگولیٹری ضروریات سے عین مطابقت پر بھی گہر زور دیتی ہے اور یقینی بناتی ہے کہ مطابقت کا کلچر ادارہ کی تمام سطحوں تک پہنچ جائے۔ اولیل پی ریگولیٹری فریم ورک سے پوری مطابقت رکھتی ہے اور انڈسٹری کی بہترین روش سے مطابقت کو بھی ہدف رکھتی ہے۔

کارپوریٹ سماجی ذمہ داری

ہمارا کاروباری ماڈل ایک سماجی تاثر بنانے کے گرد گھومتا ہے جس کے لئے قائم رہنے والے کاروباری ماڈل کو تخلیق کرتے ہوئے، اسٹیک ہولڈرز کے لئے زیادہ سے زیادہ قدر کو تخلیق کرتے ہوئے، انفرادی صلاحیت کی نمو اور معاشرے کے تمام حصوں کی مالیاتی شمولیت کو جنم دیتا ہے۔ اولیل پی کی پاکستان کے تمام بڑے شہروں میں موجودگی ہے اور وہ مقامی کاروبار کی بالخصوص ان کی افزائش کرتی ہے جنہیں ملک کے مالیاتی سیکٹر تک رسائی حاصل نہیں ہے۔

اولیل پی کا مائیکرو فنانس کا ڈویژن 2004ء سے آپریشنل ہے اور معاشرے کے اس کم مراعات یافتہ طبقہ کو مالیاتی سہولت فراہم کرتی ہے جس کی ضروریات بڑے مالیاتی اداروں کی جانب سے پوری نہیں کی جاتیں۔ کمپنی کا مرکزی ہدف کاروباری خواتین کی ترقی ہے تاکہ انہیں خود کفیل بنایا جائے اور ان کے معیار زندگی کو بلند کیا جائے۔

اولیل پی سماجی مقاصد کے ضمن میں ایک باقاعدہ حصہ دار ہے اور ہر سال اپنے منافع کا ایک حصہ تعلیم و صحت کے میدانوں میں کام کرنے والے اداروں اور دیگر سماجی کاموں میں عطیہ کرتی ہے۔ فنڈز کے درست استعمال کو یقینی بنانے کے لئے یہ عطیات وصول کنندہ تنظیم کی کڑی جانچ پڑتال کے بعد دیئے جاتے ہیں۔

افراد

کمپنی اپنے عملے کی ترقی کے لئے مسلسل توجہ مرکوز رکھتی ہے جو اس کا قیمتی ترین اثاثہ تصور کئے جاتے ہیں۔ ان کی سخت محنت، ہوشیاری اور لگن کمپنی کی کامیابی کے لئے انتہائی اہم ہیں۔ اندرونی و بیرونی تربیتی پروگرام کے علاوہ عملہ کی مصروفیت کی سرگرمیاں ایک باقاعدہ سلسلہ ہیں۔ یہ سرگرمیاں ملازمین کے جذبے کو تقویت اور طویل المدت رفاقت کو جنم دیتی ہیں جو بالآخر کمپنی کو ہی فائدہ دیتی ہیں۔

ملازمین کے اطمینان کی سطح کو جانچنے کے لئے اس سال ایک ملازمین کے اطمینان کے سروے کا انعقاد کیا گیا۔ ان نتائج سے ارادہ یہ تھا کہ انتظامیہ کی

اندرونی کنٹرول اور کمپلائنس

یہ اولیل پی کے مرکزی اہداف میں سے ایک ہدف ہے کہ گورننس کے اعلیٰ معیارات، اندرونی کنٹرول اور رسک کے تخمینہ کے فریم ورک کے ساتھ انڈسٹری کے لئے مثالی نمونہ بنا جائے۔ بورڈ نے ایسی انتہائی جامع پالیسیوں اور طریقہ کار کی منظوری دی ہے جو آپریشنز کے تمام پہلوؤں کا احاطہ کرتی ہے۔ ان پالیسیوں کا بدلتی ہوئی کاروباری، آپریشنل اور ریگولیٹری ضروریات کے مطابق جائزہ لیا اور اپڈیٹ کیا جاتا ہے۔ اندرونی کمیٹیاں اس بات کی ذمہ دار ہیں کہ ان پالیسیوں کا نفاذ اور ان کے عین مطابق عمل درآمد کیا جاسکے۔

کمپلائنس کا فنکشن اس بات کو یقینی بناتا ہے کہ کمپنی سے متعلق تمام نئے اور موجودہ قواعد و ضوابط کے عین مطابق پوری طرح عمل کیا جائے۔ ایس ای سی پی کی جانب سے مالیاتی اداروں کی رشوت خوری اور دہشت گردی کی فائنانسنگ کے ضمن میں نگرانی کی بلند تر سطح کے پیش نظر کمپلائنس ڈپارٹمنٹ کی ذمہ داریاں زیادہ نازک ہو گئی ہیں۔ ایک سب سے زیادہ ڈپازٹ لینے والی این بی ایف سی کی حیثیت سے کمپنی نے بے حد سخت اقدامات متعارف کرائے ہیں تاکہ تمام ریگولیٹری ضروریات بشمول یو این / نیکشا کی اسکریننگ اور بڑھی ہوئی کے وائی سی کی ضروریات کے عین مطابق پوری طرح عمل درآمد کیا جاسکے۔ پوری کمپنی میں مختلف النوع تربیت کا اہتمام کیا گیا تاکہ اسٹاف کو اے ایم لیبل ریگولیشنز اور اسٹاف کی کمپلائنس کے حوالے سے اپنی ذمہ داریوں سے متعلق آگہی فراہم کی جائے۔ رسک کے تخمینہ کا عمل کمپنی کی سطح اور انفرادی کاروباری تعلق کی سطح دونوں پر کیا گیا اور خلاء کو درست کرنے کے لئے ضروری اقدام کیا گیا۔

کمپنی کا اندرونی آڈٹ ڈپارٹمنٹ بورڈ آڈٹ کمیٹی کی براہ راست نگرانی میں خود مختار طور پر کام کرتا ہے۔ آڈٹ کمیٹی کی جانب سے ہر سال ایک رسک بیسڈ اندرونی آڈٹ پلان تیار اور منظور کیا جاتا ہے۔ شعبہ جاتی آڈٹ اس پلان کے مطابق کئے جاتے ہیں اور بورڈ اور کمیٹی کو ان آڈٹس کے نتائج کے بارے میں باقاعدگی سے آگاہ کیا جاتا ہے۔ پالیسیوں اور ایس او پیز کے نفاذ اور افادیت کا اندرونی آڈٹ ڈپارٹمنٹ کی جانب سے باقاعدہ جائزہ لیا جاتا ہے اور کوئی خلاء ہو تو اسے عیاں کیا جاتا ہے۔ بورڈ اندرونی آڈٹ کی رپورٹس پر اور ان رپورٹس کی سفارشات کے نفاذ پر گہرا زور دیتا ہے۔ اندرونی آڈٹ آپریشنل رسک کے حساب سے کنٹرولز کے نفاذ اور ان کی جانچ میں اہم کردار ادا کرتا ہے۔ ان کے باقاعدہ آڈٹ رسک کی جگہوں کی شناخت اور موجودہ پالیسیوں اور کنٹرولز کو بہتر بنانے میں مدد دیتے ہیں۔

فنڈنگ اور لیکوئڈٹی

اولیل پی کی لوگیئرنگ اور مضبوط Capital Adequacy Ratio کے ساتھ مضبوط فنڈنگ پوزیشن ہے۔ اسے بینکنگ سیکٹر اور ریٹیل / ادارہ جاتی ڈپازٹ کنندگان کے اندر ٹھوس اعتباریت حاصل ہے۔ 30 جون 2019ء کو 8,013 ملین روپے (جون 2018: 7,249 ملین روپے) کی کل لیکوئٹی کے ساتھ 30 جون 2019ء کو کیپٹل ایڈیکویسی ریشو (CAR) کم از کم 10 فیصد ریگولیٹری ضروریات کے بالمقابل 27 فیصد (جون 2018: 25 فیصد) تھی جبکہ گیئرنگ 1.95 (جون 2018: 2.35) تھی۔ سال کے دوران کمپنی نے بونس شیئرز کا اجرا کیا جس سے پیڈ اپ کیپٹل گزشتہ برس کے 1,392 ملین روپے سے بڑھ کر 1,670 ملین روپے ہو گیا۔

کمپنی نے مضبوط بینکنگ تعلقات استوار کئے ہیں اور پاکستان میں ہر بڑے تجارتی بینک کے ساتھ اپنے دو طرفہ تعلقات کو توسیع دی ہے۔ اولیل پی 17 بینکوں اور این بی ایف سی سے فنڈنگ سہولیات استعمال کرتا ہے۔ 30 جون 2019ء کو 15.6 ارب روپے (جون 2018: 17.1 ارب روپے) کی کل قرض داری میں بینک سے قرضہ 11.4 ارب روپے تھے۔ نیز اولیل پی کے پاس اس تاریخ کو 3.5 ارب روپے کی غیر استعمال شدہ سہولیات تھیں۔ طویل مدتی سہولیات بینک سے قرضوں کے 88 فیصد ہیں لیز اور قرضہ جاتی پورٹ فولیو کے حساب سے کافی میچورٹی جوڑ فراہم کرتا ہے۔

اولیل پی کے پاس ڈپازٹ سرفیکٹس کا ایک اچھا خاصا پورٹ فولیو ہے جو انفرادی اور ادارہ جاتی دونوں سرمایہ کاروں پر مشتمل ہے۔ کچھ جمع کنندگان اولیل پی کے ساتھ 10 برس سے زائد عرصہ سے منسلک ہیں جو ایک وفادار گاہکوں کی بنیاد کی نشاندہی کرتا ہے۔ 30 جون 2019ء کو کل سی او ڈی پورٹ

لازمی ضروریات کی مطابقت کے لئے بنیادی طور پر گورنمنٹ سیکورٹیز میں سرمایہ کاری پر مشتمل لیکوئڈ سیکورٹیز اولیل پی کے ڈپازٹ سٹریٹجی کے حساب سے رکھی جاتی ہیں۔ ان ضروریات کی روزانہ کی بنیاد پر مانیٹرنگ کی جاتی ہے تاکہ ڈپازٹس کے حساب سے سیکورٹیز کی موثر ترین سطح رکھی جاسکے۔

مارکیٹ رسک

مارکیٹ رسک سے مراد وہ رسک ہے جو مارکیٹ سے متعلق حساس اثاثوں اور ادائیگیوں میں مارکیٹ فیکٹرز مثلاً شرح سود اور کرنسی کے تبادلے کی شرح میں نقل و حرکت کے باعث ہونے والے اتار چڑھاؤ کی وجہ سے لاحق ہوتا ہے۔ بنیادی طور پر اسپریڈ بیسڈ پروڈکٹس میں کام کرنے کی وجہ سے اولیل پی کا کاروبار انٹرسٹ نرخوں میں حرکت کی وجہ سے پیدا ہونے والے خدشات سے معنی خیز حد تک متاثر ہوتا ہے۔ کمپنی کو غیر ملکی ایسوسی ایٹس میں اس کی سرمایہ کاری کی وجہ سے کرنسی رسک بھی لاحق ہوتا ہے اور یہ سرمایہ کاری صرف اسی صورت میں قابل حصول ہوتی ہے جب اسے فروخت کر دیا جائے یا ایسوسی ایٹس کی جانب سے منافع کی ادائیگی کی جائے۔ اولیل پی کو لائبلٹی کی جانب سے کوئی کرنسی رسک لاحق نہیں ہوتا۔ ایک پالیسی کے طور پر اولیل پی کو غیر ملکی کرنسی کا کوئی قرضہ کر اس کرنسی تبادلہ کے بغیر نہیں لیتی تاکہ غیر ملکی کرنسی میں اتار چڑھاؤ سے مکمل تحفظ حاصل ہو سکے۔

انٹرسٹ ریٹ رسک کی مانیٹرنگ اور کنٹرول اے لیل سی او کی ذمہ داری ہے۔ لیز اور قرضہ جات کے پورٹ فولیو کا اہم حصہ کا بئور سے متعلق ہے اور نرخوں میں کسی بھی تبدیلی کا کمپنی کے منافع کی اہلیت پر معنی خیز طور پر اثر انداز ہوتی ہے۔ اسی طریقے سے کمپنی کے بڑے قرضے کا بئور کے حساب سے بیج مارک بھی کئے جاتے ہیں۔ اے لیل سی او نے شرح سود کے خطرے کو منظم اور قابو کرنے کے لئے پرائسنگ حکمت عملی اور پالیسیاں تشکیل دی ہیں جس کے تحت یہ رسک گاہکوں کو جس حد تک ممکن ہو منتقل کر دیا جاتا ہے اور قابل تبدیل ریٹ لائبلٹی کا خاصے بڑے حصہ کو قابل تبدیل ریٹ اثاثوں سے جوڑ دیا جاتا ہے۔ کسی قابل قبول حدود سے بالاتر منفی جوڑ کی صورت میں اولیل پی کے پاس یہ اختیار ہوتا ہے کہ وہ اپنے اثاثوں اور / یا لائبلٹی کس کی ری پوزیشن کر لے یا شرح سود تبادلہ کو عمل میں لائے۔

گزشتہ سال کرنسی کی شرحوں اور شرح سود میں معنی خیز اتار چڑھاؤ کے ساتھ کمپنی نے پاک روپیہ کی قدر میں کمی کے منفی پہلوؤں سے خود کو بچائے رکھا اور انٹرسٹ نرخوں میں اتار چڑھاؤ کا مثبت اثر ہی رہا کیونکہ کمپنی لو گیئرڈ (low geared) ہے۔

آپریشنل رسک

آپریشنل رسک سے مراد ہے کہ کوئی ایسا واقعہ رونما ہو جائے جو کمپنی کے عمومی آپریشنز کو متاثر کر دے اور اس کی وجہ سے نقصان کا خدشہ ہو۔ اس میں وہ نقصانات شامل ہیں جیسے نظام یا پروسیجر کی ناکامی سے ہونے والا نقصان، فراڈ یا انسانی غلطی سے ہونے والا نقصان اور بیرونی واقعات مثلاً حادثات یا قدرتی آفات سے ہونے والا نقصان۔ اس میں مقامی قوانین اور ریگولیشنز پر عمل درآمد نہ کرنا بھی شامل ہے۔ مذکورہ بالا واقعات کے سبب کمپنی کی سہاگہ کو لاحق ہونے والے رسک بھی آپریشنل رسک میں آتے ہیں۔

آپریشنل خدشات کی شناخت، پہچان اور کمی کرنے کے لئے انتظامیہ پوری طرح پر عزم رہتی ہے۔ ان خدشات کو کم سے کم کرنے کے لئے ٹھوس اندرونی پالیسیاں اور طریقہ کار تیار کئے گئے ہیں جن کا بہتری کی غرض سے باقاعدگی سے جائزہ لیا جاتا ہے۔ کمپنی کے تمام بڑے معاملات کی روانی کے لئے پالیسیاں اور پالیسیاں اوپیز طے شدہ اور نافذ شدہ ہیں۔ ایسے غیر متوقع واقعات کے لئے جو آپریشنز میں بگاڑ پیدا کر سکتے ہیں اولیل پی کے پاس آفات سے بحالی کا پلان ہے جسے باقاعدہ وقفوں سے جانچا جاتا ہے تاکہ اس کی پرسکون عمل پزیری کو پرکھا جاسکے۔ مزید برآں کمپنی کے پاس انفارمیشن سیکورٹی پالیسیاں، کوڈ آف کنڈکٹ، اینٹی منی لانڈرنگ، اینٹی فراڈ اور نقصانات و خطرات سے قبل از وقت آگاہی کی پالیسیاں اپنی جگہ پر موجود ہیں۔ نئے اور موجودہ اسٹاف کو ان پالیسیوں پر مسلسل تربیت دی جاتی ہے تاکہ اخلاقیات کے کلچر کو فروغ دیا جاسکے اور دھوکہ دہی اور دیگر غلط کارگزاریوں سے بچا جاسکے۔ اسٹاف کے لئے کام کرنے کے زیادہ موافق اور محفوظ ماحول کو تخلیق کرنے کے لئے ایک اینٹی ہراسمنٹ پالیسی بھی متعارف کرائی گئی تھی۔

ای آر ایم فریم ورک پوری کمپنی میں رسک کی تفہیم اور اس کے اثرات کے ادراک میں اضافہ کرنے اور اول دفاعی لائنوں کو مضبوط بناتے ہوئے موجودہ رسک منیجمنٹ کے طریقہ کار کی افادیت میں اضافہ کرے گا۔ اولیل پی کی دوسری دفاعی لائن رسک کے شعبہ جات اور انفارمیشن سیکورٹی ہے۔ اولیل پی کے خود مختار کپلائنس اور اندرونی آڈٹ شعبہ جات بھی ہیں جو تیسری دفاعی لائن کے طور پر کام کرتے ہیں اور رسک منیجمنٹ اور اندرونی کنٹرول فریم ورکس کی خود مختار یقین دہانی فراہم کرتے ہیں۔ دونوں عوامل بورڈ کی آڈٹ کمیٹی جس کے چیئرمین ایک آزاد ڈائریکٹر ہیں کو براہ راست رپورٹ کرتے ہیں۔

کمپنی کو کو درپیش بڑے خدشات / رسک درج ذیل ہیں:

کریڈٹ رسک

کریڈٹ رسک سے مراد وہ رسک ہے جو اس وقت لاحق ہوتا ہے جب دیگر فریق اپنی مالی ذمہ داری وقت پر پوری کرنے میں ناکام ہو جائیں۔ کیونکہ اولیل پی کا کاروبار کریڈٹ رسک لینے کے گرد گھومتا ہے اس لئے منیجمنٹ کے لئے اولین ترجیح بورڈ کے منظور شدہ طریقہ کار کے مطابق رسک کی دیکھ بھال ہے۔

اولیل پی کی بورڈ سے منظور شدہ ایک کریڈٹ رسک پالیسی ہے جو معیشت کے مختلف حصوں کو کریڈٹ دینے کے لئے رہنما اصول مہیا کرتی ہے۔ یہ پالیسی کمپنی کو مختلف شعبوں اور اثاثوں کی کلاس اور ایک کاروباری وجود یا گروہ کے لئے کریڈٹ رسک پر رہنمائی کرتی ہے۔ کریڈٹ کی منظوری دینے کا اختیار بورڈ کی جانب سے سہولت کی مالیت کو دیکھتے ہوئے منیجمنٹ کی مختلف سطحوں پر تفویض کیا گیا ہے۔ منظور کرنے والے اس بات کو یقینی بناتے ہیں کہ جملہ کریڈٹ سہولیات کریڈٹ رسک پالیسی کے مطابق منظور کی جائیں۔

رسک منیجمنٹ کا شعبہ کریڈٹ رسک کا خود مختار تخمینہ لگاتا ہے اور اس کی رپورٹ کریڈٹ کمیٹی کو دیتا ہے۔ ایک خاص سطح سے بلند نئی کریڈٹ سہولیات کا اس شعبہ کی جانب سے منظوری سے قبل جائزہ لیا جاتا ہے۔ علاوہ ازیں ادائیگی کے بعد بھی دیگر منظور یوں کا جائزہ لیا جاتا ہے تاکہ منظور کرنے والی حاکمین کی تمام سطحوں پر کریڈٹ پالیسی پر عمل درآمد کو یقینی بنایا جاسکے۔ یہ شعبہ اس بات کو بھی یقینی بناتا ہے کہ کریڈٹ پالیسی تبدیل ہوتی ہوئی کاروباری صورتحال کے مطابق تجدید کی جائیں۔

ایک ایسی این بی ایف آئی ہوتے ہوئے جو معیشت کے ہلس ایم ای سیکٹر پر توجہ مرکوز رکھتی ہے اولیل پی متعدد قرض خواہوں کو کریڈٹ دینے میں متنوع کو موثر طور پر استعمال کرتا ہے تاکہ کریڈٹ رسک کو کم سے کم کیا جاسکے۔ 30 جون 2019ء کو کسی بھی واحد گروپ کو زیادہ سے زیادہ قرضہ کل پورٹ فولیو کا 0.6 فیصد اور اولیل پی کی ایکویٹی کے 1.8 فیصد تک ہے۔

لیکوئڈیٹی رسک

لیکوئڈیٹی رسک وہ رسک ہے کہ جب کمپنی اپنی مالی ذمہ داری کو جب وہ واجب الادا ہو جائے ادا کرنے میں ناکام ہو جائے یا اپنے مالی عہد کو پورا کرنے کے لئے مکمل فنڈز کا بندوبست نہ کر سکے۔ اولیل پی کا ایک مستحکم لیکوئڈیٹی منیجمنٹ کا نظام ہے جس کی نگرانی ایسیٹ لائبلٹی منیجمنٹ کمیٹی (اے لیل سی او) سی ای او کی سربراہی میں کرتی ہے۔ بورڈ کی منظور شدہ ایسیٹ لائبلٹی منیجمنٹ (اے لیل ایم) پالیسی لیکوئڈیٹی رسک کو قابل قبول سطح کے اندر رکھنے کے لئے اے لیل سی او کی رہنمائی کرتی ہے۔ اے لیل ایم ریشوز اور لیکوئڈیٹی صورتحال کا جائزہ لینے کے لئے اے لیل سی او کا مہینے میں کم از کم ایک اجلاس منعقد ہوتا ہے۔ یہ کمپنی کے فنڈنگ ذرائع کا جائزہ لیتا ہے اور موثر ترین فنڈنگ کس کے حصول کے لئے تبدیلیوں کا مشورہ دیتا ہے۔

اولیل پی کے مرکزی فنڈنگ ذرائع بینک سے قرضہ جات اور ڈپازٹ سٹیٹیکٹ ہیں۔ کمپنی قرض داروں کا ایک متنوع کس برقرار رکھتی ہے اور اس بات کو یقینی بناتی ہے کہ ضروریات کو پورا کرنے کے لئے غیر استعمال شدہ لائیز ہر وقت دستیاب ہوں۔

انتظامی اور عمومی اخراجات 1,188 ملین روپے رہے جو گزشتہ برس کے 1,094 ملین روپے کے مقابلے میں 9 فیصد زیادہ ہیں۔ اس اضافہ کی بنیادی وجہ وہ ایڈجسٹمنٹ ہیں جو اسٹاف کی زرتلافی اور نئے عملے کو ملازمت دینے کے باعث ہوئیں جس کی وجہ سے پرنسپل لاگت مالی سال 2019ء میں 12 فیصد بڑھ گئیں۔ 853 ملین روپے کی اسٹاف لاگت (2018: 764 ملین روپے) کل اخراجات کے 72 فیصد کو ظاہر کرتی ہے۔ کل اسٹاف کی تعداد جون 2018ء کے 515 کے مقابلے میں 30 جون 2019ء کو 517 رہی جبکہ سال کے دوران اوسط اسٹاف ممبران کی تعداد 525 رہی جبکہ مالی سال 2018ء میں 488 ملازمین رہی۔ دیگر اخراجات میں اضافہ افراط زر کے اثرات کو ظاہر کرتا ہے۔

سال کے لئے براہ راست لاگت گزشتہ برس کی 250 ملین روپے سے 27 فیصد گھٹ کر 183 ملین روپے ہو گئی جو آپریٹنگ لیز کاروبار کی کم آمدنی سے مطابقت میں ہے۔ مجموعی لاگت اسی وجہ سے بھی کم رہی کیونکہ کمپنی اپنی کرینوں کو خود ہی چلا رہی ہے اور ان کی دیکھ بھال کر رہی ہے جبکہ جزیٹرز کی دیکھ بھال کو آؤٹ سورس کر دیا گیا تھا۔ جزیٹرز کی انویسٹری گزشتہ سال یا تو فروخت کر دی گئی یا اجارہ فائننس کے تحت لیز پر دے دی گئی۔

زیر جائزہ سال میں لیز اور قرضہ جات کے ممکنہ نقصانات کے لئے پروویژن کی خاطر کمپنی نے ایک نئے شماریاتی ماڈل کو اپنایا۔ یہ ماڈل اولیل پی کے تاریخی ڈیٹا کو مثال بناتا ہے اور آئی ایف آر ایس 9 سے مطابقت کا حامل ہے۔ یہ کمپنی کے پروویژن کو طے کرنے کے لئے ایک خاص تکنیک کا احاطہ کرتا ہے جبکہ فیصلہ طلب عوامل پر انحصار کو کم کرتا ہے۔ ریگولیٹری ضروریات کو بھی مد نظر رکھا جاتا ہے اور پروویژن کا چارج ریگولیٹری ضروریات اور شماریاتی ماڈل میں جو زیادہ ہے وہ کیا جاتا ہے۔ گزشتہ سالوں میں کمپنی نے 90 روز یا اس سے زیادہ مدت کے واجب الادا کھاتوں پر 100 فیصد پروویژن کیا تھا۔ اس ماڈل کی بنیاد پر گزشتہ برس کے 18 ملین روپے پروویژن کے مقابلے میں اس سال 190 ملین روپے کے پروویژن کی رپورسل کی گئی۔ لیز اور قرضہ جات کے ممکنہ نقصانات کے لئے 870 ملین روپے کا جمع شدہ پروویژن ایسے تمام کھاتوں کا احاطہ کرتا ہے جو 90 روز یا اس سے زائد مدت سے واجب الادا ہوں۔ کمپنی نے 320 ملین روپے مالیت کے طویل مدت سے پھنسے ہوئے واجب الادا کھاتوں کو رائٹ آف کر دیا ہے جن کے لئے 100 فیصد پروویژن رکھا گیا تھا۔ کوریج کے تناسب میں کمی کی وجہ یہ بھی ہے۔

متبادل کارپوریٹ ٹیکس (ACT) کے پروویژن کے تحت مالی سال 2019ء میں 425 ملین روپے کا محصولاتی چارج رکھا گیا جبکہ مالی سال 2018ء میں 340 ملین روپے رکھے گئے تھے جو کہ نارمل ٹیکس نظام کے تحت تھے۔ گزشتہ برس کے چارج کمتر تھے کیونکہ کمپنی نے کم از کم محصول اور ACT کی ایڈجسٹمنٹ کو شامل کیا تھا جو کہ گزشتہ برسوں میں ادا کیا گیا تھا۔

خدشات کا انتظام

خدشات کا مضبوط انتظام اولیل پی کے آپریٹرز میں کلیدی کردار کی حامل ہے۔ کمپنی کے تنظیمی ڈھانچے میں کریڈٹ رسک کا انتظام کرنے کے لئے رسک ڈپارٹمنٹ ہمیشہ سے شامل رہا ہے جبکہ دیگر خدشات مثلاً لیکوئڈٹی، مارکیٹ، آئی ٹی اور دیگر متعدد آپریٹنگ خدشات کا بندوبست متعلقہ انفرادی ڈپارٹمنٹ کی جانب سے دیگر دفاعی لائنوں کے ذریعے کیا جاتا ہے۔ موجودہ اور ممکنہ خدشات کی منظم طور پر اور مسلسل شناخت اور بندوبست کرنے کے لئے کمپنی نے انٹر پرائزر رسک منیجمنٹ فریم ورک (ای آر ایم) کا نفاذ کیا ہے۔ اس کا مقصد یہ ہے کہ رسک منیجمنٹ کو زیادہ مضبوط اور دور رس بنایا جائے جس کے لئے رسک منیجمنٹ کے عمل کو آپریٹنگ سطح سے بلند کر کے اسٹریٹجک سطح تک لے جایا گیا ہے۔ اس کا دائرہ کار بورڈ آف ڈائریکٹرز سے لے کر رسک منیجمنٹ اور اندرونی کنٹرول فریم ورک میں بہتری کے ذریعے مصروف کار فیڈرز کی سطح تک محیط ہے جس کے لئے گورننس فریم ورک کا آغاز کیا گیا اور بورڈ کی نگرانی کے عمل کو مضبوط و مستحکم بنایا گیا۔

سال کے دوران ایک علیحدہ بورڈ کی رسک کمیٹی تشکیل دی گئی تاکہ رسک کی گورننس اور رسک منیجمنٹ پالیسیوں کے نفاذ میں بورڈ کے کردار میں اضافہ کیا جاسکے۔ مذکورہ کمیٹی سی ای او سمیت 4 ڈائریکٹران پر مشتمل ہے جس کی سربراہی ایک آزاد ڈائریکٹر کے پاس ہے۔ کمیٹی کمپنی کی ای آر ایم حکمت عملی کو طے کرنے اور اس کے نفاذ کی نگرانی کی ذمہ دار ہے۔

آمدنی

سال بھر کے لئے کل آمدنی 4,180 ملین روپے رہی جو گزشتہ سال کمائے گئے 4,472 ملین روپے کی آمدنی سے 6.5 فیصد کم ہے۔ کاروباری مالیات اور پورٹ فولیو سائز میں کمی کے باوجود آپریٹنگ سے 3,856 ملین روپے کی آمدنی ہوئی جو گزشتہ برس سے 11 فیصد زیادہ ہے۔ اس کی وجہ زیر جائزہ سال کے دوران شرح سود میں اضافہ کا رجحان ہے۔

فنانس لیز کی آمدنی جس کا سال کے لئے کل آمدنی میں 68 فیصد حصہ رہا گزشتہ برس 2,531 ملین روپے سے بڑھ کر اس برس 2,840 ملین روپے ہو گئی جبکہ مالیات اور قرضہ جات سے آمدنی 24 فیصد اضافہ کے ساتھ 633 ملین روپے سے 784 ملین روپے ہو گئی۔ یہ اضافہ بنیادی طور پر حالیہ شرح سود میں اضافہ کو قابل تبدیل معاہدوں کو استعمال کرتے ہوئے گاہکوں کی طرف بڑھادینے کی وجہ سے ہوا۔ کیونکہ نئے کاروبار کے لئے نرخ بھی مارکیٹ کے ساتھ ساتھ بڑھتے گئے لہذا اوسط پورٹ فولیو نرخ مالی سال 2018ء کے 14 فیصد کے مقابلے میں بڑھ کر مالی سال 2019ء میں 17.6 فیصد رہے۔

آپریٹنگ لیز کے کاروبار سے آمدنی کرنوں کے کرایہ اور اجارہ فائننس پر مشتمل ہے۔ کرنوں کو مختلف پروجیکٹس میں تعینات کیا گیا تھا اور ان سے سال کے لئے کرائے کی مد میں 24 ملین روپے کی آمدنی ہوئی (2018: کچھ نہیں)۔ پچھلے برس کی آپریٹنگ لیز اثاثوں سے 198 ملین روپے کی آمدنی جزیئر کے کرایوں کی مظہر ہے جو آپریٹنگ لیز اثاثوں کی وہ قسم ہے جسے اولیل پی نے گزشتہ برس ترک کر دیا۔ اجارہ کے کاروبار سے سال کے لئے ہونے والی کل آمدنی 208 ملین روپے ہوئی (2018: 115 ملین روپے)۔

سال کے دوران 273 ملین روپے (2018: 896 ملین روپے) کی دیگر آمدنی ہوئی جو گزشتہ برس کے مقابلے میں کافی حد تک کم تھی۔ گزشتہ برس کی آمدنی میں اومان اور کس لیزنگ (او اولیل) میں اولیل پی کے حصص کی فروخت سے ملنے والے 677 ملین روپے کی صورت میں بڑا منافع شامل تھا۔ او اولیل کے منافع کو شمار کئے بغیر اس برس کی آمدنی گزشتہ برس سے زیادہ تھی جس کی وجہ حکومتی سیکورٹیز پر نفع میں اضافہ تھا۔

ایسوسی ایٹ کمپنیوں کے منافع کا حصہ 50.7 ملین روپے (2018: 98.6 ملین) رہا جو 49 فیصد کمی کو ظاہر کرتا ہے کیونکہ اس سال کی آمدنی میں صرف سعودی اور کس لیزنگ کمپنی کا 50.7 ملین روپے (2018: 28.5 ملین روپے) کے منافع کا حصہ شامل ہے۔ گزشتہ برس کے نفع میں اور کس لیزنگ مصر اور او اولیل کے منافع کا حصہ بھی شامل تھا۔ او اولیل کا نفع دسمبر 2017ء تک تھا اور اس سرمایہ کاری کی فروخت کی کارروائی کی مارچ 2018ء میں مکمل ہو گئی تھی۔ او اولیل ای کے منافع کا حصہ جون 2018ء تک کا تھا اور مالی سال 2019ء میں کوئی آمدنی ریکارڈ نہیں کی گئی کیونکہ اس سرمایہ کاری کی حیثیت کو ”فروخت کے لئے رکھی گئی“ قرار دیا گیا ہے۔

اخراجات

سال کے دوران کمپنی نے جہاں بھی ممکن ہو وہاں آپریٹنگ اخراجات کم کرنے پر توجہ مرکوز رکھی۔ سال کے لئے کل آپریٹنگ اخراجات 2,913 ملین روپے رہے جو گزشتہ سال کے 2,734 ملین روپے کے اخراجات سے 7 فیصد زیادہ ہیں۔ اس اضافہ کی مرکزی وجوہات میں بلند ترمالیاتی لاگت اور عملہ سے متعلقہ اخراجات میں اضافہ شامل ہیں۔

سال کے لئے فائننس کی لاگت گزشتہ برس کے 1,390 ملین روپے سے 11 فیصد بڑھ کر مالی سال 2019ء میں 1,542 ملین روپے ہو گئی۔ اس کی وجہ سال کے دوران بلند تر شرح سود ہے کیونکہ کمپنی کے زیادہ تر قرضہ جات فلوئنگ نرخوں پر ہیں۔ تین ماہ کے KIBOR جون 2018ء کے 6.92 فیصد سے بڑھ کر 30 جون 2019ء کو 12.97 فیصد ہو گئے جو 605 بیسیس پوائنٹس زیادہ ہیں۔ نتیجہ کے طور پر فنڈنگ کی اوسط لاگت اسی تناسب سے بڑھ گئی۔ ڈپازٹ سٹیٹیکٹس کے اوسط نرخ بھی 120 بیسیس پوائنٹس زیادہ ہیں۔ جیسا کہ پہلے وضاحت کی گئی اثاثہ جات کے سائز میں مجموعی تنزلی کے ساتھ قرضوں کی ضروریات بھی کمتر رہیں اسی لئے گزشتہ برس کے 17 ارب روپے کے مقابلے میں 8 فیصد کم ہو کر 30 جون 2019ء کو 15.6 ارب روپے ہو گئیں۔

روپے رہی جو گزشتہ سال 742 ملین روپے تھی۔

اولیل پی کا آپریٹنگ لیز شعبہ نئی حاصل کردہ موبائل کریڈٹوں پر مشتمل ہے۔ یہ کریڈٹیں ملک بھر میں مختلف پروجیکٹس پر قبیل مدتی کرایہ داری بنیاد پر تعینات کی گئی تھیں جن کی مکمل دیکھ بھال اور کارگزاری اولیل پی کی جانب سے کی گئی۔ مستقبل میں آپریٹنگ لیز میں اضافہ کے لئے دیگر اثاثے زیر غور ہیں۔

جیسا کہ پہلے ذکر کیا گیا تھا، کریڈٹ اقدامات کے باعث ادائیگیوں میں کمی کی گئی جس کے نتیجے میں لیز اور قرضوں کے پورٹ فولیو 30 جون 2018ء کے 23.2 ارب روپے سے کم ہو کر 30 جون 2019ء کو 22.5 ارب روپے ہو گئے۔ صارفین اور شعبوں میں تنوع پر توجہ مرکوز کرتے ہوئے انفرادی شعبے میں کاروبار بڑھایا گیا اور نقل و حمل کے شعبے میں کمی گئی۔ پورٹ فولیو کا 70 فیصد سے زائد حصہ گاڑیوں، تجارتی گاڑیوں اور سیلون کاروں پر مشتمل ہے جس کی ثانوی مارکیٹ ویلیو خاص طور پر حالیہ ماحول میں اچھی ہے۔ ان اثاثوں کی صارفین کی جانب سے ڈیفالٹ کی صورت میں بازیابی بھی آسان ہے۔

اولیل پی کی پاکستان بھر میں 12 مائیکرو فنانس سٹیشنوں سمیت 38 شاخیں جو کہ 35 شہروں میں ہیں۔

حالیہ کمزور معاشی حالات میں کمپنی مسائل کا شکار گاہوں پر کڑی نظر رکھ رہی ہے تاکہ اثاثوں کی کوالٹی برقرار رہے۔ بہر حال 90 روز سے اوپر زائد از مدت واجبات (اس برس کے رائٹ آف سے قبل) میں 16 فیصد اضافہ ہوا۔ 90 روز سے اوپر زائد از مدت واجبات کی مالیت گزشتہ برس کے اختتام پر 1,318 ملین روپے کے مقابلے میں 30 جون 2019ء تک 1,207 ملین روپے رہی۔ جاری سال کے یہ اعداد و شمار طویل عرصہ سے موجود 320 ملین روپے کے واجبات کو رائٹ آف کرنے کے بعد ہیں جن کا پروویژن گزشتہ برسوں میں رکھا گیا تھا۔ مستقبل میں زائد از مدت واجبات کو قابو میں رکھنے کے لئے مضبوط بازیابی کاوشیں کمپنی کی توجہ کا بنیادی مرکز رہیں گی۔

سعودی اور کس لیزنگ کمپنی (ایس اولیل سی) نے گزشتہ برس کے مقابلے میں کاروبار کی تکمیل اور منافع کی صورت میں بہتر کارکردگی کا مظاہرہ کیا۔ دیگر دو سمندر پار کمپنیوں اور کس لیزنگ مصر (اولیل ای) اور ال ہیل اور کس فنانس پی ایس سی (اے ایچ او) کی درجہ بندی بالترتیب ”فروخت کیلئے رکھی ہوئی“ اور ”دیگر جامع آمدنی کے ذریعہ مناسب قیمت پر“ کے بطور کی گئی ہے۔ اولیل پی کا ارادہ اولیل ای میں اپنے حصہ کی فروخت کا ہے۔ مذاکرات اور فروخت کی کارروائی کی آئندہ مالی سال میں تکمیل متوقع ہے۔

2016ء میں حاصل کردہ ذیلی ادارہ اور کس مضاربہ (اور کس ایم) نے اپنے حصول کے وقت سے کل اثاثوں میں 29 فیصد اضافہ دکھایا ہے۔ مالی سال 2019ء میں کمپنی کی نئی ادائیگیاں گزشتہ برس کی 3,742 ملین روپے کے مقابلے میں 2,682 ملین روپے رہیں۔ 30 جون 2019ء کو کل اثاثہ جات 6,966 ملین روپے تھے (جون 2018: 6,953 ملین روپے)۔ اور کس ایم نے سال بھر میں 126 ملین روپے منافع کمایا (2018: 120 ملین روپے) اور 25 فیصد ڈیویڈنڈ کا اعلان کیا۔

مالی کارکردگی

مقابلہ سے بھرپور کاروباری ماحول کے باوجود اولیل پی نے 1.02 ارب روپے کے خالص منافع کے ساتھ لگاتار دوسرے برس ایک ارب سے زائد منافع حاصل کیا، یہ منافع گزشتہ برس حاصل کئے گئے 1.38 ارب روپے کے خالص منافع سے 26 فیصد کم ہے۔ سال بھر کے لئے قبل از ٹیکس منافع (پی بی ٹی) 1.45 ارب روپے رہا جو گزشتہ برس کے پی بی ٹی سے 16 فیصد کم ہے جس میں ایک مرتبہ کا 677 ملین روپے کا منافع بھی شامل تھا جو اومان اور کس لیزنگ کمپنی ایس اے او جی (او اولیل) میں سرمایہ کاری کی فروخت سے حاصل ہوا تھا۔ اس ایک مرتبہ کے منافع کو شامل کئے بغیر سال بھر کے لئے پی بی ٹی گزشتہ برس سے 39 فیصد زیادہ ہے۔ سال بھر کے لئے فی شیئر آمدنی مالی سال 2018ء کے لئے دوبارہ بیان کردہ 8.40 روپے فی شیئر آمدنی کے مقابلے میں 6.12 روپے رہی۔

مالی سال 2019-20ء کے لئے حکومتی پالیسیاں طلب کے انتظام اور آمدنی کی پیدائش پر مرکوز ہیں کیونکہ معیشت میں بلند تر افراط زر بدستور برقرار رہنے کے خدشات ہیں۔ روپے کی قدر میں گزشتہ مالی سال میں متعدد مرتبہ کمی ہوئی اور جولائی 2018ء سے مجموعی طور پر 33 فیصد کمی ہوئی۔ اسٹیٹ بینک (ایس بی پی) نے اپنی ڈیمانڈ منیجمنٹ پالیسی کو جاری رکھنے اور بڑھتے ہوئے افراط زر کو منضبط کرنے کی غرض سے جنوری 2018ء سے پالیسی ریٹ میں مجموعی 7.5 فیصد اضافہ کیا ہے۔ آمدنی میں اضافہ کے لئے مالی سال 2020ء کے بجٹ میں اعلان شدہ اقدامات سے توقع ہے کہ گھریلو طلب کم رہے گی اور مالی استحکام حاصل ہوگا۔ مالیاتی سمت میں مزید اصلاحات بشمول محصولات کی بنیاد میں توسیع، زر تلافی میں کمی اور خسارے میں رہنے والے سرکاری ملکیتی اداروں کی نج کاری طویل مدت میں معاشی استحکام و ترقی لائیں گے اور ان کی وجہ سے ہر تین چار برس کی مدت میں ہونے والے اتار چڑھاؤ کی روش کو بھی ختم کیا جاسکے گا۔

کرنٹ اکاؤنٹ اور مالیاتی خسارے وہ سب سے بڑے چیلنجز تھے جن سے معیشت کو مالی سال 2019ء میں سامنا رہا۔ مالی سال 2018ء میں درآمدات بلند ترین سطح 67 ارب امریکی ڈالر تک پہنچ گئیں جبکہ کرنٹ اکاؤنٹ کا خسارہ 18 ارب امریکی ڈالر رہا۔ مالی سال 2019ء میں حکومت نے 6 ارب ڈالر کے آئی ایم ایف پروگرام کو حتمی شکل دی اور دوست ممالک سے قرضہ کی سہولیات کا بھی بندوبست کیا تاکہ تیزی سے گھٹتے ہوئے زر مبادلہ کے ذخائر کو سہارا دیا جاسکے۔ کرنسی کی قدر میں کمی اور دیگر درآمدی پابندیوں کے ذریعے کرنٹ اکاؤنٹ خسارے میں مالی سال 2019ء میں 32 فیصد کمی کی گئی لیکن اس کے باوجود خسارہ کی سطح بہت بلند ہے۔ بہتر برآمدی کارکردگی، ترسیلات میں اضافہ اور درآمدات میں مزید کمی کے باعث کرنٹ اکاؤنٹ خسارے میں مزید کمی کی توقع ہے لیکن امریکہ اور چین کے مابین تجارتی تنازعات کی وجہ سے خطرات برقرار ہیں جن کے سبب عالمی معیشت میں سست روی متوقع ہے۔

استحکامی پالیسیوں کی وجہ سے معاشی اضافہ کی شرح مالی سال 2020ء میں 3 فیصد سے نیچے رہنے کی توقع ہے تاہم درست اصلاحاتی لائحہ عمل کے ساتھ توقع ہے کہ میکرو اکنامک اشاریے آہستہ آہستہ طویل مدت میں ترقی کی راہ پر گامزن ہوں گے۔ آئی ایم ایف پروگرام کے آنے کے بعد مالی اور بیرونی اکاؤنٹ کی مضبوطی معاشی پالیسی سازوں کی اہم ترین ترجیح رہے گی۔ طویل عرصہ سے درکار محصولاتی اصلاحات بالخصوص محصولاتی بنیاد میں اضافہ کی مذکورہ عمل اور طویل مدتی ملکی معاشی ترقی میں خصوصی اہمیت رہے گی۔

کاروباری جائزہ

موجودہ ملکی کاروباری ماحول کے تناظر میں او لیل پی نے محتاط کاروباری روش اپنائی اور اثاثوں میں اضافہ کے بجائے رسک منیجمنٹ اور پورٹ فولیو کے تنوع پر توجہ مرکوز رکھی۔ ماسوائے کمزور آٹو کے تمام کاروباری شعبوں میں کاروباری حجم اور پورٹ فولیو کے سائز میں کمی دیکھی گئی۔ مجموعی طور پر سال کے دوران 13.9 ارب روپے کے قرضہ جات دیئے گئے جو مالی سال 2018ء کے 17.2 ارب روپے کے مقابلے میں 19 فیصد کم ہیں۔

کارپوریٹ صارفین کو فنانس لیز اور قرضہ جات مرکزی کاروباری حصہ رہے جن کی مالیت سال کے دوران 5.8 ارب روپے رہی جو گزشتہ سال سے 18 فیصد کم ہیں۔ تجارتی گاڑیوں کے کاروبار جو معیشت کے ٹرانسپورٹ اور لاجسٹکس شعبوں کی ضروریات کو پورا کرتا ہے میں کاروباری حجم میں 33 فیصد کمی ہوئی جو گزشتہ برس کے 5.9 ارب روپے سے گھٹ کر مالی سال 2019ء میں 3.9 ارب روپے ہو گئی۔ ٹرانسپورٹ کے شعبہ میں سست روی کی وجہ سے بڑھنے والے خدشات کے پیش نظر اس کاروبار میں کمی کی گئی۔ آٹو سیکٹر میں بڑھتی ہوئی قیمتوں کے باعث ہونے والی مجموعی طلب کی کمی کے باوجود افرادی سطح پر گاڑیوں کے مالی کاروبار نے بدستور مضبوط کارکردگی کا مظاہرہ کیا۔ اس شعبہ میں مجموعی ادائیگی گزشتہ سال کے 3.4 ارب روپے کے مقابلے میں معمولی اضافہ کے ساتھ 3.5 ارب روپے رہی۔

کمپنی کے مائیکرو فنانس ڈویژن کا ہدف معاشرے کے کم آمدنی والے طبقات کو سہارا فراہم کرنا رہا جو ان کے لئے خود استحکامی چھوٹے کاروبار کو جنم دیتا ہے۔ اس شعبہ کی ضروریات پوری کرنے کے لئے او لیل پی اپنی شاخوں کے نیٹ ورک کو استعمال کرتا ہے اور بنیادی طور پر کاروباری خواتین کو چھوٹے گروپوں کے ذریعے قرضہ فراہم کرتا ہے تاکہ گروپ کی صورت میں احتساب کی حوصلہ افزائی ہو سکے۔ جاری سال میں فنانسنگ کی مالیت 665 ملین

ڈائریکٹرز کی رپورٹ

اور کس لیزنگ پاکستان لمیٹڈ (اولڈ پی / دی کمپنی) کے ڈائریکٹران بمسرت کمپنی کے 33 ویں سالانہ رپورٹ بمعہ غیر اشتہال شدہ مالیاتی گوشوارے برائے اختتام سال 30 جون 2019ء پیش کرتے ہیں۔

کمپنی

اور کس لیزنگ پاکستان کا قیام جولائی 1986ء میں اور کس کارپوریشن، جاپان (اور کس) اور مقامی سرمایہ داروں کے اشتراک سے عمل میں آیا۔ کمپنی نان بینکنگ فنانس کمپنی (این بی ایف سی) کے بطور کاروبار کرنے کے لئے سیکیورٹیز اینڈ ایکسچینج کمیشن، پاکستان (ایس ای سی پی) کی جانب سے نان بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشن) رولز، 2003 کے تحت جاری کردہ ”نویسٹمنٹ فنانس سروسز“ کے لائسنس کی حامل ہے۔

گزشتہ کئی سالوں میں، کمپنی نے خود کو پاکستان میں چھوٹے اور درمیانے درجے کی صنعتوں پر توجہ دینے والی این بی ایف سی کی حیثیت سے مستحکم کیا۔ علاوہ ازیں اولڈ پی کار فنانسنگ کی انفرادی ضروریات کو پورا کرتی ہے جبکہ مائیکرو فنانس سیکٹر میں بھی موجودگی کی حامل ہے۔ کمپنی کی مشرق وسطیٰ اور شمالی افریقہ کے خطہ میں لیزنگ کمپنیز میں سرمایہ کاری ہے اور پاکستان میں اور کس سروسز پاکستان (پرائیویٹ) لمیٹڈ اور اور کس مضاربہ نامی دو ذیلی کمپنیاں بھی ہیں۔

مالیاتی معلومات

کمپنی کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

2018	2019	
1,719,753,685	1,447,798,732	قبل از محصول (ٹیکس) منافع
340,130,650	425,281,769	محصولات (ٹیکس)
1,379,623,035	1,022,516,963	منافع برائے سال بعد از محصول (ٹیکس)
275,924,607	204,503,393	قانونی ریزرو میں منتقلی
ری۔ اسٹیٹڈ		
8.40	6.12	فی شیئر آمدنی۔ بنیادی اور رقیب شدہ

ڈیویڈنڈ

ڈائریکٹران بمسرت 30 جون 2019ء کو ختم ہونے والے سال کے لئے 37.5 فیصد کی شرح سے کیش ڈیویڈنڈ دینے کی سفارش کرتے ہیں۔ (2018 میں کیش ڈیویڈنڈ 30 فیصد اور انعامی حصص 20 فیصد)۔

معیشت کا عمومی جائزہ

پاکستانی معیشت نے 2013ء سے 2018ء کی پانچ سالہ مدت میں 4.8 فیصد کی اوسط شرح اضافہ حاصل کی لیکن اس اضافہ کو کھپت کا حامل کہا جاسکتا ہے۔ مختلف زرائع سے حاصل کئے گئے اضافی قرضہ جات نے نجی اور عوامی کھپت کو ہوادی اور ادائیگی کے توازن اور مالی خساروں کو جنم دیا۔ حکومت اب معاشی استحکام پر توجہ مرکوز کر رہی ہے جو جی ڈی پی کی شرح اضافہ مالی سال 2019ء میں 3.3 فیصد تک نیچے لے آیا ہے جو کہ مالی سال 2018ء میں 5.8 فیصد تھی۔ آئندہ مالی سال میں بھی شرح اضافہ کم رہنے کی توقع ہے۔

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2017

For the year ended June 30, 2019

ORIX Leasing Pakistan Limited (hereinafter referred to as the Company) has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are Nine (9) as per the following:

- a. Male: Eight (8)
- b. Female: One (1)

2. The composition of the Board of Director is as follows:

Independent Directors	Mr. Khalid Aziz Mirza Mr. Nasim Hyder Mr. Naveed Kamran Baloch Ms. Aminah Zahid Zaheer
Non-Executive Director	Mr. Harukazu Yamaguchi Mr. Ikuo Nakamura Mr. Kiyokazu Ishinabe Mr. Fumihiko Sato
Executive Director	Mr. Shaheen Amin

- 3. The Directors have confirmed that none of them is serving as a director on more than five (05) listed companies, including ORIX Leasing Pakistan Limited (excluding the listed subsidiaries of listed holding companies where applicable).
- 4. The Company's Code of Conduct is in place and has ensured that appropriate steps have been taken to disseminate it throughout the company, along with its supporting policies and procedures.
- 5. The Board has developed the Vision and Mission statements, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 6. All the powers of the Board have been duly exercised, and decisions on relevant matters have been taken by the Board or Shareholders, as empowered by the relevant provisions of the Companies Act 2017 and these Regulations.
- 7. The Board's meetings were presided over by the Chairman. The Board has complied with the requirements of the Companies Act 2017 and the Regulations, with respect to frequency, recording and circulation of the minutes of the Board of Directors' meetings.
- 8. The Board of Directors has a transparent procedure for remuneration of the Directors, in form of a formal policy 'The Board of Director's Nomination and Remuneration Policy,' in accordance with the Companies Act 2017 and the Regulations.
- 9. Five (05) out of nine (09) Directors of the Company have certification / exemption under the Directors Training Program that meets the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017. During the year, the Company has arranged Directors' Training Program for one Executive of the Company.
- 10. The Board approved the appointment of CFO, Company Secretary and Head of Internal Audit, and their remuneration and terms and conditions of employment and complied with relevant requirements of the regulations.
- 11. CFO and CEO duly endorse respective Financial Statements before approval of the Board.

