



OLP


THE SUCCESS STORY
CONTINUES

OLP FINANCIAL SERVICES PAKISTAN LIMITED
Annual Report 2022



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THE SUCCESS STORY CONTINUES

Our new logo is OLP and the new symbol mark  is a circle made of two dimensional block lines merging into a three dimensional solid to form a circle, representing perpetuity and regeneration as OLP strives to anticipate and meet individual client's needs by offering appropriate products.

The circle emphasizes OLP's capacity for flexibility and diversity. OLP represents **Originality**, **Loyalty** and **Passion**, the qualities that enabled OLP to become the preeminent Company in the NBFIs sector in Pakistan.

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ORIGINALITY

OLP approach is to think through a problem with creativity and flexibility to provide solution that meet our clients' diverse needs.

LOYALTY

At OLP we strive to add long term value to our business partners and stakeholders by developing loyal and sustainable relationships.



PASSION

Our passion to excel has been instrumental in our growth and success over the past 36 years.

OLP fosters a culture which encourages and rewards individuals who demonstrate passion to succeed. A host of satisfied customers is testament to the extra effort, innovation and pride our team members put into ensuring a quality experience for our valued customers.

VISION

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

MISSION

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

CORE VALUES



Innovation

We seek continuous improvement and encourage creativity



Integrity

We promote honesty and fairness in all our actions



Ownership

We protect the interests of the Company as if it is our own business



Respect

We respect each others' feelings and opinions



Teamwork

We work together to create synergies



Customer Focus

We are because of our customers and our success lies in their satisfaction

STRATEGIC OBJECTIVES

- Enhance OLP brand image in the market as a leading diverse non-banking financial institution with strong brand loyalty.
- Be a role model for the industry with high standards of governance and risk assessment framework.
- Be recognized as making meaningful contribution to the economy and the society with a focus on micro and middle-tier segments.
- Maintain the highest credit ratings in the non-banking financial sector of Pakistan to provide maximum security to our depositors and lenders.
- Meet varying and diverse demands of customers through innovation and differentiation in our products.
- Take personalized customer service to next level through a highly trained and multi-skilled workforce.
- Become an employer of choice by creating a fair and conducive work environment that fosters growth and rewards talent.
- Bring transparency and control in all spheres of business and operations by introducing well-defined policies and procedures and training staff accordingly.
- Identify and capitalize on opportunities for generating sustainable sources of income to secure the future interests of all stakeholders.
- Maximize return to shareholders by steadily increasing ROE and ROA.

CODE OF BUSINESS ETHICS

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

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

COMPANY PROFILE

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

OLP is headquartered in Karachi and has 36 branches situated in 34 cities. Its major shareholder is ORIX Corporation (ORIX) having 49.58% shareholding. Established in 1964, ORIX is one of Japan's leading integrated financial services groups with operations in 28 countries worldwide. The group has experience of 58 years of operations and has a total asset base of Yen (¥) 14,622 billion and equity of ¥ 3,294 billion as at June 30, 2022, which equates to US\$ 107 billion and US\$ 24 billion respectively.

OLP has traditionally focused on the leasing of productive plant and machinery and transportation assets. Over the past 36 years, OLP has played an important role in the development of the leasing industry in Pakistan and is currently the largest lending NBFC in Pakistan.

OLP offers value-added financial products and innovative customized services to a wide array of customers throughout Pakistan. The blend of international experience and local expertise acquired over the last 36 years provides OLP a distinctive competitive edge.

PARENT SUBSIDIARIES & ASSOCIATES

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

OLP Services Pakistan (Private) Limited

(Formerly ORIX Services Pakistan (Private) Limited)

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

OLP Modaraba

(Formerly ORIX Modaraba)

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

Associated Companies

Yanal Finance Company

(Formerly 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.yanal.com

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

COMPANY INFORMATION

Board of Directors



Mr. Khalid Aziz Mirza
Chairman and Independent
Non Executive Director



Mr. Yoshiaki Matsuoka
Non Executive Director



Mr. Nasim Hyder
Independent
Non Executive Director



Ms. Aminah Zahid Zaheer
Independent
Non Executive Director



Mr. Katsumi Matsumoto*
Non Executive Director



Ms. Keiko Watanabe
Non Executive Director



Mr. Daisuke Morita
Non Executive Director



Mr. Shaheen Amin
Chief Executive Officer and
Executive Director



Mr. Ramon Alfrey
Deputy Chief Executive Officer,
CFO and Executive Director

* Appointed on September 01, 2022, subject to SECP's approval

Audit Committee

1. Mr. Nasim Hyder
Chairman
2. Ms. Aminah Zahid Zaheer
Member
3. Ms. Keiko Watanabe
Member
4. Mr. Daisuke Morita
Member

Human Resource Nomination and Remuneration Committee

1. Mr. Khalid Aziz Mirza
Chairman
2. Mr. Yoshiaki Matsuoka
Member
3. Mr. Shaheen Amin
Member

Risk Committee

1. Ms. Aminah Zahid Zaheer
Chairperson
2. Mr. Nasim Hyder
Member
3. Ms. Keiko Watanabe
Member
4. Mr. Daisuke Morita
Member

Credit Committee

1. Mr. Yoshiaki Matsuoka
Chairman
2. Mr. Shaheen Amin
Member
3. Mr. Ramon Alfrey
Member

Chief Financial Officer

Mr. Ramon Alfrey

Company Secretary

Mr. Haider Abbas Kalhar

Head of Internal Audit and Secretary to Audit Committee

Mr. Nadeem Amir Ali

Head of Compliance

Mr. Rashid Ahmed

Credit Rating by PACRA

Long term entity rating AA+

Short term entity rating A1+

Legal Advisors

M/s Mansoor Ahmad Khan & Co.

Auditors

A.F.Ferguson & Co.

Chartered Accountants

State Life Building No. 1-C, I.I.

Chundrigar Road, P.O.Box 4716,

Karachi - 74000, Pakistan

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

Shariah Advisor

Al Hamd Shariah Advisory Services

(Pvt.) Limited

Banks and Lending Institutions

1. Allied Bank Limited
2. Askari Bank Limited
3. Bank Al Habib Limited
4. Bank Alfalah Limited
5. Faysal Bank Limited
6. Habib Bank Limited
7. Habib Metropolitan Bank Limited
8. JS Bank Limited
9. Karandaaz Pakistan
10. MCB Bank Limited
11. Meezan Bank Limited
12. SCB (Pakistan) Limited
13. Telenor Microfinance Bank
14. United Bank Limited

Registered and Head Office

OLP Building, Plot No.16, Sector No.24,
Korangi Industrial Area, Karachi-74900,
Pakistan.

MEET THE TEAM



Mr. Shaheen Amin
Chief Executive Officer



Mr. Ramon Alfrey
Deputy Chief Executive
Officer and CFO



Mian Faysal Riaz
Chief Operating Officer



Mr. Imtiaz Chaudhry
Head - Marketing



Mr. Waqas Ahmed Khwaja
Head - Corporate Division



Mr. Tahir Ali Shah
Head - Commercial
Vehicle Division



Mr. Fahad Shahzad Memon
Head - Consumer Auto Division



Ms. Aseya Qasim
Head - Micro Finance
Division



Mr. Shah Suleman Fareed
Head - Commercial Real Estate/
Term Finance and Insurance
Division



Mr. Hira Lal Bharvani
Head - Human Resources



Mr. Shafiq Ur Rehman
Head - Risk Management



Mr. Hamood Ahmed
Head - Business Control



Mr. Haider Abbas Kalhar
Company Secretary



Mr. Nadeem Amir Ali
Head - Internal Audit



Mr. Abid Hussain Awan
Head - Group Strategy and
Planning



Syed Muhammad Matin
Head - Special Asset Management



Mr. Muhammad Ikram
Head - Information Systems



Mr. Rashid Ahmed
Head - Compliance



Mr. Mamoon Ishaq
Head - Administration

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of OLP Financial Services Pakistan Limited (OLP/ the Company) for the year ended June 30, 2022.

Pakistan's economy is facing economic challenges in the wake of international events and domestic political crisis. The Board and Management are closely monitoring the prevailing business environment and are guiding the Company well in these adverse circumstances. Against a backdrop of multi-faceted challenges, the Company continues to perform well and distributes a fair return to our valued shareholders by way of interim and final dividends.

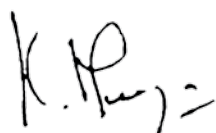
A cautious approach was adopted for business growth in FY2022. OLP has a well diversified and strong loan book which increased by 16% to reach Rs. 25 billion (2021: Rs. 21.5 billion). As of June 30, 2022, the Company had total assets of Rs. 30 billion which were 20% higher than last year's total assets of Rs. 25 billion.

Profit before tax for the year at Rs. 1,377 million was 7% higher than last year (2021: Rs. 1,284 million). However, the profit after tax was 4% lower at Rs. 882 million compared to Rs. 915 million last year due to higher tax provision. The Government has levied 4% super tax on companies earning income of more than Rs. 300 million and has also made some other amendments in tax laws. Consequently, the Company has recorded total tax expense of Rs. 495 million which was 34% higher than last year.

OLP's strong risk management framework has been instrumental in the Company's success over the years. I appreciate the Board and its sub-committees efforts which continue to focus on risk management, especially credit and operational risks, to maintain a high level of operational efficiency and improve the Company's performance.

During the year, the Company was rebranded in line with its vision of enhancing its corporate image as an SME focused financial services company and not merely a leasing company. The Board is of the view that a change in the Company's name was essential to develop the Company's image as a financial institution which offers a full spectrum of financial services to its customers. The principal shareholder of the Company, ORIX Corporation, has fully endorsed this rebranding and is committed to the future growth of OLP with the new image.

On behalf of the Board of Directors, I would like to extend my heartfelt gratitude to all our stakeholders and employees for their contribution in steering the Company during these challenging times and creating value through their outstanding level of commitment and dedication. I would also like to thank the Regulators for their continued direction and support during the year.



Khalid Aziz Mirza
Chairman Board of Directors

چئیرمین کا پیغام

بورڈ آف ڈائریکٹرز کی جانب سے، مجھے 30 جون 2022 کو ختم ہونے والے سال کے لیے OLP فنانشل سروسز پاکستان لمیٹڈ کی سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

بین الاقوامی واقعات اور ملکی سیاسی بحران کے تناظر میں پاکستان کی معیشت کو معاشی چیلنجز کا سامنا ہے۔ بورڈ اور انتظامیہ موجودہ کاروباری ماحول پر گہری نظر رکھے ہوئے ہیں اور ان منفی حالات میں کمپنی کی اچھی رہنمائی کر رہے ہیں۔ کثیر جہتی چیلنجوں کے باوجود کمپنی نے اچھی کارکردگی کا مظاہرہ کرتے ہوئے عبوری اور حتمی ڈیویڈنڈ کے ذریعے ہمارے قابل قدر شیئر ہولڈرز میں منافع کی مناسب تقسیم کی ہے۔

مالی سال 2022 میں کاروباری ترقی کے لیے محتاط انداز اپنایا گیا۔ OLP کے پاس متنوع اور مضبوط لون بک ہے جو 16% بڑھ کر 25 بلین روپے (2021: 21.5 بلین روپے) تک پہنچ گئی ہے۔ 30 جون 2022 تک، کمپنی کے کل اثاثے 30 ارب روپے تھے جو گزشتہ سال 25 ارب روپے کے کل اثاثوں کے مقابلے میں 20% زیادہ تھے۔

سال کے لیے قبل از ٹیکس منافع 1,377 ملین روپے پچھلے سال (2021: 1,284 ملین روپے) کے مقابلے میں 7% زیادہ تھا۔ تاہم، بعد از ٹیکس منافع 882 ملین روپے زیادہ ٹیکس ادائیگی کی بنا پر پچھلے سال 915 ملین روپے کے مقابلے میں 4% کم رہا۔ حکومت نے 300 ملین روپے سے زیادہ آمدنی حاصل کرنے والی کمپنیوں پر 4% سپر ٹیکس لگایا ہے اس کے علاوہ ٹیکس قوانین میں کچھ دیگر ترامیم بھی کی ہیں۔ نتیجتاً، کمپنی نے 495 ملین روپے کے کل ٹیکس اخراجات کو ریکارڈ کیا ہے جو کہ گزشتہ سال کے مقابلے میں 34% زیادہ ہے۔

OLP کا مضبوط رسک مینجمنٹ فریم ورک گزشتہ سالوں میں کمپنی کی کامیابی میں اہم کردار ادا کر رہا ہے۔ میں بورڈ اور اس کی ذیلی کمیٹیوں کی کوششوں کو سراہتا ہوں جو رسک مینجمنٹ بالخصوص کریڈٹ اور آپریشنل رسک پر توجہ مرکوز کرتے رہتے ہیں تاکہ آپریشنل کارکردگی کی اعلیٰ سطح کو برقرار رکھا جاسکے اور کمپنی کی کارکردگی کو بہتر بنایا جاسکے۔

سال کے دوران، کمپنی کو محض ایک لیزنگ کمپنی نہیں بلکہ ایک SME فوسڈ فنانشل سروسز کمپنی کے طور پر اپنے کارپوریٹ امیج کو بڑھانے کے وژن کے مطابق ری برانڈ کیا گیا۔ بورڈ کا خیال ہے کہ کمپنی کے نام میں تبدیلی کمپنی کے امیج کو ایک مالیاتی ادارے کے طور پر تیار کرنے کے لیے ضروری تھی جو اپنے صارفین کو مکمل مالیاتی خدمات پیش کرتا ہے۔ کمپنی کے پرنسپل شیئر ہولڈر، ORIX کارپوریشن نے اس ری برانڈنگ کی مکمل توثیق کی ہے اور نئے امیج کے ساتھ OLP کی مستقبل میں ترقی کے لیے پر عزم ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے، میں اپنے تمام اسٹیک ہولڈرز اور ملازمین کا تہہ دل سے شکریہ ادا کرنا چاہوں گا جنہوں نے اس مشکل وقت میں کمپنی کو چلانے میں عزم اور لگن کے ساتھ اپنا حصہ ڈالا اور سال کے دوران ریگولیشنز کی مسلسل رہنمائی اور تعاون کا بھی شکریہ گزار ہوں۔



خالد عزیز مرزا
چئیرمین بورڈ آف ڈائریکٹرز

DIRECTOR'S REPORT

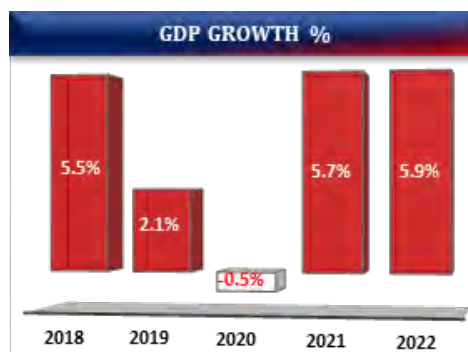
On behalf of the Board of Directors, we are pleased to present the thirty sixth annual report of OLP Financial Services Pakistan Limited (OLP/ the Company) together with the Unconsolidated Financial Statements for the year ended June 30, 2022.

The Company

OLP was established in 1986 as one of the pioneers in the leasing industry in Pakistan. The Company has an Investment Finance Services license from SECP under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. The Company provides financial services to corporate and individual customers with emphasis on serving the needs of Small and Medium Enterprise (SME) sector of the Country.

Overview of the Economy

Pakistan's economy is facing frequent boom-bust cycles for many years. Continuing with this trend, the economy achieved GDP growth of 5.74% and 5.97% in FY2021 and FY2022 respectively, however, it is again facing severe challenges owing to runaway inflation, current account deficit and political instability.

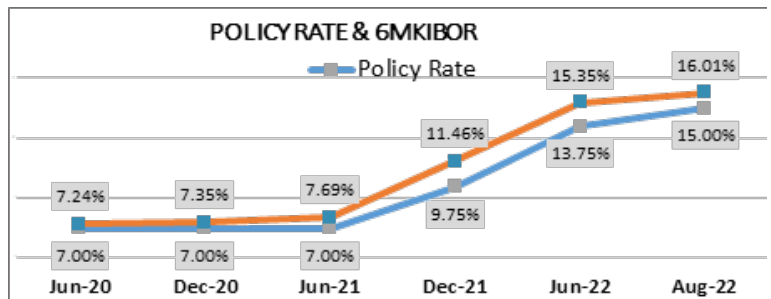


In FY2022, all major sectors performed well. The industrial sector grew by 7.2%, followed by services sector and agricultural sector at 6.2% and 4.4% respectively. However, international supply issues and high commodity prices, especially after the Russia-Ukraine conflict, created inflationary pressure during the year which exacerbated towards the end of the fiscal year. Annual inflation touched 25% in July 2022, which is one of the highest inflation rates the Country has faced. High commodity prices also caused sharp increase in current account deficit which necessitated the Country having to negotiate with the International Monetary Fund on tough conditions and approach other multilateral and bilateral lenders.

Given these challenges, political turmoil did not help the situation and severely dented business sentiment. Increasing current account deficit and political instability also caused freefall of the rupee against major currencies and it has depreciated by 44% against US Dollar since July 2021; reaching Rs. 223 per USD in September 2022. Increase in taxation of the already burdened documented sector of the economy also negatively affected the corporate sector and the KSE-100 index has fallen by 10% since April 15, 2022.

The SBP has taken a number of steps to control inflation and rupee depreciation, including raising the policy rate from 7% in September 2021 to 15% in July 2022. Other measures included increase in bank reserve requirements; tightening of consumer financing regulations and import curtailments through higher margin requirements.

Despite high interest rates, unprecedented increase in car prices and restriction on consumer financing, car sales for the year increased by 55% to 234,180 units as compared to 151,182 units in FY2021. Truck sales also increased by 57% to 5,802 units in FY2022, indicating improved local and foreign trade in the Country. However, car sales are expected to decline substantially in FY2023, owing to persistent higher rates and high prices.



The challenging economic environment is expected to continue through the current fiscal year. With international demand for commodities remaining high, combined with COVID-related logistical issues and international conflicts, inflation is expected to remain high in the Country. The Government is taking difficult economic decisions which have already started impacting some businesses negatively. GDP growth of 3% to 4% has been projected by SBP for FY2023. Going forward, the Country's political situation will play a major role in the overall economic outlook for the current year.

Business Review

Given that economic conditions remained volatile in the second half of financial year 2021-22, OLP adopted a cautious approach and booked new business with enhanced diligence. Total disbursement for the year increased by 7% compared to last year. Vehicles leasing/financing (commercial vehicles and saloon cars) contributed 82% in total disbursements for the year. During the year, OLP introduced a new product of term financing secured by real estate. Contribution from this product in total business is expected to increase in coming years. The Company is also focusing on increasing fee based revenue through insurance agency business by leveraging its large customer base.

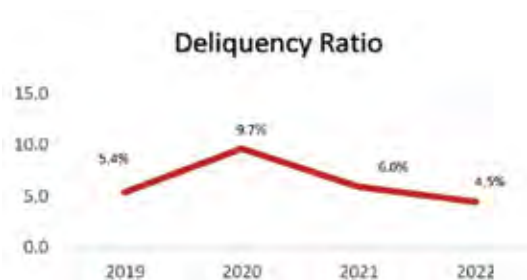


OLP's lease and loan portfolio increased by 16% during the year. Assets-wise, vehicles constituted 79% of the portfolio showing an increase of 19% over FY2021. This was followed by plant & machinery with an 18% contribution in total portfolio. The Company's portfolio is well diversified in a variety of economic sectors. Individual customers constituted the largest segment in the portfolio



with a share of 30.8% followed by Goods Transport sector with 14.6% share. OLP also endeavors to keep its portfolio diversified in different customers or groups. As of June 30, 2022, the highest exposure to a single customer is 0.57% of OLP's total portfolio.

The Company's non-performing portfolio and delinquency rate have improved over the past two years. While keeping tight control over overdue accounts in its current portfolio, the Company also made substantial recoveries from old overdue cases.



OLP's associated company, Yanal Finance Company improved its profitability this year. The share of profit from associate amounted to Rs. 64 million; 82% higher than last year's profit.

OLP Modaraba (OM) reported net profit of Rs. 111.5 million for the year; 27% lower than the previous year's profit of Rs. 152.5 million. The reduction was mainly due to taxation imposed on Modarabas in the current year. Total assets at 6,707 million were 1% lower than last year (June 30, 2021: Rs. 6,750 million) mainly due to reduction in Ijarah assets as OM is gradually moving towards a Diminishing Musharikah model. OM declared a cash dividend 20% for the year.

Financial Performance

OLP's financial results are summarized below:

	2022	2021
	-----Rupees-----	
Profit before taxation	1,376,781,079	1,283,979,509
Taxation	494,570,693	369,168,975
Profit for the year after taxation	882,210,386	914,810,534
Appropriations: transfer to statutory reserve	44,110,519	182,962,107
Earnings per share – basic and diluted	5.03	5.22

Profit before tax (PBT) for the year at Rs. 1,377 million was 7% higher than the PBT of Rs. 1,284 million earned last year. However, profit after tax was 4% lower at Rs. 882 million as compared to Rs. 915 million last year, as the Company's tax expense was 34% higher this year.

Dividend

The Directors are pleased to recommend a final cash dividend of 20% for the year ended June 30, 2022. This is in addition to interim cash dividend of 20% paid during the year which brings the total dividend for the year to 40% (2021: total cash dividend of 40%)

Revenue

Total revenue for the year increased by 22%, from Rs. 3,681 million in FY2021 to Rs. 4,489 million in FY2022. This increase is attributable to the growth in earning portfolio together with increase in interest rates in the Country.

Finance lease income at Rs. 2,252 million (FY2021: Rs. 2,219 million) was 1% higher than last year. The average lease portfolio during the year was Rs. 13,742 million, 3% lower than last year as the Company booked most of its saloon cars business under finance and loan portfolio. Despite the reduction in portfolio, revenue was maintained due to higher interest rates in the later part of the year.

Mark-up on term finance at Rs. 1,614 million was 66% higher than Rs. 971 million earned last year. This significant increase in income reflects increase in both portfolio and interest rates. The average portfolio of term finance and loans has increased from Rs. 6,034 million last year to Rs. 9,549 million in the current year. This portfolio mainly comprises of saloon cars financing and growth therein was facilitated by increase in car sales and car prices in the Country.

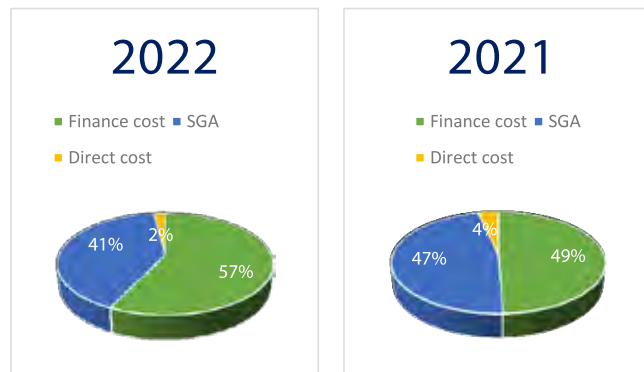
Income on operating leases was lower at Rs. 38 million in FY2022 compared to Rs. 88 million in the corresponding period. This income comprises of rentals from cranes provided to corporate customers on operating lease and rentals from the Ijarah finance portfolio. Prior year's income included rentals from a large Ijarah finance contract which concluded during that year.

Other income for the year of Rs. 520 million was 42% higher than the income of Rs. 367 million earned in FY2021. This income comprises of return on Government securities, documentation fee on new business and miscellaneous other incomes. In December 2021, the Company issued Privately Placed Term Finance Certificates (PPTFC) of Rs. 3,000 million. The excess liquidity available due to this issue was placed in Government securities which resulted in higher other income during the year.

Expenses

OLP's total expenses for the year at Rs. 3,142 million were 30% higher than the last year's expenses of Rs. 2,416 million. The breakup of expenses are follows:

- Finance cost for the year was Rs. 1,794 million, 50% higher than finance cost of Rs. 1,194 million last year. Higher borrowing portfolio in FY2022, coupled with the increase in interest rates in the later part of the year, resulted in increase in finance cost for the reported period.



- Administrative and general expenses at Rs. 1,285 million were 13% higher than the expenses of Rs. 1,135 million in the corresponding year. Despite high inflation in the Country, most of the expenses were contained during the year and the increase was mainly due to the increase in staff related expenses.
- Direct cost of Rs. 63 million (FY2021: Rs. 86 million) mainly comprises of stamp duty on new business, expenses associated with operating lease and Ijarah finance and other expenses directly attributable to lease and finance. The decline of 26% in this cost is mainly due to decrease of Ijarah finance portfolio as compared to last year.

Provision for Potential lease, loan and other losses

With strong recovery efforts, OLP managed to further reduce its non-performing assets portfolio during the year. Consequently, reversal of Rs. 65 million was made in provision for potential lease and loan losses as compared to the reversal of Rs. 40 million last year. OLP's model for calculation of provision against its lease and loan portfolio meets the requirements of IFRS 9. During the year, some amendments were made in this model in line with the regulatory requirements, which also resulted in lower provisioning requirement. Total provision balance of Rs. 1,055 million as of June 30, 2022 (June 30, 2021: Rs. 1,121 million) provided 94% coverage against the portfolio of 90+ days past due accounts (June 30, 2021: 87%).

Taxation

In the Finance Act, 2022, the Federal Government has levied a special tax, as super tax, for tax year 2022 and onwards on high earning companies. The rate of this new tax is based on the income earned by a company. For companies earning income of more than Rs. 300 million,

4% super tax will be levied. Further, the Government has also made amendments in taxability of capital gains arising on disposal of capital assets (investments). As per this amendment, the reduction of 25% on tax rate, applicable earlier on disposal of capital assets held for more than 1 year, has been removed. Such capital gains will now be fully taxable.

In line with these changes, higher tax of Rs. 495 million was recorded for the year, 34% higher than the tax expense of Rs. 369 million last year. This included super tax on current year's earning and deferred tax liability for subsequent years at the rate of 4% together with deferred tax liability for capital gains on disposal of investments in future.

Funding and Liquidity

Total borrowings of the Company as of June 30, 2022 were Rs. 18 billion as compared to Rs. 14.1 billion as of June 30, 2021. The increase in borrowing portfolio is in line with the increase in Company's earning asset portfolio. During the year, OLP issued Privately Placed Term Finance Certificates (PPTFC) of Rs. 3,000 million to further diversify its funding sources. The Company's debt to equity ratio as of June 30, 2022 was 2.02 (June 30, 2021: 1.65) while Capital Adequacy Ratio (CAR) was 27.32% (June 30, 2021: 31.8%) which is well above the regulatory requirement of 10%. This is indicative of the Company's strong capital position.

The breakup of borrowings is as follows:

	Rs. in millions	
	2022	2021
Bank borrowings	10,484	9,203
Certificates of Deposit	4,536	4,869
PPTFC	3,000	-
Total	18,020	14,073

The Company's bank borrowings are well diversified from 10 different banks. The largest exposure from a single bank was 18% of total borrowing of the Company as of June 30, 2022 (June 30, 2021: 15%).

Risk Management

As OLP's operations exposes it to different types of risks, a sound risk management framework has always played a significant role in Company's success. Risk management systems are the means of identifying, assessing, managing and controlling potential risks faced by the Company and provide reasonable assurance of OLP achieving its objectives. The Company's risk management framework consists of Board oversight, multi-tier supervision by head of departments and/or management committees, effective policies and procedures and strong IT systems. This framework is being continuously monitored and amendments are made in

line with changing market dynamics, regulatory requirements and change in the Company's business strategy.

In order to enhance the Board's role in the governance of risk and implementation of risk management policies, OLP has a Board's Risk Committee (BRC). The Committee comprises of 4 directors and is chaired by an Independent Director. It monitors, evaluates and manages the overall risk profile of the Company on an ongoing basis. Under BRC's supervision, the Company has an Enterprise Risk Management framework in place which allows the Board to review in detail risks faced by different operations and segments of the Company and provide guidelines for mitigating such risks while keeping in view the overall strategic objectives of the Company.

Major risks to which the Company is exposed to and the respective risk management framework are as follows:

Credit Risk

Credit risk is the risk of loss due to a borrowers' failure to fulfill their financial commitments. Being in the lending business, this is the biggest risk OLP is exposed to and extra efforts are made to bring this risk within the risk appetite acceptable to the Board.

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

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

The Board has also set exposures limits against each counterparty, sector and asset class. As a result, OLP maintains a well-diversified portfolio with no material concentrations of risk to any single party or sector.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due or is unable to arrange sufficient funds to meet its financial commitments. The overall responsibility of managing liquidity risk lies with the Asset Liability Management Committee (ALCO). The Board has approved an Asset Liability Management Policy supplemented by

detailed Terms of Reference of ALCO, which sets out the risk appetite within which ALCO should function.

ALCO meets at least every month to review the impact of changing economic and market conditions on the Company's profitability, liquidity and fund management position. It also monitors ALM ratios, current and future cash flow position and devises strategy for appropriate funding mix between options in hand to maintain adequate diversity in the funding sources.

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

Market Risk

Market risk is the risk that the value of market sensitive assets and liabilities may fluctuate due to the movement in market factors. OLP is exposed to market risk mainly in the form of movement in interest rates affecting its debt obligations and leases and loans receivables, whereas the Company has a policy not to assume any unhedged foreign currency position.

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

The Company is exposed to currency risk due to its strategic investments in foreign associates, which is realized only on any change in holding of those investments. The currency exposure also arises if any debt obligation is taken in foreign currency. As a policy, OLP does not take any such borrowings without having cross currency swap to fully cover against the movement in foreign currency.

Operational Risk

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

Due to the size of OLP operations and its geographical expansion, OLP is exposed to a number of operational risks. To minimize these risks internal policies and controls are regularly reviewed and strengthened and adherence to these policies are ensured. OLP has a disaster

recovery plan for any external event, accident or natural disaster, causing disruption to its operations, which is periodically reviewed and tested. New and existing staff is provided orientation and training on Company's Code of Conduct, Anti-money laundering and Anti-fraud and Whistleblowing Policies for prevention of fraud and unethical practices.

Regular checks by the Internal Audit and Compliance functions help in monitoring the implementation of approved policies and related preventative internal controls.

