



ORIX Leasing Pakistan Limited

First Quarter Report

2019-2020



Table of **CONTENTS**

Company Information	02
Parent, Subsidiaries and Associated Companies	04
Directors' Review Report	06
Unconsolidated Condensed Interim Statement of Financial Position	08
Unconsolidated Condensed Interim Statement of Profit or Loss Account (Un-audited)	09
Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)	10
Unconsolidated Condensed Interim Statement of Cash Flows (Un-audited)	11
Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)	12
Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-audited)	13
Consolidated Condensed Interim Statement of Financial Position	26
Consolidated Condensed Interim Statement of Profit or Loss Account (Un-audited)	27
Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)	28
Consolidated Condensed Interim Statement of Cash Flows (Un-audited)	29
Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)	30
Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-audited)	31
Directors' Review Report (Urdu)	46
Geographical Presence	

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. Shafiq 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

A.F. Ferguson & Co.,
Chartered Accountants
State Life Building No. 1-C, I.I. Chundrigar Road
P.O. Box 4716, Karachi - 74000, Pakistan

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., Shakra-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

SAMA Finance SAE

(Formerly 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.samafinance.com



ORIX Lease Finance
Middle East

Directors' Review Report

For the quarter ended September 30, 2019

The Board of Directors of ORIX Leasing Pakistan Limited (OLP / the Company) is pleased to present the unaudited condensed interim financial information for the first quarter ended September 30, 2019.

The lagged effect of Government's fiscal consolidation and monetary tightening is expected to keep economic growth low in the current fiscal year while inflation is projected to remain high. However, efforts to control fiscal and current account deficits have started showing results as the trade deficit came down by 35% in first quarter of current fiscal year as compared to the same period last year. The Monetary Policy Committee of State Bank of Pakistan (SBP) held the policy rates at 13.25% in its last meeting, sending positive signals to the market. Any future decrease in policy rate would have a positive impact on the economy in general and the financial sector in particular.

Financial Highlights and Business Review

	Quarter ended	
	September 2019	September 2018
	-----Rupees-----	
Profit before taxation	325,023,794	320,152,643
Taxation	94,335,789	83,318,574
Net profit for the period after taxation	230,688,005	236,834,069
Issued, subscribed and paid-up capital (shares of Rs. 10 each)	1,670,549,020	1,392,124,190
Earnings per share – basic and diluted	1.38	(Restated) 1.42

The Company achieved profit before tax (PBT) of Rs. 325 million in the first quarter of FY2020; 2% higher than the PBT of Rs. 320 million earned in the corresponding quarter last year. Net profit amounted to Rs. 230.6 million (September 2018: Rs. 236.8 million), which was 2.6% lower than the first quarter of FY2019. Earnings per share was Rs. 1.38 for the period as against Rs. 1.42 (restated) in the corresponding period last year.

The slowdown in the economy has affected the demand for leasing, particularly in Corporate sector. Transportation sector has also been under strain and disbursements in commercial vehicle business were conservatively reduced. The imposition of Federal Excise Duty on all categories of saloon cars, coupled with steep rise in their prices, negatively impacted demand in the auto sector, which reduced by 40%. However, OLP was able to achieve 4% increase in disbursements against saloon vehicles. Despite these constraining factors, total disbursements for the quarter at Rs. 2.98 billion were 3% higher than Rs. 2.89 billion disbursed in the first quarter of FY 2019.

The effect of higher interest rates prevailing in the Country is reflected in total revenues which increased by 19% to Rs. 1,152 million (September 2018: Rs. 967 million). In particular, Lease and term-finance income increased by 23% and 26% respectively although total lease and loan portfolio reduced from Rs. 23 billion in September 2018 to Rs. 22 billion in September 2019.

Income from operating lease business was 10% lower at Rs. 50.5 million (September 2018: Rs. 55.8 million) as deployment of cranes remained low due to slowdown in construction activity.

Other income of Rs. 69 million was earned during the reporting period against the income of Rs. 73.7 million earned in same period last year. This income mainly comprises of return on Government securities, dividend income and other fees received from customers. Share of profit from Saudi ORIX Leasing Company was slightly lower at Rs. 8.8 million (September 2018: Rs. 9.3 million) in this period.

In line with the increase in benchmark rates, finance cost increased by 36% during the period under review and stood at Rs. 473 million (September 2018: Rs. 347.9 million). While overall borrowings portfolio reduced from Rs. 16.4 billion in September 2018 to Rs. 14.8 billion as of September 30, 2019. Borrowing rates increased by nearly 6% between September 2018 and September 2019.

Administrative and general expenses for the period under review were Rs. 288 million as compared to Rs. 282 million in the comparative quarter last year. Although staff related expenses, which are the major components of administrative expenses, increased by 7%, cost savings were made in other overheads which kept the overall increase in expenses to 2.2%. Direct cost, comprising mainly of costs associated with operating lease business, decreased by 11% to Rs. 42.2 million in line with the decrease in operating lease revenue.

Non-performing loans (NPLs) registered an increase due to a slowing economy. As a result, the Company booked provision against lease, loans and other losses of Rs. 22.2 million in quarter ended September 2019 (September 2018: reversal of Rs. 30.1 million).

The economy has started showing signs of stabilization while the stock market is showing signs of recovery after a prolonged period of downside. SBP's future decisions on policy rates would have a significant impact on business conditions going forward. The risks and uncertainties will persist in the economy for the remainder of the year on account of global economic slowdown, the regional geo-political situation and the Country's internal political scenario. In uncertain times, OLP intends to strengthen its risk management processes while keeping a close watch over NPLs and recoveries. Caution would continue to be applied in writing new business.


Performance of the Group

In compliance with section 226 of the Companies Act 2017, attached with this report is the consolidated condensed interim financial information of OLP and its subsidiaries (the Group) namely – ORIX Services Pakistan (Private) Limited and ORIX Modaraba – for the quarter ended September 30, 2019.

Financial Highlights of the Group's Performance are as follows:

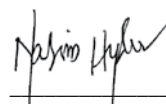
	Quarter ended	
	September 2019	September 2018
	-----Rupees-----	
Profit before taxation	326,643,338	320,780,930
Taxation	94,335,789	85,122,282
Net profit for the period after taxation	232,307,549	235,658,648
Profit attributable to Equity shareholders of the Holding Company	217,279,913	222,769,610
Profit attributable to non-controlling interest	15,027,636	12,889,038
Earnings per share – basic and diluted	1.30	(Restated) 1.33

On behalf of the board



SHAHEEN AMIN
Chief Executive Officer

October 24, 2019



NASIM HYDER
Director

Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2019

	Note	September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
(Rupees)			
ASSETS			
Non-current assets			
Fixed assets	5	1,191,308,367	1,190,789,544
Intangible assets	6	15,411,702	18,349,641
Net investment in finance lease	7	17,349,233,452	17,955,603,086
Current maturity		(8,899,027,409)	(9,151,970,240)
Allowance for potential lease losses		(685,450,595)	(669,018,735)
		(9,584,478,004)	(9,820,988,975)
		7,764,755,448	8,134,614,111
Investment in subsidiaries		322,374,294	322,374,294
Investment in associated undertakings		906,059,916	942,321,227
Long-term investments	8	507,797,063	396,353,520
Long-term finances and loans		2,421,923,295	2,207,532,344
Long-term deposits		12,430,066	12,390,066
		13,142,060,151	13,224,724,747
Current assets			
Short-term finances		278,163,104	285,006,782
Accrued return on investments and term finance		94,522,158	102,798,425
Current maturity of non-current assets	9	10,945,167,166	11,433,548,335
Short-term investments	10	460,178,339	394,438,716
Advances and prepayments		35,943,912	40,410,228
Other receivables		43,613,936	32,887,347
Cash and bank balances		280,527,652	174,313,423
Defined plan asset		8,808,244	8,808,244
		12,146,924,511	12,472,211,500
Assets classified as held for sale	11	289,984,730	293,867,662
Total assets		25,578,969,392	25,990,803,909
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		3,500,000,000	3,500,000,000
350,000,000 (June 30, 2019: 350,000,000) Ordinary shares of Rs.10 each			
Issued, subscribed and paid-up capital	12	1,670,549,020	1,670,549,020
Capital reserves		3,345,935,827	3,347,643,007
Revenue reserves		3,172,496,721	2,994,896,717
		8,188,981,568	8,013,088,744
Non-current liabilities			
Long-term finances	13	6,009,162,116	6,310,419,269
Long-term certificates of deposit		2,863,767,840	2,819,697,418
Deferred taxation		723,356,647	699,540,763
Other long-term liabilities		175,315,347	164,902,777
		9,771,601,950	9,994,560,227
Current liabilities			
Trade and other payables		1,077,979,958	909,317,038
Accrued interest / mark-up / profit on loans, finances and certificates of deposit		292,371,152	323,580,085
Unclaimed dividend		22,534,158	22,561,209
Short-term borrowings	14	1,079,740,437	1,332,642,374
Short-term certificates of deposit		736,392,834	695,436,338
Taxation - net		230,006,066	211,827,766
Current maturity of non-current liabilities	15	4,179,361,269	4,487,790,128
		7,618,385,874	7,983,154,938
Total equity and liabilities		25,578,969,392	25,990,803,909
Contingencies and Commitments	16		

The annexed notes 1 to 28 form an integral part of this unconsolidated condensed interim financial information.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Profit or Loss Account (Un-Audited)

For the quarter ended September 30, 2019

	Note	For the quarter ended	
		September 30, 2019	September 30, 2018
		----- (Rupees) -----	
INCOME			
Income from operations			
Finance leases		796,760,117	648,489,661
Operating leases		50,468,864	55,787,865
Mark-up on term finance		226,986,277	180,120,564
		1,074,215,258	884,398,090
Income from other activities			
Other income - net	17	69,014,190	73,692,135
Share of profit of equity accounted undertakings	18	8,797,344	9,341,434
		77,811,534	83,033,569
		1,152,026,792	967,431,659
EXPENSES			
Finance cost	19	474,301,131	347,859,001
Administrative and general expenses		288,211,135	282,021,437
Direct cost		42,238,380	47,538,582
		804,750,646	677,419,020
Profit before provision and taxation		347,276,146	290,012,639
Provision / (reversal) for potential lease and other loan losses - net		21,132,114	(29,930,743)
Other provision / (reversals) - net	20	1,120,238	(209,261)
		22,252,352	(30,140,004)
Profit before taxation		325,023,794	320,152,643
Taxation - Current		55,254,046	54,425,949
- Deferred		39,081,743	28,892,625
		94,335,789	83,318,574
Net profit for the period after taxation		230,688,005	236,834,069
			----- (Restated) -----
Earnings per share - basic and diluted	25	1.38	1.42

The annexed notes 1 to 28 form an integral part of this unconsolidated condensed interim financial information.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the quarter ended September 30, 2019