12. The Board's has the following Committees, comprising of the members given below:

Name of Committees	Name of members and Chairman
AUDIT COMMITTEE	Mr. Nasim Hyder Chairman Ms. Aminah Zahid Zaheer Member Mr. Kiyokazu Ishinabe Member
HUMAN RESOURCE, NOMINATION AND REMUNERATION COMMITTEE	Mr. Khalid Aziz Mirza Chairman Mr. Naveed Kamran Baloch Member Mr. Ikuo Nakamura Member
RISK COMMITTEE	Ms. Aminah Zahid Zaheer Chairman Mr. Nasim Hyder Member Mr. Kiyokazu Ishinabe Member Mr. Shaheen Amin Member

13. The terms of reference of the Board's Committees were documented by the Board and advised to the respective Committees for compliance.

14. The frequency of meetings of the Committees was as follows:

- Board Audit Committee** – Five (05) meetings were held; one meeting was held in each quarter.
- Board Human Resource, Nomination and Remuneration Committee** – Three (03) meetings were held.
- Board Risk Committee** – Two (2) meetings were held.

15. The Board has set up an effective internal audit function, with suitably qualified and experienced personnel for the purpose who are conversant with the policies and procedures of the Company.

16. The Statutory Auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), and registered with the Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company, and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

17. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act 2017, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.



SHAHEEN AMIN
Chief Executive Officer



KHALID AZIZ MIRZA
Chairman

Notice of Annual General Meeting

Notice is hereby given that the Thirty Third Annual General Meeting (the AGM) of ORIX Leasing Pakistan Limited (the Company) will be held on Thursday, October 24, 2019, at 09:45 a.m. at the Company's Head Office, ORIX Building, Plot No. 16, Sector No. 24, Korangi Industrial Area, Karachi, to transact the following business:

Ordinary Buisness

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2019, the Auditors Report and Directors Report thereon.
2. To consider and approve dividend for the year ended June 30, 2019, in cash at PKR 3.75/per share of PKR 10/- (37.5%), as recommended by the Board of Directors.
3. To appoint auditors of the Company for the financial year 2019-20 and fix their remuneration.
4. To consider any other business with the consent of the Chair.

Karachi
Thursday, October 3, 2019

BY ORDER OF THE BOARD

DR. FAKHARA RIZWAN
Company Secretary

NOTES

1. BOOK CLOSURE

- 1.1 The Members' Register shall remain closed from October 17, 2019 to October 24, 2019 (both days inclusive). Transfers in good order received at the office of the Company's Share Registrar before the close of the business on October 16, 2019, will be treated in time to attend the AGM and entitlement of the dividend. Address of the Company's Share Registrar is as follows:

FAMCO Associates (Pvt.) Ltd.
8-F, Block-6, PECHS
Main Shahra-e-Faisal
Karachi-74400
Pakistan
Phone: +92 (021) 34380101

- 1.2 All Shareholders are entitled to attend, speak and vote at the AGM. A Shareholder may appoint a proxy to attend, speak and vote on behalf of the Shareholder. The proxy needs to be a Member of the Company. A proxy, to be effective, must be received at the office of the Company's Share Registrar not less than 48 hours before the AGM.
- 1.3 The Shareholders and their proxies are required to produce their Computerized National Identity Card (CNIC) or passport for identification purpose, at the time of attending the AGM. The Proxy Form must be submitted to the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the Proxy Form, along with attested copies of the CNICs or passports of the beneficial owner and the proxy. In case of corporate entity, the resolution of the Board of Directors or power of attorney with specimen signature of the nominee shall be produced at the time of AGM. The Proxy Form is available on Company's website (www.orixpakistan.com).
- 1.4 Members are requested to intimate any change in address immediately to the Company's Share Registrar.
- 1.5 The Financial Statements for the year ended June 30, 2019, along with the Auditors and Directors Report thereon are available on the Company's website (www.orixpakistan.com).
- 1.6 CDC account holders shall also follow the guidelines mentioned hereunder, as laid down by the Securities and Exchange Commission of Pakistan (SECP).

2. SUBMISSION OF COPIES OF CNICS / NTN

The Company with reference to the S. R. O. 779(I) 2011 dated August 18, 2011 and S. R. O. 831(I)/2012 dated July 5, 2012, had made several requests through advertisements in Urdu and English newspapers having circulation throughout the country, and Share Registrar of the Company had also sent letters to the Shareholders who have not yet provided valid copies of their CNICs / NTNs, requesting them to provide the same. As per the Companies (Distribution of Dividends) Regulations, 2017, CNIC / NTN number of a shareholder is mandatory for the payment of cash dividend, and in the absence of such information, the Company would be constrained to withhold dividend payment. Accordingly, the Members who have not yet submitted a copy of their valid CNIC / NTN are again requested to provide the same to the Company's Share Registrar, with Member's folio number mentioned thereon. It may be noted that in case of non-receipt of the copy of CNIC / NTN, the Company would be constrained to withhold the payment of the dividend.

3. PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE

As per Section 242 of the Companies Act, 2017, a listed company shall pay cash dividend to its shareholders only through electronic mode directly into the bank account designated by the entitled shareholder. Therefore, the physical dividend warrants will not be issued to the Company's Shareholders. In order to receive dividend into respective banks accounts, the Shareholders are requested (if not already provided) to fill in the Dividend Mandate Form for Electronic Credit of Cash Dividend, available on the Company's website and send the duly signed form, along with a copy of CNIC to the Company's Share Registrar in case of physical shares. In case shares are held in the CDC / Brokerage House, Dividend Mandate Form must be directly submitted to the CDC investor account services/respective participant accounts. In case of non-receipt of information, the Company will be obliged to withhold payment of dividend to such shareholders.

4. DEDUCTION OF INCOME TAX FROM DIVIDEND UNDER THE SECTION 150 OF THE INCOME TAX ORDINANCE 2001

4.1 According to the provisions of the Finance Act 2019 effective July 2019, the rate of deduction of the Income Tax from dividend payments has been revised as follows:

- i. The Rate of Income Tax deduction for filers - 15%
- ii. The Rate of Income Tax deduction for non-filers - 30%

The Shareholders whose names are not entered into the Active Tax-payers List (ATL) available on FBR's website, despite the fact that they have filed their returns, are advised to ensure that their names be entered in ATL. Otherwise, the tax on their cash dividend will be deducted @ 30% instead of 15%.

4.2 Withholding Tax exemption from the dividend income shall only be allowed if a copy of the valid tax exemption certificate is made available to the Company's Share Registrar by the first day of the book closure.

4.3 Withholding tax will be determined separately on 'Filer / Non-filer' status of principal shareholder as well as joint-holders(s) based on their shareholding proportions. In this regard, the Shareholders who hold the Company's shares jointly are requested to provide shareholding proportions of the principal shareholder and joint-holder(s) in respect of shares held by them (if not already provided) to the Company's Share Registrar in writing, within ten (10) days of this notice. Otherwise, it will be assumed that the shares are equally held by the principal shareholder and joint-holder(s).

4.4 The Corporate Shareholders having CDC accounts are required to have their NTN updated with their respective participants, and the corporate physical shareholders are requested to send a copy of their NTN certificate to the Company's Share Registrar. The Shareholders while sending NTN or NTN certificates, as the case may be, must quote the company's name and their respective folio numbers.

5. VIDEO CONFERENCE FACILITY

In pursuance to the SECP's circular No. 10/2014, dated May 21, 2014, and the Section 134(1)(b) of the Companies Act 2017, the Members can also avail video conference facility at places other than Karachi (since the AGM is scheduled to be held in Karachi); provided that the Company shall receive consent from members holding in aggregate 10% or more shareholding, residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the AGM. The Company will arrange a video conference facility in the city subject to availability of such facility in that city. In this regard, the Shareholders are requested to send duly signed Form of Video Conference Facility, available on Company's website to the Company's Share Registrar.

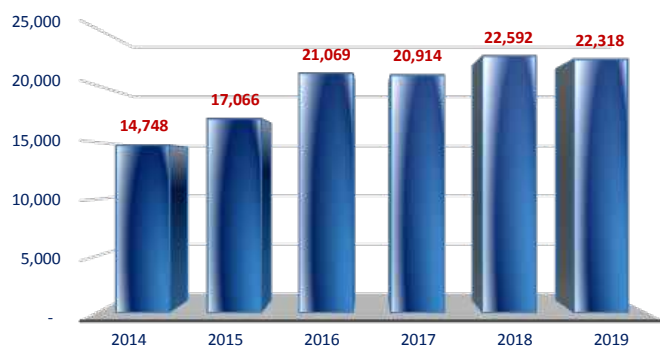
6. AVAILABILITY OF ANNUAL AUDITED FINANCIAL STATEMENTS

The Audited Financial Statements of the Company for the year ended June 30, 2019, have been made available on the Company's website (<http://www.orixpakistan.com>) in addition to the Annual and Quarterly Financial Statements. Further, please note that in accordance with SRO 470(I)/2016 dated May 31, 2016, through which SECP had allowed the companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with all other conditions, the Company had obtained approval from its Shareholders in its AGM held on October 19, 2017. Accordingly, the Annual Report of the Company for the year ended June 30, 2019 has been dispatched to the Shareholders in the form of CD. However, if a Shareholder, in addition, requests for hard copy of the Annual Audited Financial Statements, the same will be provided free of cost within seven working days of receipt of such request. For the Shareholders' convenience, a 'Standard Request Form for Provision of Annual Audited Financial Accounts' has also been made available on the Company's website.

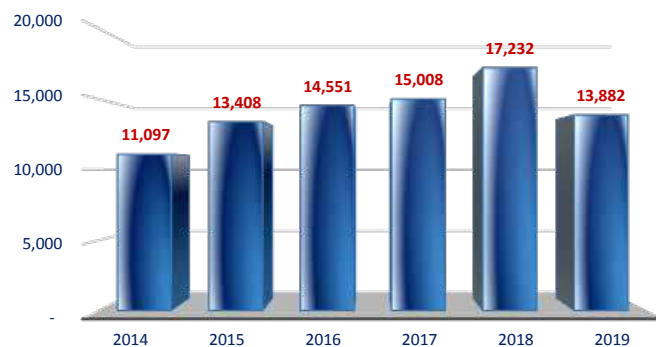
Six Years' Financial Summary

	2019	2018 (Restated)	2017	2016	2015	2014
Operating Results (Rupees in million)						
Total disbursement	13,882	17,232	15,008	14,551	13,408	11,097
Revenues	4,180	4,472	4,031	4,070	3,973	3,820
Lease revenue	3,072	2,844	2,891	2,859	2,925	2,927
Finance cost	1,542	1,390	1,586	1,666	1,728	1,658
(Reversal) / provision	(182)	18	(82)	175	162	184
Profit before taxation from continuing operations	1,448	1,720	1,158	977	808	640
Profit after taxation from continuing operations	1,023	1,380	841	760	628	516
Profit / (loss) after taxation from discontinued operations	-	-	-	(13)	43	-
Profit for the year after taxation	1,023	1,380	841	747	671	516
Proposed dividend	626	696	418	369	369	287
Statement of Financial Position (Rupees in million)						
Gross lease receivables	22,318	22,592	20,914	21,069	17,066	14,748
Fixed assets	1,191	1,304	1,533	1,765	1,762	1,767
Investment in associated undertakings	942	672	1,972	2,266	2,176	1,701
Total assets	25,991	26,699	26,096	26,900	21,513	18,585
Total borrowing	15,646	17,050	19,371	20,780	16,280	13,940
Long term debts	9,130	9,022	10,708	12,036	9,825	7,074
Total liabilities	17,978	19,450	21,629	22,723	17,964	15,521
Shareholders' equity	8,013	7,249	4,466	4,177	3,549	3,064
PERFORMANCE INDICATORS FOR THE CURRENT AND PAST FIVE YEARS						
Profitability						
Profit before taxation over revenue	34.64%	38.46%	28.73%	24.00%	20.34%	16.76%
Gross spread	58.39%	61.18%	48.25%	43.88%	40.64%	34.26%
Return on equity	13.40%	23.55%	19.47%	19.34%	20.29%	18.00%
Return on assets	3.88%	5.23%	3.17%	3.09%	3.35%	2.83%
Income / expense ratio	1.43	1.64	1.36	1.39	1.25	1.28
Liquidity						
Current ratio	1.56	1.39	1.27	1.38	1.42	1.22
Cash to current liabilities	0.02	0.05	0.03	0.03	0.02	0.01
Investment / Market						
Price to book ratio	0.51	0.83	0.74	0.97	1.43	0.91
Dividend yield	15.24%	11.50%	7.45%	9.10%	7.29%	10.31%
Dividend payout	61.19%	50.43%	49.70%	49.45%	55.03%	55.61%
Earning per share (Rs.)	6.12	8.40	9.42	9.10	8.18	6.29
Price earning ratio	4.02	5.18	4.27	5.43	7.55	5.40
Market value per Share (Rs.)	24.61	43.47	40.25	49.43	61.72	33.94
Proposed dividend	37.50%	50.00%	30.00%	45.00%	45.00%	35.00%
Capital Structure						
Debt / equity ratio	1.95	2.35	4.34	4.98	4.59	4.55
Book value per share (Rs.)	47.97	52.07	54.41	50.88	43.25	37.34
Interest cover ratio	1.82	2.25	1.68	1.69	1.59	1.50

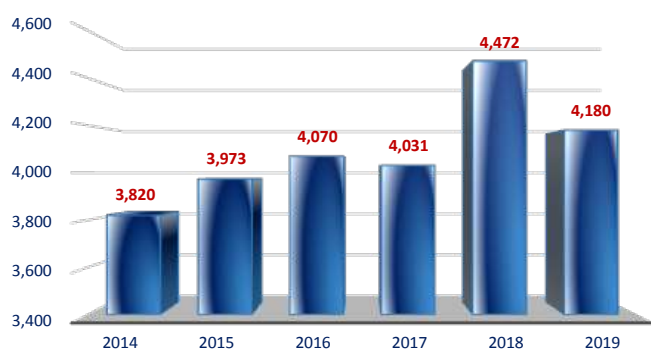
Gross Lease Receivables (Rs. in million)



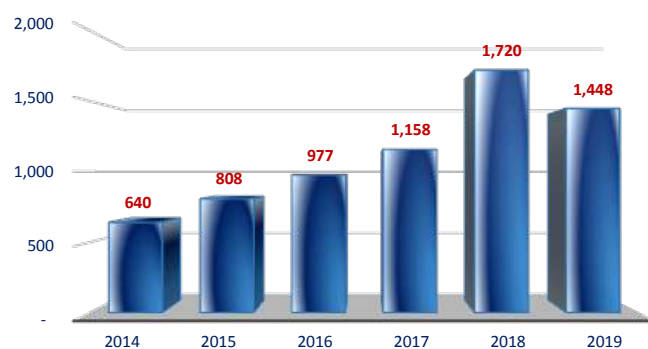
Disbursements (Rs. in million)



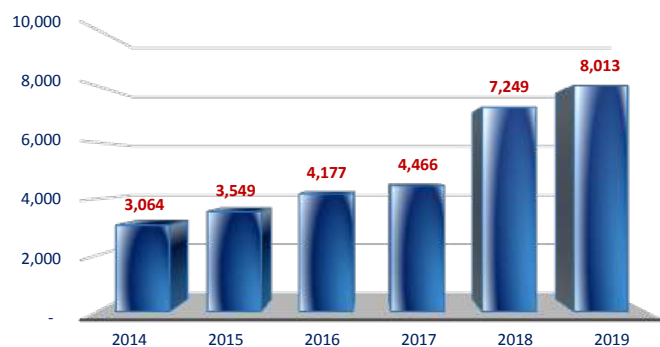
Revenues (Rs. in million)



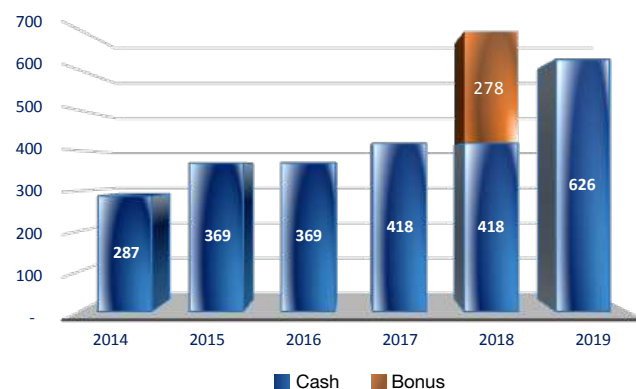
Profit before tax - Continuing operations (Rs. in million)



Shareholders' equity (Rs. in million)



Dividends (Rs. in million)



Six Years' Vertical Analysis

STATEMENT OF FINANCIAL POSITION	2019		2018		2017		2016		2015		2014	
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
ASSETS												
Non-current assets												
Fixed assets	1,191	4.58%	1,304	4.88%	1,533	5.87%	1,765	6.56%	1,762	8.19%	1,767	9.51%
Intangible assets	18	0.07%	20	0.07%	12	0.05%	12	0.04%	9	0.04%	11	0.06%
Net investment in finance leases	8,135	31.30%	8,594	32.19%	7,517	28.81%	7,416	27.57%	6,118	28.44%	4,852	26.11%
Investment in subsidiaries	322	1.24%	322	1.21%	322	1.23%	322	1.20%	-	0.00%	-	0.00%
Investment in associated undertakings	942	3.62%	672	2.52%	1,972	7.56%	2,266	8.42%	2,176	10.11%	1,701	9.15%
Long term investments	396	1.52%	293	1.10%	339	1.30%	84	0.31%	14	0.07%	14	0.08%
Long term finances and loans	2,208	8.50%	1,965	7.36%	1,531	5.87%	1,286	4.78%	879	4.09%	741	3.99%
Long term deposits	12	0.05%	12	0.04%	12	0.05%	11	0.04%	10	0.05%	10	0.05%
	13,224	50.88%	13,182	49.37%	13,238	50.73%	13,162	48.93%	10,968	50.98%	9,096	48.94%
Current assets												
Short term finances	285	1.10%	243	0.91%	149	0.57%	286	1.06%	407	1.89%	308	1.66%
Accrued return on investments and term finances	103	0.40%	69	0.26%	56	0.21%	98	0.36%	75	0.35%	68	0.37%
Current maturity of non-current assets	11,434	43.99%	11,574	43.35%	11,166	42.79%	11,449	42.56%	8,400	39.05%	7,530	40.52%
Short term investments	395	1.52%	773	2.90%	914	3.50%	1,106	4.53%	1,106	5.14%	1,088	5.85%
Advances and prepayments	40	0.15%	33	0.12%	39	0.15%	44	0.16%	47	0.22%	48	0.26%
Other receivables	33	0.13%	44	0.16%	55	0.21%	100	0.37%	75	0.35%	132	0.71%
Cash and bank balances	174	0.67%	500	1.87%	342	1.31%	333	1.24%	173	0.80%	100	0.54%
Defined plan assets	9	100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Taxation - net	-	0.00%	-	0.00%	47	0.18%	62	0.23%	171	0.79%	126	0.68%
	12,473	47.99%	13,236	49.57%	12,768	48.93%	13,591	50.52%	10,454	48.59%	9,400	50.58%
Assets classified as held for sale	294	1.13%	281	1.05%	90	0.34%	147	0.55%	91	0.42%	89	0.48%
	12,767	49.12%	13,517	50.63%	12,858	49.27%	13,738	51.07%	10,545	49.02%	9,489	51.06%
Total assets	25,991	100.00%	26,699	100.00%	26,096	100.00%	26,900	100.00%	21,513	100.00%	18,585	100.00%
EQUITY AND LIABILITIES												
Share capital and reserves	8,013	30.83%	7,249	27.15%	4,466	17.11%	4,177	15.53%	3,549	16.50%	3,064	16.49%
Non-current liabilities												
Long term finances	6,310	24.28%	5,797	21.71%	6,707	25.70%	6,148	22.86%	4,708	21.88%	3,147	16.93%
Long term loans	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	280	1.51%
Long term certificates of deposit	2,820	10.85%	3,225	12.08%	4,000	15.33%	5,888	21.89%	5,117	23.79%	3,647	19.62%
Deferred taxation	699	2.69%	481	1.80%	585	2.24%	476	1.77%	454	2.11%	395	2.13%
Other long term liabilities	165	0.63%	203	0.76%	214	0.82%	259	0.96%	268	1.25%	248	1.33%
Defined benefit obligation - staff gratuity	-	0.00%	20	0.07%	17	0.07%	1	0.00%	1	0.00%	4	0.02%
	9,994	38.45%	9,726	36.43%	11,523	44.16%	12,772	47.48%	10,548	49.03%	7,721	41.54%
Current liabilities												
Trade and other payables	909	3.50%	1,017	3.81%	1,092	4.18%	794	2.95%	634	2.95%	475	2.56%
Accrued interest on term loans, term finance and certificate of deposit	324	1.25%	242	0.91%	333	1.28%	396	1.47%	319	1.48%	453	2.44%
Unpaid dividend	-	0.00%	208	0.78%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Unclaimed dividend	23	0.09%	20	0.07%	19	0.07%	17	0.06%	7	0.03%	6	0.03%
Short term borrowings	1,333	5.13%	2,355	8.82%	2,449	9.38%	1,909	7.10%	884	4.11%	695	3.74%
Short term certificates of deposit	695	2.67%	1,048	3.93%	1,111	4.26%	2,073	7.71%	944	4.39%	1,019	5.48%
Taxation net	212	0.82%	209	0.78%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Current maturity of non-current liabilities	4,488	17.27%	4,625	17.32%	5,103	19.55%	4,762	17.70%	4,628	21.51%	5,152	27.72%
	7,984	30.72%	9,724	36.42%	10,107	38.73%	9,951	36.99%	7,416	34.47%	7,800	41.97%
Total equity and liabilities	25,991	100.00%	26,699	100.00%	26,096	100.00%	26,900	100.00%	21,513	100.00%	18,585	100.00%

STATEMENT OF PROFIT OR LOSS ACCOUNT	2019		2018		2017		2016		2015		2014	
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
INCOME												
Income from operations												
Finance lease	2,840	67.94%	2,531	56.60%	2,417	59.96%	2,324	57.09%	2,261	56.92%	1,974	51.69%
Operating lease	232	5.55%	313	7.00%	474	11.76%	535	13.14%	664	16.71%	953	24.94%
Mark-up on term finance	784	18.76%	633	14.15%	543	13.47%	507	12.45%	462	11.62%	446	11.66%
	3,856	92.25%	3,477	77.75%	3,434	85.19%	3,366	82.68%	3,387	85.25%	3,373	88.29%
Income from other operating activities												
Other income - net	273	6.53%	896	20.04%	368	9.13%	471	11.57%	311	7.82%	224	5.87%
Share of profit of equity accounted undertakings	51	1.22%	99	2.21%	229	5.68%	234	5.75%	275	6.93%	223	5.84%
	324	7.75%	995	22.25%	597	14.81%	705	17.32%	586	14.75%	447	11.71%
Total Income	4,180	100.00%	4,472	100.00%	4,031	100.00%	4,071	100.00%	3,973	100.00%	3,820	100.00%
EXPENSES												
Finance costs	1,542	36.89%	1,390	31.08%	1,586	39.35%	1,666	40.92%	1,728	43.49%	1,658	43.41%
Administrative and general expenses	1,188	28.42%	1,094	24.46%	966	23.96%	857	21.05%	785	19.76%	755	19.77%
Direct cost of leases	184	4.40%	250	5.59%	403	10.00%	395	9.70%	491	12.35%	582	15.24%
	2,914	69.71%	2,734	61.14%	2,955	73.31%	2,918	71.68%	3,003	75.59%	2,996	78.43%
Profit before Provisions and Taxation	1,266	30.29%	1,738	38.86%	1,076	26.69%	1,152	28.30%	970	24.41%	824	21.57%
Provisions												
Allowance for potential lease and loan losses	(191)	-5%	18	0.40%	(23)	-0.57%	215	5.28%	122	3.06%	137	3.58%
Other provisions / (reversal) - net	9	0.22%	-	0.00%	(59)	-1.46%	(40)	-0.98%	40	1.01%	47	1.23%
	(182)	-4%	18	0.40%	(82)	-2.03%	175	4.30%	162	4.07%	184	4.81%
Profit before taxation from continuing operations	1,448	34.64%	1,720	38.46%	1,158	28.73%	977	24.00%	808	20.34%	640	16.76%
Taxation	425	10.17%	340	7.60%	317	7.86%	217	5.33%	180	4.54%	124	3.25%
Profit after taxation from continuing operations	1,023	24.47%	1,380	30.86%	841	20.86%	760	18.67%	628	15.80%	516	13.51%
DISCONTINUED OPERATIONS												
Loss after taxation from discontinued operations	-	0.00%	-	0.00%	-	0.00%	(13)	-0.32%	43	1.08%	-	0.00%
Profit for the year after taxation	1,023	24.47%	1,380	30.86%	841	20.86%	747	18.35%	671	16.89%	516	13.51%

Six Years' Horizontal Analysis

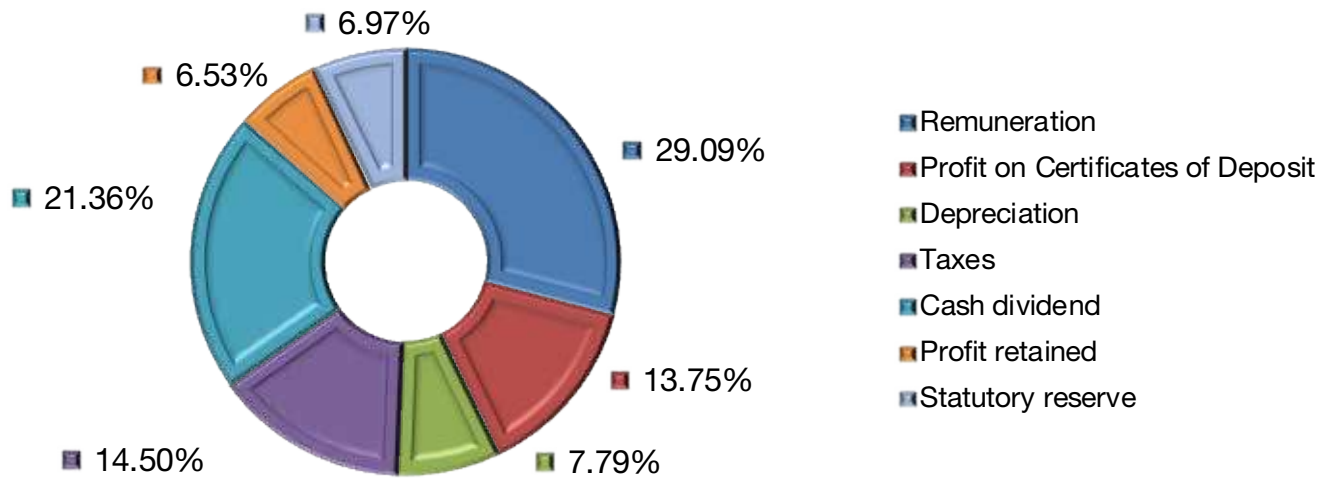
STATEMENT OF FINANCIAL POSITION	19 vs 18		18 vs 17		17 vs 16		16 vs 15		15 vs 14		14 vs 13	
	2019	%	2018	%	2017	%	2016	%	2015	%	2014	%
ASSETS												
Non-current assets												
Fixed assets	1,191	-8.67%	1,304	-14.94%	1,533	-13.14%	1,765	0.17%	1,762	-0.28%	1,767	13.27%
Intangible assets	18	-10.00%	20	66.67%	12	0.00%	12	33.33%	9	-18.18%	11	-67.65%
Net investment in finance leases	8,135	-5.34%	8,594	14.33%	7,517	1.36%	7,416	21.22%	6,118	26.09%	4,852	14.00%
Investment in subsidiaries	322	0.00%	322	0.00%	322	0.00%	322	100.00%	-	0.00%	-	0.00%
Investment in associated undertakings	942	40.18%	672	-65.92%	1,972	-12.97%	2,266	4.14%	2,176	27.92%	1,701	-0.58%
Long term investments	396	35.15%	293	-13.57%	339	303.57%	84	500.00%	14	0.00%	14	0.00%
Long term finances and loans	2,208	12.37%	1,965	28.35%	1,531	19.05%	1,286	46.30%	879	18.62%	741	-12.20%
Long term deposits	12	0.00%	12	0.00%	12	0.00%	11	10.00%	10	0.00%	10	-28.57%
	13,224	0.32%	13,182	-0.42%	13,238	0.58%	13,162	20.00%	10,968	20.58%	9,096	7.86%
Current assets												
Short term finances	285	17.28%	243	63.09%	149	-47.90%	286	-29.73%	407	32.14%	308	26.75%
Accrued return on investments and term finances	103	49.28%	69	23.21%	56	-42.86%	98	30.67%	75	10.29%	68	94.29%
Current maturity of non-current assets	11,434	-1.21%	11,574	3.65%	11,166	-2.47%	11,449	36.30%	8,400	11.55%	7,530	9.78%
Short term investments	395	-48.90%	773	-15.43%	914	-25.02%	1,219	10.22%	1,106	1.65%	1,088	-32.00%
Advances and prepayments	40	21.21%	33	-15.38%	39	-11.36%	44	-6.38%	47	-2.08%	48	-7.69%
Other receivables	33	-25.00%	44	-20.00%	55	-45.00%	100	33.33%	75	-43.18%	132	-57.69%
Cash and bank balances	174	-65.20%	500	46.20%	342	2.70%	333	92.49%	173	73.00%	100	-56.71%
Defined plan assets	9	100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Taxation - net	-	0.00%	-	-100.00%	47	-24.19%	62	-63.74%	171	35.71%	126	44.83%
Assets classified as held for sale	294	4.63%	281	212.22%	90	-38.78%	147	61.54%	91	2.25%	89	584.62%
	12,767	-5.55%	13,517	5.13%	12,858	-6.41%	13,738	30.28%	10,545	11.13%	9,489	0.60%
Total assets	25,991	-2.65%	26,699	2.31%	26,096	-2.99%	26,900	25.04%	21,513	15.75%	18,585	4.03%
EQUITY AND LIABILITIES												
Share capital and reserves												
	8,013	10.54%	7,249	62.32%	4,466	6.92%	4,177	17.70%	3,549	15.83%	3,064	14.67%
Non-current liabilities												
Long term finances	6,310	8.85%	5,797	-13.57%	6,707	9.09%	6,148	30.59%	4,708	49.60%	3,147	-5.30%
Long term loans	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	-100.00%	280	-69.37%
Long term certificates of deposit	2,820	-12.56%	3,225	-19.38%	4,000	-32.07%	5,888	15.07%	5,117	40.31%	3,647	-15.99%
Deferred taxation	699	45.32%	481	-17.78%	585	22.90%	476	4.85%	454	14.94%	395	11.90%
Other long term liabilities	165	-18.72%	203	-5.14%	214	-17.37%	259	-3.36%	268	8.06%	248	-16.22%
Defined benefit obligation - staff gratuity	-	-100.00%	20	17.65%	17	1600.00%	1	0.00%	1	-75.00%	4	-86.21%
	9,994	2.76%	9,726	-15.59%	11,523	-9.78%	12,772	21.08%	10,548	36.61%	7,721	-16.58%
Current liabilities												
Trade and other payables	909	-10.62%	1,017	-6.87%	1,092	37.53%	794	25.24%	634	33.47%	475	17.00%
Accrued interest on term loans, term finance and certificate of deposit	324	33.88%	242	-27.33%	333	-15.91%	396	24.14%	319	-29.58%	453	52.53%
Unpaid dividend	-	-100.00%	208	100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Unclaimed dividend	23	15.00%	20	5.26%	19	11.76%	17	142.86%	7	16.67%	6	20.00%
Short term borrowings	1,333	-43.40%	2,355	-3.84%	2,449	28.29%	1,909	115.95%	884	27.19%	695	-25.75%
Short term certificates of deposit	695	-33.68%	1,048	-5.67%	1,111	-46.41%	2,073	119.60%	944	-7.36%	1,019	-4.77%
Taxation net	212	1.44%	209	100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Current maturity of non-current liabilities	4,488	-2.96%	4,625	-9.37%	5,103	7.16%	4,762	2.90%	4,628	-10.17%	5,152	59.85%
	7,984	-17.89%	9,724	-3.79%	10,107	1.57%	9,951	34.18%	7,416	-4.92%	7,800	31.38%
Total equity and liabilities	25,991	-2.65%	26,699	2.31%	26,096	-2.99%	26,900	25.04%	21,513	15.75%	18,585	4.03%

STATEMENT OF PROFIT OR LOSS ACCOUNT	19 vs 18		18 vs 17		17 vs 16		16 vs 15		15 vs 14		14 vs 13	
	2019	%	2018	%	2017	%	2016	%	2015	%	2014	%
INCOME												
Income from operations												
Finance lease	2,840	12.21%	2,531	4.72%	2,417	4.00%	2,324	2.77%	2,261	14.53%	1,974	3.91%
Operating lease	232	-25.88%	313	-33.97%	474	-11.40%	535	-19.43%	664	-30.30%	953	12.07%
Mark-up on term finance	784	23.85%	633	16.57%	543	7.10%	507	9.80%	462	3.65%	446	12.42%
	3,856	10.90%	3,477	1.25%	3,434	2.02%	3,366	-0.62%	3,387	0.43%	3,373	7.19%
Income from other operating activities												
Other income - net	273	-69.53%	896	143.48%	368	-21.87%	471	51.58%	311	38.56%	224	-9.82%
Share of profit of equity accounted undertakings	51	-48.48%	99	-56.77%	229	-2.14%	234	-14.95%	275	23.37%	223	35.03%
	324	-67.44%	995	66.67%	597	-15.32%	705	20.33%	586	30.99%	447	8.08%
Total Income	4,180	-6.53%	4,472	10.94%	4,031	-0.98%	4,071	2.47%	3,973	4.01%	3,820	7.29%
EXPENSES												
Finance costs	1,542	10.93%	1,390	-12.36%	1,586	-4.80%	1,666	-3.57%	1,728	4.18%	1,658	0.25%
Administrative and general expenses	1,188	8.59%	1,094	13.25%	966	12.72%	857	9.18%	785	3.94%	755	3.44%
Direct cost of leases	184	-26.40%	250	-37.97%	403	2.03%	395	-19.48%	491	-15.76%	582	15.44%
	2,914	6.58%	2,734	-7.48%	2,955	1.27%	2,918	-2.84%	3,003	0.24%	2,996	3.71%
Profit before provisions and taxation	1,266	-27.16%	1,738	61.52%	1,076	-6.60%	1,152	18.79%	970	17.70%	824	22.69%
Provisions												
Allowance for potential lease and loan losses	(191)	-1161.11%	18	-178.26%	(23)	-110.70%	215	76.70%	122	-11.11%	137	-34.08%
Other provisions / (reversal) - net	9	100.00%	-	-100.00%	(59)	47.50%	(40)	-0.02%	40	-14.78%	47	-5.05%
	(182)	-1111.11%	18	-121.95%	(82)	-146.86%	175	8.25%	162	-12.05%	184	-28.50%
Profit before taxation from continuing operations	1,448	-15.81%	1,720	48.53%	1,158	18.53%	977	20.90%	808	26.24%	640	54.45%
Taxation	425	25.00%	340	7.26%	317	46.08%	217	20.43%	180	45.33%	124	62.07%
Profit after taxation from continuing operations	1,023	-25.87%	1,380	64.09%	841	10.66%	760	21.04%	628	21.66%	516	52.72%
DISCONTINUED OPERATIONS												
Loss after taxation from discontinued operations	-	0.00%	-	0.00%	-	-100.00%	(13)	-69.77%	43	100.00%	0	0.00%
Profit for the year after taxation	1,023	-25.87%	1,380	64.09%	841	12.58%	747	11.34%	671	29.99%	516	52.72%

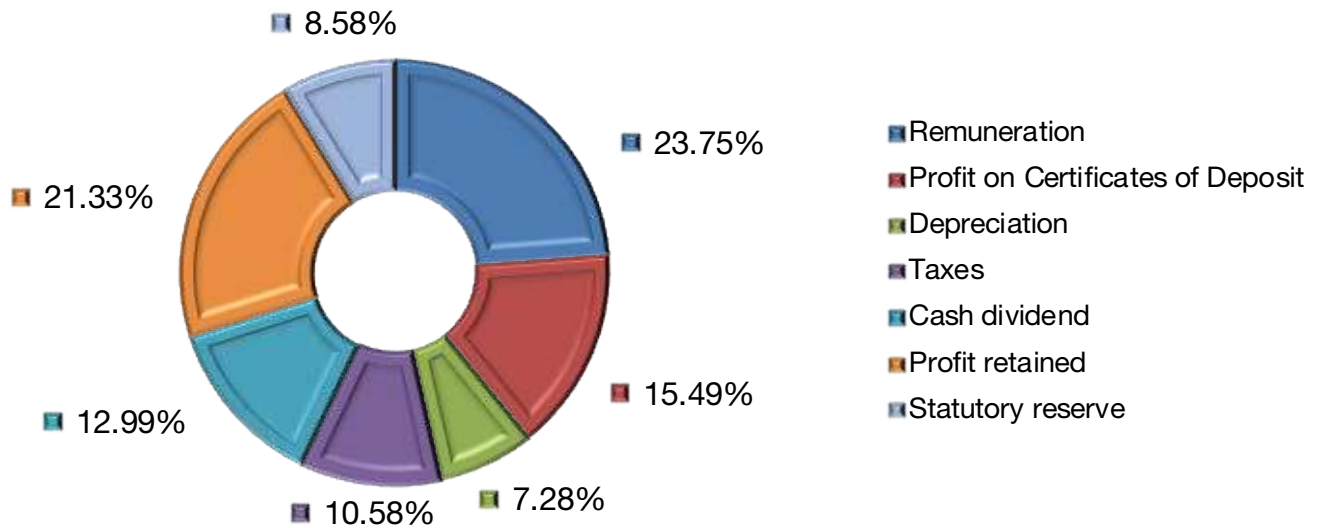
Statement of Value Addition

	2019		2018	
	Rupees	%	Rupees	%
Revenues from operations	4,037,915,048		3,459,298,622	
Other income	272,953,399		895,715,239	
Share of profit of equity accounted undertakings	50,671,374		98,672,824	
	<u>4,361,539,821</u>		<u>4,453,686,685</u>	
Finance cost	1,138,862,202		891,727,517	
Direct cost	289,536,038		346,090,321	
	<u>1,428,398,240</u>		<u>1,237,817,838</u>	
Value Added	<u>2,933,141,581</u>		<u>3,215,868,847</u>	
Distributed as follows:				
Remuneration	853,266,557	29.09%	763,768,072	23.75%
Profit on Certificates of Deposit	403,453,331	13.75%	498,281,542	15.49%
Depreciation	228,622,961	7.79%	234,065,548	7.28%
Taxes	425,281,769	14.51%	340,130,650	10.58%
Cash dividend	626,455,883	21.36%	417,637,257	12.99%
Profit retained	191,557,687	6.53%	686,061,171	21.33%
Statutory reserve	204,503,393	6.97%	275,924,607	8.58%
	<u>2,933,141,581</u>	<u>100.00%</u>	<u>3,215,868,847</u>	<u>100.00%</u>

Distribution of Value Addition - 2019



Distribution of Value Addition - 2018



Shariah Advisor's Report

For the year ended June 30, 2019

ORIX Leasing Pakistan Limited (OLP) started Islamic Financing in April 2011. OLP, with the consultation of undersigned, developed and executed initially the following two Shariah Complaint products:

- Ijarah, and
- Diminishing Musharakah

By the grace of Allah, the year under review, was the eighth year of Islamic financing at ORIX Leasing Pakistan Limited. In this year no *Ijarah* or *Diminishing Musharakah* transaction could be written however, some previous transactions matured successfully during this year by OLP with valuable clients.

I certify that the treasury function and accounting treatment of *Ijarah* and *Diminishing Musharakah* transactions are in conformity to Shariah requirements.

I would like to take this opportunity to offer praise to Almighty Allah and seek His Guidance and Blessings and to express my best wishes for further progress, development and prosperity of Orix Leasing Pakistan Limited and Islamic Finance.



MUFTI MUHAMMAD IBRAHIM ESSA

For and on behalf of

Alhamd Shariah Advisory Services Private Limited

Dated: September 16, 2019



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530, Pakistan
+92 (21) 35685847, Fax +92 (21)35685095

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of ORIX Leasing Pakistan Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of ORIX Leasing Pakistan Limited ("the Company") for the year ended 30 June 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019

KPMG Taseer Hadi & Co.
Chartered Accountants

Dated: September 18, 2019
Karachi



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530, Pakistan
+92 (21) 35685847, Fax +92 (21)35685095

INDEPENDENT AUDITOR'S REPORT

To the members of ORIX Leasing Pakistan Limited Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of ORIX Leasing Pakistan Limited (the Company), which comprise the unconsolidated statement of financial position as at 30 June 2019, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	<p>Impairment allowance for potential Lease and Loan losses</p> <p>Refer to notes 7, 11, 12 and 39 to the unconsolidated financial statements and the accounting policy in 3.4, 3.5, 3.10 and 3.14 to the unconsolidated financial statements.</p> <p>The Company’s portfolios for net investment in finance lease, long-term finances and loans and short-term finances amounts to Rs. 17.96 billion, Rs. 4.58 billion and Rs. 0.31 billion having provision of Rs. 0.67 billion, Rs. 0.15 billion and Rs. 0.02 billion respectively.</p> <p>We identified the impairment allowance for potential lease and loan losses as a key audit matter due to the inherent uncertainty and judgment used by the management and compliance of the applicable regulations issued by Securities and Exchange Commission of Pakistan (SECP).</p>	<p>Our audit procedures included:</p> <p>We tested the design and operation of manual and automated controls over the individual impairment provision including:</p> <ul style="list-style-type: none"> • The accuracy of the data used for credit grading and approval of credit facilities. • The ongoing monitoring and identification of lease and loans displaying indicators of impairment and whether they are migrating on a timely basis, to watch list or to non performing including the generation of days past due reports. <p>We performed a sample of credit reviews on individually significant lease and loan customers where impairment indicators had been identified by management. We obtained the management’s assessment of the recoverability of these exposures (including individual provisions calculations) and challenged whether individual impairment provisions are in line with the requirements of the applicable regulations issued by SECP.</p> <p>For a sample of lease and loan customers not identified as displaying indicators of impairment by management, challenged their assessment by reviewing the historical performance of the customers and formed our own view whether any impairment indicators were present.</p> <p>We have also evaluated the management’s compliance with the applicable regulations relating to impairment provisions.</p>

Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. Other information comprises the information included in the Annual Report but does not include the unconsolidated financial statements and our auditor’s report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

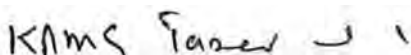
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Taufiq.



KPMG Taseer Hadi & Co.
Chartered Accountants

Dated: September 18, 2019
Karachi

Unconsolidated Statement of Financial Position

As at June 30, 2019

ASSETS	Note	2019	2018
		-----Rupees-----	
Non-current assets			
Fixed assets	5	1,190,789,544	1,304,316,890
Intangible assets	6	18,349,641	20,033,707
Net investment in finance lease	7	17,955,603,086	18,840,807,660
Current maturity	14	(9,151,970,240)	(9,322,608,857)
Allowance for potential lease losses	39	(669,018,735)	(924,124,734)
		(9,820,988,975)	(10,246,733,591)
Investment in subsidiaries	8	8,134,614,111	8,594,074,069
Investment in associated undertakings	9	322,374,294	322,374,294
Long-term investments	10	942,321,227	672,208,880
Long-term finances and loans	11	396,353,520	292,535,415
Long-term deposits		2,207,532,344	1,965,471,010
		12,390,066	12,138,660
		13,224,724,747	13,183,152,925
Current assets			
Short-term finances	12	285,006,782	242,846,690
Accrued return on investments and term finance	13	102,798,425	68,675,213
Current maturity of non-current assets	14	11,433,548,335	11,574,051,254
Short-term investments	15	394,438,716	772,588,069
Advances and prepayments	16	40,410,228	32,639,776
Other receivables	17	32,887,347	44,253,635
Cash and bank balances	18	174,313,423	499,815,713
Defined plan asset	26	8,808,244	-
		12,472,211,500	13,234,870,350
Assets classified as held for sale	19	293,867,662	280,731,455
		25,990,803,909	26,698,754,730
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 350,000,000 (2018: 350,000,000) ordinary shares of Rs. 10 each		3,500,000,000	3,500,000,000
Issued, subscribed and paid-up capital	20	1,670,549,020	1,392,124,190
Capital reserves		3,347,643,007	3,428,393,164
Revenue reserves		2,994,896,717	2,428,362,235
		8,013,088,744	7,248,879,589
Non-current liabilities			
Long-term finances	22	6,310,419,269	5,796,539,928
Long-term certificates of deposit	23	2,819,697,418	3,225,368,617
Deferred taxation	24	699,540,763	480,597,549
Other long-term liabilities	25	164,902,777	202,558,668
Defined benefit obligation	26	-	19,969,684
		9,994,560,227	9,725,034,446
Current liabilities			
Trade and other payables	27	909,317,038	1,016,839,484
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	28	323,580,085	242,329,587
Unpaid dividend		-	208,224,070
Unclaimed dividend		22,561,209	20,317,978
Short-term borrowings	29	1,332,642,374	2,355,358,951
Short-term certificates of deposit	30	695,436,338	1,047,782,107
Taxation - net		211,827,766	208,752,552
Current maturity of non-current liabilities	31	4,487,790,128	4,625,235,966
		7,983,154,938	9,724,840,695
		25,990,803,909	26,698,754,730
Contingencies and commitments			
	32		

The annexed notes 1 to 57 form an integral part of these unconsolidated financial statements.


Shaheen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Unconsolidated Statement of Profit or Loss Account

For the year ended June 30, 2019

	Note	2019	2018
		-----Rupees-----	
INCOME			
Income from operations			
Finance leases		2,840,177,559	2,531,120,058
Operating leases	33	232,274,251	312,867,196
Mark-up on term finance		783,769,382	633,583,905
		<u>3,856,221,192</u>	<u>3,477,571,159</u>
Income from other activities			
Other income - net	34	272,953,399	895,715,239
Share of profit of equity accounted undertakings	35	50,671,374	98,672,824
		<u>323,624,773</u>	<u>994,388,063</u>
		<u>4,179,845,965</u>	<u>4,471,959,222</u>
EXPENSES			
Finance cost	36	1,542,315,533	1,390,009,059
Administrative and general expenses	37	1,188,176,655	1,094,161,651
Direct cost	38	183,248,901	249,762,290
		<u>2,913,741,089</u>	<u>2,733,933,000</u>
Profit before provision and taxation		<u>1,266,104,876</u>	<u>1,738,026,222</u>
(Reversal) / provision for potential lease and other loan losses - net	39	(190,522,095)	18,431,706
Other provisions / (reversals) - net	40	8,828,239	(159,169)
		<u>(181,693,856)</u>	<u>18,272,537</u>
Profit before taxation		<u>1,447,798,732</u>	<u>1,719,753,685</u>
Taxation	42	425,281,769	340,130,650
Profit for the year after taxation		<u>1,022,516,963</u>	<u>1,379,623,035</u>
		2019	2018
		-----Rupees-----	
Earnings per share - basic and diluted	53	<u>6.12</u>	<u>8.40</u>

The annexed notes 1 to 57 form an integral part of these unconsolidated financial statements.


Shaheen Amin
 Chief Executive Officer


Nasim Hyder
 Director


Maryam Aziz
 Chief Financial Officer


Unconsolidated Statement of Comprehensive Income

For the year ended June 30, 2019

	2019	2018
	-----Rupees-----	
Profit for the year after taxation	1,022,516,963	1,379,623,035
Other comprehensive income		
Items that will be subsequently reclassified in profit or loss		
Exchange gain arising on translation of foreign associates - net of deferred tax	189,740,132	143,148,279
Reclassification of foreign currency translation on discontinuation of equity accounting - net of deferred tax	-	(269,550,790)
	189,740,132	(126,402,511)
Items that will not be subsequently reclassified in profit or loss		
Fair value changes on remeasurement of financial assets - net of deferred tax	(31,988,341)	5,401,250
Remeasurement of defined benefit obligation - staff gratuity	8,808,244	(24,923,888)
Other comprehensive income component of associated undertaking	(3,402,021)	-
	5,406,223	(24,923,888)
Total comprehensive income for the year	1,185,674,977	1,233,697,886

The annexed notes 1 to 57 form an integral part of these unconsolidated financial statements.


Shaheen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Unconsolidated Statement of Cash Flows

For the year ended June 30, 2019

	Note	2019	2018
-----Rupees-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	43	2,926,987,250	2,555,326,784
(Increase) / decrease in operating assets			
Investment in finance lease - net		815,274,830	(1,183,162,696)
Long-term finances and loans - net		(199,766,301)	(769,964,641)
Short-term finances		(48,797,171)	(94,022,997)
Long-term deposits		(251,406)	(535,000)
Advances and prepayments		(7,770,452)	6,697,378
Other receivables		(29,952,803)	(32,018,125)
		528,736,697	(2,073,006,081)
(Decrease) / Increase in operating liabilities			
Other long term liabilities - net		(475,446,203)	(551,833,211)
Trade and other payables		(109,765,677)	(74,239,830)
		(585,211,880)	(626,073,041)
Cash generated from / (used in) operating activities		2,870,512,067	(143,752,338)
Payment of Sindh Workers' Welfare Fund		-	(25,000)
Payment against staff retirement benefits		(40,545,296)	(32,899,060)
Income tax paid		(203,010,334)	(150,654,040)
Net cash generated from / (used in) operating activities		2,626,956,437	(327,330,438)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred - own use and intangible assets		(119,831,928)	(66,451,620)
Capital expenditure incurred - operating lease assets		-	(161,735,180)
Proceeds from disposal of assets - own use		8,929,357	9,563,177
Proceeds from sale of operating lease assets		-	209,052,129
Proceeds from sale of ijarah finance assets		5,268,996	7,827,749
Instalment against consideration on sale of e-business		-	10,666,670
Investments - net		140,541,985	161,085,308
Proceeds from disposal of asset classified as held for sale		-	1,723,740,840
Dividend received		26,511,524	22,999,439
Interest received		37,314,201	52,166,816
Net cash generated from investing activities		98,734,135	1,968,915,328
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term finances		4,250,000,000	2,700,000,000
Proceeds from Right issue - net		-	1,985,245,504
Short-term borrowings - net		(395,000,000)	(945,000,000)
Certificates of deposit redeemed - net		(1,016,468,541)	(751,983,667)
Repayment of long-term finances		(3,622,446,653)	(4,187,860,533)
Finance cost paid		(1,015,942,995)	(927,373,885)
Dividend paid		(623,618,096)	(208,353,425)
Net cash used in financing activities		(2,423,476,285)	(2,335,326,006)
Net increase / (decrease) in cash and cash equivalents		302,214,287	(693,741,116)
Cash and cash equivalents at beginning of the year		(1,210,543,238)	(516,802,122)
Cash and cash equivalents at end of the year	44	(908,328,951)	(1,210,543,238)

The annexed notes 1 to 57 form an integral part of these unconsolidated financial statements.