Corporate Governance, Internal Control and Compliance

OLP's strong corporate governance structure facilitates effective management of the Company and achievement of its long-term objectives by emphasizing transparency, accountability and compliance. Well established policies, well defined authorities and responsibilities and strong risk management framework are in place to achieve these objectives. The Board of Directors heads the governance structure of the Company. The Board comprises of 3 independent directors, 4 nominee directors and 2 executive directors. To discharge their duties more effectively, the Board has constituted following 4 sub-committees:

- i. Board Audit Committee (BAC)
- ii. Board Human Resource, Nomination and Remuneration Committee (BHRN&RC)
- iii. Board Risk Committee (BRC)
- iv. Board Credit Committee (BCC)

A Number of Management Committees further enhances the governance process throughout the organization. These consist of Management Committee, Credit Committee, Asset Liability Management Committee and IT Steering Committee. Senior staff members are part of Management Committees and bring their vast experience in making strategies, business planning and operations.

Internal audit and compliance departments report directly to the Board through the Audit Committee. The internal audit department develops a risk based audit plan at the start of the year which is reviewed and approved by the Audit Committee. The audits during the year are regularly reviewed by this Committee and it provides guidance to the management in enhancing the controls in line with the audit recommendations. The internal audit department not only provides independent view on compliance with the policies, procedures and regulatory requirements, it also advises on improvement of policies in line with the best industry practices.

The Company also places high emphasis on compliance with all regulatory requirements and ensures that the compliance culture is cascaded to all levels of organization. OLP is fully compliant with the regulatory framework of the Country and also aims to comply with industry best practices. OLP's compliance function is responsible for ensuring compliance with the existing and new regulations applicable to the Company. As the Country is enhancing its regulatory framework, the level of oversight by the SECP has increased, especially with

regards to anti-money laundering and terrorist financing. Apart from its lending business, OLP has a sizeable certificates of deposit portfolio which makes a strong compliance framework crucial for its success. The Company has implemented a number of measures to ensure full compliance with all regulatory requirements including UN / NACTA sanctions screening and Customer Due Diligence Process (CDD) / know your customers (KYC) requirements. Compliance department regularly conducts AML / CFT Compliance audit of business functions to ensure that all regulatory requirement applicable to the Company have been complied with. They also conduct training sessions on aspects of Anti-Money laundering (AML) / Countering Financing of Terrorism (CFT) to educate staff on AML / CFT regime and to comply with the requirement of AML / CFT Regulations. Guidelines and risk assessment processes have been strengthened across the board to ensure that employees fully comprehend and apply strict due diligence reviews

Corporate Social Responsibility

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

The Company has a CSR Policy and a CSR Committee in place which ensure that all CSR activities are in line with the Company's vision and resources are channeled to the deserving institutions/individual.

Future Outlook

As political instability continued in the Country, its negative effects are being felt on the overall economy. Pakistan's current account deficit is also under pressure due to high commodity prices internationally. With persistently high inflation, the SBP's policy rate is expected to remain high in FY 2023. Structural changes are required in the economy to control current account deficit.

The Government has been able to reach agreement with IMF for its seventh and eighth reviews for its \$6 billion facility and the IMF has approved much awaited \$1.2 billion. The deal was reached after Pakistan complied with the IMF conditions. The Government is also negotiating with other lenders to ease pressure on its current account.

Given the challenges on the economic front and the high interest rate environment, the Company will continuously review its strategy on business growth and risk management. Strong risk management will also play an important role in the success of the Company in a challenging environment.

Board of Directors and Board Committees

The composition of the Board of Directors and its sub-committees are given in the Statement of Compliance on page no. 12.

Evaluation of the Performance of the Board

OLP has a formal process of evaluation of the performance of the Board of Directors and its committees as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019. This evaluation is carried out on an annual basis either in-house or through external independent consultants. The Board members make full efforts to attend all Board Meetings and fully participate in the proceedings of the meetings. The Board ensures that the industry best practices are adopted by the Company and the Board in all its functions.

In this process of evaluation, the evaluation questionnaires are circulated to the Board members who send their replies to the Company Secretary while keeping the whole process confidential. The responses are compiled by the Company Secretary and the results are shared in the Board Meeting and the areas of improvements are highlighted.

Board's Remuneration Policy

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

Disclosure with regards to remuneration of each director and chief executive officer is given in note 40 of unconsolidated financial statements.

Compliance with Pakistan Stock Exchange Limited (PSX) Regulations

In compliance with rule 5.6.1 and 5.6.4 of the PSX Regulations in respect of dissemination of price-sensitive information relating to the business and mandatory disclosure to PSX on buying and selling of shares by Directors, CEO, substantial shareholders and executives, the Board has set the following threshold for the term "Executive":

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

Directors' Declaration

1. The financial statements of the Company fairly represent its financial state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards as applicable in Pakistan have been followed in the preparation of financial statements, and any departure has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There is no reason to doubt the Company's ability to continue as a going concern.
7. Details of significant deviations in the Company's operating results during the year ended June 30, 2022, are stated within the Directors' Report.
8. Key operating and financial data for the last six years in a summarized form is given on page no. 52.
9. There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2022, except for those disclosed in the financial statements.
10. The value of investments of the recognized provident fund as at June 30, 2022, was PKR 645.20 million (unaudited), and as at June 30, 2021, was PKR 617.08 million (audited).

The value of investments of the Company's recognized gratuity fund as at June 30, 2022, was PKR 281.61 (unaudited), and as at June 30, 2021, was 259.04 million (audited).
11. Eight (08) out of nine (09) Directors of the Company have certification/exemption under the Directors Training Program.
12. During the year, five meetings of the Board of Directors, six meetings of the Audit Committee, four meetings of Board Human Resource Nomination and Remuneration Committee, two meetings of Board Risk Committee and one meeting of Board Credit Committee were held. The Directors, who were unable to attend the meetings, followed the progress of the proceedings of the Board.

Board of Directors' Meetings

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

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Khalid Aziz Mirza	5	Mr. Nasim Hyder	5
Ms. Aminah Zahid Zaheer	5	Mr. Yoshiaki Matsuoka (Non-resident)	5
Ms. Keiko Watanabe (Non-resident)	5	Mr. Shin Hamada (Non-resident) [1]	5
Mr. Daisuke Morita (Non-resident)	5	Mr. Shaheen Amin	5
Mr. Ramon Alfrey	5		

[1] Resigned as Director subsequent to the year end.

Audit Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Nasim Hyder	6	Ms. Aminah Zahid Zaheer	6
Ms. Keiko Watanabe (Non-resident)	6	Mr. Daisuke Morita (Non-resident) [1]	5

[1] Appointed as a member on September 23, 2021

Human Resource Nomination and Remuneration Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Khalid Aziz Mirza	4	Mr. Yoshiaki Matsuoka (Non-resident)	4
Mr. Shin Hamada (Non-resident) [1]	2	Mr. Shaheen Amin	4

[1] Appointed as a member on September 23, 2021 and resigned as Director subsequent to the year end.

Risk Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Ms. Aminah Zahid Zaheer	2	Mr. Nasim Hyder	2
Ms. Keiko Watanabe (Non-resident)	2	Mr. Daisuke Morita (Non-resident) ^[1]	2

[1] Appointed as a member on September 23, 2021

Credit Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Yoshiaki Matsuoka (Non-resident)	1	Mr. Shaheen Amin	1
Mr. Ramon Alfrey	1		

Board Changes

Subsequent to the year end, Mr. Shin Hamada resigned with effect from September 01, 2022. Mr. Katsumi Matsumoto was appointed as Director by the Board to fill the casual vacancy. The appointment will be subject to the approval of the SECP. The Board of Directors places on record its appreciation for services rendered by Mr. Shin Hamada. Further, the Board welcomes Mr. Katsumi Matsumoto as Director on the Board.

Credit Rating

The Pakistan Credit Rating Agency Limited (PACRA) maintained the Company's long term rating of AA+ (Double A plus) and short term rating of A1+ (A one plus) on March 03, 2022. These are among the highest ratings in the Non-Banking Financial Sector.

Major Shareholder

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

Auditors

M/s A.F. Ferguson & Co., Chartered Accountants were appointed as auditors for the year ending June 30, 2022. The Board of Directors endorses the recommendation of the Audit Committee for the appointment of M/s A.F. Ferguson & Co., Chartered Accountants, as auditors of the Company for the year ending June 30, 2023.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2022 is given on page no. 209.

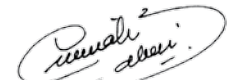
Acknowledgement

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

On behalf of the Board



Shaheen Amin
Chief Executive Officer



Aminah Zahid Zaheer
Director

September 16, 2022

بڑے حصص یافتگان
ORIX کارپوریشن جاپان کی ملکیت میں کمپنی کے 49.58% کی حصص داری ہے۔

آڈیٹرز

سال 30 جون 2022 کے لئے میسرز ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی بورڈ آف ڈائریکٹرز نے میسرز ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی سال 30 جون 2023 کے لئے کمپنی آڈیٹرز کی حیثیت سے تقرری کی آڈٹ کمیٹی کی سفارش کی توثیق کی ہے۔

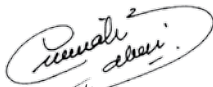
حصص داری کی ساخت


30 جون 2022 کی حصص داری کی ساخت صفحہ نمبر 209 پر دی گئی ہے۔

اعتراف

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے ریگولیٹری حکام کی مسلسل حمایت اور رہنمائی کے لیے ان کا شکریہ ادا کرتا ہے۔ ہم بینکرز، کاروباری شراکت داروں اور تمام اسٹیک ہولڈرز کو کمپنی کی کامیابی میں ان کی حمایت اور تعاون کے لیے شکر گزار ہیں۔ ہم اپنے قابل قدر صارفین اور ڈپازٹرز کے مسلسل بھروسے اور اعتماد کے لیے ان کا بھی شکریہ ادا کرتے ہیں۔

بورڈ کی جانب سے


آمنہ زاہد
ڈائریکٹر


شاہین امین
چیف ایگزیکٹو آفیسر

16 ستمبر 2022

آڈٹ کمیٹی کے اجلاس

ڈائریکٹر زکات نام	حاضر اجلاسوں کی تعداد	ڈائریکٹر زکات نام	حاضر اجلاسوں کی تعداد
جناب نسیم حیدر	6	محترمہ آمنہ زاہد ظہیر	6
محترمہ کیوواتانا بے (نان ریزی ڈنٹ) [1]	6	جناب ڈائیسوکاموریتا (نان ریزی ڈنٹ)	5

[1] بحیثیت ممبر 23 ستمبر 2021 کو تقرری ہوئی

ہیومن ریسورس نو مینیشن اینڈ ریموونیشن کمیٹی

ڈائریکٹر زکات نام	حاضر اجلاسوں کی تعداد	ڈائریکٹر زکات نام	حاضر اجلاسوں کی تعداد
جناب خالد عزیز مرزا	4	جناب پوشیا کی مائوسکا (نان ریزی ڈنٹ)	4
جناب شن ہماڈا (نان ریزی ڈنٹ) [1]	2	جناب شاہین امین	4

[1] بحیثیت ممبر 23 ستمبر 2021 کو تقرری ہوئی اور سال کے اختتام کے بعد بحیثیت ڈائریکٹر مستعفی ہو گئے۔

رسک کمیٹی کے اجلاس

ڈائریکٹر زکات نام	حاضر اجلاسوں کی تعداد	ڈائریکٹر زکات نام	حاضر اجلاسوں کی تعداد
محترمہ آمنہ زاہد ظہیر	2	جناب نسیم حیدر	2
محترمہ کیوواتانا بے (نان ریزی ڈنٹ)	2	جناب ڈائیسوکاموریتا (نان ریزی ڈنٹ) [1]	2

[1] بحیثیت ممبر 23 ستمبر 2021 کو تقرری ہوئی

کریڈٹ کمیٹی کے اجلاس

ڈائریکٹر زکات نام	حاضر اجلاسوں کی تعداد	ڈائریکٹر زکات نام	حاضر اجلاسوں کی تعداد
جناب پوشیا کی مائوسکا (نان ریزی ڈنٹ)	1	جناب شاہین امین	1
جناب ریمن ایلفرے	1		

بورڈ میں تبدیلیاں

سال کے اختتام کے بعد، جناب شن ہماڈا نے 1 ستمبر 2022 سے استعفیٰ دیا۔ جناب کائوسومی مائوسموٹو کو بورڈ نے اسامی کو پُر کرنے کے لیے بطور ڈائریکٹر مقرر کیا۔ تقرری ایس ای سی پی کی منظوری سے مشروط ہوگی۔ بورڈ آف ڈائریکٹرز جناب شن ہماڈا کی خدمات کو سراہتا ہے۔ مزید یہ کہ بورڈ جناب کائوسومی مائوسموٹو کو بحیثیت ڈائریکٹر خوش آمدید کہتا ہے۔

کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے 3 مارچ 2022 کو کمپنی کی طویل مدتی AA+(ڈبل A پلس) اور A1+(A ون پلس) قلیل مدتی درجہ بندی برقرار رکھی ہے۔ یہ NBFC سیکٹر میں بلند ترین ریٹنگ ہے۔

ڈائریکٹرز کا اعلامیہ

- کمپنی کی انتظامیہ کے تیار کردہ مالی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کی شفافیت کے ساتھ پیش کرتے ہیں۔
- کمپنی کی حسابات کی کتابیں مناسب انداز میں رکھی گئی ہیں۔
- درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور دانشمندانہ فیصلوں پر ہے۔
- مالیاتی گوشوارے کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں کو ملحوظ خاطر رکھا گیا ہے اور کسی بھی انحراف کو مناسب انداز میں انکشافات اور وضاحت کی گئی ہے۔
- اندونی نگرانی کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- کمپنی کی چلتے ہوئے ادارے کی صلاحیت میں کوئی شک و شبہ نہیں ہے۔
- اختتام سال 30 جون 2022 کے دوران کمپنی کے نتائج کے قابل ذکر انحراف کی تفصیل ڈائریکٹرز رپورٹ میں ہے۔
- گزشتہ چھ سالوں کے اہم کاروباری اور مالیاتی اعداد و شمار اس سالانہ رپورٹ کے صفحہ نمبر 52 پر دیا گیا ہے۔
- ٹیکسوں، ڈیوٹیوں، محصولات اور اخراجات کی مد میں کوئی آئینی ادائیگی 30 جون 2022 کو واجب الادا نہیں تھی سوائے جن کا مالیاتی گوشواروں میں انکشاف کیا گیا ہے۔
- تسلیم شدہ پروڈنٹ فنڈ سے کی گئی سرمایہ کاری کی مالیت 30 جون 2022 کو 645.20 ملین روپے تھی (غیر آڈٹ شدہ) اور جون 2021 کو 617.08 ملین روپے تھی (آڈٹ شدہ)
- تسلیم شدہ ریجنوٹی فنڈ سے کی گئی سرمایہ کاری کی مالیت 30 جون 2022 کو 281.61 ملین (غیر آڈٹ شدہ) اور 30 جون 2021 کو 259.04 ملین روپے (غیر آڈٹ شدہ) تھی۔
- کمپنی کے نو (09) ڈائریکٹرز میں سے آٹھ (08) کو ڈائریکٹرز ٹریننگ پروگرام کے تحت سرٹیفیکیشن / چھوٹ حاصل ہے۔
- سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس، آڈٹ کمیٹی کے چھ اجلاس، بورڈ ہیومن ریسورس نو مینیشن اینڈ ریویژن کمیشن کے چار اجلاس، بورڈ رسک کمیٹی کے دو اجلاس اور بورڈ کریڈٹ کمیٹی کا ایک اجلاس ہوا۔ وہ ڈائریکٹرز جو بورڈ کے اجلاسوں میں حاضر نہ ہو سکے، وہ بورڈ کے اجلاسوں کی کارروائیوں سے آگاہ رہے۔

بورڈ آف ڈائریکٹرز کے اجلاس

بورڈ کے اجلاس میں حاضری درج ذیل رہی:

ڈائریکٹرز کا نام	حاضر اجلاسوں کی تعداد	ڈائریکٹرز کا نام	حاضر اجلاسوں کی تعداد
جناب خالد عزیز مرزا	5	جناب نسیم حیدر	5
محترمہ آمنہ زاہد ظہیر	5	جناب یوشیاکی مائسوکا (نان ریزی ڈنٹ)	5
محترمہ کیکیو اتانا بے (نان ریزی ڈنٹ)	5	جناب شن ہماڈا (نان ریزی ڈنٹ) [1]	5
جناب ڈائیسوکاموریتا (نان ریزی ڈنٹ)	5	جناب شاہین امین	5
جناب ربین ایلفرے	5		

[1] سال کے اختتام کے بعد مستعفی ہو گئے

بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیاں

بورڈ آف ڈائریکٹرز اور اس کی ذیلی کمیٹیوں کی تشکیل صفحہ نمبر 12 پر اسٹیٹمنٹ آف کپلائمنس میں دی گئی ہے۔

بورڈ کی کارکردگی کا جائزہ

لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی ضرورت کے تحت، بورڈ اور اس کی کمیٹیوں کا جائزہ لینے کا ایک باضابطہ عمل تیار کیا گیا ہے اور اس پر عمل درآمد کیا گیا ہے۔ یہ جائزہ سالانہ بنیادوں پر اندرون خانہ یا بیرونی آزاد کنسلٹنٹس کے ذریعے کیا جاتا ہے۔ بورڈ ممبران تمام بورڈ میٹنگز میں شرکت اور میٹنگز کی کارروائیوں میں حصہ لینے کی بھرپور کوشش کرتے ہیں۔ بورڈ اس بات کو یقینی بناتا ہے کہ کمپنی اور بورڈ اپنے تمام کاموں میں انڈسٹری کے بہترین اصولوں کو اپنائے۔

تنخیص کے اس عمل میں، جائزے کے سوالنامے بورڈ کے اراکین کو بھیجے جاتے ہیں جو اس پورے عمل کو خفیہ رکھتے ہوئے کمپنی سیکرٹری کو اپنے جوابات بھیجتے ہیں۔ کمپنی سیکرٹری جوابات مرتب کرتا ہے جبکہ نتائج کو بورڈ میٹنگ میں شیئر کیا جاتا ہے اور بہتری کے امکانات کو اجاگر کیا جاتا ہے۔

بورڈ کے معاوضہ پالیسی

کمپنی کے پاس بورڈ سے منظور شدہ بورڈ آف ڈائریکٹرز کے معاوضے کی پالیسی موجود ہے۔ یہ کمپنی کے ڈائریکٹرز کے بورڈ اور اس کی کمیٹیوں کے اجلاس میں حاضر ہونے کے معاوضے کے تعین کا طریقہ کار فراہم کرتی ہے۔ پالیسی کے مطابق صرف آزاد نان ایگزیکٹو ڈائریکٹرز اور اس کی کمیٹیوں کے اجلاس میں حاضری پر معاوضے کے اہل ہیں۔ جبکہ نان ایگزیکٹو ڈائریکٹرز اجلاس میں شرکت پر ہونے والے اخراجات کی ادائیگی کے حقدار ہیں۔

ہر ڈائریکٹر اور چیف ایگزیکٹو آفیسر کے معاوضے کے حوالے سے انکشاف غیر مجموعی مالیاتی گوشوارے کے نوٹ نمبر 40 میں دیا گیا ہے۔

پاکستان اسٹاک ایکسچینج لمیٹڈ (PSX) کے ضوابط کی تعمیل

PSX ریگولیشنز کے ضوابط 5.6.1 اور 5.6.4 کی پاسداری کرتے ہوئے کاروبار سے متعلق قیمتوں کی حساس معلومات اور ڈائریکٹران، سی ای او، قابل ذکر حصص یافتگان اور اعلیٰ انتظامیہ کی حصص میں خرید و فروخت کے منکشافات PSX کو فراہم کرنے کے لئے بورڈ نے، "ایگزیکٹو" کی اصطلاح کے لئے درج ذیل حد مقرر کی ہے:

- چیف ایگزیکٹو آفیسر
- ڈپٹی چیف ایگزیکٹو آفیسر
- چیف فنانشل آفیسر
- چیف آپریٹنگ آفیسر
- کمپنی سیکرٹری
- ہیڈ آف انٹرنل آڈٹ
- تمام ڈپارٹمنٹل ہیڈ

انٹرنل آڈٹ اور کمپلائنس کے محکمے آڈٹ کمیٹی کے ذریعے براہ راست بورڈ کو رپورٹ کرتے ہیں۔ انٹرنل آڈٹ سال کے آغاز میں رسک پر مبنی آڈٹ پلان تیار کرتا ہے جس کا جائزہ لیا جاتا ہے اور آڈٹ کمیٹی اسے منظور کرتی ہے۔ اس کمیٹی کے ذریعے سال کے دوران ہونے والے آڈٹ کا باقاعدگی سے جائزہ لیا جاتا ہے اور یہ آڈٹ کی سفارشات کے مطابق کنٹرول کو بڑھانے کے لیے انتظامیہ کو رہنمائی فراہم کرتی ہے۔ انٹرنل آڈٹ کا شعبہ نہ صرف پالیسیوں، طریقہ کار اور ریگولیٹری تقاضوں کی تعمیل پر آزادانہ نظریہ فراہم کرتا ہے، بلکہ یہ انڈسٹری کے بہترین اصولوں کے مطابق پالیسیوں کو بہتر بنانے کا مشورہ بھی دیتا ہے۔

کمپنی تمام ریگولیٹری تقاضوں کی تعمیل پر بھی زیادہ زور دیتی ہے اور اس بات کو یقینی بناتی ہے کہ تعمیل کا کلچر تنظیم کی تمام سطحوں پر محیط ہو۔ OLP ملک میں رائج ریگولیٹری فریم ورک کے ساتھ پوری طرح تعمیل کرتا ہے اور اس کا مقصد صنعت کے بہترین طریقوں کی تعمیل کرنا ہے۔

OLP کا کمپلائنس فنکشن کمپنی پر لاگو موجودہ اور نئے ضوابط کی تعمیل کو یقینی بنانے کے لیے ذمہ دار ہے۔ ملک کے ریگولیٹری فریم ورک کے بڑھنے کے ساتھ ایس ای سی پی نے بھی اپنی نگرانی کی سطح خاص طور پر اینٹی منی لانڈرنگ اور دہشت گردی کی مالی معاونت کے حوالے سے اضافہ کیا ہے۔ فنانسنگ فراہم کرنے کے کاروبار کے علاوہ، OLP کے پاس ایک قابل قدر سرٹیفکیٹ آف ڈپازٹ کا پورٹ فولیو ہے جس کی وجہ سے ایک مضبوط کمپلائنس فریم ورک کی ضرورت اور بھی اہم ہو جاتی ہے۔ OLP نے تمام ریگولیٹری تقاضوں کی مکمل پاسداری کو یقینی بنانے کے لیے متعدد اقدامات کیے ہیں جن میں UN/NACTA کی پابندیوں کی اسکریننگ اور کسٹمر ڈیویڈنڈ پریوینشن پروسیس (KYC)/ (CCD) اپنے صارفین کی ضروریات کو جاننا شامل ہیں۔ کمپلائنس ڈپارٹمنٹ باقاعدگی سے کاروباری افعال AML/CFT کا کمپلائنس آڈٹ کرتا ہے تاکہ یہ یقینی بنایا جاسکے کہ کمپنی پر لاگو تمام ریگولیٹری تقاضوں کی تعمیل کی گئی ہے۔ انسداد منی لانڈرنگ (AML/CFT) دہشت گردی کی مالی معاونت کے پہلوؤں پر ترقیاتی سیشن بھی منعقد کرائے جاتے ہیں تاکہ عملے کو AML/CFT نظام کے بارے میں تعلیم دی جائے اور AML/CFT ضوابط کی ضرورت کی تعمیل کی جائے۔ گائیڈ لائنز اور رسک ایسیمنٹ کے عمل کو کمپنی کے ہر شعبے میں مضبوط کیا گیا ہے تاکہ یہ یقینی بنایا جاسکے کہ ملازمین پوری طرح سے پالیسیوں کو سمجھیں اور ان کا اطلاق کریں۔

کارپوریٹ سماجی ذمہ داری

OLP کا کاروباری مقصد ایک پائیدار کاروباری ماڈل بنا کر، تمام اسٹیک ہولڈرز کے لیے زیادہ سے زیادہ قدر پیدا کرنے، انفرادی ٹیلنٹ کو فروغ دینے اور معاشرے کے تمام طبقات کی مالی شمولیت کے ذریعے سماجی اثرات مرتب کرنے کے گرد گھومتا ہے۔ OLP کی ملک کے تمام بڑے شہروں میں موجود مقامی کاروباروں کو سپورٹ کرنے کی کوشش کرتا ہے خاص طور پر ان لوگوں کو جن کی ملک کے مالیاتی شعبے تک رسائی نہیں ہے۔ کمپنی کی CSR پالیسی اور ایک CSR کمیٹی موجود ہے جو اس بات کو یقینی بناتی ہے کہ تمام CSR سرگرمیاں کمپنی کے وژن کے مطابق ہوں اور وسائل کو مستحق اداروں / افراد تک پہنچایا جائے۔

مستقبل کا منظر نامہ

ملک میں جوں جوں سیاسی عدم استحکام جاری ہے، اس کے منفی اثرات مجموعی معیشت پر پڑ رہے ہیں۔ بین الاقوامی سطح پر ایشیا کی بلند قیمتوں کی وجہ سے پاکستان کا کرنٹ اکاؤنٹ خسارہ بھی دباؤ کا شکار ہے۔ مسلسل بلند افراط زر کے ساتھ، مالی سال 2023 میں اسٹیٹ بینک کی پالیسی کی شرح بلند رہنے کی توقع ہے۔ کرنٹ اکاؤنٹ خسارے کو کنٹرول کرنے کے لیے معیشت کے ڈھانچے میں تبدیلیوں کی ضرورت ہے۔

حکومت 6 ارب ڈالر کی سہولت کے لیے اپنے ساتویں اور آٹھویں جائزے کے بعد آئی ایم ایف کے ساتھ معاہدہ کرنے میں کامیاب رہی ہے جبکہ آئی ایم ایف نے 1.2 بلین ڈالر کی منظوری دے دی ہے۔ یہ معاہدہ پاکستان کی جانب سے آئی ایم ایف کی شرائط ماننے کے بعد طے پایا۔ حکومت اپنے کرنٹ اکاؤنٹ پر دباؤ کم کرنے کے لیے دوسرے قرض دہندگان کے ساتھ بھی بات چیت کر رہی ہے۔

اقتصادی سماز پر چیلنجز اور بلند شرح سود کے ماحول کے پیش نظر، کمپنی کاروبار کی ترقی اور رسک مینجمنٹ پر اپنی حکمت عملی کا مسلسل جائزہ لے گی۔ ایسے ماحول میں کمپنی کی کامیابی میں مضبوط رسک مینجمنٹ بھی اہم کردار ادا کرے گا۔

ALCO سود کی شرح کے رسک کی نگرانی اور اس کو کنٹرول کرتی ہے۔ لیز اور لون پورٹ فولیو کا بیشتر حصہ KIBOR سے منسلک ہے اور شرحوں میں کسی بھی تبدیلی کا اثر کمپنی کی آمدنی پر پڑتا ہے۔ اسی طرح، کمپنی کے بڑے قرضوں کو بھی KIBOR کے ساتھ منسلک کیا گیا ہے۔ ALCO نے شرح سود کے خطرے کو کنٹرول کرنے اور ان کا انتظام کرنے کے لیے اسے ممکنہ حد تک صارفین تک پہنچا کر اور متغیر شرح واجبات کے کافی حصے کو متغیر شرح کے اثاثوں کے ساتھ ملا کر قیمتوں کے تعین کی حکمت عملی اور پالیسیاں وضع کی ہیں۔ قابل قبول حد سے زیادہ negativemismatch کی صورت میں، OLP کے پاس اپنے اثاثوں اور / یا واجبات کے ملس کوری پوزیشن کرنے اور شرح سود کے swaps کرنے کا بھی اختیار ہے۔

OLP غیر ملکی کمپنیوں میں اپنی اسٹریٹجک سرمایہ کاری کی وجہ سے کرنسی رسک سے دوچار ہے، جس کا اثر صرف ان سرمایہ کاری کے انعقاد میں کسی تبدیلی پر ہوتا ہے۔ کوئی بھی قرض غیر ملکی کرنسی میں لینے کی صورت میں کرنسی ایکسپوزر بھی پیدا ہوتا ہے۔ ایک پالیسی کے طور پر، OLP غیر ملکی کرنسی میں نقل و حرکت کے خلاف مکمل طور پر احاطہ کرنے کے لیے کراس کرنسی سویپ کے بغیر اس طرح کا کوئی قرضہ نہیں لیتا ہے۔

آپریشنل رسک

آپریشنل رسک کسی ایسے واقعے کی وجہ سے ہونے والے نقصان کا خطرہ ہے جو کمپنی کے معمول کے کاموں میں خلل ڈالتا ہے۔ اس میں نظام یا عمل کی ناکامی، دھوکہ دہی یا انسانی غلطی کی وجہ سے ہونے والے نقصان اور حادثات یا قدرتی آفات جیسے بیرونی عوامل کی وجہ سے ہونے والا نقصان شامل ہو سکتا ہے۔ اس میں مقامی قوانین اور ضوابط کی عدم تعمیل بھی شامل ہے۔ مندرجہ بالا واقعات کی وجہ سے کمپنی کی سادھ کو پہنچنے والے نقصان کا خطرہ بھی آپریشنل خطرے کے زمرے میں آتا ہے۔

OLP اپنے آپریٹرز کے حجم اور جغرافیائی وسعت کی وجہ سے کئی اقسام کے آپریشنل خطرات سے دوچار ہے۔ ان خطرات کو کم کرنے کے لیے داخلی پالیسیوں اور کنٹرولز کا قاعدگی سے جائزہ لے کر ان کو مزید مضبوط بنا کر اس کی پابندی کو یقینی بنایا جاتا ہے۔ OLP کے پاس کسی بھی بیرونی واقعے، حادثے یا قدرتی آفت سے نمٹنے کے لیے ڈیزاسٹر ریکوری پلان موجود ہے، جس کا وقتاً فوقتاً جائزہ لیا جاتا ہے۔ نئے اور موجودہ عملے کو کمپنی کے ضابطہ اخلاق، اینٹی منی لانڈرنگ اور دھوکہ دہی اور غیر اخلاقی طریقوں کی روک تھام کے لیے اینٹی فراڈ اور وسل بلوگ پالیسیوں پر واقفیت اور تربیت فراہم کی جاتی ہے۔