	For the quarter ended	
	September 30, 2019	September 30, 2018
	----- (Rupees) -----	
Profit for the period after taxation	230,688,005	236,834,069
Other comprehensive income		
Items that will be subsequently reclassified to profit or loss		
Exchange (loss) / gain arising on translation of foreign associates - net of deferred tax	(35,359,497)	9,349,651
Items that will not be subsequently reclassified to profit or loss		
Fair value changes on remeasurement of financial assets - net of deferred tax	(19,564,875)	33,406
Other comprehensive income component of associated undertaking	129,191	-
	(19,435,684)	33,406
Total comprehensive income for the period	175,892,824	246,217,126

The annexed notes 1 to 28 form an integral part of this unconsolidated condensed interim financial information.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Cash Flows (Un-Audited)

For the quarter ended September 30, 2019

Note	September 30, 2019	September 30, 2018
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the period	325,023,794	320,152,643
Adjustments for:		
Depreciation and amortisation	52,766,782	58,344,405
Depreciation on right-of-use assets	2,100,331	-
Amortisation of transaction cost	1,181,801	2,244,957
Provision / (reversal) for potential lease and other loan losses - net	21,132,114	(29,930,743)
Provision / (reversal) of provision against other receivables	1,120,238	(209,261)
Charge for defined benefit plan	5,222,260	5,143,902
Share of profit of equity accounted undertakings	(8,797,344)	(9,341,434)
Fair value changes on remeasurement of financial assets at fair value through profit or loss	(108,308)	(112,636)
Finance cost including bank charges	367,648,855	232,282,010
Profit on certificates of deposit	105,470,475	113,332,034
Return on investments and deposits	(20,387,066)	(14,689,112)
Dividend income	(11,345,883)	(11,345,883)
Gain on disposal of fixed assets	(309,700)	(666,810)
Other exchange (gain) / loss	121,666	-
	515,816,221	345,051,429
Operating profit before working capital changes	840,840,015	665,204,072
(Increase) / decrease in operating assets		
Investment in finance lease - net	606,369,634	203,176,400
Long-term finances and loans - net	(41,974,003)	152,073
Short-term finances	4,717,179	(31,865,520)
Long-term deposits	40,000	-
Advances and prepayments	1,257,640	(2,340,711)
Other receivables	312,377	(17,807,985)
	570,722,827	151,314,257
Increase / (decrease) in operating liabilities		
Other long term liabilities - net	(103,152,624)	70,847,106
Trade and other payables	168,662,920	87,515,762
	65,510,296	158,362,868
Cash generated from operating activities	1,477,073,138	974,881,197
Payment against staff retirement benefits	(4,802,181)	(25,113,586)
Income tax paid	(37,075,746)	(31,221,526)
	(41,877,927)	(56,335,112)
Net cash generated from operating activities	1,435,195,211	918,546,085
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred - own use and intangible assets	(12,537,823)	(30,059,610)
Proceeds from disposal of assets - own use	1,514,100	1,509,467
Proceeds from sale of ijarah finance assets	-	1,147,626
Investments - net	(148,123,823)	28,868,669
Interest received	26,820,803	11,822,841
Net cash (used in) / generated from investing activities	(132,326,743)	13,288,993
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term loans	500,000,000	1,500,000,000
Short-term borrowings - net	(250,000,000)	(145,000,000)
Certificates of deposit redeemed - net	(28,961,221)	(269,758,487)
Repayment of long-term loans and finances	(1,033,184,525)	(1,373,809,523)
Finance cost paid	(379,086,760)	(446,189,615)
Payment of lease liability against right-of-use assets	(2,492,745)	-
Dividend paid	(27,051)	(207,086,135)
Net cash used in financing activities	(1,193,752,302)	(941,843,760)
Net decrease in cash and cash equivalents	109,116,166	(10,008,682)
Cash and cash equivalents at beginning of the period	(908,328,951)	(1,210,543,238)
Cash and cash equivalents at end of the period	(799,212,785)	(1,220,551,920)

24

The annexed notes 1 to 28 form an integral part of this unconsolidated condensed interim financial information.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Changes In Equity (Un-Audited)

For the quarter ended September 30, 2019

	Issued, subscribed and paid-up capital	Capital Reserves			Revenue Reserves			Total shareholders equity
		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, 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)	-	-
Total comprehensive income for the quarter ended September 30, 2018								
Profit for the period	-	-	-	-	236,834,069	-	-	236,834,069
Other comprehensive income	-	-	-	-	-	33,406	9,349,651	9,383,057
Total comprehensive income for the period	-	-	-	-	236,834,069	33,406	9,349,651	246,217,126
Transactions with owner recorded directly in equity								
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	(1,707,180)	1,707,180	-	-	-
Balance as at September 30, 2018	<u>1,392,124,190</u>	<u>1,863,635,353</u>	<u>1,255,031,986</u>	<u>308,018,645</u>	<u>2,655,249,258</u>	<u>(38,160,512)</u>	<u>59,197,795</u>	<u>7,495,096,715</u>
Balance as at July 1, 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
Total comprehensive income for the quarter ended September 30, 2019								
Profit for the period	-	-	-	-	230,688,005	-	-	230,688,005
Other comprehensive income	-	-	-	-	129,191	(19,564,875)	(35,359,497)	(54,795,181)
Total comprehensive income for the period	-	-	-	-	230,817,196	(19,564,875)	(35,359,497)	175,892,824
Transactions with owner recorded directly in equity								
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	(1,707,180)	1,707,180	-	-	-
Balance as at September 30, 2019	<u>1,670,549,020</u>	<u>1,585,210,523</u>	<u>1,459,535,379</u>	<u>301,189,925</u>	<u>3,058,015,076</u>	<u>(89,747,134)</u>	<u>204,228,779</u>	<u>8,188,981,568</u>

The annexed notes 1 to 28 form an integral part of this unconsolidated condensed interim financial information.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 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 condensed interim financial information 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 condensed interim financial information 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 This unconsolidated condensed interim financial information does not include all the information required for a full set of financial statements and should be read in conjunction with the annual published unconsolidated audited financial statements of the Company for the year ended June 30, 2019.

2.4 The comparative statement of financial position presented in this unconsolidated condensed interim financial information has been extracted from the annual published unconsolidated audited financial statements of the Company for the year ended June 30, 2019, whereas the comparative profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flow are stated from the unconsolidated unaudited condensed interim financial information for the period ended September 30, 2018.

2.5 Functional and presentation currency

This unconsolidated condensed interim financial information has been presented in Pakistani Rupees, which is the functional currency of the Company.

3. SIGNIFICANT POLICIES, ESTIMATES, ASSUMPTIONS AND CHANGES THEREIN

3.1 The accounting policies adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual published unconsolidated audited financial statements of the Company for the year ended June 30, 2019 except as follows:

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

3.1.1 Impact of IFRS 16 - Leases

During the period, IFRS 16 - Leases became applicable to the Company. IFRS 16 replaces, existing guidance on accounting for leases, including IAS 17 "Leases", IFRIC 4: "Determining whether an Arrangement contains a Lease", SIC-15 - Operating Leases - Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease". IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Company has adopted IFRS 16 from July 1, 2019 using the modified retrospective restatement approach and has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Company has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were initially measured as the present value of the remaining lease payments, discounted using the Company's incremental weighted average borrowing rate applicable as of July 1, 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method. Lease liabilities against right-of-use assets as at June 30, 2019 and September 30, 2019 is as follows:

	September 30, 2019	June 30, 2019
Lease liability against right-of-use asset	<u>36,304,850</u>	<u>37,905,894</u>

On adoption of IFRS 16, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the unconsolidated condensed interim statement of financial position immediately before the date of initial application.

The right-of-use assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The recognised right-of-use assets relate to the following type of asset:	September 30, 2019	June 30, 2019
Rented premises	<u>39,014,239</u>	<u>41,114,570</u>

The effect of this change in accounting policy is as follows:

Impact on Unconsolidated Condensed Interim Statement of Financial Position

Increase in fixed assets - right-of-use assets	39,014,239	41,114,570
Decrease in advances and prepayments	(3,580,713)	(3,208,676)
Increase in taxation-net	252,684	-
	<u>35,686,210</u>	<u>37,905,894</u>
Increase in lease liability against right-of-use assets	36,304,851	37,905,894
Decrease in net assets	<u>(618,641)</u>	<u>-</u>

Impact on Unconsolidated Condensed Interim Profit or Loss account

Increase in mark-up-expense - Lease liability against right-of-use assets	(1,263,739)
Depreciation on right-of-use assets	(2,100,331)
Decrease in rent expense	2,492,745
Decrease in profit before taxation	(871,325)
Decrease in taxation-net	252,684
Decrease in profit after taxation	<u>(618,641)</u>

**For the quarter
ended
September 30,
2019**

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

Earnings per share for the quarter ended September 30, 2019 is Re 0.004 per share lower as a result of the adoption of IFRS 16.

The Company has used a single discount rate methodology for a portfolio of leases with similar characteristics. The Company has opted not to recognise right-of-use assets for leases of low value. The payments associated with such leases are recognised as an expense on a straight line basis over the lease term.

- 3.2** The preparation of this unconsolidated condensed interim financial information in conformity with the approved accounting standards requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3** The significant judgments, estimates and assumptions made by Management in applying the Company's accounting policies and the factors used in making those estimates and associated assumptions were the same as those that were applied to the audited annual published unconsolidated financial statements for the year ended June 30, 2019.
- 3.4 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period but not relevant**
- 3.4.1** Certain new amendments to approved accounting standards have been published and are mandatory for the Company's accounting period beginning on or after July 1, 2019 but are considered not to be relevant or to have any significant effect on this unconsolidated condensed interim financial information.
- 3.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective**

The following revised standards, amendments and interpretations of approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
- IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies"	January 1, 2020
- IFRS 3 "Business Combinations"	January 1, 2020

The Company expects that the adoption of above amendments and interpretations will not affect its financial statements in the period of initial application except certain additional disclosures. The Company is currently in the process of analyzing the potential impact of changes in policies on adoption of the above standards.

4 RISK MANAGEMENT POLICIES

The financial risk management objectives and policies are consistent with those disclosed in the annual audited published unconsolidated financial statements of the Company for the year ended June 30, 2019.

5	FIXED ASSETS	Note	(Un-audited) September 30, 2019	(Audited) June 30, 2019
			----- (Rupees) -----	
	Own use	5.1	623,346,703	585,090,492
	Operating lease		141,949,826	144,475,394
	Ijarah finance		426,011,838	461,223,658
			<u>1,191,308,367</u>	<u>1,190,789,544</u>

- 5.1** This includes right-of-use assets amounting to Rs. 39.01 million (June 2019: Rs. Nil) due to adoption of IFRS 16 as disclosed in note 3.1.1.

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

5.2 The following is a statement of cost of additions and disposals to / from fixed assets for the quarter ended September 30, 2019.