Shaheen Amin
 Chief Executive Officer


Nasim Hyder
 Director


Maryam Aziz
 Chief Financial Officer

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2019

	Capital reserves			Revenue reserves			Total shareholders equity	
	Issued, subscribed and paid-up capital	Share premium	Statutory reserve	Surplus on Revaluation of leasehold land and office building	Unappropriated profit	Fair value reserve on re-measurement of financial assets		Foreign currency translation reserve
-----Rupees-----								
Balance as at July 1, 2017 (restated)	820,827,940	449,686,099	979,107,379	317,381,264	1,727,726,419	(4,534,811)	176,250,655	4,466,444,945
Impact of adoption of IFRS 9 by associate - net of tax	-	-	-	-	(18,871,489)	-	-	(18,871,489)
Right shares issued during the year	571,296,250	-	-	-	-	-	-	571,296,250
Premium on Right shares during the year - net	-	1,413,949,254	-	-	-	-	-	1,413,949,254
Profit for the year after taxation	-	-	-	-	1,379,623,035	-	-	1,379,623,035
Other comprehensive income / (loss)	-	-	-	-	(24,923,888)	5,401,250	(126,402,511)	(145,925,149)
Total comprehensive income for the year ended June 30, 2018	-	-	-	-	1,354,699,147	5,401,250	(126,402,511)	1,233,697,886
Transactions with owner recorded directly in equity								
Cash dividend @ Rs.3.00 per ordinary share of Rs. 10.00 each for the year ended June 30, 2017	-	-	-	-	(417,637,257)	-	-	(417,637,257)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	(7,655,439)	7,655,439	-	-	-
Transfer to statutory reserve	-	-	275,924,607	-	(275,924,607)	-	-	-
Balance as at June 30, 2018	1,392,124,190	1,863,635,353	1,255,031,986	309,725,825	2,377,647,652	866,439	49,848,144	7,248,879,589
Balance as at July 1, 2018	1,392,124,190	1,863,635,353	1,255,031,986	309,725,825	2,377,647,652	866,439	49,848,144	7,248,879,589
Impact of change in accounting policy - net of tax	-	-	-	-	39,060,357	(39,060,357)	-	-
Impact of change in associate's accounting policy - net of tax	-	-	-	-	(3,828,565)	-	-	(3,828,565)
Bonus shares issued from share premium reserve	278,424,830	(278,424,830)	-	-	-	-	-	-
Profit for the year after taxation	-	-	-	-	1,022,516,963	-	-	1,022,516,963
Other comprehensive income / (loss)	-	-	-	-	5,406,223	(31,988,341)	189,740,132	163,158,014
Total comprehensive income for the year ended June 30, 2019	-	-	-	-	1,027,923,186	(31,988,341)	189,740,132	1,185,674,977
Transactions with owner recorded directly in equity								
Cash dividend @ Rs.3.00 per ordinary share of Rs. 10.00 each for the year ended June 30, 2018	-	-	-	-	(417,637,257)	-	-	(417,637,257)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	(6,828,720)	6,828,720	-	-	-
Transfer to statutory reserve	-	-	204,503,393	-	(204,503,393)	-	-	-
Balance as at June 30, 2019	1,670,549,020	1,585,210,523	1,459,535,379	302,897,105	2,825,490,700	(70,182,259)	239,588,276	8,013,088,744

The annexed notes 1 to 57 form an integral part of these unconsolidated financial statements.


Shaheen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

1 LEGAL STATUS AND OPERATIONS

ORIX Leasing Pakistan Limited (“the Company”) was incorporated in Pakistan as a private limited company on July 01, 1986 under the repealed Companies Ordinance, 1984 and was converted into a public limited company on December 23, 1987. The Company is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at Islamic Chamber of Commerce Building, Clifton, Karachi. The Company is licensed to carry out Investment Finance Services as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP).

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long-term rating of AA+ and a short-term rating of A1+ to the Company on August 28, 2019.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan, which comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the ICAP as are notified under the Companies Act, 2017, the requirements of Companies Act, 2017, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. In case the requirements differ, the provisions of and directives issued under the NBFC Rules, the NBFC Regulations, the Companies Act, 2017 and the directives issued by the SECP prevail.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for the following:

- Leasehold land and office building are stated at revalued amounts;
- Financial instruments are stated at fair value through profit or loss and through other comprehensive income;
- Obligation in respect of staff gratuity is measured at present value of defined benefit obligation;
- Non-current assets classified as held-for-sale are valued at lower of carrying amount and fair value less cost to sell; and
- Investments in associated undertakings are valued under equity accounting method.

2.3 Functional and presentation currency

Items included in these unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. These unconsolidated financial statements are presented in Pakistani Rupee which is the Company’s functional and presentation currency.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

2.4 Critical accounting estimates and judgments

The preparation of these unconsolidated financial statements in conformity with approved accounting and reporting standards require management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, Management has made the following estimates and judgments which are significant to these unconsolidated financial statements:

- (a) determination of the residual values and useful lives of Fixed assets (notes 3.2 and 5);
- (b) allowance for potential lease and other loan losses (notes 3.5 and 39);
- (c) classification, valuation and impairment of financial assets (note 3.10);
- (d) recognition of taxation and deferred tax (notes 3.18 and 42);
- (e) accounting for defined benefit obligation (notes 3.19 and 26);
- (f) employees compensated absences (note 3.20 and 37.1); and
- (g) impairment of non-financial assets (note 3.9).

2.5 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant in the current year

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 1, 2018 and are considered to be relevant. These are disclosed in note 4 to these unconsolidated financial statements.

2.6 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There were certain new amendments to the approved accounting standards which became effective during the year ended June 30, 2019 but are considered not to be relevant or have any significant effect on the Company's financial reporting and are, therefore, not disclosed in these unconsolidated financial statements.

2.7 Standards, interpretations and amendments to published approved accounting standards that are not yet effective and have not been early adopted by the Company

The following International Financial Reporting Standards (IFRS) 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:

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

Amendment to IFRS 9 ‘Financial Instruments’ – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after January 1, 2019). For a debt instrument to be eligible for measurement at amortised cost or fair value through other comprehensive income (FVOCI), IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are ‘solely payments of principal and interest’. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on the Company’s financial statements.

On March 29, 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and it contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of January 1, 2020, unless the new guidance contains specific scope outs.

IFRS 16 ‘Leases’ (effective for annual period beginning on or after January 1, 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 ‘Leases’, IFRIC 4 ‘Determining whether an Arrangement contains a Lease’, SIC-15 ‘Operating Leases- Incentives’ and SIC-27 ‘Evaluating the Substance of Transactions Involving the Legal Form of a Lease’. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating.

As at the reporting date, the Company is currently in the process of assessing the potential impacts of changes as a result of adoption of IFRS 16.

	Effective date (accounting period beginning on or after)
Others Standards, Interpretations or Amendments	
- IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies”	January 1, 2020
- IAS - 28 “Investments in Associates and Joint Ventures”	January 1, 2019
- IAS 19 “Employee Benefits”- Plan”	January 1, 2019
- IFRS 3 “Business Combinations”	January 1, 2020
- IFRIC 23 “Uncertainty over Income Tax Treatment”	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement	January 1, 2019
- IAS 23 Borrowing Costs	January 1, 2019
- IAS 12 Income Taxes	January 1, 2019

The above standards, interpretations and amendments are mandatory for the Company’s accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or will not have any significant effect on the Company’s operations and are, therefore, not detailed in these unconsolidated financial statements.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these unconsolidated financial statements are set forth below. These accounting policies have been applied consistently to all the years presented, unless otherwise specified.

3.1 Business combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Company's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

3.2 Fixed assets

Own use and on Operating lease

Fixed assets (except leasehold land and office building) are stated at cost less accumulated depreciation and impairment losses, if any. Leasehold land and office building are carried at revalued amounts less accumulated depreciation and subsequent impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Cost incurred to replace a component of an item of fixed asset is capitalised and the asset so replaced is retired from use. All repairs and maintenance expenditure are charged to the profit or loss during the period in which these are incurred.

Depreciation is charged using the straight line method over the estimated useful lives of assets, at the rates specified in notes 5.1, 5.2 and 5.3 to these unconsolidated financial statements. Cranes under operating lease are depreciated at the rates specified in note 5.2 by considering residual values. The carrying value of leasehold land is amortised over its lease term. Depreciation on additions is charged from the month in which the assets are available for use. No depreciation is charged in the month of disposal.

Accounting treatment and presentation of revaluation of fixed assets is in conformity with IAS 16 'Property, Plant and Equipment' and Companies Act, 2017. Revaluation surplus on fixed assets is presented in the unconsolidated statement of financial position and unconsolidated statement of changes in equity as a capital reserve.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gains / losses on disposal of fixed assets, if any, are taken to the profit or loss in the period in which they arise except that the related surplus on revaluation of fixed assets (net of deferred taxation) is transferred directly to unappropriated profit.

Assets having an indefinite useful life are stated at acquisition cost less accumulated impairment losses, if any.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

The residual values, useful lives and methods of depreciation of assets are reviewed and adjusted, if appropriate, at each reporting date.

Capital work-in-progress is stated at cost less impairment loss, if any and consists of expenditure incurred (including any borrowing cost, if applicable) and advances made in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

Ijarah assets

Rental from Ijarah arrangements are recognised in the profit or loss on an accrual basis as and when rentals become due. Costs including depreciation, incurred in earning the Ijarah income are recognised as expense. Initial direct costs incurred specifically to earn revenues from Ijarah are recognised as an expense in the period in which they are incurred. The Ijarah assets are depreciated over the period of Ijarah finance on a straight line basis at the rates specified in note 5.3.

3.3 Intangible assets

Intangible assets having definite lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Amortisation is charged using the straight-line method over the estimated useful lives of the assets at the rates specified in note 6.1. Amortisation on additions is charged from the month in which the assets are available for use. No amortisation is charged in the month of disposal. The residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Gains / losses on disposal of intangible assets, if any, are taken to the profit or loss in the period in which these arise.

3.4 Net investment in finance lease

Leases in which the Company transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessees are classified as finance leases. A receivable is recognised at an amount equal to the present value of the minimum lease payments, including any guaranteed residual value. The "net investment in finance lease" included in the financial statements is recorded as net of adjustable security deposit.

3.5 Allowance for potential lease and other loan losses

The allowance for potential lease and other loan losses is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on lease and other loan portfolio which can be reasonably anticipated. The allowance is increased by provisions charged to income and is decreased by charge-offs, net of recoveries.

Calculating the allowance for potential lease and other loan losses is subject to numerous judgments and estimates. In evaluating the adequacy of allowance, Management considers various factors, including the requirements of the NBFC Regulations, the nature and characteristics of the obligor, current economic conditions, credit concentrations or deterioration in collateral, historical loss experience and delinquencies. Lease and other loan receivables are written off, when in the opinion of management, the likelihood of any future collection is minimal.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

3.6 Assets classified as held for sale

The Company classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

A non-current asset held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised through the profit or loss for any initial or subsequent write down of the non-current asset to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent they do not exceed the cumulative impairment losses previously recorded. A non-current asset is not depreciated while classified as held for sale.

3.7 Investment in subsidiaries

Investment in subsidiaries is initially recognised at cost. At subsequent reporting dates, the recoverable amount is estimated to determine the extent of impairment loss, if any, and carrying amount of the investment is adjusted accordingly.

3.8 Investment in associated undertakings

Investment in associated undertakings is accounted for under the equity method of accounting where an associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the unconsolidated statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Company determines whether it is necessary to recognize any additional impairment loss with respect to the Company's net investment in the associate. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes and discloses this, when applicable, in the unconsolidated statement of changes in equity.

Associates' accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

The Company discontinues the use of the equity method from the date when it loses the power to participate in the financial and operating policy decisions of the investee. If the retained interest of the Company in the former associate is a financial asset, the Company measures the retained interest at fair value. The fair value of the retained interest is regarded as its fair value on initial recognition as a financial asset. The Company recognises in the profit or loss any difference between the fair value of the retained interest and any proceeds from disposing of a part interest in the associate and the carrying amount of the investment at the date the equity method was discontinued.

When the investment in associated undertaking is disposed off, all amounts previously recognised in 'other comprehensive income' in relation to that investment are reclassified to the profit or loss.

3.9 Impairment of non-financial assets

The carrying amount of assets is reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such an indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is recognised in the profit or loss.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

3.10 Financial assets

3.10.1 Classification, initial recognition and subsequent measurement

The management determines the appropriate classification of the financial assets in accordance with the requirements of International Financial Reporting Standard (IFRS) 9: 'Financial Instruments' at the time of the purchase of the financial assets and re-evaluates this classification on a regular basis. The classification depends on the purpose for which the financial assets are acquired. The financial assets of the Company are categorised as follows:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

Initial measurement

A financial asset is initially measured at fair value, for an item not at fair value through profit or loss, plus transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Debt Investments at FVOCI

These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the unconsolidated statement of profit or loss account. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the unconsolidated statement of profit or loss account.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the unconsolidated unconsolidated statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the unconsolidated statement of profit or loss account.

Fair value through profit or loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in the unconsolidated statement of profit or loss account.

Amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognised in the unconsolidated statement of profit or loss account.

3.10.2 Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. It introduces a forward looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial asset under the scope of IFRS 9. The new impairment model applies to financial assets which are measured at amortized cost and debt investments at FVOCI, but not to equity instruments measured at FVOCI.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

The Company applies IFRS 9 general approach for measuring expected credit losses on other receivables, advances and cash and bank balances which uses 12 month expected allowance. Since, these assets are short term in nature, therefore, no credit loss is expected on these financial assets. Whereas, simplified approach is applied for measuring expected credit loss which uses a lifetime expected loss allowance for all other financial assets.

Furthermore, in the case of calculation of impairment against Leases, Ijarah finance, Musharika finance and Microfinance, the requirements of NBFC Regulations shall prevail.

3.10.3 Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

3.11 Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest method.

3.12 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to offset and the Company intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statements only when permitted by the accounting and reporting standards as applicable in Pakistan.

3.13 Derivative financial instruments and hedging activities

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

(a) Fair value hedge

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the unconsolidated statement of profit or loss account.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

(b) Cash flow hedge

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the unconsolidated statement of profit or loss account.

The Company designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss account in the same period or periods during which the hedged expected future cash flows affect the unconsolidated statement of profit or loss account.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the unconsolidated statement of profit or loss account in the same period or periods as the hedged expected future cash flows affect the unconsolidated statement of profit or loss account.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the unconsolidated statement of profit or loss account.

3.14 Long-term finances and loans

Long-term finances and loans are initially recognised at cost being the fair value of consideration received together with the associated transaction costs. Subsequently, these are carried at amortised cost using the effective interest method.

Transaction costs relating to long-term finances are amortised over the period of agreement using the effective interest method.

3.15 Certificates of Deposit

Profit on Certificates of Deposit (CODs) issued by the Company is recognised using the effective interest method.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

3.16 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates.

3.17 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arise from past events, but it is not probable that an outflow of resources embodying benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.18 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity through other comprehensive income.

Current

Provision for current taxation is based on taxable income for the year at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. Tax charge for the current year is determined in accordance with the prevailing laws for taxation. The charge for current tax is calculated using tax rates enacted or substantively enacted at the reporting date. The charge for the current tax also includes adjustments relating to prior years, if necessary, arising from assessments finalised during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. In addition, the Company also records deferred tax asset on available tax losses. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

The Company also recognises deferred tax asset / liability on deficit / surplus on revaluation of securities / fixed assets/ foreign currency translation reserves which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12 Income Taxes.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

3.19 Staff retirement benefits

(a) Defined contribution plan

The Company operates a recognised contributory Provident Fund Scheme (the Fund) for all its permanent employees who have completed the minimum qualifying period in accordance with the HR policy. The Fund is administered by a Board of Trustees. Equal monthly contributions to the Fund are made both by the Company and by the employees at the rate of 10% of basic salary.

(b) Defined benefit plan

The Company operates an approved funded gratuity scheme covering all permanent employees who have completed the minimum qualifying period of three years of service under the scheme. The scheme is administered by a Board of Trustees and contributions therein are made in accordance with the actuarial recommendations. The valuation in this regard is carried out at each reporting date, using the Projected Unit Credit Method for the valuation of the scheme.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income when these occur with no subsequent transfer through the profit or loss.

3.20 Employees compensated absences

The Company provides for unavailed compensated absences for all its permanent employees on the basis of actuarial advice under the Projected Unit Credit Method. Increase or decrease in long-term compensated absences due to remeasurement are recognised in the profit or loss immediately.

3.21 Foreign currency transactions

Foreign currency transactions are translated into Pakistan Rupees at exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the reporting date. Gains and losses on translation are taken to the profit or loss except for difference arising on translation of equity accounted associates which are recognised directly in equity through other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

3.22 Revenue recognition

Finance leases

The Company follows the 'financing method' in accounting for finance lease. The total unearned finance income i.e. the excess of aggregate instalment contract receivables plus residual value over the cost of the leased asset is deferred and amortised over the term of the lease, so as to produce a systematic return on the net investment in finance lease.

Revenue recognition from finance leases is suspended when rent is past due by ninety days or more.

Front end fee and other lease related income is recognised on receipt basis.

Operating lease income

Rental income from assets classified as operating lease is recognised on accrual basis.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

Ijarah lease income

Rental income from Ijarah arrangement is recognised on accrual basis.

Return on investments

Return on debt securities is recognised using the effective interest method.

Return on deposits is recognised using the effective interest method.

Dividend income from investments is recognised when the Company's right to receive the dividend is established.

Gain / loss on sale of investments is recognised in the period in which it arises.

Finances and loans

Income on finances and loans is recognised on a time proportionate basis taking into account the principal outstanding and applicable rates of interest / return thereon except in case of finance and loans classified under the NBFC Regulations, on which income is recognised on receipt basis.

Income recognition on finances and loans is suspended when it is past due by ninety days or more and thirty days in case of micro finance.

Interest / mark-up on rescheduled / restructured leases, finances, loans and investments is recognised in accordance with the NBFC Regulations.

Others

Other income is recognised on receipt basis.

3.23 Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.24 Proposed dividend and transfer between reserves

Dividends and appropriations to reserves, except appropriations which are required by law, made subsequent to the reporting date are considered as non-adjusting events and are recorded in the financial statements in accordance with the requirements of International Accounting Standard (IAS) 10, 'Events after the Reporting Period' in the year in which these are approved / transfers are made.

3.25 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

3.26 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resources allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

4 CHANGE IN ACCOUNTING POLICY

4.1 The Company has adopted IFRS 9 'Financial Instruments' issued by the International Accounting Standards Board (IASB) in July 2014 effective from July 01, 2018. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement and includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. The Company has changed relevant accounting policies and made adjustments to the amounts previously recognised in the financial statements, except in the case of calculation of impairment provision on financial assets where the requirements of the NBFC Regulations prevail.

As allowed by IFRS 9, the Company has elected not to restate comparative figures and therefore adjustments to the carrying amounts of financial assets and liabilities at the date of transition resulting from the adoption of IFRS 9, were recognised through adjustment to the opening equity of the current period. 'Unrealized gains / loss on remeasurement of financial assets' has been renamed 'Fair value reserve on remeasurement of financial assets'.

The application of this change in accounting policy has increased 'Unappropriated Profit' and decreased 'Fair value reserve on remeasurement of financial assets' by Rs. 39.06 million as at July 01, 2018.

Classification and measurement of financial instruments

A comparison between the measurement category and the carrying amount of those financial assets and liabilities against which the impact of change of accounting policy has been assessed in accordance with previous accounting policies under IAS 39 and IFRS 9 as at July 01, 2018 is as follows:

Financial assets	June 30, 2018 IAS 39		July 01, 2018 IFRS 9	
	Measurement Category	Carrying amount	Measurement Category	Carrying amount
Long term investments - Pakistan Investment Bonds	Held to maturity	63,354,946	At amortized cost	63,354,946
Long term investments - Al Hail ORIX Finance PSC	Available for sale	229,180,469	At fair value through OCI	229,180,469
Long term finances and loans	Loans and receivables	4,216,913,407	At amortized cost	4,216,913,407
Long term deposits	Loans and receivables	12,138,660	At amortized cost	12,138,660
Short term finances	Loans and receivables	242,846,690	At amortized cost	242,846,690
Accrued return on investments and term finance	Loans and receivables	68,675,213	At amortized cost	68,675,213
Short term investments - Treasury Bills	At fair value through profit or loss	758,747,378	At fair value through profit or loss	758,747,378
Short term investments - Term finance certificates	At fair value through profit or loss	-	At fair value through profit or loss	-
Short term investments - Ordinary shares (unlisted)	Available for sale	13,840,691	At fair value through OCI	13,840,691
Advances	Loans and receivables	10,182,452	At amortized cost	10,182,452
Other receivables	Loans and receivables	44,253,635	At amortized cost	44,253,635
Cash and bank balances	Loans and receivables	499,815,713	At amortized cost	499,815,713
Total financial assets		6,159,949,254		6,159,949,254

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

4.2 IFRS 15 'Revenue from Contracts with Customers' replaced IAS 18 'Revenue', IAS 11 'Construction Contracts' and related interpretations. The Company has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. The existing revenue recognition methods are consistent with the recognition criteria given in IFRS 15 except for ijarah transactions executed in accordance with the requirements of IFAS 2. Therefore, the adoption of IFRS 15 did not have any impact on these unconsolidated financial statements.

5	Fixed assets	Note	2019		2018	
			-----Rupees-----			
	Own use	5.1	585,090,492		543,588,108	
	Operating lease	5.2	144,475,394		142,772,436	
	Ijarah finance	5.3	461,223,658		617,956,346	
			<u>1,190,789,544</u>		<u>1,304,316,890</u>	

5.1 Fixed assets - own use

Description	2019							Rate / Number of years
	Cost / revalued amount			Accumulated depreciation			Net book value	
	As at July 1, 2018	Additions / (disposals) / (transfers)* / (reclassification)**	As at June 30, 2019	As at July 1, 2018	Charge for the year / (disposals) / (transfers) *	As at June 30, 2019	As at June 30, 2019	
	-----Rupees-----							
Leasehold land	344,450,000	-	344,450,000	10,242,992	5,121,492	15,364,484	329,085,516	77 & 99 years
Office building	87,796,647	-	87,796,647	13,507,170	6,753,588	20,260,758	67,535,889	7.8%
Stock Exchange room	10,500,000	-	-	5,000,000		-	-	Indefinite life
		(10,500,000) *			(5,000,000) *			
Leasehold improvements	105,561,500	4,686,909	109,882,409	89,057,891	10,958,365	99,650,256	10,232,153	15% - 33%
		(366,000)			(366,000)			
Furniture, fittings and office equipment	118,951,089	7,847,156	123,358,979	78,206,775	14,683,225	89,923,710	33,435,269	15% - 20%
		(3,439,266)			(2,966,290)			
Vehicles	84,186,487	32,239,825	100,134,026	34,815,655	9,181,919	35,019,512	65,114,514	4-5 years
		(16,292,286)			(8,978,062)			
Computers and accessories	56,088,875	14,339,120	68,710,019	43,369,364	7,665,744	49,492,966	19,217,053	33%
		(1,717,976)			(1,542,142)			
Capital work-in-progress	10,253,357	50,251,051	60,470,098	-	-	-	60,470,098	-
		(34,310) **						
	817,787,955	109,364,061	894,802,178	274,199,847	54,364,333	309,711,686	585,090,492	
		(21,815,528)			(13,852,494)			
		(10,500,000) *			(5,000,000) *			
		(34,310) **						

*The Management intends to sell the Stock Exchange room and accordingly, it is classified as 'Held for Sale'.

**Charged to office repair and maintenance expense.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

Description	2018							
	Cost / revalued amount			Accumulated depreciation			Net book value	Rate / Number of years
	As at July 1, 2017	Additions / (disposals) / transfers* / write-off** / reclassification ***	As at June 30, 2018	As at July 1, 2017	Charge for the year / (disposals) / transfers* / write-off** / reclassification ***	As at June 30, 2018	As at June 30, 2018	
-----Rupees-----								
Leasehold land	344,450,000	-	344,450,000	4,540,128	5,702,864	10,242,992	334,207,008	77 & 99 years
Office building	87,796,647	-	87,796,647	6,308,737	7,198,433	13,507,170	74,289,477	7.8%
Stock Exchange room	10,500,000	-	10,500,000	5,000,000	-	5,000,000	5,500,000	Indefinite life
Leasehold improvements	102,869,646	2,862,647 (170,793)	105,561,500	77,050,985	12,177,699 (170,793)	89,057,891	16,503,609	15% - 33%
Furniture, fittings and office equipment	117,187,445	11,772,038 (2,133,219) (7,875,175) ***	118,951,089	73,182,341	14,451,898 (1,552,289) (7,875,175) ***	78,206,775	40,744,314	15% - 20%
Vehicles	88,821,821	13,746,900 (18,288,314) (93,920) **	84,186,487	37,383,346	7,296,693 (9,792,467) (71,917) **	34,815,655	49,370,832	4-5 years
Computers and accessories	39,200,194	9,990,118 (2,048,547) 1,071,935 * 7,875,175 ***	56,088,875	30,435,427	6,020,444 (2,033,617) 1,071,935 * 7,875,175 ***	43,369,364	12,719,511	33%
Capital work-in-progress	-	10,253,357	10,253,357	-	-	-	10,253,357	-
	790,825,753	48,625,060 (22,640,873) 1,071,935 * (93,920) **	817,787,955	233,900,964	52,848,031 (13,549,166) 1,071,935 * (71,917) **	274,199,847	543,588,108	

*Represents assets transferred from intangible assets to computers and accessories.

**Represents assets written-off during the year.

***Represents assets reclassified from furniture, fittings and office equipment to computers and accessories.

5.1.1 During the year ended June 30, 2016, the leasehold land and building of the Company was revalued by M/s. SURVAL (an independent professional valuer) on the basis of professional assessment of present market values which resulted in an increase in surplus on revaluation by Rs. 215.58 million.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

Had the revaluation not been carried out, costs, accumulated depreciation and written down value of leasehold land and office building thereon would have been as follows:

	2019		
	Cost	Accumulated depreciation	Net book value
	-----Rupees-----		
Leasehold land	54,399,300	8,431,050	45,968,250
Office building	76,781,580	38,210,908	38,570,672
	<u>131,180,880</u>	<u>46,641,958</u>	<u>84,538,922</u>
	2018		
	Cost	Accumulated depreciation	Net book value
	-----Rupees-----		
Leasehold land	54,399,300	7,817,192	46,582,108
Office building	76,781,580	34,371,829	42,409,751
	<u>131,180,880</u>	<u>42,189,021</u>	<u>88,991,859</u>

5.1.2 Included in cost of fixed assets - own use are fully depreciated items which are still in use aggregating to Rs. 208.30 million (2018: Rs. 166.48 million).

5.1.3 Details of fixed assets - own use disposed off during the year are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers
	-----Rupees-----						
Book value not exceeding Rs. 50,000 each							
Leasehold improvements	366,000	366,000	-	102,982	102,982	Negotiation	Various
Furniture, fittings and office equipment	1,789,266	1,505,743	283,523	431,730	148,207	Negotiation	Various
Vehicles	231,786	189,782	42,004	45,001	2,997	Negotiation	Various
Computers and accessories	1,467,976	1,417,142	50,834	125,299	74,465	Negotiation	Various
	<u>3,855,028</u>	<u>3,478,667</u>	<u>376,361</u>	<u>705,012</u>	<u>328,651</u>		
Book value exceeding Rs. 50,000 each							
Vehicles	380,000	304,000	76,000	250,000	174,000	Negotiation	Mr. Sami Shaikh
	330,000	181,500	148,500	258,000	109,500	Negotiation	Mr. Majid Ullah
	560,000	378,000	182,000	362,200	180,200	Negotiation	Mr. Owais Muhammad
	563,000	363,022	199,978	275,200	75,222	Negotiation	Mr. Muhammad Asif Rana
	678,000	406,800	271,200	271,200	-	Company policy	Mr. Azim Khan
	683,000	409,800	273,200	273,200	-	Company policy	Mr. Faisal Karim
	683,000	384,188	298,812	298,815	3	Company policy	Mr. Muhammad Kaleem
	678,000	322,050	355,950	355,950	-	Company policy	Mr. Muhammad Yaqub
	1,917,500	1,150,500	767,000	767,000	-	Company policy	Ms. Effat Assad
	1,935,500	1,161,300	774,200	774,200	-	Company policy	Mr. Shah Suleman Fareed
	1,645,500	806,295	839,205	839,205	-	Company policy	Mr. Muhammad Naveed Siddiqui
	2,102,000	1,261,200	840,800	840,800	-	Company policy	Mr. Mohammad Ayub Khan *
	1,952,500	859,100	1,093,400	1,093,400	-	Company policy	Mr. M. Moizuddin
	1,952,500	800,525	1,151,975	1,151,975	-	Company policy	Mr. Syed Mohammad Matin

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers
-----Rupees-----							
Furniture, fittings and office equipment	1,450,000	1,393,036	56,964	155,700	98,736	Insurance Claim	Adamjee Insurance Company Limited
	100,000	33,750	66,250	66,250	-	Negotiation	Mr. Muhammad Kashif Yaqoob *
	100,000	33,750	66,250	66,250	-	Negotiation	Mr. Muhammad Kashif Yaqoob *
Computers and accessories	250,000	125,000	125,000	125,000	-	Insurance Claim	EFU General Insurance Limited
	<u>17,960,500</u>	<u>10,373,816</u>	<u>7,586,684</u>	<u>8,224,345</u>	<u>637,661</u>		
	<u>21,815,528</u>	<u>13,852,483</u>	<u>7,963,045</u>	<u>8,929,357</u>	<u>966,312</u>		

*This represents disposals made to Key Management Personnel.

5.1.4 Particulars of Company's immovable Fixed assets - own use are as follows:

Particulars	Location	Area
Head Office Building	Plot no.16 sector 24, Korangi Industrial Area, Karachi	44,893 Sq. feet
Office Building	Plot no.49 sector 24, Korangi Industrial Area, Karachi	4,477 Sq. feet
Leasehold Land	Plot no.16 sector 24, Korangi Industrial Area, Karachi	6,667 Sq. Yds.
Leasehold Land	Plot no.49 sector 24, Korangi Industrial Area, Karachi	2,222 Sq. Yds.

5.1.5 The fair value of Land and Buildings as at June 30, 2016 approximated to Rs. 346 million.

5.1.6 The depreciation expense for the year has been charged to administrative and general expenses.

5.2 Fixed assets - on operating lease

Description	2019							Rate / Number of years
	Cost		Accumulated depreciation			Net book value		
	As at July 1, 2018	Additions / reclassification	As at June 30, 2019	As at July 1, 2018	Charge for the year	As at June 30, 2019	As at June 30, 2019	
-----Rupees-----								
Cranes	143,549,998	11,869,514	155,419,512	777,562	10,166,556	10,944,118	144,475,394	10 years
	<u>143,549,998</u>	<u>11,869,514</u>	<u>155,419,512</u>	<u>777,562</u>	<u>10,166,556</u>	<u>10,944,118</u>	<u>144,475,394</u>	

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

Description	2018							
	Cost		Accumulated depreciation			Net book value		Rate / Number of years
	As at July 1, 2017	Additions / (disposals) / transfers*	As at June 30, 2018	As at July 1, 2017	Charge for the year (disposals) / transfers*	As at June 30, 2018	As at June 30, 2018	
-----Rupees-----								
Generators	1,666,967,058	18,185,182 (328,393,146) (1,356,759,094) *	-	803,698,922	73,751,106 (136,616,869) (740,833,159) *	-	-	Actual / Minimum number of hours
Generator accessories	141,092,966	- (14,177,903) (126,915,063) *	-	98,229,541	5,137,732 (8,146,651) (95,220,622) *	-	-	10% - 15%
Cranes	-	143,549,998	143,549,998	-	777,562	777,562	142,772,436	10 years
	1,808,060,024	161,735,180 (342,571,049) (1,483,674,157) *	143,549,998	901,928,463	79,666,400 (144,763,520) (836,053,781) *	777,562	142,772,436	

*Represents assets transferred to ijarah finance.

5.2.1 The depreciation expense for the year has been charged to direct cost.

5.3 Fixed assets - ijarah finance

Description	2019							
	Cost		Accumulated depreciation			Net book value		Rate
	As at July 1, 2018	Additions / (disposals)	As at June 30, 2019	As at July 1, 2018	Charge for the year / (on disposals)	As at June 30, 2019	As at June 30, 2019	
-----Rupees-----								
Machinery and generators	764,564,376	- (90,980,786)	673,583,590	157,993,976	142,377,324 (86,188,237)	214,183,063	459,400,527	Underlying lease term
Vehicles	41,309,960	- (8,617,500)	32,692,460	29,924,014	9,562,815 (8,617,500)	30,869,329	1,823,131	Underlying lease term
	805,874,336	- (99,598,286)	706,276,050	187,917,990	151,940,139 (94,805,737)	245,052,392	461,223,658	

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

Description	2018							Rate
	Cost		Accumulated depreciation			Net book value		
	As at July 1, 2017	Transfers * / (disposals)	As at June 30, 2018	As at July 1, 2017	Charge for the year / (on disposals)	As at June 30, 2018	As at June 30, 2018	
-----Rupees-----								
Machinery and generators	149,594,000	647,620,376* (32,650,000)	764,564,376	109,633,010	76,788,744* (28,427,778)	157,993,976	606,570,400	Underlying lease term
Vehicles	69,438,800	- (28,128,840)	41,309,960	39,702,714	14,783,877 (24,562,577)	29,924,014	11,385,946	Underlying lease term
	219,032,800	647,620,376 (60,778,840)	805,874,336	149,335,724	91,572,621 (52,990,355)	187,917,990	617,956,346	

*Represents assets transferred from operating lease to ijarah finance.

5.3.1 Details of Fixed assets- ijarah finance disposed off during the year are as follows:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyers
-----Rupees-----							
Book value not exceeding Rs. 50,000 each							
Machinery and generators	79,944,000	79,944,000	-	-	-	As per contract terms	Various
Vehicles	8,617,500	8,617,500	-	-	-	As per contract terms	Various
	88,561,500	88,561,500	-	-	-		
Book value exceeding Rs. 50,000 each							
Machinery and generators	2,640,000	2,273,333	366,667	498,201	131,534	Negotiation	Alpino Foods
	3,510,000	2,925,000	585,000	649,425	64,425	Negotiation	Alpino Foods
	1,349,148	288,753	1,060,395	1,216,753	156,358	Negotiation	Orient Rental Modaraba
	3,537,638	757,148	2,780,490	2,904,617	124,127	Negotiation	Orient Rental Modaraba
	11,036,786	6,244,234	4,792,552	5,268,996	476,444		
	99,598,286	94,805,734	4,792,552	5,268,996	476,444		

5.3.2 The depreciation expense for the year has been charged to direct cost.

	Note	2019	2018
-----Rupees-----			
6 INTANGIBLE ASSETS			
Computer software and license	6.1	<u>18,349,641</u>	<u>20,033,707</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

6.1 Following is a statement of intangible assets:

Description	2019								
	Cost		Accumulated amortisation			Net book value	Rate		
	As at July 1, 2018	Additions	As at June 30, 2019	As at July 1, 2018	Charge for the year	As at June 30, 2019	As at June 30, 2019		
	-----Rupees-----								
Computer software and license	78,825,839	10,467,867	89,293,706	58,792,132	12,151,933	70,944,065	18,349,641	33%	
	78,825,839	10,467,867	89,293,706	58,792,132	12,151,933	70,944,065	18,349,641		

Description	2018								
	Cost		Accumulated amortisation			Net book value	Rate		
	As at July 1, 2017	Additions / (Transfers)*	As at June 30, 2018	As at July 1, 2017	Charge for the year / (Transfers)*	As at June 30, 2018	As at June 30, 2018		
	-----Rupees-----								
Computer software and license	62,071,214	17,826,560 (1,071,935)*	78,825,839	49,885,571	9,978,496 (1,071,935)*	58,792,132	20,033,707	33%	
	62,071,214	17,826,560 (1,071,935)*	78,825,839	49,885,571	9,978,496 (1,071,935)*	58,792,132	20,033,707		

*Represents asset transferred from intangibles to computers and accessories

6.2 Included in cost of intangible assets are fully amortised items which are still in use aggregating to Rs. 54.04 million (2018: Rs. 42.37 million).

6.3 No intangible assets were disposed off during the year.

6.4 The amortisation expense for the year has been charged to administrative and general expenses.

Note	2019	2018
	-----Rupees-----	

7 NET INVESTMENT IN FINANCE LEASE

Instalment contract receivables		22,287,465,719	22,573,597,326
Residual value		8,457,924,284	8,661,544,481
Less: Adjustable security deposit	7.1	8,427,394,395	8,642,760,086
	7.2	22,317,995,608	22,592,381,721
Less: Unearned finance income		4,362,392,522	3,751,574,061
		17,955,603,086	18,840,807,660

7.1 Security deposit is received from the lessees under finance lease contract which is adjustable at the expiry of the lease period.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

7.2 Details of investment in finance lease

	Gross investment in finance lease		Present value of investment in finance lease	
	2019	2018	2019	2018
	-----Rupees-----			
Less than one year	11,790,170,570	11,329,421,879	9,151,970,240	9,322,608,857
One to five years	10,527,825,038	11,262,959,842	8,803,632,846	9,518,198,803
	<u>22,317,995,608</u>	<u>22,592,381,721</u>	<u>17,955,603,086</u>	<u>18,840,807,660</u>

7.3 The Company's implicit rate of return on leases ranges from 9.16% to 27.12% (2018: 7.70% to 24.0%) per annum. These are secured against leased assets and security deposits averaging 21.25% (2018: 21.00%) of the cost of leased assets and personal guarantees.

7.4 Based on the NBFC Regulations, the aggregate amount of income suspended as at June 30, 2019 amounted to Rs. 951.33 million (2018: Rs. 869.14 million).

7.5 Lease rentals received during the year aggregate to Rs. 11,365 million (2018: Rs. 12,066 million).

8 INVESTMENT IN SUBSIDIARIES

	Note	2019	2018
		-----Rupees-----	
- ORIX Services Pakistan (Private) Limited (OSPPL)	8.1	182,430,262	182,430,262
- ORIX Modaraba	8.2	139,944,032	139,944,032
		<u>322,374,294</u>	<u>322,374,294</u>

8.1 The Company holds 100% shareholding (4,450,000 shares) in ORIX Services Pakistan (Private) Limited (OSPPL), a management company managing ORIX Modaraba.

The Company is incorporated in Karachi, Pakistan. The latest available Financial Statements, which are prepared on going concern basis, have been audited by A.F. Fergusons & Co., Chartered Accountants.

8.2 The Company holds 10% certificate holding (4,538,353 certificates) in ORIX Modaraba which is being managed by OSPPL as the Modaraba management company. Since the Company holds 100% shareholding in the management company as mentioned in note 8.1 above, the investment in ORIX Modaraba has been accounted for as an investment in subsidiary in view of the control which the Company exercises through the fully owned management company and an aggregate holding of 20% in the certificates of Modaraba by the Company and OSPPL.

The latest available Financial Statements, which are prepared on going concern basis, have been audited by KPMG Taseer Hadi & Co, Chartered Accountants.

9 INVESTMENT IN ASSOCIATED UNDERTAKINGS

	Note	2019	2018
		-----Rupees-----	
Related parties			
Investment in associated undertakings	9.1	<u>942,321,227</u>	<u>672,208,880</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

Note	2018			Total
	Saudi ORIX Leasing Company	Oman ORIX Leasing Company SAOG	ORIX Leasing Egypt SAE	
	-----Rupees-----			
	581,492,972	1,251,617,039	138,992,555	1,972,102,566
35	28,522,406	54,127,397	16,023,021	98,672,824
	(10,323,898)		-	(10,323,898)
	96,634,319	70,429,182	17,027,461	184,090,962
	(24,116,919)	-	-	(24,116,919)
	-	(1,376,173,618)	-	(1,376,173,618)
	-	-	(172,043,037)	(172,043,037)
	<u>672,208,880</u>	<u>-</u>	<u>-</u>	<u>672,208,880</u>

10 LONG-TERM INVESTMENTS

Note	2019	2018
	-----Rupees-----	
Amortised cost		
Pakistan Investment Bonds (PIBs)	268,623,384	63,354,946
At fair value through other comprehensive income		
Al Hail ORIX Finance PSC	279,097,858	279,097,858
Less: Impairment	-	(49,917,389)
Less: Fair value change on remeasurement of financial assets	(90,919,910)	-
	188,177,948	229,180,469
Less: Current maturity	60,447,812	-
	<u>396,353,520</u>	<u>292,535,415</u>

10.1 This represents investments made as required under Regulation 14(4)(g) of the NBFC Regulations, 2008 to maintain liquidity against certificates of deposit. These carry coupon rate of 7.25% to 12.00% (2018: 12.00%) per annum and are due to mature on various latest by July 19, 2022.

10.2 During the period, the Company reassessed the fair value of its investment in Al Hail ORIX Finance PSC. Accordingly, Rs. 41 million has been recognised as decrease in fair value in addition to the retrospective impact of change in fair value as explained in note 4.1.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

11 LONG-TERM FINANCES AND LOANS	Note	2019	2018
		-----Rupees-----	
Considered good			
Loans to key management personnel, other executives and employees			
Key management personnel - related parties	11.2	23,074,920	28,128,602
Other executives		49,643,368	35,767,268
	11.1	72,718,288	63,895,870
Other employees	11.6	116,667,935	89,092,732
		189,386,223	152,988,602
Others			
Vehicle finance - secured	11.3	4,045,217,593	3,772,139,094
Micro finance	11.4	116,168,803	259,579,949
Musharakah finance - secured	11.5	21,264,234	33,503,695
		4,182,650,630	4,065,222,738
		4,372,036,853	4,218,211,340
Considered doubtful			
Others			
Term finance - secured		94,346,398	187,058,867
Vehicle finance - secured		84,229,861	43,865,836
Micro finance		14,827,599	9,001,851
Musharakah finance - secured		244,666	590,322
Agri finance - secured	11.7	13,867,530	14,626,656
		207,516,054	255,143,532
Less: Allowance for potential loan losses		(150,315,191)	(255,143,532)
		57,200,863	-
Less: General provision against micro finance loans	11.8	(575,089)	(1,297,933)
		4,428,662,627	4,216,913,407
Less: current maturity			
Key management personnel, other executives and employees		36,261,910	33,249,959
Others		2,184,868,373	2,218,192,438
	14	2,221,130,283	2,251,442,397
		2,207,532,344	1,965,471,010
11.1 Movement in loans to key management personnel and other executives			
		2019	2018
		-----Rupees-----	
Opening balance		63,895,870	50,457,979
Disbursements		30,838,872	47,000,862
Repayments		(22,016,454)	(33,562,971)
		72,718,288	63,895,870

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

11.2 Loans to Key Management Personnel

Names	Maximum Amount outstanding	Provisions/ (write-off)	2019	2018
-----Rupees-----				
Mian Faysal Riaz	2,400,000	-	2,036,000	351,984
Mr. Khawar Sultan	820,427	-	654,002	820,427
Mr. Ramon Alfrey	1,428,323	-	635,085	1,428,323
Mr. Tahir Ali Shah	1,694,398	-	1,017,854	1,694,397
Mr. Hira Lal Bharvani	2,357,230	-	-	2,357,234
Mr. Mohammad Ayub Khan	2,911,348	-	-	2,911,348
Mr. Imtiaz Ahmad Chaudhary	7,835,370	-	6,576,592	7,835,370
Ms. Fakhara Rizwan	12,785,190	-	12,155,387	10,729,519
			<u>23,074,920</u>	<u>28,128,602</u>

Loans to Key Management Personnel include house loan, vehicle loan and personal loan.

- 11.3** This represents vehicle financing facility provided to individual and corporate customers on mark-up basis. The mark-up on these finances ranges from 12.06% to 24.00% (2018: 10.51% to 22.00%) per annum. These finances are repayable within a period of 1.5 years to 5 years (2018: 1.5 years to 5 years) and are secured against charge over vehicles and personal guarantees.
- 11.4** This represents long-term micro finance provided to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 28.00% to 35.78% (2018: 28.00% to 35.78%) per annum. These finances are repayable within a period of 1.2 to 1.5 years (2018: 1.5 years) and are secured against personal guarantees of community organisations.
- 11.5** This represents musharakah facilities provided to customers. The mark-up on these finances ranges from 14.00% to 17.82% (2018: 11.35% to 17.00%) per annum. The facilities have a repayment term of 2 to 5 years (2018: 2 to 3 years) and are secured by assets subject to musharakah agreement.
- 11.6** This represents loans given to staff in accordance with the terms of the Company's HR policy and includes house loans which are repayable within a period of 20 years or retirement date whichever is earlier. House loans are secured against equitable mortgage on the property by deposit of title documents of the property with the Company and carry mark-up range from 4.00% to 6.50% (2018: 4.00%) per annum. Loans to Key Management Personnel, other executives and other employees (other than house loans) carry mark-up rates ranging from 7.50% to 13.30% (2018: 7.50% to 15.00%) per annum. These are secured against retirement benefits and are repayable within a period of five years.
- Maximum amount outstanding at the end of any month during the year against loans to key management personnel and executives was Rs. 77.1 million (2018: Rs. 61.90 million).
- 11.7** This represents long-term finance provided to farmers on mark-up basis. The rate of return on these loans ranges from 15.00% to 28.00% (2018: 15.00% to 28.00%) per annum. These loans are repayable within a period of 1.5 year to 3 years (2018: 1.5 years to 3 years) and are secured against title documents of immovable property.
- 11.8** As per Regulation 25(A) of the NBFC Regulations, NBFCs with micro finance portfolio are required to maintain a general provision equivalent to 0.5% of the net outstanding micro finance portfolio (finance net of specific provisions).

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

12	SHORT-TERM FINANCES	Note	2019	2018
			-----Rupees-----	
	Considered good			
	Micro finance	12.1	283,951,543	230,221,123
	Term finance - secured	12.2	2,475,001	13,776,689
			<u>286,426,544</u>	<u>243,997,812</u>
	Considered doubtful			
	Micro finance		16,272,615	9,098,053
	Term finance - secured		-	113,882,696
	Agri finance - secured	12.3	4,176,213	4,982,337
			<u>20,448,828</u>	<u>127,963,086</u>
	Less: Allowance for potential loan losses		<u>(20,448,828)</u>	<u>(127,963,086)</u>
			-	-
	Less: General provision against micro finance loans	11.8	(1,419,762)	(1,151,122)
			<u>285,006,782</u>	<u>242,846,690</u>

12.1 This represents short-term micro finance provided to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 19.71% to 35.08% (2018: 19.71% to 35.08%) per annum. These are secured against personal guarantees of community organisations and are repayable within twelve months.

12.2 This represents term finance facilities provided to customers of Certificates of Deposit (CODs) on mark-up basis. The mark-up on these finances was 11.50% (2018: 9.25% to 13.00%) per annum. These finances are recoverable between one and twelve months and are secured against lien over the respective CODs with minimum security margin of 25% over the principal value of the CODs.

12.3 This represents short-term finance offered to farmers on mark-up basis. The rate of return on these loans ranges from 17.00% to 20.00% (2018: 17.00% to 20.00%) per annum. These are repayable within twelve months (2018: twelve months) and are secured against title documents of immovable property.

13	ACCRUED RETURN ON INVESTMENTS AND TERM FINANCE	Note	2019	2018
			-----Rupees-----	
	Investments		12,460,687	2,396,324
	Term finance		90,337,738	66,278,889
			<u>102,798,425</u>	<u>68,675,213</u>
	14			
	CURRENT MATURITY OF NON-CURRENT ASSETS			
	Current maturity of			
	Net investment in finance lease	7.2	9,151,970,240	9,322,608,857
	Long-term investments	10	60,447,812	-
	Long-term finances and loans	11	2,221,130,283	2,251,442,397
			<u>11,433,548,335</u>	<u>11,574,051,254</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

15	SHORT-TERM INVESTMENTS	Note	2019	2018
			-----Rupees-----	
	At fair value through profit or loss			
	Treasury bills	15.1	380,501,894	758,747,378
	Term finance certificates	15.2	7,500,000	7,500,000
			388,001,894	766,247,378
	At fair value through other comprehensive income			
	Ordinary shares - unlisted	15.3	13,936,822	13,840,691
	Less: Allowance for potential losses	39.2	7,500,000	7,500,000
			<u>394,438,716</u>	<u>772,588,069</u>
15.1	This represents investments made as required under Regulation 14(4)(g) of the NBFC Regulations to maintain liquidity against certificates of deposit. These are redeemable within a period of 3 months (2018: 3 months) from the reporting date, carrying yield ranging from 10.80% to 12.74% (2018: 6.20% to 6.26%) per annum due at maturity.			
15.2	This represents investment in unlisted Term Finance Certificates (TFCs) which has been fully provided.			
15.3	This includes shares of LSE Financial Services Limited (formerly Lahore Stock Exchange Limited). The Company holds 843,975 number of shares with a face value of Rs.10 each. These include 506,385 (60% shares) which are required to be held separately in a blocked account with the Central Depository Company of Pakistan Limited to restrict the sale of these shares by the members. However, the rights to receive dividend, bonus shares, right shares and the proceeds of sale of these shares are vested with members while the voting rights attached to these shares are suspended. In the absence of an active market, these shares have been carried at face value of Rs. 10 each.			
16	ADVANCES AND PREPAYMENTS	Note	2019	2018
			-----Rupees-----	
	Advances - unsecured		4,159,297	10,182,452
	Prepayments			
	Rent		16,340,994	10,687,012
	Others		19,909,937	11,770,312
			36,250,931	22,457,324
			<u>40,410,228</u>	<u>32,639,776</u>
17	OTHER RECEIVABLES			
	Considered good			
	Operating lease rentals		5,065,279	-
	Ijarah rentals		24,928,679	18,741,285
	Others		2,893,389	25,512,350
			32,887,347	44,253,635
	Considered doubtful			
	Operating lease rentals		2,522,518	11,137,036
	Ijarah rentals		16,609,323	18,825,188
	Receivable from equity brokerage customers		-	32,989,328
	Others		2,142,914	3,699,037
			21,274,755	66,650,589
	Less: Allowance for potential losses	39.2	21,274,755	66,650,589
			<u>32,887,347</u>	<u>44,253,635</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

18 CASH AND BANK BALANCES	Note	2019	2018
		-----Rupees-----	
Cash in hand		1,714,710	1,408,449
Balances with banks in:			
- Current accounts		166,377,433	472,708,113
- Deposit accounts	18.1	6,221,280	25,699,151
		172,598,713	498,407,264
		<u>174,313,423</u>	<u>499,815,713</u>

18.1 These carry expected profits rates ranging from 3.00% to 10.30% per annum (2018: 2.40% to 5.75% per annum).

19 ASSETS CLASSIFIED AS HELD FOR SALE	Note	2019	2018
		-----Rupees-----	
Repossessed assets	19.1	29,370,226	20,934,019
Investment in associated undertaking			
- OPP (Private) Limited	19.2	87,754,399	87,754,399
- ORIX Leasing Egypt SAE	19.3	172,043,037	172,043,037
Stock Exchange room	5.1 & 19.4	4,700,000	-
		<u>293,867,662</u>	<u>280,731,455</u>

19.1 This represents repossessed assets consisting of vehicles, machinery and other equipment, previously leased out to customers. The Company intends to dispose off these assets to recover the balance amount outstanding against such leases.