انٹرنل آڈٹ اور کمپلائنس کے شعبہ جات منظور شدہ پالیسیوں اور متعلقہ روک تھام کے اندرونی کنٹرول کے نفاذ کی نگرانی میں مدد کرتے ہیں۔

کارپوریٹ گورننس، اندرونی کنٹرول اور کمپلائنس

OLP کا مضبوط کارپوریٹ گورننس ڈھانچہ شفافیت، جوابدہی اور کمپلائنس پر زور دے کر کمپنی کے طویل المدتی مقاصد کے حصول میں موثر انتظام و نفاذ کی سہولت فراہم کرتا ہے۔ ان مقاصد کے حصول کے لئے نافذ کردہ بہترین پالیسیاں، متعین کردہ احکام اور ذمہ داریاں اور مضبوط رسک کے انتظام کا فریم ورک موجود ہے۔ بورڈ آف ڈائریکٹرز کمپنی کے گورننس ڈھانچے کی سربراہی کرتا ہے جس میں 3 آزاد ڈائریکٹرز، 4 نامزد ڈائریکٹرز اور 2 ایگزیکٹو ڈائریکٹرز شامل ہیں۔ اپنی ذمہ داریوں کو زیادہ موثر طریقے سے نبھانے کے لیے بورڈ نے مندرجہ ذیل 4 ذیلی کمیٹیاں تشکیل دی ہیں:

- 1 بورڈ آڈٹ کمیٹی (BAC)
- 2 بورڈ ہیومن ریسورس، نامی نیشن اینڈ ریسورس کمپنی (BHRN&RC)
- 3 بورڈ رسک کمیٹی (BRC)
- 4 بورڈ کریڈٹ کمیٹی (BCC)

کئی مینجمنٹ کمیٹیاں ادارے میں انتظام کے عمل کو مزید بہتر کرتی ہیں۔ یہ مینجمنٹ کمیٹی، کریڈٹ کمیٹی، ایسٹ اینڈ لائیسبلٹی مینجمنٹ کمیٹی اور آئی ٹی اسٹیرنگ کمیٹی پر مشتمل ہے۔ عملے کے سینئر ممبران مینجمنٹ کمیٹیوں کا حصہ ہیں جو حکمت عملی بنانے، کاروبار کی منصوبہ بندی اور آپریٹرز میں اپنا وسیع تجربہ بروئے کار لاتے ہیں۔

کے پاس ایک انٹرنیٹ ریسک مینجمنٹ فریم ورک موجود ہے جو بورڈ کو تفصیل سے کمپنی کے مختلف آپریشنز اور طبقات کو درپیش خطرات اور کمپنی کے مجموعی اسٹریٹجک مقاصد کو مد نظر رکھتے ہوئے ایسے خطرات کو کم کرنے کے لیے رہنما خطوط فراہم کرتا ہے۔

بڑے خطرات جن کا کمپنی کو سامنا ہے اور متعلقہ ریسک مینجمنٹ فریم ورک درج ذیل ہیں:

کریڈٹ ریسک

کریڈٹ ریسک قرض لینے والوں کا اپنے مالی وعدوں کو پورا کرنے میں ناکامی کی وجہ سے ہونے والے نقصان کا خطرہ ہے۔ قرض دینے کے کاروبار میں ہونے کی وجہ سے، کریڈٹ ریسک سب سے بڑا خطرہ ہے جس کا OLP کو سامنا ہے اور اس خطرے کو بورڈ کے قابل قبول ریسک ایپائٹ کے اندر رکھا جاتا ہے۔

OLP کے پاس بورڈ سے منظور شدہ کریڈٹ ریسک پالیسیاں ہیں جو معیشت کے مختلف طبقات کو کریڈٹ فراہم کرنے کے لیے رہنما اصول فراہم کرتی ہیں۔ یہ پالیسیاں کمپنی کو مختلف شعبوں، مختلف اثاثوں اور کسی ادارے یا گروپ کے لیے کریڈٹ ریسک کے ارتکاز پر بھی رہنمائی فراہم کرتی ہیں۔ بورڈ کی طرف سے کریڈٹ اپروول اتھارٹی کو مینجمنٹ کے مختلف سطحوں پر سہولت کے مطابق تفویض کیا گیا ہے۔

ریسک مینجمنٹ ڈپارٹمنٹ کریڈٹ ریسک کی آزادانہ تشخیص کرتا ہے اور یہ بورڈ کی کریڈٹ کمیٹی کو رپورٹ کرتا ہے۔ کچھ حدوں سے زیادہ نئی کریڈٹ سہولیات کا منظوری سے قبل اس محکمہ کے ذریعے جائزہ لیا جاتا ہے۔ مزید برآں، اس بات کو یقینی بنانے کے لیے کہ منظوری دینے والے حکام کی تمام سطحوں پر کریڈٹ پالیسی کی مکمل تعمیل کی گئی ہے۔ تقسیم سے قبل منظور یوں کا جائزہ بھی لیا جاتا ہے۔ محکمہ اس بات کو بھی یقینی بناتا ہے کہ بدلتے ہوئے کاروباری حالات کے مطابق کریڈٹ پالیسیوں کو اپ ڈیٹ کیا جائے۔ بورڈ نے ہر کاؤنٹر پارٹی، سیکٹر اور اثاثہ کلاس کے لئے ایکسپوزر کی حد بھی مقرر کی ہے۔ نتیجے کے طور پر، OLP ایک اچھی طرح سے متنوع پورٹ فولیو کو برقرار رکھتا ہے جس میں کسی ایک فریق یا شعبے میں بہت زیادہ ارتکاز نہیں ہے۔

لیکویڈیٹی ریسک

لیکویڈیٹی ریسک وہ خطرہ ہے جس کی وجہ سے کمپنی اپنی مالی ذمہ داری کو پورا نہیں کر پائے گی یا وہ اپنے مالی وعدوں کو پورا کرنے کے لیے فنڈز کا بندوبست کرنے سے قاصر رہے گی۔ لیکویڈیٹی ریسک کے انتظام کی مجموعی ذمہ داری ایسٹ اینڈ لائیکویڈیٹی مینجمنٹ کمیٹی (ALCO) پر عائد ہوتی ہے۔

بورڈ نے ایسٹ اینڈ لائیکویڈیٹی مینجمنٹ پالیسی کے ساتھ ALCO کے لئے ضمیمہ (Term of Reference) بھی بنایا ہے جو ریسک ایپائٹ کو متعین کرتا ہے جس میں ALCO کو کام کرنا چاہئے۔ ALCO کم از کم ہر ماہ میٹنگ کرتا ہے تاکہ کمپنی کے منافع، لیکویڈیٹی اور فنڈ مینجمنٹ پوزیشن پر بدلتے ہوئے معاشی اور مارکیٹ کے حالات کے اثرات کا جائزہ لیا جاسکے۔ یہ ALM کے تناسب، موجودہ اور مستقبل میں کیش فلو پوزیشن پر بھی نظر رکھتا ہے اور فنڈنگ کے ذرائع میں مناسب تنوع کو برقرار رکھنے کے لیے موجود آپشنز کے درمیان مناسب فنڈنگ مگس کے لیے حکمت عملی کو وضع کرتا ہے۔

OLP کے فنڈنگ کے اہم ذرائع بینک قرضے اور سرٹیفکیٹس آف ڈپازٹ ہیں۔ کمپنی قرض دہندگان کے تنوع کو برقرار رکھتی ہے اور اس بات کو یقینی بناتی ہے کہ مستقبل کی فنڈنگ کی ضروریات کو پورا کرنے کے لیے کافی غیر استعمال شدہ فنڈز ہر وقت دستیاب ہوں۔

مارکیٹ ریسک

مارکیٹ ریسک وہ خطرہ ہے جس کی وجہ سے مارکیٹ کے عوامل میں تغیر کی وجہ سے پیدا ہونے کے سبب حساس اثاثوں اور واجبات کی قیمت میں اتار چڑھاؤ آسکتا ہے۔ اوایل پی بنیادی طور پر شرح سود میں تبدیلی کی صورت میں مارکیٹ ریسک سے دوچار ہوتی ہے جو اس کے قرض کی ذمہ داریوں، لیز اور قرضوں کی وصولی کو متاثر کرتا ہے۔ جبکہ کمپنی کی پالیسی ہے کہ unhedged غیر ملکی کرنسی کی پوزیشن کو نہ سنبھالے۔

ٹیکس

فنانس ایکٹ 2022 میں، وفاقی حکومت نے ٹیکس سال 2022 اور اس کے بعد زیادہ کمانے والی کمپنیوں پر بطور سپر ٹیکس ایک خصوصی ٹیکس لگایا ہے۔ اس نئے ٹیکس کی شرح کمپنی کی کمائی ہوئی آمدنی پر مبنی ہے۔ 300 ملین روپے سے زیادہ آمدنی حاصل کرنے والی کمپنیوں پر 4% سپر ٹیکس لگایا جائے گا۔ مزید یہ کہ حکومت نے کیپیٹل گین کے ٹیکس میں بھی ترامیم کی ہیں۔ اس ترامیم کے مطابق، ٹیکس کی شرح پر 25% کی کمی، جو پہلے ایک سال سے زائد عرصے سے رکھے گئے سرمائے کے اثاثوں کے تصرف پر لاگو ہوتی تھی، ہٹا دی گئی ہے۔ اس طرح کے کیپیٹل گین اب مکمل طور پر قابل ٹیکس ہوں گے۔ ان تبدیلیوں کے بعد اس سال 495 ملین روپے کا ٹیکس ریکارڈ کیا گیا جو کہ پچھلے سال کے 369 ملین روپے سے 34% زیادہ ہے۔ اس میں سپر ٹیکس بھی شامل ہے جو کہ اس سال کے منافع اور اگلے سالوں کی (Deferred tax liability) ڈیفریڈ ٹیکس لائیبیلٹی پر 4% کے حساب سے ریکارڈ کی گئی ہے۔ اس کے علاوہ مستقبل میں سرمایہ کاری کی فروخت پر ہونے والے کیپیٹل گین پر ڈیفریڈ ٹیکس لائیبیلٹی بھی شامل ہے۔

فنڈنگ اور لیکویڈٹی

30 جون 2022 تک کمپنی کے کل قرضے 18 ارب روپے تھے۔ جو 30 جون 2021 میں 14.1 ارب روپے تھے۔ قرض لینے کے پورٹ فولیو میں اضافہ کمپنی کے اثاثوں کے پورٹ فولیو میں اضافے سے مطابقت رکھتا ہے۔ سال کے دوران، OLP نے فنڈنگ کے ذرائع کو مزید متنوع بنانے کے لیے 3,000 ملین روپے کے پرائیویٹ پبلک ایسیسمنٹ فارمنس سرٹیفکیٹس (PPTFC) جاری کیے ہیں۔ 30 جون 2022 تک کمپنی کا قرض ایکویٹی تناسب 2.02 تھا (30 جون 2021: 1.65)۔ جبکہ کیپیٹل ایڈمیسی ریشو 27.32% (30 CAR) جون 2021: 31.8%) تھا جو کہ 10% کی ریگولیٹری ضرورت سے کافی زیادہ ہے۔ یہ کمپنی کی مضبوط فنڈنگ پوزیشن کی اکاسی کرتا ہے۔

ادھار کی تقسیم درج ذیل ہے:

2022	2021	بینک کے قرضہ جات
روپے ملین میں		
10,484	9,203	بینک سے حاصل شدہ قرضہ جات
4,536	4,869	سرٹیفکیٹ آف ڈپازٹس
3,000	-	پی پی ٹی ایف سی
18,020	14,073	ٹوٹل

کمپنی کے بینک قرضے 10 مختلف بینکوں سے حاصل کئے گئے ہیں۔ 30 جون 2022 تک کسی ایک بینک کی طرف سے سب سے بڑا ایکسیپوزر کمپنی کے کل قرضے کا 18% تھا (30 جون 2021: 15%)۔

رسک مینجمنٹ

چونکہ OLP کے آپریشنز سے مختلف قسم کے خطرات میں مبتلا کر سکتے ہیں، اس لیے ایک مضبوط رسک مینجمنٹ فریم ورک نے ہمیشہ کمپنی کی کامیابی میں اہم کردار ادا کیا ہے۔ رسک مینجمنٹ سسٹم کمپنی کو درپیش ممکنہ خطرات کی شناخت، تشخیص، انتظام اور کنٹرول کرنے کا ذریعہ ہیں اور OLP کو اپنے مقاصد کے حصول کے لئے معقول طریقہ کار فراہم کرتے ہیں۔ کمپنی کا رسک مینجمنٹ فریم ورک بورڈ کی نگرانی، محکموں اور / یا انتظامی کمیٹیوں کے سربراہ کی طرف سے کثیر سطحی نگرانی، موثر پالیسیوں، طریقہ کار اور مضبوط IT نظام پر مشتمل ہے۔ اس فریم ورک کی مسلسل نگرانی کے ساتھ مارکیٹ کی تبدیلیوں، ریگولیٹری تقاضوں اور کمپنی کی کاروباری حکمت عملی میں تبدیلی کے مطابق ترامیم کی جاتی ہیں۔ رسک گورننس اور رسک مینجمنٹ پالیسیوں کے نفاذ میں بورڈ کے کردار کو بڑھانے کے لیے، OLP کے پاس بورڈ کی رسک کمیٹی (BRC) ہے۔ کمیٹی 4 ڈائریکٹرز پر مشتمل ہے اور اس کی صدارت ایک Independent ڈائریکٹر کرتے ہیں۔ یہ مسلسل بنیادوں پر کمپنی کے مجموعی رسک پروفائل کی نگرانی، جائزہ اور انتظام کرتا ہے۔ BRC کی نگرانی میں، کمپنی

پورٹ فولیو بنیادی طور پر سیلون کاروں کی فنانسنگ پر مشتمل ہے اور اس میں اضافہ ملک میں کاروں کی فروخت اور کاروں کی قیمتوں میں اضافے سے ہوا ہے۔

آپریٹنگ لیز پر آمدنی مالی سال 2022 میں 38 ملین روپے رہی جو کہ گزشتہ سال 88 ملین روپے کے مقابلے میں کم تھی۔ یہ آمدنی آپریٹنگ لیز پر کار پوریٹ صارفین کو فراہم کردہ کرایوں سے کرایہ اور اجارہ فنانس پورٹ فولیو سے حاصل شدہ کرایہ پر مشتمل ہے۔ پچھلے سال کی آمدنی میں ایک بڑے اجارہ فنانس کنٹریکٹ سے کرایہ شامل تھا جو اسی سال کے دوران ختم ہو گیا۔

دیگر سالانہ آمدنی 520 ملین روپے رہی جو کہ گزشتہ سال سے 42% زیادہ ہے۔ جبکہ مالی سال 2021 میں دیگر آمدنی 367 ملین روپے رہی۔ اس آمدنی میں سرکاری سیکورٹیز پر منافع، نئے کاروبار پر دستاویزات کی فیس اور متفرق دیگر آمدنی شامل ہے۔ دسمبر 2021 میں، کمپنی نے 3,000 ملین روپے کے پرائیویٹ پبلکڈ ٹرم فنانس سرٹیفکیٹس (PPTFC) جاری کیے۔ دستیاب اضافی لیکویڈٹی کو سرکاری سیکورٹیز میں رکھا گیا جس کے نتیجے میں سال کے دوران دیگر آمدنی زیادہ ہوئی۔

اخراجات

OLP کے کل سالانہ اخراجات 3,142 ملین روپے رہا۔ جو پچھلے سال کے اخراجات 2,416 ملین روپے سے 30% زیادہ تھے۔ اخراجات کی تقسیم درج ذیل ہے:



سالانہ مالیاتی لاگت 1,794 ملین روپے رہی جو کہ پچھلے سال 1,194 ملین روپے کی مالیاتی لاگت سے 50% زیادہ ہے۔ مالی سال 2022 میں قرض کے پورٹ فولیو میں اضافہ اور اس سال کے آخری حصے میں شرح سود میں اضافہ رپورٹ شدہ مدت کے لیے مالیاتی لاگت میں اضافے کی وجہ سے۔

انتظامی اور عمومی اخراجات 1,285 ملین روپے سے 13% زیادہ رہے جو کہ گزشتہ سال 1,135 ملین روپے تھے۔ ملک میں مہنگائی میں اضافے کے باوجود، سال کے دوران زیادہ تر اخراجات اپنی گزشتہ سال کی سطح پر برقرار رہے جبکہ مجموعی اضافہ بنیادی طور پر عملے سے متعلق اخراجات میں اضافے کی وجہ سے ہوا۔

63 ملین روپے کی براہ راست لاگت (FY2021:86 ملین روپے) بنیادی طور پر نئے کاروبار پر اسٹامپ ڈیوٹی، آپریٹنگ لیز اور اجارہ فنانس سے وابستہ اخراجات اور لیز اور فنانس سے براہ راست منسوب دیگر اخراجات پر مشتمل ہے۔ اس لاگت میں 26% کی کمی بنیادی طور پر گزشتہ سال کے مقابلے اجارہ فنانس پورٹ فولیو میں کمی کی وجہ سے ہے۔

ممکنہ لیز، قرض اور دیگر نقصانات کا پروویژن

ریکورری کی مضبوط کوششوں کے ساتھ، OLP سال کے دوران اپنے نان پر فارمنگ اثاثوں کے پورٹ فولیو کو مزید کم کرنے میں کامیاب رہا۔ جس کے نتیجے میں ممکنہ لیز اور لون کا پروویژن ریورسل 65 ملین روپے بک ہوا جو گزشتہ سال 40 ملین روپے تھے۔ OLP اپنے لیز اور لون پورٹ فولیوز کے پروویژن کے حساب کے لیے ایک ماڈل استعمال کرتا ہے جو IFRS9 کی ضروریات کے مطابق ہے۔ سال کے دوران، ریگولیٹری ضروریات کے مطابق اس ماڈل میں کچھ ترامیم کی گئیں، جس کے نتیجے میں پروویژن کی ضرورت بھی کم ہوئی۔ پروویژن کا مجموعی بیلنس 30 جون، 2022 تک 1,055 ملین روپے رہا (30 جون 2021: 1,121 ملین روپے) جس نے +90 دنوں کے واجب الادا کاؤنٹس کے پورٹ فولیو کو 94% کو رتیج فراہم کی (30 جون 2021: 87%)۔

OLP کی ایسوسی ایٹڈ کمپنی، نیال فنانس کمپنی اس سال اپنے منافع میں بہتری لائی ہے۔ ایسوسی ایٹ سے منافع کا حصہ 64 ملین روپے تھا۔ جو گزشتہ سال کے منافع سے 82% زیادہ ہے۔

OLP مضاربہ (OLPM) نے رواں سال 111.5 ملین روپے کا منافع کمایا جو کہ گزشتہ سال کے 153 ملین روپے سے 27% کم ہے۔ یہ کمی بنیادی طور پر موجودہ سال میں مضاربہ پر عائد ٹیکس کی وجہ سے ہوئی۔ کل اثاثے 1% کم ہو کر 6,707 ملین روپے ہو گئے (30 جون، 2021: 6,750 ملین روپے)۔ بنیادی طور پر اجارہ اثاثوں میں کمی کی وجہ OLPM کا بتدریج مشارقہ ماڈل کی طرف بڑھنا ہے۔ OLPM نے سالانہ کیش ڈیویڈنڈ 20% کا اعلان کیا۔

مالیاتی کارکردگی

OLP کے مالی نتائج کا خلاصہ ذیل میں دیا گیا ہے:

2021	2022	
-----روپے-----		
1,283,979,509	1,376,781,079	قبل از محصول منافع
369,168,975	494,570,693	محصولات (ٹیکس)
914,810,534	882,210,386	سالانہ خالص منافع بعد از محصول (ٹیکس)
182,962,107	44,110,519	مختص: قانونی ریزرو میں منتقلی
5.22	5.03	فی شیئر آمدنی - بنیادی اور رقیق شدہ

سال کے لئے قبل از ٹیکس منافع 1,377 ملین روپے، گزشتہ سال کمائے گئے قبل از ٹیکس منافع 1,284 ملین روپے؛ سے 7% زیادہ رہا۔ تاہم ٹیکس کے بعد منافع کم ہو کے گزشتہ سال 915 ملین روپے کے مقابلے میں 882 ملین روپے پر آ گیا۔ جیسا کہ کمپنی کا ٹیکس خرچ اس سال 34 فیصد سے زیادہ تھا۔

ڈیویڈنڈ

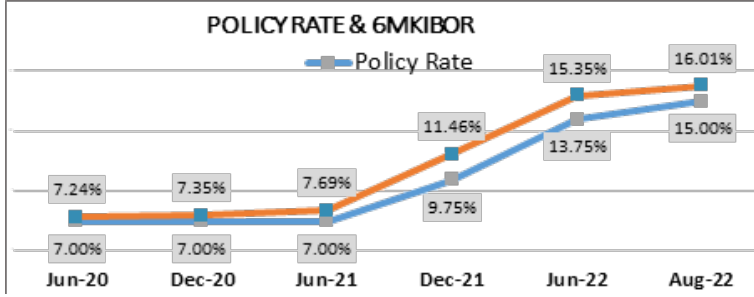
ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے سال کے لیے 20% کے حتمی نقد منافع کی سفارش کرتے ہوئے پُر مسرت ہیں۔ یہ سال کے دوران ادا کیے گئے 20% کے عبوری کیش ڈیویڈنڈ کے علاوہ ہے جو سال کے لیے کل ڈیویڈنڈ کو 40% تک لاتا ہے (2021: کل کیش ڈیویڈنڈ 40%)۔

آمدنی

سال کی کل آمدنی میں 22% اضافہ ہوا، مالی سال 2021 میں 3,681 ملین روپے سے مالی سال 2022 میں 4,489 ملین روپے تک۔ یہ اضافہ ملک میں شرح سود میں اضافے کے ساتھ آمدنی کے پورٹ فولیو میں اضافے سے منسوب ہے۔

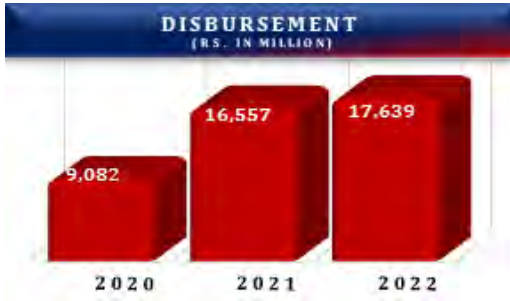
فنانس لیز آمدنی 2,252 ملین روپے ہوئی جو کہ پچھلے سال کی لیز آمدنی سے 1% زیادہ ہے (2021: 2,219 ملین روپے)۔ سال کے دوران اوسط لیز پورٹ فولیو، 13,742 ملین روپے تھا۔ جو کہ پچھلے سال کے مقابلے میں 3% کم ہے کیونکہ کمپنی نے اپنے سیلون کاروں کے زیادہ تر کاروبار کو فنانس اور لون پورٹ فولیو کے تحت بک کیا تھا۔ پورٹ فولیو میں کمی کے باوجود سال کے آخر میں شرح سود میں اضافے کی وجہ سے محصول برقرار رہا۔

ٹرم فنانس پر مارک اپ 1,614 ملین روپے رہا جو کہ پچھلے سال سے 66% زیادہ ہے جبکہ پچھلے سال 971 ملین روپے کمائے۔ آمدنی میں یہ نمایاں اضافہ پورٹ فولیو اور شرح سود دونوں میں اضافے کی عکاسی کرتا ہے۔ ٹرم فنانس اور قرضوں کا اوسط پورٹ فولیو گزشتہ سال 6,034 ملین روپے سے بڑھ کر 30 جون 2022 تک 9,549 ملین روپے ہو گیا۔ یہ



توقع ہے کہ مشکل معاشی ماحول رواں مالی سال میں جاری رہے گا۔ اجناس کی بین الاقوامی مانگ بلند رہنے کے ساتھ، COVID سے متعلقہ لاجسٹک مسائل اور بین الاقوامی تنازعات کے ساتھ، ملک میں افراط زر کے بلند رہنے کی توقع ہے۔ حکومت مشکل معاشی فیصلے لے رہی ہے جس نے پہلے ہی کچھ کاروباری شعبہ جات پر منفی اثر ڈالنا شروع کر دیا ہے۔ مالی سال 2023 کے لیے اسٹیٹ بینک جی ڈی پی کی شرح نمو 3% سے 4% تک متوقع کر رہا ہے۔ مزید یہ کہ، ملک کی سیاسی صورتحال رواں سال کے مجموعی معاشی منظر نامے میں اہم کردار ادا کرے گی۔

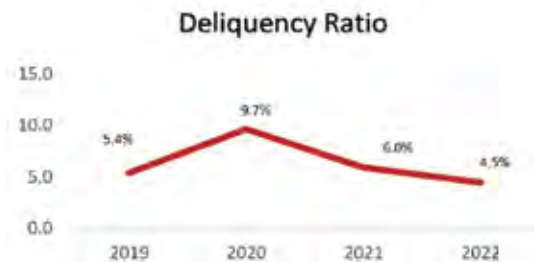
کاروباری جائزہ



OLP نے یہ دیکھتے ہوئے کہ مالی سال 2021-22 کے دوسرے حصے کے دوران معاشی حالات غیر مستحکم رہے، محتاط انداز اپنایا اور زیادہ احتیاط کے ساتھ نیا کاروبار بک کیا۔ گزشتہ سال کے مقابلے اس سال ادا نیگیوں میں 7% کا اضافہ ہوا۔ زیادہ تر کاروبار کو انتہائی محفوظ اثاثوں کے بدلے مالی اعانت فراہم کی گئی۔ گاڑیوں کی لیزنگ / فنانسنگ (تجارتی گاڑیاں اور سیلون کاریں) نے سال کے لیے کل ادا نیگیوں میں 82% حصہ ڈالا۔ سال کے دوران، OLP نے ریٹیل اسٹیٹ کے ذریعے محفوظ ٹرم فنانسنگ کا ایک نیا پروڈکٹ متعارف کرایا۔ آنے والے سالوں میں کل کاروبار میں اس پروڈکٹ کی وجہ سے اضافہ متوقع ہے۔ کمپنی اپنے بڑے کسٹمر بیس سے فائدہ اٹھاتے ہوئے انشورنس ایجنسی کے کاروبار کے ذریعے فیس پر مبنی آمدنی بڑھانے پر بھی توجہ دے رہی ہے۔



سال کے دوران OLP کے لیز اور لون پورٹ فولیو میں 16 فیصد اضافہ ہوا۔ اثاثوں کے لحاظ سے، گاڑیاں پورٹ فولیو کا 79% بنتی ہیں جو کہ مالی سال 2021 کے مقابلے میں 19% کا اضافہ ظاہر کرتی ہیں۔ جبکہ پلانٹ اور مشینری کا کل پورٹ فولیو میں 18% حصہ ہے۔ کمپنی کا پورٹ فولیو مختلف اقتصادی شعبوں میں متنوع ہے۔ پورٹ فولیو کا سب سے بڑا حصہ انفرادی صارفین پر مشتمل ہے جو کہ 30.8% ہے، جس کے بعد گڈز ٹرانسپورٹ سیکٹر 14.6% شیئر کے ساتھ ہے۔ OLP اپنے پورٹ فولیو کو مختلف صارفین یا گروپوں میں متنوع رکھنے کی بھی کوشش کرتا ہے۔ 30 جون 2022 تک، کسی ایک صارف کے لیے سب سے زیادہ ایکسپوزر OLP کے کل پورٹ فولیو کا 0.57% ہے۔



کمپنی کے نان پرفارمنگ پورٹ فولیو کی شرح پچھلے دو سالوں سے بہتری آئی ہے۔ اپنے موجودہ پورٹ فولیو میں زائد المیعاد اکاؤنٹس پر سخت کنٹرول رکھتے ہوئے، کمپنی نے پرانے زائد المیعاد کیسوں سے بھی خاطر خواہ ریکوری کی۔

ڈائریکٹرز کی رپورٹ

ادارہ پی فنانشل سروسز پاکستان لمیٹڈ (OLP / دی کمپنی) کے ڈائریکٹران بمسرت 36 ویں سالانہ رپورٹ بم غیر مجموعی مالیاتی گوشوارے برائے اختتام سال 30 جون 2022 پیش کرتے ہیں۔

کمپنی

ادارہ پی 1986 میں پاکستان میں لیزنگ انڈسٹری کے بانیوں میں سے ایک کے طور پر قائم کیا گیا۔ کمپنی کے پاس نان بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشن) رولز، 2003 کے تحت ایس ای سی پی کی جانب سے انویسٹمنٹ فنانس سروسز کالائسنس ہے۔ ادارہ پی کی بنیادی توجہ چھوٹے اور درمیانے درجے کے اداروں (SME) کے شعبے کی مالی ضروریات کو پورا کرنے پر مرکوز ہے۔

معیشت کا جائزہ

پاکستان کی معیشت کئی سالوں سے اتار چڑھاؤ کا شکار ہے۔ اسی رجحان کو جاری رکھتے ہوئے معیشت نے مالی سال 2021 اور 2022 میں بالترتیب 5.74% اور 5.97% جی ڈی پی کی نمو حاصل کی، تاہم مہنگائی، کرنٹ اکاؤنٹ خسارہ اور سیاسی عدم استحکام کی وجہ سے ایک بار پھر شدید چیلنجوں کا سامنا ہے۔