	Own use		Operating lease assets		Assets under Ijarah finance	
	Additions	Disposals	Additions	Disposals	Additions	Disposals
	----- (Rupees) -----					
Machinery	-	-	-	-	-	4,000,000
Leasehold improvements	1,604,102	-	-	-	-	-
Furniture, fittings and office equipment	424,443	182,667	-	-	-	-
Computers and accessories	312,325	-	-	-	-	-
Vehicles	874,000	2,894,500	-	-	-	-
Capital work in progress	9,322,953	-	-	-	-	-
September 30, 2019	12,537,823	3,077,167	-	-	-	4,000,000
September 30, 2018	28,566,610	4,063,802	-	-	-	20,788,500

(Un-audited) September 30, 2019
(Audited) June 30, 2019

6 INTANGIBLE ASSETS

Computer software and license

15,411,702 18,349,641

6.1 There were no additions (September 2018: Rs.1,493,000) to intangible assets during the quarter ended September 30, 2019.

(Un-audited) September 30, 2019
(Audited) June 30, 2019

7 NET INVESTMENT IN FINANCE LEASE

Instalment contract receivables
Residual value
Less: Adjustable security deposit

21,553,891,640	22,287,465,719
8,425,976,442	8,457,924,284
8,393,329,937	8,427,394,395
21,586,538,145	22,317,995,608

Less: Unearned finance income

4,237,304,693	4,362,392,522
17,349,233,452	17,955,603,086

Note (Un-audited) September 30, 2019
(Audited) June 30, 2019

8 LONG-TERM INVESTMENTS

Amortised cost

Pakistan Investment Bonds (PIBs)

344,619,115 268,623,384

At fair value through other comprehensive income

Al Hail ORIX Finance PSC
Less: Fair value change on remeasurement of financial assets

279,097,858	279,097,858
(115,919,910)	(90,919,910)
163,177,948	188,177,948

Less: Current maturity

-	60,447,812
507,797,063	396,353,520

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

8.1 During the period, the Company reassessed the fair value of its investment in Al Hail ORIX Finance PSC and recorded Rs. 25 million as decrease in its fair value.

	Note	(Un-audited) September 30, 2019	(Audited) June 30, 2019
9 CURRENT MATURITY OF NON-CURRENT ASSETS		----- (Rupees) -----	
Current maturity of:			
Net investment in finance lease		8,899,027,409	9,151,970,240
Long-term finances and loans		2,046,139,757	2,221,130,283
Long-term investments		-	60,447,812
		<u>10,945,167,166</u>	<u>11,433,548,335</u>
10 SHORT-TERM INVESTMENTS			
At fair value through profit or loss			
Treasury bills		446,243,892	380,501,894
Term finance certificates		7,500,000	7,500,000
		<u>453,743,892</u>	<u>388,001,894</u>
At fair value through other comprehensive income			
Ordinary shares - unlisted		13,934,447	13,936,822
Less: Allowance for potential losses		7,500,000	7,500,000
		<u>460,178,339</u>	<u>394,438,716</u>

	Note	(Un-audited) September 30, 2019	(Audited) June 30, 2019
11 ASSETS CLASSIFIED AS HELD FOR SALE		----- (Rupees) -----	
Repossessed assets		25,487,294	29,370,226
Investments in associated undertakings			
- OPP (Private) Limited	11.1	87,754,399	87,754,399
- SAMA Finance SAE (Formerly ORIX Leasing Egypt SAE)	11.2	172,043,037	172,043,037
Stock Exchange room		4,700,000	4,700,000
		<u>289,984,730</u>	<u>293,867,662</u>

11.1 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.

11.2 On September 19, 2019, ORIX Leasing Egypt SAE has been renamed as SAMA Finance SAE (SAMA). The Company holds 23% ownership interest in SAMA. Management intends to divest its investment in SAMA, subject to necessary regulatory approvals.

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

(Un-audited) September 30, 2019	(Audited) June 30, 2019		(Un-audited) September 30, 2019	(Audited) June 30, 2019
----- (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	58,386,847	Fully paid bonus shares	583,868,470	583,868,470
2,182,538	2,182,538	Fully paid shares against amalgamation	21,825,380	21,825,380
<u>167,054,902</u>	<u>167,054,902</u>		<u>1,670,549,020</u>	<u>1,670,549,020</u>

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

	Note	(Un-audited) September 30, 2019	(Audited) June 30, 2019
----- (Rupees) -----			
13 LONG-TERM FINANCES - Secured			
Long-term finances utilised under mark-up arrangements - financial institutions		9,524,851,187	10,058,035,712
Lease liability against right-of-use assets	3.1.1	36,304,851	-
Less: Unamortised transaction cost		2,982,258	4,164,059
Less: Current maturity	15	3,549,011,664	3,743,452,384
		<u>3,551,993,922</u>	<u>3,747,616,443</u>
		<u>6,009,162,116</u>	<u>6,310,419,269</u>
14 SHORT-TERM BORROWINGS - Secured From Banking Companies			
Running finance arrangements		1,079,740,437	1,082,642,374
Short-term loans		-	250,000,000
		<u>1,079,740,437</u>	<u>1,332,642,374</u>
		(Un-audited) September 30, 2019	(Audited) June 30, 2019
----- (Rupees) -----			
15 CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Current maturity of:			
Long-term finances		3,543,601,193	3,743,452,384
Lease liability against right-to-use assets		5,410,471	-
		<u>3,549,011,664</u>	<u>3,743,452,384</u>
Long-term certificates of deposit		630,349,605	744,337,744
		<u>4,179,361,269</u>	<u>4,487,790,128</u>

16 CONTINGENCIES AND COMMITMENTS

16.1 There was no change in the status of contingencies as disclosed in the note 32 to the annual published unconsolidated financial statements for the year ended June 30, 2019 except the following:

16.1.1 During the period, the Additional Commissioner Inland Revenue (ACIR) passed the amended assessment orders on September 23, 2019 under section 122(5A) of the Ordinance for the year 2015 and 2016 and created demand of Rs. 84 million and Rs. 862 million respectively. This was mainly the result of disallowance of tax loss on lease terminations 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 Sindh High Court (SHC).

Based on the merit of the case and the tax advisor's opinion, Management considers that decision will be made in Company's favour, hence, no provision has been recorded in this unconsolidated condensed interim financial information in this regard.

16.1.2 The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order on February 21, 2019 under section 122(5A) of the Ordinance for the tax year 2017 and created demand of Rs. 911.5 million. This was mainly the result of disallowance of tax loss on lease terminations, levy of super tax and certain other matters. On October 3, 2019, the Additional Commissioner Inland Revenue (ACIR) rectified the amended assessment order (rectification order) under section 221(1) of the Ordinance for the tax year 2017 and created additional demand of Rs. 290 million. This was due to disallowance of brought forward tax losses claimed in the tax year 2017 as a result of amendment made in tax year 2016. The Company has preferred an appeal against the earlier amended assessment order before the Commissioner Inland Revenue (Appeals) (CIRA), which is currently pending adjudication and intends to file an appeal before the CIRA against this rectification order within thirty days of receipt of the same. The Company has been granted stay against recovery of earlier demand of Rs. 911.5 million from SHC.

Based on the merit of the case and the tax advisor's opinion, Management considers that decision will be made in Company's favour, hence, no provision has been recorded in this unconsolidated condensed interim financial information in this regard.

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

- 16.1.3** In September 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 September 2019 and additionally demanded Rs. 117.2 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 a stay order restricting FBR from taking any coercive measures against the Company.
- 16.2** Leases committed but not executed at the reporting date amounted to Rs. 1.54 million (June 2019: Rs. 82.07 million).
- 16.3** Commitments relating to capital expenditure at the reporting date amounted to Rs. 10.74 million (June 2019: Rs. 15.75 million).

	(Un-audited)	
	For the quarter ended	
	September 30, 2019	September 30, 2018
17 OTHER INCOME - NET	----- (Rupees) -----	
Income from investments	31,841,257	26,147,631
Other fees and income	37,172,933	47,544,504
	69,014,190	73,692,135

18 SHARE OF PROFIT OF EQUITY ACCOUNTED UNDERTAKINGS

Name of associate	(Un-audited)			
	For the quarter ended September 30, 2019		For the quarter ended September 30, 2018	
	Associates' profit after tax	Share of associates' profit after tax	Associates' profit after tax	Share of associates' profit after tax
	----- (Rupees) -----			
Un-quoted				
Saudi ORIX Leasing Company	351,893,758	8,797,344	373,657,376	9,341,434

	(Un-audited)	
	For the quarter ended	
	September 30, 2019	September 30, 2018
19 FINANCE COST	----- (Rupees) -----	
Interest / mark-up on:		
- Long-term finances	338,982,136	193,679,098
- Short-term borrowings	23,802,754	32,002,317
- Certificates of deposit	105,470,475	113,332,034
- Lease liability against right-of-use assets	1,263,739	-
Amortisation of transaction cost	1,181,801	2,244,957
Bank charges and commission	3,600,226	6,600,595
	474,301,131	347,859,001

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

	(Un-audited)	
	For the quarter ended	
	September 30, 2019	September 30, 2018
	----- (Rupees) -----	
20 OTHER PROVISIONS / (REVERSALS) - NET		
Operating lease, investments and other receivables		
Provision / (Reversal) against other receivables	2,287,877	(489,666)
(Reversal) / Provision against Ijarah receivable	(27,390)	280,405
	2,260,487	(209,261)
Others		
Reversal of impairment of assets classified as 'held for sale'	(1,140,249)	-
	1,120,238	(209,261)

21 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'.

	2019				Total
	Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	
	----- (Rupees) -----				
Segment analysis for the quarter ended September 30, 2019 - (Unaudited)					
Segment revenues	824,705,506	230,887,059	50,468,864	45,965,363	1,152,026,792
Finance cost	332,300,511	85,130,207	12,781,387	44,089,026	474,301,131
Administrative and general expenses	221,244,475	55,757,747	11,208,913	-	288,211,135
Direct cost	3,271,545	118,287	38,848,548	-	42,238,380
Provision / (Reversal)-net	16,432,044	4,700,070	2,260,487	(1,140,249)	22,252,352
Segment results	251,456,931	85,180,748	(14,630,471)	3,016,586	325,023,794
Provision for taxation					(94,335,789)
Profit for the period					230,688,005
Other information					
Segment assets	16,689,270,151	4,628,769,587	567,961,664	2,465,929,609	24,351,931,011
Unallocated assets					1,227,038,381
Total assets					25,578,969,392
Segment liabilities	332,827,408	111,542,747	6,445,225	-	450,815,380
Unallocated liabilities					16,939,172,444
Total liabilities					17,389,987,824
Capital expenditure	-	-	-	-	-
Depreciation	-	-	37,737,385	-	37,737,385
Unallocated capital expenditure	-	-	-	-	12,537,823
Unallocated depreciation and amortisation	-	-	-	-	17,129,728

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

	2018				Total
	Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	
----- (Rupees) -----					
Segment analysis for the quarter ended September 30, 2018 - (Unaudited)					
Segment revenues	675,759,020	184,023,551	56,130,365	51,518,723	967,431,659
Finance cost	234,618,966	56,528,130	1,868,134	54,843,771	347,859,001
Administrative and general expenses	223,328,878	53,510,142	5,182,417	-	282,021,437
Direct cost	3,381,197	328,377	43,829,008	-	47,538,582
(Reversal) / provision-net	(34,059,503)	4,131,874	(466,500)	254,125	(30,140,004)
Segment result	<u>248,489,482</u>	<u>69,525,028</u>	<u>5,717,306</u>	<u>(3,579,173)</u>	<u>320,152,643</u>
Provision for taxation					(83,318,574)
Profit for the period					<u>236,834,069</u>
Other information					
Segment assets and liabilities for the year ended June 30, 2019 (Audited)					
Segment assets	<u>17,315,954,578</u>	<u>4,614,620,917</u>	<u>605,699,049</u>	<u>2,392,893,694</u>	24,929,168,238
Unallocated assets					1,061,635,671
Total assets					<u>25,990,803,909</u>
Segment liabilities	<u>351,496,511</u>	<u>81,679,104</u>	<u>8,678,469</u>	-	441,854,084
Unallocated liabilities					17,535,861,081
Total liabilities					<u>17,977,715,165</u>
For the quarter ended September 30, 2018 - (Unaudited)					
Capital expenditure	-	-	-	-	-
Depreciation	-	-	41,757,388	-	41,757,388
Unallocated capital expenditure	-	-	-	-	30,059,610
Unallocated depreciation and amortisation	-	-	-	-	16,587,017

22 TRANSACTIONS / BALANCES 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.

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.