19.2 The Company holds 45% ownership interest in OPP (Private) Limited. Management intends to divest its investment in OPP (Private) Limited, subject to necessary regulatory approvals.

19.3 The Company holds 23% ownership interest in ORIX Leasing Egypt SAE (OLE). Management intends to divest its investment in OLE, subject to necessary regulatory approvals.

The Company was incorporated in Cairo, Egypt. The latest available Financial Statements, which are prepared on going concern basis, have been audited by KPMG Hazem Hassan Public Accountants & Consultants.

19.4 The Company reassessed the fair value of Stock Exchange Room and difference of Rs. 0.8 million between the carrying amount and fair value determined at initial recognition has been recorded as impairment loss in the unconsolidated statement of profit or loss account.

20 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		Note	2019	2018
----- (Number of Shares) -----				-----Rupees-----	
		Ordinary shares of Rs. 10 each			
106,485,517	106,485,517	Fully paid in cash	20.2	1,064,855,170	1,064,855,170
58,386,847	30,544,364	Fully paid bonus shares		583,868,470	305,443,640
2,182,538	2,182,538	Fully paid shares against amalgamation		21,825,380	21,825,380
<u>167,054,902</u>	<u>139,212,419</u>			<u>1,670,549,020</u>	<u>1,392,124,190</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

20.1 As at June 30, 2019, ORIX Corporation, Japan and its nominees held 82,819,539 (2018: 69,016,283) ordinary shares equivalent to 49.58% (2018: 49.58%) of the total shareholding.

20.2 During the year, the Company issued 27,842,483 bonus shares from share premium reserves.

Reconciliation between ordinary shares in issue at the beginning and end of the year is as follows:

	Note	2019	2018
		----- (Number of Shares) -----	
As at beginning of the year		139,212,419	82,082,794
Issue of bonus shares during the year		27,842,483	-
Issue of right shares		-	57,129,625
As at end of the year		<u>167,054,902</u>	<u>139,212,419</u>
		2019	2018
		----- Rupees -----	
21 SURPLUS ON REVALUATION OF LEASEHOLD LAND AND OFFICE BUILDING - NET OF TAX			
Opening balance		318,755,783	327,952,986
Adjustment in respect of incremental depreciation transferred to unappropriated profit		(7,775,372)	(9,197,203)
		<u>310,980,411</u>	<u>318,755,783</u>
Opening balance of deferred tax liability		(9,029,958)	(10,571,722)
Effect of change in tax rate		-	311,380
Adjustment on transfer of incremental depreciation to unappropriated profit		946,652	1,230,384
	24	<u>(8,083,306)</u>	<u>(9,029,958)</u>
		<u>302,897,105</u>	<u>309,725,825</u>
22 LONG-TERM FINANCES			
Secured			
Long-term finances utilised under mark-up arrangements - financial institutions	22.1	10,058,035,712	9,430,482,365
Less: Unamortised transaction cost		4,164,059	11,495,788
Less: Current maturity	31	3,743,452,384	3,622,446,649
		<u>3,747,616,443</u>	<u>3,633,942,437</u>
		<u>6,310,419,269</u>	<u>5,796,539,928</u>
22.1 The Company has unutilized long term finance facilities of Rs. 2,000 million as at June 30, 2019 (2018: Rs. 2,000 million). These finances have been obtained for financing of operations and are secured by hypothecation of leased assets, related lease receivables, financing receivables and operating lease assets. The mark-up rates thereon range from 11.05% to 14.09% (2018: 6.46% to 8.07%) per annum. These finances are repayable within a period of 36 to 60 months (2018: 18 to 60 months).			

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

23	LONG-TERM CERTIFICATES OF DEPOSIT	Note	2019	2018
			-----Rupees-----	
	Unsecured			
	Certificates of deposit	23.1	3,564,035,162	4,228,157,934
	Less: Current maturity	31	744,337,744	1,002,789,317
			<u>2,819,697,418</u>	<u>3,225,368,617</u>

23.1 These certificates of deposit have been obtained for financing of operations and issued at expected rates of return ranging from 6.50% to 12.82% (2018: 6.40% to 12.50%) per annum and issued for terms ranging from 2 years to 10 years (2018: 2 years to 10 years).

24	DEFERRED TAXATION	Note	2019	2018
			-----Rupees-----	
	The deferred tax liability is attributable to the following items:			
	- Accelerated tax depreciation		834,490,876	742,503,803
	- Surplus on revaluation of office building	21	8,083,306	9,029,958
	- Unamortised transaction costs relating to long term finances and loans		1,207,577	3,333,778
	- Investments		180,638,909	127,040,997
	- Allowance for potential lease, loan and other losses		(250,285,187)	(401,310,987)
	- Alternative corporate tax		(74,594,718)	-
			<u>699,540,763</u>	<u>480,597,549</u>

24.1 The movement in deferred tax during the year is as follows:

Opening		480,597,549	584,742,190
Charge / (reversal) to profit or loss for the year	42	176,186,186	(66,539,419)
Charge / (reversal) in other comprehensive income for the year		42,757,028	(37,605,222)
Closing		<u>699,540,763</u>	<u>480,597,549</u>

25 OTHER LONG-TERM LIABILITIES

Profit on certificates of deposit	25.1	<u>164,902,777</u>	<u>202,558,668</u>
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25.1 This represents accrued profit on Certificates of Deposit payable on maturity.

26 DEFINED BENEFIT OBLIGATION

26.1 General description

The Company operates a funded gratuity scheme which was established under the provisions of the Trust Deed dated July 1, 2004 for its permanent staff who have completed the minimum qualifying period of three years of service under the scheme. The funded scheme is administered by the Board of Trustees in accordance with the provisions of the Trust Deed. Contributions therein are made in accordance with actuarial recommendations. The most recent valuation in this regard was carried out as at June 30, 2019, using the Projected Unit Credit Method.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

26.2 Principal actuarial assumptions

	2019	2018
- Discount rate	14.25%	9.00%
- Expected rate of increase in salary for first year	14.25%	12.00%
- Expected rate of increase in salary for second year and onwards	14.25%	9.00%
- Expected rate of return on plan assets	14.25%	9.00%
- Average service years	10.57	10.55

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the SLIC (2001 - 2005) -1 ultimate mortality tables rated down one year.

26.3 The amount recognised in the unconsolidated statement of financial position is as follows:

	Note	2019	2018
-----Rupees-----			
Present value of defined benefit obligation	26.4	208,381,881	197,700,484
Fair value of plan assets	26.4	(217,190,125)	(177,730,800)
		<u>(8,808,244)</u>	<u>19,969,684</u>

26.4 The movement in the defined benefit obligation over the year is as follows:

	2019		
	Present value of defined benefit obligation	Fair value of plan assets	Net asset
-----Rupees-----			
At July 1	197,700,484	(177,730,800)	19,969,684
Current service cost	18,939,030	-	18,939,030
Interest expense / (income)	17,766,951	(16,130,369)	1,636,582
	<u>234,406,465</u>	<u>(193,861,169)</u>	<u>40,545,296</u>
Remeasurements:			
- Interest on plan assets, excluding amounts included in interest expense	-	(5,632,814)	(5,632,814)
- Experience gain	(3,175,434)	-	(3,175,434)
	<u>(3,175,434)</u>	<u>(5,632,814)</u>	<u>(8,808,248)</u>
	231,231,031	(199,493,983)	31,737,048
Contributions made	-	(40,545,292)	(40,545,292)
Benefits paid	(21,977,050)	22,736,472	759,422
Benefits payable to outgoing member(s)	(872,100)	112,678	(759,422)
At June 30	<u>208,381,881</u>	<u>(217,190,125)</u>	<u>(8,808,244)</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

	2018		
	Present value of defined benefit obligation	Fair value of plan assets	Net liability
	-----Rupees-----		
At July 1	170,252,664	(153,738,644)	16,514,020
Current service cost	15,162,956	-	15,162,956
Interest expense / (income)	13,476,663	(12,254,580)	1,222,083
	<u>198,892,283</u>	<u>(165,993,224)</u>	<u>32,899,059</u>
Remeasurements:			
- Interest on plan assets, excluding amounts included in interest expense	-	623,703	623,703
- Experience losses	19,345,982	-	19,345,982
	<u>19,345,982</u>	<u>623,703</u>	<u>19,969,685</u>
	218,238,265	(165,369,521)	52,868,744
Contributions made	-	(32,899,060)	(32,899,060)
Benefits paid	(19,553,003)	20,392,206	839,203
Benefits payable to outgoing member(s)	(984,778)	145,575	(839,203)
At June 30	<u>197,700,484</u>	<u>(177,730,800)</u>	<u>19,969,684</u>

26.5	The amount recognised in the profit or loss is as follows:	2019	2018
		-----Rupees-----	
	Current service cost	18,939,030	15,162,956
	Interest expense	1,636,582	1,222,083
		<u>20,575,612</u>	<u>16,385,039</u>

26.6 The plan assets and defined benefit obligations are based in Pakistan.

26.7 Plan assets consist of the following:

	2019		2018	
	(Rupees)	%	(Rupees)	%
Government securities	210,640,624	96.98%	171,465,991	96.48%
Cash and bank balances and others	6,549,501	3.02%	6,264,809	3.52%
	<u>217,190,125</u>	<u>100.00%</u>	<u>177,730,800</u>	<u>100.00%</u>

26.8 Historical results

	2019	2018	2017	2016	2015
	-----Rupees-----				
Present value of defined benefit obligation	208,381,881	197,700,484	170,252,664	156,681,763	161,024,331
Fair value of plan assets	(217,190,125)	(177,730,800)	(153,738,644)	(155,218,531)	(160,175,134)
(Surplus) / Deficit	<u>(8,808,244)</u>	<u>19,969,684</u>	<u>16,514,020</u>	<u>1,463,232</u>	<u>849,197</u>
Remeasurements of plan liabilities	(3,175,434)	19,345,982	9,530,886	2,990,578	720,795
Remeasurements of plan assets	(5,632,814)	623,703	6,983,136	(1,238,531)	(586,481)

26.9 Actual return on plan assets during the year amounted to Rs. 21.76 million.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

26.10 Based on the actuarial advice, the Company intends to charge an amount of approximately Rs. 19.2 million in respect of contribution to gratuity fund in the financial statements for the year ending June 30, 2020.

26.11 The Fund is exposed to a number of risks, the most significant of which are detailed below:

Mortality risk	This is the risk that the actual mortality experience is different from what was initially expected. The effect depends on the beneficiaries' service / age distribution and the benefit.
Investment risk	This is the risk of investments underperforming and not being sufficient to meet liabilities. However, the trustees of the fund have a practice to invest the amounts in government securities that are secured.
Final salary risk	This is the risk that the final salary at the time of cessation of service is greater than expectation. Since the benefit is calculated on the basis of final salary, the benefit amount increases proportionately. In order to minimise the risk the actuary of the Company uses past pattern which provides basis to form a reliable estimate.
Withdrawal risk	This is the risk that withdrawals may be higher or lower than actuarial assumptions. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit. The Company ensures the availability of sufficient liquid funds in the gratuity fund and makes regular contributions to minimise the risk.

26.12 The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	-----Rupees-----		
Discount rate	1.0%	192,526,647	224,629,175
Salary growth rate	1.0%	224,959,905	191,980,404

26.13 The distribution of timing of payment of benefits is as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to Year 10
Defined benefit obligation	20,771,115	14,690,545	10,325,759	56,514,196	37,267,831	252,618,210

26.14 The weighted average duration of the defined benefit obligation is 7.70 years.

26.15 The information provided in notes 26.1 to 26.14 has been obtained from the details provided by the actuary of the Company.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

27	TRADE AND OTHER PAYABLES	Note	2019	2018
			-----Rupees-----	
	Creditors		619,833,517	721,314,278
	Accrued liabilities		140,946,919	156,746,558
	Other liabilities			
	Advance from customers against finance lease and Ijarah finance		14,080,899	15,850,868
	Sales tax payable		2,117,636	1,440,183
	Federal Excise Duty payable		1,006,305	2,742,445
	Insurance premium payable		63,939,518	59,184,842
	Provision for Sindh Workers' Welfare Fund		9,975,000	9,975,000
	Payable to minority shareholders of SCLL		14,868,986	14,988,515
	Others		42,548,258	34,596,795
			<u>148,536,602</u>	<u>138,778,648</u>
			<u>909,317,038</u>	<u>1,016,839,484</u>
28	ACCRUED INTEREST / MARK-UP / PROFIT ON LOANS, FINANCES AND CERTIFICATES OF DEPOSIT		2019	2018
			-----Rupees-----	
	Interest / mark-up / profit on			
	Long-term finances		216,402,777	110,956,187
	Short-term borrowings		27,203,036	17,062,147
	Certificates of deposit		79,974,272	114,311,253
			<u>323,580,085</u>	<u>242,329,587</u>
29	SHORT-TERM BORROWINGS			
	From banking companies - secured			
	Running finance arrangements	29.1	1,082,642,374	1,710,358,951
	Short term loans	29.2	250,000,000	645,000,000
			<u>1,332,642,374</u>	<u>2,355,358,951</u>
29.1	This represents short-term running finance facilities available from commercial banks for financing of operations with limits aggregating to Rs. 2,800 million (sub-limits of which amounting to Rs. 250 million have been utilised as a short-term loans) as at June 30, 2019 (2018: Rs. 2,950 million). These facilities have been obtained for financing of day to day operations. The rate of mark-up ranges from 11.59% to 13.80% (2018: 7.03% to 7.93%) per annum on a daily product basis. These are secured by hypothecation of leased assets, related lease receivables and financing receivables.			
29.2	This represents a short-term loan from a financial institutions for period of 1 month and carrying mark-up rate of 13.27% (2018: 6.70% to 7.52%) per annum. It is secured by hypothecation of leased assets, related lease receivables and financing receivables.			
30	SHORT-TERM CERTIFICATES OF DEPOSIT		2019	2018
			-----Rupees-----	
	Unsecured			
	Short-term certificates of deposit	30.1	627,510,247	962,685,118
	Payable to holders of matured certificates of deposit		67,926,091	85,096,989
			<u>695,436,338</u>	<u>1,047,782,107</u>
30.1	These represent short-term certificates of deposit obtained for financing of operations, issued at expected rates of profit, ranging from 6.00% to 11.00% (2018: 6.00% to 6.25%) per annum for a term upto 12 months (2018: 12 months).			

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

	Note	2019	2018
-----Rupees-----			
31	CURRENT MATURITY OF NON-CURRENT LIABILITIES		
	Current maturity of:		
	Long-term finances	22 3,743,452,384	3,622,446,649
	Long-term certificates of deposit	23 744,337,744	1,002,789,317
		<u>4,487,790,128</u>	<u>4,625,235,966</u>

32 CONTINGENCIES AND COMMITMENTS

32.1.1 The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order in July 18, 2014 under section 122(5A) of the Income Tax Ordinance 2001 (the Ordinance) for tax year 2010 and created a demand of Rs. 167 million by disallowing capital loss on sale of shares and certain other matters. The Company preferred an appeal against the amended assessment order passed by the ACIR before the Commissioner Inland Revenue (Appeals) (CIR-A). The CIR-A disposed of the appeal with minor relief to the Company. The Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the Company by the CIR-A which is pending for adjudication.

Based on the merit of the case, Management is confident that the decision will be in the Company's favour, hence, no provision has been recorded in these unconsolidated financial statements.

32.1.2 During the year 2017, the Deputy Commissioner Inland Revenue (DCIR) amended the orders for the tax years 2011 and 2014 creating an aggregate demand of Rs. 126.2 million, mainly on account of difference in determination of minimum tax liability under section 113 of the Ordinance. The Company's appeal against these amended orders before the CIR-A was maintained and is currently pending adjudication before the ATIR. The Company has obtained stay against recovery of demand from the Sindh High Court (SHC) until adjudication of appeal by ATIR.

Based on the merits of the case, Management considers that decision will be made in the Company's favour and, hence, no provision has been recorded in these unconsolidated financial statements.

32.1.3 The assessments of Standard Chartered Leasing Limited (SCLL) - amalgamated entity, for the years 1998-99 to 2002-03 were finalised by the tax officer whereby lease key money amounting to Rs. 239 million has been added to income. In appeals with the ATIR, the addition was maintained. SCLL filed rectification application before ATIR that certain arguments advanced at the time of hearing of appeals were not considered while framing the order. The ATIR vide appellate order dated February 27, 2008 has recalled its original appellate order for all these years and referred the case to the Chairman ATIR to constitute a larger bench for rehearing / decision of the case.

No provision has been made in these unconsolidated financial statements in this respect as Management is of the view that the same will be allowed.

32.1.4 In January, 2019, the Company received amendment notices from the Large Taxpayers Unit of the Federal Board of Revenue (FBR) Karachi under section 122(5A) of the Income Tax Ordinance, 2001 (Ordinance) for the years 2015 to 2018 inter alia on the levy of super tax under section 4B of the Ordinance. The Company's legal advisor is of the opinion that levy of super tax is unlawful and accordingly the Company filed constitutional petitions before the Sindh High Court (SHC) challenging the levy of super tax. The SHC has passed stay orders restricting FBR from taking any coercive measures against the Company on this matter. In case of the years 2017 and 2018, amendment was proceeded as identified in note 32.1.5 whereas the amended assessment orders for the years 2015 and 2016 have not yet been passed.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

32.1.5 The Additional Commissioner Inland Revenue (ACIR) passed the amended assessment orders on February 21, 2019 under section 122(5A) of the Ordinance for the years 2017 and 2018 and created demand of Rs. 911.5 million and Rs. 1,371.4 million respectively. This is mainly the result of disallowance of tax loss on lease terminations, levy of super tax and certain other matters. The Company preferred an appeal against these amended assessment orders before the Commissioner Inland Revenue (Appeals) which is currently pending adjudication. The Company has been granted stay against recovery of both these demands from SHC.

Based on the merits of the case and tax advisor's opinion, Management considers that decision will be made in the Company's favour, hence, no provision has been recorded in these unconsolidated financial statements.

32.1.6 In March, 2019, the FBR issued a show cause notice to the Company challenging the estimates of advance tax under section 147 of the Ordinance filed by the Company for quarter ended March 2019 and additionally demanded Rs. 259.4 million. The Company's legal and tax advisors are of the opinion that the estimate filed by the Company is in accordance with the law and accordingly the Company filed a constitutional petition before the SHC against the recovery of impugned advance tax demand. The SHC has passed stay order restricting FBR from taking any coercive measures against the Company.

Based on the merits of the case, Management considers that decision will be made in Company's favour, hence, no provision has been recorded in these unconsolidated financial statements.

32.1.7 During the year, the Company received show cause notices from the Sindh Revenue Board (SRB) demanding Sindh Provincial Sales Tax (SPST) amounting to Rs. 519 million against income from operating lease rental of generators for the years ended June 30, 2012, 2013, 2014, 2015, 2016 and 2017 along with the applicable penalty and default surcharge.

In April, 2016, the Company had filed suits against the show cause notices relating to years 2012 to 2015 before Sindh High Court (SHC) challenging the levy of SPST on renting of generators and obtained stay order restricting SRB from taking any coercive measures against the Company. During the year, these suits were withdrawn due to the decision by Supreme Court of Pakistan that in order for a suit to continue, a minimum of 50% of the tax calculated by the tax authorities must be deposited in respective treasury. Consequent to withdrawal of the suits, SRB issued fresh show cause notices for each of the tax years 2012 to 2017. In case of financial year 2012 and 2016, the Assistant Commissioner SRB also passed an order against the Company and created the demand of Rs. 43.6 million and Rs. 77.3 million respectively and issued recovery notices. The Company has filed an appeal against the recovery orders before the Commissioner Appeals SRB and also obtained interim relief from SHC by filing separate petitions for each of the years from 2012 to 2017, challenging the levy of SPST on renting of generators and obtained stay order restricting SRB from taking coercive measures against the Company.

Based on the merit of the case, Management considers that decision will be in the Company's favour, hence, no provision has been recorded in these unconsolidated financial statements in this regard.

32.1.8 During the year 2017, the Company received show cause notice from SRB for short payment of SPST of Rs. 5.4 million against supplies made to a local vendor in September 2015. Additional Commissioner SRB Karachi confirmed the said liability through Order No. 125 of 2017 dated May 15, 2017 which was also challenged by the Company by filing an appeal before Commissioner Appeals SRB Karachi.

Based on the merit of the case, Management considers that decision will be made in the Company's favour and, hence, no provision has been recorded in these unconsolidated financial statements.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

32.1.9 During the year 2018, the Company received a notice from SRB regarding non-payment of stamp duty on purchase orders amounting to Rs. 12.6 million. The Company's legal advisor is of the opinion that application of stamp duty on purchase orders is unlawful. The Company filed a petition before the SHC challenging the levy of stamp duty on purchase orders. The SHC has passed ad-interim stay order restricting SRB from taking any coercive measures against the Company until further orders of SHC.

32.2 Leases committed but not executed at the reporting date amounted to Rs. 82.07 million (2018: Rs. 55.94 million).

32.3 Commitments relating to capital expenditure at the reporting date amounted to Rs. 15.75 million (2018: Rs. 11.27 million).

	2019	2018
	-----Rupees-----	
33 INCOME FROM OPERATING LEASE		
Operating lease assets	24,073,065	198,132,809
Ijarah finance	208,201,186	114,734,387
	<u>232,274,251</u>	<u>312,867,196</u>
34 OTHER INCOME - NET		
Income from financial assets		
Return on investments and deposits	437,320	1,619,913
Interest income on government securities	64,768,133	52,804,983
Dividend income	11,767,871	12,675,541
Capital gain on sale of investments - net	-	329,362,893
Unrealised gain / (loss) on remeasurement of financial assets at fair value through profit or loss - net	214,403	(236,938)
Impairment on long term investments	-	(49,917,389)
	<u>77,187,727</u>	<u>346,309,003</u>
Income from other than financial assets		
Other fees and income	113,896,038	96,730,903
Unrealised exchange gain transferred from other comprehensive income on cessation of equity accounting for associated undertaking	-	347,807,471
Documentation fee	37,322,044	41,098,964
Write-off in respect of fixed assets for own use	-	(22,003)
Gain on disposal of fixed assets	1,442,756	11,755,334
Gain on sale of leased assets	41,740,649	33,399,112
Other exchange gains - net	1,364,185	18,636,455
	<u>195,765,672</u>	<u>549,406,236</u>
	<u>272,953,399</u>	<u>895,715,239</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

35 SHARE OF PROFIT OF EQUITY ACCOUNTED UNDERTAKINGS

Names of associates	2019		2018	
	Associates' profit after tax	Share of associates' profit after tax	Associates' profit after tax	Share of associates' profit after tax
-----Rupees-----				
Quoted				
Oman ORIX Leasing Company SAOG	-	-	464,944,105	54,127,397
Un-quoted				
Saudi ORIX Leasing Company	2,533,568,712	50,671,374	1,426,120,220	28,522,406
ORIX Leasing Egypt SAE	-	-	69,665,302	16,023,021
	<u>2,533,568,712</u>	<u>50,671,374</u>	<u>1,495,785,522</u>	<u>44,545,427</u>
	<u>2,533,568,712</u>	<u>50,671,374</u>	<u>1,960,729,627</u>	<u>98,672,824</u>

2019
-----Rupees-----

36 FINANCE COST

Interest / mark-up / profit on:		
- Long-term finances	989,124,404	729,254,647
- Short-term borrowings	127,637,881	122,778,705
- Certificates of deposit	403,453,331	498,281,542
Amortisation of transaction cost	7,331,729	12,522,888
Bank charges and commission	14,768,188	27,171,277
	<u>1,542,315,533</u>	<u>1,390,009,059</u>

37 ADMINISTRATIVE AND GENERAL EXPENSES

Note	2019	2018
-----Rupees-----		
	853,266,557	763,768,072
	102,986,792	90,489,303
	7,728,469	5,922,563
	13,358,235	11,448,774
	5,244,656	5,788,600
	23,353,623	38,594,990
	20,599,884	20,442,506
	6,675,157	2,944,659
37.2	3,504,000	5,155,211
	7,720,704	8,906,948
	9,795,964	11,978,001
5.1	54,364,333	52,848,031
6.1	12,151,933	9,978,496
	48,873,524	46,054,021
37.3	10,050,000	9,970,000
	8,502,824	9,871,476
	<u>1,188,176,655</u>	<u>1,094,161,651</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

37.1 This includes expenses in relation to the following employee benefits:

	Note	2019	2018
-----Rupees-----			
Defined benefit plan - gratuity fund	26.5	20,575,612	16,385,039
Defined contribution plan - provident fund		30,421,673	26,121,397
Compensated absences		10,726,332	4,708,622
		61,723,617	47,215,058

37.2 Auditors' remuneration

Annual audit fee		1,700,000	1,700,000
Half yearly review fee		300,000	300,000
Other services and certifications		1,090,000	2,410,000
Sales tax on audit fee and other services		247,200	352,800
Out of pocket expenses		166,800	392,411
		3,504,000	5,155,211

37.3 Donations above 10% of total donation or Rs. 1,000,000 which ever is higher

The Citizens Foundation		2,900,000	2,400,000
The Layton Rahmatullah Benevolent Trust (LRBT)		1,250,000	1,250,000
The Indus Hospital		1,000,000	750,000
		5,150,000	4,400,000

During the current year, donation amounting to Rs. 1 million (2018: Rs. 0.75 million) and Rs. 1.25 million (2018: 1.25 million) was given to 'The Indus Hospital' and 'LRBT' respectively in which directors of the Company are also directors.

38 DIRECT COST	Note	2019	2018
-----Rupees-----			
Court fee, stamp duty and others		5,465,400	11,461,386
Operating lease and Ijarah finance			
Maintenance and insurance cost		15,676,806	67,061,883
Depreciation - operating lease assets	5.2	10,166,556	79,666,400
Depreciation - ijarah finance	5.3	151,940,139	91,572,621
		177,783,501	238,300,904
		183,248,901	249,762,290

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

39 ALLOWANCE FOR POTENTIAL LEASE AND OTHER LOAN LOSSES

	2019				
	Finance leases	Finances and loans	Sub-total	Operating lease, investments and other receivables	Total
	-----Rupees-----				
Balance at beginning of the year	924,124,734	385,555,673	1,309,680,407	74,150,589	1,383,830,996
(Reversal) / provision made during the year	(185,176,255)	(5,345,840)	(190,522,095)	(2,296,745)	(192,818,840)
Write-offs	(69,929,744)	(207,450,963)	(277,380,707)	(43,079,089)	(320,459,796)
	<u>669,018,735</u>	<u>172,758,870</u>	<u>841,777,605</u>	<u>28,774,755</u>	<u>870,552,360</u>
	-----Rupees-----				
	2018				
	Finance leases	Finances and loans	Sub-total	Operating lease, investments and other receivables	Total
	-----Rupees-----				
Balance at beginning of the year	924,332,946	380,383,260	1,304,716,206	85,577,076	1,390,293,282
Provision / (reversal) made during the year	9,377,508	9,054,198	18,431,706	(159,169)	18,272,537
Write-offs	(9,585,720)	(3,881,785)	(13,467,505)	(11,267,318)	(24,734,823)
	<u>924,124,734</u>	<u>385,555,673</u>	<u>1,309,680,407</u>	<u>74,150,589</u>	<u>1,383,830,996</u>

	Note	2019	2018
		-----Rupees-----	
39.1 Provision against finances and loans			
Long-term finances and loans	11	150,890,280	256,441,465
Short-term finances and loans	12	21,868,590	129,114,208
		<u>172,758,870</u>	<u>385,555,673</u>
39.2 Provision against Operating lease, investments and other receivables			
Other receivables	17	21,274,755	66,650,589
Short-term investments	15	7,500,000	7,500,000
		<u>28,774,755</u>	<u>74,150,589</u>
40 OTHER PROVISIONS / (REVERSALS) - NET			
Operating lease, investments and other receivables			
(Reversal) / provision against other receivables		(80,871)	(1,745,482)
(Reversal) / provision against Ijarah receivable		(2,215,874)	1,586,313
		<u>(2,296,745)</u>	<u>(159,169)</u>
Others			
Impairment of assets classified as 'held for sale'		11,124,984	-
		<u>8,828,239</u>	<u>(159,169)</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

41.1 The aggregate amount charged in the financial statements for the year in respect of the remuneration and benefits to the Chief Executive and Executives is as follows:

	2019		
	Chief Executive	Executives	Total
	-----Rupees-----		
Managerial remuneration and other perquisites	34,957,248	204,864,714	239,821,962
House rent and utilities	9,620,820	48,135,797	57,756,617
Retirement benefits	3,464,536	15,235,384	18,699,920
	<u>48,042,604</u>	<u>268,235,895</u>	<u>316,278,499</u>
Number of persons	<u>1</u>	<u>46</u>	<u>47</u>
	2018		
	Chief Executive	Executives	Total
	-----Rupees-----		
Managerial remuneration and other perquisites	30,937,805	166,090,496	197,028,301
House rent and utilities	8,090,235	41,935,256	50,025,491
Retirement benefits	3,631,405	20,635,091	24,266,496
	<u>42,659,445</u>	<u>228,660,843</u>	<u>271,320,288</u>
Number of persons	<u>1</u>	<u>37</u>	<u>38</u>

41.2 Executives denote employees, other than the Chief Executive and Directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

41.3 The Chief Executive and certain executives are also provided with Company maintained cars and other benefits in accordance with their entitlement as per Company's HR policy.

41.4 The aggregate amount charged in these unconsolidated financial statements for meeting fees paid to 4 non-executive directors (2018: 5) amounts to Rs. 4.8 million (2018: Rs. 3.3 million). This includes fee paid to the Chairman of the Board of Directors amounting to Rs. 1 million (2018: Rs. 0.8 million).

	Note	2019	2018
		-----Rupees-----	
42 TAXATION			
Current tax - for the year	42.1	249,526,655	563,359,341
Current tax - for prior years		(431,072)	(156,689,272)
Deferred		176,186,186	(66,539,419)
		<u>425,281,769</u>	<u>340,130,650</u>

42.1 Super tax

The Finance Act, 2015 had levied a one-time super tax at the rate of 3 percent of the taxable income for companies having taxable income of above Rs. 500 million. This clause has been extended in the Finance Act, 2018 and an amount of Rs. 11.5 million (2018: Rs. 52.1 million) at the rate of 2 percent (2018: 3 percent) of the taxable income has been recognised in this respect in the current tax charge.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

42.2 Effective tax rate reconciliation

42.2.1 Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as provision for the current year income tax has been made under the provisions of Alternate Corporate Tax under section 113C of the Income Tax Ordinance, 2001. Relationship between income tax expense and accounting profit for the year ended June 30, 2018 is as follows:

	2018 (Effective tax rate)	2018 Rupees
Profit before taxation		<u>1,719,753,685</u>
Tax at enacted tax rate	30%	515,926,106
Tax effect of income subject to final tax regime	-0.11%	(1,901,331)
Tax effect of income subject to lower tax rate	-3.44%	(59,194,498)
Effect of change in tax rate on opening deferred tax	-1.02%	(17,598,504)
Super Tax	3.03%	52,134,550
Prior year	-9.11%	(156,689,272)
Tax effect of rebates/credits	-0.10%	(1,680,000)
Others	0.53%	9,133,599
	<u>19.8%</u>	<u>340,130,650</u>

42.3 Current status of pending tax assessments

Tax Year 1999 to 2000

In the assessment year 1999-2000 the Officer Inland Revenue (OIR) had revised the income tax assessment order of the Company under Section 221 of the Ordinance. The Company had preferred an appeal against the order of the OIR before the Commissioner Inland Revenue [CIR(A)] who confirmed the treatment of the OIR. The Company then filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). The ATIR while deciding the appeal filed by the Company, has remanded back the appellate order dated December 12, 2005 to the CIR(A) to pass speaking order after considering all the relevant facts of the case. The case is still pending for adjudication, however, as a matter of prudence, the Company has made adequate provision in respect of the disallowances.

Tax Year 2010 to 2018

Under Section 114 of the Income Tax Ordinance 2001, the Company has filed the returns of income for tax years 2010 to 2018. The said returns were taken to be assessment orders passed by the Commissioner Inland Revenue on the day the said returns were filed other than tax year 2010, 2011, 2014, 2017 and 2018.

Tax Year 2010, 2011, 2014, 2017 and 2018

Details of the assessment made by the Additional Commissioner Inland Revenue are provided in notes 32.1.1, 32.1.2, 32.1.4 and 32.1.5.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

- 42.4** The Finance supplementary (Second Amendment) Act, 2019 has introduced an amendment in section 5(A) of the Income Tax Ordinance, 2001 whereby undistributed profits for the tax year 2019 are subject to tax at the rate of 5% of the accounting profit before tax for every public company, other than a scheduled bank or a modaraba, that derives profit after tax for a tax year but does not distribute at least 20% of its profit after tax within six months of the end of the tax year in cash.

As disclosed in the note 54, the Company is in compliance with the above stated requirement. Accordingly, no provision for tax on undistributed profit has been recognised in these financial statements for the year ended June 30, 2019.

43 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	Note	2019	2018
-----Rupees-----			
Profit before taxation		1,447,798,732	1,719,753,685
Adjustments for			
Depreciation	5.1, 5.2 & 5.3	216,471,028	224,087,052
Amortisation	6.1	12,151,933	9,978,496
Amortisation of transaction cost	36	7,331,729	12,522,888
(Reversal) / provision for potential lease and other loan losses - net	39	(190,522,095)	18,431,706
(Reversal) / provision against Ijarah receivable	40	(2,215,874)	1,586,313
Impairment of assets classified as 'held for sale'	40	11,124,984	-
Reversal of provision against other receivables	40	(80,871)	(1,745,482)
Gain on disposal of investment in associated undertaking	34	-	(329,362,893)
Impairment on long term investment	34	-	49,917,389
Share of profit of equity accounted undertakings	35	(50,671,374)	(98,672,824)
Other exchange gain - net	34	(1,364,185)	(18,636,455)
Charge for defined benefit plan - gratuity fund	37.1	20,575,612	16,385,039
Fixed assets written-off	34	-	22,003
Capital work in progress reclassified to repair and maintenance		34,310	-
Unrealised (gain) / loss on remeasurement of financial assets at fair value through profit or loss - net	34	(214,403)	236,938
Finance cost including bank charges	36	1,131,530,473	879,204,629
Profit on certificates of deposit	36	403,453,331	498,281,542
Dividend income	34	(11,767,871)	(12,675,541)
Exchange gain transferred from other comprehensive income	34	-	(347,807,471)
Return on investments and deposits	34	(437,320)	(1,619,913)
Interest income on government securities	34	(64,768,133)	(52,804,983)
Gain on disposal of fixed assets	34	(1,442,756)	(11,755,334)
		<u>1,479,188,518</u>	<u>835,573,099</u>
		<u>2,926,987,250</u>	<u>2,555,326,784</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

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44 CASH AND CASH EQUIVALENTS	Note	2019	2018
		-----Rupees-----	
Cash at bank	18	172,598,713	498,407,264
Cash in hand	18	1,714,710	1,408,449
Short-term running finance facilities	29	(1,082,642,374)	(1,710,358,951)
		<u>(908,328,951)</u>	<u>(1,210,543,238)</u>

44.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2019						Total
	Short term loans	Certificates of Deposit	Long term Finances	Dividend Payable	Share Capital	Share Premium	
Balance as at July 01, 2018	645,000,000	5,275,940,041	9,430,482,365	228,542,048	1,392,124,190	1,863,635,353	18,835,723,997
Changes from financing cash flows							
Repayment	(645,000,000)	(1,661,725,167)	(3,622,446,653)	-	-	-	(5,929,171,820)
Proceeds received	250,000,000	645,256,626	4,250,000,000	-	-	-	5,145,256,626
Dividend paid	-	-	-	(623,618,096)	-	-	(623,618,096)
Total changes from financing activities	(395,000,000)	(1,016,468,541)	627,553,347	(623,618,096)	-	-	(1,407,533,290)
Other changes							
Bonus shares	-	-	-	-	278,424,830	(278,424,830)	-
Dividend Declared	-	-	-	417,637,257	-	-	417,637,257
Total other changes	-	-	-	417,637,257	278,424,830	(278,424,830)	417,637,257
Balance as at June 30, 2019	250,000,000	4,259,471,500	10,058,035,712	22,561,209	1,670,549,020	1,585,210,523	17,845,827,964

45 SEGMENT INFORMATION

The Company has three primary reporting segments namely, 'Finance lease', 'Finances & Loans' and 'Operating lease', based on the nature of business and the related risks and returns associated with these segments. The finance lease operations are primarily for long-term leases of movable assets to corporate entities and individuals. Finances and loans are primarily extended to corporate entities and individuals for purchase of saloon vehicles. This segment also includes micro finance which primarily represents group/ community based lending to the under-privileged community. Under the operating lease segment, the Company provides equipment on short-term rentals to corporate entities. Other operations, which do not fall into the above segment categories and are not deemed by the Management to be sufficiently significant to disclose as separate items, are reported under 'Investment in subsidiaries, associates, and others'.

Notes to and Forming Part of The Unconsolidated Financial Statements

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45.1 Segment analysis is given below:

	2019				Total
	Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	
	-----Rupees-----				
Segment revenues	2,958,046,579	801,230,695	247,541,591	173,027,100	4,179,845,965
Finance cost	1,080,562,972	276,823,376	41,562,061	143,367,124	1,542,315,533
Administrative and general expenses	913,387,849	226,898,211	47,890,595	-	1,188,176,655
Direct cost of leases	12,461,042	1,081,491	169,706,368	-	183,248,901
(Reversal) / provision-net	(185,176,255)	(5,345,840)	(753,161)	9,581,400	(181,693,856)
Segment results	1,136,810,971	301,773,457	(10,864,272)	20,078,576	1,447,798,732
Provision for taxation					(425,281,769)
Profit for the year					1,022,516,963
Other information					
Segment assets	17,315,954,578	4,614,620,917	605,699,049	2,392,893,694	24,929,168,238
Unallocated assets					1,061,635,671
Total assets					25,990,803,909
Segment liabilities	351,496,511	81,679,104	8,678,469	-	441,854,084
Unallocated liabilities					17,535,861,081
Total liabilities					17,977,715,165
Capital expenditure	-	-	-	-	-
Depreciation	-	-	162,106,695	-	162,106,695
Unallocated					
Capital expenditure - fixed assets for own use	-	-	-	-	109,364,061
Additions made to intangible assets	-	-	-	-	10,467,867
Unallocated depreciation and amortisation	-	-	-	-	66,516,266

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	2018				Total
	Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	
	-----Rupees-----				
Segment revenues	2,660,598,689	650,425,346	315,003,802	845,931,385	4,471,959,222
Finance cost	903,677,074	201,774,286	30,403,037	254,154,662	1,390,009,059
Administrative and general expenses	852,799,793	197,178,348	44,183,510	-	1,094,161,651
Direct cost of leases	16,047,593	2,036,012	231,678,685	-	249,762,290
Provisions/(reversal)-net	9,377,505	9,054,201	(384,901)	225,732	18,272,537
Segment result	878,696,724	240,382,499	9,123,471	591,550,991	1,719,753,685
Provision for taxation					(340,130,650)
Profit for the year					<u>1,379,623,035</u>
Other information					
Segment assets	<u>17,937,616,945</u>	<u>4,373,050,384</u>	<u>758,029,178</u>	<u>2,321,900,419</u>	25,390,596,926
Unallocated assets					1,308,157,804
Total assets					<u>26,698,754,730</u>
Segment liabilities	<u>316,525,966</u>	<u>147,152,407</u>	<u>34,327,800</u>	-	498,006,173
Unallocated liabilities					18,951,868,968
Total liabilities					<u>19,449,875,141</u>
Capital expenditure	<u>-</u>	<u>-</u>	<u>161,735,180</u>	<u>-</u>	<u>161,735,180</u>
Depreciation	<u>-</u>	<u>-</u>	<u>171,239,021</u>	<u>-</u>	<u>171,239,021</u>
Unallocated					
Capital expenditure - Fixed assets for own use	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,625,060</u>
Additions made to intangible assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,826,560</u>
Unallocated depreciation and amortisation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,748,223</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

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45.2 Segment by class of business

An analysis by class of business of the Company's net investment in finance leases and other finances and loans is given below:

Sectors	2019		2018	
	(Rupees)	%	(Rupees)	%
Individuals	5,238,438,416	23.13%	4,820,149,865	20.48%
Goods Transport	3,466,130,163	15.30%	4,740,871,137	20.15%
Public Transport	2,237,103,193	9.88%	1,907,087,491	8.10%
Services	1,605,703,372	7.09%	1,570,527,680	6.67%
Distributor	1,604,156,309	7.08%	1,519,178,219	6.46%
Textile & Allied	1,273,010,660	5.62%	1,352,051,032	5.75%
Trading	1,221,815,545	5.39%	1,332,369,167	5.66%
Fuel & Energy	1,136,424,920	5.02%	1,284,416,112	5.46%
Construction	684,918,313	3.02%	881,305,564	3.74%
Chemical & Pharmaceutical	612,646,380	2.70%	689,538,826	2.93%
Glass, Ceramics & Plastic	576,737,966	2.55%	521,436,290	2.22%
Food & Allied	549,647,045	2.43%	515,916,421	2.19%
Miscellaneous	481,645,450	2.13%	434,683,756	1.85%
Steel & Engineering	485,223,681	2.14%	429,027,723	1.82%
Paper, Board & Printing	476,076,742	2.10%	406,921,582	1.73%
Automotive Industry	316,884,836	1.40%	373,696,503	1.59%
Natural Resource & Farming	300,626,986	1.33%	368,115,805	1.56%
Sugar	244,371,668	1.08%	258,004,797	1.10%
Cables, Electric & Electronic Goods	141,083,497	0.61%	127,836,858	0.54%
	<u>22,652,645,142</u>	<u>100.00%</u>	<u>23,533,134,828</u>	<u>100.00%</u>

	2019	2018
	-----Rupees-----	
Net investment in finance leases	17,955,603,086	18,840,807,660
Other finances and loans	4,697,042,056	4,692,327,168
	<u>22,652,645,142</u>	<u>23,533,134,828</u>

45.3 Segment by sector

The Company's net investment in finance lease and other finances and loans includes exposure to private sector of Rs. 22,652 million (2018: Rs. 23,533 million).

45.4 Geographical segment analysis

The Company's operations are restricted to Pakistan only.

46 TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationships with its parent company, related group companies, associated companies, staff provident fund, staff gratuity fund, directors and key management personnel and entities over which the directors or key management personnel are able to exercise significant influence.

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The Company in the normal course of business carries out transactions with various related parties. These transactions are executed substantially on the same terms as those prevailing at the time of comparable transactions with unrelated parties and do not involve more than a normal risk. Amounts due from and due to related parties are disclosed in the relevant notes.

46.1 Transactions with related parties during the year are given below:

	2019	2018
	-----Rupees-----	
ORIX Corporation, Japan - Parent Company - 49.58% Holding		
Dividend paid	383,024,136	-
13,803,256 Bonus shares issued (2018: Nil)	-	-
Oman ORIX Leasing Company SAOG - Associate / common directorship - 11.64% ownership *		
Attendance fee for meeting of the Board of Directors	-	6,330,639

* Investment in Oman ORIX Leasing Company SAOG was disposed off during the year ended 30 June 2018, therefore it is no longer a related party.

	2019	2018
	-----Rupees-----	
Saudi ORIX Leasing Company - Associate / common directorship 2.5% ownership		
Dividend received	14,743,653	10,323,898
Reimbursement of cost	4,152,340	-
Technical assistance fee received	-	922,323
BOD attendance fee received	3,768,108	3,077,695
ORIX Modaraba - subsidiary - 20% ownership		
Dividend received	11,345,883	12,253,553
Cost allocated to ORIX Modaraba	504,004	698,750
State Life Insurance Corporation of Pakistan - Common directorship		
Insurance premium and rent expense	-	3,741,634
ORIX Leasing Pakistan Limited - Employees Provident Fund (OLP-EPF)		
Contribution made	30,421,673	26,121,397
ORIX Leasing Pakistan Limited - Staff Gratuity Fund (OLP-SGF)		
Contribution made	40,545,296	32,899,060
Charity / Donation paid - Common Directorship		
The Indus Hospital	1,000,000	750,000
The Layton Rahmatullah Benevolent Trust	1,250,000	1,250,000

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	Note	2019	2018
		-----Rupees-----	
Other related party transactions during the year			
Directors and key management personnel			
Compensation of directors and key management personnel			
Director fees paid		4,800,000	3,300,000
Short-term employee benefits		159,368,467	140,463,247
Retirement benefits		10,833,638	16,446,880
Total compensation to directors and key management personnel		175,002,105	160,210,127
Proceeds from sale of fixed assets		973,300	2,581,603
Loans disbursed		4,924,561	19,220,413
Interest received		1,453,246	1,449,690
Principal recovered		9,950,625	12,964,833
Issuance of certificates of deposit		400,000	2,856,410
Redemption of certificates of deposit		2,510,000	10,416,385
Amount of profit paid on certificates of deposit		301,208	631,845
46.2 The balances with related parties as at year end:			
Investment in subsidiaries	8	322,374,294	322,374,294
Investment in associated undertakings	9	942,321,227	672,208,880
Long-term investment - Al Hail ORIX Finance PSC	10	188,177,948	229,180,469
Investment in associated undertaking - held for sale			
- OPP (Private) Limited	19	87,754,399	87,754,399
- ORIX Leasing Egypt SAE	19	172,043,037	172,043,037
Certificates of deposit held		2,100,000	4,210,000
Accrued profit on certificates of deposit		9,561	28,940
Outstanding loans to Key Management Personnel		23,102,538	28,128,602
Defined benefit (asset) / obligation to ORIX Leasing Pakistan Limited - Staff Gratuity Fund		(8,808,244)	19,969,684
Receivable from Saudi ORIX Leasing Company - Associate		754,396	53,837
Unpaid dividend to ORIX Corporation, Japan - Parent Company		-	207,040,074
(Payable) / receivable from ORIX Corporation, Japan - Parent Company		(92,885)	37,260

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47 STAFF STRENGTH	2019	2018
	-----Number of Staff-----	
Staff strength at the end of the year	517	515
Average number of employees*	525	488

* Represents the average taken of the number of employees at the end of each month in the year.

48 PROVIDENT FUND RELATED DISCLOSURES

The Company operates a Staff Provident Fund for its employees. The following information is based on the financial statements of the Fund as at June 30, 2019 (unaudited) and 2018 (audited):

	2019 Unaudited	2018 Audited
	-----Rupees-----	
Size of the Fund - total assets	449,263,937	404,060,988
Fair value of investments	435,948,955	401,706,866
	-----Percentage-----	
Percentage of investments made	97%	99%

The cost of the above investments amounted to Rs. 426.64 million (2018: Rs. 390.18 million).

The break-up of fair value of investments is as follows:

	Unaudited 2019	Audited 2018	Unaudited 2019	Audited 2018
	-----Percentage-----		-----Rupees-----	
Cash and bank deposits	2.97%	1.10%	12,964,881	4,404,224
Government securities				
- Treasury Bills	37.58%	87.40%	163,840,550	351,018,637
- National Savings Certificates	39.68%	4.80%	173,000,000	19,187,294
- Pakistan Investment Bonds	19.77%	6.70%	86,143,524	27,096,711
	100.00%	100.00%	435,948,955	401,706,866

The investments of the provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

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49 FINANCIAL INSTRUMENTS BY CATEGORY

	2019			Total
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	
-----Rupees-----				
ASSETS				
Net investment in finance lease	17,286,584,351	-	-	17,286,584,351
Long-term investments	268,623,384	-	188,177,948	456,801,332
Term finances and loans	4,713,669,409	-	-	4,713,669,409
Accrued return on investments and term finance	102,798,425	-	-	102,798,425
Short-term investments	-	380,501,894	13,936,822	394,438,716
Other receivables	32,887,347	-	-	32,887,347
Cash and bank balances	174,313,423	-	-	174,313,423
	<u>22,578,876,339</u>	<u>380,501,894</u>	<u>202,114,770</u>	<u>23,161,493,003</u>

	2019		Total
	At fair value through profit or loss	At amortised cost	
-----Rupees-----			
LIABILITIES			
Term finances	-	10,058,035,712	10,058,035,712
Certificates of deposit	-	4,259,471,500	4,259,471,500
Other long-term liabilities	-	164,902,777	164,902,777
Trade and other payables	-	859,575,988	859,575,988
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	323,580,085	323,580,085
Unclaimed dividend	-	22,561,209	22,561,209
Short-term borrowings	-	1,332,642,374	1,332,642,374
	-	<u>17,020,769,645</u>	<u>17,020,769,645</u>

	2018			Total
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	
-----Rupees-----				
ASSETS				
Net investment in finance lease	17,916,682,926	-	-	17,916,682,926
Long-term investments	63,354,946	-	229,180,469	292,535,415
Term finances and loans	4,459,760,097	-	-	4,459,760,097
Accrued return on investments and term finance	68,675,213	-	-	68,675,213
Short-term investments	-	758,747,378	13,840,691	772,588,069
Other receivables	44,253,635	-	-	44,253,635
Cash and bank balances	499,815,713	-	-	499,815,713
	<u>23,052,542,530</u>	<u>758,747,378</u>	<u>243,021,160</u>	<u>24,054,311,068</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

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	2018		
	At fair value through profit or loss	At amortised cost	Total
	-----Rupees-----		
LIABILITIES			
Long-term finances	-	9,430,482,365	9,430,482,365
Certificates of deposit	-	5,275,940,041	5,275,940,041
Other long-term liabilities	-	202,558,668	202,558,668
Trade and other payables	-	907,328,168	907,328,168
Accrued interest / mark-up /profit on loans, finances and certificates of deposit	-	242,329,587	242,329,587
Unpaid dividend	-	208,224,070	208,224,070
Unclaimed dividend	-	20,317,978	20,317,978
Short-term borrowings	-	2,355,358,951	2,355,358,951
		<u>18,642,539,828</u>	<u>18,642,539,828</u>

50 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks which mainly include market risk, credit risk and liquidity risk. The Board of Directors of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

50.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises three types of risks: currency risk, yield / interest rate risk and other price risk.

50.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk in US dollar, Saudi Riyal, UAE Dirhams and Egyptian Pound on account of its foreign currency bank account, long-term investments and investments in associated undertakings. The Company's exposure to foreign currency transactions is as follows:

	2019	2018
	-----Rupees-----	
Foreign currency bank account	<u>4,537,899</u>	<u>3,411,151</u>
Long-term investments	<u>188,177,948</u>	<u>229,180,469</u>
Investment in associated undertakings	<u>942,321,227</u>	<u>672,208,880</u>
Assets classified as 'held for sale'	<u>172,043,037</u>	<u>172,043,037</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

As at June 30, 2019, if the Pakistani Rupee had strengthened / weakened by 10% against these currencies, the impact would have been higher / lower by an amount of Rs. 130.6 million (2018: Rs. 107.5 million).