مالی سال 2022 میں تمام بڑے شعبوں نے اچھی کارکردگی کا مظاہرہ کیا۔ صنعتی شعبے میں 7.2% اضافہ ہوا جبکہ خدمات اور زراعت کے شعبے بالترتیب 6.2% اور 4.4% کی رفتار سے آگے بڑھے۔ بین الاقوامی رسد کے مسائل اور اجناس کی گراں قیمتوں نے، خاص طور پر روس یوکرین تنازعہ کے بعد، سال کے دوران افراط زر کا دباؤ پیدا کیا جو مالی سال کے اختتام تک مزید بڑھ گیا۔ جولائی 2022 میں سالانہ افراط زر کی شرح 25% تک پہنچ گئی۔ جو ملک کو درپیش مہنگائی کی بلند ترین شرحوں میں سے ایک ہے۔ اجناس کی گراں قیمتوں نے بھی کرنٹ اکاؤنٹ خسارے میں تیزی سے اضافہ کیا جس کی وجہ سے ملک کو بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے ساتھ سخت شرائط پر بات چیت کرنے اور دوسرے کثیر جہتی اور دو طرفہ قرض دہندگان سے رجوع کرنے کی ضرورت پڑی۔

ان چیلنجوں کے ساتھ، سیاسی ہنگامہ آرائی نے صورتحال کو بہتر بنانے میں مدد کرنے کے بجائے کاروباری سرگرمیوں کو شدید نقصان پہنچایا۔ بڑھتا ہوا کرنٹ اکاؤنٹ خسارہ اور سیاسی عدم استحکام بھی اہم کرنسیوں کے مقابلے میں روپے کی گراؤ کا سبب بنا ہے اور جولائی 2021 سے امریکی ڈالر کے مقابلے میں اس کی قدر میں 44% کمی ہوئی اور روپیہ ستمبر 2022 میں 223 روپے فی امریکی ڈالر تک پہنچ گیا۔ معیشت میں موجود پہلے سے دستاویزی طور پر رجسٹرڈ شعبوں کے ٹیکس میں اضافے نے کارپوریٹ سیکٹر کو بھی منفی طور پر متاثر کیا جبکہ KSE-100 انڈیکس 15 اپریل 2022 سے 10% تک گر چکا ہے۔

اسٹیٹ بینک نے افراط زر اور روپے کی قدر میں کمی کو کنٹرول کرنے کے لیے متعدد اقدامات کیے ہیں جن میں ستمبر 2021 میں پالیسی ریٹ کو 7% سے بڑھا کر جولائی 2022 میں 15% کرنا بھی شامل ہے۔ دیگر اقدامات میں بینک ریزرو کی ضروریات میں اضافہ، صارفین کی مالی اعانت کے ضوابط کو سخت کرنا اور زیادہ مارجن کی ضروریات کے ذریعے درآمدی کٹوتی شامل ہیں۔

زیادہ شرح سود، کاروں کی قیمتوں میں غیر معمولی اضافے اور صارفین کی فنانسنگ پر رکاوٹوں کے باوجود، مالی سال 2021 کے 151,182 یونٹس کے مقابلے گزشتہ سال میں کاروں کی فروخت 55% سے بڑھ کر 234,180 یونٹس ہو گئی۔ مالی سال 2022 میں ٹرکوں کی فروخت بھی 57% اضافے سے 5,802 یونٹس تک پہنچ گئی، جو ملک میں مقامی اور غیر ملکی تجارت میں بہتری کی نشاندہی کرتی ہے۔ تاہم، مالی سال 2023 میں، مسلسل بلند شرح اور بلند قیمتوں کی وجہ سے کاروں کی فروخت میں نمایاں کمی متوقع ہے۔

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2019

For the Year Ended June 30, 2022

The Company has complied with the requirements of the Regulations in the following manner:

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

- a. Male: Seven (7)
- b. Female: Two (2)

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

Independent Directors	Mr. Khalid Aziz Mirza Mr. Nasim Hyder Ms. Aminah Zahid Zaheer
Non-Executive Directors	Mr. Yoshiaki Matsuoka Ms. Keiko Watanabe Mr. Shin Hamada Mr. Daisuke Morita
Executive Directors	Mr. Shaheen Amin Mr. Ramon Alfrey

- 3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
- 4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company, along with its supporting policies and procedures;
- 5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their dates of approval or updating is maintained by the Company;
- 6. All the powers of the Board have been duly exercised, and decisions on relevant matters have been taken by the Board / Shareholders, as empowered by the relevant provisions of the Act and these Regulations;
- 7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedure for remuneration of the directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training Program for the following Directors:
Ms. Keiko Watanabe
Mr. Daisuke Morita

At present, eight out of nine Directors of the Board have certification / exemption under the Directors Training Program;

10. The Board approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the Financial Statements before approval of the Board;
12. The Board has formed Committees comprising of the members given below:

Name of Committees	Name of members and Chairman	
Audit Committee	Mr. Nasim Hyder Ms. Aminah Zahid Zaheer Ms. Keiko Watanabe Mr. Daisuke Morita	Chairman Member Member Member
Human Resource, Nomination and Remuneration Committee	Mr. Khalid Aziz Mirza Mr. Yoshiaki Matsuoka Mr. Shin Hamada Mr. Shaheen Amin	Chairman Member Member Member
Risk Committee	Ms. Aminah Zahid Zaheer Mr. Nasim Hyder Ms. Keiko Watanabe Mr. Daisuke Morita	Chairperson Member Member Member
Credit Committee	Mr. Yoshiaki Matsuoka Mr. Shaheen Amin Mr. Ramon Alfrey	Chairman Member Member

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance.
14. The frequency of meetings of the Committees were as follows:
 - a) Audit Committee – Six meetings were held during the year; at least one meeting was held in each quarter of the year.
 - b) Human Resource, Nomination and Remuneration Committee – Four meetings were held during the year.

- c) Risk Committee –Two meetings were held during the year.
 - d) Credit Committee – One meeting was held during the year
15. The Board has set up an effective internal audit function, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
 16. The Statutory Auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
 17. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
 18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with.


Shaheen Amin
Chief Executive Officer


Khalid Aziz Mirza
Chairman Board of Directors

Notice of Annual General Meeting

Notice is hereby given that the Thirty Sixth Annual General Meeting (the AGM) of OLP Financial Services Pakistan Limited (the Company) will be held on Thursday, October 27, 2022, at 03:00 p.m. at the Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Karachi and also through video link (Zoom Application), to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2022, the Auditors Report and Directors Report thereon.
2. To consider and approve dividend for the year ended June 30, 2022, in cash at PKR 2 per share of PKR 10/- (20%), as recommended by the Board of Directors, which is in addition to the 20% Interim Cash Dividend (i.e. PKR. 2 per share) already paid.
3. To appoint auditors of the Company for the financial year 2022-23 and fix their remuneration. The present auditors, Messrs. A.F Fergusons & Co., Chartered Accountants, retire and being eligible, have offered themselves for reappointment.
4. To transact any other business as may be placed before the meeting with the consent of the Chair.

Karachi
Thursday, October 06, 2022

BY ORDER OF THE BOARD

HAIDER ABBAS
Company Secretary

NOTES

1. PARTICIPATION IN ANNUAL GENERAL MEETING (AGM) THROUGH ELECTRONIC MEANS:

To attend and participate in the AGM through video link facility, members are requested to register themselves by providing following particulars with the Company Secretary by emailing to agm@olpfinance.com at least 48 hours before the AGM.

Name of Shareholder	CNIC No.	Folio No./ CDC Account No.	Mobile No.	Email Address

Video link details and login credentials (ZOOM Application) will be shared with those shareholders who have shown their intent to attend the meeting containing all the particulars as mentioned above

2. BOOK CLOSURE

- 2.1 The Members' Register shall remain closed from October 20, 2022 to October 27, 2022 (both days inclusive). Transfers in good order received at the office of the Company's Share Registrar before the close of the business on October 19, 2022, will be treated in time to attend the AGM and entitlement of the dividend. Address of the Company's Share Registrar is as follows:

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

- 2.2 All Shareholders are entitled to attend, speak and vote at the AGM. A Shareholder may appoint a proxy to attend, speak and vote on behalf of the Shareholder. The proxy needs to be a Member of the Company. A proxy, to be effective, must be received at the office of the Company's Share Registrar not less than 48 hours before the AGM.
- 2.3 The Shareholders and their proxies are required to produce their Computerized National Identity Card (CNIC) or passport for identification purpose, at the time of attending the AGM. The Proxy Form must be submitted to the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the Proxy Form, along with attested copies of the CNICs or passports of the beneficial owner and the proxy. In case of corporate entity, the resolution of the Board of Directors or power of attorney with specimen signature of the nominee shall be produced at the time of AGM. The Proxy Form is available on Company's website (www.olpfinance.com).
- 2.4 Members are requested to intimate any change in address immediately to the Company's Share Registrar.
- 2.5 The Financial Statements for the year ended June 30, 2022, along with the Auditors and Directors Report thereon are available on the Company's website (www.olpfinance.com).
- 2.6 CDC account holders shall also follow the guidelines mentioned hereunder, as laid down by the Securities and Exchange Commission of Pakistan (SECP).

3. SUBMISSION OF COPIES OF CNICS/NTN

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

4. PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE

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

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

5.1 According to the provisions of the Finance Act 2021 effective July 2022, the rate of deduction of the Income Tax from dividend payments has been as follows:

- i. The Rate of Income Tax deduction for filers of the Income Tax returns is 15%
- ii. The Rate of Income Tax deduction for non-filers of income tax returns is 30%

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

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

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

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

6. VIDEO CONFERENCE FACILITY

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

7. AVAILABILITY OF ANNUAL AUDITED FINANCIAL STATEMENTS

The Audited Financial Statements of the Company for the year ended June 30, 2022, have been made available on the Company's website (www.olpfinance.com) in addition to the Quarterly Financial Statements. Further, in compliance with the section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Report 2022 through email to shareholders whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited. In those cases, where email addresses are not available with the Company, the CDs containing financial statements have been dispatched. However, if a Shareholder, in addition, requests for hard copy of the Annual Audited Financial Statements, the same will be provided free of cost within seven working days of receipt of such request. For the Shareholders' convenience, a 'Standard Request Form for Provision of Annual Audited Financial Accounts' has also been made available on the Company's website.

Moreover, shareholders are requested to kindly provide the valid email address (along with a copy of valid CNIC) to the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited if you hold shares in physical form or to the respective Participant/Investor Account Services if shares are held in book entry form.

8. UNCLAIMED DIVIDEND AND UNDELIVERED SHARE CERTIFICATES

The Company has previously discharged its responsibility under Section 244 of the Companies Act, 2017 whereby the Company approached the shareholders to claim their unclaimed dividends and undelivered share certificates in accordance with the law.

Shareholders, whose dividends still remain unclaimed and/or undelivered share certificates are available with the Company, are hereby once again requested to approach the Company to claim their outstanding dividend amounts and/or undelivered share certificates.

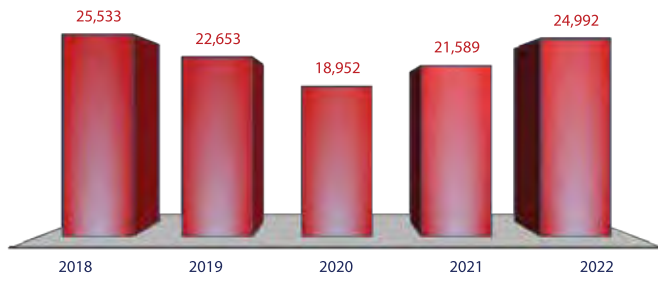
9. CONVERSION OF PHYSICAL SHARES INTO CDC ACCOUNT

The Shareholders having physical shareholding are encouraged to place their physical shares into electronic form as Section 72(2) of the Companies Act, 2017 states that "Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the commencement of the Act".

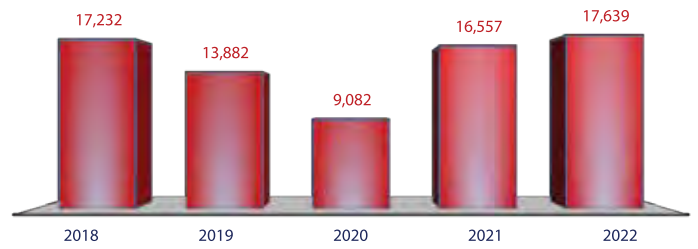
Six Year's Financial Summary

	2022	2021	2020	2019	2018	2017
Operating Results (Rupees in million)						
Total Disbursement	17,639	16,557	9,082	13,882	17,232	15,008
Revenues	4,489	3,681	4,436	4,180	4,472	4,031
Finance cost	1,794	1,194	1,845	1,542	1,390	1,586
(Reversals) / Provisions	(29)	(18)	324	(182)	18	(82)
Profit for the period before taxation	1,377	1,284	974	1,448	1,720	1,158
Profit for the period after taxation	882	915	702	1,023	1,380	841
Proposed Dividend	702	702	626	626	696	418
Statement of Financial Position (Rupees in million)						
Portfolio	24,992	21,589	18,952	22,653	25,533	21,551
Fixed assets	1,289	1,356	1,737	1,191	1,304	1,533
Investment in associates	1,208	916	944	942	672	1,972
Total Assets	29,730	24,786	22,999	25,991	26,699	26,096
Total Borrowing	18,020	14,073	12,862	15,646	17,050	19,371
Long term debts	11,511	7,319	7,209	9,130	9,022	10,708
Total Liabilities	20,815	16,261	14,765	17,978	19,450	21,629
Shareholders' equity	8,914	8,526	8,234	8,013	7,249	4,466
PERFORMANCE INDICATORS FOR THE CURRENT AND PAST FIVE YEARS						
Profitability						
Profit before taxation over Revenue	30.67%	34.88%	21.96%	34.64%	38.46%	28.73%
Gross spread	56.45%	63.52%	53.25%	58.39%	61.18%	48.25%
Return on equity	10.1%	10.9%	8.64%	13.40%	23.55%	19.47%
Return on assets	3.2%	3.8%	2.87%	3.88%	5.23%	3.17%
Income / expense ratio	1.43	1.52	1.41	1.43	1.64	1.36
Liquidity						
Current ratio	1.50	1.27	1.62	1.56	1.39	1.27
Cash to Current Liabilities	0.10	0.03	0.03	0.02	0.05	0.03
Investment / Market						
Price to book ratio	0.41	0.53	0.47	0.51	0.83	0.74
Dividend yield	19.05%	15.53%	13.98%	15.24%	11.50%	7.45%
Dividend payout	79.57%	76.74%	89.17%	61.19%	50.43%	49.70%
Earning per share (Rs.) - Restated	5.03	5.22	4.00	6.12	8.40	9.42
Price earning ratio (Rs.) - Restated	4.18	4.94	5.81	4.02	5.18	4.27
Market Value per Share	21.00	25.75	23.25	24.61	43.47	40.25
Proposed dividend	40.00%	40.00%	37.50%	37.50%	50.00%	30.00%
Capital Structure						
Debt / Equity ratio	2.02	1.65	1.56	1.95	2.35	4.34
Book Value per share (Rs.)	50.82	48.60	49.29	47.97	52.07	54.41
Interest Cover ratio	1.75	2.06	1.70	1.82	2.25	1.68

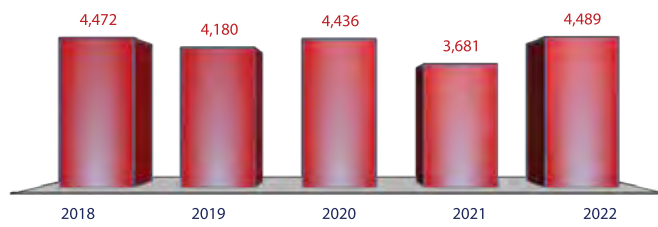
Portfolio (Rs. in million)



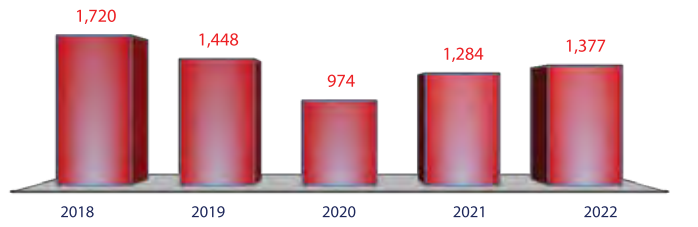
Disbursements (Rs. in million)



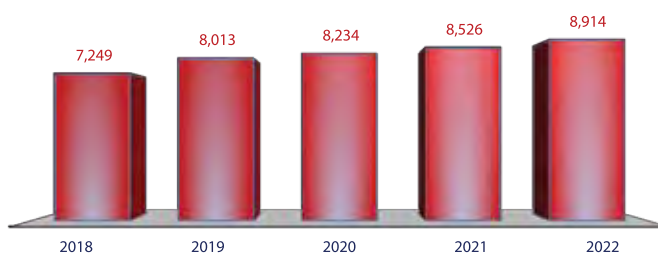
Revenues (Rs. in million)



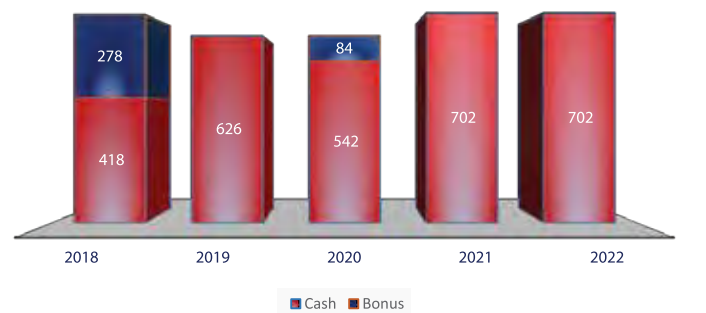
Profit before tax (Rs. in million)



Shareholders' equity (Rs. in million)



Dividends (Rs. in million)



Six Year' Vertical Analysis

STATEMENT OF FINANCIAL POSITION	2022		2021		2020		2019		2018		2017	
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
ASSETS												
Non-current assets												
Fixed assets	1,289	4.34%	1,356	5.47%	1,737	7.55%	1,191	4.58%	1,304	4.88%	1,533	5.87%
Intangible assets	1	0.00%	4	0.02%	11	0.05%	18	0.07%	20	0.07%	12	0.05%
Net investment in finance lease	6,495	21.85%	6,563	26.48%	5,984	26.02%	8,135	31.30%	8,594	32.19%	7,517	28.81%
Investment in subsidiaries	322	1.08%	322	1.30%	322	1.40%	322	1.24%	322	1.21%	322	1.23%
Investment in associate	1,208	4.06%	916	3.70%	944	4.10%	942	3.62%	672	2.52%	1,972	7.56%
Long-term investments	195	0.66%	387	1.56%	443	1.93%	396	1.52%	293	1.10%	339	1.30%
Long-term finances and loans	7,009	23.58%	4,509	18.19%	2,313	10.06%	2,208	8.50%	1,965	7.36%	1,531	5.87%
Long-term deposits	12	0.04%	11	0.04%	13	0.06%	12	0.05%	12	0.04%	12	0.05%
	16,531	55.60%	14,068	56.76%	11,767	51.16%	13,224	50.88%	13,182	49.37%	13,238	50.73%
Current assets												
Short-term finances	20	0.07%	6	0.02%	234	1.02%	285	1.10%	243	0.91%	149	0.57%
Accrued return on investments and term finance	230	0.77%	128	0.52%	121	0.53%	103	0.40%	69	0.26%	56	0.21%
Current maturity of non-current assets	11,109	37.37%	9,721	39.22%	9,458	41.12%	11,434	43.99%	11,574	43.35%	11,166	42.79%
Short-term investments	577	1.94%	328	1.32%	804	3.50%	395	1.52%	773	2.90%	914	3.50%
Advances and prepayments	29	0.10%	28	0.11%	18	0.08%	40	0.15%	33	0.12%	39	0.15%
Other receivables	72	0.24%	20	0.08%	80	0.35%	33	0.13%	44	0.16%	55	0.21%
Cash and bank balances	870	2.93%	214	0.86%	208	0.90%	174	0.67%	500	1.87%	342	1.31%
Defined benefit plan asset	27	0.09%	8	0.03%	38	0.17%	9	0.04%	-	0.00%	-	0.00%
Taxation - net	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	47	0.18%
Assets classified as held for sale	12,934	43.50%	10,453	42.17%	10,961	47.66%	12,473	47.99%	13,236	49.57%	12,768	48.93%
	265	0.89%	265	1.07%	271	1.18%	294	1.13%	281	1.05%	90	0.34%
	13,199	44.40%	10,718	43.24%	11,232	48.84%	12,767	49.12%	13,517	50.63%	12,858	49.27%
Total assets	29,730	100.00%	24,786	100.00%	22,999	100.00%	25,991	100.00%	26,699	100.00%	26,096	100.00%
EQUITY AND LIABILITIES												
Share capital and reserves												
	8,914	29.98%	8,525	34.39%	8,234	35.80%	8,013	30.83%	7,249	27.15%	4,466	17.11%
Non-current liabilities												
Long-term finances	9,415	31.67%	4,728	19.08%	4,580	19.91%	6,310	24.28%	5,797	21.71%	6,707	25.70%
Long-term certificates of deposit	2,096	7.05%	2,592	10.46%	2,630	11.44%	2,820	10.85%	3,225	12.08%	4,000	15.33%
Deferred taxation	363	1.22%	412	1.66%	515	2.24%	699	2.69%	481	1.80%	585	2.24%
Other long-term liabilities	337	1.13%	287	1.16%	288	1.25%	165	0.63%	203	0.76%	214	0.82%
Defined benefit obligation - staff gratuity	-	0.00%	-	0.00%	-	0.00%	-	0.00%	20	0.07%	17	0.07%
	12,211	41.07%	8,019	32.35%	8,013	34.84%	9,994	38.45%	9,726	36.43%	11,523	44.16%
Current liabilities												
Trade and other payables	1,264	4.25%	855	3.45%	362	1.57%	909	3.50%	1,017	3.81%	1,092	4.18%
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	374	1.26%	232	0.94%	314	1.37%	324	1.25%	242	0.91%	333	1.28%
Unpaid dividend	168	0.57%	185	0.75%	-	0.00%	-	0.00%	208	0.78%	-	0.00%
Unclaimed dividend	34	0.11%	27	0.11%	27	0.12%	23	0.09%	20	0.07%	19	0.07%
Short-term borrowings	340	1.14%	1,423	5.74%	171	0.74%	1,333	5.13%	2,355	8.82%	2,449	9.38%
Short-term certificates of deposit	1,561	5.25%	1,678	6.77%	1,047	4.55%	695	2.67%	1,048	3.93%	1,111	4.26%
Taxation - net	233	0.78%	172	0.69%	368	1.60%	212	0.82%	209	0.78%	-	0.00%
Current maturity of non-current liabilities	4,631	15.58%	3,670	14.81%	4,463	19.41%	4,488	17.27%	4,625	17.32%	5,103	19.55%
	8,605	28.94%	8,242	33.25%	6,752	29.36%	7,984	30.72%	9,724	36.42%	10,107	38.73%
Total equity and liabilities	29,730	100.00%	24,786	100.00%	22,999	100.00%	25,991	100.00%	26,699	100.00%	26,096	100.00%

STATEMENT OF PROFIT OR LOSS ACCOUNT	2022		2021		2020		2019		2018		2017	
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
INCOME												
Income from operations												
Finance leases	2,253	50.18%	2,219	60.28%	2,933	66.12%	2,840	67.94%	2,531	56.60%	2,417	59.96%
Income from operating leases / ijarah	38	0.85%	88	2.39%	189	4.26%	232	5.55%	313	7.00%	474	11.76%
Mark-up on finances and loans	1,615	35.97%	971	26.38%	926	20.87%	784	18.76%	633	14.15%	543	13.47%
	3,906	86.99%	3,278	89.05%	4,048	91.25%	3,856	92.25%	3,477	77.75%	3,434	85.19%
Income from other activities												
Other income - net	520	11.58%	368	10.00%	359	8.09%	273	6.53%	896	20.04%	368	9.13%
Share of profit from associate	64	1.43%	35	0.95%	29	0.65%	51	1.22%	99	2.21%	229	5.68%
	584	13.01%	403	10.95%	388	8.75%	324	7.75%	995	22.25%	597	14.81%
Total Income	4,490	100.00%	3,681	100.00%	4,436	100.00%	4,180	100.00%	4,472	100.00%	4,031	100.00%
EXPENSES												
Finance cost	1,794	39.96%	1,193	32.41%	1,845	41.59%	1,543	36.91%	1,390	31.08%	1,586	39.35%
Administrative and general expenses	1,285	28.62%	1,136	30.86%	1,136	25.61%	1,188	28.42%	1,094	24.46%	966	23.96%
Direct cost	63	1.40%	86	2.34%	158	3.56%	183	4.40%	250	5.59%	403	10.00%
	3,142	69.98%	2,415	65.61%	3,139	70.76%	2,914	69.71%	2,734	61.14%	2,955	73.31%
Profit before provision and taxation	1,348	30.02%	1,266	34.39%	1,297	29.24%	1,266	30.29%	1,738	38.86%	1,076	26.69%
Provisions												
Allowance for potential lease and other loan losses - net	(65)	-1.45%	(40)	-1.09%	311	7.01%	(191)	-4.57%	18	0.40%	(23)	-0.57%
Other provision - net	36	0.80%	22	0.60%	13	0.29%	9	0.22%	-	0.00%	(59)	-1.46%
	(29)	-0.65%	(18)	-0.49%	324	7.30%	(182)	-4.35%	18	0.40%	(82)	-2.03%
Profit before taxation	1,377	30.67%	1,284	34.88%	973	21.93%	1,448	34.64%	1,720	38.46%	1,158	28.73%
Taxation	495	11.02%	369	10.02%	271	6.11%	425	10.17%	340	7.60%	317	7.86%
Profit for the year after taxation	882	19.64%	915	24.86%	702	15.83%	1,023	24.47%	1,380	30.86%	841	20.86%

Six Year' Horizontal Analysis

STATEMENT OF FINANCIAL POSITION	22 vs 21		21 vs 20		20 vs 19		19 vs 18		18 vs 17		17 vs 16	
	2022	%	2021	%	2020	%	2019	%	2018	%	2017	%
	Rs. in million		Rs. in million		Rs. in million		Rs. in million		Rs. in million		Rs. in million	
ASSETS												
Non-current assets												
Fixed assets	1,289	-4.94%	1,356	-21.93%	1,737	45.84%	1,191	-8.67%	1,304	-14.94%	1,533	-13.14%
Intangible assets	1	-75.00%	4	-63.64%	11	-38.89%	18	-10.00%	20	66.67%	12	0.00%
Net investment in finance lease	6,495	-1.04%	6,563	9.68%	5,984	-26.44%	8,135	-5.34%	8,594	14.33%	7,517	1.36%
Investment in subsidiaries	322	0.00%	322	0.00%	322	0.00%	322	0.00%	322	0.00%	322	0.00%
Investment in associate	1,208	31.88%	916	-2.97%	944	0.21%	942	40.18%	672	-65.92%	1,972	-12.97%
Long-term investments	195	-49.61%	387	-12.64%	443	11.87%	396	35.15%	293	-13.57%	339	303.57%
Long-term finances and loans	7,009	55.44%	4,509	94.94%	2,313	4.76%	2,208	12.37%	1,965	28.35%	1,531	19.05%
Long-term deposits	12	9.09%	11	-15.38%	13	8.33%	12	0.00%	12	0.00%	12	9.09%
	16,531	17.51%	14,068	19.55%	11,767	-11.02%	13,224	0.32%	13,182	-0.42%	13,238	0.58%
Current assets												
Short-term finances	20	233.33%	6	-97.44%	234	-17.89%	285	17.28%	243	63.09%	149	-47.90%
Accrued return on investments and term finance	230	79.69%	128	5.79%	121	17.48%	103	49.28%	69	23.21%	56	-42.86%
Current maturity of non-current assets	11,109	14.28%	9,721	2.78%	9,458	-17.28%	11,434	-1.21%	11,574	3.65%	11,166	-2.47%
Short-term investments	577	75.91%	322	-59.20%	804	103.54%	395	-48.90%	773	-15.43%	914	-25.02%
Advances and prepayments	29	3.57%	28	55.56%	18	-55.00%	40	21.21%	33	-15.38%	39	-11.36%
Other receivables	72	260.00%	20	-75.00%	80	142.42%	33	-25.00%	44	-20.00%	55	-45.00%
Cash and bank balances	870	306.54%	214	2.88%	208	19.54%	174	-65.20%	500	46.20%	342	2.70%
Defined benefit plan asset	27	237.50%	8	-78.95%	38	322.22%	9	100.00%	-	0.00%	-	0.00%
Taxation - net	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	-100.00%	47	-24.19%
	12,934	23.73%	10,453	-4.63%	10,961	-12.12%	12,473	-5.76%	13,236	3.67%	12,768	-6.06%
Assets classified as held for sale	265	0.00%	265	-2.21%	271	-7.82%	294	4.63%	281	212.22%	90	-38.78%
	13,199	23.15%	10,718	-4.58%	11,232	-12.02%	12,767	-5.55%	13,517	5.13%	12,858	-6.41%
Total assets	29,730	19.95%	24,786	7.77%	22,999	-11.51%	25,991	-2.65%	26,699	2.31%	26,096	-2.99%
EQUITY AND LIABILITIES												
Share capital and reserves	8,914	4.56%	8,525	3.53%	8,234	2.76%	8,013	10.54%	7,249	62.32%	4,466	6.92%
Non-current liabilities												
Long-term finances	9,415	99.13%	4,728	3.23%	4,580	-27.42%	6,310	8.85%	5,797	-13.57%	6,707	9.09%
Long-term certificates of deposit	2,096	-19.14%	2,592	-1.44%	2,630	-6.74%	2,820	-12.56%	3,225	-19.38%	4,000	-32.07%
Deferred taxation	363	-11.89%	412	-20.00%	515	-26.32%	699	45.32%	481	-17.78%	585	22.90%
Other long-term liabilities	337	17.42%	287	-0.35%	288	74.55%	165	-18.72%	203	-5.14%	214	-17.37%
Defined benefit obligation - staff gratuity	-	0.00%	-	0.00%	-	0.00%	-	-100.00%	20	17.65%	17	1600.00%
	12,211	52.28%	8,019	0.07%	8,013	-19.82%	9,994	2.76%	9,726	-15.59%	11,523	-9.78%
Current liabilities												
Trade and other payables	1,264	47.84%	855	136.19%	362	-60.18%	909	-10.62%	1,017	-6.87%	1,092	37.53%
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	374	61.21%	232	-26.11%	314	-3.09%	324	33.88%	242	-27.33%	333	-15.91%
Unpaid dividend	168	-9.19%	185	100.00%	-	0.00%	-	-100.00%	208	100.00%	-	0.00%
Unclaimed dividend	34	25.93%	27	0.00%	27	17.39%	23	15.00%	20	5.26%	19	11.76%
Short-term borrowings	340	-76.11%	1,423	732.16%	171	-87.17%	1,333	-43.40%	2,355	-3.84%	2,449	28.29%
Short-term certificates of deposit	1,561	-6.97%	1,678	60.27%	1,047	50.65%	695	-33.68%	1,048	-5.67%	1,111	-46.41%
Taxation - net	233	35.47%	172	-53.26%	368	73.58%	212	1.44%	209	100.00%	-	0.00%
Current maturity of non-current liabilities	4,631	26.19%	3,670	-17.77%	4,463	-0.56%	4,488	-2.96%	4,625	-9.37%	5,103	7.16%
	8,605	4.40%	8,242	22.07%	6,752	-15.43%	7,984	-17.89%	9,724	-3.79%	10,107	1.57%
Total equity and liabilities	29,730	19.95%	24,786	7.77%	22,999	-11.51%	25,991	-2.65%	26,699	2.31%	26,096	-2.99%