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

22.1 Transactions with related parties during the period are given below:

	(Un-audited)	
	For the quarter ended	
	September 30, 2019	September 30, 2018
	----- (Rupees) -----	
ORIX Corporation, Japan - Parent Company - 49.58% Holding		
Dividend paid - net of tax	-	191,512,068
ORIX Modaraba - Subsidiary - 20% ownership		
Dividend income	11,345,883	11,345,883
Reimbursement of costs	122,304	250,797
ORIX Leasing Pakistan Limited-Employees Provident Fund (OLP - EPF)		
Contribution made	7,665,844	7,117,963
ORIX Leasing Pakistan Limited-Staff Gratuity Fund (OLP - SGF)		
Contribution made	4,802,181	25,113,586
Charity / Donation paid - Common Directorship		
The Indus Hospital	500,000	-
Other related party transactions during the period		
Directors and Key Management Personnel		
Compensation of directors and key management personnel		
Directors fees paid	1,000,000	1,200,000
Short-term employee benefits	37,336,682	33,272,170
Retirement benefits	3,430,252	3,229,274
Total compensation to directors and key management personnel	41,766,934	37,701,445
Other transactions with Key Management Personnel		
Redemption of certificates of deposit	-	150,000
Amount of profit on certificates of deposit	47,445	88,017
Loans disbursed	-	26,100
Interest recovered	479,613	383,520
Principal recovered	1,678,953	1,574,609

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

	(Un-audited) September 30, 2019	(Audited) June 30, 2019
	----- (Rupees) -----	
22.2 Balances with related parties as at period / year end		
Investment in subsidiaries	<u>322,374,294</u>	<u>322,374,294</u>
Investment in associated undertaking - held for sale		
- OPP (Private) Limited - 45% ownership	<u>87,754,399</u>	<u>87,754,399</u>
- SAMA Finance SAE (formerly ORIX Leasing Egypt SAE) - 23% ownership	<u>172,043,037</u>	<u>172,043,037</u>
Long-term investment - Al Hail ORIX Finance PSC	<u>163,177,948</u>	<u>188,177,948</u>
Investment in associated undertaking		
- Saudi ORIX Leasing Company - 2.5% ownership	<u>906,059,916</u>	<u>942,321,227</u>
Certificates of deposit held	<u>2,100,000</u>	<u>2,100,000</u>
Accrued profit on certificates of deposit	<u>9,565</u>	<u>9,561</u>
Outstanding loans to Key Management Personnel	<u>27,260,034</u>	<u>23,102,538</u>
Dividend receivable from ORIX Modaraba - Subsidiary	<u>11,345,883</u>	<u>-</u>
Receivable from Saudi ORIX Leasing Company - Associate	<u>3,150,848</u>	<u>754,396</u>
Receivable / (Payable) from ORIX Corporation, Japan - Parent Company	<u>7,140</u>	<u>(92,885)</u>

23 FAIR VALUE OF FINANCIAL INSTRUMENTS

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 certificate of deposits 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.

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.

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).

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

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:

	September 30, 2019 (Un-audited)			
	Fair value			Total
	Level 1	Level 2	Level 3	
RECURRING FAIR VALUE MEASUREMENTS	(Rupees)			
Financial assets				
Financial assets at fair value through other comprehensive income				
Al-Hail ORIX Finance PSC	-	-	163,177,948	163,177,948
Ordinary shares-unlisted	-	-	13,934,447	13,934,447
Financial assets at fair value through profit or loss				
Treasury bills	-	446,243,892	-	446,243,892
Non-financial assets				
Fixed assets (Leasehold land & building)	-	-	393,652,635	393,652,635
Total	-	446,243,892	570,765,030	1,017,008,922

	June 30, 2019 (Audited)			
	Fair value			Total
	Level 1	Level 2	Level 3	
RECURRING FAIR VALUE MEASUREMENTS	(Rupees)			
Financial assets				
Financial assets at fair value through other comprehensive income				
Al-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 & building)	-	-	396,621,405	396,621,405
Total	-	380,501,894	598,736,175	979,238,069

24 CASH AND CASH EQUIVALENTS	(Un-audited)	
	For the quarter ended	
	September 30, 2019	September 30, 2018
	(Rupees)	
Cash at bank	278,828,671	132,469,636
Cash in hand	1,698,981	1,474,366
	280,527,652	133,944,002
Running finance arrangements	(1,079,740,437)	(1,354,495,922)
	(799,212,785)	(1,220,551,920)

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

	(Un-audited)	
	For the quarter ended	
	September 30, 2019	September 30, 2018
	----- (Rupees) -----	
25 EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the period after taxation	230,688,005	236,834,069
		Restated
Weighted average number of ordinary shares	167,054,902	167,054,902
Earnings per share - basic and diluted	1.38	1.42

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

26 CORRESPONDING FIGURES

Certain corresponding figures have been reclassified, rearranged or additionally incorporated in this unconsolidated condensed interim financial information for the purposes of comparison and better presentation. There were no significant reclassifications / restatements to corresponding figures during the period.

27 GENERAL

Figures reported in this unconsolidated condensed interim financial information have been rounded off to the nearest Rupee unless otherwise stated.

28 DATE OF AUTHORISATION FOR ISSUE

This unconsolidated condensed interim financial information was authorised for issue on October 24, 2019 by the Board of Directors of the Company.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2019

	Note	September 30, 2019 (Un-audited)	June 30, 2019 (Audited)
-----Rupees-----			
ASSETS			
Non-current assets			
Fixed assets	5	4,217,864,881	4,338,066,725
Intangible assets	6	75,853,515	81,938,905
Net investment in finance lease	7	17,349,233,452	17,955,603,086
Current maturity		(8,899,027,409)	(9,151,970,240)
Allowance for potential lease losses		(685,450,595)	(669,018,735)
		(9,584,478,004)	(9,820,988,975)
Investment in associated undertakings		7,764,755,448	8,134,614,111
Long-term investments		906,059,916	942,321,227
Long-term finances and loans	8	517,652,643	407,342,320
Long-term deposits		4,269,293,810	4,235,619,137
		12,430,066	12,390,066
		17,763,910,279	18,152,292,491
Current assets			
Short-term finances		278,163,103	285,006,782
Accrued return on investments and term finance		94,522,158	135,034,672
Current maturity of non-current assets	9	11,992,922,270	12,489,841,573
Short-term investments	10	460,178,339	394,438,716
Advances and prepayments		239,285,596	192,821,561
Other receivables		146,816,165	147,089,203
Cash and bank balances		741,627,811	616,220,762
Defined benefit asset		8,808,244	8,808,244
Net investment in Ijara finance		370,000	370,000
Assets classified as held for sale	11	13,962,693,686	14,269,631,513
Total assets		289,984,730	293,867,662
		32,016,588,695	32,715,791,666
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
350,000,000 (June 30, 2019: 350,000,000) Ordinary shares of Rs.10 each		3,500,000,000	3,500,000,000
Issued, subscribed and paid-up capital	12	1,670,549,020	1,670,549,020
Capital reserves		3,345,935,827	3,347,643,007
Revenue reserves		3,126,180,783	2,961,988,871
Total equity attributable to equity holder of the Holding Company		8,142,665,630	7,980,180,898
Non-controlling interest		904,236,877	979,976,301
		9,046,902,507	8,960,157,199
Non-current liabilities			
Long-term finances	13	6,903,821,916	7,411,171,148
Long-term certificates of deposit		2,863,767,840	2,819,697,418
Long-term deposits		450,805,127	460,371,219
Deferred taxation		723,356,647	699,540,763
Other long-term liabilities		175,315,347	164,902,777
Redeemable capital		37,750,000	37,750,000
		11,154,816,877	11,593,433,325
Current liabilities			
Trade and other payables		1,272,747,269	1,158,069,669
Accrued interest / mark-up on loans, finances and certificates of deposit		367,573,230	449,397,319
Unpaid dividend		113,458,825	-
Unclaimed dividend		55,528,027	78,313,447
Short-term borrowings	14	1,079,740,437	1,332,642,374
Short-term certificates of deposit		736,392,834	695,436,338
Taxation-net		207,835,939	191,242,328
Current maturity of non-current liabilities	15	7,981,592,750	8,257,099,667
		11,814,869,311	12,162,201,142
Total equity and liabilities		32,016,588,695	32,715,791,666
Contingencies and Commitments			
	16		

The annexed notes 1 to 28 form an integral part of this consolidated condensed interim financial information.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Consolidated Condensed Interim Statement of Profit or Loss Account (Un-Audited)

For the quarter ended September 30, 2019

	Note	For the quarter ended	
		September 30, 2019	September 30, 2018
-----Rupees-----			
INCOME			
Income from operations			
Finance leases		796,760,117	648,489,661
Operating leases		415,610,562	451,132,771
Mark-up on term finance		341,574,517	244,560,658
		1,553,945,196	1,344,183,090
Income from other activities			
Other income - net	17	75,948,621	72,341,630
Share of profit of equity accounted undertakings	18	8,797,344	9,341,434
		84,745,965	81,683,064
		1,638,691,161	1,425,866,154
EXPENSES			
Finance cost	19	624,219,759	432,992,155
Administrative and general expenses		336,944,563	325,762,568
Direct cost		327,722,329	377,069,285
		1,288,886,651	1,135,824,008
		349,804,510	290,042,146
Profit before provision and taxation			
Provision / (reversal) for potential lease and other loan losses - net	20	21,132,114	(32,597,443)
Other provisions - net		2,029,058	1,858,659
		23,161,172	(30,738,784)
		326,643,338	320,780,930
Profit before taxation			
Taxation - Current		55,254,046	56,229,657
- Deferred		39,081,743	28,892,625
		94,335,789	85,122,282
		232,307,549	235,658,648
Net profit for the period after taxation			
Profit attributable to			
Equity shareholders of the Holding Company		217,279,913	222,769,610
Non-controlling interest		15,027,636	12,889,038
		232,307,549	235,658,648
(Restated)			
Earnings per share - basic and diluted	25	1.30	1.33