50.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's floating interest rate long-term debt obligations and financial assets. Financial assets and financial liabilities include balances of Rs. 22,656 million (2018: Rs. 23,224 million) and Rs. 15,650 million (2018: Rs. 17,062 million) respectively, which are subject to interest rate risk. The maturity analysis and interest rate profile of the Company's significant interest bearing financial instruments are as follows:

On-balance sheet financial instruments	Effective yield / profit rate %	2019					Not exposed to yield / profit rate risk	
		Exposed to yield / interest rate risk						
		Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years		Over five years
-----Rupees-----								
Financial assets								
Net investment in finance lease	9.16% - 27.12%	17,286,584,351	1,400,551,759	1,408,120,148	5,674,279,596	8,803,632,848	-	-
Long-term investments	7.25% - 12.00%	456,801,332	-	60,447,812	-	208,175,572	-	188,177,948
Term finances and loans	4.00% - 35.78%	4,713,669,409	318,953,275	431,204,286	1,605,089,221	2,358,422,627	-	-
Accrued return on investments and term finance		102,798,425	-	-	-	-	-	102,798,425
Short-term investments	10.80% - 12.74%	394,438,716	14,931,865	365,570,029	-	-	-	13,936,822
Other receivables		32,887,347	-	-	-	-	-	32,887,347
Investment in subsidiaries		322,374,294	-	-	-	-	-	322,374,294
Investment in associated undertakings		942,321,227	-	-	-	-	-	942,321,227
Cash and bank balances	3.00%-10.30%	174,313,423	6,221,280	-	-	-	-	168,092,143
Total		24,426,188,524	1,740,658,179	2,265,342,275	7,279,368,817	11,370,231,047	-	1,770,588,206
Financial Liabilities								
Long-term finances	11.05% - 14.09%	10,058,035,712	429,017,854	604,166,667	2,710,267,858	6,314,583,333	-	-
Certificates of deposit	6.00% - 12.82%	4,259,471,500	76,679,414	383,211,108	979,883,560	2,703,507,379	116,190,039	-
Other long-term liabilities		164,902,777	-	-	-	-	-	164,902,777
Trade and other payables		859,575,988	-	-	-	-	-	859,575,988
Accrued interest / mark-up on loans, finances and certificates of deposit		323,580,085	-	-	-	-	-	323,580,085
Unclaimed dividend		22,561,209	-	-	-	-	-	22,561,209
Short-term borrowings	11.59% - 13.80%	1,332,642,374	1,332,642,374	-	-	-	-	-
Total		17,020,769,645	1,838,339,642	987,377,775	3,690,151,418	9,018,090,712	116,190,039	1,370,620,059
On-balance sheet gap (a)		7,405,418,879	(97,681,463)	1,277,964,500	3,589,217,399	2,352,140,335	(116,190,039)	399,968,147
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		7,405,418,879	(97,681,463)	1,277,964,500	3,589,217,399	2,352,140,335	(116,190,039)	
Cumulative interest rate sensitivity gap		7,405,418,879	7,307,737,416	8,585,701,916	12,174,919,315	14,527,059,650	14,410,869,611	

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For the year ended June 30, 2019

On-balance sheet financial instruments	Effective yield / profit rate %	2018						Not exposed to yield / profit rate risk
		Exposed to yield / interest rate risk						
		Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	
-----Rupees-----								
Financial assets								
Net investment in finance lease	7.7% - 24.00%	17,916,682,926	740,981,703	1,521,916,812	6,020,436,629	9,633,347,782	-	-
Long-term investments	9.60% - 12.00%	292,535,415	-	-	-	63,354,946	-	229,180,469
Term finances and loans	4.00% - 37.73%	4,459,760,097	241,198,826	407,563,875	1,587,491,360	2,169,319,832	54,186,204	-
Accrued return on investments and term finance		68,675,213	-	-	-	-	-	68,675,213
Short-term investments	6.20% - 6.26%	772,588,069	520,178,927	238,568,451	-	-	-	13,840,691
Other receivables		44,253,635	-	-	-	-	-	44,253,635
Investment in subsidiaries		322,374,294	-	-	-	-	-	322,374,294
Investment in associated undertakings		672,208,880	-	-	-	-	-	672,208,880
Cash and bank balances	2.40%-5.75%	499,815,713	25,699,151	-	-	-	-	474,116,562
Total		25,048,894,242	1,528,058,607	2,168,049,138	7,607,927,989	11,866,022,560	54,186,204	1,824,649,744
Financial liabilities								
Long-term finances	6.46% - 8.07%	9,430,482,365	432,142,857	941,666,666	2,248,637,126	5,808,035,716	-	-
Certificates of deposit	6.40% - 12.15%	5,275,940,041	230,215,429	259,435,059	1,560,920,936	3,090,428,578	134,940,039	-
Other long-term liabilities		202,558,668	-	-	-	-	-	202,558,668
Trade and other payables		907,328,168	-	-	-	-	-	907,328,168
Accrued interest / mark-up on loans, finances and certificates of deposit		242,329,587	-	-	-	-	-	242,329,587
Unpaid dividend		208,224,070	-	-	-	-	-	208,224,070
Unclaimed dividend		20,317,978	-	-	-	-	-	20,317,978
Short-term borrowings	7.03% - 7.93%	2,355,358,951	1,710,358,951	145,000,000	500,000,000	-	-	-
Total		18,642,539,828	2,372,717,237	1,346,101,725	4,309,558,062	8,898,464,294	134,940,039	1,580,758,471
On-balance sheet gap		6,406,354,414	(844,658,630)	821,947,413	3,298,369,927	2,967,558,266	(80,753,835)	243,891,273
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		6,406,354,414	(844,658,630)	821,947,413	3,298,369,927	2,967,558,266	(80,753,835)	
Cumulative interest rate sensitivity gap		6,406,354,414	5,561,695,784	6,383,643,196	9,682,013,123	12,649,571,390	12,568,817,555	

a) Sensitivity analysis for variable rate financial instruments

The Company has extended KIBOR based long-term leases and finances to various counter parties that expose the Company to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax for the year ended June 30, 2019 would have been lower / higher by Rs. 144.80 million (2018: Rs.146.58 million).

Furthermore, the Company also has KIBOR based financial liabilities in Pakistani Rupees representing short-term running finance arrangements, short-term and long-term finances obtained from various financial institutions and certificates of deposit which expose the Company to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax for the year ended June 30, 2019 would have been lower / higher by Rs.155.9 million (2018: Rs.111.4 million).

The Company holds unutilized credit lines with banks amounting to Rs. 2,000 million as at June 30, 2019 as mentioned in the note 22.1.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

Presently, the Company does not hold any variable rate financial instrument carried at 'fair value through profit or loss' and is not exposed to cash flow interest rate risk except for balances in certain saving accounts. The interest rate of these bank accounts ranges from 3.00% to 10.30% (2018: 2.40% to 5.75%) per annum.

b) Sensitivity analysis for fixed rate financial instruments

As at June 30, 2019, the Company holds Market Treasury Bills and Pakistan Investment Bonds which are classified as 'financial assets at fair value through profit or loss' and 'amortised cost' respectively, exposing the Company to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Markets Association of Pakistan for Market Treasury Bills and Pakistan Investment Bonds with all other variables held constant, the net income for the year and net assets of the Company would have been higher / lower by Rs. 1.86 million (2018: Rs. 0.5 million).

50.1.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

Other price risk arises when the Company has made investment in shares of listed companies or mutual funds. Currently, the Company does not hold such investment. However, the Company has adopted a policy to diversify its portfolio and continuously monitor developments in markets. In addition the Company actively monitors the key factors that affect stock price movement.

50.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The risk is generally limited to principal amounts and accrued profit thereon, if any. The Company has established procedures to manage credit exposure including credit approval limit, credit exposure limits, collateral and guarantee requirements. These procedures incorporate both internal guidelines as well as the requirements of the NBFC Rules and the NBFC Regulations. The Company also manages credit risk through an independent credit department which evaluates customers' credit worthiness and obtains adequate securities where applicable.

All investing transactions are settled / paid for upon delivery. The Company's policy is to enter into financial instrument contracts by following internal guidelines for approval.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. As at June 30, 2019, out of the total financial assets of Rs. 24,426 million (2018: Rs. 25,049 million) the assets which were subject to credit risk amounted to Rs. 23,775 million (2018: Rs. 24,225 million). Significant concentration of the Company's risk assets by class of business, industry sector and geographical region is set out in note 45.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

The maximum exposure to credit risk at the reporting date is:

	2019	2018
	-----Rupees-----	
Net investment in finance lease	17,286,584,351	17,916,682,926
Long-term investments	188,177,948	229,180,469
Term finances and loans	4,713,669,409	4,459,760,097
Accrued return on investments and term finance	102,798,425	68,675,213
Short-term investments	13,936,822	13,840,691
Other receivables	32,887,347	44,253,635
Investment in subsidiaries	322,374,294	322,374,294
Investment in associated undertakings	942,321,227	672,208,880
Bank balances	172,598,713	498,407,264
	<u>23,775,348,536</u>	<u>24,225,383,469</u>

The Company controls the credit quality of receivables through diversification of activities to avoid undue concentration of risks with individuals, groups or specific industry segments. For such purpose, the Company has established exposure limits for single lessees and industrial sectors. The Company has an effective rental monitoring system which allows it to evaluate customers' credit worthiness and identify potential problem accounts. An allowance for potential lease, instalment and other loan losses is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on lease and other loan portfolios that can be reasonably anticipated. The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history.

The carrying value of non performing receivables are as follows:

	2019			
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	Total
	-----Rupees-----			
Within 90 days	86,121,951	14,906,340	-	101,028,291
91 - 180 days	242,639,685	56,434,639	438,869	299,513,193
181-365 days	126,300,824	23,860,709	-	150,161,533
Over 1 year	582,388,748	146,309,605	28,335,886	757,034,239
	<u>1,037,451,208</u>	<u>241,511,293</u>	<u>28,774,755</u>	<u>1,307,737,256</u>
Less: General and specific provision	669,018,735	172,758,870	28,774,755	870,552,360
Net of provision	<u>368,432,473</u>	<u>68,752,423</u>	<u>-</u>	<u>437,184,896</u>
Coverage ratio	64.49%	71.53%	100.00%	66.57%

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For the year ended June 30, 2019

	2018			Total
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	
	-----Rupees-----			
Within 90 days	54,982,473	8,526,225	2,073,188	65,581,886
90 - 180 days	139,547,197	13,802,936	480,221	153,830,354
181-365 days	51,728,588	8,609,661	2,009,199	62,347,448
Over 1 Year	677,866,476	354,616,851	69,587,981	1,102,071,308
	<u>924,124,734</u>	<u>385,555,673</u>	<u>74,150,589</u>	<u>1,383,830,996</u>
Less: General and specific provision	<u>924,124,734</u>	<u>385,555,673</u>	<u>74,150,589</u>	<u>1,383,830,996</u>
Net of provision	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Coverage ratio	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

The Company has made provisions keeping in view the time based criteria prescribed under the NBFC Regulations. The Company has also made additional provisions of Rs. 142.16 million (2018: Rs. 278.54 million) using subjective criteria, in view of the prevailing economic conditions. The Company holds provision of Rs. 877.1 million (2018: Rs.1,383.8 million) against these non performing receivables.

The credit quality of the Company's bank balances and investment portfolio are assessed with reference to external credit ratings which in all cases are above investment grade rating.

The analysis below summarises the credit rating quality of the Company's bank balances as at June 30, 2019:

Bank balances	2019	2018
	-----Rupees-----	
AAA	90,058,044	434,447,565
AA+	40,877,346	3,281,832
AA	38,413,559	24,042,332
AA-	2,087,727	32,180,144
A+	229,716	4,178,345
A	-	67,556
State Bank of Pakistan	932,321	209,490
	<u>172,598,713</u>	<u>498,407,264</u>

The Company does not hold any other financial assets which are rated.

50.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

The table below summarises the Company's financial liabilities into relevant maturity groupings based on the remaining period at the unconsolidated statement of financial position date to contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Carrying amount	Contractual cash flows	2019			More than one year
		Upto three months	More than three months and upto one year	More than one year	
-----Rupees-----					
Long-term finances	10,058,035,712	12,222,149,012	1,392,267,387	3,449,198,272	7,380,683,353
Certificates of deposit	4,259,471,500	5,609,590,696	588,542,724	1,204,275,565	3,816,772,407
Trade and other payables	872,162,197	872,162,197	872,162,197	-	-
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	488,482,862	488,482,862	265,482,289	47,120,998	175,879,575
Unpaid dividend	-	-	-	-	-
Unclaimed dividend	22,561,209	22,561,209	22,561,209	-	-
Short-term borrowings	1,332,642,374	1,359,845,410	1,359,845,410	-	-
	<u>17,033,355,854</u>	<u>20,574,791,386</u>	<u>4,500,861,216</u>	<u>4,700,594,835</u>	<u>11,373,335,335</u>

Carrying amount	Contractual cash flows	2018			More than one year
		Upto three months	More than three months and upto one year	More than one year	
-----Rupees-----					
Long-term finances	9,430,482,365	10,611,314,572	1,585,725,525	2,647,529,066	6,378,059,981
Certificates of deposit	5,275,940,041	6,622,417,490	635,648,908	1,833,014,808	4,153,753,774
Trade and other payables	986,830,988	986,830,988	986,830,988	-	-
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	444,888,255	444,888,255	178,444,037	50,027,946	216,416,272
Unpaid dividend	208,224,070	208,224,070	208,224,070	-	-
Unclaimed dividend	20,317,978	20,317,978	20,317,978	-	-
Short-term borrowings	2,355,358,951	2,378,798,842	2,378,798,842	-	-
	<u>18,722,042,648</u>	<u>21,272,792,195</u>	<u>5,993,990,348</u>	<u>4,530,571,820</u>	<u>10,748,230,027</u>

51 FAIR VALUE MEASUREMENT

The fair value of investments classified as "at fair value through profit or loss" and "at fair value through other comprehensive income" are based on active market. The investment in associates are accounted for using the equity method while the subsidiaries have been kept at cost. The value of unquoted equity investments is reduced, if required, on the basis of break-up value of those investments based on the latest available audited financial statements.

Fair value of net investments in finance lease, long term loans and finances, long term deposits and other assets, other liabilities, long term certificates of deposit and other accounts are approximate to their carrying value. The provision for impairment of finance lease and long term loans and finances has been calculated in accordance with the Company's accounting policy and the requirements of the Non Banking Finance Companies and Notified Entities Regulations, 2008.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

In the opinion of Management, fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or are periodically repriced.

Fair value hierarchy

The Company has classified assets using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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:

	2019			Total
	Level 1	Level 2	Level 3	
-----Rupees-----				
RECURRING FAIR VALUE MEASUREMENTS				
Financial assets				
Financial assets at fair value through other comprehensive income				
AI Hail ORIX Finance PSC	-	-	188,177,948	188,177,948
Ordinary shares - unlisted	-	-	13,936,822	13,936,822
Financial assets at fair value through profit or loss				
Treasury bills	-	380,501,894	-	380,501,894
Non-financial assets				
Fixed assets (Leasehold land and building)	-	-	396,621,405	396,621,405
Total	-	380,501,894	598,736,175	979,238,069

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

	2018			Total
	Level 1	Level 2	Level 3	
-----Rupees-----				
RECURRING FAIR VALUE MEASUREMENTS				
Financial assets				
Financial assets at fair value through other comprehensive income				
Al Hail ORIX Finance PSC	-	-	229,180,469	229,180,469
Ordinary shares - unlisted	-	-	13,840,691	13,840,691
Financial assets at fair value through profit or loss				
Treasury bills	-	758,747,378	-	758,747,378
Non-financial assets				
Fixed assets (Leasehold land & building)	-	-	408,496,485	408,496,485
Total	-	758,747,378	651,517,645	1,410,265,023

Item	Valuation approach and input used
PIBs T-Bills	The fair value of PIBs and T-Bills are derived using PKRV rates. The PKRV rates are announced by the Financial Market Association (FMA) through Reuters. The rates announced are simple average of quotes received from 8 different pre-defined / approved dealers / brokers.
Fixed assets (leasehold land and building)	The revaluation by the valuer is carried on the basis of professional assessment of present market values.
Unlisted shares	Unlisted investment in Al-Hail ORIX Finance PSC are valued by applying the 'Income approach' where expected future returns are discounted at applicable rates using the discounted cash flow (DCF) model. The model takes into account expected future dividend income from Al Hail ORIX Finance PSC discounted at risk rates attributable to this investment.

52 CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to its shareholders or issue new shares.

As required under the NBFC Regulations, every Investment finance company involved in deposit taking shall maintain a capital adequacy ratio of 8% for the first two years after the amendment coming into force and 10% thereafter. The Company has maintained and complied with the minimum equity requirement during the current year.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2019

53 EARNINGS PER SHARE - basic and diluted	2019	2018
	-----Rupees-----	
Profit for the year after taxation	1,022,516,963	1,379,623,035
		(Restated)
Weighted average number of ordinary shares	167,054,902	164,319,842
Earnings per share - basic and diluted	6.12	8.40

53.1 Diluted earnings per share has not been presented separately as the Company does not have any convertible instruments in issue at June 30, 2019 and June 30, 2018 which would have any effect on the earnings per share if the option to convert is exercised.

54 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on September 6, 2019 proposed a final dividend of Rs. 3.75 per share (2018: Rs 3.00 per share) for the year ended June 30, 2019, amounting to Rs. 626,455,883 (2018: Rs. 417,367,257). This appropriation will be approved by the members of the Company at the Annual General Meeting to be held on October 24, 2019. The unconsolidated financial statements for the year ended June 30, 2019 do not include the effect of the appropriation which will be accounted for in the financial statements of the Company for the year ending June 30, 2020.

55 CORRESPONDING FIGURES

Certain corresponding figures have been reclassified, rearranged or additionally incorporated in this unconsolidated financial statements for the purposes of comparison and better presentation.

56 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on September 6, 2019 by the Board of Directors of the Company.

57 GENERAL

Figures reported in these unconsolidated financial statements have been rounded off to the nearest Rupee unless otherwise stated.


Shaheen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Directors Report On Consolidated Financial Statements

The Directors of ORIX Leasing Pakistan Limited (OLP) are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended June 30, 2019. The Group comprises of:

- ORIX Leasing Pakistan Limited (OLP) -The Holding Company
- ORIX Modaraba (OM) - Subsidiary Company.
- ORIX Services Pakistan (Private) Limited (OSP) - Subsidiary Company

The Directors' Report giving commentary on the performance of OLP for the year ended June 30, 2019 has been presented separately on page no. 14, which contains the business review, operational performance of OLP, future prospects and other requisite information on OLP. The contents of the said report shall be read along with this report and shall form an integral part of the Director's Report in terms of section 227 of the Companies Act, 2017 and the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 issued by the Securities and Exchange Commission of Pakistan.

Group Results

The consolidated financial results of the Group are summarized below:

	2019	2018
	-----Rupees-----	
Profit before taxation	1,530,106,082	1,792,231,530
Taxation	425,281,769	343,170,019
Profit for the year after taxation	1,104,824,313	1,449,061,511
Profit attributable to Equity shareholders of the Holding Company	1,016,139,632	1,371,298,724
Profit attributable to Non-controlling interest	88,684,681	77,762,787
		(Restated)
Earnings Per Share – basic and diluted	6.08	8.35
Appropriation: Transfer to statutory reserve	204,503,393	275,924,607

Pattern of Shareholding

The pattern of shareholding and related information as at June 30, 2019 is presented at page no. 207.

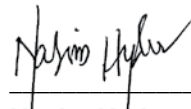
Financial and Operational Performance Based on Consolidated Financial Statements

Consolidated profit after tax of the Group for the year ended June 30, 2019 was Rs. 1,105 million (2018: Rs. 1,449 million) with the EPS of Rs. 6.08 (2018: Rs. 8.35). Profit from OM amounted to Rs. 126.06 million (2018: Rs. 120.30 million) and loss from OSP amounted to Rs. 8.7 million (2018: loss of 3.26 million). Minority interest accounts for 80% of OM's equity. As such, Rs. 88.7 million (2018: Rs. 77.7 million) out of OM's profit is attributable to non-controlling interest.

On Behalf of the Board.



Shaheen Amin
Chief Executive Officer



Nasim Hyder
Director

September 6, 2019

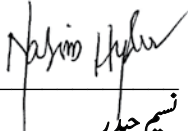
شیئر ہولڈنگ کا طرز


شیئر ہولڈنگ کا طرز اور متعلقہ معلومات برطابق 30 جون 2019 صفحہ نمبر 207 پر پیش کی گئی ہیں۔

اشتہالی مالیاتی گوشواروں پر مبنی مالیاتی اور عملیاتی کارکردگی

گروپ کا اشتہالی منافع بعد از محصول (ٹیکس) برائے اختتام سال 30 جون 2019، 1,105 ملین روپے (2018 میں 1,449 ملین روپے) اور فی حصص آمدنی 6.08 روپے (2018 میں 8.35 روپے) رہی، اور کس مضاربہ سے 126.06 ملین روپے منافع حاصل ہوا (2018 میں 120.30 ملین روپے)، جبکہ اور کس سروسز پاکستان میں 8.7 ملین روپے نقصان ہوا (2018 میں 3.26 ملین روپے نقصان)۔ اور کس مضاربہ میں 80 فیصد ایکویٹی اقلیتی حصص یافتگان کی ہے۔ اس طرح، اور کس مضاربہ کے منافع میں 88.7 ملین روپے (2018 میں 77.7 ملین روپے) اقلیتی حصص یافتگان کا حصہ ہے۔

بورڈ کی جانب سے


نسیم حیدر
ڈائریکٹر


شاہین امین
چیف ایگزیکٹو آفیسر
6 ستمبر 2019ء

ڈائریکٹرز کی رپورٹ برائے ایشتمالی مالیاتی گوشوارے

اورکس لیزنگ پاکستان لمیٹڈ (اولیل پی) کے ڈائیکٹران بمسرت اپنی رپورٹ معہ گروپ کے آڈٹ شدہ ایشتمالی مالیاتی گوشوارے برائے اختتام سال 30 جون 2019 پیش کرتے ہیں۔ گروپ میں شامل ہیں:

- اورکس لیزنگ پاکستان لمیٹڈ (OLP)
- اورکس مضاربہ (ORIXM)
- اورکس سروسز پاکستان (پرائیویٹ) لمیٹڈ (OSP)
- ہولڈنگ کمپنی
- ذیلی کمپنی، اور
- ذیلی کمپنی

اختتام سال 30 جون 2019 کے لیے اورکس لیزنگ پاکستان لمیٹڈ (اولیل پی) کی کارگردگی کا احاطہ کرتی ڈائریکٹران کی رپورٹ صفحہ نمبر 39 پر پیش کی گئی ہے، جس میں کاروبار کا جائزہ، عملیاتی کارگردگی، مستقبل کے امکانات اور ہولڈنگ کمپنی سے متعلق دیگر اہم معلومات شامل ہے۔ مذکورہ بالا رپورٹ کے مندرجات کو اس رپورٹ کے ساتھ پڑھا جائے، جو کمپنیز ایکٹ 2017 کے سیکشن 227 اور سیکوریٹیز اینڈ ایکس چینج کمیشن آف پاکستان کی جانب سے جاری کردہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کے قواعد و ضوابط 2017 کی رو سے ڈائریکٹرز کی رپورٹ کا لازمی حصہ ہونگے۔

گروپ کے نتائج:

گروپ کے ایشتمالی مالیاتی نتائج مختصر ادرج ذیل ہیں۔

2018	2019	
1,792,231,530	1,530,106,082	قبل از محصول (ٹیکس) منافع
343,170,019	425,281,769	محصولات (ٹیکس)
1,449,061,511	1,104,824,313	بعد از محصول (ٹیکس) سال کا منافع
1,371,298,724	1,016,139,632	ہولڈنگ کمپنی کے ایکویٹی شیئر ہولڈرز کے لیے منافع
77,762,787	88,684,681	اقلیتی شیئر ہولڈرز کے لیے منافع
(ری اسٹیٹڈ)		
8.35	6.08	فی شیئر آمدنی۔ بنیادی اور رقیب شدہ
275,924,607	204,503,393	تخصیص: قانونی ریزرو میں منتقلی

Consolidated Vertical Analysis

STATEMENT OF FINANCIAL POSITION	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
ASSETS								
<u>Non-current assets</u>								
Fixed assets	4,338	13.26%	5,154	15.41%	6,007	18.84%	5,434	16.97%
Intangible assets	82	0.25%	96	0.29%	102	0.32%	121	0.38%
Net investment in finance leases	8,135	24.87%	8,594	25.70%	7,517	23.57%	7,416	23.17%
Investment in associated undertakings	942	2.88%	672	2.01%	1,972	6.18%	2,266	7.08%
Long-term investments	407	1.24%	307	0.92%	356	1.12%	98	0.31%
Long-term finances and loans	4,236	12.95%	3,895	11.65%	2,426	7.61%	2,315	7.23%
Long-term deposits	12	0.04%	12	0.04%	13	0.04%	11	0.03%
	18,152	55.48%	18,730	56.02%	18,393	57.68%	17,661	55.17%
<u>Current assets</u>								
Short-term finances	285	0.87%	243	0.73%	149	0.47%	286	0.89%
Accrued return on investments and term finances	135	0.41%	83	0.25%	60	0.19%	106	0.33%
Current maturity of non-current assets	12,490	38.18%	12,139	36.30%	11,268	35.34%	11,618	36.29%
Short-term investments	395	1.21%	773	2.31%	914	2.87%	1,219	3.81%
Advances and prepayments	193	0.59%	106	0.32%	57	0.18%	75	0.23%
Other receivables	147	0.45%	156	0.47%	164	0.51%	211	0.66%
Cash and bank balances	616	1.88%	925	2.77%	728	2.28%	613	1.91%
Taxation - net	-	0.00%	-	0.00%	65	0.20%	75	0.23%
Defined benefit asset	9	0.03%	-	0.00%	-	0.00%	-	0.00%
Net investment in Ijarah finance	0.4	0.00%	0.4	0.00%	0.4	0.00%	-	0.00%
	14,270	43.62%	14,425	43.14%	13,405	42.04%	14,203	44.37%
Assets classified as held for sale	294	0.90%	281	0.84%	89	0.28%	148	0.46%
	14,564	44.52%	14,706	43.98%	13,494	42.32%	14,351	44.83%
Total assets	32,716	100.00%	33,436	100.00%	31,887	100.00%	32,012	100.00%
EQUITY AND LIABILITIES								
<u>Share capital and reserves</u>								
Total equity attributable to equity holder of the Holding Company	7,980	24.39%	7,222	21.60%	4,450	13.96%	4,176	13.05%
Non-controlling interest	980	3.00%	982	2.94%	1,002	3.14%	1,023	3.20%
<u>Non-current liabilities</u>								
Long-term finances	7,411	22.65%	6,834	20.44%	7,454	23.38%	6,298	19.67%
Long-term certificates of deposit	2,820	8.62%	3,225	9.65%	4,000	12.54%	5,888	18.39%
Long-term deposits	460	1.41%	554	1.66%	597	1.87%	464	1.45%
Deferred taxation	700	2.14%	481	1.44%	585	1.83%	476	1.49%
Other long-term liabilities	165	0.50%	203	0.61%	214	0.67%	260	0.81%
Post-employment benefits	-	0.00%	20	0.06%	17	0.05%	2	0.01%
Redeemable capital	38	0.12%	8	0.02%	0	0.00%	683	2.13%
	11,594	35.44%	11,325	33.87%	12,867	40.35%	14,071	43.96%
<u>Current liabilities</u>								
Trade and other payables	1,158	3.54%	1,239	3.71%	1,295	4.06%	1,059	3.31%
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	449	1.37%	284	0.85%	361	1.13%	440	1.37%
Unpaid dividend	-	0.00%	208	0.62%	-	0.00%	-	0.00%
Unclaimed dividend	78	0.24%	71	0.21%	65	0.20%	17	0.05%
Short-term borrowings	1,333	4.07%	2,355	7.04%	2,449	7.68%	1,918	5.99%
Short-term certificates of deposit	696	2.13%	1,048	3.13%	1,111	3.48%	2,073	6.48%
Current maturity of non-current liabilities	8,257	25.24%	8,511	25.45%	8,287	25.99%	7,235	22.60%
Taxation - net	191	0.58%	191	0.57%	-	0.00%	-	0.00%
	12,162	37.17%	13,907	41.59%	13,568	42.55%	12,742	39.80%
Total equity and liabilities	32,716	100.00%	33,436	100.00%	31,887	100.00%	32,012	100.00%
STATEMENT OF PROFIT OR LOSS ACCOUNT								
	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
INCOME								
<u>Income from operations</u>								
Finance lease	2,840	45.33%	2,531	38.91%	2,417	40.51%	2,324	56.48%
Operating lease	1,901	30.34%	2,117	32.55%	2,254	37.78%	574	13.95%
Mark-up on term Finance	1,122	17.91%	769	11.82%	642	10.76%	510	12.39%
	5,863	93.58%	5,417	83.29%	5,313	89.05%	3,408	82.82%
<u>Income from other activities</u>								
Other income - net	351	5.60%	989	15.21%	424	7.11%	473	11.49%
Share of profit of equity accounted undertakings	51	0.81%	98	1.51%	229	3.84%	234	5.69%
	402	6.42%	1,087	16.71%	653	10.95%	707	17.18%
Total Income	6,265	100.00%	6,504	100.00%	5,966	100.00%	4,115	100.00%
EXPENSES								
Finance costs	1,990	31.76%	1,636	25.15%	1,790	30.00%	1,674	40.68%
Administrative and general expenses	1,370	21.87%	1,262	19.40%	1,124	18.84%	863	20.97%
Direct cost	1,553	24.79%	1,783	27.41%	1,905	31.93%	427	10.38%
	4,913	78.42%	4,681	71.97%	4,819	80.77%	2,964	72.03%
Profit before provision and taxation	1,352	21.58%	1,823	28.03%	1,147	19.23%	1,151	27.97%
(Reversal) / Provision for potential lease and other loan losses - net	(192)	-3.06%	20	0.31%	(23)	-0.39%	215	5.22%
Other provisions / (reversal) - net	14	0.22%	11	0.17%	(76)	-1.27%	(40)	-0.97%
	(178)	-2.84%	31	0.48%	(99)	-1.66%	175	4.25%
Profit before taxation from continuing operations	1,530	24.42%	1,792	27.55%	1,246	20.89%	976	23.72%
Taxation	425	6.78%	343	5.27%	322	5.40%	217	5.27%
Profit after taxation from continuing operations	1,105	17.64%	1,449	22.28%	924	15.49%	759	18.44%
DISCONTINUED OPERATIONS								
Loss after taxation from discontinued operations	-	0.00%	-	0.00%	-	0.00%	(13)	-0.32%
Profit for the year after taxation	1,105	17.64%	1,449	22.28%	924	15.49%	746	18.13%

Consolidated Horizontal Analysis

STATEMENT OF FINANCIAL POSITION	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
ASSETS								
<u>Non-current assets</u>								
Fixed assets	4,338	-15.83%	5,154	-14.20%	6,007	10.54%	5,434	208.43%
Intangible assets	82	-14.58%	96	-5.88%	102	-15.70%	121	1301.85%
Net investment in finance leases	8,135	-5.34%	8,594	14.33%	7,517	1.36%	7,416	62.96%
Investment in associated undertakings	942	40.18%	672	-65.92%	1,972	-12.97%	2,266	4.12%
Long-term investments	407	32.57%	307	-13.76%	356	263.27%	98	580.34%
Long-term finances and loans	4,236	8.75%	3,895	60.55%	2,426	4.79%	2,315	163.29%
Long-term deposits	12	0.00%	12	-7.69%	13	18.18%	11	9.47%
	18,152	-3.09%	18,730	1.83%	18,393	4.14%	17,661	87.86%
<u>Current assets</u>								
Short-term finances	285	17.28%	243	63.09%	149	-47.90%	286	-29.79%
Accrued return on investments and term finances	135	62.65%	83	38.33%	60	-43.40%	106	41.74%
Current maturity of non-current assets	12,490	2.89%	12,139	7.73%	11,268	-3.01%	11,618	16.58%
Short-term investments	395	-48.95%	773	-15.43%	914	-25.02%	1,219	10.22%
Advances and prepayments	193	82.08%	106	85.96%	57	-24.00%	75	59.62%
Other receivables	147	-5.77%	156	-4.88%	164	-22.27%	211	183.17%
Cash and bank balances	616	-33.41%	925	27.06%	728	18.76%	613	253.75%
Taxation - net	-	0.00%	-	-100.00%	65	-13.33%	75	-56.14%
Defined benefit asset	9	100.00%	-	0.00%	-	0.00%	-	0.00%
Net investment in Ijarah finance	0.4	0.00%	0.4	0.00%	0.4	100.00%	-	0.00%
	14,270	-1.08%	14,425	7.61%	13,405	-5.62%	14,203	18.16%
Assets classified as held for sale	294	4.63%	281	215.73%	89	-39.86%	148	62.10%
	14,564	-0.97%	14,706	8.98%	13,494	-5.97%	14,351	18.49%
Total assets	32,716	-2.15%	33,436	4.86%	31,887	-0.39%	32,012	48.81%
EQUITY AND LIABILITIES								
<u>Share capital and reserves</u>								
Total equity attributable to equity holder of the Holding Company	7,980	10.50%	7,222	62.29%	4,450	6.56%	4,176	17.67%
Non-controlling interest	980	-0.20%	982	-2.00%	1,002	-2.05%	1,023	100.00%
<u>Non-current liabilities</u>								
Long-term finances	7,411	8.44%	6,834	-8.32%	7,454	18.36%	6,298	33.78%
Long-term certificates of deposit	2,820	-12.56%	3,225	-19.38%	4,000	-32.07%	5,888	15.07%
Long-term deposits	460	-16.97%	554	-7.20%	597	28.66%	464	100.00%
Deferred taxation	700	45.53%	481	-17.78%	585	22.90%	476	4.91%
Other long-term liabilities	165	-18.72%	203	-5.14%	214	-17.69%	260	-3.07%
Post-employment benefits	-	-100.00%	20	17.65%	17	750.00%	2	135.52%
Redeemable capital	38	375.00%	8	100.00%	0	-100.00%	683	100.00%
	11,594	2.38%	11,325	-11.99%	12,867	-8.56%	14,071	33.40%
<u>Current liabilities</u>								
Trade and other payables	1,158	-6.54%	1,239	-4.32%	1,295	22.29%	1,059	65.18%
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	449	58.10%	284	-21.33%	361	-17.95%	440	37.94%
Unpaid dividend	-	-100.00%	208	100.00%	-	0.00%	-	0.00%
Unclaimed dividend	78	9.86%	71	9.23%	65	282.35%	17	100.00%
Short-term borrowings	1,333	-43.40%	2,355	-3.84%	2,449	27.69%	1,918	117.01%
Short-term certificates of deposit	696	-33.59%	1,048	-5.67%	1,111	-46.41%	2,073	119.52%
Current maturity of non-current liabilities	8,257	-2.98%	8,511	2.70%	8,287	14.54%	7,235	56.34%
Taxation - net	191	0.00%	191	100.00%	-	0.00%	-	0.00%
	12,162	-12.55%	13,907	2.50%	13,568	6.48%	12,742	71.81%
Total equity and liabilities	32,716	-2.15%	33,436	4.86%	31,887	-0.39%	32,012	48.81%
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	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15
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	5,863	8.23%	5,417	1.96%	5,313	55.90%	3,408	0.62%
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Share of profit of equity accounted undertakings	51	-47.96%	98	-57.21%	229	-2.14%	234	-14.95%
	402	-63.02%	1,087	66.46%	653	-7.64%	707	20.67%
Total Income	6,265	-3.67%	6,504	9.02%	5,966	44.98%	4,115	3.57%
EXPENSES								
Finance costs	1,990	21.64%	1,636	-8.60%	1,790	6.93%	1,674	-3.11%
Administrative and general expenses	1,370	8.56%	1,262	12.28%	1,124	30.24%	863	9.94%
Direct cost	1,553	-12.90%	1,783	-6.40%	1,905	346.14%	427	-12.96%
	4,913	4.96%	4,681	-2.86%	4,819	62.58%	2,964	-1.31%
Profit before provision and taxation	1,352	-25.84%	1,823	58.94%	1,147	-0.35%	1,151	18.69%
(Reversal) / Provision for potential lease and other loan losses - net	(192)	-1060.00%	20	-186.96%	(23)	-110.70%	215	76.70%
Other provisions / (reversal) - net	14	27.27%	11	-114.47%	(76)	90.00%	(40)	-200.02%
	(178)	-674.19%	31	-131.31%	(99)	-156.57%	175	8.25%
Profit before taxation from continuing operations	1,530	-14.62%	1,792	43.82%	1,246	27.66%	976	20.78%
Taxation	425	23.91%	343	6.52%	322	48.39%	217	20.43%
Profit after taxation from continuing operations	1,105	-23.74%	1,449	56.82%	924	21.74%	759	20.88%
DISCONTINUED OPERATIONS								
Loss after taxation from discontinued operations	-	-	-	-	-	100.00%	(13)	-130.23%
Profit for the year after taxation	1,105	-23.74%	1,449	56.82%	924	23.86%	746	11.19%



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INDEPENDENT AUDITOR'S REPORT

To the members of **ORIX Leasing Pakistan Limited**

Opinion

We have audited the annexed consolidated financial statements of ORIX Leasing Pakistan Limited and its subsidiary companies (the Group), which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	<p>Impairment allowance for potential Lease and Loan losses</p> <p>Refer to notes 7, 10, 11 and 40 to the consolidated financial statements and the accounting policy in 3.6, 3.7, 3.10 and 3.11.2 to the consolidated financial statements.</p> <p>The Group's portfolios for net investment in finance lease, long-term finances and loans and short-term finances amounts to Rs. 17.96 billion, Rs. 7.66 billion and Rs. 0.31 billion having provision of Rs. 0.67 billion, Rs. 0.15 billion and Rs. 0.02 billion respectively.</p> <p>We identified the impairment allowance for potential lease and loan losses as a key audit matter due to the inherent uncertainty and judgment used by the management and compliance of the applicable regulations issued by Securities and Exchange Commission of Pakistan (SECP).</p>	<p>Our audit procedures included:</p> <p>We tested the design and operation of manual and automated controls over the individual impairment provision including:</p> <ul style="list-style-type: none"> • The accuracy of the data used for credit grading and approval of credit facilities. • The ongoing monitoring and identification of lease and loans displaying indicators of impairment and whether they are migrating on a timely basis, to watch list or to non performing including the generation of days past due reports. <p>We performed a sample of credit reviews on individually significant lease and loan customers where impairment indicators had been identified by management. We obtained the management's assessment of the recoverability of these exposures (including individual provisions calculations) and challenged whether individual impairment provisions are in line with the requirements of the applicable regulations issued by SECP.</p> <p>For a sample of lease and loan customers not identified as displaying indicators of impairment by management, challenged their assessment by reviewing the historical performance of the customers and formed our own view whether any impairment indicators were present.</p> <p>We have also evaluated the management's compliance with the applicable regulations relating to impairment provisions.</p>

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The Other Information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

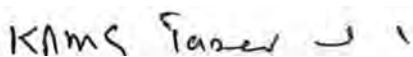
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Muhammad Taufiq.



KPMG Taseer Hadi & Co.
Chartered Accountants

Dated: September 18, 2019
Karachi

Consolidated Statement of Financial Position

As at June 30, 2019

	Note	2019	2018
-----Rupees-----			
ASSETS			
Non-current assets			
Fixed assets	5	4,338,066,725	5,153,413,882
Intangible assets	6	81,938,905	96,193,782
Net investment in finance lease	7	17,955,603,086	18,840,807,660
Current maturity	13	(9,151,970,240)	(9,322,608,857)
Allowance for potential lease losses	40	(669,018,735)	(924,124,734)
		(9,820,988,975)	(10,246,733,591)
		8,134,614,111	8,594,074,069
Investment in associated undertakings	8	942,321,227	672,208,880
Long-term investments	9	407,342,320	307,453,115
Long-term finances and loans	10	4,235,619,137	3,894,555,609
Long-term deposits		12,390,066	12,138,660
		18,152,292,491	18,730,037,997
Current assets			
Short-term finances	11	285,006,782	242,846,690
Accrued return on investments and term finance	12	135,034,672	83,360,712
Current maturity of non-current assets	13	12,489,841,573	12,138,619,740
Short-term investments	14	394,438,716	772,588,069
Advances and prepayments	15	192,821,561	105,867,225
Other receivables	16	147,089,203	156,302,114
Cash and bank balances	17	616,220,762	924,936,908
Defined benefit asset	26	8,808,244	-
Net investment in ijarah finance		370,000	370,000
		14,269,631,513	14,424,891,458
Assets classified as held for sale	18	293,867,662	280,731,455
Total assets		32,715,791,666	33,435,660,910
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		3,500,000,000	3,500,000,000
350,000,000 (2018: 350,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital	19	1,670,549,020	1,392,124,190
Capital reserves		3,347,643,007	3,428,393,164
Revenue reserves		2,961,988,871	2,401,831,721
Total equity attributable to equity holder of the Holding Company		7,980,180,898	7,222,349,075
Non-controlling interest		979,976,301	982,061,399
		8,960,157,199	8,204,410,474
Non-current liabilities			
Long-term finances	21	7,411,171,148	6,833,920,736
Long-term certificates of deposit	22	2,819,697,418	3,225,368,617
Long-term deposits	23	460,371,219	553,806,134
Deferred taxation	24	699,540,763	480,597,549
Other long-term liabilities	25	164,902,777	202,558,668
Defined benefit obligation - staff gratuity	26	-	19,969,684
Redeemable capital	27	37,750,000	8,200,000
		11,593,433,325	11,324,421,388
Current liabilities			
Trade and other payables	28	1,158,069,669	1,238,831,800
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	29	449,397,319	283,728,568
Unpaid Dividend		-	208,224,070
Unclaimed dividend		78,313,447	70,843,967
Short-term borrowings	30	1,332,642,374	2,355,358,951
Short-term certificates of deposit	31	695,436,338	1,047,782,107
Current maturity of non-current liabilities	32	8,257,099,667	8,510,960,803
Taxation - net		191,242,328	191,098,782
		12,162,201,142	13,906,829,048
Total equity and liabilities		32,715,791,666	33,435,660,910
Contingencies and commitments	33		

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.


Shaheen Amin
 Chief Executive Officer


Nasim Hyder
 Director


Maryam Aziz
 Chief Financial Officer

Consolidated Statement of Profit or Loss Account

For the year ended June 30, 2019

	Note	2019	2018
-----Rupees-----			
INCOME			
Income from operations			
Finance leases		2,840,177,559	2,531,120,058
Operating leases	34	1,900,937,982	2,116,973,552
Mark-up on term finance		1,122,314,862	769,440,127
		<u>5,863,430,403</u>	<u>5,417,533,737</u>
Income from other activities			
Other income - net	35	351,023,935	988,654,173
Share of profit of equity accounted undertakings	36	50,671,374	98,672,824
		<u>401,695,309</u>	<u>1,087,326,997</u>
		<u>6,265,125,712</u>	<u>6,504,860,734</u>
EXPENSES			
Finance cost	37	1,989,860,723	1,635,942,561
Administrative and general expenses	38	1,369,994,314	1,261,805,388
Direct cost	39	1,553,463,745	1,783,498,293
		<u>4,913,318,782</u>	<u>4,681,246,242</u>
Profit before provision and taxation		<u>1,351,806,930</u>	<u>1,823,614,492</u>
(Reversal) / provision for potential lease and other loan losses - net	40	(192,007,498)	19,917,108
Other provisions - net	41	13,708,346	11,465,854
		<u>(178,299,152)</u>	<u>31,382,962</u>
Profit before taxation		<u>1,530,106,082</u>	<u>1,792,231,530</u>
Taxation	43	425,281,769	343,170,019
Profit for the year after taxation		<u>1,104,824,313</u>	<u>1,449,061,511</u>
Profit for the year after taxation attributable to:			
Equity shareholders of the Holding Company		1,016,139,632	1,371,298,724
Non-controlling interest		88,684,681	77,762,787
		<u>1,104,824,313</u>	<u>1,449,061,511</u>
		2019	2018
-----Rupees-----			
Earnings per share - basic and diluted	55	<u>6.08</u>	<u>8.35</u>

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.


Shaheen Amin
 Chief Executive Officer


Nasim Hyder
 Director


Maryam Aziz
 Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2019

	2019	2018
	-----Rupees-----	
Profit for the year after taxation attributable to:		
Equity shareholders of the Holding Company	1,016,139,632	1,371,298,724
Non-controlling interest	88,684,681	77,762,787
	<u>1,104,824,313</u>	<u>1,449,061,511</u>
Other comprehensive income		
Items that will be subsequently reclassified in profit or loss		
Exchange gain arising on translation of foreign associates - net of deferred tax	189,740,132	143,148,279
Reclassification of foreign currency translation on discontinuation of equity accounting - net of deferred tax	-	(269,550,790)
	<u>189,740,132</u>	<u>(126,402,511)</u>
Items that will not be subsequently reclassified in profit or loss		
Fair value change on remeasurement of financial assets - net of deferred tax	(31,988,341)	3,403,470
Remeasurement of defined benefit obligation - staff gratuity	8,808,244	(24,923,888)
Other comprehensive income component of associated undertaking	(3,402,021)	-
	<u>5,406,223</u>	<u>(24,923,888)</u>
Total comprehensive income for the year	<u>1,267,982,327</u>	<u>1,301,138,582</u>
Total comprehensive income for the year attributable to:		
Equity shareholders of the Holding Company	1,179,297,646	1,223,375,795
Non-controlling interest	88,684,681	77,762,787
	<u>1,267,982,327</u>	<u>1,301,138,582</u>

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.


Shaheen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Consolidated Statement of Cash Flows

For the year ended June 30, 2019

	Note	2019	2018
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	44	4,785,325,929	4,360,385,054
(Increase) / decrease in operating assets			
Investment in finance lease - net		815,274,830	(1,183,162,696)
Long-term finances and loans - net		(331,142,073)	(1,545,606,732)
Short-term finances		(48,797,171)	(94,022,997)
Long-term deposits		(251,406)	(535,000)
Advances and prepayments		(104,744,032)	(59,527,802)
Other receivables		(31,876,197)	(38,856,371)
		298,463,951	(2,921,711,598)
(Decrease) / Increase in operating liabilities			
Deposits from lessee - net		(72,820,691)	(108,726,319)
Other long term liabilities - net		(475,446,203)	(551,833,211)
Trade and other payables		(87,463,157)	(59,997,635)
		(635,730,051)	(720,557,165)
Net cash generated from operating activities before income tax		4,448,059,829	718,116,291
Payment of Sindh Workers' Welfare Fund		-	(25,000)
Payment against staff retirement benefits		(40,545,296)	(32,899,060)
Income tax paid		(205,942,002)	(153,768,464)
Net cash generated from operating activities		4,201,572,531	531,423,767
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions made to intangible assets		(119,831,928)	(17,826,560)
Capital expenditure incurred - fixed assets for own use		(1,445,061)	(51,504,846)
Capital expenditure incurred - operating lease assets		-	(161,735,180)
Capital expenditure incurred - ijarah finance		(1,628,807,141)	(2,537,301,416)
Proceeds from disposal of assets - own use		8,929,357	9,563,177
Proceeds from sale of operating lease assets		-	209,052,129
Proceeds from sale of Ijarah finance assets		561,598,696	987,313,729
Instalment against consideration on sale of e-business		-	10,666,670
Investments - net		140,541,985	161,085,308
Proceeds from disposal of asset classified as held for sale		-	1,723,740,840
Dividend received		38,328,067	36,161,992
Interest received		57,060,894	64,735,865
Net cash (used in) / generated from investing activities		(943,625,131)	433,951,708
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term finances		4,205,891,549	3,765,735,328
Proceeds from Right issue - net		-	1,985,245,504
Short-term borrowings-net		(395,000,000)	(945,000,000)
Certificates of deposit redeemed - net		(1,016,468,541)	(751,983,667)
Repayment of long-term finances		(3,622,446,654)	(4,187,860,533)
Finance cost paid		(1,379,069,931)	(1,160,050,853)
Dividend paid		(731,853,392)	(325,857,995)
Net cash used in from financing activities		(2,938,946,969)	(1,619,772,216)
Net increase / (decrease) in cash and cash equivalents		319,000,431	(654,396,741)
Cash and cash equivalents at beginning of the year		(785,422,043)	(131,025,302)
Cash and cash equivalents at end of the year	45	(466,421,612)	(785,422,043)

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.


Shaheen Amin
 Chief Executive Officer


Nasim Hyder
 Director


Maryam Aziz
 Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended June 30, 2019

	Attributable to equity shareholders of the Holding Company						Sub total	Non-controlling Interest	Total	
	Capital Reserves			Revenue Reserves						
	Issued, subscribed and paid-up capital	Share premium	Statutory reserve	Surplus on Revaluation of leasehold land and office building	Unappropriated profit	Fair value reserve on re-measurement of financial assets				Foreign currency translation reserve
	(Rupees)									
Balance as at July 1, 2017	820,827,940	449,686,099	979,107,379	317,381,264	1,707,498,196	(515,011)	176,250,655	4,450,236,522	1,002,327,037	5,452,563,559
Impact of adoption of IFRS 9 by associate - net of tax	-	-	-	-	(18,871,489)	-	-	(18,871,489)	-	(18,871,489)
Right shares issued during the year	571,296,250	-	-	-	-	-	-	571,296,250	-	571,296,250
Premium on Right shares during the year - net	-	1,413,949,254	-	-	-	-	-	1,413,949,254	-	1,413,949,254
Profit for the year after taxation	-	-	-	-	1,371,298,724	-	-	1,371,298,724	77,762,787	1,449,061,511
Other comprehensive loss	-	-	-	-	(24,923,888)	3,403,470	(126,402,511)	(147,922,929)	-	(147,922,929)
Total comprehensive income for the year ended June 30, 2018	-	-	-	-	1,346,374,836	3,403,470	(126,402,511)	1,223,375,795	77,762,787	1,301,138,582
Transactions with owners recorded directly in equity										
Cash dividend @ Rs. 3.00 per ordinary share of Rs. 10.00 each for the year ended June 30, 2017	-	-	-	-	(417,637,257)	-	-	(417,637,257)	-	(417,637,257)
Profit distribution for the year ended June 30, 2017 @ Rs. 2.70 per certificate	-	-	-	-	-	-	-	-	(98,028,425)	(98,028,425)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	(7,655,439)	7,655,439	-	-	-	-	-
Transfer to statutory reserve	-	-	275,924,607	-	(275,924,607)	-	-	-	-	-
Balance as at June 30, 2018	1,392,124,190	1,863,635,353	1,255,031,986	309,725,825	2,349,095,118	2,888,459	49,848,144	7,222,349,075	982,061,399	8,204,410,474
Balance as at July 1, 2018	1,392,124,190	1,863,635,353	1,255,031,986	309,725,825	2,349,095,118	2,888,459	49,848,144	7,222,349,075	982,061,399	8,204,410,474
Impact of change in accounting policy - net of tax	-	-	-	-	41,082,377	(41,082,377)	-	-	-	-
Impact of change in associate's accounting policy - net of tax	-	-	-	-	(3,828,566)	-	-	(3,828,566)	-	(3,828,566)
Bonus shares issued from share premium reserve	278,424,830	(278,424,830)	-	-	-	-	-	-	-	-
Profit for the year after taxation	-	-	-	-	1,016,139,632	-	-	1,016,139,632	88,684,681	1,104,824,313
Other comprehensive income / (loss)	-	-	-	-	5,406,223	(31,988,341)	189,740,132	163,158,014	-	163,158,014
Total comprehensive income for the year ended June 30, 2019	-	-	-	-	1,021,545,855	(31,988,341)	189,740,132	1,179,297,646	88,684,681	1,267,982,327
Transactions with owners recorded directly in equity										
Cash dividend @ Rs. 3.00 per ordinary share of Rs. 10.00 each for the year ended June 30, 2018	-	-	-	-	(417,637,257)	-	-	(417,637,257)	-	(417,637,257)
Profit distribution for the year ended June 30, 2018 @ Rs. 2.50 per certificate	-	-	-	-	-	-	-	-	(90,769,779)	(90,769,779)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	(6,828,720)	6,828,720	-	-	-	-	-
Transfer to statutory reserve	-	-	204,503,393	-	(204,503,393)	-	-	-	-	-
Balance as at June 30, 2019	1,670,549,020	1,585,210,523	1,459,535,379	302,897,105	2,792,582,854	(70,182,259)	239,588,276	7,980,180,898	979,976,301	8,960,157,199

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.