STATEMENT OF PROFIT OR LOSS ACCOUNT	22 vs 21		21 vs 20		20 vs 19		19 vs 18		18 vs 17		17 vs 16	
	2022	%	2021	%	2020	%	2019	%	2018	%	2017	%
INCOME												
Income from operations												
Finance leases	2,253	1.53%	2,219	-24.34%	2,933	3.27%	2,840	12.21%	2,531	4.72%	2,417	4.00%
Income from operating leases / ijarah	38	-56.82%	88	-53.44%	189	-18.53%	232	-25.88%	313	-33.97%	474	-11.40%
Mark-up on finances and loans	1,615	66.32%	971	4.86%	926	18.11%	784	23.85%	633	16.57%	543	7.10%
	3,906	19.16%	3,278	-19.02%	4,048	4.98%	3,856	10.90%	3,477	1.25%	3,434	2.02%
Income from other activities												
Other income - net	520	41.30%	368	2.51%	359	31.50%	273	-69.53%	896	143.48%	368	-21.87%
Share of profit from associate	64	82.86%	35	20.69%	29	-43.14%	51	-48.48%	99	-56.77%	229	-2.14%
	584	44.91%	403	3.87%	388	19.75%	324	-67.44%	995	66.67%	597	-15.32%
Total Income	4,490	21.98%	3,681	-17.02%	4,436	6.12%	4,180	-6.53%	4,472	10.94%	4,031	-0.98%
EXPENSES												
Finance cost	1,794	50.38%	1,193	-35.34%	1,845	19.57%	1,543	10.93%	1,390	-12.36%	1,586	-4.80%
Administrative and general expenses	1,285	13.12%	1,136	0.00%	1,136	-4.38%	1,188	8.59%	1,094	13.25%	966	12.72%
Direct cost	63	-26.74%	86	-45.57%	158	-13.66%	183	-26.80%	250	-37.97%	403	2.03%
	3,142	30.10%	2,415	-23.06%	3,139	7.72%	2,914	6.58%	2,734	-7.48%	2,955	1.27%
Profit before provision and taxation	1,348	6.48%	1,266	-2.39%	1,297	2.45%	1,266	-27.16%	1,738	61.52%	1,076	-6.60%
Provisions												
Allowance for potential lease and other loan losses - net	(65)	62.50%	(40)	-112.86%	311	-262.83%	(191)	-1161.11%	18	-178.26%	(23)	-110.70%
Other provision - net	36	63.64%	22	69.23%	13	44.44%	9	100.00%	-	-100.00%	(59)	47.50%
	(29)	61.11%	(18)	-105.56%	324	-278.02%	(182)	-1111.11%	18	-121.95%	(82)	-146.86%
Profit before taxation	1,377	7.24%	1,284	31.96%	973	-32.80%	1,448	-15.81%	1,720	48.53%	1,158	18.53%
Taxation	495	34.15%	369	36.16%	271	-36.24%	425	25.00%	340	7.26%	317	46.08%
Profit for the year after taxation	882	-3.61%	915	30.34%	702	-31.38%	1,023	-25.87%	1,380	64.09%	841	10.66%

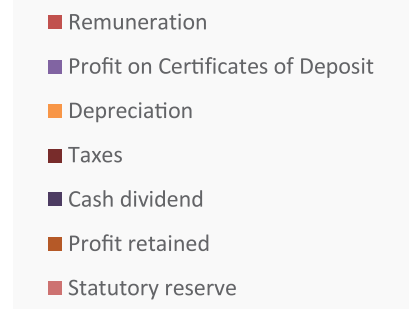
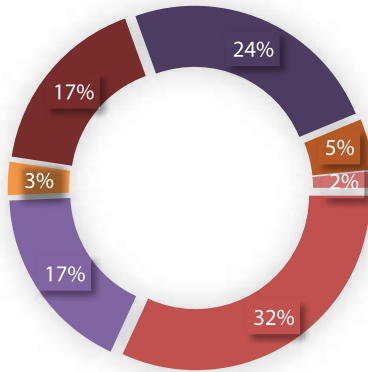
Statement of Value Addition

	2022		2021	
	Rupees	%	Rupees	%
Revenues from operations	3,934,427,250		3,296,375,362	
Other income	519,613,076		367,407,196	
Share of profit of equity accounted undertakings	64,289,981		35,363,150	
	4,518,330,307		3,699,145,708	
Finance cost	1,288,829,676		726,222,691	
Direct cost	337,082,227		263,326,124	
	1,625,911,903		989,548,815	
Value Added	2,892,418,404		2,709,596,893	

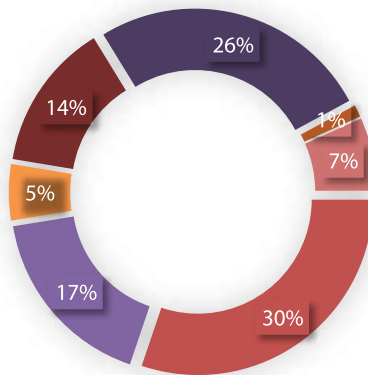
Distributed as follows:

Remuneration	922,008,605	31.9%	818,067,610	30.2%
Profit on Certificates of Deposit	504,748,388	17.5%	467,295,949	17.2%
Depreciation	88,880,332	3.1%	140,253,825	5.2%
Taxes	494,570,693	17.1%	369,168,975	13.6%
Cash dividend	701,630,588	24.3%	701,630,588	25.9%
Profit retained	136,469,278	4.7%	30,217,838	1.1%
Statutory reserve	44,110,519	1.5%	182,962,107	6.8%
	2,892,418,403	100%	2,709,596,892	100%

Distribution of Value Addition - 2022



Distribution of Value Addition - 2021





ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

Shariah Advisor's Report

For the period ended June 30, 2022

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

- Ijarah, and
- Diminishing Musharakah

By the grace of Allah, in this year, OLP also followed rules and regulations of Shariah in the implementation of Ijarah and Diminishing Musharakah.

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

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

MUFTI MUHAMMAD IBRAHIM ESSA

For and on behalf of

Alhamd Shariah Advisory Services Private Limited

Date: September 26, 2022





INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of OLP Financial Services Pakistan Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

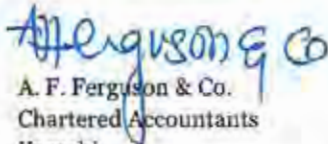
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of OLP Financial Services Pakistan Limited (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.


A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: September 30, 2022
UDIN: CR2022100611mD0u61dw

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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INDEPENDENT AUDITOR'S REPORT

To the members of OLP Financial Services Pakistan Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of OLP Financial Services Pakistan Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2022, and the unconsolidated statement of profit or loss, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1	Provision for potential lease and loan losses (Refer notes 3.5, 6, 10, 11, 13 and 38 of the annexed unconsolidated financial statements)	
	The Company records provision for potential lease and loan losses under the requirement of IFRS 9 and the Non-Banking Finance Companies Regulations (the NBFC Regulations), whichever is higher.	Our audit procedures to assess adequacy and determination of provision for potential lease and loan losses included, amongst others, the following:



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 State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
 Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

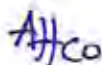
• KARACHI • LAHORE • ISLAMABAD

S. No.	Key audit matter	How the matter was addressed in our audit
	<p>Under IFRS 9, simplified approach and general approach are used for lease and loan losses respectively to determine Expected Credit Losses (ECL). A lifetime ECL is recorded on loans in which there have been Significant Increase in Credit Risk (SICR) from the date of initial recognition and on loans which are credit impaired as on the reporting date. A 12 months ECL is recorded for loans which do not meet the criteria for SICR or "credit impaired" as at the reporting date. To assess whether there is a significant increase in the credit risk, the Company compares the risk of a default occurring on the loans as at the reporting date with the risk of default as at the date of initial recognition. The Company also considers reasonable and supportive forward-looking information in the determination of ECL. The allowance is increased by provisions charged to the unconsolidated statement of profit or loss and is decreased by charge-offs, net of recoveries.</p> <p>Determination of provision including calculating ECL for lease and loans is subject to numerous judgments and estimates. In evaluating the adequacy of ECL, the management considers various factors, including the nature and characteristics of the obligor, current economic conditions, credit concentrations or deterioration in collateral, historical loss experience and delinquencies. The management has further considered the impact of forward-looking information and its resulting impact on the provision for lease and loan portfolio of the Company.</p> <p>The Company has determined a provision on lease and loans balances and has recognised a gross charge of Rs. 228.279 million and a gross reversal of Rs. 293.648 million in respect of potential lease and loan losses in the unconsolidated statement of profit or loss during the year ended June 30, 2022. As at June 30, 2022, the Company maintained a provision of Rs. 1,033.123 million for potential lease and loan losses.</p> <p>The determination of provision in respect of lease and loans balances as per the requirements of NBFC Regulations and IFRS 9 remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of lease and loans balances relative to the overall unconsolidated financial statements of the Company, we considered the area of provision for potential lease and loan losses as a key audit matter.</p>	<ul style="list-style-type: none"> • Obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Company to identify loss events and for determining the extent of provisioning required against lease and loans balances; • Evaluated the key decisions made by the Company's management with respect to accounting policies, estimates and judgments in relation to computation of provision for potential lease and loan losses and assessed the appropriateness based on our understanding of the Company's business and operations; • Assessed the reasonableness and accuracy of the data used for provision computation based on the accounting records and information system of the Company as well as the related external sources used for this purpose; • Checked, on a test basis, the accuracy of specific provision made against non-performing lease and loans balances and of general provision made against performing lease and loans balances as per the requirements of NBFC by recomputing the provision amount in accordance with the criteria prescribed under the NBFC. • Assessed the ECL model used by the management to calculate provision against lease and loans balances of the Company for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical accuracy of the model; • Assessed the reasonableness of the forward-looking factors used by the management in preparing ECL model; and • Assessed the relevant disclosures made in the unconsolidated financial statements to determine whether they are complied with the accounting and reporting standards as applicable in Pakistan.

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

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

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





In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

Affco



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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A.F. Ferguson & Co.

A. F. Ferguson & Co.

Chartered Accountants

Dated: September 30, 2022

Karachi

UDIN: AR202210061prCVf5voc

Unconsolidated Statement of Financial Position

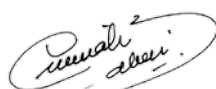
As at June 30, 2022

ASSETS	Note	2022	2021
-----Rupees-----			
Non-current assets			
Fixed assets	4	1,289,260,170	1,356,243,443
Intangible assets	5	695,415	3,728,814
Net investment in finance lease	6	13,436,624,395	14,049,104,260
Current maturity of net investment in finance lease	13	(6,867,323,292)	(7,470,695,275)
Allowance for potential lease losses		(73,912,352)	(15,409,760)
		(6,941,235,644)	(7,486,105,035)
		6,495,388,751	6,562,999,225
Investment in subsidiaries	7	322,374,294	322,374,294
Investment in associate	8	1,207,909,411	915,924,945
Long-term investments	9	194,786,354	387,048,864
Long-term finances and loans	10	7,009,195,274	4,509,160,555
Long-term deposits		11,530,566	11,421,566
		16,531,140,235	14,068,901,706
Current assets			
Short-term finances	11	19,784,894	6,332,180
Accrued return on investments and term finance	12	229,747,582	127,411,324
Current maturity of non-current assets	13	11,109,070,927	9,721,268,114
Short-term investments	14	577,218,551	327,973,992
Advances and prepayments	15	28,767,080	28,306,206
Other receivables	16	71,583,510	19,720,651
Cash and bank balances	17	870,337,328	213,293,662
Defined benefit plan asset	25	27,256,484	8,352,447
		12,933,766,356	10,452,658,576
Assets classified as held for sale	18	264,747,437	264,747,437
Total assets		29,729,654,028	24,786,307,719
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 350,000,000 (2021: 350,000,000) ordinary shares of Rs. 10 each		3,500,000,000	3,500,000,000
Issued, subscribed and paid-up capital	19	1,754,076,470	1,754,076,470
Reserves		7,160,104,770	6,771,427,291
		8,914,181,240	8,525,503,761
Non-current liabilities			
Long-term finances	21	9,414,506,693	4,727,777,772
Long-term certificates of deposit	22	2,096,072,585	2,591,624,552
Deferred taxation	23	362,891,625	411,606,294
Other long-term liabilities	24	336,434,019	287,129,694
		12,209,904,922	8,018,138,312
Current liabilities			
Trade and other payables	26	1,263,660,464	855,489,861
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	27	374,094,585	231,679,239
Unpaid dividend		168,373,952	185,467,295
Unclaimed dividend		34,303,297	27,429,217
Short-term borrowings	28	339,499,845	1,422,881,783
Short-term certificates of deposit	29	1,561,178,241	1,677,709,483
Taxation - net		233,347,546	171,593,920
Current maturity of non-current liabilities	30	4,631,109,936	3,670,414,848
		8,605,567,866	8,242,665,646
Total equity and liabilities		29,729,654,028	24,786,307,719
Contingencies and commitments			
	31		

The annexed notes 1 to 56 form an integral part of these unconsolidated financial statements.



Shaheen Amin
Chief Executive Officer



Aminah Zahid Zaheer
Director



Ramon Alfrey
Chief Financial Officer

Unconsolidated Statement of Profit or Loss

For the year ended June 30, 2022

	Note	2022	2021
		-----Rupees-----	
INCOME			
Income from operations			
Finance leases		2,252,516,751	2,218,909,215
Income from operating leases / ijarah	32	38,231,274	88,224,287
Mark-up on finances and loans		1,614,522,863	971,212,569
		<u>3,905,270,888</u>	<u>3,278,346,071</u>
Income from other activities			
Other income - net	33	519,613,076	367,407,196
Share of profit from associate	34	64,289,981	35,363,150
		<u>583,903,057</u>	<u>402,770,346</u>
		<u>4,489,173,945</u>	<u>3,681,116,417</u>
EXPENSES			
Finance cost	35	1,793,578,064	1,193,518,640
Administrative and general expenses	36	1,284,871,569	1,135,904,153
Direct cost	37	63,099,595	85,743,406
		<u>3,141,549,228</u>	<u>2,415,166,199</u>
Profit before provision and taxation		<u>1,347,624,717</u>	<u>1,265,950,218</u>
Reversal of provision for potential lease and other loan losses - net	38	(65,369,020)	(39,987,946)
Other provision - net	39	36,212,658	21,958,655
		<u>(29,156,362)</u>	<u>(18,029,291)</u>
Profit before taxation		<u>1,376,781,079</u>	<u>1,283,979,509</u>
Taxation	41	494,570,693	369,168,975
Profit for the year after taxation		<u>882,210,386</u>	<u>914,810,534</u>
Earnings per share - basic and diluted	52	<u>5.03</u>	<u>5.22</u>

The annexed notes 1 to 56 form an integral part of these unconsolidated financial statements.


Shaheen Amin
 Chief Executive Officer


Aminah Zahid Zaheer
 Director


Ramon Alfrey
 Chief Financial Officer

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income

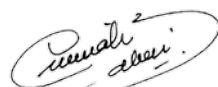
For the year ended June 30, 2022

	Note	2022	2021
		-----Rupees-----	
Profit for the year after taxation		882,210,386	914,810,534
Other comprehensive income			
Items that will be reclassified to the unconsolidated statement of profit or loss			
- Exchange gain / (loss) arising on translation of foreign associate	8.1.3	282,281,515	(55,975,776)
- Deferred tax on exchange gain / (loss) arising on translation of foreign associates		(123,912,340)	12,174,731
		158,369,175	(43,801,045)
Items that will not be subsequently reclassified to the unconsolidated statement of profit or loss			
- Fair value changes on remeasurement of financial assets	14	(4,137,296)	843,631
- Deferred tax on fair value changes on remeasurement of financial assets		31,485,257	(183,490)
		27,347,961	660,141
Remeasurement gain / (loss) on defined benefit obligation	25	18,904,040	(21,050,512)
- Share of other comprehensive income from associate	8.1.3	502,550	998,371
- Deferred tax on share of other comprehensive income from associate		2,973,955	(217,146)
		3,476,505	781,225
Total comprehensive income for the year		1,090,308,067	851,400,343

The annexed notes 1 to 56 form an integral part of these unconsolidated financial statements.



Shaheen Amin
Chief Executive Officer



Aminah Zahid Zaheer
Director



Ramon Alfrey
Chief Financial Officer

Unconsolidated Statement of Cash Flows

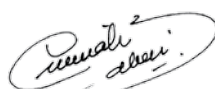
For the year ended June 30, 2022

	Note	2022	2021
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	42	2,948,383,824	2,506,473,066
Increase in operating assets			
Investment in finance lease - net		609,636,540	373,169,651
Long-term finances and loans - net		(4,050,572,902)	(3,261,919,350)
Short-term finances		1,149,575	190,802,351
Long-term deposits		(109,000)	1,511,000
Advances and prepayments		(460,874)	(9,994,797)
Other receivables		(156,809,025)	64,041,274
		(3,597,165,686)	(2,642,389,871)
Increase in operating liabilities			
Other long term liabilities - net		(443,036,100)	(479,612,539)
Trade and other payables		374,818,384	467,176,724
		(68,217,716)	(12,435,815)
		(716,999,578)	(148,352,620)
Payment against staff retirement benefits		(20,442,024)	(4,930,496)
Income tax paid		(570,984,854)	(657,571,831)
Net cash used in operating activities		(1,308,426,456)	(810,854,947)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred - own use and intangible assets		(26,845,070)	(61,096,540)
Capital expenditure incurred - operating lease and ijarah assets		-	(2,508,500)
Proceeds from disposal of assets - own use		6,784,954	10,849,366
Proceeds from sale of ijarah finance assets		-	293,006,196
Investments - net		(107,099,706)	500,687,558
Dividend received		70,178,795	20,485,308
Interest received		(33,058,008)	47,292,878
Net cash (used in) / generated from investing activities		(90,039,035)	808,716,266
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term finances		8,800,000,000	3,200,000,000
Short-term borrowings - net		(900,000,000)	900,000,000
Certificates of deposit redeemed - net		(333,138,576)	462,092,445
Repayment of long-term finances		(3,436,187,746)	(3,702,777,779)
Finance cost paid		(1,145,254,573)	(795,880,677)
Payment of lease liability against right-of-use assets		(34,678,159)	(33,851,502)
Dividend paid		(711,849,851)	(373,638,821)
Net cash generated from / (used in) financing activities		2,238,891,095	(344,056,334)
Net increase / (decrease) in cash and cash equivalents during the year		840,425,604	(346,195,015)
Cash and cash equivalents at the beginning of the year		(309,588,121)	36,606,894
Cash and cash equivalents at the end of the year	43	530,837,483	(309,588,121)

The annexed notes 1 to 56 form an integral part of these unconsolidated financial statements.



Shaheen Amin
Chief Executive Officer



Aminah Zahid Zaheer
Director



Ramon Alfrey
Chief Financial Officer

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2022

	Reserves							Total reserves	Total shareholders equity
	Capital reserves					Revenue reserve			
	Issued, subscribed and paid-up capital	Share premium	Statutory reserve (note 19.4)	Foreign currency translation reserve	Net surplus / (deficit) on re-measurement of financial assets at fair value through other comprehensive income	Surplus on revaluation of leasehold land and office building (note 20)	Unappropriated profit		
-----Rupees-----									
Balance as at July 1, 2020	1,670,549,020	1,585,210,523	1,599,979,697	257,750,041	(207,976,481)	862,518,492	2,465,706,048	6,563,188,320	8,233,737,340
Profit for the year after taxation	-	-	-	-	-	-	914,810,534	914,810,534	914,810,534
Other comprehensive income / (loss)	-	-	-	(43,801,045)	660,141	-	(20,269,287)	(63,410,191)	(63,410,191)
Total comprehensive income / (loss) for the year ended June 30, 2021	-	-	-	(43,801,045)	660,141	-	894,541,247	851,400,343	851,400,343
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	(20,453,617)	20,453,617	-	-
Deferred tax on transfer of surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	2,173,993	(2,173,993)	-	-
Transfer to statutory reserve	-	-	182,962,107	-	-	-	(182,962,107)	-	-
Transaction with owners recorded directly in equity									
- Issuance of bonus shares	83,527,450	(83,527,450)	-	-	-	-	-	(83,527,450)	-
- Final cash dividend @ Rs. 1.25 per ordinary share of Rs. 10 each for the year ended June 30, 2020	-	-	-	-	-	-	(208,818,628)	(208,818,628)	(208,818,628)
- Interim cash dividend @ Rs. 2 per ordinary share of Rs. 10 each for the year ending June 30, 2021	-	-	-	-	-	-	(350,815,294)	(350,815,294)	(350,815,294)
	83,527,450	(83,527,450)	-	-	-	-	(559,633,922)	(643,161,372)	(559,633,922)
Balance as at June 30, 2021	1,754,076,470	1,501,683,073	1,782,941,804	213,948,996	(207,316,340)	844,238,868	2,635,930,890	6,771,427,291	8,525,503,761
Profit for the year after taxation	-	-	-	-	-	-	882,210,386	882,210,386	882,210,386
Other comprehensive income	-	-	-	158,369,175	27,347,961	-	22,380,545	208,097,681	208,097,681
Total comprehensive income for the year ended June 30, 2022	-	-	-	158,369,175	27,347,961	-	904,590,931	1,090,308,067	1,090,308,067
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	(20,453,617)	20,453,617	-	-
Deferred tax on transfer of surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	(173,684)	173,684	-	-
Transferred to statutory reserve	-	-	44,110,519	-	-	-	(44,110,519)	-	-
Transaction with owners recorded directly in equity									
- Issuance of bonus shares	-	-	-	-	-	-	-	-	-
- Final cash dividend @ Rs. 2 per ordinary share of Rs. 10 each for the year ended June 30, 2021	-	-	-	-	-	-	(350,815,294)	(350,815,294)	(350,815,294)
- Interim cash dividend @ Rs. 2 per ordinary share of Rs. 10 each for the year ending June 30, 2022	-	-	-	-	-	-	(350,815,294)	(350,815,294)	(350,815,294)
	-	-	-	-	-	-	(701,630,588)	(701,630,588)	(701,630,588)
Balance as at June 30, 2022	1,754,076,470	1,501,683,073	1,827,052,323	372,318,171	(179,968,379)	823,611,567	2,815,408,015	7,160,104,770	8,914,181,240

The annexed notes 1 to 56 form an integral part of these unconsolidated financial statements.


Shaheen Amin
 Chief Executive Officer


Aminah Zahid Zaheer
 Director


Ramon Alfrey
 Chief Financial Officer

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

1 LEGAL STATUS AND OPERATIONS

OLP Financial Services Pakistan Limited (formerly 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 (now the Companies Act, 2017) and was converted into a public limited company on December 23, 1987. The Company is listed on the Pakistan Stock Exchange Limited and 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 registered office of the Company is situated at OLP Building, Plot No. 16, Sector No. 24, Korangi Industrial Area, Karachi.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long-term rating of AA+ (2021: AA+) and a short-term rating of A1+ (2021: A1+) to the Company on March 03, 2022 (2021: March 03, 2021).

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Provisions of and directives issued under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, the IFAS, the NBFC Rules or the NBFC Regulations differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017, the IFAS, the NBFC Rules or the NBFC Regulations have been followed.

2.2 Islamic Financial Accounting Standard (IFAS) 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan was adopted by the SECP vide SRO 431(1)/ 2007 dated May 22, 2007. Under IFAS 2, the Ijarah transactions are accounted for in the following manner:

- Mustajir (lessors) presents the assets subject to Ijarah in their statement of financial position according to the nature of the asset. The Mustajir is required to distinguish these Ijarah assets from the assets in own use.
- Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income are recognised as expenses.
- Ijarah income is recognised in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

2.3 Basis of measurement

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

- Leasehold land and office building are stated at revalued amounts;
- Certain investments are stated at fair value;
- Non-current assets classified as held-for-sale are valued at lower of carrying amount and fair value less cost to sell;
- Obligation in respect of staff gratuity is measured at present value of the defined benefit obligation; and
- Investment in associate is valued under equity accounting method.

2.4 Functional and presentation currency

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

2.5 Critical accounting estimates and judgments

The preparation of unconsolidated financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in the application of accounting policies are as follows:

- (a) determination of the residual values and useful lives of fixed assets (notes 3.2 and 4);
- (b) determination of allowance for potential lease and other loan losses (notes 3.5 and 38);
- (c) determination of classification, valuation and impairment of financial assets (note 3.10,9,14 and 39);
- (d) classification and valuation of assets classified as held for sale (notes 3.6 and 18);
- (e) recognition of taxation and deferred tax (notes 3.16 and 41);
- (f) accounting for defined benefit obligation (notes 3.17 and 25);
- (g) provision against workers' welfare fund (notes 26 and 39); and
- (h) impairment of non-financial assets (note 3.9).

2.6 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year:

2.6.1 There are certain amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated financial statements.

2.7 Interpretations and amendments to published accounting and reporting standards that are not yet effective:

2.7.1 The following amendments and interpretations with respect to published accounting and reporting standards would be effective from the date mentioned below against the respective amendments or interpretations:

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

Interpretations or Amendments	Effective date (accounting period beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2023
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments)	January 1, 2023

The amendments highlighted above may impact the unconsolidated financial statements of the Company on application. The management is currently in the process of assessing the impact of these amendments on the unconsolidated financial statements of the Company.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

3.1 Business combination

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

3.2 Fixed assets

3.2.1 Own use, operating lease and capital work in progress

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

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

Depreciation is charged using the straight line method over the estimated useful lives of assets, at the rates specified in notes 4.1 and 4.2 to these unconsolidated financial statements after taking into account residual values if significant. Cranes under operating lease are depreciated at the rates specified in note 4.2 by considering residual values. The carrying value of leasehold land is amortised over its lease term. Depreciation on additions is charged from the month in which the assets are available for use. No depreciation is charged in the month of disposal.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

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

An increase arising on revaluation is credited to the surplus on revaluation of leasehold land and office building. A decrease arising on revaluation of leasehold land and office building is adjusted against the surplus of that asset or, if no surplus exists, is charged to the unconsolidated statement of profit or loss as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the unconsolidated statement of profit or loss up to the extent of the original impairment. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the unconsolidated statement of profit or loss and depreciation based on the asset's original cost, net of deferred taxation, is reclassified from revaluation surplus on leasehold land and office building to unappropriated profit.

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

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

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

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

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

3.2.2 Ijarah assets

Rental from Ijarah arrangements are recognised in the unconsolidated statement of profit or loss on an accrual basis as and when rentals become due. Costs, including depreciation, incurred in earning the Ijarah income are recognised as an expense. Initial direct costs incurred specifically to earn revenues from Ijarah are recognised as an expense in the period in which they are incurred. The Ijarah assets are depreciated over the period of Ijarah finance on a straight line basis over the underlying term of the contract as stated in note 4.3.

3.2.3 Lease liability and right-of-use assets

The Company lease premises of certain branches. Rental contracts are typically for a period of 3 years and may have renewal options as described below. At inception of a contract, the Company assesses whether a rental contract conveys the right to control the use of the rented premises for a period of time in exchange for consideration. Lease term is negotiated on an individual basis.

In determining the lease term, the management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured as the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the Company's incremental borrowing rate.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Company reassesses with reasonable certainty of exercising the extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the unconsolidated statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use assets.

Right-of-use assets are initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying assets or to restore the underlying assets or the site on which the assets are located.

Right-of-use assets are subsequently measured at cost model and depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. Right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient of not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

3.3 Intangible assets

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

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

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

Amortisation is charged using the straight-line method over the estimated useful lives of the assets at the rates specified in note 5.1. Amortisation on additions is charged from the month in which the assets are available for use. No amortisation is charged in the month of disposal. The residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

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

3.4 Net investment in finance lease

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

3.5 Allowance for potential lease and other loan losses

The Company applies IFRS 9 simplified approach and general approach for lease and loan losses respectively to determine Expected Credit Losses (ECL). A lifetime ECL is recorded on loans in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and on loans which are credit impaired as on the reporting date. A 12 months ECL is recorded for loans which do not meet the criteria for SICR or “credit impaired” as at the reporting date. To assess whether there is a significant increase in the credit risk, the Company compares the risk of a default occurring on the loans as at the reporting date with the risk of default as at the date of initial recognition. The Company also considers reasonable and supportive forward-looking information in the determination of ECL. The allowance is increased by provisions charged to the unconsolidated statement of profit or loss and is decreased by charge-offs, net of recoveries.

Calculating ECL for lease and loan is subject to numerous judgments and estimates. In evaluating the adequacy of ECL, the management considers various factors, including the nature and characteristics of the obligor, current economic conditions, credit concentrations or deterioration in collateral, historical loss experience and delinquencies. The management further considers the impact of forward-looking information and its resulting impact on the provision for lease and loan portfolio of the Company.