The annexed notes 1 to 28 form an integral part of this consolidated condensed interim financial information.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Consolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the quarter ended September 30, 2019

	For the quarter ended	
	September 30, 2019	September 30, 2018
	-----Rupees-----	
Profit for the period after taxation attributable to:		
Equity shareholders of the Holding Company	217,279,913	222,769,610
Non-controlling interest	15,027,636	12,889,038
	232,307,549	235,658,648
Other comprehensive income		
Items that will be subsequently reclassified to profit and loss		
Exchange (loss) / gain arising on translation of foreign associates - net of deferred tax	(35,359,497)	9,349,651
Items that will not be subsequently reclassified to profit or loss		
Fair value change on remeasurement of financial assets - net of deferred tax	(19,564,875)	(930,140)
Other comprehensive income component of associated undertaking	129,191	-
	(19,435,684)	(930,140)
Total comprehensive income for the period	177,512,368	244,078,159
Total comprehensive income for the period attributable to:		
Equity shareholders of the Holding Company	162,484,732	231,189,121
Non-controlling interest	15,027,636	12,889,038
	177,512,368	244,078,159

The annexed notes 1 to 28 form an integral part of this consolidated condensed interim financial information.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Consolidated Condensed Interim Statement of Cash Flows (Un-Audited)

For the quarter ended September 30, 2019

Note	September 30, 2019	September 30, 2018
-----Rupees-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the period	326,643,338	320,780,930
Adjustments for:		
Depreciation and amortisation	342,500,903	393,608,899
Depreciation on right-of-use assets	2,100,331	-
Amortisation of transaction cost	1,181,801	2,244,957
Provision / (reversal) for potential lease and other loan losses - net	21,132,114	(32,597,438)
Provision against other receivables	1,120,238	990,739
Provision for workers' welfare fund	581,958	563,091
Provision for service sales tax	326,862	304,829
Charge for defined benefit plan	5,222,260	5,143,902
Share of profit of equity accounted undertakings	(8,797,344)	(9,341,434)
Fair value changes on remeasurement of financial assets at fair value through profit or loss	1,024,912	(112,636)
Finance cost including bank charges	517,567,483	317,415,164
Profit on certificates of deposit	105,470,475	113,332,034
Dividend income	(313,099)	(470,660)
Return on investments and deposits	(29,698,396)	(18,993,772)
Gain on disposal of fixed assets	(6,089,263)	(2,665,356)
Other exchange (gain) / loss	121,666	-
	953,452,901	769,422,319
Operating profit before working capital changes	1,280,096,239	1,090,203,249
(Increase) / decrease in operating assets		
Investment in finance lease - net	606,369,634	203,176,400
Long-term finances and loans - net	147,280,407	(163,264,987)
Short-term finances	4,717,179	(31,865,520)
Long-term deposits	40,000	-
Advances and prepayments	(11,429,814)	(10,213,036)
Other receivables	(4,614,602)	(25,641,014)
	742,362,804	(27,808,157)
Increase / (decrease) in operating liabilities		
Deposits from lessees - net	(14,468,501)	30,224,089
Other long term liabilities - net	(103,152,624)	70,847,106
Trade and other payables	113,768,785	95,005,629
	(3,852,340)	196,076,824
Cash generated from operating activities	2,018,606,703	1,258,471,916
Payment against staff retirement benefits	(4,802,181)	(25,113,586)
Income tax paid	(38,660,436)	(31,295,687)
	(43,462,617)	(56,409,273)
Net cash generated from operating activities	1,975,144,086	1,202,062,643
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred - own use and intangible assets	(12,537,823)	(30,344,460)
Proceeds from disposal of assets - own use	1,514,100	1,509,467
Capital expenditure incurred - ijarah finance	(275,282,761)	(379,899,700)
Proceeds from sale of ijarah finance assets	115,196,322	65,199,974
Investments - net	(148,123,823)	28,868,669
Dividend received	313,099	470,660
Interest received	34,706,206	11,822,841
Net cash used in investing activities	(284,214,680)	(302,372,549)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term loans - net	331,732,272	1,686,382,432
Short-term borrowings - net	(250,000,000)	(145,000,000)
Certificates of deposit redeemed - net	(28,961,221)	(269,758,487)
Repayment of long-term loans and finances	(1,033,184,525)	(1,373,809,523)
Finance cost paid	(579,620,544)	(517,373,265)
Payment of lease liability against right-of-use assets	(2,492,745)	-
Dividend paid	(93,656)	(207,276,952)
Net cash used in financing activities	(1,562,620,419)	(826,835,795)
Net increase in cash and cash equivalents	128,308,987	72,854,299
Cash and cash equivalents at beginning of the period	(466,421,613)	(785,422,043)
Cash and cash equivalents at end of the period	(338,112,626)	(712,567,744)

24

The annexed notes 1 to 28 form an integral part of this consolidated condensed interim financial information.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Consolidated Condensed Interim Statement of Changes In Equity (Un-Audited)

For the quarter ended September 30, 2019

	Attributable to equity shareholders of the Holding Company							Non-controlling Interest	Total	
	Issued, subscribed and paid-up capital	Capital Reserves			Revenue Reserves					Sub total
		Share premium	Statutory reserve	Surplus on Revaluation of leasehold land and office building	Unappropriated profit	Fair value reserves on re-measurement of financial assets	Foreign currency translation reserve			
	(Rupees)									
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	-	-	-	-	39,060,357	(39,060,357)	-	-	-	-
Profit for the period	-	-	-	-	222,769,610	-	-	222,769,610	12,889,038	235,658,648
Other comprehensive income	-	-	-	-	-	(930,140)	9,349,651	8,419,511	-	8,419,511
Total comprehensive income for the period	-	-	-	-	222,769,610	(930,140)	9,349,651	231,189,121	12,889,038	244,078,159
Transactions with owners recorded directly in equity										
Profit distribution for the year ended June 30, 2018 @ Rs. 2.5 per certificate	-	-	-	-	-	-	-	-	(90,767,060)	(90,767,060)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	(1,707,180)	1,707,180	-	-	-	-	-
Balance as at September 30, 2018	1,392,124,190	1,863,635,353	1,255,031,986	308,018,645	2,612,632,265	(37,102,038)	59,197,795	7,453,538,196	904,183,377	8,357,721,573
Balance as at July 1, 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
Profit for the period	-	-	-	-	217,279,913	-	-	217,279,913	15,027,636	232,307,549
Other comprehensive income	-	-	-	-	129,191	(19,564,875)	(35,359,497)	(54,795,181)	-	(54,795,181)
Total comprehensive income for the period	-	-	-	-	217,409,104	(19,564,875)	(35,359,497)	162,484,732	15,027,636	177,512,368
Transactions with owners recorded directly in equity										
Profit distribution for the year ended June 30, 2019 @ Rs. 2.5 per certificate	-	-	-	-	-	-	-	-	(90,767,060)	(90,767,060)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	(1,707,180)	1,707,180	-	-	-	-	-
Balance as at September 30, 2019	1,670,549,020	1,585,210,523	1,459,535,379	301,189,925	3,011,699,138	(89,747,134)	204,228,779	8,142,665,630	904,236,877	9,046,902,507

The annexed notes 1 to 28 form an integral part of this consolidated condensed interim financial information.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 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
- (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).

- 1.2 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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated condensed interim financial information 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 condensed interim financial information have been prepared under the historical cost convention except for the following:

- Leasehold land and office building are stated at revalued amounts;
- Financial instruments at fair value through profit or loss and financial assets at fair value 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 This consolidated condensed interim financial information does not include all the information required for a full set of financial statements and should be read in conjunction with the annual published consolidated audited financial statements of the Company for the year ended June 30, 2019.

- 2.4 The comparative statement of financial position presented in this consolidated condensed interim financial information has been extracted from the annual published consolidated audited financial statements of the Holding Company for the year ended June 30, 2019, whereas the comparative statement of profit or loss account, statement of comprehensive income, statement of changes in equity and cash flow statement are stated from the consolidated unaudited condensed interim financial information for the period ended September 30, 2018.

2.5 Functional and presentation currency

This consolidated condensed interim financial information has been presented in Pakistani Rupees, which is the functional currency of the Holding Company.

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

3 SIGNIFICANT POLICIES, ESTIMATES, ASSUMPTIONS AND CHANGES THEREIN

3.1 The accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual published consolidated audited financial statements of the Holding Company for the year ended June 30, 2019 except as follows:

3.1.1 Impact of IFRS 16 - Leases

During the period, IFRS 16 - Leases became applicable to the Group. IFRS 16 replaces, existing guidance on accounting for leases, including IAS 17 "Leases", IFRIC 4: "Determining whether an Arrangement contains a Lease, SIC-15 - Operating Leases - Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease". IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Group has adopted IFRS 16 from July 1, 2019 using the modified retrospective restatement approach and has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Group has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were initially measured as the present value of the remaining lease payments, discounted using the Group's incremental weighted average borrowing rate applicable as of July 1, 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method. Lease liabilities against right-of-use assets as at June 30, 2019 and September 30, 2019 is as follows:

	September 30, 2019	June 30, 2019
Lease liability against right-of-use asset	<u>36,304,850</u>	<u>37,905,894</u>

On adoption of IFRS 16, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the Consolidated condensed interim statement of financial position immediately before the date of initial application.

The right-of-use assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The recognised right-of-use assets relate to the following type of asset:	September 30, 2019	June 30, 2019
Rented Premises	<u>39,014,239</u>	<u>41,114,570</u>

The effect of this change in accounting policy is as follows:

Impact on Consolidated Condensed Interim Statement of Financial Position

Increase in fixed assets - right-of-use assets	39,014,239	41,114,570
Decrease in advances and prepayments	(3,580,713)	(3,208,676)
Increase in taxation-net	252,684	-
	<u>35,686,210</u>	37,905,894
Increase in lease liability against right-of-use assets	36,304,851	37,905,894
Decrease in net assets	<u>(618,641)</u>	<u>-</u>

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

	For the quarter ended September 30, 2019
Impact on Consolidated Condensed Interim Profit or Loss account	
Increase in mark-up-expense - Lease liability against right-of-use assets	(1,263,739)
Depreciation on right-of-use assets	(2,100,331)
Decrease in rent expense	2,492,745
Decrease in profit before taxation	(871,325)
Decrease in taxation-net	252,684
Decrease in profit after taxation	<u>(618,641)</u>

Earnings per share for the quarter ended September 30, 2019 is Re 0.004 per share lower as a result of the adoption of IFRS 16.