Shaheen Amin
 Chief Executive Officer


Nasim Hyder
 Director


Maryam Aziz
 Chief Financial Officer

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

1 LEGAL STATUS AND OPERATIONS

The “Group” consists of:

- (i) ORIX Leasing Pakistan Limited, the Holding Company;
- (ii) ORIX Services Pakistan (Private) Limited- subsidiary company; and
- (iii) ORIX Modaraba- subsidiary company.

1.1 Holding company

ORIX Leasing Pakistan Limited (“the Holding Company / the Company”) was incorporated in Pakistan as a private limited company on July 1, 1986 under the repealed Companies Ordinance, 1984 and was converted into a public limited company on December 23, 1987. The Company is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at Islamic Chamber of Commerce Building, Clifton, Karachi. The Holding Company is licensed to carry out Investment Finance Services as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP).

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long-term rating of AA+ and a short-term rating of A1+ to the Holding Company on August 28, 2019.

1.2 Subsidiary companies

1.2.1 ORIX Services Pakistan (Private) Limited - 100% effective holding

ORIX Services Pakistan (Private) Limited (“the Management Company”) was incorporated as a private limited company on February 25, 1957 under the then applicable Companies Act, 1913 (now Companies Act, 2017). Subsequently, it was registered as a Modaraba Company with the Registrar of Modaraba Companies and Modarabas under the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980.

The principal activity of the Management Company is to engage in the business of floatation of Modarabas and to function as a Modaraba Company within the meaning of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980. Presently, the Company manages only ORIX Modaraba. The registered office of the Management Company is situated at 6th Floor, Syedna Tahir Saif-ud-din Trust Building, Beaumont Road, Civil Lines, Karachi, Pakistan.

On June 20, 2016, the Holding Company acquired 100% shareholding (4,450,000 shares) of the Management Company. The Holding Company continues to hold 100% shares in ORIX Services Pakistan (Private) Limited till date.

1.2.2 ORIX Modaraba - 20% effective holding

ORIX Modaraba (“the Modaraba”) was formed in the name of Standard Chartered Modaraba under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by ORIX Services Pakistan (Private) Limited (formerly Standard Chartered Services of Pakistan (Private) Limited) (“the Management Company”) which is a wholly owned subsidiary of ORIX Leasing Pakistan Limited. The registered office of the Modaraba is the same as that of its Management Company.

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The Modaraba is a perpetual Modaraba and is primarily engaged in leasing / ijarah of plant, machinery, motor vehicles (both commercial and private) and computer equipment, etc. The Modaraba may also invest in commercial and industrial ventures suitable for the Modaraba. The Modaraba is listed on the Pakistan Stock Exchange Limited and has been assigned a long-term rating of AA and a short-term rating of A1+ by the Pakistan Credit Rating Agency Limited on April 19, 2018.

On June 21, 2016, the Holding Company acquired 10% certificate holding (4,538,353 certificates) in the Modaraba. Since the Company had acquired 100% shareholding in the Management Company as mentioned in note 1.2.1 above, the Modaraba became a subsidiary of the Company in view of the control which the Holding Company exercised through its fully owned Management Company and an effective holding of 20% in the certificates of Modaraba by the Holding Company collectively with the Management Company. Subsequent to the acquisition, the Modaraba has been renamed as ORIX Modaraba.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan, which comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the ICAP as are notified under the Companies Act, 2017, the requirements of Companies Act, 2017, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. In case the requirements differ, the provisions of and directives issued under the NBFC Rules, the NBFC Regulations, the Companies Act, 2017 and the directives issued by the SECP prevail.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for the following:

- Leasehold land and office building are stated at revalued amounts;
- Financial instruments are stated at fair value through profit or loss and through other comprehensive income;
- Obligation in respect of staff gratuity is measured at present value of defined benefit obligation;
- Non-current assets classified as held-for-sale are valued at lower of carrying amount and fair value less cost to sell; and
- Investment in associated undertakings are valued under equity accounting method.

2.3 Functional and presentation currency

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pakistani Rupee which is the Group's functional and presentation currency.

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2.4 Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with approved accounting standards require management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, Management has made the following estimates and judgments which are significant to the consolidated financial statements:

- (a) determination of the residual values and useful lives of Fixed assets (notes 3.4 and 5);
- (b) determination of amortisation rates for intangible assets (notes 3.5 and 6);
- (c) allowance for potential lease and other loan losses (notes 3.7 and 40);
- (d) classification, valuation and impairment of financial assets (note 3.11);
- (e) recognition for taxation and deferred tax (notes 3.20 and 43);
- (f) accounting for defined benefit obligation (notes 3.21 and 26);
- (g) employees compensated absences (note 3.22 and 38.1); and
- (h) impairment of non-financial assets (notes 3.10).

2.5 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant in the current year

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 1, 2018 and are considered to be relevant. These are disclosed in note 5 to these consolidated financial statements..

2.6 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There were certain new amendments to the approved accounting standards which became effective during the year ended June 30, 2019 but are considered not to be relevant or have any significant effect on the Company's financial reporting and are, therefore, not disclosed in these consolidated financial statements.

2.7 Standards, interpretations and amendments to published approved accounting standards that are not yet effective and have not been early adopted by the Group

The following International Financial Reporting Standards (IFRS) 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:

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Amendment to IFRS 9 ‘Financial Instruments’ – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after January 1, 2019). For a debt instrument to be eligible for measurement at amortised cost or fair value through other comprehensive income (FVOCI), IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are ‘solely payments of principal and interest’. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on the Group’s financial statements.

On March 29, 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and it contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of January 1, 2020, unless the new guidance contains specific scope outs.

IFRS 16 ‘Leases’ (effective for annual period beginning on or after January 1, 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 ‘Leases’, IFRIC 4 ‘Determining whether an Arrangement contains a Lease’, SIC-15 ‘Operating Leases- Incentives’ and SIC-27 ‘Evaluating the Substance of Transactions Involving the Legal Form of a Lease’. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating. As at the reporting date, Holding Company is currently in the process of assessing the potential impacts of changes as a result of adoption of IFRS 16.

Other standards, interpretations or amendments

	Effective date (accounting period beginning on or after)
- IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies”	January 1, 2020
- IAS - 28 “Investments in Associates and Joint Ventures”	January 1, 2019
- IAS 19 “Employee Benefits’- Plan”	January 1, 2019
- IFRS 3 “Business Combinations”	January 1, 2020
- IFRIC 23 “Uncertainty over Income Tax Treatment”	January 1, 2019

Annual Improvements to IFRS Standards 2015–2017 Cycle

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement	January 1, 2019
- IAS 23 Borrowing Costs	January 1, 2019
- IAS 12 Income Taxes	January 1, 2019

The above standards, interpretations and amendments are mandatory for the Group’s accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or will not have any significant effect on the Group’s operations and are, therefore, not detailed in these consolidated financial statements.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these consolidated financial statements are set forth below. These accounting policies have been applied consistently to all the years presented, unless otherwise stated.

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies.

Subsidiary companies are fully consolidated from the date on which the power to control the company is established and are excluded from consolidation from the date of disposal or when the control is lost.

The financial statements of subsidiaries are prepared for the same reporting period as the Holding Company, using accounting policies that are consistent with those of the Holding Company.

The assets and liabilities of the subsidiaries have been consolidated with those of the Holding Company on a line by line basis and the carrying value of the Company's investment in the subsidiaries is eliminated against the subsidiaries' share capital and pre-acquisition reserves in these consolidated financial statements.

Non-controlling interest represents that part of the net results of operations and of the net assets of the subsidiaries that is not owned by the Group.

All material intra-group balances and transactions have been eliminated.

Acquisitions of non-controlling interest (NCI) are measured at the proportionate share of the NCI in the fair value of the net assets acquired by the Holding Company. The excess of the fair value of consideration transferred over the proportionate share of the NCI in the fair value of net assets acquired is recognised in equity.

3.2 Business combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Holding Company's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

3.3 Goodwill

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGU, that is expected to benefit from the synergies of the combination. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Notes to and Forming Part of The Consolidated Financial Statements

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3.4 Fixed assets

Own use and on Operating lease

Fixed assets (except leasehold land and office building) are stated at cost less accumulated depreciation and impairment losses, if any. Leasehold land and office building are carried at revalued amounts less accumulated depreciation and subsequent impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Cost incurred to replace a component of an item of fixed asset is capitalised and the asset so replaced is retired from use. All repairs and maintenance expenditure are charged to the profit or loss during the period in which these are incurred.

Depreciation is charged using the straight line method over the estimated useful lives of assets, at the rates specified in notes 5.1, 5.2 and 5.3 to these consolidated financial statements. Cranes under operating lease are depreciated at the rates specified in note 5.2 by considering residual values. The carrying value of leasehold land is amortised over its lease term. Depreciation on additions is charged from the month in which the assets are available for use. No depreciation is charged in the month of disposal.

Accounting treatment and presentation of revaluation of fixed assets is in conformity with IAS 16 'Property, Plant and Equipment' and Companies Act, 2017. Revaluation surplus on fixed assets is presented in the Statement of Financial Position and Statement of Changes in Equity as a capital reserve.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gains / losses on disposal of fixed assets, if any, are taken to the profit or loss in the period in which they arise except that the related surplus on revaluation of fixed assets (net of deferred taxation) is transferred directly to unappropriated profit.

Assets having an indefinite useful life are stated at acquisition cost less accumulated impairment losses, if any.

The residual values, useful lives and methods of depreciation of assets are reviewed and adjusted, if appropriate, at each reporting date.

Capital work-in-progress is stated at cost less impairment loss, if any and consists of expenditure incurred (including any borrowing cost, if applicable) and advances made in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

Ijarah assets

Rental from Ijarah arrangements are recognised in the profit or loss on an accrual basis as and when rentals become due. Costs including depreciation, incurred in earning the Ijarah income are recognised as expense. Initial direct costs incurred specifically to earn revenues from Ijarah are recognised as an expense in the period in which they are incurred. The Ijarah assets are depreciated over the period of Ijarah finance on a straight line basis at the rates specified in note 5.3.

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For the year ended June 30, 2019

3.5 Intangible assets

Intangible assets having definite lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Amortisation is charged using the straight-line method over the estimated useful lives of the assets at the rates specified in note 6.1. Amortisation on additions is charged from the month in which the assets are available for use. No amortisation is charged in the month of disposal. The residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Gains / losses on disposal of intangible assets, if any, are taken to the profit or loss in the period in which these arise.

3.6 Net investment in finance lease

Leases in which the Holding Company transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessees are classified as finance leases. A receivable is recognised at an amount equal to the present value of the minimum lease payments, including any guaranteed residual value. The "net investment in finance lease" included in these consolidated financial statements is recorded as net of adjustable security deposit.

3.7 Allowance for potential lease and other loan losses

Holding Company

The allowance for potential lease and other loan losses is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on lease and other loan portfolio which can be reasonably anticipated. The allowance is increased by provisions charged to income and is decreased by charge offs, net of recoveries.

Calculating the allowance for potential lease and other loan losses is subject to numerous judgments and estimates. In evaluating the adequacy of allowance, Management considers various factors, including the requirements of the NBFC Regulations, the nature and characteristics of the obligor, current economic conditions, credit concentrations or deterioration in collateral, historical loss experience and delinquencies. Lease and other loan receivables are written off, when in the opinion of management, the likelihood of any future collection is minimal.

The Modaraba

Provision for non-performing ijarah finance, if any, is made in accordance with the requirements of the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan (SECP) and is charged to the profit or loss in the current period. Outstanding balances in net investment in ijarah finance are written off when there is no realistic prospect of recovery.

3.8 Assets classified as held for sale

The Group classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

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A non-current asset held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised through the profit or loss for any initial or subsequent write down of the non-current asset to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent they do not exceed the cumulative impairment losses previously recorded. A non-current asset is not depreciated while classified as held for sale.

3.9 Investment in associated undertakings

Investment in its associates is accounted for under the equity method of accounting where an associate is an entity in which the Holding Company has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity.

Associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

The Group discontinues the use of the equity method from the date when it loses the power to participate in the financial and operating policy decisions of the investee. If the retained interest of the Group in the former associate is a financial asset, the Group measures the retained interest at fair value. The fair value of the retained interest is regarded as its fair value on initial recognition as a financial asset. The Group recognises in the profit or loss any difference between the fair value of the retained interest and any proceeds from disposing of a part interest in the associate and the carrying amount of the investment at the date the equity method was discontinued.

When the investment in associated undertaking is disposed off, all amounts previously recognised in 'other comprehensive income' in relation to that investment are reclassified to the profit or loss.

3.10 Impairment of non-financial assets

The carrying amount of assets is reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such an indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is recognised in the profit or loss.

3.11 Financial assets

3.11.1 Classification, initial recognition and subsequent measurement

The management determines the appropriate classification of the financial assets in accordance with the requirements of International Financial Reporting Standard (IFRS) 9: 'Financial Instruments' at the time of the purchase of the financial assets and re-evaluates this classification on a regular basis. The classification depends on the purpose for which the financial assets are acquired. The financial assets of the Group are categorised as follows:

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- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

Initial measurement

A financial asset is initially measured at fair value, for an item not at fair value through profit or loss, plus transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Debt Investments at FVOCI

These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the Statement of profit or loss account. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the Statement of profit or loss account.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the Statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the Statement of profit or loss account.

Fair value through profit or loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in the Statement of profit or loss account.

Amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognised in the Statement of profit or loss account.

3.11.2 Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. It introduces a forward looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial asset under the scope of IFRS 9. The new impairment model applies to financial assets which are measured at amortized cost and debt investments at FVOCI, but not to equity instruments measured at FVOCI.

The Company applies IFRS 9 general approach for measuring expected credit losses on other receivables, advances and cash and bank balances which uses 12 month expected allowance. Since, these assets are short term in nature, therefore, no credit loss is expected on these financial assets. Whereas, simplified approach is applied for measuring expected credit loss which uses a lifetime expected loss allowance for all other financial assets.

Furthermore, in the case of calculation of impairment against Leases, Ijarah finance, Musharika finance and Microfinance, the requirements of NBFC Regulations shall prevail.

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3.11.3 Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

3.12 Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Group becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Group derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest method.

3.13 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in these consolidated financial statements only when the Group has a legally enforceable right to offset and the Group intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in these consolidated financial statements only when permitted by the accounting and reporting standards as applicable in Pakistan.

3.14 Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

(a) Fair value hedge

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the Statement of profit or loss account.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

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(b) Cash flow hedge

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of profit or loss account.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss account in the same period or periods during which the hedged expected future cash flows affect the Statement of profit or loss account.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the Statement of profit or loss account in the same period or periods as the hedged expected future cash flows affect the Statement of profit or loss account.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the Statement of profit or loss account.

3.15 Long-term finances and loans

Long-term finances and loans are initially recognised at cost being the fair value of consideration received together with the associated transaction costs. Subsequently, these are carried at amortised cost using the effective interest method.

Transaction costs relating to long-term finance are being amortised over the period of agreement using the effective interest method.

3.16 Certificates of Deposit

Profit on Certificates of Deposit (CODs) issued by the Group is recognised using the effective interest method.

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3.17 Redeemable capital

The Modaraba offers only one deposit product, “Certificates of Musharika (COM)” under a scheme duly approved by the Securities and Exchange Commission of Pakistan vide its letter no.7(04) Reg-Mod/95-449 dated April 4, 1995. The Scheme of COM has been formulated under the parameters laid down for this purpose by the Securities and Exchange Commission of Pakistan (“SECP”) in its “Guidelines for Issue of Certificates of Musharika for Modarabas” (the “Guidelines”) issued on September 7, 1994.

As per the requirements of the Guidelines, the scheme of COM is based on the concept of “Musharika”. Hence, it is classified as redeemable capital. The salient features of the COM are as follows:

- This is a return based certificate wherein a deposit is placed with the Modaraba for a definite period of time.
- Total profits after charging all expenses, provisions/impairments and Management Company’s remuneration of the Modaraba are shared by the COM holders and the Modaraba in accordance with ratio declared by the Modaraba and accepted by the COM holders. In the absence of such declaration, the total profits shall be shared between the COM holders and the Modaraba in proportion to their contribution in the Funds.
- The amount of profit allocated to the COM holders shall be shared among different categories/tiers of the COM holders on the basis of predetermined weightages announced by the Modaraba at the beginning of each quarter.
- In the event of loss, such loss shall be shared between the COM holders and the Modaraba in proportion to their respective funds.

3.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates.

3.19 Contingent liabilities

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arise from past events, but it is not probable that an outflow of resources embodying benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.20 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity through other comprehensive income.

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Current

Provision for current taxation is based on taxable income for the year at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. Tax charge for the current year is determined in accordance with the prevailing laws for taxation. The charge for the current tax is calculated using tax rates enacted or substantively enacted at the reporting date. The charge for the current tax also includes adjustments relating to prior years, if necessary, arising from assessments finalised during the year.

The income, not being income from trading activity, of the Modaraba is exempt from tax provided that not less than 90% of its total profits for the year as reduced by amount transferred to a mandatory reserve as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed to the certificate holders. The Modaraba intends to continue availing the tax exemption by distributing at least 90% of its profits to the certificate holders each year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. In addition, the Group also records deferred tax asset on available tax losses. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

The Group also recognises deferred tax asset / liability on deficit / surplus on revaluation of securities / fixed assets which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12 "Income Taxes".

3.21 Staff retirement benefits

(a) Defined contribution plans

Operated by the Holding Company

The Holding Company operates a recognised contributory Provident Fund Scheme (the Fund) for all its permanent employees who have completed the minimum qualifying period in accordance with the HR policy. The Fund is administered by a Board of Trustees. Equal monthly contributions to the Fund are made both by the Holding Company and by the employees at the rate of 10% of basic salary.

Operated by the Modaraba

The Modaraba operates a recognised provident fund for all eligible employees and an approved funded defined contributory gratuity scheme for all permanent employees. Gratuity is payable to employees on completion of the prescribed qualifying period of service under the scheme. Contributions to the provident fund and gratuity fund are made at the rate of 10% and 8.33% respectively, of the basic salaries of employees.

Obligation for contribution to defined contribution plans are recognised as an employee benefit expense in the profit or loss when these are due.

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(b) Defined benefit plan

The Holding Company operates an approved funded gratuity scheme covering all permanent employees who have completed the minimum qualifying period of three years of service under the scheme. The scheme is administered by a Board of Trustees and contributions therein are made in accordance with the actuarial recommendations. The valuation in this regard is carried out at each reporting date, using the Projected Unit Credit Method for the valuation of the scheme.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income when these occur with no subsequent recycling through the profit or loss.

3.22 Employees compensated absences

The Group provides for unavailed compensated absences for all its permanent employees on the basis of actuarial advice under the Projected Unit Credit Method. Increase or decrease in long-term compensated absences due to remeasurement are recognised in the profit or loss immediately.

3.23 Foreign currency transactions

Foreign currency transactions are translated into Pakistan Rupees at exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the reporting date. Gains and losses on translation are taken to the profit or loss except for difference arising on translation of equity accounted associates which are recognised directly in equity through other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

3.24 Revenue recognition

Finance leases

The Holding Company follows the 'financing method' in accounting for finance lease. The total unearned finance income i.e. the excess of aggregate instalment contract receivables plus residual value over the cost of the leased asset is deferred and amortised over the term of the lease, so as to produce a systematic return on the net investment in finance lease.

Revenue recognition from finance leases is suspended when rent is past due by ninety days or more.

Front end fee and other lease related income is recognised on receipt basis.

Operating lease income

Rental income from assets classified as operating lease is recognised on accrual basis.

Ijarah lease income

Rental income from ijarah is recognised on accrual basis.

Return on investments

Return on debt securities is recognised using the effective interest rate method.

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Return on deposits is recognised using the effective interest method.

Dividend income from investments is recognised when the Group's right to receive the dividend is established.

Gain / loss on sale of investments is recognised in the period in which it arises.

Finances and loans

Income on finances and loans is recognised on a time proportionate basis taking into account the principal outstanding and applicable rates of interest / return thereon except in case of finance and loans classified under the NBFC Regulations, on which income is recognised on receipt basis.

Income recognition on finances and loans by Holding Company is suspended when it is past due by ninety days or more and thirty days in case of micro finance.

Interest / mark-up on rescheduled / restructured leases, finances, loans and investments is recognised in accordance with the NBFC Regulations.

Diminishing Musharika

Profit on Diminishing Musharika arrangements is recognised under the effective profit rate method based on the outstanding amount.

Others

Other income is recognised on receipt basis.

3.25 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.26 Proposed dividend and transfer between reserves

Dividends and appropriations to reserves, except appropriations which are required by law, made subsequent to the reporting date are considered as non-adjusting events and are recorded in the financial statements in accordance with the requirements of International Accounting Standard (IAS) 10, 'Events after the Reporting Period' in the year in which these are approved / transfers are made.

3.27 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and musharika finance. Bank overdrafts, that are repayable on demand and form an integral part of the Group's cash management, are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

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3.28 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resources allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

4 CHANGE IN ACCOUNTING POLICY

4.1 The Group has adopted IFRS 9 'Financial Instruments' issued by the International Accounting Standards Board (IASB) in July 2014 effective from July 01, 2018. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement and includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. The Group has changed relevant accounting policies and made adjustments to the amounts previously recognised in the financial statements, except in the case of calculation of impairment provision on financial assets where the requirements of the NBFC Regulations prevail.

As allowed by IFRS 9, the Group has elected not to restate comparative figures and therefore adjustments to the carrying amounts of financial assets and liabilities at the date of transition resulting from the adoption of IFRS 9, were recognised through adjustment to the opening equity of the current period. 'Unrealized gains / loss on remeasurement of financial assets' has been renamed 'Fair value reserve on remeasurement of financial assets'.

The application of this change in accounting policy has increased 'Unappropriated Profit' and decreased 'Fair value reserve on remeasurement of financial assets' by Rs. 41.08 million as at July 01, 2018.

Classification and measurement of financial instruments

A comparison between the measurement category and the carrying amount of those financial assets and liabilities against which the impact of change of accounting policy has been assessed in accordance with previous accounting policies under IAS 39 and IFRS 9 as at July 01, 2018 is as follows:

Financial assets	June 30, 2018 IAS 39		July 01, 2018 IFRS 9	
	Measurement Category	Carrying amount	Measurement Category	Carrying amount
Long term investments - Pakistan Investment				
Bonds	Held to maturity	63,354,946	At amortized cost	63,354,946
Long term investments - Al Hail ORIX Finance PSC	Available for sale	229,180,469	At fair value through OCI	229,180,469
Long term finances and loans	Loans and receivables	6,710,566,492	At amortized cost	6,710,566,492
Long term deposits	Loans and receivables	12,138,660	At amortized cost	12,138,660
Short term finances	Loans and receivables	242,846,690	At amortized cost	242,846,690
Accrued return on investments and term finance	Loans and receivables	83,360,712	At amortized cost	83,360,712
Short term investments - Treasury Bills	At fair value through profit or loss	758,747,378	At fair value through profit or loss	758,747,378
Short term investments - Term finance certificates	At fair value through profit or loss	-	At fair value through profit or loss	-
Short term investments -				
Ordinary shares (unlisted)	Available for sale	13,840,691	At fair value through OCI	13,840,691
Long term investments - Units of collective investment scheme	Available for sale	14,917,700	At fair value through profit or loss	14,917,700
Advances	Loans and receivables	67,830,060	At amortized cost	67,830,060
Other receivables	Loans and receivables	156,302,114	At amortized cost	156,302,114
Cash and bank balances	Loans and receivables	924,936,908	At amortized cost	924,936,908
Total financial assets		9,278,022,820		9,278,022,820

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4.2 IFRS 15 'Revenue from Contracts with Customers' replaced IAS 18 'Revenue', IAS 11 'Construction Contracts' and related interpretations. The Group has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. The existing revenue recognition methods are consistent with the recognition criteria given in IFRS 15 except for ijarah transactions executed in accordance with the requirements of IFAS 2. Therefore, the adoption of IFRS 15 did not have any impact on these consolidated financial statements.

5	Fixed assets	Note	2019	2018
			-----Rupees-----	
	Own use	5.1	592,849,951	559,929,904
	Operating lease	5.2	144,475,394	142,772,436
	Ijarah finance	5.3	3,600,741,380	4,450,711,542
			<u>4,338,066,725</u>	<u>5,153,413,882</u>

5.1 Fixed assets - own use

Description	2019							Rate / Number of years
	Cost / Revalued Amount			Accumulated depreciation		Net book value		
	As at July 1, 2018	Additions / (disposals) / (transfers)* / (reclassification)**	As at June 30, 2019	As at July 1, 2018	Charge for the year / (disposals) / (transfers) *	As at June 30, 2019	As at June 30, 2019	
	-----Rupees-----							
Leasehold land	344,450,000	-	344,450,000	10,242,992	5,121,492	15,364,484	329,085,516	77 & 99 years
Office building	87,796,647	-	87,796,647	13,507,170	6,753,588	20,260,758	67,535,889	7.80%
Stock Exchange room	10,500,000	-	-	5,000,000	-	-	-	Indefinite life
		(10,500,000) *			(5,000,000) *			
Leasehold improvements	116,771,508	4,686,909 (366,000)	121,092,417	93,728,766	13,200,385 (366,000)	106,563,151	14,529,266	15% - 33%
Furniture, fittings and office equipment	127,794,025	8,418,699 (3,439,266)	132,773,458	84,444,116	20,730,317 (2,966,290)	102,208,143	30,565,315	20% - 33.33%
Vehicles	86,780,803	32,239,825 (16,292,286)	102,728,342	35,585,751	10,046,687 (8,978,062)	36,654,376	66,073,966	4-5 years
Computers and accessories	63,361,535	14,339,120 (1,717,976)	75,982,679	45,269,176	7,665,744 (1,542,142)	51,392,778	24,589,901	33%
Capital work-in-progress	10,253,357	50,251,051 (34,310)**	60,470,098	-	-	-	60,470,098	
	<u>847,707,875</u>	<u>109,935,604</u> <u>(21,815,528)</u> <u>(10,500,000) *</u> <u>(34,310)**</u>	<u>925,293,641</u>	<u>287,777,971</u>	<u>63,518,213</u> <u>(13,852,494)</u> <u>(5,000,000) *</u>	<u>332,443,690</u>	<u>592,849,951</u>	

*The Management of the Holding Company intends to sell the Stock Exchange room and accordingly, it is classified as 'Held for Sale'.

**Charged to office repair and maintenance expense.

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Description	2018							
	Cost / Revalued Amount			Accumulated depreciation			Net book value	
	As at July 1, 2017	Additions / (disposals) / transfers* / write-off** / reclassification ***	As at June 30, 2018	As at July 1, 2017	Charge for the year / (disposals) / transfers* / write-off** / reclassification ***	As at June 30, 2018	As at June 30, 2018	Rate / Number of years
	-----Rupees-----							
Leasehold land	344,450,000	-	344,450,000	4,540,128	5,702,864	10,242,992	334,207,008	77 & 99 years
Office building	87,796,647	-	87,796,647	6,308,737	7,198,433	13,507,170	74,289,477	7.80%
Stock Exchange room	10,500,000	-	10,500,000	5,000,000	-	5,000,000	5,500,000	Indefinite life
Leasehold improvements	114,079,654	2,862,647 (170,793)	116,771,508	79,293,005	14,606,554 (170,793)	93,728,766	23,042,742	15% - 33%
Furniture, fittings and office equipment	125,783,681	12,018,738 (2,133,219) (7,875,175) ***	127,794,025	73,279,451	20,592,129 (1,552,289) (7,875,175) ***	84,444,116	43,349,909	20% - 33.33%
Vehicles	88,821,837	16,341,200 (18,288,314) (93,920) **	86,780,803	37,383,362	8,066,773 (9,792,467) (71,917) **	35,585,751	51,195,052	4-5 years
Computers and accessories	46,472,854	9,990,118 (2,048,547) 1,071,935 * 7,875,175 ***	63,361,535	32,335,239	6,020,444 (2,033,617) 1,071,935 * 7,875,175 ***	45,269,176	18,092,359	33%
Capital work-in-progress	-	10,253,357	10,253,357	-	-	-	10,253,357	
	817,904,673	51,466,060 (22,640,873) 1,071,935 * (93,920) **	847,707,875	238,139,922	62,187,197 (13,549,166) 1,071,935 * (71,917) **	287,777,971	559,929,904	

* Represents assets transferred from intangible assets to computers and accessories

** Represents assets written-off during the year

*** Represents assets reclassified from furniture, fittings and office equipment to computers and accessories.

5.1.1 During the year ended June 30, 2016, the leasehold land and building of the Holding Company was revalued by M/s. SURVAL (an independent professional valuer) on the basis of professional assessment of present market values which resulted in an increase in surplus on revaluation by Rs. 215.58 million.

Had the revaluation not been carried out, costs, accumulated depreciation and written down value of leasehold land and office building thereon would have been as follows:

	2019		
	Cost	Accumulated depreciation	Net book value
	-----Rupees-----		
Leasehold land	54,399,300	8,431,050	45,968,250
Office building	76,781,580	38,210,908	38,570,672
	<u>131,180,880</u>	<u>46,641,958</u>	<u>84,538,922</u>
	2018		
	Cost	Accumulated depreciation	Net book value
	-----Rupees-----		
Leasehold land	54,399,300	7,817,192	46,582,108
Office building	76,781,580	34,371,829	42,409,751
	<u>131,180,880</u>	<u>42,189,021</u>	<u>88,991,859</u>

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5.1.2 Included in cost of fixed assets - own use are fully depreciated items which are still in use aggregating to Rs. 222.24 million (2018: Rs.168.79 million).

5.1.3 Details of fixed assets - own use disposed during the year are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyers
	-----Rupees-----						
Book value not exceeding Rs. 50,000 each							
Leasehold improvements	366,000	366,000	-	102,982	102,982	Negotiation	Various
Furniture, fittings and office equipment	1,789,266	1,505,743	283,523	431,730	148,207	Negotiation	Various
Vehicles	231,786	189,782	42,004	45,001	2,997	Negotiation	Various
Computers and accessories	1,467,976	1,417,142	50,834	125,299	74,465	Negotiation	Various
	<u>3,855,028</u>	<u>3,478,667</u>	<u>376,361</u>	<u>705,012</u>	<u>328,651</u>		
Book value exceeding Rs. 50,000 each							
Vehicles	380,000	304,000	76,000	250,000	174,000	Negotiation	Mr. Sami Shaikh
	330,000	181,500	148,500	258,000	109,500	Negotiation	Mr. Majid Ullah
	560,000	378,000	182,000	362,200	180,200	Negotiation	Mr. Owais Muhammad
	563,000	363,022	199,978	275,200	75,222	Negotiation	Mr. Muhammad Asif Rana
	678,000	406,800	271,200	271,200	-	Company policy	Mr. Azim Khan
	683,000	409,800	273,200	273,200	-	Company policy	Mr. Faisal Karim
	683,000	384,188	298,812	298,815	3	Company policy	Mr. Muhammad Kaleem
	678,000	322,050	355,950	355,950	-	Company policy	Mr. Muhammad Yaqub
	1,917,500	1,150,500	767,000	767,000	-	Company policy	Ms. Effat Assad
	1,935,500	1,161,300	774,200	774,200	-	Company policy	Mr. Shah Suleman Fareed
	1,645,500	806,295	839,205	839,205	-	Company policy	Mr. Muhammad Naveed Siddiqui
	2,102,000	1,261,200	840,800	840,800	-	Company policy	Mr. Mohammad Ayub Khan *
	1,952,500	859,100	1,093,400	1,093,400	-	Company policy	Mr. M. Moizuddin
	1,952,500	800,525	1,151,975	1,151,975	-	Company policy	Mr. Syed Mohammad Matin
	<u>16,060,500</u>	<u>8,788,280</u>	<u>7,272,220</u>	<u>7,811,145</u>	<u>538,925</u>		
Furniture, fittings and office equipment	1,450,000	1,393,036	56,964	155,700	98,736	Insurance Claim	Adamjee Insurance Company Limited
	100,000	33,750	66,250	66,250	-	Negotiation	Mr. Muhammad Kashif Yaqoob *
	100,000	33,750	66,250	66,250	-	Negotiation	Mr. Muhammad Kashif Yaqoob *
	<u>1,650,000</u>	<u>1,460,536</u>	<u>189,464</u>	<u>288,200</u>	<u>98,736</u>		
Computers and accessories	250,000	125,000	125,000	125,000	-	Insurance Claim	EFU General Insurance Limited
	<u>17,960,500</u>	<u>10,373,816</u>	<u>7,586,684</u>	<u>8,224,345</u>	<u>637,661</u>		

* This represents disposals made to Key Management Personnel.

5.1.4 Particulars of Holding Company's immovable fixed assets - own use are as follows;

Particulars	Location	Area
Head Office Building	Plot no.16 sector 24, Korangi Industrial Area, Karachi	44,893 Sq. feet
Office Building	Plot no.49 sector 24, Korangi Industrial Area, Karachi	4,477 Sq. feet
Leasehold Land	Plot no.16 sector 24, Korangi Industrial Area, Karachi	6,667 Sq. Yds.
Leasehold Land	Plot no.49 sector 24, Korangi Industrial Area, Karachi	2,222 Sq. Yds.

5.1.5 The fair value of Land and Buildings as at June 30, 2016 approximated to Rs. 346 million.

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For the year ended June 30, 2019

5.1.6 The depreciation expense for the year has been charged to administrative and general expenses.

5.2 Fixed assets - on operating lease

Description	2019							
	Cost			Accumulated depreciation		Net book value		Rate / Number of years
	As at July 1, 2018	Additions / reclassification	As at June 30, 2019	As at July 1, 2018	Charge for the year	As at June 30, 2019	As at June 30, 2019	
-----Rupees-----								
Cranes	143,549,998	11,869,514	155,419,512	777,562	10,166,556	10,944,118	144,475,394	10 years
	143,549,998	11,869,514	155,419,512	777,562	10,166,556	10,944,118	144,475,394	
Description	2018							
	Cost			Accumulated depreciation		Net book value		Rate / Number of years
	As at July 1, 2017	Additions / (disposals) / transfers*	As at June 30, 2018	As at July 1, 2017	Charge / (disposals) / transfers*	As at June 30, 2018	As at June 30, 2018	
-----Rupees-----								
Generators	1,666,967,058	18,185,182 (328,393,146) (1,356,759,094) *	-	803,698,922	73,751,552 (136,616,869) (740,833,605) *	-	-	Actual / minimum number of hours
Generators Accessories	141,092,966	- (14,177,903) (126,915,063) *	-	98,229,541	5,137,286 (8,146,651) (95,220,176) *	-	-	10% - 15%
Cranes	-	143,549,998	143,549,998	-	777,562	777,562	142,772,436	10 years
	1,808,060,024	161,735,180 (342,571,049) (1,483,674,157) *	143,549,998	901,928,463	79,666,400 (144,763,520) (836,053,781) *	777,562	142,772,436	

*Represents assets transferred to ijarah finance.

5.2.2 The depreciation expense for the year has been charged to direct cost.

5.3 Fixed assets - Ijarah finance

Description	2019							
	Cost			Accumulated depreciation		Net book value		Rate
	As at July 1, 2018	Additions / (disposals)	As at June 30, 2019	As at July 1, 2018	Charge for the year / (on disposals)	As at June 30, 2019	As at June 30, 2019	
-----Rupees-----								
Machinery and Generators	2,610,968,878	1,061,091,547 (945,898,260)	2,726,162,165	152,533,282	840,510,697 (581,982,295)	411,061,684	2,315,100,481	Underlying lease term
Vehicles	2,429,844,799	567,715,594 (1,422,696,039)	1,574,864,354	437,568,853	669,358,572 (817,703,970)	289,223,455	1,285,640,899	Underlying lease term
	5,040,813,677	1,628,807,141 (2,368,594,299)	4,301,026,519	590,102,135	1,509,869,269 (1,399,686,265)	700,285,139	3,600,741,380	

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Description	2018							Rate
	Cost			Accumulated depreciation		Net book value		
	As at July 1, 2017	Additions / (disposals) Transfers** / write-off***	As at June 30, 2018	As at July 1, 2017	Charge for the year / (on disposals) / Transfers / write-off	As at June 30, 2018	As at June 30, 2018	
-----Rupees-----								
Machinery and Generators	2,778,044,947	1,248,940,847 (1,359,671,737) 647,620,376 * (703,965,555) **	2,610,968,878	646,990,230	788,485,377 (929,655,794) - * (353,286,531) **	152,533,282	2,458,435,596	Underlying lease term
Vehicles	3,096,691,315	1,288,360,569 (1,277,597,901) (677,146,200) ** (462,984) ***	2,429,844,799	707,034,218	824,537,533 (755,871,344) (338,131,554) ** -	437,568,853	1,992,275,946	Underlying lease term
	5,874,736,262	2,537,301,416 (2,637,269,638) 647,620,376 * (1,381,111,755) ** (462,984) ***	5,040,813,677	1,354,024,448	1,613,022,910 (1,685,527,138) - * (691,418,085) ** - ***	590,102,135	4,450,711,542	

*Represents assets transferred from operating lease to ijarah finance.

**Represents assets transferred from ijarah finance to Diminishing Musharika.

***Represents assets written-off during the year.

5.3.1 Details of fixed assets - ijarah finance disposed during the year are as follows:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyers
-----Rupees-----							
Book value not exceeding Rs. 50,000 each							
Machinery and Generators	79,944,000	79,944,000	-	-	-	As per contract terms	Various
Vehicles	53,667,900	53,178,186	489,714	498,620	8,906	As per contract terms	Various
	133,611,900	133,122,186	489,714	498,620	8,906		
Book value exceeding Rs. 50,000 each							
Machinery and generators	2,640,000	2,273,333	366,667	498,201	131,534	Negotiation	Alpino Foods
	3,510,000	2,925,000	585,000	649,425	64,425	Negotiation	Alpino Foods
	1,349,148	288,753	1,060,395	1,216,753	156,358	Negotiation	Orient Rental Modaraba
	3,537,638	757,148	2,780,490	2,904,617	124,127	Negotiation	Orient Rental Modaraba
	854,917,474	586,268,616	268,648,858	289,241,875	20,593,017	As per contract terms	Various
	865,954,260	592,512,850	273,441,410	294,510,871	21,069,461		
Vehicles	1,369,028,140	876,449,272	492,578,868	522,056,931	29,478,063	As per contract terms	Various
	1,369,028,140	876,449,272	492,578,868	522,056,931	29,478,063		
	2,368,594,300	1,602,084,308	766,509,992	817,066,422	50,556,430		

5.3.2 The depreciation expense for the year has been charged to direct cost.

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6	INTANGIBLE ASSETS	Note	2019		2018
			-----Rupees-----		
	Computer software and license	6.1	19,067,315		21,036,478
	Goodwill		13,728,733		13,728,733
	Customer relationship for Ijarah	6.1 & 6.5	49,142,857		61,428,571
			<u>81,938,905</u>		<u>96,193,782</u>

6.1 Following is a statement of intangible assets:

Description	2019							Rate / Number of years
	Cost			Accumulated amortisation		Net book value		
	As at July 1, 2018	Additions	As at June 30, 2019	As at July 1, 2018	Charge for the year	As at June 30, 2019	As at June 30, 2019	
	-----Rupees-----							
Computer software and license	87,106,885	11,341,385	98,448,270	66,070,407	13,310,548	79,380,955	19,067,315	33%
Customer relationship for Ijarah	86,000,000	-	86,000,000	24,571,429	12,285,714	36,857,143	49,142,857	7 years
	<u>173,106,885</u>	<u>11,341,385</u>	<u>184,448,270</u>	<u>90,641,836</u>	<u>25,596,262</u>	<u>116,238,098</u>	<u>68,210,172</u>	

Description	2018							Rate / Number of years
	Cost			Accumulated amortisation		Net book value		
	As at July 1, 2017	Additions / (Transfers)*	As at June 30, 2018	As at July 1, 2017	Charge for the year / (Transfers)*	As at June 30, 2018	As at June 30, 2018	
	-----Rupees-----							
Computer software and license	70,313,474	17,865,346 (1,071,935) *	87,106,885	56,087,443	11,054,899 (1,071,935) *	66,070,407	21,036,478	33%
Customer relationship for Ijarah	86,000,000	-	86,000,000	12,285,714	12,285,714	24,571,429	61,428,571	7 years
	<u>156,313,474</u>	<u>17,865,346</u> <u>(1,071,935) *</u>	<u>173,106,885</u>	<u>68,373,157</u>	<u>23,340,613</u> <u>(1,071,935) *</u>	<u>90,641,836</u>	<u>82,465,049</u>	

*Represents asset transferred from intangibles to computers and accessories

6.2 Included in cost of intangible assets are fully amortised items which are still in use aggregating to Rs. 84.01 million (2018: Rs. 69.38 million).

6.3 No intangible assets were disposed off during the year.

6.4 The amortisation expense of computer software and license for the year has been charged to administrative and general expenses.

6.5 Customer relationship for Ijarah comprises of Ijarah portfolio relationships which are recognised at the time of acquisition of ORIX Modaraba. Customer relationship arises from disbursements expected to be made to existing Ijarah customers. These Ijarah represent a more beneficial investment than alternate financing in the market. The customer relationship implies that the economic life of Ijarah portfolio is longer than its contractual life.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

7	NET INVESTMENT IN FINANCE LEASE	Note	2019	2018
			-----Rupees-----	
	Instalment contract receivables		22,287,465,719	22,573,597,326
	Residual value		8,457,924,284	8,661,544,481
	Less: Adjustable security deposit	7.1	8,427,394,395	8,642,760,086
		7.2	22,317,995,608	22,592,381,721
	Less: Unearned finance income		4,362,392,522	3,751,574,061
			<u>17,955,603,086</u>	<u>18,840,807,660</u>

7.1 Security deposit is received from the lessees under finance lease contract which is adjustable at the expiry of the lease period.

7.2 Details of investment in finance lease

	Gross investment in finance lease		Present value of investment in finance lease	
	2019	2018	2019	2018
	-----Rupees-----			
Less than one year	11,790,170,570	11,329,421,879	9,151,970,240	9,322,608,857
One to five years	10,527,825,038	11,262,959,842	8,803,632,846	9,518,198,803
	<u>22,317,995,608</u>	<u>22,592,381,721</u>	<u>17,955,603,086</u>	<u>18,840,807,660</u>

7.3 The Holding Company's implicit rate of return on leases ranges from 9.16% to 27.12% (2018: 7.70% to 24.00%) per annum. These are secured against leased assets and security deposits averaging 21.25% (2018: 21.00%) of the cost of leased assets and personal guarantees.

7.4 Based on the NBFC Regulations, the aggregate amount of income suspended as at June 30, 2019 amounted to Rs. 951.33 million (2018: Rs. 869.14 million).

7.5 Lease rentals received during the year aggregate to Rs. 11,365 million (2018: Rs. 12,066 million).

8	INVESTMENT IN ASSOCIATED UNDERTAKINGS	Note	2019	2018
			-----Rupees-----	
	Related parties			
	Investment in equity accounted undertakings	8.1	942,321,227	672,208,880

8.1 The breakup of carrying value of investment in equity accounted undertakings is as follows:

2019	2018		Note	2019	2018
----- (Number of shares) -----				-----Rupees-----	
		Unquoted			
1,375,000	1,375,000	Saudi ORIX Leasing Company	8.1.1	942,321,227	672,208,880

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

8.1.1 The Holding Company holds 2.5% ownership interest in Saudi ORIX Leasing Company (SOLC), which was incorporated in Riyadh, Kingdom of Saudi Arabia. SOLC is accounted for as an equity accounted undertaking due to the significant influence exercised by the Holding Company. The latest available audited Financial Statements, which are prepared on going concern basis, have been audited by Pricewaterhouse Coopers.

8.1.2 Summarised un-audited financial statements of equity accounted undertakings are as follows:

Name	As at June 30			For the period July 01 to June 30		
	Date of financial year end	Total assets	Total liabilities	Revenues	Profit / (loss)	Interest held
-----Rupees-----						
2019						
Unquoted						
Saudi ORIX Leasing Company	31 December	50,281,564,133	12,959,808,083	4,289,516,884	2,533,568,712	2.50%
2018						
Unquoted						
Saudi ORIX Leasing Company	31 December	39,987,897,417	13,215,748,624	3,358,780,537	1,426,120,220	2.50%

8.1.3 Movement of investment in associates is as follows:

Note	2019			
	Saudi ORIX Leasing Company	Oman ORIX Leasing Company SAOG	ORIX Leasing Egypt SAE	Total
-----Rupees-----				
	672,208,880	-	-	672,208,880
36	50,671,374	-	-	50,671,374
	(14,743,653)	-	-	(14,743,653)
	242,479,382	-	-	242,479,382
	(4,892,735)	-	-	(4,892,735)
	(3,402,021)	-	-	(3,402,021)
	942,321,227	-	-	942,321,227
-----Rupees-----				
2018				
Note	Saudi ORIX Leasing Company	Oman ORIX Leasing Company SAOG	ORIX Leasing Egypt SAE	Total
-----Rupees-----				
	581,492,972	1,251,617,039	138,992,555	1,972,102,566
36	28,522,406	54,127,397	16,023,021	98,672,824
	(10,323,898)	-	-	(10,323,898)
	96,634,319	70,429,182	17,027,461	184,090,962
	(24,116,919)	-	-	(24,116,919)
	-	(1,376,173,618)	-	(1,376,173,618)
	-	-	(172,043,037)	(172,043,037)
	672,208,880	-	-	672,208,880

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

9	LONG-TERM INVESTMENTS	Note	2019	2018
			-----Rupees-----	
	Amortised cost			
	Pakistan Investment Bonds (PIBs)	9.1	268,623,384	63,354,946
	Investment in sukuk certificates	9.2	57,701,835	57,701,835
	Less: Provision for potential losses on investments	40.2	57,701,835	57,701,835
			-	-
			268,623,384	63,354,946
	At fair value through other comprehensive income			
	Units of collective investment scheme			
	National Investment (Unit) Trust			
	202,000 (2018: 202,000) units of Rs. 10 each			
	Cost Rs. 1,363,500 (2018: Rs. 1,363,500)		-	14,917,700
	At fair value through profit or loss			
	Units of collective investment scheme			
	National Investment (Unit) Trust			
	202,000 (2018: 202,000) units of Rs. 10 each			
	Cost Rs. 1,363,500 (2018: Rs. 1,363,500)	9.3	10,988,800	-
	Al Hail ORIX Finance PSC	9.4	279,097,858	279,097,858
	Less: Impairment		-	(49,917,389)
	Less: Fair value change on remeasurement of financial assets		(90,919,910)	-
			188,177,948	229,180,469
			467,790,132	307,453,115
	Less: Current maturity	13	60,447,812	-
			407,342,320	307,453,115

9.1 This represents investments made as required under Regulation 14(4)(g) of the NBFC Regulations, 2008 to maintain liquidity against certificates of deposit. These carry coupon rate of 7.25% to 12.00% (2018: 12.00%) per annum and are due to mature on various latest by July 19, 2022.

9.2 This represents investment by the Modaraba in unlisted sukuk certificates which have been fully provided.

9.3 During the year, the Group has adopted IFRS-9: "Financial Instruments" which has replaced IAS-39: "Financial Instruments: Recognition and Measurement". As a result of adoption of IFRS-9, investments amounting to Rs. 14.92 million have been reclassified from 'Available for sale' as at June 30, 2018 to 'fair value through profit or loss' category with effect from July 1, 2018 (as disclosed in note 4.1).

9.4 During the period, the Holding Company reassessed the fair value of its investment in Al Hail ORIX Finance PSC. Accordingly, Rs. 41 million has been recognised as decrease in fair value in addition to the retrospective impact of change in fair value as explained in note 4.1.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

10 LONG-TERM FINANCES AND LOANS	Note	2019	2018
		-----Rupees-----	
Considered good			
Loans to key management personnel, other executives and employees			
Key management personnel - related parties	10.2	62,046,771	77,893,785
Other executives		112,282,692	64,771,057
	10.1	174,329,463	142,664,842
Other employees	10.6	116,667,935	89,092,732
		290,997,398	231,757,574
Others			
Vehicle finance - secured	10.3	4,045,217,593	3,772,139,094
Musharakah finance - secured	10.4	3,004,033,089	2,448,387,808
Micro finance	10.5	116,168,803	259,579,949
		7,165,419,485	6,480,106,851
		7,456,416,883	6,711,864,425
Considered doubtful			
Others			
Term finance - secured		94,656,596	188,854,467
Vehicle finance - secured		84,229,861	43,865,836
Musharakah finance - secured		244,666	590,322
Micro finance		14,827,599	9,001,851
Agri finance - secured	10.7	13,867,530	14,626,656
		207,826,252	256,939,132
Less: Allowance for potential loan losses	40.1	150,625,388	256,939,132
		57,200,864	-
Less: General provision against micro finance loans	10.8	(575,089)	(1,297,933)
		7,513,042,658	6,710,566,492
Less: Current maturity			
Key Management Personnel, other executives and employees		36,261,910	33,249,959
Others		3,241,161,611	2,782,760,924
	13	3,277,423,521	2,816,010,883
		4,235,619,137	3,894,555,609

10.1 Movement in loans to key management personnel and other executives

	2019	2018
	-----Rupees-----	
Opening balance	142,664,842	148,608,118
Disbursements	79,137,445	56,203,184
Repayments	(42,732,025)	(46,546,448)
Transfer from Staff to Others	(4,740,799)	(15,600,012)
	174,329,463	142,664,842

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

10.2 Loans to Key Management Personnel

Names	Maximum Aggregate Balance during the year	Provisions/ (write-off)	2019	2018
-----Rupees-----				
Mian Faysal Riaz	2,400,000	-	2,036,000	351,984
Mr. Khawar Sultan	820,427	-	654,002	820,427
Mr. Ramon Alfrey	1,428,323	-	635,085	1,428,323
Mr. Tahir Ali Shah	1,694,398	-	1,017,854	1,694,397
Mr. Hira Lal Bharvani	2,357,230	-	-	2,357,234
Mr. Mohammad Ayub Khan	2,911,348	-	-	2,911,348
Mr. Imtiaz Ahmad Chaudhary	7,835,370	-	6,576,592	7,835,370
Ms. Fakhara Rizwan	12,785,190	-	12,155,387	10,729,519
Mr. Muhammad Siddique	14,488,816	-	2,723,242	14,488,816
Mr. Mohammad Arif Daya	6,917,907	-	6,576,434	6,655,975
Mr. Nadir Shah	8,739,554	-	8,425,830	6,351,079
Mr. Muhammad Asim Javed	17,262,231	-	17,149,045	17,119,335
Mr. Muhammad Ahsan Ilyas	2,377,754	-	2,273,748	-
Ms. Farhat Ansari	-	-	-	5,149,978
Mr. Salwat Ahmad	1,926,447	-	1,823,552	-
		-	62,046,771	77,893,785

Loans to Key Management Personnel include house loan, vehicle loan and personal loan.