In 2021, the Institute of Chartered Accountant of Pakistan (ICAP) had issued ‘Accounting Guideline Application of IFRS 9 by Non-Banking Finance Companies’, which allows NBFC’s to apply the requirements of IFRS 9 in conjunction with the requirements of NBFC Regulations. Accordingly, the Company has recognised allowance for potential lease and other loans losses as the higher of provisioning requirements as specified under the NBFC Regulations and IFRS 9.

3.6 Assets classified as held for sale

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

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

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

3.7 Investment in subsidiaries

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

3.8 Investment in associate

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

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

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

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

When the investment in associate is sold, all amounts previously recognised in 'other comprehensive income' in relation to that investment are reclassified to the unconsolidated statement of profit or loss.

3.9 Impairment of non-financial assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognised in the unconsolidated statement of profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

3.10 Financial assets

3.10.1 Classification and subsequent measurement

The Company classifies its financial assets in the following measurement categories:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI) with recycling of cumulative gains and losses;
- at FVOCI with no recycling of cumulative gains and losses upon derecognition; and
- at fair value through profit or loss (FVPL).

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

a) At amortised cost

The Company measures financial assets at amortised cost if the financial asset is held within a business model with an objective to hold and collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.10.2. Gains and losses are recognised in the unconsolidated statement of profit or loss when the asset is derecognised, modified or impaired.

b) At fair value through other comprehensive income (FVOCI) with recycling of cumulative gains and losses

The Company measures financial assets at FVOCI if the financial asset is held within a business model with an objective of both holding to collect contractual cash flows and selling and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment losses or reversals, recognised and measured as described in note 3.10.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the unconsolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the unconsolidated statement of profit or loss.

c) At FVOCI with no recycling of cumulative gains and losses upon derecognition

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to the unconsolidated statement of profit or loss. Dividends are recognised in the unconsolidated statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

d) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the unconsolidated statement of profit or loss in the period in which it arises.

3.10.2 Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

The Company applies the IFRS 9 simplified approach to measure expected credit losses for leases, Ijarah finance, musharikhah finance and microfinance. For all other financial assets, a life time ECL is recorded in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and for financial assets which are credit impaired as on reporting date. A 12 months ECL is recorded for all other financial assets which do not meet the criteria for SICR or “credit impaired” as at reporting date.

3.10.3 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

- (i) the Company transfers substantially all the risks and rewards of ownership; or
- (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

3.10.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset.

3.10.5 Initial recognition

Financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at FVPL. Financial assets carried at FVPL are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the unconsolidated statement of profit or loss.

3.10.6 Business model

The business model reflects how the Company manages the assets in order to generate cash flows, that is, whether the objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of ‘other’ business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset’s performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

3.10.7 SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments’ cash flows represent solely payments of principal and interest (the ‘SPPI test’). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

3.10.8 Reclassifications

The Company reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

3.10.9 Write-offs

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Against each customer's outstanding exposure which stands as impaired, the Company makes an assessment with respect to the timing and amount of write-off based on the expectation of recovery. However, financial assets that are written off remain subject to legal enforcement activities for recovery of amounts due.

3.11 Financial liabilities

Financial liabilities are recognised at the time the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value less any directly attributable transaction cost.

Financial liabilities are subsequently measured at amortised cost except for:

- Financial liabilities at fair value through profit and loss; and
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer.

3.11.1 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the unconsolidated statement of profit or loss.

3.12 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.13 Certificate of deposits, borrowings, finances, loans and their costs

These are initially recognised at cost being the fair value of consideration received. Subsequently, these are carried at amortised cost using the effective interest method.

Costs in respect of above are recognised as an expense in the period in which these are incurred using the effective interest method.

Transaction costs, if any, are amortised over the period of agreement using the effective interest method.

3.14 Provisions

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

3.15 Contingent liabilities

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

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

3.16 Taxation

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

Current

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

Deferred

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

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

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

3.17 Staff retirement benefits

(a) Defined contribution plan

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

(b) Defined benefit plan

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

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

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

3.18 Foreign currency transactions

Transactions in foreign currencies are translated to rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the reporting date.

Non-monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the date of initial recognition of the non-monetary assets / liabilities.

Foreign operations

The assets and liabilities of foreign operations (associate) are translated to rupees at exchange rates prevailing at the reporting date. The results of foreign operations are translated at the average rates of exchange for the year.

Translation gains and losses

Translation gains and losses are taken to the unconsolidated statement of profit or loss, except those arising on translation of the net investment in foreign operations (associate) which are taken to the unconsolidated statement of profit or loss and other comprehensive income under foreign currency translation reserve until the disposal of the net investment, at which time these are recognised in the unconsolidated statement of profit or loss.

3.19 Revenue recognition

3.19.1 Finance leases

The Company follows the 'financing method' in accounting for finance lease. The total unearned finance income i.e. the excess of aggregate instalment contract receivables plus residual value over the cost of the leased asset is deferred and amortised over the term of the lease, so as to produce a systematic return on the net investment in finance lease. Revenue recognition from finance leases is suspended when rent is past due by ninety days or more. Front end fee and other lease related income is recognised on receipt basis.

3.19.2 Operating lease income

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

3.19.3 Ijarah lease income

Rental income from Ijarah arrangement is recognised on an accrual basis.

3.19.4 Return on investments

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

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

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

3.19.5 Finances and loans

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

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

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

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

3.19.6 Others

Other income is recognised on a receipt basis.

3.20 Earnings per share

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

3.21 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves, except appropriations which are required by law, made subsequent to the reporting date are considered as non-adjusting events and are recognised in the unconsolidated financial statements in the period in which such dividends are declared / transfers are made.

3.22 Cash and cash equivalents

Cash and cash equivalents for the purposes of unconsolidated statement of cash flows includes cash and bank balances and short term running finance facilities that form an integral part of the Company's cash management.

3.23 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components.

Operating segments are reported in a manner consistent with the internal reporting structure. The management monitors the operating results of its business units separately for the purpose of making decisions regarding resources allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated assets and liabilities.

3.24 Commitments

Commitments are disclosed in the financial statements at committed amounts.

	Note	2022	2021
		-----Rupees-----	
4	FIXED ASSETS		
Own use	4.1	1,082,864,333	1,131,534,112
Operating leases	4.2	114,168,578	124,270,850
Ijarah assets	4.3	3,076,782	6,462,738
Right-of-use assets	4.4	89,150,477	93,975,743
		<u>1,289,260,170</u>	<u>1,356,243,443</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

4.1 Fixed assets - own use

	2022							Total
	Leasehold land	Office building	Leasehold improvements	Furniture, fittings and office equipment	Vehicles	Computers and accessories	Machinery	
	-----Rupees-----							
As at July 01, 2021								
Cost / revalued amount	855,570,000	109,858,358	177,883,925	144,221,648	90,938,263	91,532,994	16,041,513	1,486,046,701
Accumulated depreciation	(13,567,500)	(10,985,833)	(111,957,221)	(110,113,373)	(36,532,994)	(69,435,112)	(1,920,556)	(354,512,589)
Net book value	842,002,500	98,872,525	65,926,704	34,108,275	54,405,269	22,097,882	14,120,957	1,131,534,112
Year ended June 30, 2021								
Opening net book value	842,002,500	98,872,525	65,926,704	34,108,275	54,405,269	22,097,882	14,120,957	1,131,534,112
Additions	-	-	5,909,036	5,331,859	5,110,351	10,427,142	-	26,778,388
Disposals								
Cost	-	-	-	(8,409,676)	(6,742,210)	(2,535,902)	-	(17,687,788)
Accumulated Depreciation	-	-	-	8,111,341	3,914,598	2,505,705	-	14,531,644
	-	-	-	(298,335)	(2,827,612)	(30,197)	-	(3,156,144)
Write off								
Cost	-	-	-	(1,004,544)	-	(233,201)	-	(1,237,745)
Accumulated Depreciation	-	-	-	1,004,544	-	233,201	-	1,237,745
	-	-	-	-	-	-	-	-
Less: Depreciation charge	13,567,500	10,985,832	15,320,503	10,682,324	6,991,352	13,300,792	1,443,720	72,292,023
Net book value	828,435,000	87,886,693	56,515,237	28,459,475	49,696,656	19,194,035	12,677,237	1,082,864,333
As at June 30, 2022								
Cost / revalued amount	855,570,000	109,858,358	183,792,961	140,139,287	89,306,404	99,191,033	16,041,513	1,493,899,556
Less: Accumulated depreciation	27,135,000	21,971,665	127,277,724	111,679,812	39,609,748	79,996,998	3,364,276	411,035,223
Net book value	828,435,000	87,886,693	56,515,237	28,459,475	49,696,656	19,194,035	12,677,237	1,082,864,333
Useful life / Rate of depreciation	77 & 99 years	11.10%	15% - 33%	15% - 20%	4-5 years	33%	10 years	
	-----Rupees-----							
As at July 01, 2020								
Cost / revalued amount	855,570,000	109,858,358	170,637,704	126,033,855	91,353,311	76,845,063	15,924,013	1,446,222,304
Accumulated depreciation	-	-	(104,503,372)	(101,263,544)	(35,634,479)	(56,562,799)	(477,717)	(298,441,911)
Net book value	855,570,000	109,858,358	66,134,332	24,770,311	55,718,832	20,282,264	15,446,296	1,147,780,393
Year ended June 30, 2020								
Opening net book value	855,570,000	109,858,358	66,134,332	24,770,311	55,718,832	20,282,264	15,446,296	1,147,780,393
Additions	-	-	15,038,476	19,804,395	11,243,452	14,823,231	117,500	61,027,054
Disposals								
Cost	-	-	-	(1,616,602)	(11,658,500)	(135,300)	-	(13,410,402)
Accumulated Depreciation	-	-	-	1,376,471	5,198,495	135,300	-	6,710,266
	-	-	-	(240,131)	(6,460,005)	-	-	(6,700,136)
Write off								
Cost	-	-	(7,792,255)	-	-	-	-	(7,792,255)
Accumulated Depreciation	-	-	7,792,255	-	-	-	-	7,792,255
	-	-	-	-	-	-	-	-
Less: Depreciation charge	13,567,500	10,985,833	15,246,104	10,226,300	6,097,010	13,007,613	1,442,839	70,573,199
Net book value	842,002,500	98,872,525	65,926,704	34,108,275	54,405,269	22,097,882	14,120,957	1,131,534,112
As at June 30, 2021								
Cost / revalued amount	855,570,000	109,858,358	177,883,925	144,221,648	90,938,263	91,532,994	16,041,513	1,486,046,701
Less: Accumulated depreciation	13,567,500	10,985,833	111,957,221	110,113,373	36,532,994	69,435,112	1,920,556	354,512,589
Net book value	842,002,500	98,872,525	65,926,704	34,108,275	54,405,269	22,097,882	14,120,957	1,131,534,112
Useful life / Rate of depreciation	77 & 99 years	11.10%	15% - 33%	15% - 20%	4-5 years	33%	10 years	

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

4.1.1 For the year ended June 30, 2020 the leasehold land and building of the Company were revalued by M/s. Surval (an independent professional valuer) on the basis of professional assessment of the present market values which resulted in an increase in surplus on revaluation by Rs. 580.68 million. The forced sales value of leasehold land and office building as at June 30, 2020 amounted to Rs.781.422 million

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

	2022		
	Cost	Accumulated depreciation	Net book value
	-----Rupees-----		
Leasehold land	54,399,300	10,265,746	44,133,554
Office building	76,781,580	49,728,145	27,053,435
	<u>131,180,880</u>	<u>59,993,891</u>	<u>71,186,989</u>

	2021		
	Cost	Accumulated depreciation	Net book value
	-----Rupees-----		
Leasehold land	54,399,300	9,655,327	44,743,973
Office building	76,781,580	45,889,066	30,892,514
	<u>131,180,880</u>	<u>55,544,393</u>	<u>75,636,487</u>

4.1.2 Included in the cost of fixed assets - own use are fully depreciated items which are still in use aggregating to Rs. 270.50 million (2021: Rs. 246.28 million).

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain on disposal	Mode of disposal	Particulars of buyers
	-----Rupees-----						
Book value not exceeding Rs. 500,000 each							
Furniture, fittings and office equipment	8,409,676	8,111,341	298,335	1,910,387	1,612,052	Negotiation	Various
Vehicles (various)	4,726,710	2,705,298	2,021,412	3,585,411	1,563,999	Negotiation	Various
Computers and accessories	2,535,902	2,505,705	30,197	482,956	452,759	Negotiation	Various
	<u>15,672,288</u>	<u>13,322,344</u>	<u>2,349,944</u>	<u>5,978,754</u>	<u>3,628,810</u>		
Book value exceeding Rs. 500,000 each							
Vehicle	2,015,500	1,209,300	806,200	806,200	-	Company policy	Mr. Waqas Ahmad Khwaja*
	<u>2,015,500</u>	<u>1,209,300</u>	<u>806,200</u>	<u>806,200</u>	<u>-</u>		
Total - June 30, 2022	<u>17,687,788</u>	<u>14,531,644</u>	<u>3,156,144</u>	<u>6,784,954</u>	<u>3,628,810</u>		
Total - June 30, 2021	<u>13,410,402</u>	<u>6,710,266</u>	<u>6,700,136</u>	<u>10,849,372</u>	<u>4,149,236</u>		

*Key Management Personnel of the Company.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

4.1.4 Particulars of the Company's immovable fixed assets - own use are as follows:

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

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

4.2 Fixed assets - on operating lease

Description	2022							
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2021	Additions	As at June 30, 2022	As at July 1, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022	Number of years of useful life
-----Rupees-----								
Cranes	155,419,512	-	155,419,512	31,148,662	10,102,272	41,250,934	114,168,578	10 years

Description	2021							
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2020	Additions	As at June 30, 2021	As at July 1, 2020	Charge for the year	As at June 30, 2021	As at June 30, 2021	Number of years of useful life
-----Rupees-----								
Cranes	155,419,512	-	155,419,512	21,046,390	10,102,272	31,148,662	124,270,850	10 years

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

4.3 Fixed assets - ijarah finance

Description	2022							
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2021	Additions / (disposals)	As at June 30, 2022	As at July 1, 2021	Charge / (disposal) for the year	As at June 30, 2022	As at June 30, 2022	Number of years of useful life
-----Rupees-----								
Machinery and generators	26,849,999	-	26,849,999	26,849,999	-	26,849,999	-	2.67 to 4 years
Vehicles	13,942,460	(3,633,500)	10,308,960	7,479,722	3,385,956 (3,633,500)	7,232,178	3,076,782	3 to 5 years
	40,792,459	(3,633,500)	37,158,959	34,329,721	3,385,956 (3,633,500)	34,082,177	3,076,782	

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

Description	2021							
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2020	Additions / (disposals)	As at June 30, 2021	As at July 1, 2020	Charge / (disposal) for the year	As at June 30, 2021	As at June 30, 2021	Number of years of useful life
-----Rupees-----								
Machinery and generators	669,583,590	-	26,849,999	337,407,132	48,644,655	26,849,999	-	2.67 to 4 years
		(642,733,591)			(359,201,788)			
Vehicles	13,083,960	2,508,500	13,942,460	4,573,167	3,685,720	7,479,722	6,462,738	3 to 5 years
		(1,650,000)			(779,165)			
	682,667,550	2,508,500	40,792,459	341,980,299	52,330,375	34,329,721	6,462,738	
		(644,383,591)			(359,980,953)			

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

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyers
-----Rupees-----							
Vehicles	3,633,500	3,633,500				As per contract terms	Various
Total - June 30, 2022	3,633,500	3,633,500	-	-	-		
Total - June 30, 2021	644,383,591	359,980,953	284,402,638	293,006,196	8,603,558		

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

4.4 Right of use asset

Description	2022							
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2021	Additions / (disposals)	As at June 30, 2022	As at July 1, 2021	Charge / (on disposals) for the year	As at June 30, 2022	As at June 30, 2022	Number of years of useful life
-----Rupees-----								
Rental Property	144,080,444	20,476,334	163,868,722	50,104,701	24,921,983	74,718,245	89,150,477	1 to 8.78 years
		(688,056)			(308,439)			
	144,080,444	20,476,334	163,868,723	50,104,701	24,921,983	74,718,245	89,150,477	
		(688,056)			(308,439)			

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

Description	2021							
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2020	Additions / (disposals)	As at June 30, 2021	As at July 1, 2020	Charge / (on disposals) for the year	As at June 30, 2021	As at June 30, 2021	Number of years of useful life
	-----Rupees-----							
Rental Property	139,676,484	18,495,800 (14,091,840)	144,080,444	25,837,151	26,315,799 (2,048,249)	50,104,701	93,975,743	1 to 8.78 years
	139,676,484	18,495,800 (14,091,840)	144,080,444	25,837,151	26,315,799 (2,048,249)	50,104,701	93,975,743	

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

	Note	2022	2021
		-----Rupees-----	
5 INTANGIBLE ASSETS			
Computer software and license	5.1	695,415	3,728,814

5.1 Following is a statement of intangible assets:

Description	2022							
	Cost			Accumulated amortisation			Net book value	
	As at July 1, 2021	Additions	As at June 30, 2022	As at July 1, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022	Rate of amortisation
	-----Rupees-----							
Computer software and license	92,523,881	66,682	92,590,563	88,795,067	3,100,081	91,895,148	695,415	33%
	92,523,881	66,682	92,590,563	88,795,067	3,100,081	91,895,148	695,415	

Description	2021							
	Cost			Accumulated amortisation			Net book value	
	As at July 1, 2020	Additions	As at June 30, 2021	As at July 1, 2020	Charge for the year	As at June 30, 2021	As at June 30, 2021	Rate of amortisation
	-----Rupees-----							
Computer software and license	92,454,395	69,486	92,523,881	81,547,088	7,247,979	88,795,067	3,728,814	33%
	92,454,395	69,486	92,523,881	81,547,088	7,247,979	88,795,067	3,728,814	

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

5.2 Included in the cost of intangible assets are fully amortised items which are still in use aggregating to Rs. 88.89 million (2021: Rs. 78.82 million).

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

6	NET INVESTMENT IN FINANCE LEASE	Note	2022	2021
-----Rupees-----				
	Instalment contract receivables		16,831,144,200	16,873,260,459
	Residual value		7,223,673,546	7,331,519,014
	Less: adjustable security deposit	6.1	(7,209,618,143)	(7,310,865,773)
	Gross investment in finance lease	6.2	16,845,199,603	16,893,913,700
	Less: unearned finance income		3,408,575,208	2,844,809,440
	Present value of investment in finance lease		<u>13,436,624,395</u>	<u>14,049,104,260</u>

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

6.2 **Details of investment in finance lease**

	Gross investment in finance lease		Present value of investment in finance lease	
	2022	2021	2022	2021
-----Rupees-----				
Less than one year	8,953,360,109	9,207,810,785	6,867,323,292	7,470,695,275
One to five years	7,891,839,494	7,686,102,915	6,569,301,103	6,578,408,985
	<u>16,845,199,603</u>	<u>16,893,913,700</u>	<u>13,436,624,395</u>	<u>14,049,104,260</u>

6.3 The Company's implicit rate of return on leases ranges from 8.00% to 27.55% (2021: 9.34% to 27.55%) per annum. These are secured against leased assets, security deposits averaging 23.41% (2021: 22.75%) of the cost of leased assets and personal guarantees.

6.4 Based on the NBFC Regulations, the aggregate amount of portfolio on which income is suspended as at June 30, 2022 amounted to Rs. 798.8 million (2021: Rs. 977.16 million).

6.5 Lease rentals received during the year amounted to Rs. 9,143 million (2021: Rs. 9,286 million).

7	INVESTMENT IN SUBSIDIARIES	Note	2022	2021
-----Rupees-----				
Related parties				
	- OLP Services Pakistan (Private) Limited (formerly ORIX Services Pakistan (Private) Limited) (OSPPL) - unlisted	7.1	182,430,262	182,430,262
	- OLP Modaraba (formerly ORIX Modaraba) - listed	7.2	139,944,032	139,944,032
			<u>322,374,294</u>	<u>322,374,294</u>

7.1 The Company holds 100% shareholding (4,450,000 shares (2021: 4,450,000 shares)) in OLP Services Pakistan (Private) Limited (formerly ORIX Services Pakistan (Private) Limited) (OSPPL), a management company managing OLP Modaraba (formerly ORIX Modaraba).

OSPPL is incorporated in Karachi, Pakistan. The latest available financial statements, which are prepared on a going concern basis for the year ended June 30, 2022, have been audited by Grant Thornton Anjum Rahman, Chartered Accountants.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

7.2 The Company holds 10% certificates (4,538,353 certificates (2021: 4,538,353 certificates)) in OLP Modaraba (formerly ORIX Modaraba) which is being managed by OSPPL as the Modaraba management company. Since the Company holds 100% shareholding in the management company as mentioned in note 7.1 above, the investment in OLP Modaraba (formerly ORIX Modaraba) has been accounted for as an investment in subsidiary in view of the control which the Company exercises through the fully owned management company and an aggregate holding of 20% in the certificates of Modaraba by the Company and OSPPL.

The latest available financial statements, which are prepared on a going concern basis for the year ended June 30, 2022, have been audited by A. F. Ferguson & Co., Chartered Accountants.

8 INVESTMENT IN ASSOCIATE	Note	2022	2021
-----Rupees-----			
Related party			
Investment in associate	8.1	<u>1,207,909,411</u>	<u>915,924,945</u>

8.1 Shares held and carrying value of investment in associate is as follows:

2022	2021	Note	2022	2021
----- (Number of Shares) -----		----- Rupees -----		
Unquoted				
Yanal Finance Company (formerly Saudi ORIX Leasing Company)				
<u>1,375,000</u>	<u>1,375,000</u>	8.1.1	<u>1,207,909,411</u>	<u>915,924,945</u>

8.1.1 The Company holds 2.5% (2021: 2.5%) ownership interest in Yanal Finance Company (YFC) (formerly Saudi ORIX Leasing Company), which was incorporated in Riyadh, Kingdom of Saudi Arabia. YFC is accounted under equity method of accounting due to the significant influence exercised by the Company. The latest available audited financial statements, which are prepared on a going concern basis, for the year ended December 31, 2021 have been audited by Pricewaterhouse Coopers, Kingdom of Saudi Arabia.

8.1.2 Summarised un-audited financial statements of associate are as follows:

	Date of financial year end	As at June 30		For the period July 01 to June 30		Interest held
		Total assets	Total liabilities	Revenues	Profit	
2022						
Unlisted						
Yanal Finance Company	31 December	<u>82,862,579,506</u>	<u>34,142,969,689</u>	<u>5,633,463,639</u>	<u>2,557,541,905</u>	<u>2.50%</u>
2021						
Unlisted						
Yanal Finance Company	31 December	<u>60,046,212,760</u>	<u>23,273,357,321</u>	<u>5,648,591,671</u>	<u>1,585,536,671</u>	<u>2.50%</u>

8.1.3	Note	2022	2021
----- Rupees -----			
Balance at the beginning of the year		915,924,945	944,087,843
Share of profit for the year	34	64,289,981	35,363,150
Dividend received during the year		(55,089,580)	(8,548,643)
Exchange (loss) / gain arising on translation of foreign associate		282,281,515	(55,975,776)
Share of other comprehensive income		502,550	998,371
Balance at the end of the year		<u>1,207,909,411</u>	<u>915,924,945</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

9	LONG-TERM INVESTMENTS	Note	2022	2021
-----Rupees-----				
	At amortised cost			
	Pakistan Investment Bonds (PIBs)	9.1	588,235,272	451,973,817
	At fair value through other comprehensive income			
	Sama Finance PSC (formerly known as Al Hail ORIX Finance PSC) - related party		279,097,858	279,097,858
	Less: fair value change on remeasurement of financial assets		(279,097,858)	(279,097,858)
			-	-
	Less: current maturity	13	393,448,918	64,924,953
			<u>194,786,354</u>	<u>387,048,864</u>
9.1	This represents investments made as required under Regulation 14(4)(g) of the NBFC Regulations, 2008 to maintain liquidity against certificates of deposits. These carry coupon rate of 7.00% to 12.00% (2021: 7.25% to 12.00%) per annum and are due to mature latest by August 20, 2023 (2021: September 19, 2022).			
10	LONG-TERM FINANCES AND LOANS	Note	2022	2021
-----Rupees-----				
	Considered good			
	Loans to key management personnel, other executives and employees - secured			
	Key management personnel - related parties	10.1	25,458,953	20,162,239
	Other executives - related parties		115,052,464	84,520,274
		10.2	140,511,417	104,682,513
	Other employees	10.7	140,557,842	142,475,977
			<u>281,069,259</u>	<u>247,158,490</u>
	Others - secured			
	Vehicle finance	10.3	10,901,708,671	7,167,544,288
	Micro finance	10.4	47,612,038	-
	Term finance	10.5	242,451,131	1,714,549
	Musharikah finance	10.6	39,685,193	54,826,205
			<u>11,231,457,033</u>	<u>7,224,085,042</u>
			<u>11,512,526,292</u>	<u>7,471,243,532</u>
	Considered doubtful			
	Others - secured			
	Term finance		94,346,398	94,346,398
	Vehicle finance	10.3	95,098,303	80,078,952
	Micro finance	10.4	30,119,237	35,657,634
	Agri finance	10.8	11,860,073	12,057,957
			<u>231,424,011</u>	<u>222,140,941</u>
	Less: allowance for potential loan losses	38.1	(4,619,996)	(624,787)
			<u>226,804,015</u>	<u>221,516,154</u>
	Less: general provision against micro finance	10.9 & 38.1	(241,613)	-
			<u>11,739,088,694</u>	<u>7,692,759,686</u>
	Less: current maturity			
	Key management personnel, other executives and employees		47,763,859	42,418,499
	Others		4,682,129,561	3,141,180,632
		13	4,729,893,420	3,183,599,131
			<u>7,009,195,274</u>	<u>4,509,160,555</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

10.1 Loans to Key Management Personnel - related party

Names	Maximum amount outstanding	Provisions / (write-off)	2022	2021
-----Rupees-----				
Mian Faysal Riaz	4,684,510	-	4,346,292	1,333,181
Mr. Haider Abbas Kalhar	2,190,800	-	1,185,877	2,236,365
Mr. Hamood Ahmed	3,713,276	-	2,963,664	2,872,803
Mr. Imtiaz Ahmad Chaudhary	6,800,376	-	5,116,667	6,955,044
Mr. Shafiq Ur Rehman	3,796,328	-	3,796,328	1,753,074
Syed Mohammad Matin	-	-	-	1,373,126
Mr. Tahir Ali Shah	3,019,051	-	2,581,944	3,054,391
Mr. Waqas Ahmad Khwaja	4,427,473	-	3,585,135	584,255
Mr. Hira Lal Bharvani	3,000,000	-	1,883,046	-
			<u>25,458,953</u>	<u>20,162,239</u>

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

10.2 Movement in loans to the key management personnel and other executives

	2022	2021
-----Rupees-----		
Opening balance	104,682,513	72,394,822
Disbursements during the year	74,284,762	87,410,544
Repayments during the year	(38,455,858)	(55,122,853)
Closing balance	<u>140,511,417</u>	<u>104,682,513</u>

10.3 These represent vehicle financing facilities provided to individual and corporate customers on mark-up basis. The mark-up on these finances ranges from 12.56% to 27.50% (2021: 11.80% to 26.00%) per annum. These finances are repayable within a period of 1 year to 6 years (2021: 1 year to 6 years) and are secured against charge over vehicles and personal guarantees.

10.4 These represent long-term micro finance facilities provided to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 27.50% to 44.80% (2021: 28.00% to 38.30%) per annum. These finances are repayable within a period of 1.2 to 2 years (2021: 1.2 to 1.5 years) and are secured against personal guarantees of community organisations.

10.5 These represent term finance facilities provided to corporate customers on mark-up basis. The mark-up on these finances ranges from 13.75% to 22.00% (2021: Nil) per annum. These finances are repayable within a period of 1 years to 5 years (2021: Nil) and are secured against property mortgage and personal guarantees.

10.6 These represent musharikhah finance facilities provided to customers. The mark-up on these finances ranges from 17.43% to 20.76% (2021: 13.35% to 19.50%) per annum. The facilities have a repayment term of 3 to 5 years (2021: 3 to 5 years) and are secured by assets subject to musharikhah agreement.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

10.7 These represent loans given to staff in accordance with the terms of the Company's HR policy and include house loans which are repayable within a period of 20 years or retirement date, whichever is earlier. House loans are secured against equitable mortgage on the property by deposit of title documents of the property with the Company and carry mark-up rate ranging from 4.00% to 6.50% (2021: 4.00% to 9.50%) per annum.

Loans (other than house loans) carry mark-up rates ranging from 5.00% to 14.60% (2021: 5.00% to 14.60%) per annum. These are secured against retirement benefits and are repayable within a period of five years.

Maximum amount outstanding at the end of any month during the year against loans to the key management personnel and other executives was Rs. 147.30 million (2021: Rs. 104.60 million).

10.8 These represent long-term finance facilities provided to farmers on mark-up basis. The rates of return on these loans range from 17.00% to 28.00% (2021: 15.00% to 28.00%) per annum. These loans are repayable within a period of 1.5 years to 3.2 years (2021: 1.5 years to 3 years) and are secured against title documents of immovable properties.

10.9 As per Regulation 25(A) of the NBFC Regulations, NBFCs with micro finance portfolio are required to maintain a general provision equivalent to 0.5% of the net outstanding micro finance portfolio (net of specific provisions).

11 SHORT-TERM FINANCES

	Note	2022	2021
-----Rupees-----			
Considered good - secured			
Micro finance	11.1	17,888,446	-
Term finance	11.2	1,538,862	6,000,001
		19,427,308	6,000,001
Considered doubtful - secured			
Micro finance		69,405,011	83,899,013
Agri finance	11.3	3,707,315	3,790,195
		73,112,326	87,689,208
Less: allowance for potential loan losses	38.1	(72,664,516)	(87,357,029)
		447,810	332,179
Less: general provision against micro finance	10.9 & 38.1	(90,224)	-
		19,784,894	6,332,180

11.1 These represent short-term micro finance facilities provided to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 11.00% to 35.00% (2021: 35.01% to 38.41%) per annum. These are secured against personal guarantees of community organisations and are repayable within twelve months.