The Group has used a single discount rate methodology for a portfolio of leases with similar characteristics. The Group has opted not to recognise right-of-use assets for leases of low value. The payments associated with such leases are recognised as an expense on a straight line basis over the lease term.

3.2 The preparation of this consolidated condensed interim financial information in conformity with the approved accounting standards requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

3.3 The significant judgments, estimates and assumptions made by Management in applying the Holding Company's accounting policies and the factors used in making those estimates and associated assumptions were the same as those that were applied to the audited annual published consolidated financial statements for the year ended June 30, 2019.

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

3.4.1 Certain new amendments to approved accounting standards have been published and are mandatory for the Holding Company's accounting period beginning on or after July 1, 2019 but are considered not to be relevant or to have any significant effect on this consolidated condensed interim financial information.

3.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations of approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
- IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies"	January 1, 2020
- IFRS 3 "Business Combinations"	January 1, 2020

The Group expects that the adoption of above amendments and interpretations will not affect its financial statements in the period of initial application except certain additional disclosures. The Company is currently in the process of analyzing the potential impact of changes in policies on adoption of the above standards.

4 RISK MANAGEMENT POLICIES

The financial risk management objectives and policies are consistent with those disclosed in the annual audited published consolidated financial statements of the Company for the year ended June 30, 2019.

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

	Note	(Un-audited) September 30, 2019	(Audited) June 30, 2019
5		-----Rupees-----	
FIXED ASSETS			
Own use	5.1	630,003,442	592,849,951
Operating lease		141,949,823	144,475,394
ljarah finance		3,445,911,616	3,600,741,380
		<u>4,217,864,881</u>	<u>4,338,066,725</u>

5.1 This includes right-of-use assets amounting to Rs. 39.01 million (June 2019: Rs. Nil) due to adoption of IFRS 16 as disclosed in note 3.1.1.

5.2 The following is a statement of cost of additions and disposals to / from fixed assets for the quarter ended September 30, 2019.

	Own use		Operating lease assets		Assets under ljarah financing	
	Additions	Disposals	Additions	Disposals	Additions	Disposals
	----- Rupees -----					
Machinery	-	-	-	-	199,131,761	292,374,372
Leasehold improvements	1,604,102	-	-	-	-	-
Furniture, fittings and office equipment	424,443	182,667	-	-	-	-
Computers and accessories	312,325	-	-	-	-	-
Vehicles	874,000	2,894,500	-	-	76,151,000	181,659,057
Capital work in progress	9,322,953	-	-	-	-	-
September 30, 2019	<u>12,537,823</u>	<u>3,077,167</u>	<u>-</u>	<u>-</u>	<u>275,282,761</u>	<u>474,033,429</u>
September 30, 2018	<u>28,566,610</u>	<u>4,063,802</u>	<u>-</u>	<u>-</u>	<u>379,899,700</u>	<u>205,644,429</u>

	(Un-audited) September 30, 2019	(Audited) June 30, 2019
6	-----Rupees-----	
INTANGIBLE ASSETS		
Computer software and license	16,053,353	19,067,315
Goodwill	13,728,733	13,728,733
Customer relationship for ljarah	46,071,429	49,142,857
	<u>75,853,515</u>	<u>81,938,905</u>

6.1 There were no additions (September 2018: Rs.1,493,000) to intangible assets during the quarter ended September 30, 2019.

7 NET INVESTMENT IN FINANCE LEASE

Instalment contract receivables	21,553,891,640	22,287,465,719
Residual value	8,425,976,442	8,457,924,284
Less: Adjustable security deposit	8,393,329,937	8,427,394,395
	<u>21,586,538,145</u>	<u>22,317,995,608</u>
Less: Unearned finance income	4,237,304,693	4,362,392,522
	<u>17,349,233,452</u>	<u>17,955,603,086</u>

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

		(Un-audited) September 30, 2019	(Audited) June 30, 2019
-----Rupees-----			
8	LONG-TERM INVESTMENTS		
	Amortised Cost		
	Pakistan Investment Bonds (PIBs)	344,619,115	268,623,384
	Investment in Sukuk certificates	8.1 57,701,835	57,701,835
	Less: Provision for potential losses on investments	(57,701,835)	(57,701,835)
		-	-
	At fair value through profit or loss		
	Units of collective investment scheme		
	National Investment (Unit) Trust		
	202,000 (2019: 202,000 units of Rs. 10 each		
	Cost Rs. 1,363,500 (2019: Rs. 1,363,500)	9,855,580	10,988,800
	At fair value through other comprehensive income		
	Al Hail ORIX Finance PSC	8.2 279,097,858	279,097,858
	Less: Fair value change on remeasurement of financial assets	(115,919,910)	(90,919,910)
		163,177,948	188,177,948
	Less: Current maturity	-	60,447,812
		<u>517,652,643</u>	<u>407,342,320</u>

8.1 This represents investment by the Modaraba in unlisted Sukuk Certificates which has been fully provided.

8.2 During the period, the Holding Company reassessed the fair value of its investment in Al Hail ORIX Finance PSC and recorded Rs. 25 million as decrease in its fair value.

	Note	(Un-audited) September 30, 2019	(Audited) June 30, 2019
-----Rupees-----			
9	CURRENT MATURITY OF NON-CURRENT ASSETS		
	Current maturity of:		
	Net investment in finance lease	8,899,027,409	9,151,970,240
	Long-term investments	-	60,447,812
	Long-term finances and loans	3,093,894,861	3,277,423,521
		<u>11,992,922,270</u>	<u>12,489,841,573</u>
10	SHORT-TERM INVESTMENTS		
	At fair value through profit or loss		
	Treasury bills	446,243,892	380,501,894
	Term finance certificates	7,500,000	7,500,000
		453,743,892	388,001,894
	At fair value through other comprehensive income		
	Ordinary shares - unlisted	13,934,447	13,936,822
	Less: Allowance for potential losses	7,500,000	7,500,000
		<u>460,178,339</u>	<u>394,438,716</u>
11	ASSETS CLASSIFIED AS HELD FOR SALE		
	Repossessed assets	25,487,294	29,370,226
	Investments in associated undertakings		
	- OPP (Private) Limited	11.1 87,754,399	87,754,399
	- SAMA Finance SAE (Formerly ORIX Leasing Egypt SAE)	11.2 172,043,037	172,043,037
	Stock Exchange room	4,700,000	4,700,000
		<u>289,984,730</u>	<u>293,867,662</u>

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

- 11.1** The Holding Company holds 45% ownership interest in OPP (Private) Limited. Management intends to divest its investment in OPP (Private) Limited, subject to necessary regulatory approvals.
- 11.2** On September 19, 2019, ORIX Leasing Egypt SAE has been renamed as SAMA Finance SAE (SAMA). The Holding Company holds 23% ownership interest in SAMA. Management intends to divest its investment in SAMA, subject to necessary regulatory approvals.

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

September 30, 2019	June 30, 2019		(Un-audited) September 30, 2019	(Audited) June 30, 2019
----- (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	58,386,847	Fully paid bonus shares	583,868,470	583,868,470
2,182,538	2,182,538	Fully paid shares against amalgamation	21,825,380	21,825,380
<u>167,054,902</u>	<u>167,054,902</u>		<u>1,670,549,020</u>	<u>1,670,549,020</u>

	Note	(Un-audited) September 30, 2019	(Audited) June 30, 2019
-----Rupees-----			
13 LONG-TERM FINANCES - Secured			
Long-term finances utilised under mark-up arrangements - financial institutions		11,289,905,336	11,991,707,589
Lease liability against right-of-use assets	3.1.1	36,304,851	-
Less: Unamortised transaction cost		2,982,258	4,164,059
Less: Current maturity	15	4,419,406,013	4,576,372,382
		<u>6,903,821,916</u>	<u>7,411,171,148</u>

14 SHORT-TERM BORROWINGS- Secured

From Banking Companies			
Running finance arrangements		1,079,740,437	1,082,642,374
Short-term loans		-	250,000,000
		<u>1,079,740,437</u>	<u>1,332,642,374</u>

15 CURRENT MATURITY OF NON-CURRENT LIABILITIES

Current maturity of:			
Long-term finances		4,413,995,542	4,576,372,382
Lease liability against right-to-use assets		5,410,471	-
	13	4,419,406,013	4,576,372,382
Long-term certificates of deposit		630,349,605	744,337,744
Long-term deposits		183,532,132	188,434,541
Current portion of redeemable capital		2,748,305,000	2,747,955,000
		<u>7,981,592,750</u>	<u>8,257,099,667</u>

16 CONTINGENCIES AND COMMITMENTS

- 16.1** There was no change in the status of contingencies as disclosed in the note 33 to the annual published consolidated financial statements for the year ended June 30, 2019 except the following:
- 16.1.1** During the period, the Additional Commissioner Inland Revenue (ACIR) passed the amended assessment orders on September 23, 2019 under section 122(5A) of the Ordinance for the year 2015 and 2016 and created demand of Rs. 84 million and Rs. 862 million respectively. This was mainly the result of disallowance of tax loss on lease terminations 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 Sindh High Court (SHC).

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

Based on the merit of the case and the tax advisor's opinion, Management considers that decision will be made in Group's favour, hence, no provision has been recorded in this Consolidated condensed interim financial information in this regard.

- 16.1.2** The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order on February 21, 2019 under section 122(5A) of the Ordinance for the tax year 2017 and created demand of Rs. 911.5 million. This was mainly the result of disallowance of tax loss on lease terminations, levy of super tax and certain other matters. On October 3, 2019, the Additional Commissioner Inland Revenue (ACIR) rectified the amended assessment order (rectification order) under section 221(1) of the Ordinance for the tax year 2017 and created additional demand of Rs. 290 million. This was due to disallowance of brought forward tax losses claimed in the tax year 2017 as a result of amendment made in tax year 2016. The Holding Company has preferred an appeal against the earlier amended assessment order before the Commissioner Inland Revenue (Appeals) (CIRA), which is currently pending adjudication and intends to file an appeal before the CIRA against this rectification order with in thirty days of receipt of the same . The Holding Company has been granted stay against recovery of earlier demand of Rs. 911.5 million from SHC.

Based on the merit of the case and the tax advisor's opinion, Management considers that decision will be made in Holding Company's favour, hence, no provision has been recorded in this consolidated condensed interim financial information in this regard.

- 16.1.3** In September 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 September 2019 and additionally demanded Rs. 117.2 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 a stay order restricting FBR from taking any coercive measures against the Holding Company.
- 16.2** Leases committed but not executed at the reporting date amounted to Rs. 1.54 million (June 2019: Rs. 82.07 million).
- 16.3** Commitments relating to capital expenditure at the reporting date amounted to Rs. 10.74 million (2019: Rs. 15.75 million).
- 16.4** The Modaraba has issued letters of comfort to various commercial banks amounting to Rs. nil (June 2019: Rs. 119.28 million) on behalf of its customers.