- 10.3** This represents vehicle financing facility provided to individual and corporate customers on mark-up basis. The mark-up on these finances ranges from 12.06% to 24.00% (2018: 10.51% to 22.00%) per annum. These finances are repayable within a period of 1.5 years to 5 years (2018: 1.5 years to 5 years) and are secured against charge over vehicles and personal guarantees.
- 10.4** This represents Musharika facilities provided to customers. The mark-up on these finances ranges from 10.47% to 18.53% (2018: 11.35% to 17.00%) per annum. The facilities have a repayment term of 2 to 5 years (2018: 2 to 3 years) and are secured by assets subject to Musharika agreement.
- 10.5** This represents long-term micro finance provided to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 28.0% to 35.78% (2018: 28.0% to 35.78%) per annum. These finances are repayable within a period of 1.2 to 1.5 years (2018: 1.5 years) and are secured against personal guarantees of community organisations.
- 10.6** This represents loans given to staff in accordance with the terms of the Group's HR policy and includes house loans which are repayable within a period of 20 years or retirement date whichever is earlier. House loans are secured against equitable mortgage on the property by deposit of title documents of the property with the Group and carry mark-up of 4.00% (2018: 4.00%) per annum. Loans to Key Management Personnel, Executives and other employees (other than house loans) carry mark-up rates ranging from 7.5% to 15.00% (2018: 7.5% to 15.00%) per annum. These are secured against retirement benefits and are repayable within a period of five years.

Maximum amount outstanding at the end of any month during the year against loans to key management personnel and executives was Rs. 178.61 million (2018: Rs. 140.67 million).

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

10.7 This represents long-term finance provided to farmers on mark-up basis. The rate of return on these loans ranges from 15.00% to 28.00% (2018: 15.00% to 28.00%) per annum. These loans are repayable within a period of 1.5 year to 3 years (2018: 1.5 years to 3 years) and are secured against title documents of immovable property.

10.8 As per Regulation 25(A) of the NBFC Regulations, NBFCs with micro finance portfolio are required to maintain a general provision equivalent to 0.5% of the net outstanding micro finance portfolio (finance net of specific provisions).

11 SHORT-TERM FINANCES	Note	2019	2018
		-----Rupees-----	
Considered good			
Micro finance	11.1	283,951,543	230,221,123
Term finance - secured	11.2	2,475,001	13,776,689
		<u>286,426,544</u>	<u>243,997,812</u>
Considered doubtful			
Micro finance		16,272,615	9,098,053
Term finance - secured		-	113,882,696
Agri finance - secured	11.3	4,176,213	4,982,337
		20,448,828	127,963,086
Less: Allowance for potential loan losses	40.1	20,448,828	127,963,086
		-	-
Less: General provision against micro finance loans	10.8	(1,419,762)	(1,151,122)
		<u>285,006,782</u>	<u>242,846,690</u>

11.1 This represents short-term micro finance provided to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 19.71% to 35.08% (2018: 19.71% to 35.08%) per annum. These are secured against personal guarantees of community organizations and are repayable within twelve months.

11.2 This represents term finance facilities provided to customers of Certificates of Deposit (CODs) on mark-up basis. The mark-up on these finances was 11.50% (2018: 9.25% to 13.00%) per annum. These finances are recoverable between one and twelve months and are secured against lien over the respective CODs with minimum security margin of 25% over the principal value of the CODs.

11.3 This represents short-term finance offered to farmers on mark-up basis. The rate of return on these loans ranges from 17.00% to 20.00% (2018: 17.00% to 20.00%) per annum. These are repayable within twelve months (2018: twelve months) and are secured against title documents of immovable property.

12 ACCRUED RETURN ON INVESTMENTS AND TERM FINANCE	2019	2018
	-----Rupees-----	
Investments	12,460,687	2,396,324
Term finance	122,573,985	80,964,388
	<u>135,034,672</u>	<u>83,360,712</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

13	CURRENT MATURITY OF NON-CURRENT ASSETS	Note	2019	2018
			-----Rupees-----	
	Current maturity of:			
	Net investment in finance lease	7.2	9,151,970,240	9,322,608,857
	Long-term investments	9	60,447,812	-
	Long-term finances and loans	10	3,277,423,521	2,816,010,883
			<u>12,489,841,573</u>	<u>12,138,619,740</u>
14	SHORT-TERM INVESTMENTS		2019	2018
			-----Rupees-----	
	At fair value through profit and loss			
	Treasury bills	14.1	380,501,894	758,747,378
	Term finance certificates	14.2	7,500,000	7,500,000
			388,001,894	766,247,378
	At fair value through other comprehensive income			
	Ordinary shares - unlisted	14.3	13,936,822	13,840,691
	Less: Allowance for potential losses	40.2	7,500,000	7,500,000
			<u>394,438,716</u>	<u>772,588,069</u>
14.1	This represents investments made as required under Regulation 14(4)(g) of the NBFC Regulations to maintain liquidity against certificates of deposit. These are redeemable within a period of 3 months (2018: 3 months) from the reporting date, carrying yield ranging from 10.80% to 12.74% (2018: 6.20% to 6.26%) per annum due at maturity.			
14.2	This represents investment in unlisted Term Finance Certificates (TFCs) which has been fully provided.			
14.3	This includes shares of LSE Financial Services Limited (formerly Lahore Stock Exchange Limited). The Holding Company holds 843,975 number of shares with a face value of Rs.10 each. These include 506,385 (60% shares) which are required to be held separately in a blocked account with the Central Depository Company of Pakistan Limited to restrict the sale of these shares by the members. However, the rights to receive dividend, bonus shares, right shares and the proceeds of sale of these shares are vested with members while the voting rights attached to these shares are suspended. In the absence of an active market, these shares have been carried at face value of Rs. 10 each.			
15	ADVANCES AND PREPAYMENTS		2019	2018
			-----Rupees-----	
	Advances - unsecured		138,183,610	67,830,060
	Prepayments			
	Rent		17,391,886	10,687,012
	Others		37,246,065	27,350,153
			54,637,951	38,037,165
			<u>192,821,561</u>	<u>105,867,225</u>

Notes to and Forming Part of The Consolidated Financial Statements

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16 OTHER RECEIVABLES	Note	2019	2018
		-----Rupees-----	
Considered good			
Operating lease rentals		5,065,279	-
Ijarah rentals		134,549,811	126,861,337
Others		7,474,113	29,440,777
		<u>147,089,203</u>	<u>156,302,114</u>
Considered doubtful			
Operating lease rentals		2,522,518	11,137,036
Ijarah rentals		18,897,568	20,531,119
Receivable from equity brokerage customers		-	32,989,328
Others		2,142,914	3,859,037
		<u>23,563,000</u>	<u>68,516,520</u>
Less: Allowance for potential losses	40.2	<u>23,563,000</u>	<u>68,516,520</u>
		<u>147,089,203</u>	<u>156,302,114</u>
17 CASH AND BANK BALANCES			
Cash in hand		1,764,470	1,421,649
Balances with banks in:			
- Current accounts		266,816,059	495,927,106
- Deposit accounts	17.1 & 17.2	347,640,233	427,588,153
		614,456,292	923,515,259
		<u>616,220,762</u>	<u>924,936,908</u>
17.1	These carry expected profits rates ranging from 3.00% to 10.30% per annum (2018: 2.40% to 5.75% per annum).		
17.2	These include balances amounting to Rs. 331.8 million which have been maintained in order for the Modaraba to comply with the guidelines issued by the SECP with respect to the maintenance of the prescribed liquidity against its Certificates of Musharika. These deposit accounts are under profit and loss sharing arrangements, permissible under Shariah.		
17.3	As at June 30, 2019, Modaraba has accounts maintained with State Bank of Pakistan and eight other banks, out of which two are Islamic banks and six are conventional banks with Islamic window operations.		
18 ASSETS CLASSIFIED AS HELD FOR SALE	Note	2019	2018
		-----Rupees-----	
Repossessed assets	18.1	29,370,226	20,934,019
Investment in associated undertaking			
- OPP (Private) Limited	18.2	87,754,399	87,754,399
- ORIX Leasing Egypt SAE	18.3	172,043,037	172,043,037
Stock Exchange room	5.1 & 18.4	4,700,000	-
		<u>293,867,662</u>	<u>280,731,455</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

- 18.1** This represents repossessed assets consisting of vehicles, machinery and other equipment, previously leased / financed out to customers. The Holding Company intends to dispose off these assets to recover the balance amount outstanding against such facilities.
- 18.2** The Holding Company holds 45% ownership interest in OPP (Private) Limited. Management of the Holding Company intends to divest its investment in OPP (Private) Limited, subject to necessary regulatory approvals.
- 18.3** The Holding Company holds 23% ownership interest in ORIX Leasing Egypt SAE (OLE). Management intends to divest its investment in OLE, subject to necessary regulatory approvals.

The Company was incorporated in Cairo, Egypt. The latest available Financial Statements, which are prepared on going concern basis, have been audited by KPMG Hazem Hassan Public Accountants & Consultants.

- 18.4** The Holding Company reassessed the fair value of Stock Exchange Room and difference of Rs. 0.8 million between the carrying amount and fair value determined at initial recognition has been recorded as impairment loss in the profit or loss.

19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		2019	2018
------(Number of shares) -----			-----Rupees-----	
Ordinary shares of Rs. 10/- each				
106,485,517	106,485,517	Fully paid in cash	1,064,855,170	1,064,855,170
58,386,847	30,544,364	Fully paid bonus shares	583,868,470	305,443,640
2,182,538	2,182,538	Fully paid shares against amalgamation	21,825,380	21,825,380
<u>167,054,902</u>	<u>139,212,419</u>		<u>1,670,549,020</u>	<u>1,392,124,190</u>

- 19.1** As at June 30, 2019, ORIX Corporation, Japan and its nominees held 82,819,539 (2018: 69,016,283) ordinary shares equivalent to 49.58% (2018: 49.58%) of the total shareholding.
- 19.2** During the year, the Holding Company issued 27,842,483 bonus shares from share premium reserves.

Reconciliation between ordinary shares in issue at the beginning and end of the year is as follows:

	2019	2018
	------(Number of Shares)-----	
As at beginning of the year	139,212,419	82,082,794
Issue of bonus shares during the year	27,842,483	-
Issue of right shares	-	57,129,625
As at end of the year	<u>167,054,902</u>	<u>139,212,419</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

20	SURPLUS ON REVALUATION OF LEASEHOLD LAND AND OFFICE BUILDING - NET OF TAXATION	Note	2019	2018
			-----Rupees-----	
	Opening balance		318,755,783	327,952,986
	Revaluation surplus arising during the year		-	-
	Adjustment in respect of incremental depreciation transferred to unappropriated profit		(7,775,372)	(9,197,203)
			<u>310,980,411</u>	<u>318,755,783</u>
	Opening balance of deferred tax liability		(9,029,958)	(10,571,722)
	Effect of change in tax rate		-	311,380
	Adjustment on transfer of incremental depreciation to unappropriated profit		946,652	1,230,384
		24	(8,083,306)	(9,029,958)
			<u>302,897,105</u>	<u>309,725,825</u>

21 LONG-TERM FINANCES - secured

	Long-term finances utilised under mark-up arrangements - financial institutions	21.1 & 21.2	11,991,707,589	11,066,852,693
	Less: Unamortised transaction cost		4,164,059	11,495,788
	Less: Current maturity	32	4,576,372,382	4,221,436,169
			4,580,536,441	4,232,931,957
			<u>7,411,171,148</u>	<u>6,833,920,736</u>

21.1 The Holding Company has unutilized long term finance facilities of Rs. 2,028 million as at June 30, 2019 (2018: Rs. 2,000 million). These finances have been obtained for financing of operations and are secured by hypothecation of leased assets, related lease receivables, financing receivables and operating lease assets. The mark-up rates thereon range from 11.05% to 14.09% (2018: 6.46% to 8.07%) per annum. These finances are repayable within a period of 36 to 60 months (2018: 18 to 60 months).

21.2 This also includes Musharika term finance various banks amounting to Rs. 1,933.67 million (2018: Rs.1,636.37 million). These carry profit ranging from 7.49% to 13.60% (2018: 6.29% to 7.43%). These finances are repayable within a period of 60 months (2018: 60 months).

22	LONG-TERM CERTIFICATES OF DEPOSIT	Note	2019	2018
			-----Rupees-----	
	Unsecured			
	Certificates of deposit	22.1	3,564,035,162	4,228,157,934
	Less: Current maturity	32	744,337,744	1,002,789,317
			<u>2,819,697,418</u>	<u>3,225,368,617</u>

22.1 These certificates of deposit have been obtained for financing of operations of Holding Company and issued at expected rates of return ranging from 6.50% to 12.82% (2018: 6.40% to 12.50%) per annum and issued for terms ranging from 2 years to 10 years (2018: 2 years to 10 years).

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

23	LONG-TERM DEPOSITS	Note	2019	2018
			-----Rupees-----	
	Security deposit on finance lease and ijarah contracts		648,805,760	721,626,451
	Less: Current maturity	32	188,434,541	167,820,317
			<u>460,371,219</u>	<u>553,806,134</u>

23.1 This represents amounts received under Ijarah finance repayable / adjustable at the expiry of the lease period.

24	DEFERRED TAXATION	Note	2019	2018
			-----Rupees-----	
	The deferred tax liability is attributable to the following items:			
	- Accelerated tax depreciation		834,490,876	742,503,803
	- Surplus on revaluation of office building	20	8,083,306	9,029,958
	- Unamortised transaction costs relating to long term finances and loans		1,207,577	3,333,778
	- Investments		180,638,909	127,040,997
	- Allowance for potential lease, loan and other losses		(250,285,187)	(401,310,987)
	- Alternative corporate tax		(74,594,718)	-
			<u>699,540,763</u>	<u>480,597,549</u>

24.1 The movement in deferred tax during the year is as follows;

Opening		480,597,549	584,742,190
Charge / (reversal) to profit or loss for the year	43	176,186,186	(66,539,419)
Charge / (reversal) in other comprehensive income for the year		42,757,028	(37,605,222)
Closing		<u>699,540,763</u>	<u>480,597,549</u>

25	OTHER LONG-TERM LIABILITIES	Note	2019	2018
			-----Rupees-----	
	Profit on certificates of deposit	25.1	<u>164,902,777</u>	<u>202,558,668</u>

25.1 This represents accrued profit on Certificates of Deposit payable on maturity.

26 DEFINED BENEFIT OBLIGATION

26.1 General description

The Holding Company operates a funded gratuity scheme which was established under the provision of the trust deed dated July 1, 2004 for its permanent staff who have completed the minimum qualifying period of three years of service under the scheme. The funded scheme is administered by the Board of Trustees in accordance with the provisions of the Trust Deed. Contributions therein are made in accordance with actuarial recommendations. The most recent valuation in this regard was carried out as at June 30, 2019, using the Projected Unit Credit Method.

The disclosures made in notes 26.2 to 26.14 are based on the information included in the actuarial valuation report of the Holding Company as of June 30, 2019.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

26.2 Principal actuarial assumptions

	2019	2018
- Discount rate	14.25%	9.00%
- Expected rate of increase in salary for first year	14.25%	12.00%
- Expected rate of increase in salary for second year and onwards	14.25%	9.00%
- Expected rate of return on plan assets	14.25%	9.00%
- Average service years	10.57	10.55

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the SLIC 2001 - 2005 ultimate mortality tables rated down one year.

26.3 The amount recognised in the Statement of Financial Position is as follows:

	Note	2019	2018
-----Rupees-----			
Present value of defined benefit obligation	26.4	208,381,881	197,700,484
Fair value of any plan assets	26.4	(217,190,125)	(177,730,800)
		<u>(8,808,244)</u>	<u>19,969,684</u>

26.4 The movement in the defined benefit obligation over the year is as follows:

	2019		
	Present value of defined benefit obligation	Fair value of plan assets	Net liability
-----Rupees-----			
At July 1	197,700,484	(177,730,800)	19,969,684
Current service cost	18,939,030	-	18,939,030
Interest expense / (income)	17,766,951	(16,130,369)	1,636,582
	234,406,465	(193,861,169)	40,545,296
Remeasurements:			
- Interest on plan assets, excluding amounts included in interest expense	-	(5,632,814)	(5,632,814)
- Experience gain	(3,175,434)	-	(3,175,434)
	<u>(3,175,434)</u>	<u>(5,632,814)</u>	<u>(8,808,248)</u>
	231,231,031	(199,493,983)	31,737,048
Contributions made	-	(40,545,292)	(40,545,292)
Benefits paid	(21,977,050)	22,736,472	759,422
Benefits payable to outgoing member(s)	(872,100)	112,678	(759,422)
At June 30	<u>208,381,881</u>	<u>(217,190,125)</u>	<u>(8,808,244)</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

	2018		
	Present value of defined benefit obligation	Fair value of plan assets	Net liability
	-----Rupees-----		
At July 1	170,252,664	(153,738,644)	16,514,020
Current service cost	15,162,956	-	15,162,956
Interest expense / (income)	13,476,663	(12,254,580)	1,222,083
	<u>198,892,283</u>	<u>(165,993,224)</u>	<u>32,899,059</u>
Remeasurements:			
- Interest on plan assets, excluding amounts included in interest expense	-	623,703	623,703
- Experience losses	19,345,982	-	19,345,982
	<u>19,345,982</u>	<u>623,703</u>	<u>19,969,685</u>
	<u>218,238,265</u>	<u>(165,369,521)</u>	<u>52,868,744</u>
Contributions made	-	(32,899,060)	(32,899,060)
Benefits paid	(19,553,003)	20,392,206	839,203
Benefits payable to outgoing member(s)	(984,778)	145,575	(839,203)
At June 30	<u>197,700,484</u>	<u>(177,730,800)</u>	<u>19,969,684</u>

26.5 The amount recognised in statement of profit or loss is as follows:

	2019	2018
	-----Rupees-----	
Current service cost	18,939,030	15,162,956
Interest expense	1,636,582	1,222,083
	<u>20,575,612</u>	<u>16,385,039</u>

26.6 The plan assets and defined benefit obligations are based in Pakistan.

26.7 Plan assets consist of the following:

	2019		2018	
	(Rupees)	%	(Rupees)	%
Government securities	210,640,624	96.98%	171,465,991	96.48%
Cash and bank balances and others	6,549,501	3.02%	6,264,809	3.52%
	<u>217,190,125</u>	<u>100.00%</u>	<u>177,730,800</u>	<u>100.00%</u>

26.8 Historical results

	2019	2018	2017	2016	2015
	-----Rupees-----				
Present value of defined benefit obligation	208,381,881	197,700,484	170,252,664	156,681,763	161,024,331
Fair value of plan assets	(217,190,125)	(177,730,800)	(153,738,644)	(155,218,531)	(160,175,134)
(Surplus) / Deficit	(8,808,244)	19,969,684	16,514,020	1,463,232	849,197
Remeasurements of plan liabilities	(3,175,434)	19,345,982	9,530,886	2,990,578	720,795
Remeasurements of plan assets	(5,632,814)	623,703	6,983,136	(1,238,531)	(586,481)

26.9 Actual return on plan assets during the year amounted to Rs. 21.76 million.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

26.10 Based on the actuarial advice, the Holding Company intends to charge an amount of approximately Rs. 19.2 million in respect of contribution to gratuity fund in the financial statements for the year ending June 30, 2020.

26.11 The Fund is exposed to a number of risks, the most significant of which are detailed below:

Mortality risk	This is the risk that the actual mortality experience is different from what was initially expected. The effect depends on the beneficiaries' service/age distribution and the benefit.
Investment risk	This is the risk of investments underperforming and not being sufficient to meet liabilities. However, the trustees of the fund have a practice to invest the amounts in government securities that are secured.
Final salary risk	This is the risk that the final salary at the time of cessation of service is greater than expectation. Since the benefit is calculated on the basis of final salary, the benefit amount increases proportionately. In order to minimise the risk the actuary of the Holding Company uses past pattern which provides basis to form a reliable estimate.
Withdrawal risk	This is the risk that withdrawals may be higher or lower than actuarial assumptions. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit. The Holding Company ensures the availability of sufficient liquid funds in the gratuity fund and makes regular contributions to minimise the risk.

26.12 The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	------(Rupees)-----		
Discount rate	1.0%	192,526,647	224,629,175
Salary growth rate	1.0%	224,959,905	191,980,404

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the Statement of Financial Position.

26.13 The distribution of timing of payment of benefits is as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to Year 10
Defined benefit obligation	20,771,115	14,690,545	10,325,759	56,514,196	37,267,831	252,618,210

26.14 The weighted average duration of the defined benefit obligation is 7.70 years.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

26.15 The information provided in notes 26.1 to 26.14 has been obtained from the details provided by the actuary of the Holding Company.

27 REDEEMABLE CAPITAL - PARTICIPATORY AND UNSECURED

	Note	2019	2018
-----Rupees-----			
Certificates of Musharika (COM)	27.1	2,785,705,000	3,127,115,000
Less: Current portion of redeemable capital	32	(2,747,955,000)	(3,118,915,000)
		<u>37,750,000</u>	<u>8,200,000</u>

27.1 These carry estimated share of profit payable ranging between Re. 0.2205 to Re. 0.3874 (2018: Re. 0.1438 to Re. 0.1882) per thousand per day and are due to mature latest by June 22, 2023 (2018: May 15, 2021)

This includes COM issued to Key Management Personal of Modaraba amounting to Rs. 4 million (2018: Rs. 0.5 million).

27.2 During the year profit allocated to different categories / tiers of the COM holders ranges from Re. 0.1233 to Re. 0.3874 (2018: Re. 0.196 to Re. 0.1882) per thousand per day.

	Note	2019	2018
-----Rupees-----			
28 TRADE AND OTHER PAYABLES			
Creditors		788,488,199	853,849,286
Accrued liabilities		162,410,638	177,181,507
Other liabilities			
Advance from customers against finance lease and ijarah finance		15,656,273	25,425,370
Sales tax payable	28.1	19,359,673	16,797,012
Federal Excise Duty payable		1,006,305	2,742,445
Insurance premium payable		63,939,518	59,184,842
Provision for Sindh Worker's Welfare Fund		29,615,409	27,042,825
Payable to minority shareholders of SCLL		14,868,986	14,988,515
Others		62,724,668	61,619,998
		<u>207,170,832</u>	<u>207,801,007</u>
		<u>1,158,069,669</u>	<u>1,238,831,800</u>

28.1 This includes provision for services sales tax on management fee of Rs.17.24 million (2018: Rs. 15.36 million). 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 case is pending to date.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

	Note	2019	2018
-----Rupees-----			
29 ACCRUED INTEREST / MARK-UP / PROFIT ON LOANS, FINANCES AND CERTIFICATES OF DEPOSIT			
Interest / mark-up / profit on			
Long-term finances		252,200,621	126,332,069
Redeemable capital		90,019,390	26,023,099
Short-term borrowings		27,203,036	17,062,147
Certificates of deposit		79,974,272	114,311,253
		<u>449,397,319</u>	<u>283,728,568</u>
30 SHORT-TERM BORROWINGS			
From banking companies - secured			
Running finance arrangements	30.1	1,082,642,374	1,710,358,951
Short-term loans	30.2	250,000,000	645,000,000
		<u>1,332,642,374</u>	<u>2,355,358,951</u>
30.1	This represents short-term running finance facilities available from commercial banks for financing of operations with limits aggregating to Rs. 2,800 million (sub-limits of which amounting to Rs. 250 million have been utilised as a short-term loans) as at June 30, 2019 (2018: Rs. 2,950 million). These facilities have been obtained for financing of day to day operations. The rate of mark-up ranges from 11.59% to 13.80% (2018: 7.03% to 7.93%) per annum on a daily product basis. These are secured by hypothecation of leased assets, related lease receivables and financing receivables.		
30.2	This represents short-term loan from financial institutions for period of 1 month and carrying mark-up rate of 13.27% (2018: 6.70% to 7.52%) per annum. It is secured by hypothecation of leased assets, related lease receivables and financing receivables.		
31 SHORT-TERM CERTIFICATES OF DEPOSIT	Note	2019	2018
-----Rupees-----			
Unsecured			
Short-term certificates of deposit	31.1	695,436,338	962,685,118
Payable to holders of matured certificates of deposits		-	85,096,989
		<u>695,436,338</u>	<u>1,047,782,107</u>
31.1	These represent short-term certificates of deposit obtained for financing of operations, issued at expected rates of profit, ranging from 6% to 11.00% (2018: 6% to 6.25%) per annum for a term upto 12 months (2018: 12 months).		
32 CURRENT MATURITY OF NON-CURRENT LIABILITIES	Note	2019	2018
-----Rupees-----			
Current maturity of:			
Long-term finances	21	4,576,372,382	4,221,436,169
Long-term certificates of deposit	22	744,337,744	1,002,789,317
Long-term deposits	23	188,434,541	167,820,317
Current portion of redeemable capital	27	2,747,955,000	3,118,915,000
		<u>8,257,099,667</u>	<u>8,510,960,803</u>

Notes to and Forming Part of The Consolidated Financial Statements

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33 CONTINGENCIES AND COMMITMENTS

33.1 The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order in July 18, 2014 under section 122(5A) of the Income Tax Ordinance 2001 (the Ordinance) for tax year 2010 and created a demand of Rs. 167 million by disallowing capital loss on sale of shares and certain other matters. The Holding Company preferred an appeal against the amended assessment order passed by the ACIR before the Commissioner Inland Revenue (Appeals) (CIR-A). The CIR-A disposed of the appeal with minor relief to the Holding Company. The Holding Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the holding company by the CIR-A which is pending for adjudication.

Based on the merit of the case, Management is confident that the decision will be in the Holding Company's favour, hence, no provision has been recorded in these consolidated financial statements.

33.2 During the year 2017, the Deputy Commissioner Inland Revenue (DCIR) amended the orders for the tax years 2011 and 2014 creating an aggregate demand of Rs. 126.2 million, mainly on account of difference in determination of minimum tax liability under section 113 of the Ordinance. The Holding Company's appeal against these amended orders before the CIR-A was maintained and is currently pending adjudication before the ATIR. The Holding Company has obtained stay against recovery of demand from the Sindh High Court (SHC) until adjudication of appeal by ATIR.

Based on the merits of the case, Management considers that decision will be made in the Holding Company's favour and, hence, no provision has been recorded in these consolidated financial statements.

33.3 The assessments of Standard Chartered Leasing Limited (SCLL) - amalgamated entity, for the years 1998-99 to 2002-03 were finalised by the tax officer whereby lease key money amounting to Rs. 239 million has been added to income. In appeals with the ATIR, the addition was upheld. SCLL filed rectification application before ATIR that certain arguments advanced at the time of hearing of appeals were not considered while framing the order. The ATIR vide appellate order dated February 27, 2008 has recalled its original appellate order for all these years and referred the case to the Chairman ATIR to constitute a larger bench for rehearing / decision of the case.

No provision has been made in these consolidated financial statements in this respect as Management is of the view that the same will be allowed.

33.4 In January, 2019, the Holding Company received amendment notices from the Large Taxpayers Unit of the Federal Board of Revenue (FBR) Karachi under section 122(5A) of the Income Tax Ordinance, 2001 (Ordinance) for the years 2015 to 2018 inter alia on the levy of super tax under section 4B of the Ordinance. The Holding Company's legal advisor is of the opinion that levy of super tax is unlawful and accordingly the Holding Company filed constitutional petitions before the Sindh High Court (SHC) challenging the levy of super tax. The SHC has passed stay orders restricting FBR from taking any coercive measures against the Holding Company on this matter. In case of the years 2017 and 2018, amendment was proceeded as identified in note 33.5 whereas the amended assessment orders for the years 2015 and 2016 have not yet been passed.

33.5 The Additional Commissioner Inland Revenue (ACIR) passed the amended assessment orders on February 21, 2019 under section 122(5A) of the Ordinance for the years 2017 and 2018 and created demand of Rs. 911.5 million and Rs. 1,371.4 million respectively. This is mainly the result of disallowance of tax loss on lease terminations, levy of super tax and certain other matters. The Holding Company preferred an appeal against these amended assessment orders before the Commissioner Inland Revenue (Appeals) which is currently pending adjudication. The Holding Company has been granted stay against recovery of both these demands from SHC.

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Based on the merits of the case and tax advisor's opinion, Management considers that decision will be made in the Company's favour, hence, no provision has been recorded in these consolidated financial statements.

- 33.6** In March, 2019, the FBR issued a show cause notice to the Holding Company challenging the estimates of advance tax under section 147 of the Ordinance filed by the Company for quarter ended March 2019 and additionally demanded Rs. 259.4 million. The Holding Company's legal and tax advisors are of the opinion that the estimate filed by the Holding Company is in accordance with the law and accordingly the Holding Company filed a constitutional petition before the SHC against the recovery of impugned advance tax demand. The SHC has passed stay order restricting FBR from taking any coercive measures against the Holding Company.
- 33.7** During the year, the Holding Company received show cause notices from the Sindh Revenue Board (SRB) demanding Sindh Provincial Sales Tax (SPST) amounting to Rs. 519 million against income from operating lease rental of generators for the years ended June 30, 2012, 2013, 2014, 2015, 2016 and 2017 along with the applicable penalty and default surcharge.

In April, 2016, the Holding Company had filed suits against the show cause notices relating to years 2012 to 2015 before Sindh High Court (SHC) challenging the levy of SPST on renting of generators and obtained stay order restricting SRB from taking any coercive measures against the Holding Company. During the year, these suits were withdrawn due to the decision by Supreme Court of Pakistan that in order for a suit to continue, a minimum of 50% of the tax calculated by the tax authorities must be deposited in respective treasury. Consequent to withdrawal of the suits, SRB issued fresh show cause notices for each of the tax years 2012 to 2017. In case of financial year 2012 and 2016, the Assistant Commissioner SRB also passed an order against the Holding Company and created the demand of Rs. 43.6 million and Rs. 77.3 million respectively and issued recovery notices. The Holding Company has filed an appeal against the recovery orders before the Commissioner Appeals SRB and also obtained interim relief from SHC by filing separate petitions for each of the years from 2012 to 2017, challenging the levy of SPST on renting of generators and obtained stay order restricting SRB from taking coercive measures against the Holding Company.

Based on the merit of the case, Management considers that decision will be in the Company's favour, hence, no provision has been recorded in these consolidated financial statements in this regard.

- 33.8** During the year 2017, the Holding Company received show cause notice from SRB for short payment of SPST of Rs. 5.4 million against supplies made to a local vendor in September 2015. Additional Commissioner SRB Karachi confirmed the said liability through Order No. 125 of 2017 dated May 15, 2017 which was also challenged by the Holding Company by filing an appeal before Commissioner Appeals SRB Karachi.

Based on the merit of the case, Management considers that decision will be made in the Holding Company's favour and hence, no provision has been recorded in these consolidated financial statements.

- 33.9** During the year 2018, the Holding Company received a notice from SRB regarding non-payment of stamp duty on purchase orders amounting to Rs. 12.6 million. The Holding Company's legal advisor is of the opinion that application of stamp duty on purchase orders is unlawful. The Holding Company filed a petition before the SHC challenging the levy of stamp duty on purchase orders. The SHC has passed ad-interim stay order restricting SRB from taking any coercive measures against the Company until further orders of SHC.

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- 33.10** Leases committed but not executed at the reporting date amounted to Rs. 82.07 million (2018: Rs. 55.94 million).
- 33.11** Commitments relating to capital expenditure at the reporting date amounted to Rs. 15.75 million (2018: Rs. 11.27 million).
- 33.12** The Deputy Commissioner Inland Revenue (ACIR) has issued an amended order to the Modaraba Management Company and has created a demand of Workers' Welfare Fund (WWF) amounting to Rs 48,367 under section 221 of the Income Tax Ordinance, 2001 with respect to tax year 2013. Against the order, the Modaraba Management Company has not filed an appeal as the financial impact is nominal.
- 33.13** The Modaraba has issued letters of comfort to various commercial banks on behalf of its customers. These aggregate to Rs.119.21 million (2018: Rs. 186.78 million) as at the year end.

	2019	2018
	-----Rupees-----	
34 INCOME FROM OPERATING LEASE		
Operating lease assets	24,073,065	198,132,809
Ijarah finance	1,876,864,917	1,918,840,743
	<u>1,900,937,982</u>	<u>2,116,973,552</u>

	2019	2018
	-----Rupees-----	
35 OTHER INCOME - NET		
Income from financial assets		
Return on investments and deposits	20,597,361	15,606,983
Interest income on government securities	64,768,133	52,804,983
Dividend income	892,648	1,330,988
Capital gain on sale of investments - net	-	329,362,893
Unrealised (loss) / gain on remeasurement of financial assets at fair value through profit or loss - net	(3,714,497)	(236,938)
Impairment on long-term Investment	-	(49,917,389)
	<u>82,543,645</u>	<u>348,951,520</u>
Income from other than financial assets		
Other fees and income	114,011,038	97,063,566
Unrealised exchange gain transferred from other comprehensive income on cessation of equity accounting for associated undertaking	-	347,807,471
Gain on disposal of asset classified as 'held for sale'	-	-
Documentation fee	59,841,676	63,090,161
Write-off in respect of fixed assets for own use	-	(22,003)
Gain on disposal of fixed assets	51,522,742	47,287,300
Gain on sale of leased assets	41,740,649	33,399,112
Gain on transfer of Ijarah assets to Diminishing Musharika	-	32,440,591
Other exchange gain / (loss) - net	1,364,185	18,636,455
	<u>268,480,290</u>	<u>639,702,653</u>
	<u>351,023,935</u>	<u>988,654,173</u>

Notes to and Forming Part of The Consolidated Financial Statements

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36 SHARE OF PROFIT OF EQUITY ACCOUNTED UNDERTAKINGS

Name of Associates	2019		2018	
	Associates' profit after tax	Share of associates' profit after tax	Associates' profit after tax	Share of associates' profit after tax
Quoted				
Oman ORIX Leasing Company SAOG	-	-	464,944,105	54,127,397
Un-quoted				
Saudi ORIX Leasing Company	2,533,568,712	50,671,374	1,426,120,220	28,522,406
ORIX Leasing Egypt SAE	-	-	69,665,302	16,023,021
	2,533,568,712	50,671,374	1,495,785,522	44,545,427
	<u>2,533,568,712</u>	<u>50,671,374</u>	<u>1,960,729,627</u>	<u>98,672,824</u>

37 FINANCE COST	2019	2018
	-----Rupees-----	
Interest / mark-up / profit on:		
- Long-term finances	989,124,404	729,254,647
- Redeemable Capital	253,219,560	158,376,150
- Musharika finance arrangements	178,213,060	71,665,221
- Short-term borrowings	127,637,881	122,778,705
- Certificates of deposit	403,453,331	498,281,542
Amortisation of transaction costs	7,331,729	12,522,888
Bank charges and commission	30,880,758	43,063,408
	<u>1,989,860,723</u>	<u>1,635,942,561</u>

38 ADMINISTRATIVE AND GENERAL EXPENSES	Note	2019	2018
		-----Rupees-----	
Salaries, allowances, welfare and training	38.1	983,040,955	884,843,920
Rent and utilities		110,623,196	97,432,602
Travelling		7,728,469	5,922,563
Vehicle running and maintenance		13,358,235	11,448,774
Insurance on operating assets		5,456,634	6,033,189
Legal and professional charges		30,544,876	44,060,581
Communication		26,437,597	25,558,954
Subscriptions		8,302,279	4,258,483
Auditors' remuneration	38.2	4,590,168	6,327,101
Advertising		9,461,160	10,572,288
Printing and stationery		12,394,943	13,932,117
Depreciation	5.1	63,518,213	62,187,197
Amortisation	6.1	13,310,548	11,054,899
Office repairs and maintenance of equipment		57,168,618	52,610,525
Donations	38.3	10,050,000	9,970,000
Office general expenses		14,008,423	15,592,195
		<u>1,369,994,314</u>	<u>1,261,805,388</u>

Notes to and Forming Part of The Consolidated Financial Statements

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	Note	2019	2018
-----Rupees-----			
38.1	This includes expenses in relation to the following employee benefits:		
Defined benefit plan - gratuity fund	26.5	20,575,612	16,385,039
Defined contribution plan - gratuity fund		3,404,928	3,101,000
Defined contribution plan - provident fund		34,510,900	29,848,397
Compensated absences		5,751,594	4,708,622
		<u>64,243,034</u>	<u>54,043,058</u>
38.2	Auditors' remuneration		
Annual audit fee including consolidation		1,700,000	1,700,000
Fee for special certification including half yearly review fee		300,000	300,000
Other services and certifications		1,090,000	2,410,000
Sales tax on audit fee and other services		247,200	352,800
Out of pocket expenses		166,800	392,411
		<u>3,504,000</u>	<u>5,155,211</u>
Subsidiaries		1,086,168	1,171,890
		<u>4,590,168</u>	<u>6,327,101</u>
38.3	Donations above 10% of total donation or Rs. 1,000,000 which ever is higher		
The Citizens Foundation		2,900,000	2,400,000
The Layton Rahmatullah Benevolent Trust (LRBT)		1,250,000	1,250,000
The Indus Hospital		1,000,000	750,000
		<u>5,150,000</u>	<u>4,400,000</u>

During the current year, donation amounting to Rs. 1 million (2018: Rs. 0.75 million) and Rs. 1.25 million (2018: 1.25 million) was given to 'The Indus Hospital' and 'LRBT' respectively in which directors of the Holding Company are also directors.

	Note	2019	2018
-----Rupees-----			
39	DIRECT COST		
Court fee, stamp duty and others		5,465,400	11,461,386
Operating lease and Ijarah finance			
Maintenance and insurance		15,676,806	67,061,883
Depreciation - operating lease assets	5.2	10,166,556	79,666,400
Depreciation - Ijarah finance	5.3	1,509,869,269	1,613,022,910
Amortization	6.1	12,285,714	12,285,714
		<u>1,547,998,345</u>	<u>1,772,036,907</u>
		<u>1,553,463,745</u>	<u>1,783,498,293</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

40 ALLOWANCE FOR POTENTIAL LEASE AND OTHER LOAN LOSSES

	2019				
	Finance leases	Finance and loans	Sub-total	Operating lease, investments and other receivables	Total
	-----Rupees-----				
Balance at the beginning of the year	924,124,734	387,351,273	1,311,476,007	133,718,355	1,445,194,362
(Reversal) / provision made during the year	(185,176,255)	(6,831,243)	(192,007,498)	(1,874,430)	(193,881,928)
Write-offs	(69,929,744)	(207,450,963)	(277,380,707)	(43,079,089)	(320,459,796)
	<u>669,018,735</u>	<u>173,069,067</u>	<u>842,087,802</u>	<u>88,764,835</u>	<u>930,852,637</u>

	2018				
	Finance leases	Finance and loans	Sub-total	Operating lease, investments and other receivables	Total
	-----Rupees-----				
Balance at the beginning of the year	924,332,946	380,693,458	1,305,026,404	138,236,912	1,443,263,316
Provision / (reversal) made during the year	9,377,508	10,539,600	19,917,108	6,748,761	26,665,869
Write-offs	(9,585,720)	(3,881,785)	(13,467,505)	(11,267,318)	(24,734,823)
	<u>924,124,734</u>	<u>387,351,273</u>	<u>1,311,476,007</u>	<u>133,718,355</u>	<u>1,445,194,362</u>

	Note	2019	2018
		-----Rupees-----	
40.1 Provision against finances and loans			
Long-term finances and loans	10	(151,200,477)	(258,237,065)
Short-term finances and loans	11	(21,868,590)	(129,114,208)
		<u>(173,069,067)</u>	<u>(387,351,273)</u>

40.2 Provision against operating lease, investments and other receivables

Other receivables	16	23,563,000	68,516,520
Short-term investments	14	7,500,000	7,500,000
Long-term investments	9	57,701,835	57,701,835
		<u>88,764,835</u>	<u>133,718,355</u>

41 OTHER PROVISIONS / (REVERSALS) - NET

Operating lease, investments and other receivables

Reversal of provision against other receivables		(80,871)	(1,745,482)
(Reversal) / provision against Ijarah receivable		(1,793,559)	8,494,243
		<u>(1,874,430)</u>	<u>6,748,761</u>

Others

Provision against Workers' Welfare Fund		2,572,584	2,455,039
Provision for services sales tax on Management Company's remuneration	28.1	1,885,208	1,799,070
Impairment on assets under Ijarah arrangements		-	462,984
Impairment of assets classified as 'held for sale'		11,124,984	-
		<u>13,708,346</u>	<u>11,465,854</u>

Notes to and Forming Part of The Consolidated Financial Statements

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42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

42.1 The aggregate amount charged in the consolidated financial statements for the year in respect of the remuneration and benefits to the Chief Executive and Executives is as follows:

	2019			
	Chief Executive of the Holding Company	Chief Executive of the Management Company	Executives	Total
	-----Rupees-----			
Managerial remuneration and allowances	34,957,248	21,355,880	245,091,784	301,404,912
House rent and utilities	9,620,820	-	57,281,679	66,902,499
Retirement benefits	3,464,536	-	19,426,491	22,891,027
	<u>48,042,604</u>	<u>21,355,880</u>	<u>321,799,954</u>	<u>391,198,438</u>
Number of persons	1	1	48	50

	2018			
	Chief Executive of the Holding Company	Chief Executive of the Management Company	Executives	Total
	-----Rupees-----			
Managerial remuneration and allowances	30,937,805	21,593,647	206,114,394	258,645,846
House rent and utilities	8,090,235	-	49,199,844	57,290,079
Retirement benefits	3,631,405	-	23,964,092	27,595,497
	<u>42,659,445</u>	<u>21,593,647</u>	<u>279,278,330</u>	<u>343,531,422</u>
Number of persons	1	1	46	48

42.2 Executives denote employees, other than the Chief Executive Officer and Directors of the Holding Company, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

42.3 The Chief Executive and certain executives are also provided with Company maintained cars and other benefits in accordance with their entitlement as per Company policy.

42.4 Aggregate amount charged in these consolidated financial statements includes meeting fees paid to 5 non-executive directors amounts to Rs. 5.3 million (2018: 5 non-executive directors Rs. 3.3 million). This includes fee paid to the Chairman of the Board of Directors of the Holding Company amounting to Rs. 1 million (2018: Rs. 0.8 million).

	2019	2018
	-----Rupees-----	
Current tax - for the year	249,526,655	566,398,710
Current tax - for prior years	(431,072)	(156,689,272)
Deferred	176,186,186	(66,539,419)
	<u>425,281,769</u>	<u>343,170,019</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

43.1 Super tax

The Finance Act, 2015 had levied a one-time super tax at the rate of 3 percent of the taxable income for companies having taxable income of above Rs. 500 million. This clause has been extended in the Finance Act, 2018 and an amount of Rs. 11.5 million (2018: Rs. 52.1 million) at the rate of 2 percent (2018: 3 percent) of the taxable income has been recognised in this respect in the current tax charge.

43.2 Effective tax rate reconciliation

Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as provision for the current year income tax has been made under the provisions of Alternate Corporate Tax under section 113C of the Income Tax Ordinance, 2001. Relationship between income tax expense and accounting profit for the year ended June 30, 2018 is as follows:

	2018 (Effective tax rate %)	2018 -----Rupees-----
Profit attributable to Shareholder's of Holding Company		<u>1,714,468,743</u>
Tax at enacted tax rate	30%	514,340,623
Tax effect of income subject to final tax regime	-0.11%	(1,901,331)
Tax effect of income subject to lower tax rate	-3.45%	(59,194,498)
Effect of change in tax rate on opening deferred tax	-1.03%	(17,598,504)
Super Tax	3.04%	52,134,550
Prior year	-9.14%	(156,689,272)
Tax effect of rebates/credits	-0.10%	(1,680,000)
Others	0.80%	13,758,451
	<u>20.0%</u>	<u>343,170,019</u>

43.3 Current status of pending tax assessments

Tax Year 1999 to 2000

In the assessment year 1999-2000 the Officer Inland Revenue (OIR) had revised the income tax assessment order of the Holding Company under Section 221 of the Ordinance. The Holding Company had preferred an appeal against the order of the OIR before the Commissioner Inland Revenue [CIR(A)] who confirmed the treatment of the OIR. The Holding Company then filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). The ATIR while deciding the appeal filed by the Holding Company, has remanded back the appellate order dated December 12, 2005 to the CIR(A) to pass speaking order after considering all the relevant facts of the case. The case is still pending for adjudication, however, as a matter of prudence, the Holding Company has made adequate provision in respect of the disallowances.

Notes to and Forming Part of The Consolidated Financial Statements

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Tax Year 2010 to 2018

Under Section 114 of the Income Tax Ordinance 2001, the Holding Company has filed the returns of income for tax years 2010 to 2018. The said returns were taken to be assessment orders passed by the Commissioner Inland Revenue on the day the said returns were filed other than tax year 2010, 2011, 2014, 2017 and 2018.

Tax Year 2010-2011, 2014, 2017 and 2018

Details of the assessment made by the Additional Commissioner Inland Revenue are provided in note 33.1, 33.2, 33.4 & 33.5.

- 43.4** The Finance supplementary (Second Amendment) Act, 2019 has introduced an amendment in section 5(A) of the Income Tax Ordinance, 2001 whereby undistributed profits for the tax year 2019 are subject to tax at the rate of 5% of the accounting profit before tax for every public company, other than a scheduled bank or a modaraba, that derives profit after tax for a tax year but does not distribute at least 20% of its profit after tax within six months of the end of the tax year in cash.

As disclosed in the note 56, the Holding Company is in compliance with the above stated requirement. Accordingly, no provision for tax on undistributed profit has been recognised in these consolidated financial statements for the year ended June 30, 2019.

In case of ORIX Modaraba provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. The income of non-trading Modarabas is exempt from tax provided that not less than 90% of their profits for the year as reduced by amount transferred to a mandatory reserve as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed to the certificate holders. The Modaraba intends to continue availing the tax exemption by distributing at least 90% of its profits to the certificate holders each year.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

44	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	Note	2019	2018
			-----Rupees-----	
	Profit before taxation		1,530,106,082	1,792,231,530
	Adjustments for			
	Depreciation	5.1, 5.2 & 5.3	1,584,712,653	1,755,952,910
	Amortisation	6.1	24,437,647	22,264,210
	Amortisation of transaction cost	37	7,331,729	12,522,888
	(Reversal) / provision for potential lease and other loan losses - net	40	(192,007,498)	19,917,108
	Provision against Workers' Welfare Fund	41	2,572,584	2,455,039
	(Reversal) / provision against Ijarah receivable	41	(1,793,559)	8,494,243
	Impairment of assets classified as 'held for sale'	41	11,124,984	-
	Reversal of provision against other receivables	41	(80,871)	(1,745,482)
	Provision for services sales tax on Management Company's remuneration	41	1,885,208	1,799,070
	Capital gain on sale of investments - net	35	-	(329,362,893)
	Impairment on long term investment	35	-	49,917,389
	Share of profit of equity accounted undertakings	36	(50,671,374)	(98,672,824)
	Other exchange gain - net	35	(1,364,185)	(18,636,455)
	Charge for defined benefit plan - gratuity fund	38.1	20,575,612	16,385,039
	Fixed assets written-off		-	484,987
	Capital work in progress reclassified to repair and maintenance		34,310	-
	Unrealised loss on remeasurement of financial assets at fair value through profit or loss - net	35	3,714,497	236,938
	Finance cost including bank charges	37	1,579,075,663	1,125,138,131
	Profit on certificates of deposit	37	403,453,331	498,281,542
	Dividend income	35	(892,648)	(1,330,988)
	Unrealised exchange gain transferred from other comprehensive income	35	-	(347,807,471)
	Return on investments and deposits	35	(20,597,361)	(15,606,983)
	Interest income on government securities	35	(64,768,133)	(52,804,983)
	Gain on transfer of Ijarah assets to Diminishing Musharika	35	-	(32,440,591)
	Gain on disposal of fixed assets	35	(51,522,742)	(47,287,300)
			<u>3,255,219,847</u>	<u>2,568,153,524</u>
			<u>4,785,325,929</u>	<u>4,360,385,054</u>
45	CASH AND CASH EQUIVALENTS			
	Cash at bank	17	614,456,292	923,515,259
	Cash in hand	17	1,764,470	1,421,649
	Short-term running finance facilities	30	(1,082,642,374)	(1,710,358,951)
			<u>(466,421,612)</u>	<u>(785,422,043)</u>

Notes to and Forming Part of The Consolidated Financial Statements

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45.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2019							Total
	Short term loans	Certificates of Deposit	Long term Finances	Dividend Payable	Share Capital	Share Premium	Redeemable capital	
-----Rupees-----								
Balance as at July 01, 2018	645,000,000	5,275,940,041	11,066,852,693	279,068,037	1,392,124,190	1,863,635,353	3,127,115,000	23,649,735,314
Changes from financing cash flows								
Repayment	(645,000,000)	(1,661,725,167)	(4,347,128,162)	-	-	-	(4,479,210,000)	(11,133,063,329)
Proceeds received	250,000,000	645,256,626	5,271,983,058	-	-	-	4,137,800,000	10,305,039,684
Dividend paid	-	-	-	(731,853,392)	-	-	-	(731,853,392)
Total changes from financing activities	(395,000,000)	(1,016,468,541)	924,854,896	(731,853,392)	-	-	(341,410,000)	(1,559,877,037)
Other changes								
Bonus shares	-	-	-	-	278,424,830	(278,424,830)	-	-
Dividend declared	-	-	-	531,098,802	-	-	-	531,098,802
Total other changes	-	-	-	531,098,802	278,424,830	(278,424,830)	-	531,098,802
Balance as at June 30, 2019	250,000,000	4,259,471,500	11,991,707,589	78,313,447	1,670,549,020	1,585,210,523	2,785,705,000	22,620,957,079

46 SEGMENT INFORMATION

The Group has three primary reporting segments namely, 'Finance lease', 'Finances & loans' and 'Operating lease', based on the nature of business and the related risks and returns associated with these segments. The finance lease operations are primarily for long-term leases of movable assets to corporate entities and individuals. Finances and loans are primarily extended to corporate entities and individuals for purchase of saloon vehicles. This segment also includes micro finance which primarily represents group / community based lending to the under-privileged community. Under the operating lease segment, the Group provides equipment on short-term rentals to corporate entities. Other operations, which do not fall into the above segment categories and are not deemed by the Management to be sufficiently significant to disclose as separate items, are reported under 'Investment in subsidiaries, associates, and others'.