11.2 These represent term finance facilities provided to customers holding Certificates of Deposit (CODs) on mark-up basis. The mark-up on these finances range from 11.00% to 14.00% (2021: 12.00% to 14.00%) per annum. These finances are recoverable within the remaining maturity period of pledged CODs and are secured against lien over the respective CODs with minimum security margin of 25% over the principal value of the CODs.

11.3 These represent short-term finance facilities offered to farmers on mark-up basis. The rate of return on these loans ranges from 17.00% to 20.00% (2021: 17.00% to 20.00%) per annum. These are repayable within twelve months (2021: twelve months) and are secured against title documents of the immovable properties.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

	Note	2022	2021
		-----Rupees-----	
12 ACCRUED RETURN ON INVESTMENTS AND FINANCES AND LOANS			
Accrued income on:			
Government securities		21,452,782	16,803,340
Finances and loans		208,294,800	110,607,984
		<u>229,747,582</u>	<u>127,411,324</u>
13 CURRENT MATURITY OF NON-CURRENT ASSETS			
Current maturity of			
Net investment in finance lease	6.2	6,867,323,292	7,470,695,275
Long-term investments	9	393,448,918	64,924,953
Long-term finances and loans	10	4,729,893,420	3,183,599,131
Allowance for potential loan losses	38	(203,200,347)	(173,043,778)
Allowance for potential lease	38	(678,394,356)	(824,907,467)
		<u>11,109,070,927</u>	<u>9,721,268,114</u>
14 SHORT-TERM INVESTMENTS			
At fair value through profit or loss			
Market Treasury bills	14.1	554,492,300	301,110,445
At fair value through other comprehensive income			
Ordinary shares - unlisted	14.2	22,726,251	26,863,547
		<u>577,218,551</u>	<u>327,973,992</u>
14.1	These include investment amounted to Rs. 111,509,376 (2021: Rs. 301,110,445) made as required under Regulation 14(4)(g) of the NBFC Regulations to maintain liquidity against certificates of deposit. These are redeemable within a period of 1 month (2021: 1 to 5 months) from the reporting date, carrying yield ranging from 11.34% to 14.45% (2021: 7.13% to 7.57%) per annum.		
14.2	These include shares of LSE Financial Services Limited. The Company holds 843,975 (2021: 843,975) number of shares with a face value of Rs. 10 each. These are required to be held separately in a blocked account with Central Depository Company of Pakistan Limited to restrict the sale of these shares by the members. However, the rights to receive dividend, bonus shares, right shares and the proceeds of sale of these shares are vested with the members while the voting rights attached to these shares are suspended.		
14.2.1	As at June 30, 2022, the fair value of LSE Financial Services Limited and Al Baraka Bank (Pakistan) Limited amounted to Rs.15.70 million (2021: Rs 20.01 million) and Rs. 7.03 million (2021: Rs. 6.85 million) respectively. The Company has received dividend amounting to Rs. 0.59 million (2021: Rs. 0.59 million) from LSE Financial Services Limited.		
	Note	2022	2021
		-----Rupees-----	
15 ADVANCES AND PREPAYMENTS			
Advances - unsecured		3,890,972	5,810,559
Prepayments			
Rent		6,481,241	5,718,470
Others	15.1	18,394,867	16,777,177
		24,876,108	22,495,647
		<u>28,767,080</u>	<u>28,306,206</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

15.1 This includes furnishing allowance provided to the Key Management Personnel.

Names	Maximum aggregate amount	2022	2021
		-----Rupees-----	
Mr. Haider Abbas Kalhar	77,083	52,083	77,083
Ms. Maryam Aziz *	173,333	-	173,333
Mian Faysal Riaz	146,667	106,667	146,667
Mr. Imtiaz Ahmed Chaudhary	176,667	136,667	176,667
Mr. Tahir Ali Shah	21,875	3,125	21,875
Mr. Shafiq Ur Rehman	92,563	67,813	92,563
Mr. Hamood Ahmed	114,250	81,500	72,917
Syed Muhammad Matin	100,000	75,000	100,000
Mr. Waqas Ahmed Khwaja	138,417	101,417	138,417
		<u>624,272</u>	<u>999,522</u>

* Ms. Maryam Aziz ceased to be the Key Management Personnel from January 03, 2022

16 OTHER RECEIVABLES	Note	2022	2021
		-----Rupees-----	
Considered good			
Operating lease rentals		6,825,221	2,833,991
Ijarah finance rentals		118,156	674,163
Others	16.1	64,640,133	16,212,497
		<u>71,583,510</u>	<u>19,720,651</u>
Considered doubtful			
Operating lease rentals		5,158,934	2,549,026
Ijarah finance rentals		15,228,990	15,228,990
Others		1,520,401	1,520,401
		<u>21,908,325</u>	<u>19,298,417</u>
Less: allowance for potential losses	38.2	21,908,325	19,298,417
		<u>71,583,510</u>	<u>19,720,651</u>

16.1 These include receivable from Yanal Finance Company (YFC) (a related party), ORIX Corporation, Japan (a related party) and OLP Services Pakistan (Private) Limited (formerly ORIX Services Pakistan (Private) Limited) (OSPPL) amounting to Rs. 6.4 million (2021: Rs. 8.8 million), Rs. 1.6 million (2021: Rs. 1.4 million) and Rs.34.8 million (2021: Nil) respectively. Maximum amount outstanding at the end of any month during the year from YFC ,ORIX Corporation, Japan and OSPPL was Rs 10.2 million, Rs. 1.6 million and Rs. 34.8 million respectively.

17 CASH AND BANK BALANCES	Note	2022	2021
		-----Rupees-----	
Cash in hand		1,671,163	1,763,389
Balances with banks in:			
- Current accounts		134,483,318	146,416,737
- Deposit accounts	17.1	734,182,847	65,113,536
		<u>868,666,165</u>	<u>211,530,273</u>
		<u>870,337,328</u>	<u>213,293,662</u>

17.1 These carry profit rates ranging from 3.25% to 15.50% per annum (2021: 2.9% to 5.5% per annum).

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

18	ASSETS CLASSIFIED AS HELD FOR SALE	Note	2022	2021
		-----Rupees-----		
	Reposessed assets	18.1	250,001	250,001
	Investment in associates			
	- OPP (Private) Limited	18.2	87,754,399	87,754,399
	- SAMA Finance SAE (SAMA)	18.3	172,043,037	172,043,037
	Stock Exchange room		4,700,000	4,700,000
			<u>264,747,437</u>	<u>264,747,437</u>

18.1 These represent reposessed assets consisting of vehicles, machinery and other equipment previously leased out to customers. The Company intends to dispose of these assets to recover the balance amount outstanding against such leases.

18.2 The Company holds 45% (2021: 45%) ownership interest in OPP (Private) Limited. During 2014, the Board of Directors of the Company approved divestment of the Company's entire investment in OPP.

The sales negotiations for disposal of investment in OPP were held with a minority shareholder of OPP and a Share Purchase Agreement (SPA) was signed by all the parties in July 2014. However, the minority shareholder had failed to comply with the terms of the SPA and initiated legal proceedings to restrict the Company in managing the affairs of OPP. The Company has also filed a reference in the Lahore High Court to allow the Company to buy out the minority stakeholder in OPP or to wind up OPP which is pending to date.

18.3 The Company holds 23% (2021: 23%) ownership interest in SAMA. The Board of Directors in their meeting held in February 2019 approved divestment of the Company's investment in SAMA. In pursuance of the above, the Company intends to dispose of its investment in SAMA.

The sale negotiations for disposal of SAMA were held and a Sale Purchase Agreement (SPA) was signed on October 17, 2019 and is expected to be completed with agreed terms and conditions, subject to necessary regulatory approvals.

19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022	2021		2022	2021
----- (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
66,739,592	66,739,592	Fully paid bonus shares	667,395,920	667,395,920
2,182,538	2,182,538	Fully paid shares against amalgamation	21,825,380	21,825,380
<u>175,407,647</u>	<u>175,407,647</u>		<u>1,754,076,470</u>	<u>1,754,076,470</u>

19.1 As at June 30, 2022, ORIX Corporation, Japan and its nominees held 86,960,515 (2021: 86,960,515) ordinary shares equivalent to 49.58% (2020: 49.58%) of the total shareholding.

19.2 During the year ended June 30, 2021, the Company issued 8,352,745 bonus shares from share premium reserves.

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

	2022	2021
	----- (Number of Shares) -----	
At beginning of the year	175,407,647	167,054,902
Issuance of bonus shares during the year	-	8,352,745
At end of the year	<u>175,407,647</u>	<u>175,407,647</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

- 19.4** As per regulation 16 of Non-Banking Finance Companies and Notified Entities Regulations, 2008, an NBFC is required to transfer 20% of its profit after tax to a statutory reserve until the amount of the reserves equals the paid up capital. Thereafter, 5% of the profit after tax is required to be transferred to this reserves. Accordingly, the Company transfers 5% of its profit after tax to the statutory reserves.

20 SURPLUS ON REVALUATION OF LEASEHOLD LAND AND OFFICE BUILDING - NET OF TAX	Note	2022	2021
		-----Rupees-----	
Opening balance		863,433,593	883,887,210
Adjustment in respect of incremental depreciation transferred to unappropriated profit		(20,453,617)	(20,453,617)
		<u>842,979,976</u>	<u>863,433,593</u>
Opening balance of deferred tax liability		(19,194,725)	(21,368,718)
Deferred tax liability on surplus on revaluation of office building arising during the year		-	-
Adjustment in respect of incremental depreciation transferred to unappropriated profit		(173,684)	2,173,993
	23	<u>(19,368,409)</u>	<u>(19,194,725)</u>
		<u>823,611,567</u>	<u>844,238,868</u>

21 LONG-TERM FINANCES

Secured

Long-term finances utilised under mark-up arrangements - financial institutions

Privately placed term finance certificates

Less: unamortised transaction cost

Less: current maturity

21.1	10,161,111,106	7,780,555,550
21.2	3,000,000,000	-
	16,743,302	-
30	3,729,861,111	3,052,777,778
	<u>3,746,604,413</u>	<u>3,052,777,778</u>
	<u>9,414,506,693</u>	<u>4,727,777,772</u>

- 21.1** The Company has unutilised long term finance facilities of Rs. 500 million as at June 30, 2022 (2021: Rs. 1,000 million). These finances have been obtained for financing of operations and are secured by hypothecation of leased assets, related lease receivables and financing receivables. The mark-up rates thereon range from 10.73% to 15.42% (2021: 7.60% to 8.63%) per annum. These finances are repayable within a period of 36 to 60 months (2021: 36 to 60 months).

- 21.2** During the year, the Company has issued Rs. 3 billion of rated, privately placed, secured term finance certificates (PPTFC) as an instrument of redeemable capital. These carry markup of 3 months KIBOR plus 0.8% and will mature on December 30, 2026 and is secured against hypothecation charge on receivables of the Company.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

22	LONG-TERM CERTIFICATES OF DEPOSIT	Note	2022	2021
		-----Rupees-----		
	Unsecured			
	Certificates of deposit	22.1	2,975,050,845	3,191,658,179
	Less: current maturity	30	878,978,260	600,033,627
			<u>2,096,072,585</u>	<u>2,591,624,552</u>

22.1 These certificates of deposit have been obtained for financing the operations of the Company and issued at rate of return ranging from 7.10% to 13.25% (2021: 7.00% to 13.15%) per annum and issued for terms ranging from 3 years to 10 years (2021: 3 years to 10 years).

23	DEFERRED TAXATION	Note	2022	2021
		-----Rupees-----		
	The deferred tax liability is attributable to the following items:			
	- Accelerated tax depreciation		429,534,905	605,521,204
	- Right-of-use assets and lease liability against right-of-use assets		(7,815,582)	(5,565,989)
	- Surplus on revaluation of office building	20	19,368,409	19,194,725
	- Unamortised transaction costs relating to long term finances and loans		5,525,289	-
	- Investments		294,821,223	131,790,015
	- Allowance for potential lease, loan and other losses		(378,542,619)	(339,333,661)
			<u>362,891,625</u>	<u>411,606,294</u>

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

Opening		411,606,294	515,506,913
Reversal of charge to the unconsolidated statement of profit or loss	41	(138,167,787)	(92,220,938)
Charge / (reversal of charge) to the unconsolidated statement of profit or loss and other comprehensive income		89,453,118	(11,679,681)
Closing		<u>362,891,625</u>	<u>411,606,294</u>

24 OTHER LONG-TERM LIABILITIES

Profit on certificates of deposit	24.1	251,425,977	197,119,786
Lease liability against right-of-use assets	24.2	85,008,042	90,009,908
		<u>336,434,019</u>	<u>287,129,694</u>

24.1 This represents accrued profit on certificates of deposits payable on maturity.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

24.2 Details of minimum lease payments, financial charges and principal outstanding related to lease liability are as follows:

	2022			2021		
	Minimum lease Payments	Financial charges	Principal outstanding	Minimum lease Payments	Financial charges	Principal outstanding
	-----Rupees-----					
Not later than one year	35,061,056	12,790,491	22,270,565	30,794,709	13,191,266	17,603,443
Later than one year and not later than five years	100,238,421	21,982,613	78,255,808	110,985,029	27,550,303	83,434,726
Later than five years	8,401,236	1,649,002	6,752,234	7,272,648	697,466	6,575,182
	<u>143,700,713</u>	<u>36,422,106</u>	<u>107,278,607</u>	<u>149,052,386</u>	<u>41,439,035</u>	<u>107,613,351</u>

25 DEFINED BENEFIT PLAN ASSET - STAFF GRATUITY

25.1 General description

The Company operates a funded gratuity scheme which was established under the provisions of the Trust Deed dated July 1, 2004 for its permanent staff who have completed the minimum qualifying period of three years of service under the scheme. The funded scheme is administered by the Board of Trustees in accordance with the provisions of the Trust Deed. Contributions therein are made in accordance with actuarial recommendations. The most recent valuation in this regard was carried out as at June 30, 2022 using the Projected Unit Credit Method.

25.2 Principal actuarial assumptions

	2022	2021
- Discount rate	13.25%	10.00%
- Expected rate of increase in salary for first year	10.00%	7.55%
- Expected rate of increase in salary for second year	13.25%	10.00%
- Expected rate of increase in salary for third year and onwards	13.25%	10.00%
- Expected rate of return on plan assets	14.37%	9.40%
- Average service years	12.04	12.04

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

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

	Note	2022	2021
		-----Rupees-----	
Present value of defined benefit obligation	25.4	265,876,926	248,556,585
Fair value of plan assets	25.4	(293,133,410)	(256,909,032)
		<u>(27,256,484)</u>	<u>(8,352,447)</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

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

		2022		
		Present value of defined benefit obligation	Fair value of plan assets	Net asset
Note		-----Rupees-----		
At July 1		248,556,585	(256,909,032)	(8,352,447)
Current service cost	25.5	21,314,699		21,314,699
Interest expense / (income)	25.5	25,382,361	(26,255,033)	(872,672)
		295,253,645	(283,164,065)	12,089,580
Remeasurements:				
- Interest on plan assets, excluding amounts included in interest expense		-	(10,618,488)	(10,618,488)
- Experience gain		(8,285,552)	-	(8,285,552)
		(8,285,552)	(10,618,488)	(18,904,040)
		286,968,093	(293,782,553)	(6,814,460)
Contributions made			(20,442,024)	(20,442,024)
Benefits paid		(21,091,167)	21,091,167	-
At June 30		265,876,926	(293,133,410)	(27,256,484)

		2021		
		Present value of defined benefit obligation	Fair value of plan assets	Net asset
		-----Rupees-----		
At July 1		202,888,717	(242,152,664)	(39,263,947)
Current service cost	25.5	18,060,824	-	18,060,824
Interest expense / (income)	25.5	17,393,272	(20,662,612)	(3,269,340)
		238,342,813	(262,815,276)	(24,472,463)
Remeasurements:				
- Interest on plan assets, excluding amounts included in interest expense		-	(700,289)	(700,289)
- Experience gain		21,750,801	-	21,750,801
		21,750,801	(700,289)	21,050,512
		260,093,614	(263,515,565)	(3,421,951)
Contributions made		-	(4,930,496)	(4,930,496)
Benefits paid		(11,537,029)	11,537,029	-
At June 30		248,556,585	(256,909,032)	(8,352,447)

25.5 The amount recognised in the unconsolidated statement of profit or loss is as follows:

	2022	2021
	-----Rupees-----	
Current service cost	21,314,699	18,060,824
Interest expense - net	(872,672)	(3,269,340)
	20,442,027	14,791,484

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

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

25.7 Plan assets consist of the following:

	2022 (Un-audited)		2021 (Audited)	
	(Rupees)	%	(Rupees)	%
Government securities	279,596,535	95.38%	245,404,514	95.52%
Term finance certificates	6,000,000	2.05%	6,000,000	2.34%
Cash and bank balances and others	7,536,875	2.57%	5,504,518	2.14%
	<u>293,133,410</u>	<u>100.00%</u>	<u>256,909,032</u>	<u>100.00%</u>

25.8 Historical results

	2022	2021	2020	2019	2018
	-----Rupees-----				
Present value of defined benefit obligation	265,876,926	248,556,585	202,888,717	208,381,885	197,700,484
Fair value of plan assets	(293,133,410)	(256,909,032)	(242,152,664)	(217,190,129)	(177,730,800)
(Surplus) / deficit	<u>(27,256,484)</u>	<u>(8,352,447)</u>	<u>(39,263,947)</u>	<u>(8,808,244)</u>	<u>19,969,684</u>
Remeasurement of plan liabilities	<u>(8,285,552)</u>	<u>21,750,801</u>	<u>(40,068,679)</u>	<u>(3,175,430)</u>	<u>19,345,982</u>
Remeasurement of plan assets	<u>(10,618,488)</u>	<u>(700,289)</u>	<u>8,012,246</u>	<u>(5,632,814)</u>	<u>623,703</u>

25.9 Actual return on plan assets during the year amounted to Rs. 36.87 million (2021: Rs. 21.36 million)

25.10 Based on the actuarial advice, the Company intends to charge an amount of approximately Rs. 17.1 million in respect of contribution to gratuity fund in the unconsolidated financial statements for the year ending June 30, 2023.

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

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

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

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

	Defined benefit obligation		
	Change in assumption -----%-----	Increase in assumption -----Rupees-----	Decrease in assumption
Discount rate	1.0%	248,500,003	283,946,219
Salary growth rate	1.0%	282,525,322	249,465,349

The above sensitivity analyses are based on a change in assumption by 1% while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the unconsolidated statement of financial position.

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

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to Year 10
Defined benefit obligation	46,612,807	27,539,734	43,963,955	22,281,700	40,611,220	237,688,746

25.14 The weighted average duration of the defined benefit obligation is 6.66 years.

25.15 The information provided in notes 25.1 to 25.14 has been obtained from the details provided by the actuary of the Company.

	Note	2022 -----Rupees-----	2021
26 TRADE AND OTHER PAYABLES			
Trade creditors		804,941,100	552,629,360
Accrued liabilities		133,323,414	103,699,027
Other liabilities			
Advance from customers against finance lease and Ijarah finance		3,885,097	3,032,840
Sales tax payable		2,755,792	2,342,312
Federal excise duty payable		1,923,509	1,733,787
Insurance premium payable		181,111,741	82,846,252
Provision for Provincial Workers' Welfare Fund		93,665,694	60,062,945
Payable to minority shareholders of Standard Chartered Leasing Limited		14,772,204	14,817,636
Others		27,281,913	34,325,702
		325,395,950	199,161,474
		<u>1,263,660,464</u>	<u>855,489,861</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

	Note	2022	2021
-----Rupees-----			
27 ACCRUED INTEREST / MARK-UP / PROFIT ON LOANS, FINANCES AND CERTIFICATES OF DEPOSIT			
Interest / mark-up / profit on			
Long-term finances		249,341,065	140,400,946
Short-term borrowings		49,321,036	23,251,906
Certificates of deposit		75,432,484	68,026,387
		<u>374,094,585</u>	<u>231,679,239</u>

28 SHORT-TERM BORROWINGS

From banking companies - secured

Running finance arrangements		339,499,845	522,881,783
Short term loans		-	900,000,000
	28.1	<u>339,499,845</u>	<u>1,422,881,783</u>

28.1 This represents short-term running finance facilities and loan from commercial banks for financing of operations with limits aggregating to Rs. 3,100 million as at June 30, 2022 (2021: Rs. 2,820 million). These facilities have been obtained for financing of day to day operations. The rate of mark-up ranges from 12.40% to 14.81% (2021: 7.62% to 8.58%) per annum on a daily product basis. These are secured by hypothecation of leased assets, related lease receivables and financing receivables.

	Note	2022	2021
-----Rupees-----			
29 SHORT-TERM CERTIFICATES OF DEPOSIT			
Unsecured			
Short-term certificates of deposit	29.1	1,498,777,827	1,616,536,082
Payable to holders of matured certificates of deposits		62,400,414	61,173,401
		<u>1,561,178,241</u>	<u>1,677,709,483</u>

29.1 These represent short-term certificates of deposit obtained for financing of operations, issued at rate of profit ranging from 7.90% to 14.20% (2021: 6.50% to 8.40%) per annum, for a term upto 12 months (2021: 12 months).

	Note	2022	2021
-----Rupees-----			
30 CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Current maturity of:			
Long-term finances	21	3,729,861,111	3,052,777,778
Lease liability against right-of-use assets	24.2	22,270,565	17,603,443
Long-term certificates of deposit	22	878,978,260	600,033,627
		<u>4,631,109,936</u>	<u>3,670,414,848</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

31 CONTINGENCIES AND COMMITMENTS

31.1.1 The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order on July 18, 2014 under section 122(5A) of the Income Tax Ordinance 2001 (the Ordinance) for the tax year 2010 and created a demand of Rs.167 million by disallowing capital loss on sale of shares and certain other matters. The Company preferred an appeal against the amended assessment order passed by the ACIR before the Commissioner Inland Revenue (Appeals) (CIRA).The CIR-A disposed of the appeal with minor relief to the Company. The Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the Company by the CIR-A. During May 2021, the Company has filed an application for refixation of hearing of appeal against which hearing was fixed for June 10, 2021. However, the same was deferred and matter is pending for adjudication.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly, no tax provision has been made in these unconsolidated financial statements.

31.1.2 During 2017, the Deputy Commissioner Inland Revenue (DCIR) amended the orders for the tax years 2011 and 2014 creating an aggregate demand of Rs. 126.2 million mainly on account of difference in determination of minimum tax liability under section 113 of the Ordinance. The Company's appeals against these amended orders before the CIR-A was maintained and are currently pending adjudication before the ATIR. During May 2021, the Company has filed applications for refixation of hearing of appeals against which hearing was fixed for June 10, 2021. However, the same was deferred and matter is pending for adjudication. The Company has obtained a stay order against the recovery of demand from the Sindh High Court (SHC) until adjudication of the appeal by ATIR.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly, no tax provision has been made in these unconsolidated financial statements.

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

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

31.1.4 The ACIR passed an amended assessment order under section 122(5A) of the Ordinance for the tax years 2015 to 2018 where demands in aggregate of Rs. 3,229 million were raised. This was mainly the result of disallowance of tax loss on lease terminations and certain other matters. In tax years 2015 and 2016, the issue of determination of the levy of minimum tax has also been raised. Additionally on October 3, 2019, the ACIR rectified the amended assessment order (rectification order) under section 221(1) of the Ordinance for the tax year 2017 and created an additional demand of Rs.290 million after taking into account the amended amount of brought forward tax losses. The Company preferred appeals against these amended assessment orders before the CIR-A for all these years. The Company was granted stay against recovery of demands for TY 2015 and TY 2016 from the SHC. On January 8, 2020 CIR-A has disposed off certain matters whereas certain matters were remanded back with specific directions to the officer. The Company as well as the income tax department have filed appeals before the ATIR on the matters which have not been decided in their favour by the CIR-A and these are pending for adjudication.

In January 2021, the ACIR has given effect to the orders passed by CIR(A) for tax years 2017 and 2018 in which demands of Rs. 1.22 billion and Rs. 1.36 billion respectively were raised. During February 2021, the Company filed rectification applications. The ACIR has substantially rectified the orders and allowed tax losses on termination and unabsorbed depreciation resulting in a reduction in tax demand to Rs. 252 million and Rs. 479 million respectively. Accordingly, the Company filed an appeal for both the tax years before CIR(A) against the remaining pending issues in the appeal effect orders along with an application for rectification for tax year 2017. The officer passed the rectification order and further revised the demand for tax year 2017 to Rs. 227 million. Further, the Company has discharged 10% of the demand u/s 140 of the Ordinance amounting to Rs 19.02 million and Rs 14.58 million for tax year 2017 and tax year 2018 respectively. Both are pending for adjudication.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

In February 2021, the ACIR has also given effect to the first appeal order setting aside assessments for tax years 2015 and 2016 where demand of Rs. 11.06 million and Rs. 118.76 million were raised. During March 2021, the Company filed appeals against these orders before the CIR-A and the same are pending for adjudication. The Company has also discharged 10% of the demand u/s 140 of the Ordinance amounted to Rs 1.10 million and Rs 11.87 million for tax year 2015 and 2016 respectively.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly, no tax provision has been made in these unconsolidated financial statements.

31.1.5 The Company by way of the amendment notices and the orders under section 122(5A) of the Ordinance was charged with the levy of super tax under section 4B of the Ordinance for the years 2015 to 2018. The Company's legal advisor is of the opinion that levy of super tax is unlawful and leading to double taxation. Accordingly in January 2019, the Company had filed constitutional petition before the SHC challenging the levy of super tax. On July 21, 2020, the SHC dismissed the petition stating that levy of super tax is lawful its an additional tax, and not a double tax. The Company filed a petition in the Supreme Court of Pakistan (SCP) for tax years 2015-2018 dated September 12, 2020 where stay had been granted in November 2020 subject to deposit of 50% of the impugned outstanding tax with the authorities.

This matter was also challenged in appeal before CIR-A for tax years 2015 to 2019 and after being maintained it has also been taken up before the ATIR for the years 2015 to 2018. This levy has been considered in light of the position emerging after the appellate order of the CIR -A and it is expected not to have effect in the tax years 2015 and 2016 in light of the available losses.

Further, in line with the SCP decision, the Company has paid 50% of super tax liability for tax year 2017 and tax year 2018 amounting to Rs 18.5 million and Rs 25.8 million respectively.

The Company has already made a provision in respective tax years 2016 to 2019 amounting to Rs. 145 million against the super tax.

31.1.6 In 2020, the Company received an amended assessment order under section 122(5A) of the Ordinance for tax year 2019 wherein a demand of Rs. 1,022 million was raised. This was mainly due to the result of disallowance of tax losses on lease termination and certain other matters including super tax. The Company has filed an appeal against the order and the matters are pending for adjudication.

Based on the tax advisor's opinion, the management is confident of a favorable outcome on these matters. Accordingly, no tax provision has been made in these unconsolidated financial statements.

31.1.7 The Company received an amended assessment order dated October 04, 2021, under section 122(5A) of the Ordinance for tax year 2020 wherein a demand of Rs.137 million has been raised. This was mainly due to the result of disallowance of tax losses on lease cancellations, write-offs and certain other matters. The Company has filed an appeal against the order and the matters are pending for adjudication. The Company has paid 10% of the demand u/s 140 of the Ordinance amounting to Rs 13.76 million.

Based on the tax advisor's opinion, the management is confident of a favorable outcome on these matters. Accordingly, no tax provision has been made in these unconsolidated financial statements.

31.1.8 The Company received an amendment assessment order notice dated July 5, 2022, under section 122(5A) of the Ordinance for tax year 2021 wherein a demand of Rs.57 million has been raised. This was mainly due to the result of disallowance of tax losses on lease cancellations, write-offs and certain other matters. On August 3, 2022, the Company has filed an appeal against the order and the matters are pending for adjudication. Moreover, the Company filed an application for the rectification under section 221 of the Ordinance with the Additional Commissioner Inland Revenue. The Company has paid 10% of the demand after adjusting rectification u/s 140 of the Ordinance amounting to Rs 4.9 million.

Based on the tax advisor's opinion, the management is confident of a favorable outcome on these matters. Accordingly, no tax provision has been made in these unconsolidated financial statements.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

31.1.9 The Company received an order on monitoring of withholding taxes of Standard Chartered Leasing Limited (SCLL) under section 161(1) of the Ordinance for tax year 2016 wherein a demand of Rs. 50 million along with Rs. 36 million default surcharge has been levied. This was in continuation with the notice dated October 11, 2017 which was then duly responded by the Company. However, due to change in jurisdiction of the case, the notice was raised again on June 22, 2022. The Company responded the notice along with previous submitted reply and evidences dated June 29, 2022.

The Company has filed an appeal dated July 21, 2022 against the order and the matter is pending for adjudication.

Based on the tax advisor's opinion, the management is confident of a favorable outcome on these matters. Accordingly, no tax provision has been made in these unconsolidated financial statements.

31.1.10 The DCIR issued show cause notices to the Company challenging the estimates of advance tax under section 147 of the Ordinance filed by the Company for the quarter ended March 31, 2019 and September 30, 2019 and additionally demanded Rs. 259.4 million and Rs. 117.2 million respectively for these year. The Company's tax advisors are of the opinion that the estimates filed by the Company is in accordance with the law and accordingly the Company filed a constitutional petition before the Sindh High Court (SHC) against the recovery of impugned advance tax demand. The SHC has passed a stay order restricting the FBR from taking any coercive measures against the Company.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly, no tax provision has been made in these unconsolidated financial statements.

31.1.11 In 2019, the Company received show cause notices from the Sindh Revenue Board (SRB) demanding Sindh Provincial Sales Tax (SPST) amounting to Rs. 519 million against income from operating lease rental of generators for the years ended June 30, 2012, 2013, 2014, 2015, 2016 and 2017 along with the applicable penalty and default surcharge.