		(Un-audited)	
		For the quarter ended	
		September 30, 2019	September 30, 2018
		-----Rupees-----	
17	OTHER INCOME - NET		
	Income from investments	29,224,595	15,425,692
	Other fees and income	46,724,026	56,915,938
		<u>75,948,621</u>	<u>72,341,630</u>

18 SHARE OF PROFIT OF EQUITY ACCOUNTED UNDERTAKINGS

					(Un-audited)	
					For the quarter ended September 30, 2019	For the quarter ended September 30, 2018
Name of associate	Associates' profit after tax	Share of associates' profit after tax	Associates' profit after tax	Share of associates' profit after tax	(Rupees)	
Un-quoted						
Saudi ORIX Leasing Company	351,893,758	8,797,344	373,657,376	9,341,434		

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

		(Un-audited)	
		For the quarter ended	
		September 30, 2019	September 30, 2018
		-----Rupees-----	
19	FINANCE COST		
	Interest / mark-up on:		
	- Long-term finances	338,982,136	193,679,098
	- Redeemable capital	82,814,412	48,581,050
	- Musharika finance arrangements	62,661,798	31,705,939
	- Short-term borrowings	23,802,754	32,002,317
	- Certificates of deposit	105,470,475	113,332,034
	- Lease liability against right-of-use assets	1,263,739	-
	Amortisation of transaction costs	1,181,801	2,244,957
	Bank charges and commission	8,042,644	11,446,760
		<u>624,219,759</u>	<u>432,992,155</u>
20	OTHER (REVERSALS) / PROVISIONS - NET		
	Operating lease, investments and other receivables		
	Provision against other receivables	2,287,877	710,334
	(Reversal) / Provision against Ijarah receivable	(27,390)	280,405
		<u>2,260,487</u>	990,739
	Others		
	Provision against Workers' Welfare Fund	581,958	563,091
	Provision for services sales tax on Management Company's remuneration	326,862	304,829
	Reversal of impairment of assets classified as 'held for sale'	(1,140,249)	-
		<u>2,029,058</u>	<u>1,858,659</u>

21 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 Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

Segment analysis for the quarter ended September 30, 2019 - (Unaudited)	2019				Total
	Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	
	(Rupees)				
Segment revenues	824,705,506	347,700,173	422,936,780	43,348,702	1,638,691,161
Finance cost	332,300,511	167,306,512	73,973,327	50,639,409	624,219,759
Administrative and general expenses	221,244,475	76,612,580	26,738,300	12,349,208	336,944,563
Direct cost	3,271,545	118,287	324,332,497	-	327,722,329
Provision / (Reversal)-net	16,432,044	6,257,434	3,420,166	(3,530,430)	22,579,214
Segment results	251,456,931	97,405,360	(5,527,510)	(16,109,485)	327,225,296
Provision for Workers' Welfare Fund					(581,958)
Provision for taxation					(94,335,789)
Profit for the period					232,307,549
Other information					
Segment assets	16,689,640,151	7,524,205,405	3,699,032,316	2,560,706,141	30,473,584,013
Unallocated assets					1,543,004,682
Total assets					32,016,588,695
Segment liabilities	333,087,470	2,198,045,295	2,920,261,696	314,999,563	5,766,394,024
Unallocated liabilities					17,203,292,164
Total liabilities					22,969,686,188
Capital expenditure	-	-	275,282,761	-	275,282,761
Depreciation	-	-	323,221,334	-	323,221,334
Unallocated Capital expenditure	-	-	-	-	12,537,823
Additions made to intangible assets	-	-	-	-	-
Unallocated depreciation and amortisation	-	-	-	-	21,379,900

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

	2018				Total
	Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	
Segment analysis for the quarter ended September 30, 2018 - (Unaudited)	(Rupees)				
Segment revenues	675,759,020	250,362,203	454,643,487	45,101,444	1,425,866,154
Finance cost	234,618,966	87,879,592	54,185,851	56,307,746	432,992,155
Administrative and general expenses	223,328,878	67,025,158	30,794,572	4,613,960	325,762,568
Direct cost	3,381,197	328,377	373,359,711	-	377,069,285
Provisions/(reversal)-net	(34,062,625)	2,665,187	(161,671)	257,234	(31,301,875)
Segment result	<u>248,492,604</u>	<u>92,463,889</u>	<u>(3,534,976)</u>	<u>(16,077,496)</u>	<u>321,344,021</u>
Provision for Workers' Welfare Fund					563,091
Provision for taxation					(85,122,282)
Profit for the period					<u>235,658,648</u>
Segment assets and Liabilities for the year ended June 30, 2019 (Audited)					
Segment assets	<u>17,316,324,578</u>	<u>7,761,507,782</u>	<u>3,953,168,289</u>	<u>2,475,150,366</u>	31,506,151,015
Unallocated assets					1,209,640,651
Total assets					<u>32,715,791,666</u>
Segment liabilities	<u>351,748,470</u>	<u>2,288,699,068</u>	<u>3,041,584,368</u>	<u>296,659,497</u>	5,978,691,403
Unallocated liabilities					17,776,943,064
Total liabilities					<u>23,755,634,467</u>
Other information for the quarter ended September 30, 2018 (Unaudited)					
Capital expenditure	-	-	379,899,700	-	379,899,700
Depreciation	-	-	371,288,091	-	371,288,091
Unallocated Capital expenditure	-	-	-	-	28,566,610
Additions made to intangible assets	-	-	-	-	-
Unallocated depreciation and amortisation	-	-	-	-	22,320,808

22 TRANSACTIONS / BALANCES WITH RELATED PARTIES

The Group 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.

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.

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

22.1 Transactions with related parties during the period are given below:

	(Un-audited)	
	For the quarter ended September 30, 2019	September 30, 2018
	-----Rupees-----	
ORIX Corporation, Japan - Parent Company - 49.58% Holding Dividend paid - net of tax	-	191,512,068
ORIX Leasing Pakistan Limited-Employees Provident Fund (OLP - EPF) Contribution made	7,665,844	7,117,963
ORIX Modaraba-Employees Provident Fund Contribution made	1,146,449	1,026,372
ORIX Leasing Pakistan Limited-Staff Gratuity Fund (OLP - SGF) Contribution made	4,802,181	25,113,586
ORIX Modaraba-Staff Gratuity Fund Contribution made	954,987	854,959
Reimbursement from Staff Gratuity Fund	93,480	-
Charity / Donation paid - Common Directorship The Indus Hospital	500,000	-
Other related party transactions		
Compensation of Directors and Key Management Personnel		
Directors' fees paid	1,125,000	1,200,000
Short-term employee benefits	58,259,819	52,070,300
Retirement benefits	4,257,053	3,952,683
Total compensation to directors and key management personnel	63,641,872	57,222,984
Redemption of certificates of deposit	-	150,000
Amount of profit on certificates of deposit	47,445	88,017
Income earned on DM finances to Key management personnel	1,545,831	1,379,018
Ijarah rental earned on Ijarah finances	-	951,179
Loans disbursed	-	26,100
Interest recovered	479,613	383,520
Principal repaid	1,678,953	1,574,609
Profit on Redeemable Capital	135,415	7,562

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

	(Un-audited) September 30, 2019	(Audited) June 30, 2019
-----Rupees-----		
Balances with related parties as at period / year end		
Investment in associated undertaking - held for sale		
- OPP (Private) Limited - 45% ownership	87,754,399	87,754,399
- SAMA Finance SAE (formerly ORIX Leasing Egypt SAE) - 23% ownership	172,043,037	172,043,037
Long-term investment - Al Hail ORIX Finance PSC	163,177,948	188,177,948
Investment in associated undertaking		
- Saudi ORIX Leasing Company - 2.5% ownership	906,059,916	942,321,227
Certificates of deposit held	2,100,000	2,100,000
Accrued profit on certificates of deposit / Diminishing Musharika / Redeemable capital	595,952	594,548
Outstanding loans to Key Management Personnel	66,203,049	62,074,389
Advance to Chief Executive Officer of the Management Company	960,000	1,320,000
Provision for Performance Bonus to Chief Executive Officer of the Management Company	1,500,000	6,000,000
Receivable from staff retirements funds - Modaraba	-	55,962
Receivable from Saudi ORIX Leasing Company - Associate	3,150,848	754,396
Receivable / (Payable) from ORIX Corporation, Japan - Parent Company	7,140	(92,885)
Redeemable Capital to Key Management Personnel	4,550,000	4,000,000

23 FAIR VALUE OF FINANCIAL INSTRUMENTS

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 certificate of deposits 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 Holding Company’s accounting policy and the requirements of the Non Banking Finance Companies and Notified Entities Regulations, 2008.

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.

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).

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

The table below analysis 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:

RECURRING FAIR VALUE MEASUREMENTS	September 30, 2019 (Un-audited)			
	Fair value			Total
	Level 1	Level 2	Level 3	
	(Rupees)			
Financial assets				
Financial assets at fair value through other comprehensive income				
AI-Hail ORIX Finance PSC	-	-	163,177,948	163,177,948
Ordinary shares-unlisted	-	-	13,934,447	13,934,447
Financial assets at fair value through profit or loss				
Treasury bills	-	446,243,892	-	446,243,892
Units of collective investment scheme	9,855,580	-	-	9,855,580
Non-financial assets				
Fixed assets (Leasehold land & building)	-	-	393,652,635	393,652,635
Total	9,855,580	446,243,892	570,765,030	1,026,864,502

RECURRING FAIR VALUE MEASUREMENTS	June 30, 2019 (Audited)			
	Fair value			Total
	Level 1	Level 2	Level 3	
	(Rupees)			
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
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	10,988,800	380,501,894	598,736,175	990,226,869

24 CASH AND CASH EQUIVALENTS

	(Un-audited)	
	September 30, 2019	September 30, 2018
	-----Rupees-----	
Cash at bank	739,928,830	640,453,812
Cash in hand	1,698,981	1,474,366
	741,627,811	641,928,178
Running finance arrangements	(1,079,740,437)	(1,354,495,922)
	(338,112,626)	(712,567,744)

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information (Un-Audited)

For the quarter ended September 30, 2019

		(Un-audited)	
		For the quarter ended	
25 EARNINGS PER SHARE - basic and diluted		September 30, 2019	September 30, 2018
----- (Rupees) -----			
Profit for the period after taxation attributable to ordinary share holders of the Holding Company		<u>217,279,913</u>	<u>222,769,610</u>
----- (Number of shares) -----			
(Restated)			
Weighted average number of ordinary shares		<u>167,054,902</u>	<u>167,054,902</u>
----- (Rupees) -----			
Earnings per share - basic and diluted		<u>1.30</u>	<u>1.33</u>

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

26 CORRESPONDING FIGURES

Certain corresponding figures have been reclassified, rearranged or additionally incorporated in this consolidated condensed interim financial information for the purposes of comparison and better presentation. There were no significant reclassifications / restatements to corresponding figures during the period.