Notes to and Forming Part of The Consolidated Financial Statements

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46.1 Segment analysis is given below:

	2019				
	Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	Total
	-----Rupees-----				
Segment revenues	2,958,046,579	1,151,578,250	1,977,117,865	178,383,018	6,265,125,712
Finance cost	1,080,562,972	488,272,078	265,865,914	155,159,759	1,989,860,723
Administrative and general expenses	913,387,849	306,013,313	131,815,548	18,777,604	1,369,994,314
Direct cost	12,461,042	1,081,491	1,539,921,212	-	1,553,463,745
Provisions / (reversal)-net	(185,176,255)	(6,831,243)	613,997	10,521,765	(180,871,736)
Segment results	1,136,810,971	363,042,611	38,901,194	(6,076,110)	1,532,678,666
Provision for Sindh Worker's Welfare Fund					(2,572,584)
Provision for taxation					(425,281,769)
Profit for the year					1,104,824,313
Other information					
Segment assets	17,316,324,578	7,761,507,782	3,953,168,289	2,475,150,366	31,506,151,015
Unallocated assets					1,209,640,651
Total assets					32,715,791,666
Segment liabilities	351,748,470	2,288,699,068	3,041,584,368	296,659,497	5,978,691,403
Unallocated liabilities					17,776,943,064
Total liabilities					23,755,634,467
Capital expenditure	-	-	1,628,807,141	-	1,628,807,141
Depreciation	-	-	1,520,035,825	-	1,520,035,825
Unallocated					
Capital expenditure - fixed assets for own use	-	-	-	-	109,935,604
Additions made to intangible assets	-	-	-	-	11,341,385
Unallocated depreciation and amortisation	-	-	-	-	76,828,761

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	2018				
	Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	Total
	-----Rupees-----				
Segment revenues	2,660,598,689	794,423,991	2,201,264,152	848,573,902	6,504,860,734
Finance cost	903,677,074	289,982,337	184,032,600	258,250,550	1,635,942,561
Administrative and general expenses	852,799,793	248,134,337	132,932,171	27,939,087	1,261,805,388
Direct cost	16,047,593	2,036,012	1,765,414,688	-	1,783,498,293
Provisions / (reversal)-net	9,377,505	10,539,603	6,986,013	2,024,802	28,927,923
Segment result	<u>878,696,724</u>	<u>243,731,702</u>	<u>111,898,680</u>	<u>560,359,463</u>	<u>1,794,686,569</u>
Provision for Workers' Welfare Fund					(2,455,039)
Provision for taxation					(343,170,019)
Profit for the year					<u>1,449,061,511</u>
Other information					
Segment assets	<u>17,937,616,945</u>	<u>6,820,800,431</u>	<u>4,730,446,544</u>	<u>2,049,233,886</u>	<u>31,538,097,806</u>
Unallocated assets					<u>1,897,563,104</u>
Total assets					<u>33,435,660,910</u>
Segment liabilities	<u>316,895,966</u>	<u>772,607,854</u>	<u>1,795,103,516</u>	-	<u>2,884,607,336</u>
Unallocated liabilities					<u>22,346,643,100</u>
Total liabilities					<u>25,231,250,436</u>
Capital expenditure	-	-	<u>2,699,036,596</u>	-	<u>2,699,036,596</u>
Depreciation	-	-	<u>1,692,689,310</u>	-	<u>1,692,689,310</u>
Unallocated					
Capital expenditure - fixed assets for own use	-	-	-	-	<u>51,466,060</u>
Additions made to intangible assets	-	-	-	-	<u>17,865,346</u>
Unallocated depreciation and amortisation	-	-	-	-	<u>73,242,096</u>

Notes to and Forming Part of The Consolidated Financial Statements

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46.2 Segment by class of business

An analysis by class of business of the Group's net investment in finance leases and other finances and loans is given below:

Sectors	2019		2018	
	(Rupees)	%	(Rupees)	%
Individuals	6,213,978,977	21.96%	5,922,319,469	20.28%
Goods Transport	3,466,130,163	12.25%	4,740,871,137	16.23%
Services	2,605,604,018	9.21%	2,736,568,137	9.37%
Public Transport	2,559,873,922	9.04%	2,012,927,406	6.89%
Textile & Allied	1,750,355,586	6.18%	1,630,797,779	5.58%
Distributor	1,608,180,931	5.68%	1,524,074,879	5.22%
Fuel & Energy	1,333,603,229	4.71%	1,587,115,420	5.43%
Trading	1,221,815,545	4.32%	1,332,369,167	4.56%
Steel & Engineering	1,113,033,200	3.93%	857,011,576	2.93%
Miscellaneous	1,088,268,366	3.84%	1,290,454,382	4.42%
Chemical & Pharmaceutical	974,534,006	3.44%	842,794,566	2.88%
Paper, Board & Printing	941,566,913	3.33%	883,133,855	3.02%
Food & Allied	910,613,600	3.22%	866,016,107	2.96%
Construction	684,918,313	2.42%	881,305,564	3.02%
Glass, Ceramics & Plastic	683,909,197	2.42%	650,233,931	2.23%
Sugar	388,926,047	1.37%	558,367,934	1.91%
Automotive Industry	316,884,836	1.12%	300,044,292	1.03%
Natural Resource & Farming	300,626,986	1.06%	471,329,799	1.61%
Cables, Electric & Electronic Goods	141,083,497	0.50%	127,836,858	0.43%
	<u>28,303,907,332</u>	<u>100.00%</u>	<u>29,215,572,258</u>	<u>100.00%</u>

	2019	2018
	-----Rupees-----	
Net investment in finance leases	17,955,603,086	18,840,807,660
Other finances and loans	10,348,304,246	10,374,764,598
	<u>28,303,907,332</u>	<u>29,215,572,258</u>

46.3 Segment by sector

The Holding Company's net investment in finance lease and other finances and loans includes exposure to private sector of Rs. 28,303 million (2018: Rs. 29,215 million).

46.4 Geographical segment analysis

The Group's operations are restricted to Pakistan only.

47 TRANSACTIONS WITH RELATED PARTIES

The Holding Company has related party relationships with its subsidiary companies, related group companies, associated companies, staff provident fund, staff gratuity fund, directors and key management personnel and entities over which the directors or key management personnel are able to exercise significant influence.

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The Group in the normal course of business carries out transactions with various related parties. These transactions are executed substantially on the same terms as those prevailing at the time of comparable transactions with unrelated parties and do not involve more than a normal risk. Amounts due from and due to related parties are disclosed in the relevant notes.

47.1 Transactions with related parties during the year are given below:

	2019	2018
	-----Rupees-----	
ORIX Corporation, Japan - Parent Company - 49.58% Holding		
Dividend paid	383,024,136	-
13,803,256 Bonus shares issued (2018: Nil)	-	-
Oman ORIX Leasing Company SAOG - Associate / common directorship - 11.64% ownership*		
Attendance fee for meeting of the Board of Directors	-	6,330,639

*Investment in Oman ORIX Leasing Company SAOG was disposed off by the Holding Company during the year ended June 30, 2018, therefore it is no longer a related party.

	2019	2018
	-----Rupees-----	
Saudi ORIX Leasing Company - Associate / common directorship 2.5% ownership		
Dividend received	14,743,653	10,323,898
Reimbursement of cost	4,152,340	-
Technical assistance fee received	-	922,323
BOD attendance fee received	3,768,108	3,077,695
ORIX Leasing Pakistan Limited - Employees Provident Fund (OLP-EPF)		
Contribution made	30,421,673	26,121,397
ORIX Modaraba - Staff Provident Fund (OM-EPF)		
Contribution made	4,089,227	3,726,761
ORIX Leasing Pakistan Limited - Staff Gratuity Fund (OLP-SGF)		
Contribution made	40,545,292	32,899,060
ORIX Modaraba - Staff Gratuity Fund (OM-SGF)		
Contribution made	3,404,928	3,100,571
Reimbursement from Staff Gratuity Fund	649,505	-
State Life Insurance Corporation of Pakistan - common directorship		
Insurance premium & rent expenses	-	3,741,634
Charity / Donation paid - common directorship		
The Indus Hospital	1,000,000	750,000
The Layton Rahmatullah Benevolent Trust	1,250,000	1,250,000

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

	2019	2018
	-----Rupees-----	
Other related party transactions during the year		
Directors and key management personnel		
Compensation of directors and key management personnel		
Director fees paid	4,800,000	3,300,000
Short-term employee benefits	214,485,123	179,590,995
Retirement benefits	13,470,570	19,219,958
Total compensation to directors and key management personnel	<u>232,755,693</u>	<u>202,110,953</u>
Proceeds from sale of vehicles	<u>973,300</u>	<u>2,581,603</u>
Loans disbursed	<u>4,924,561</u>	<u>19,220,413</u>
Interest received	<u>1,453,246</u>	<u>1,449,690</u>
Principal recovered	<u>9,950,625</u>	<u>12,964,833</u>
Financial charges on Redeemable Capital	<u>35,938</u>	<u>35,938</u>
Advance to the Chief Executive Officer of the Management Company	<u>1,320,000</u>	<u>-</u>
Provision for performance bonus of the Management Company	<u>6,000,000</u>	<u>6,000,000</u>
Issuance of certificates of deposit	<u>400,000</u>	<u>2,856,410</u>
Redemption of certificates of deposit	<u>2,510,000</u>	<u>10,416,385</u>
Ijarah rental earned on ijarah finances to key management personnel of the Modaraba	<u>3,313,445</u>	<u>3,313,445</u>
Income earned on Musharaka finance to key management personnel of the Modaraba	<u>5,345,972</u>	<u>5,345,972</u>
Amount of profit paid on certificates of deposit	<u>301,208</u>	<u>631,845</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

	2019	2018
	-----Rupees-----	
47.2 The balances with related parties as at year end:		
Investment in associated undertakings	942,321,227	672,208,880
Long term investment - Al Hail ORIX Finance PSC	188,177,948	229,180,469
Investment in associated undertaking - 'held for sale'		
- OPP (Private) Limited	87,754,399	87,754,399
- ORIX Leasing Egypt SAE	172,043,037	172,043,037
Certificates of deposit held	2,100,000	4,210,000
Accrued profit on certificates of deposit	9,561	28,940
Outstanding loans to Key Management Personnel	62,074,389	89,136,602
Defined benefit (asset) / payable to ORIX Leasing Pakistan Limited - Staff Gratuity Fund	(8,808,244)	19,969,684
Receivable from Saudi ORIX Leasing Company - Associate	754,396	53,837
Unpaid dividend to ORIX Corporation, Japan - Parent Company	-	207,040,074
(Payable) / receivable from ORIX Corporation, Japan - Parent Company	(92,885)	37,260
Accrued profit on finances under diminishing musharika	389,714	270,896
Profit payable on redeemable capital to Key Management Personnel	195,273	12,000
Ijarah rent receivable	-	131,144
Redeemable Capital to Key Management Personnel	4,000,000	500,000
Security deposit on Ijarah finance	-	665,436
Receivable from / (Payable to) staff retirements funds - Modaraba	55,962	(30,865)

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

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

	2019	2018
	-----Number of staff-----	
48 STAFF STRENGTH		
Group's staff strength at the end of the year	567	564
Average number of employees*	562	524

* Represents the average taken of the number of employees at the end of each month in the year. This average has been calculated for Group's employees.

49 PROVIDENT FUND RELATED DISCLOSURES

The Holding Company operates a Staff Provident Fund for its employees. The following information is based on the financial statements of the Fund as at June 30, 2019 (unaudited) and 2018 (audited):

	2019 Unaudited	2018 Audited
	-----Rupees-----	
Size of the Fund - total assets	495,047,279	446,171,250
Fair value of investments	481,566,515	442,436,171
	------(Percentage)-----	
Percentage of investments made	97%	99%

The cost of the above investments amounted to Rs. 468.63 million (2018: Rs. 422.57 million).

The break-up of fair value of investments is as follows:

	Unaudited 2019	Audited 2018	Unaudited 2019	Audited 2018
	-----Percentage-----		-----Rupees-----	
Cash and bank deposits	10.65%	5.00%	51,283,631	22,123,947
Government securities				
- Treasury Bills	34.02%	84.54%	163,840,550	374,028,219
- National Savings Certificate	37.44%	4.34%	180,298,810	19,187,294
- Pakistan Investment Bonds	17.89%	6.12%	86,143,524	27,096,711
	<u>100.00%</u>	<u>100.00%</u>	<u>481,566,515</u>	<u>442,436,171</u>

The investments of the provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

50 FINANCIAL INSTRUMENTS BY CATEGORY

2019			
At amortised cost	At fair value through profit and loss	At fair value through other comprehensive income	Total
-----Rupees-----			
ASSETS			
Net investment in finance lease	17,286,584,351	-	17,286,584,351
Long-term investments	268,623,384	10,988,800	467,790,132
Term finances and loans	7,798,049,440	-	7,798,049,440
Accrued return on investments and term-finance	135,034,672	-	135,034,672
Short-term investments	-	380,501,894	394,438,716
Other receivables	147,089,203	-	147,089,203
Cash and bank balances	616,220,762	-	616,220,762
	<u>26,251,601,812</u>	<u>391,490,694</u>	<u>26,845,207,276</u>

2019		
At fair value through profit and loss	At amortised cost	Total
-----Rupees-----		
LIABILITIES		
Long-term finances	11,991,707,589	11,991,707,589
Certificates of deposit	4,259,471,500	4,259,471,500
Other long-term liabilities	164,902,777	164,902,777
Trade and other payables	1,028,492,490	1,028,492,490
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	449,397,319	449,397,319
Unpaid dividend	-	-
Unclaimed dividend	78,313,447	78,313,447
Short-term borrowings	1,332,642,374	1,332,642,374
Redeemable capital	2,785,705,000	2,785,705,000
	<u>22,090,632,496</u>	<u>22,090,632,496</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

	2018			Total
	At amortised cost	At fair value through profit and loss	At fair value through other comprehensive income	
-----Rupees-----				
ASSETS				
Net investment in finance lease	17,916,682,926	-	-	17,916,682,926
Long-term investments	63,354,946	-	244,098,169	307,453,115
Term finances and loans	6,953,413,182	-	-	6,953,413,182
Accrued return on investments and term-finance	83,360,712	-	-	83,360,712
Short-term investments	-	758,747,378	13,840,691	772,588,069
Other receivables	156,302,114	-	-	156,302,114
Cash and bank balances	924,936,908	-	-	924,936,908
	<u>26,098,050,788</u>	<u>758,747,378</u>	<u>257,938,860</u>	<u>27,114,737,026</u>

	2018		Total
	At fair value through profit and loss	At amortised cost	
-----Rupees-----			
LIABILITIES			
Long-term finances	-	11,066,852,693	11,066,852,693
Certificates of deposit	-	5,275,940,041	5,275,940,041
Other long-term liabilities	-	202,558,668	202,558,668
Trade and other payables	-	1,107,639,306	1,107,639,306
Accrued interest / mark-up /profit on loans, finances and certificates of deposit	-	283,728,568	283,728,568
Unpaid dividend	-	208,224,070	208,224,070
Unclaimed dividend	-	70,843,967	70,843,967
Short-term borrowings	-	2,355,358,951	2,355,358,951
Redeemable capital	-	3,127,115,000	3,127,115,000
	-	<u>23,698,261,264</u>	<u>23,698,261,264</u>

51 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks which mainly include market risk, credit risk and liquidity risk. The Board of Directors of the Holding Company has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

51.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises three types of risks: currency risk, yield / interest rate risk and other price risk.

51.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Holding Company incurs currency risk in US dollar, Saudi Riyal, UAE Dirhams and Egyptian Pound on account of its foreign currency bank account, long-term investments and investments in associated undertakings. The Holding Company's exposure to foreign currency transactions is as follows:

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

	2019	2018
	-----Rupees-----	
Foreign currency bank account	4,537,899	3,411,151
Long-term investments	188,177,948	229,180,469
Investment in associated undertakings	942,321,227	672,208,880
Assets classified as 'held for sale'	172,043,037	172,043,037

As at June 30, 2019, if the Pakistani Rupee had strengthened / weakened by 10% against these currencies the impact would have been higher / lower by an amount of Rs. 130.71 million (2018: Rs. 107.68 million).

51.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's floating interest rates long-term debt obligations and financial assets. Financial assets and financial liabilities include balances of Rs. 26,001 million (2018: Rs. 26,188 million) and Rs. 20,280 million (2018: Rs.21,736 million) respectively, which are subject to interest rate risk. The maturity analysis and interest rate profile of the Group's significant interest bearing financial instruments are as follows:

	2019							
Effective yield / profit rate %	Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Not exposed to yield / profit rate risk	
	-----Rupees-----							
On-balance sheet financial instruments								
Financial assets								
Net investment in finance lease	9.16% - 27.12%	17,286,584,351	1,400,551,759	1,408,120,148	5,674,279,596	8,803,632,848	-	-
Long-term investments	7.25% - 12.00%	467,790,132	-	60,447,812	-	208,175,572	-	199,166,748
Term finances and loans	4.00% - 35.78%	7,798,049,440	456,865,377	603,902,851	2,350,461,580	3,854,702,738	532,116,894	-
Accrued return on investments and term finance	-	135,034,672	-	-	-	-	-	135,034,672
Short-term investments	10.80% - 12.74%	394,438,716	14,931,865	365,570,029	-	-	-	13,936,822
Other receivables	-	147,089,203	-	-	-	-	-	147,089,203
Investment in associated undertakings	-	942,321,227	-	-	-	-	-	942,321,227
Cash and bank balances	3.00%-10.30%	616,220,762	266,816,059	-	-	-	-	349,404,703
Total		27,787,528,503	2,139,165,060	2,438,040,840	8,024,741,176	12,866,511,158	532,116,894	1,786,953,375
Financial liabilities								
Long-term finances	5.29% - 13.60%	11,991,707,589	524,055,930	677,746,324	3,374,570,123	7,415,335,212	-	-
Certificates of deposit	6.00% - 12.82%	4,259,471,500	76,679,414	383,211,108	979,883,560	2,703,507,379	116,190,039	-
Other long-term liabilities	-	164,902,777	-	-	-	-	-	164,902,777
Trade and other payables	-	1,028,492,490	-	-	-	-	-	1,028,492,490
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	449,397,319	-	-	-	-	-	449,397,319
Unclaimed dividend	-	78,313,447	-	-	-	-	-	78,313,447
Short-term borrowings	11.59% - 13.80%	1,332,642,374	1,332,642,374	-	-	-	-	-
Redeemable capital	8.05% - 13.25%	2,785,705,000	119,625,000	331,200,000	2,208,350,000	37,750,000	-	88,780,000
Total		22,090,632,496	2,053,002,718	1,392,157,432	6,562,803,683	10,156,592,591	116,190,039	1,809,886,033
On-balance sheet gap (a)		5,696,896,007	86,162,342	1,045,883,408	1,461,937,493	2,709,918,567	415,926,855	(22,932,658)
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		5,696,896,007	86,162,342	1,045,883,408	1,461,937,493	2,709,918,567	415,926,855	-
Cumulative interest rate sensitivity gap		5,696,896,007	5,783,058,349	6,828,941,757	8,290,879,250	11,000,797,817	11,416,724,672	-

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

2018

Effective yield / profit rate %	Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Not exposed to yield / profit rate risk
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(Rupees)

On-balance sheet financial instruments

Financial assets

Net investment in finance lease	7.7% - 24.00%	17,916,682,926	740,981,703	1,521,916,812	6,020,436,629	9,633,347,782	-	-
Long-term investments	9.60% - 12.00%	307,453,115	-	-	-	63,354,946	-	244,098,169
Term finances and loans	4.00% - 37.73%	6,953,413,182	288,093,740	491,317,448	2,021,411,371	3,558,611,917	593,978,706	-
Accrued return on investments and term finance	-	83,360,712	-	-	-	-	-	83,360,712
Short-term investments	6.20% - 6.26%	772,588,069	520,178,927	238,568,451	-	-	-	13,840,691
Other receivables	-	156,302,114	-	-	-	-	-	156,302,114
Investment in associated undertakings	-	672,208,880	-	-	-	-	-	672,208,880
Cash and bank balances	2.40%-5.75%	924,936,908	495,927,106	-	-	-	-	429,009,802
Total		27,786,945,906	2,045,181,476	2,251,802,711	8,041,848,000	13,255,314,645	593,978,706	1,598,820,368

Financial liabilities

Long-term finances	5.29% - 8.07%	11,066,852,693	450,227,706	1,016,666,666	2,754,541,796	6,845,416,525	-	-
Certificates of deposit	6.40% - 12.15%	5,275,940,041	230,215,429	259,435,059	1,560,920,936	3,090,428,578	134,940,039	-
Other long-term liabilities	-	202,558,668	-	-	-	-	-	202,558,668
Trade and other payables	-	1,107,639,306	-	-	-	-	-	1,107,639,306
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	283,728,568	-	-	-	-	-	283,728,568
Unpaid dividend	-	208,224,070	-	-	-	-	-	208,224,070
Unclaimed dividend	-	70,843,967	-	-	-	-	-	70,843,967
Short-term borrowings	7.03% - 7.93%	2,355,358,951	1,710,358,951	145,000,000	500,000,000	-	-	-
Redeemable capital	4.00% - 5.30%	3,127,115,000	149,300,000	143,950,000	2,736,885,000	8,200,000	-	88,780,000
Total		23,698,261,264	2,540,102,086	1,565,051,725	7,552,347,732	9,944,045,103	134,940,039	1,961,774,579

On-balance sheet gap (a)

		4,088,684,642	(494,920,610)	686,750,986	489,500,268	3,311,269,542	459,038,667	(362,954,211)
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Off-balance sheet financial instruments

Off-balance sheet gap (b)

Total interest rate sensitivity gap (a+b)		4,088,684,642	(494,920,610)	686,750,986	489,500,268	3,311,269,542	459,038,667	
Cumulative interest rate sensitivity gap		4,088,684,642	3,593,764,032	4,280,515,017	4,770,015,285	8,081,284,828	8,540,323,495	

a) Sensitivity analysis for variable rate financial instruments

The Group has extended KIBOR based long-term lease and finances to various counter parties that expose the Group to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax for the year ended June 30, 2019 would have been lower / higher by Rs 201.3 million (2018: Rs.200.4 million).

Furthermore, the Group also has KIBOR based financial liabilities in Pakistani Rupees representing short-term running finance arrangements, short-term and long-term finances obtained from various financial institutions and certificates of deposit which expose the Group to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax for the year ended June 30, 2019 would have been lower / higher by Rs.158.6 million (2018: Rs.150.6 million).

The Group holds unutilized credit lines with banks amounting to Rs. 2,028 million as at June 30, 2019 as mentioned in the note 21.1.

Presently, the Group does not hold any variable rate financial instrument carried at 'fair value through profit or loss' and is not exposed to cash flow interest rate risk except for balances in certain saving accounts. The interest rate of these bank accounts ranges from 3.00% to 10.30%. (2018: 2.40% to 5.75%) per annum.

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b) Sensitivity analysis for fixed rate financial instruments

As at June 30, 2019, the Holding Company holds Market Treasury Bills and Pakistan Investment Bonds which are classified as 'financial assets at fair value through profit or loss' and 'amortised cost' respectively, exposing the Holding Company to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Markets Association of Pakistan for Market Treasury Bills and Pakistan Investment Bonds with all other variables held constant, the net income for the year and net assets of the Holding Company would have been higher / lower by Rs.1.86 million (2018: Rs. 0.5 million).

51.1.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

Other price risk arises when the Group has made investment in shares of listed companies or mutual funds. Currently, the Group holds investments in units of National Investment (Unit) Trust classified as available-for-sale financial assets. These investments are marked-to-market based on the net asset value which is declared on a daily basis. The Group has adopted a policy to diversify its portfolio and continuously monitor developments in markets. In addition the Company actively monitors the key factors that affect stock price movement.

51.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The risk is generally limited to principal amounts and accrued profit thereon, if any. The Group has established procedures to manage credit exposure including credit approval limit, credit exposure limits, collateral and guarantee requirements. These procedures incorporate both internal guidelines as well as the requirements of the NBFC Rules and the NBFC Regulations. The Group also manages credit risk through an independent credit department which evaluates customers' credit worthiness and obtains adequate securities where applicable.

All investing transactions are settled / paid for upon delivery. The Group's policy is to enter into financial instrument contract by following internal guidelines for approval.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. As at June 30, 2019, out of the total financial assets of Rs. 27,788 million (2018: Rs.27,787 million) the assets which were subject to credit risk amounted to Rs. 27,137 million (2018: Rs. 26,964 million). Significant concentration of the Group's risk assets by class of business, industry sector and geographical region is set out in note 46.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

The maximum exposure to credit risk at the reporting date is:

	2019	2018
	-----Rupees-----	
Net investment in finance lease	17,286,584,351	17,916,682,926
Long-term investments	199,166,748	244,098,169
Term finances and loans	7,798,049,440	6,953,413,182
Accrued return on investments and term finance	135,034,672	83,360,712
Short-term investments	13,936,822	13,840,691
Net investment in ijarah finance	370,000	370,000
Other receivables	147,089,203	156,302,114
Investment in associated undertakings	942,321,227	672,208,880
Bank balances	614,456,292	923,515,259
	<u>27,137,008,755</u>	<u>26,963,791,933</u>

The Group controls the credit quality of receivables through diversification of activities to avoid undue concentration of risks with individuals, groups or specific industry segments. For such purpose, the Group has established exposure limits for single lessees and industrial sectors. The Group has an effective rental monitoring system which allows it to evaluate customers' credit worthiness and identify potential problem accounts. An allowance for potential lease, instalment and other loan losses is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on lease and other loan portfolios that can be reasonably anticipated. The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history.

The carrying value of receivables which are past due are as under:

	2019				
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	Net investment in ijarah finance	Total
	-----Rupees-----				
Within 90 days	86,121,951	14,906,340	-	-	101,028,291
90 - 180 days	242,639,685	56,434,639	438,869	-	299,513,193
181-365 days	126,300,824	23,860,709	-	-	150,161,533
Over 1 Year	582,388,748	146,619,799	114,247,866	1,134,443	844,390,856
	<u>1,037,451,208</u>	<u>241,821,487</u>	<u>114,686,735</u>	<u>1,134,443</u>	<u>1,395,093,873</u>
Less: General and specific provision	669,018,735	173,069,067	88,764,835	1,134,443	931,987,080
Net of Provision	<u>368,432,473</u>	<u>68,752,420</u>	<u>25,921,900</u>	<u>-</u>	<u>463,106,793</u>
Coverage Ratio	64.49%	71.57%	77.40%	100.00%	66.80%

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

	2018				Total
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	Net investment in ijarah finance	
	-----Rupees-----				
Within 90 days	54,982,473	10,011,627	2,073,188	-	67,067,288
90 - 180 days	139,547,197	13,802,936	480,221	-	153,830,354
181-365 days	51,728,588	8,609,661	2,009,199	-	62,347,448
Over 1 Year	677,866,476	354,927,049	129,155,747	1,134,443	1,163,083,715
	<u>924,124,734</u>	<u>387,351,273</u>	<u>133,718,355</u>	<u>1,134,443</u>	<u>1,446,328,805</u>
Less: General and specific provision	924,124,734	387,351,273	133,718,355	1,134,443	1,446,328,805
Net of provision	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Coverage Ratio	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

The Group has made provisions keeping in view the time based criteria prescribed under the NBFC Regulations. The Group has also made additional provisions of 142.16 million (2018: Rs. 278.54 million) using subjective criteria, in view of the prevailing economic conditions. The Group holds provision of Rs. 937 million (2018: Rs.1,444 million) against these non-performing receivables.

The credit quality of the Group's bank balances and investment portfolio are assessed with reference to external credit ratings which in all cases are above investment grade rating.

The analysis below summarises the credit rating quality of the Group's bank balances and investment in NIT units as at June 30, 2019:

	2019	2018
	-----Rupees-----	
Bank balances		
AAA	531,697,493	836,674,191
AA+	41,093,418	26,162,680
AA	38,413,559	24,042,345
AA-	2,087,727	32,180,652
A+	230,225	4,178,345
A	-	67,556
A-	-	-
State bank of Pakistan	933,870	209,490
	<u>614,456,292</u>	<u>923,515,259</u>
Units of collective investment scheme		
AM2++	10,988,800	14,917,700

The Group does not hold any other financial asset which are rated.

51.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as these fall due. Liquidity risk arises because of the possibility that the Group will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

The table below summarises the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Carrying amount	Contractual cash flows	2019			
		Upto three months	More than three months and upto one year	More than one year	
----- (Rupees) -----					
Long-term finances	11,991,707,589	14,155,820,889	1,560,885,119	4,113,500,537	8,481,435,233
Certificates of deposit	4,259,471,500	6,622,417,490	635,648,908	1,833,014,808	4,153,753,774
Trade and other payables	1,028,492,490	1,027,811,669	1,027,811,669	-	-
Accrued interest / mark-up /profit on loans, finances and certificates of deposit	614,300,096	614,284,975	391,284,402	47,120,998	175,879,575
Unclaimed dividend	78,313,447	78,313,447	78,313,447	-	-
Short-term borrowings	1,332,642,374	1,359,845,410	1,359,845,410	-	-
Redeemable capital	2,785,705,000	2,785,705,000	539,605,000	2,208,350,000	37,750,000
	<u>22,090,632,496</u>	<u>26,644,198,880</u>	<u>5,593,393,955</u>	<u>8,201,986,343</u>	<u>12,848,818,582</u>

Carrying amount	Contractual cash flows	2018			
		Upto three months	More than three months and upto one year	More than one year	
----- (Rupees) -----					
Long-term finances	11,066,852,693	12,247,684,900	1,678,810,374	3,153,433,736	7,415,440,790
Certificates of deposit	5,275,940,041	6,622,417,490	635,648,908	1,833,014,808	4,153,753,774
Trade and other payables	1,107,639,306	1,107,639,306	1,107,639,306	-	-
Accrued interest / mark-up /profit on loans, finances and certificates of deposit	486,287,236	486,287,236	219,843,018	50,027,946	216,416,272
Unpaid dividend	208,224,070	208,224,070	208,224,070	-	-
Unclaimed dividend	70,843,967	70,843,967	70,843,967	-	-
Short-term borrowings	2,355,358,951	2,378,798,842	2,378,798,842	-	-
Redeemable capital	3,127,115,000	3,127,115,000	382,030,000	2,736,885,000	8,200,000
	<u>23,698,261,264</u>	<u>26,249,010,811</u>	<u>6,681,838,485</u>	<u>7,773,361,490</u>	<u>11,793,810,836</u>

52 FAIR VALUE MEASUREMENT

The fair value of investments classified as “at fair value through profit or loss” and “at fair value through other comprehensive income” are based on active market. The investment in associates are accounted for using the equity method while the subsidiaries have been kept at cost. The value of unquoted equity investments is reduced, if required, on the basis of break-up value of those investments based on the latest available audited financial statements.

Fair value of net investments in finance lease, long term loans and finances, long term deposits and other assets, other liabilities, long term certificates of deposit and other accounts are approximate to their carrying value. The provision for impairment of finance lease and long term loans and finances has been calculated in accordance with the Group's accounting policy and the requirements of the Non Banking Finance Companies and Notified Entities Regulations, 2008.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

In the opinion of Management, fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or are periodically repriced.

Fair value hierarchy

The Holding Company has classified assets using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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:

	2019			
	Level 1	Level 2	Level 3	Total
	-----(Rupees)-----			
RECURRING FAIR VALUE MEASUREMENTS				
Financial assets				
Financial assets at fair value through other comprehensive income				
AI-Hail ORIX Finance PSC	-	-	188,177,948	188,177,948
Ordinary shares-unlisted	-	-	13,936,822	13,936,822
Financial assets at fair value through profit or loss				
Treasury bills (T-Bills)	-	380,501,894	-	380,501,894
Units of collective investment scheme	10,988,800	-	-	10,988,800
Non-financial assets				
Fixed assets (Leasehold land & building)	-	-	396,621,405	396,621,405
Total	<u>10,988,800</u>	<u>380,501,894</u>	<u>598,736,175</u>	<u>990,226,869</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

	2018			Total
	Level 1	Level 2	Level 3	
------(Rupees)-----				
RECURRING FAIR VALUE MEASUREMENTS				
Financial assets				
Financial assets at fair value through other comprehensive income				
Al-Hail ORIX Finance PSC	-	-	229,180,469	229,180,469
Ordinary shares-unlisted	-	-	13,840,691	13,840,691
Financial assets at fair value through profit or loss				
Treasury bills (T-Bills)	-	758,747,378	-	758,747,378
Units of collective investment scheme	14,917,700	-	-	14,917,700
Non-financial assets				
Fixed assets (Leasehold land & building)	-	-	408,496,485	408,496,485
Total	<u>14,917,700</u>	<u>758,747,378</u>	<u>651,517,645</u>	<u>1,425,182,723</u>

Item	Valuation approach and input used
PIBs T-Bills	The fair value of PIBs and T-Bills are derived using PKRV rates. The PKRV rates are announced by the Financial Market Association (FMA) through Reuters. The rates announced are simple average of quotes received from 8 different pre-defined / approved dealers / brokers.
Fixed assets (leasehold land and building)	The revaluation by the valuer is carried on the basis of professional assessment of present market values.
Unlisted shares	Unlisted investment in Al-Hail ORIX Finance PSC are valued by applying the 'Income approach' where expected future returns are discounted at applicable rates using the discounted cash flow (DCF) model. The model takes into account expected future dividend income from Al Hail ORIX Finance PSC discounted at risk rates attributable to this investment.

53 CAPITAL RISK MANAGEMENT

The objective of the Holding Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The Holding Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Holding Company may adjust the amount of dividend paid to its shareholders or issue new shares.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

As required under the NBFC Regulations, every Investment finance company involved in deposit taking shall maintain a capital adequacy ratio of 8% for the first two years after the amendment coming into force and 10% thereafter. The Holding Company has maintained and complied with the minimum equity requirement during the current year.

54. INTERESTS IN OTHER ENTITIES

54.1 Non-controlling interests

Set out below is summarised financial information of Subsidiary Company (ORIX Modaraba) which has non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

	2019	2018
NCI Percentage (%)	80%	80%
	-----Rupees-----	
Non-current assets	5,176,391,845	5,779,494,560
Current assets	1,789,621,276	1,173,942,456
Non-current liabilities	1,598,873,098	1,599,386,942
Current liabilities	4,206,664,577	4,206,169,711
Net assets attributable to non-controlling interest	1,160,475,446	1,147,880,363
Revenue	2,099,462,946	2,043,527,065
Expenses	(1,973,406,318)	(1,923,230,165)
Profit after taxation for the year	126,056,628	120,296,900
Other comprehensive income attributable to non-controlling interest	-	-
Total comprehensive income attributable to non-controlling interest	100,845,302	96,237,520
Net cash inflow / (outflow) from operating activities	157,870,706	(915,419,049)
Net cash inflow / (outflow) from investing activities	17,680,708	8,970,263
Net cash inflow / (outflow) from financing activities	(152,343,747)	948,230,758

Associates

Details about the Holding Company's investment in associated company and summarised financial information are disclosed in notes 8.1.2 to 8.1.3 of these consolidated financial statements.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2019

	2019	2018
	-----Rupees-----	
55. EARNINGS PER SHARE - basic and diluted		
Profit for the year after taxation attributable to equity shareholders of Holding Company	<u>1,016,139,632</u>	<u>1,371,298,724</u>
		(Restated)
Weighted average number of ordinary shares	<u>167,054,902</u>	<u>164,319,842</u>
Earnings per share - basic and diluted	<u>6.08</u>	<u>8.35</u>

55.1 Diluted earnings per share has not been presented separately as the Holding Company did not have any convertible instruments in issue at June 30, 2019 and June 30, 2018 which would have had any effect on the earnings per share had the option to convert been exercised.

56 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Holding Company in its meeting held on September 06, 2019 proposed a final dividend of Rs. 3.75 per share (2018: Rs 3.00 per share) for the year ended June 30, 2019, amounting to Rs. 626,455,883 (2018: Rs. 417,367,257). This appropriation will be approved by the members at the Annual General Meeting to be held on October 24, 2019. The consolidated financial statements for the year ended June 30, 2019 do not include the effect of the appropriation which will be accounted for in the consolidated financial statements of the Group for the year ending June 30, 2020.

57 CORRESPONDING FIGURES

Certain corresponding figures have been reclassified, rearranged or additionally incorporated in this consolidated financial statements for the purposes of comparison and better presentation.

58 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 6, 2019 by the Board of Directors of the Holding Company.

59 GENERAL

Figures reported in these consolidated financial statements have been rounded off to the nearest Rupee unless otherwise stated.


Shaheen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Pattern of Shareholdings

As at June 30, 2019

No. of Shareholders	From	To	Shares Held	Percentage %
1,484	1	100	42,223	0.025
626	101	500	158,083	0.095
316	501	1,000	224,671	0.134
687	1,001	5,000	1,600,966	0.958
165	5,001	10,000	1,200,464	0.719
115	10,001	15,000	1,414,303	0.847
36	15,001	20,000	644,119	0.386
48	20,001	25,000	1,070,807	0.641
29	25,001	30,000	810,951	0.485
16	30,001	35,000	531,875	0.318
13	35,001	40,000	485,771	0.291
13	40,001	45,000	547,306	0.328
6	45,001	50,000	286,083	0.171
6	50,001	55,000	313,064	0.187
10	55,001	60,000	587,733	0.352
3	60,001	65,000	186,778	0.112
6	65,001	70,000	403,684	0.242
3	75,001	80,000	235,500	0.141
2	80,001	85,000	164,745	0.099
2	85,001	90,000	172,950	0.104
3	90,001	95,000	276,438	0.165
4	95,001	100,000	396,417	0.237
4	100,001	105,000	411,500	0.246
1	105,001	110,000	108,000	0.065
6	115,001	120,000	715,158	0.428
4	120,001	125,000	488,436	0.292
1	125,001	130,000	127,387	0.076
1	130,001	135,000	132,288	0.079
1	135,001	140,000	139,800	0.084
1	140,001	145,000	142,464	0.085
1	150,000	155,000	150,000	0.090
1	155,001	160,000	156,480	0.094
2	160,001	165,000	322,321	0.193
2	170,001	175,000	349,600	0.209
1	175,001	180,000	175,300	0.105
1	180,001	185,000	180,100	0.108
2	190,001	195,000	386,400	0.231
2	200,000	205,000	400,000	0.239
1	210,001	215,000	210,176	0.126
1	220,001	225,000	223,200	0.134
1	230,001	235,000	230,500	0.138
2	235,001	240,000	475,065	0.284

Pattern of Shareholdings

As at June 30, 2019

No. of Shareholders	From	To	Shares Held	Percentage %
1	250,001	255,000	252,600	0.151
1	265,000	270,000	265,000	0.159
1	280,001	285,000	281,274	0.168
1	300,000	305,000	300,000	0.180
2	315,001	320,000	636,548	0.381
1	345,001	350,000	348,000	0.208
3	360,000	365,000	1,080,600	0.647
1	365,001	370,000	366,336	0.219
1	370,001	375,000	371,900	0.223
1	375,001	380,000	376,000	0.225
1	385,001	390,000	389,000	0.233
1	405,001	410,000	408,000	0.244
1	425,001	430,000	427,000	0.256
1	430,001	435,000	434,787	0.260
1	450,000	455,000	450,000	0.269
1	460,001	465,000	463,000	0.277
1	470,001	475,000	474,600	0.284
1	500,001	505,000	501,040	0.300
1	520,001	525,000	521,000	0.312
1	540,001	545,000	541,256	0.324
1	570,001	575,000	571,123	0.342
1	600,000	605,000	600,000	0.359
1	660,001	665,000	664,400	0.398
1	740,001	745,000	740,426	0.443
1	865,001	870,000	868,700	0.520
1	875,001	880,000	875,136	0.524
1	980,001	985,000	982,200	0.588
1	1,000,000	1,005,000	1,000,000	0.599
1	1,010,001	1,015,000	1,011,494	0.605
1	1,320,000	1,325,000	1,320,000	0.790
1	1,800,000	1,805,000	1,800,000	1.077
1	2,970,001	2,975,000	2,970,374	1.778
1	3,060,001	3,065,000	3,062,474	1.833
1	4,200,000	4,205,000	4,200,000	2.514
1	7,615,001	7,620,000	7,617,022	4.560
1	8,620,001	8,625,000	8,623,731	5.162
1	8,770,001	8,775,000	8,773,546	5.252
1	12,390,001	12,395,000	12,391,200	7.417
1	82,815,001	82,820,000	82,816,029	49.574
3,671			167,054,902	100.000

Pattern of Shareholdings

As at June 30, 2019

Categories of Shareholders	Number of Shares Held	Category wise Number of Shareholders	Category wise Shares held	Percentage
----------------------------	-----------------------	--------------------------------------	---------------------------	------------

Directors, Chief Executive Officer and their Spouse(s) and Minor Children

Khalid Aziz Mirza	600			
Naveed Kamran Baloch	120,000			
Aminah Zahid Zaheer	600			
Nasim Hyder	600			
Shaheen Amin	160,600			
		5	282,400	0.17%

Executives		18	248,028	0.15%
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Associated Companies, Undertaking and Related Parties

ORIX Corporation		3	82,819,539	49.58%
------------------	--	---	------------	--------

NIT and ICP		0	-	0.00%
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Banks, Development Financial Institutions, Non Banking Financial Institutions		6	5,366,857	3.21%
--	--	---	-----------	-------

Insurance Companies		5	9,371,221	5.61%
----------------------------	--	---	-----------	-------

Modarabas and Mutual Funds		7	611,829	0.37%
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Shareholders holding 10%		3	82,819,539	49.58%
---------------------------------	--	---	------------	--------

Foreign Companies		6	13,816,192	8.27%
--------------------------	--	---	------------	-------

General Public				
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a. Local		3576	28,568,894	17.10%
----------	--	------	------------	--------

b. Foreign		4	1,203	0.00%
------------	--	---	-------	-------

Others		41	25,968,739	15.55%
---------------	--	----	------------	--------

Total (excluding : shareholders holding 10%)		3,671	167,054,902	100%
---	--	--------------	--------------------	-------------

Shareholders holding five percent or more voting rights

ORIX Corporation	82,819,539	49.58%
------------------	------------	--------

Arif Habib Corporation Limited	12,391,200	7.42%
--------------------------------	------------	-------

State Life Insurance Corp. of Pakistan	8,773,546	5.25%
--	-----------	-------

Aberdeen Asian Smaller Companies Investment Trust PLC	8,623,731	5.16%
---	-----------	-------

Total	112,608,016	67.41%
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Trading in Shares by Associated Company, Directors and Executives during the Year 2018-19

By Associated Company

Name of Associated Company	Number of Shares	Shares Transfer received
ORIX Corporation	2,925	Shares Transfer received from Nominee Director and Ex-Nominee Directors

By Directors

Name of Directors	Designation	Number of Shares	Shares Sold / Transferred
Harukazu Yamaguchi	Non-Executive Director	975	Shares Transferred to ORIX Corporation
Shaheen Amin	Executive Director & Chief Executive Officer	100,000	Shares Purchased

By Executives

Name of Executives	Designation	Number of Shares	Purchased / Sold
Imtiaz Ahmad Chaudhry	Executive	1,037	Shares Purchased
Effat Assad *	Executive	20,500	Shares Sold








*Resigned on May 12, 2019



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-  Subscription to Alerts (event
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regulatory actions)
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I / We _____

of (full address) _____

being a Member of ORIX Leasing Pakistan Limited hereby appoint _____

of (full address) _____

or failing him / her _____

of (full address) _____

as my/our proxy (the Proxy) to attend and vote for me and on my behalf at the Thirty Third Annual General Meeting of the Company to be held on October 24, 2019 and at any adjournment thereof.

Signature this _____ Year 2019
(day) (date, month)

Signature of Member: _____

Folio Number: _____

Number of shares held: _____

Signatures and addresses of witnesses

Please affix revenue stamp

Signature and Company Seal

1. _____

2. _____

Note:

1. A Member entitled to attend and vote at the General Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. A Proxy needs to be a Member of the Company.
2. The instrument appointing a Proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorized in writing, if the appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorized.
3. The instrument appointing a Proxy and the power of attorney or other authority under which it is signed or a notarially certified copy of a power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting.
4. An individual Beneficial Owner of the Central Depository Company entitled to attend and vote at this meeting must bring the original Computerized National Identity Card (CNIC) or Passport to prove identity. In case of Proxy, must enclose an attested copy of the CNIC or Passport. The representative of corporate entity shall submit the Board of Directors' resolution or power of attorney with specimen signature (unless it has been provided earlier) along with the Proxy Form to the Company

پراکسی فارم

اورکس لیزنگ پاکستان لمیٹڈ



میں مسمی / مسماة

ساکن

ضلع _____ بحیثیت ممبر اوریکس لیزنگ پاکستان لمیٹڈ، مسمی / مسماة

ساکن _____ کو بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے

کمپنی کے تینتیسویں (33) سالانہ اجلاس عام جو بتاریخ 24 اکتوبر 2019 منعقد ہو رہا ہے، میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

ڈاک ٹکٹ
چسپاں کریں

دستخط کی تاریخ

ممبر کے دستخط

فولیو نمبر

حصص کی تعداد

گواہوں کے دستخط اور پتے

دستخط اور کمپنی کی مہر

۱۔

۲۔

نوٹ:

۱۔ اجلاس عام میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کے لئے اپنا پراکسی مقرر کر سکتا ہے پراکسی کا کمپنی کا ممبر ہونا ضروری ہے۔

۲۔ یہ فارم ممبر یا اس کے مختار کی جانب سے جسے تحریری طور پر اختیار دیا گیا ہو، کی جانب سے دستخط کیا جائے۔ اگر ممبر کوئی کارپوریشن ہے تو اس کی عام مہر موجود ہونی چاہیے۔

۳۔ پراکسی کی تقرری کے دستاویز مختار نامہ یا دیگر دستاویز جس کے تحت تقرری ہوئی یا مختار نامہ کی تصدیق شدہ کاپی اجلاس کے انعقاد سے کم از کم 48 گھنٹہ قبل جمع کرانی ہوگی۔

۴۔ سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو پراکسی فارم کے ہمراہ کمپیوٹر ائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی۔ پراکسی کو اجلاس کے وقت اپنا اصل کمپیوٹر ائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔ کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد / مختار نامہ بمعہ نمونہ دستخط ہمراہ پراکسی فارم جمع کرانا ہوگا۔

Geographical Presence

Registered Office

Islamic Chamber of Commerce Building,
Ground Floor, ST-2/A, Block-9,
KDA Scheme No.5, Clifton, Karachi.
Tel: 021-3530 3560-64
Fax: 021-35303571

Head Office

ORIX Building, Plot No. 16, Sector No. 24,
Korangi Industrial Area, Karachi.
Tel: 021- 3514 4029-40
Fax: 021-35144002, 35144020
UAN: 111 24 24 24
Email: olp@orixpakistan.com
Website: www.orixpakistan.com

Karachi

Plot # 151-A, Shop No. 9 & 10, Datari
Arcade, P.E.C.H.S, Block-2
Tel: 021-35143752-5

Lahore

76-B, E-1, Main Boulevard, Gulberg III.
Tel: 042-35782586-93
Fax: 042-5790488
UAN: 111 24 24 24

Thokar Niaz Baig

1st floor, 55th Avenue,
Lalazar Commercial Market, Raiwind Road,
Thokar Niaz Baig, Lahore.
Tel: 042-35963581-84

Islamabad

Ground Floor, State Life Building No. 5,
Nizamuddin Road, Blue Area.
Tel: 051-2822800-2, 2821706, 2821748
Fax: 051-2821917
UAN- 111 24 24 24

Rawalpindi

146-B Satellite Town, Chandni Chowk,
Murree Road.
Tel: 051-4571431-3, 4571442-3
Fax: 051-4571445

Chakwal

Ground Floor, Opposite Sadar Police Station
Talagang Road.
Tel :0543-543523-4, 602049
Fax: 0543-602048

Mirpur A.K.

1st floor, Jarral Plaza, 63/F, Sector F-1,
Kotli Road.
Tel: 05827-434368, 451219
Fax: 05827-432216

Taxila

1st Floor, Raja Business Tower,
Plot No. 1023/1028, Taxila Cantt Main G.T Road.
Tel: 051-4254473, 4254475, 4254476

Faisalabad

3rd Floor, Sitara Towers, Bilal Chowk, Civil Lines.
Tel: 041-2633926, 2633811-3
Fax: 041-2633927
UAN: 111 24 24 24

Sargodha

A.R. Tower, Adjacent Q S International Hotel
University Road.
Tel: 048-3729521, 3740091
Fax: 048-3729522

Sahiwal

Five Ways Chowk, Stadium Road.
Tel: 040-4227613-4
Fax: 040-4227615

Jhang

Church Road, Near Government
Girls College Chowk.
Tel: 047-7650421-2
Fax: 047-7650423

Multan

Plot # 116, Pull Moj Darga LMQ Road.
Tel: 061- 4518431-3, 4518435-6
Fax: 061- 4580321
UAN: 111 24 24 24

Rahim Yar Khan

20-21, Ground Floor, City Centre Plaza,
Shahi Road.
Tel: 068- 5888565, 5887617-8
Fax: 068-5887610

Bahawalpur

Ground Floor, Near Cantonment Office Board
Ahmed Pur East Road.
Tel: 062-9255382, 9255494
Fax : 062-2886273

Vehari

137, Block-D.
Tel: 067-3360350 - 3

Sialkot

1st Floor, Ghoolam Kadir Arcade,
Aziz Shaheed Road, Sialkot Cantt.
Tel: 052-4260616, 4260877
Fax: 052-4269548
UAN: 111 24 24 24

Gujrat

Office No.1, First Floor, Empire Centre,
Opp. Small Industrial Estate Gate No. 1,
G.T. Road.
Tel: 053-3515282, 3536953
Fax: 053-3536854

Gujranwala

76-ABC, Block - P, Trust Plaza
G.T. Road.
Tel: 055-3731021-22
Fax: 055-3250599

Peshawar

Ground Floor, State Life Building The Mall.
Tel: 091- 5278647, 5279789, 5285541, 5285520
Fax: 091-5273389,
UAN: 111 24 24 24

Abbottabad

Yousaf Jamal Plaza, Near HBL Mansehra Road.
Tel: 0992-343888, 343188
Fax: 0992-405856

Mingora

1st Floor, Shahzad Plaza, Makan Bagh, Saidu
Road, Mingora Swat.
Tel: 0946 -722620
Fax: 0946 -722621

Kohat

Ground Floor, Saad Ullah Shah Market, Near
Kachehri Chowk, Kohat City.
Tel: 0922- 512564-5

Hyderabad

1st Floor, State Life Building, Thandi Sarak.
Tel: 022-2784143, 2720397
Fax: 022-2785388

Sukkur

Shop No. S-33 & 34, New City Banglows,
Shikarpur Road.
Tel: 071-5807031-32

Micro Finance Division

Kot Abdul Malik

11 K.M Lahore, Near Askari Bank,
Kot Abdul Malik, Distt. Sheikhpura.
Tel: 042-37340711

Jallo Morre

Sooter Mill Stop, Near Karachi Hot & Spicy
Restaurant, Batapur Lahore.
Tel: 042-36522931

Sharaqpur Sharif

Main Lahore Jaranwala Road, Opposite
Government Pilot High School Sharaqpur Sharif,
District Sheikhpura.
Tel: 056-2590021

Morre Khunda

Opposite Rice Mill, Main Jarranwala Road,
Morre Khunda, District Nankana Sahib.
Tel: 056-2442371, 0333-0422371

Pattoki

Faisal Colony Road, Near Raffay Sajid Hospital.
Tel: 049-4422064

Chunian

Purana Kharkhana, Allahbad Road, Near
Dare Akram School, Chunian, District Kasur.
Tel: 049-3410054, 0300-4185685

Renala Khurd

Near Dogar Petrol Pump Raay Town,
Renala Khurd, Distt. Okara.
Tel: 044-2635185

Manga Mandi

Main Multan Road, Madina Market,
Kalma Chowk.
Tel: 042-35383864

Bhalwal

1st Floor, Rehmat Plaza, Mandir Road,
Block No. 3, Bhalwal. District Sargodha.
Tel: 048-6644448

Sahiwal

Main Circular Road, Opposite Kashmiri
Gate Tehsil Sahiwal District, Sargodha.
Tel: 048-6785505

Sillanwali

Chaudhary Akhter Market, 46 Adda Road,
Sillanwali, District Sargodha.
Tel: 048-6532666

Shahpur

Khushab Road Shahpur Saddar Near Bismallah Hotel,
District Sargodha.
Tel: 048-6310424

AA+ **A1+**

Long Term

Short Term

Rating by PACRA : August 28, 2019

ORIX Leasing Pakistan Limited

Islamic Chamber of Commerce Building,
Ground Floor, ST-2/A, Block 9, KDA Scheme No.5,
Clifton, Karachi, Pakistan

UAN: 111 24 24 24

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