27 GENERAL

Figures reported in this consolidated condensed interim financial information have been rounded off to the nearest Rupee unless otherwise stated.

28 DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorised for issue on October 24, 2019 by the Board of Directors of the Holding Company.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

کی آمدنی، ڈیویڈنڈ آمدنی اور صارفین سے موصول ہونے والی دیگر فیس پر مشتمل ہے۔ اس مدت میں سعودی اور کس لیزنگ کمپنی کے منافع کا حصہ 8.8 ملین روپے رہا جو قدرے کم ہے (ستمبر 2018: 9.3 ملین روپے)۔

معیار کے مروجہ نرخوں میں اضافے کے باعث، زیر جائزہ عرصے میں فنانس کی لاگت 36 فیصد اضافے کے ساتھ 473 ملین روپے رہی (ستمبر 2018: 347.9 ملین روپے)۔ جبکہ مجموعی طور پر قرضہ جات پورٹ فولیو 16.4 بلین روپے برطابق ستمبر 2018 سے گھٹ کر 30 ستمبر، 2019 تک 14.8 بلین روپے ہو گیا۔ ستمبر 2018 اور ستمبر 2019 کے درمیان قرض کی شرحوں میں تقریباً 6.6 فیصد کا اضافہ ہوا ہے۔

زیر جائزہ مدت کے انتظامی اور عمومی اخراجات 288 ملین روپے ہیں جو گذشتہ سال کی تقابلی سہ ماہی میں 282 ملین تھے۔ اگرچہ اسٹاف سے متعلق اخراجات، جو انتظامی اخراجات کے اہم اجزاء ہیں، میں 7 فیصد اضافہ ہوا، دیگر اخراجات میں لاگت کی بچت کی وجہ سے اخراجات میں مجموعی طور پر اضافہ 2.2 فیصد رہا۔ براہ راست لاگت، جو آپریٹنگ لیز کے کاروبار کے ساتھ منسلک قیمتوں میں بنیادی طور پر مشتمل ہے، 11 فیصد کی کمی سے 42.2 ملین روپے، آپریٹنگ لیز آمدنی میں کمی کے ساتھ رہی۔

غیر معیاری قرضوں (این پی لبل) میں معیشت کی سست روی کی وجہ سے اضافہ ریکارڈ کیا گیا۔ اس کے نتیجے میں، کمپنی نے لیز، قرضہ جات اور دیگر نقصانات کے لئے ستمبر 2019 کو ختم ہونے والی سہ ماہی میں 22.2 ملین روپے پروویژن مہیا کیا ہے (ستمبر 2018: 30.1 ملین روپے کی ریورسل)۔

معیشت نے استحکام کے آثار دکھانا شروع کر دیئے ہیں جبکہ اسٹاک مارکیٹ میں منفی رجحان کی طویل مدت کے بعد بازیابی کے آثار دکھائی دے رہے ہیں۔ پالیسی کی شرحوں کے بارے میں اسٹیٹ بینک کے مستقبل کے فیصلے آگے کے کاروباری حالات پر اہم اثرات مرتب کریں گے۔ رواں سال کی بقیر عرصے میں معیشت میں خطرات اور ابہام کا خطرہ عالمی معاشی سست روی، علاقائی جغرافیائی سیاسی صورتحال اور ملک کے داخلی سیاسی منظر نامہ کی بناء پر برقرار رہے گا۔ غیر یقینی صورتحال میں، غیر فعال قرضہ جات اور بازیافتوں پر گہری نگاہ رکھتے ہوئے، اولیل پی اپنے رسک مینجمنٹ کے عمل کو مضبوط بنانا چاہتا ہے۔ اور نئے کاروبار رقم کرتے وقت میں احتیاط ملحوظ خاطر رہے گی۔

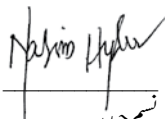
گروپ کی کارکردگی

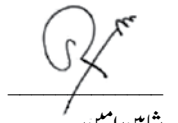
کمپنیز ایکٹ 2017 کے سیکشن 226 کی تعمیل میں اس رپورٹ کے ساتھ اوایل پی اور اس کے ذیلی اداروں (دی گروپ) یعنی اور کس سرو سز پاکستان (پرائیویٹ) لمیٹڈ اور اور کس مضاربہ کے برائے اختتام پہلی سہ ماہی 30 ستمبر، 2019 کی مجموعی عبوری مالیاتی معلومات بھی منسلک ہیں۔

گروپ کی کارکردگی کی مالیاتی جھلکیاں درج ذیل ہیں:

پہلی سہ ماہی کے اختتام پر		
ستمبر 2019	ستمبر 2018	روپے میں
326,643,338	320,780,930	قبل از محصول (ٹیکس) منافع
94,335,789	85,122,282	محصولات (ٹیکس)
232,307,549	235,658,648	مدت کے لئے خالص منافع بعد از محصول (ٹیکس)
217,279,913	222,769,610	ہولڈنگ کمپنی کے ایکویٹی شیئر ہولڈرز کو قابل ادائیگی منافع
15,027,636	12,889,038	نان کنٹرولنگ مداخلت سے قابل منسوب منافع
1.30	1.33	ٹی شیئر آمدنی۔ بنیادی اور ریٹن شدہ

بورڈ کی جانب سے


نسیم حیدر
ڈائریکٹر


شافین امین
چیف ایگزیکٹو آفیسر

اکتوبر 24، 2019ء

ڈائریکٹرز کی جائزہ رپورٹ

برائے اختتام سہ ماہی 30 ستمبر، 2019ء

اورکس لیزنگ پاکستان (او ایل پی / دی کمپنی) کے بورڈ آف ڈائریکٹرز بمسرت برائے اختتام پہلی سہ ماہی 30 ستمبر 2019 مختصر عبوری غیر آڈٹ شدہ مالیاتی معلومات پیش کرتے ہیں۔

حکومت کے مالیاتی استحکام اور مالی تناؤ کے اثرات کے باعث توقع کی جا رہی ہے کہ رواں مالی سال میں معاشی نمو کم رہے گی جبکہ افراط زر کی شرح زیادہ رہنے کا امکان ہے۔ تاہم، مالی اور کرنٹ اکاؤنٹ کے خسارے پر قابو پانے کی کوششوں کے نتائج ظاہر ہونا شروع ہو گئے ہیں اور پچھلے سال کی اسی مدت کے مقابلے میں رواں مالی سال کی پہلی سہ ماہی میں تجارتی خسارہ 35 فیصد کم ہوا ہے۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) کی مانیٹری پالیسی کمیٹی نے اپنے آخری اجلاس میں پالیسی کی شرحوں کو 13.25 فیصد پر برقرار رکھ کر مارکیٹ میں مثبت اشارہ دیا۔ مستقبل میں پالیسی کی شرح میں کمی کا عمومی طور پر معیشت اور بالخصوص مالیاتی شعبے پر مثبت اثرات مرتب ہوں گے۔

مالیاتی جھلکیاں اور کاروبار کا جائزہ

پہلی سہ ماہی کے اختتام پر

2018 ستمبر	2019 ستمبر	روپے میں
320,152,643	325,023,794	قبل از محصول (ٹیکس) منافع
83,318,574	94,335,789	محصولات (ٹیکس)
236,834,069	230,688,005	مدت کے لئے خالص منافع بعد از محصول (ٹیکس)
1,392,124,190	1,670,549,020	جاری کردہ، سبسکرائبڈ اور ادا شدہ سرمایہ (10 روپے فی شیئر)
ری۔ اسٹیٹڈ		
1.42	1.38	فی شیئر آمدنی۔ بنیادی اور رفیق شدہ

کمپنی نے مالی سال 2020 کی پہلی سہ ماہی میں 325 ملین روپے کا قبل از محصول منافع حاصل کیا؛ جو گزشتہ سال کی اسی مدت میں قبل از محصول کمائے گئے 320 ملین روپے سے 2 فیصد زیادہ ہے۔ خالص منافع کی مالیت 230.6 ملین ہے (ستمبر 2018: 236.8 ملین روپے) جو مالی سال 2019 کی پہلی سہ ماہی سے 2.6 فیصد کم ہے۔ فی حصص آمدنی 1.38 روپے با مقابل پچھلے سال کی اسی مدت میں 1.42 روپے (ری۔ اسٹیٹڈ)۔

معیشت میں سست روی نے لیز کی طلب پر اثر ڈالا ہے، خاص طور پر کارپوریٹ سیکٹر میں۔ ٹرانسپورٹ کا شعبہ بھی دباؤ کا شکار ہے اور تجارتی گاڑیوں کے کاروبار میں محتاط رہتے ہوئے کمی کی گئی ہے۔ سیلون کاروں کی تمام اقسام پر فیڈرل ایکسائز ڈیوٹی کا نفاذ، جس کے ساتھ ساتھ ان کی قیمتوں میں بھی زبردست اضافہ ہوا ہے، جس کی بدولت آڈیٹریٹرز میں طلب پر منفی اثر مرتب ہوا، اور 40 فیصد کمی واقع ہوئی۔ تاہم، اولیئل پی سیلون گاڑیوں کی ادائیگی کی مدت میں 4 فیصد اضافے کے حصول میں کامیاب رہی۔ ان دشوار عوامل کے باوجود، سہ ماہی کے لئے مجموعی طور پر 2.98 بلین روپے کی تقسیم جو کہ 3 فیصد زیادہ تھی جبکہ مالی سال 2019 کی پہلی سہ ماہی میں 2.89 بلین روپے کی رقم تقسیم کی گئی۔

ملک میں موجودہ زیادہ شرح سود کا اثر کل آمدنی پر ظاہر ہوتا ہے جو 19 فیصد اضافے سے 1،152 ملین روپے رہی (ستمبر 2018: 967 ملین روپے)۔ خاص طور پر، لیز اور ٹرم فنانس آمدنی میں بالترتیب 23 فیصد اور 26 فیصد کا اضافہ ہوا ہے اگرچہ کل لیز اور قرض کے پورٹ فولیو میں ستمبر 2018 کے 23 بلین روپے کے بانسبت ستمبر 2019 میں کمی ہو کر 22 بلین روپے رہا۔

آپریٹنگ لیز کے کاروبار سے آمدنی 10 فیصد کم ہو کر 50.5 بلین روپے رہی (ستمبر 2018: 55.8 بلین روپے) چونکہ تعمیراتی سرگرمیوں میں سست روی کے باعث کریڈٹ کی تعییناتی کم رہی۔

دیگر آمدنی کی مدت میں 69 ملین روپے زیر جائزہ مدت میں کمائے گئے جو گزشتہ سال کی اسی مدت میں 73.7 ملین روپے کمائے تھے۔ یہ آمدنی بنیادی طور پر سرکاری سیکورٹیز

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: oip@orixpakistan.com
Website: www.orixpakistan.com

Karachi

Plot # 151-A, Shop No. 9 & 10, Datar
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. Sheikhpurra.
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 Sheikhpurra.
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 Bismillah 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

olp@orixpakistan.com

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