In April, 2016, the Company had filed suits against the show cause notices relating to the years 2012 to 2015 before Sindh High Court (SHC) challenging the levy of SPST on renting of generators and obtained a stay order restricting SRB from taking any coercive measures against the Company. In 2019, these suits were withdrawn due to the decision by Supreme Court of Pakistan that in order for a suit to continue, a minimum of 50% of the tax calculated by the tax authorities must be deposited in the respective treasury. Consequent to withdrawal of the suits, SRB issued fresh show cause notices for each of the tax years 2012 to 2017. For financial year 2012 and 2016, the Assistant Commissioner SRB also passed an order against the Company and created a demand of Rs. 43.6 million and Rs. 77.3 million respectively and issued recovery notices. The Company has filed an appeal against the recovery orders before the Commissioner Appeals SRB and also obtained interim relief from SHC by filing separate petitions for each of the years from 2012 to 2017, challenging the levy of SPST on renting of generators and obtained stay order restricting SRB from taking coercive measures against the Company.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly, no tax provision has been made in these unconsolidated financial statements.

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

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these unconsolidated financial statements.

31.1.13 In continuation to the notice received from SRB in 2018, the Company received an order dated November 03, 2021 u/s 40(1)(b) of the Stamp Act, 1899 amounting to Rs. 19.5 million, which also includes the late payment charges of Rs. 6.5 million. On December 10, 2021, the Sindh High Court disposed-off the petition filed by the Company on applicability of stamp duty on purchase orders and issued its decision on January 22, 2022, dismissing Company's plea against applicability of stamp duty. The Company had also filed a petition on December 10, 2021 before SHC to prevent the SRB from taking any coercive action against the Company subsequent to the issuance of the recovery order, as the matter was pending in SHC. The Court directed the SRB to provide the Company an opportunity of being heard and to decide the matter within 3 months, and till such period no coercive action can be taken against the Company.

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The Company filed an appeal with member SRB against the recovery order. However, member SRB has passed an order of Rs. 19.5 million, including amount of additional charges. The Company has filed petition to Sindh High Court against the order. On April 06, 2022, directions were issued with regard to payment of the stamp duty of Rs 12.5 million whereas hearing was adjourned on the additional charges of Rs 6.5 million. Accordingly, the Company has paid the stamp duty amount of Rs. 12.5 million on April 16, 2022. Based on legal opinion, the management is confident of a favorable outcome on waiver of additional charges of Rs 6.5 million.

Accordingly, no provision against additional charges levied has been made in these unconsolidated financial statements.

31.2 Leases committed but not executed at the reporting date is Rs. 22.5 million (2021: Nil).

31.3 Commitments relating to capital expenditure at the reporting date amounted to Rs. 0.63 million (2021: Rs. 0.25 million).

32	INCOME FROM OPERATING LEASES / IJARAH	Note	2022	2021
			-----Rupees-----	
	Operating lease assets		34,278,645	11,585,662
	Ijarah finance		3,952,629	76,638,625
			<u>38,231,274</u>	<u>88,224,287</u>
33	OTHER INCOME - NET			
	Income from financial assets			
	Return on investments and deposits		2,218,593	235,824
	Interest income on government securities		79,971,796	37,299,827
	Dividend income		15,089,215	11,936,665
	Gain on sale of investments - net		159,017,417	41,119,784
	Unrealised gain / (loss) on remeasurement of financial assets at fair value through profit or loss - net		3,197	(4,007,824)
			<u>256,300,218</u>	<u>86,584,276</u>
	Income from other than financial assets			
	Fees and other income		172,912,999	181,256,912
	Documentation fee		34,275,734	28,725,971
	Gain on disposal of fixed assets	4.1.3 & 4.3.1	3,628,810	12,752,795
	Gain on sale of lease and finance assets		49,651,025	58,430,563
	Exchange gain / (loss) - net		2,844,290	(343,321)
			<u>263,312,858</u>	<u>280,822,920</u>
			<u>519,613,076</u>	<u>367,407,196</u>
34	SHARE OF PROFIT OF ASSOCIATE			
	Names of associate		2022	2021
			Associate's profit after tax	Share of associate's profit after tax
			Associate's profit after tax	Share of associate's profit after tax
			-----Rupees-----	
	Un-quoted - related party			
	Yanal Finance Company (formerly Saudi ORIX Leasing Company)		2,557,541,905	64,289,981
			1,414,446,746	35,363,150

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For the year ended June 30, 2022

35	FINANCE COST	Note	2022 -----Rupees-----	2021
	Interest / mark-up / profit on:			
	- Long-term finances		1,074,500,967	627,719,793
	- Short-term borrowings		188,724,512	76,337,518
	- Certificates of deposit		504,748,388	467,295,949
	- Lease liability against right-of-use assets		14,121,270	14,902,360
	Amortisation of transaction cost		4,282,927	963,267
	Bank charges and commission		7,200,000	6,299,753
			<u>1,793,578,064</u>	<u>1,193,518,640</u>
36	ADMINISTRATIVE AND GENERAL EXPENSES			
	Salaries, allowances, welfare and training	36.1	922,008,605	818,067,610
	Rent and utilities		73,954,089	70,339,023
	Travelling		3,331,717	2,789,530
	Vehicle running and maintenance		13,152,115	13,375,139
	Insurance on operating assets		5,260,434	5,085,796
	Legal and professional charges		49,457,631	23,099,532
	Communication		16,839,568	16,861,127
	Subscriptions		5,876,932	5,582,941
	Auditors' remuneration	36.2	5,621,004	6,121,320
	Advertising		9,999,996	-
	Printing and stationery		11,382,862	8,606,044
	Depreciation	4.1 & 4.4	97,214,006	96,888,998
	Amortisation	5.1	3,100,081	7,247,979
	Office repairs and maintenance of equipment		46,806,657	45,363,459
	Donations	36.3	10,005,998	6,275,000
	Office general expenses		10,859,874	10,200,655
			<u>1,284,871,569</u>	<u>1,135,904,153</u>
36.1	This includes expenses in relation to the following employee benefits:			
	Defined benefit plan - gratuity fund	25.5	20,442,027	14,791,484
	Defined contribution plan - provident fund		30,459,673	29,890,223
	Charge / (Reversal) against compensated absences		459,859	(30,534,618)
			<u>51,361,559</u>	<u>14,147,089</u>
36.2	Auditors' remuneration			
	Annual audit fee		2,450,000	2,387,010
	Half yearly review fee		500,000	594,000
	Other services and certifications		1,997,000	2,455,400
	Sales tax on audit fee and other services		395,760	434,913
	Out of pocket expenses		278,244	249,997
			<u>5,621,004</u>	<u>6,121,320</u>
36.3	Donations above 10% of total donation or Rs. 1,000,000 which ever is higher			
	The Citizens Foundation		1,000,000	1,000,000
	The Layton Rahmatullah Benevolent Trust (LRBT)	36.3.1	1,000,000	1,000,000
	The Indus Hospital	36.3.2	1,000,000	1,000,000
			<u>3,000,000</u>	<u>3,000,000</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

36.3.1 A director of the Company (Mr. Shaheen Amin) is a Trustee of LRBT.

36.3.2 A director of the Company (Mr. Nasim Hyder) is a director of The Indus Hospital.

37	DIRECT COST	Note	2022	2021
			-----Rupees-----	
	Court fee, stamp duty and others		24,468,980	6,061,180
	Operating lease and Ijarah finance			
	Maintenance and insurance cost		25,142,387	17,249,579
	Depreciation - operating lease assets	4.2	10,102,272	10,102,272
	Depreciation - Ijarah assets	4.3	3,385,956	52,330,375
			38,630,615	79,682,226
			<u>63,099,595</u>	<u>85,743,406</u>

38 ALLOWANCE FOR POTENTIAL LEASE AND OTHER LOAN LOSSES

	2022				
	Finance lease	Finances and loans (note 38.1)	Sub-total	Operating lease, Ijarah and other receivables (note 38.2)	Total
	-----Rupees-----				
Balance at the beginning of the year	840,317,227	261,025,594	1,101,342,821	19,298,417	1,120,641,238
Provision charge during the year	187,829,322	40,449,892	228,279,214	2,855,440	231,134,654
Reversal made during the year	(272,996,516)	(20,651,718)	(293,648,234)	(245,532)	(293,893,766)
	(85,167,194)	19,798,174	(65,369,020)	2,609,908	(62,759,112)
Write-offs	(2,843,325)	(7,072)	(2,850,397)	-	(2,850,397)
Balance at the end of the year	<u>752,306,708</u>	<u>280,816,696</u>	<u>1,033,123,404</u>	<u>21,908,325</u>	<u>1,055,031,729</u>
	-----Rupees-----				
	2021				
	Finance leases	Finances and loans (note 38.1)	Sub-total	Operating lease, Ijarah and other receivables (note 38.2)	Total
	-----Rupees-----				
Balance at the beginning of the year	935,907,045	214,841,562	1,150,748,607	22,321,751	1,173,070,358
Provision charge during the year	337,151,860	96,106,204	433,258,064	5,560	433,263,624
Reversal made during the year	(423,323,838)	(49,922,172)	(473,246,010)	(3,028,894)	(476,274,904)
	(86,171,978)	46,184,032	(39,987,946)	(3,023,334)	(43,011,280)
Write-offs	(9,417,840)	-	(9,417,840)	-	(9,417,840)
Balance at the end of the year	<u>840,317,227</u>	<u>261,025,594</u>	<u>1,101,342,821</u>	<u>19,298,417</u>	<u>1,120,641,238</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

	Note	2022	2021
-----Rupees-----			
38.1 Provision against finances and loans			
Long-term finances and loans	10	4,861,609	624,787
Short-term finances	11	72,754,740	87,357,029
		<u>77,616,349</u>	<u>87,981,816</u>
38.2 Provision against operating lease, ijarah and other receivables			
Other receivables	16	<u>21,908,325</u>	<u>19,298,417</u>
39 OTHER PROVISIONS - NET			
Operating lease, ijarah and other receivables			
Reversal of provision against other receivables		-	(217,763)
Provision / (Reversal of provision) against operating lease receivables		2,609,908	(2,805,571)
		<u>2,609,908</u>	<u>(3,023,334)</u>
Others			
Provision for provincial Workers' Welfare Fund		33,602,750	26,073,520
Reversal of impairment recognised on assets classified as 'held for sale'		-	(1,091,531)
		<u>36,212,658</u>	<u>21,958,655</u>

40 REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVE DIRECTOR, DIRECTORS AND EXECUTIVES

40.1 The aggregate amount charged in the unconsolidated financial statements for the year in respect of the remuneration and benefits to the Chief Executive, Executive Directors and executives are as follows:

	2022			
	Chief Executive	Executive Director	Executives	Total
-----Rupees-----				
Managerial remuneration and other perquisites	44,617,220	11,733,731	257,972,610	314,323,561
House rent and utilities	13,133,538	3,497,202	59,022,938	75,653,678
Retirement benefits	5,299,243	1,148,505	21,140,734	27,588,482
	<u>63,050,001</u>	<u>16,379,438</u>	<u>338,136,283</u>	<u>417,565,722</u>
Number of persons	<u>1</u>	<u>1</u>	<u>64</u>	<u>66</u>
	2021			
	Chief Executive	Executive Director	Executives	Total
-----Rupees-----				
Managerial remuneration and other perquisites	33,432,347	10,804,873	209,437,975	253,675,195
House rent and utilities	11,063,945	3,195,198	51,809,232	66,068,375
Retirement benefits	5,531,015	1,039,438	18,080,355	24,650,808
	<u>50,027,307</u>	<u>15,039,509</u>	<u>279,327,562</u>	<u>344,394,378</u>
Number of persons	<u>1</u>	<u>1</u>	<u>54</u>	<u>56</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

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

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

40.4 The aggregate amount charged in these unconsolidated financial statements for meeting fees and other meeting expenses paid to 3 non-executive independent directors (2021:4) is as follows:

Director	Note	2022	2021
		-----Rupees-----	
Mr. Khalid Aziz Mirza		2,767,346	2,733,750
Mr. Nasim Hyder		3,500,000	4,500,000
Ms. Aminah Zahid Zaheer		3,500,000	5,000,000
Mr. Naveed Kamran Baloch		-	1,400,000
		9,767,346	13,633,750

41 TAXATION

Current tax	41.1	671,926,144	460,010,073
Prior year tax		(39,187,664)	1,379,840
Deferred tax	23.1	(138,167,787)	(92,220,938)
		494,570,693	369,168,975

41.1 This includes super tax under section 4C of Income Tax Ordinance, 2001.

41.2 Effective tax rate reconciliation

41.2.1 Numerical reconciliation between the average tax rate and the applicable tax rate for the year ended June 30, 2022 is as follows.

	2022 (Effective tax rate) (%)	2022 Rupees	2021 (Effective tax rate) (%)	2021 Rupees
Profit before taxation		<u>1,376,781,079</u>		<u>1,283,979,509</u>
Tax at enacted tax rate	29.00	399,266,513	29.00	372,354,058
Tax effect of income subject to final tax regime	(0.88)	(12,176,159)	(0.27)	(3,432,899)
Tax effect of income subject to lower tax rate	(2.37)	(32,598,570)	(0.14)	(1,757,005)
Tax effect of rebates / credits	(0.17)	(2,354,239)	-	-
Impact of changes in rates	7.94	109,263,082	-	-
Prior year	(2.85)	(39,187,664)	0.11	1,379,840
Super tax	6.27	86,383,434	-	-
Others	(1.02)	(14,025,704)	0.05	624,981
	35.92	494,570,693	28.75	369,168,975

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

41.3 Current status of pending tax assessments

Tax Year 1999 to 2000

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

Tax Year 2010 to 2020

Under Section 114 of the Income Tax Ordinance 2001, the Company has filed the returns of income for tax years 2010 to 2020. The said returns were taken to be assessment orders passed by the Commissioner Inland Revenue on the day the said returns were filed other than tax year 2010, 2011, 2014, 2017, 2018, 2019, 2020 and 2021.

Tax Year 2010, 2011, 2014, 2017, 2018, 2019, 2020 and 2021

Details of the assessment made by the Additional Commissioner Inland Revenue are provided in notes 31.1.1, 31.1.2, 31.1.3, 31.1.4, 31.1.5, 31.1.6 and 31.1.7.

42 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	Note	2022	2021
-----Rupees-----			
Profit before taxation		1,376,781,079	1,283,979,509
Adjustments for			
Depreciation	4.1, 4.2, 4.3 & 4.4	110,702,234	159,321,645
Amortisation	5.1	3,100,081	7,247,979
Amortisation of transaction cost	35	4,282,927	963,267
Reversal of provision for potential lease and other loan losses - net	38	(65,369,020)	(39,987,946)
(Reversal of impairment) / impairment of assets classified as 'held for sale'	39	-	(1,091,531)
Reversal of provision against other receivables	39	2,609,908	(3,023,334)
Gain on sale of investments - net	33	(159,017,417)	(41,119,784)
Share of profit from associate	34	(64,289,981)	(35,363,150)
Exchange loss / (gain) - net	33	(2,844,290)	343,321
Charge for defined benefit plan - gratuity fund	36.1	20,442,027	14,791,484
Unrealised (gain) / loss on remeasurement of financial assets at fair value through profit or loss - net	33	(3,197)	4,007,824
Finance cost including bank charges	35	1,284,546,749	725,259,424
Profit on certificates of deposit	35	504,748,388	467,295,949
Dividend income	33	(15,089,215)	(11,936,665)
Return on investments and deposits	33	(2,218,593)	(235,824)
Interest income on government securities	33	(79,971,796)	(37,299,827)
Provision for provincial Workers Welfare Fund	39	33,602,750	26,073,520
Gain on disposal of fixed assets	33	(3,628,810)	(12,752,795)
		<u>1,571,602,745</u>	<u>1,222,493,557</u>
		<u>2,948,383,824</u>	<u>2,506,473,066</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

43	CASH AND CASH EQUIVALENTS	Note	2022	2021
			-----Rupees-----	
	Cash at bank	17	868,666,165	211,530,273
	Cash in hand	17	1,671,163	1,763,389
	Short-term running finance facilities	28	(339,499,845)	(522,881,783)
			<u>530,837,483</u>	<u>(309,588,121)</u>

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

	2022						Total
	Short term loans	Certificates of deposit	Long term finances	Unclaimed dividend / unpaid dividend	Share capital	Share premium	
-----Rupees-----							
Balance as at July 01, 2021	900,000,000	4,869,367,662	7,780,555,550	212,896,512	1,754,076,470	1,501,683,073	17,018,579,267
Changes from financing cash flows							
Repayment	(5,550,000,000)	(3,170,155,513)	(3,436,187,746)	-	-	-	(12,156,343,259)
Proceeds received	4,650,000,000	2,837,016,937	8,800,000,000	-	-	-	16,287,016,937
Dividend paid	-	-	-	(711,849,851)	-	-	(711,849,851)
Total changes from financing activities	(900,000,000)	(333,138,576)	5,363,812,254	(711,849,851)	-	-	3,418,823,827
Other changes							
Bonus shares	-	-	-	-	-	-	-
Dividend declared	-	-	-	701,630,588	-	-	701,630,588
Total other changes	-	-	-	701,630,588	-	-	701,630,588
Balance as at June 30, 2022	-	4,536,229,086	13,144,367,804	202,677,249	1,754,076,470	1,501,683,073	21,139,033,682

44 SEGMENT INFORMATION

The Company has four primary reporting segments namely, 'Finance lease', 'Finances & Loans', 'Islamic Finance' 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. Islamic Finance includes Ijarah and Diminishing musharikhah to corporate entities and individuals. Other operations, which do not fall into the above segment categories and are not deemed by the management to be sufficiently significant to disclose as separate items, are reported under 'Investment in subsidiaries, associates, and others'.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

44.1 Segment analysis is given below:

	2022					Total
	Finance lease	Finances and loans	Operating lease	Islamic Finance	Investment in subsidiaries, associates and others	
	-----Rupees-----					
Segment revenues	2,358,018,339	1,685,263,456	34,278,645	3,996,864	407,616,641	4,489,173,945
Finance cost	875,837,001	632,419,482	7,707,449	2,661,841	274,952,291	1,793,578,064
Administrative and general expenses	740,416,899	534,636,096	7,568,301	2,250,273	-	1,284,871,569
Direct cost	19,237,446	19,977,223	19,476,411	4,408,515	-	63,099,595
(Reversal of provision) / provision - net	(85,167,194)	19,798,174	2,609,908	-	-	(62,759,112)
Segment results	807,694,187	478,432,481	(3,083,424)	(5,323,765)	132,664,350	1,410,383,829
Provision for provincial Workers' Welfare Fund						(33,602,750)
Provision for taxation						(494,570,693)
Profit for the year						882,210,386
Other information						
Segment assets	12,684,567,695	11,482,898,783	120,993,799	42,880,131	3,262,757,005	27,594,097,413
Unallocated assets						2,135,556,615
Total assets						29,729,654,028
Segment liabilities	454,932,650	299,843,213	1,644,414	-	-	756,420,277
Unallocated liabilities						20,059,052,511
Total liabilities						20,815,472,788
Capital expenditure	-	-	-	-	-	-
Depreciation	-	-	10,102,272	3,385,956	-	13,488,228
Unallocated						
Capital expenditure - fixed assets for own use	-	-	-	-	-	26,778,388
Additions made to intangible assets	-	-	-	-	-	66,682
Unallocated depreciation and amortisation	-	-	-	-	-	100,314,087
	2021					
	Finance lease	Finances and loans	Operating lease	Islamic Finance	Investment in subsidiaries, associates and others	Total
	-----Rupees-----					
Segment revenues	2,331,596,316	1,088,682,517	11,585,662	76,818,458	172,433,464	3,681,116,417
Finance cost	730,234,070	320,783,329	6,507,808	7,326,112	128,667,321	1,193,518,640
Administrative and general expenses	816,202,615	297,123,218	17,343,053	5,235,267	-	1,135,904,153
Direct cost	9,257,746	8,057,191	16,056,394	52,372,075	-	85,743,406
(Reversal of provision) / provision - net	(86,171,978)	46,184,032	(2,805,571)	-	(1,309,294)	(44,102,811)
Segment results	775,901,885	462,718,779	(28,321,593)	11,885,004	44,857,674	1,310,053,029
Provision for provincial Workers' Welfare Fund						(26,073,520)
Provision for taxation						(369,168,975)
Profit for the year						914,810,534
Other information						
Segment assets	13,209,037,033	7,334,671,382	124,270,847	61,288,952	2,546,706,309	23,275,974,523
Unallocated assets						1,510,333,196
Total assets						24,786,307,719
Segment liabilities	344,357,014	168,543,299	331,284	-	-	513,231,597
Unallocated liabilities						15,747,572,361
Total liabilities						16,260,803,958
Capital expenditure	-	-	-	2,508,500	-	2,508,500
Depreciation	-	-	10,102,272	52,330,375	-	62,432,647
Unallocated						
Capital expenditure - fixed assets for own use	-	-	-	-	-	61,027,054
Additions made to intangible assets	-	-	-	-	-	69,486
Unallocated depreciation and amortisation	-	-	-	-	-	104,136,977

Notes to and Forming Part of The Unconsolidated Financial Statements

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44.2 Segment by class of business

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

Sectors	2022		2021	
	(Rupees)	%	(Rupees)	%
Individuals	7,703,639,964	30.82%	5,836,189,596	27.03%
Goods Transport	3,637,740,221	14.56%	2,721,547,116	12.61%
Public Transport	1,503,535,263	6.02%	1,594,143,445	7.38%
Distributor	893,442,133	3.57%	1,576,813,567	7.30%
Services	1,910,758,022	7.65%	1,474,530,973	6.83%
Textile & Allied	1,207,685,864	4.83%	1,370,688,890	6.35%
Trading	1,521,073,853	6.09%	1,241,977,276	5.75%
Fuel & Energy	894,219,602	3.58%	929,843,611	4.32%
Construction	1,049,150,195	4.20%	853,417,910	3.95%
Food & Allied	718,932,685	2.88%	644,338,565	2.98%
Chemical & Pharmaceutical	555,350,987	2.22%	522,149,399	2.42%
Glass, Ceramics & Plastic	555,388,310	2.22%	521,387,492	2.42%
Steel & Engineering	861,055,308	3.45%	500,979,910	2.32%
Paper, Board & Printing	410,929,381	1.64%	462,618,277	2.14%
Miscellaneous	430,174,885	1.72%	380,307,191	1.76%
Natural Resource And Farming	418,214,827	1.67%	347,565,013	1.61%
Automotive Industry	343,577,963	1.37%	257,202,568	1.19%
Sugar	201,918,301	0.81%	222,382,817	1.03%
Cables, Electric And Electronic Goods	175,257,309	0.70%	130,935,836	0.61%
	<u>24,992,045,073</u>	<u>100.00%</u>	<u>21,589,019,452</u>	<u>100.00%</u>

Reconciliation of the Company's gross net investment in finance leases and other finances and loans is given below:

	2022	2021
	-----Rupees-----	
Net investment in finance leases	13,436,624,395	14,049,104,260
Other finances and loans	11,555,420,678	7,539,915,192
	<u>24,992,045,073</u>	<u>21,589,019,452</u>

44.3 Segment by sector

The Company's net investment in finance lease and other finances and loans includes exposure to private sector of Rs. 17,288 million (2021: Rs. 15,752 million).

44.4 Geographical segment analysis

The Company's operations are restricted to Pakistan only.

45 TRANSACTIONS WITH RELATED PARTIES

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

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

Notes to and Forming Part of The Unconsolidated Financial Statements

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

	Note	2022	2021
-----Rupees-----			
ORIX Corporation, Japan - Parent Company - 49.58% Holding			
Dividend paid - net of tax		352,141,263	95,760,091
Reimbursement of cost		401,445	-
Nil bonus shares issued (2021 : 4,140,976 shares)			
Yanal Finance Company (Formerly Saudi ORIX Leasing Company)			
- Associate / Common directorship 2.5% ownership			
Dividend received		55,089,580	8,548,643
Reimbursement of cost		26,542,392	17,999,125
OLP Modaraba (formerly ORIX Modaraba) - subsidiary - 20% ownership			
Dividend received		13,161,224	11,345,883
Reimbursement of cost		444,617	608,377
OLP Services Pakistan (Private) Limited (OSPL) (formerly ORIX Services Pakistan (Private) Limited - subsidiary - 100% ownership			
Rental income / Expenses on behalf of OSPL		34,822,524	-
ORIX Leasing Pakistan Limited - Employees Provident Fund (OLP-EPF)			
Contribution made		30,459,673	29,890,223
ORIX Leasing Pakistan Limited - Staff Gratuity Fund (OLP-SGF)			
Contribution made	25.4	20,442,024	4,930,496
Charity / Donation paid - Common Directorship			
The Layton Rahmatullah Benevolent Trust - Charity		-	500,000
The Indus Hospital - Donation		1,000,000	1,000,000
The Layton Rahmatullah Benevolent Trust - Donation		1,000,000	1,000,000
Other related party transactions during the year			
Directors and key management personnel			
Compensation of directors and key management personnel			
Director fees paid		9,500,000	13,150,000
Short-term employee benefits		195,672,195	162,592,687
Retirement benefits		13,896,269	14,153,375
Total compensation to directors and key management personnel		219,068,464	189,896,062
Proceeds from sale of fixed assets		806,200	869,600
Staff loans disbursed to key management personnel		15,389,243	7,216,939
Interest recovered on staff loans		2,126,352	2,233,605
Principal recovered on staff loans		10,092,523	9,354,100
Dividend paid to key management personnel - net of tax		416,907	445,067
Nil bonus shares issued to key management personnel (2021 : 7,855 shares)			

Notes to and Forming Part of The Unconsolidated Financial Statements

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	Note	2022	2021
		-----Rupees-----	
Dividend paid to the Chief Executive Officer of the Company - net of tax		1,226,142	826,208
Nil bonus shares issued to the Chief Executive Officer of the Holding Company (2021: 10,030 shares)			
Issuance of certificates of deposit		-	500,000
Redemption of certificates of deposit		-	1,300,000
Amount of profit paid on certificates of deposit		119,474	185,524
45.2 The balances with related parties as at year end:			
Investment in subsidiaries	7	322,374,294	322,374,294
Investment in associate	8	1,207,909,411	915,924,945
Long-term investment - SAMA Finance PSC (formerly Al Hail ORIX Finance PSC (net of provision)	9	-	-
Assets classified as held for sale			
- OPP (Private) Limited	18	87,754,399	87,754,399
- SAMA Finance SAE (formerly ORIX Leasing Egypt SAE) - 23% ownership	18	172,043,037	172,043,037
Certificates of deposit held		1,300,000	1,300,000
Accrued profit on certificates of deposit payable		8,430	8,430
Outstanding loans to key management personnel	10.1	25,458,953	20,162,239
Receivable from OLP Services Pakistan (Private) Limited (formerly ORIX Services Pakistan (Private) Limited - 100% ownership		34,822,524	-
Receivable from OLP Modaraba (formerly ORIX Modaraba)		143,959	-
Receivable from Yanal Finance Company (formerly Saudi ORIX Leasing Company)		6,380,097	8,750,153
Receivable from ORIX Corporation, Japan - Parent Company		1,615,695	1,387,140
Unpaid dividend payable to ORIX Corporation, Japan - Parent Company		168,373,952	173,921,030
		2022	2021
46 STAFF STRENGTH		----- Number of staff -----	
Staff strength at the end of the year		456	474
Average number of employees*		455	473

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

Notes to and Forming Part of The Unconsolidated Financial Statements

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47 PROVIDENT FUND RELATED DISCLOSURES

The Company operates a Staff Provident Fund for its employees. The following information is based on the financial statements of the Fund as at June 30, 2022 (unaudited) and 2021 (audited) respectively:

	2022 Unaudited	2021 Audited
	-----Rupees-----	
Size of the Fund - total assets	661,309,325	626,966,775
Fair value of investments	645,206,786	617,083,369
	----- Percentage -----	
Percentage of investments made	98%	98%

The cost of the above investments amounted to Rs. 657.34 million (2021: Rs. 607.97 million).

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

	Unaudited 2022	Audited 2021	Unaudited 2022	Audited 2021
	----- Percentage -----		-----Rupees-----	
Cash and bank deposits	0.78%	1.96%	4,997,674	12,086,392
Government securities				
- Treasury Bills	19.24%	48.53%	124,129,773	299,478,801
- National Savings Certificates	39.43%	36.45%	254,407,013	224,933,473
- Pakistan Investment Bonds	38.23%	10.63%	246,672,326	65,584,703
- Debt Securities - Listed (TFC)	2.32%	2.43%	15,000,000	15,000,000
	<u>100.00%</u>	<u>100.00%</u>	<u>645,206,786</u>	<u>617,083,369</u>

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

48 FINANCIAL INSTRUMENTS BY CATEGORY

	2022			
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
	-----Rupees-----			
ASSETS				
Net investment in finance lease	12,684,317,687	-	-	12,684,317,687
Long-term investments	588,235,272	-	-	588,235,272
Long-term deposits	11,530,566	-	-	11,530,566
Finances and loans	11,555,673,241	-	-	11,555,673,241
Accrued return on investments and finance and loans	229,747,582	-	-	229,747,582
Short-term investments	-	554,492,300	22,726,251	577,218,551
Other receivables	71,583,510	-	-	71,583,510
Cash and bank balances	870,337,328	-	-	870,337,328
	<u>26,011,425,186</u>	<u>554,492,300</u>	<u>22,726,251</u>	<u>26,588,643,737</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

	2022		
	At fair value through profit or loss	At amortised cost	Total
-----Rupees-----			
LIABILITIES			
Term finances	-	10,161,111,106	10,161,111,106
Privately placed term finance certificates	-	2,983,256,698	2,983,256,698
Certificates of deposit	-	4,536,229,086	4,536,229,086
Other long-term liabilities	-	251,425,977	251,425,977
Trade and other payables	-	1,161,430,372	1,161,430,372
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	374,094,585	374,094,585
Lease liability against right-of-use assets	-	107,278,607	107,278,607
Unpaid dividend	-	168,373,952	168,373,952
Unclaimed dividend	-	34,303,297	34,303,297
Short-term borrowings	-	339,499,845	339,499,845
	-	<u>20,117,003,525</u>	<u>20,117,003,525</u>

	2021			
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
-----Rupees-----				
ASSETS				
Net investment in finance lease	13,208,787,033	-	-	13,208,787,033
Long-term investments	451,973,817	-	-	451,973,817
Long-term deposits	11,421,566	-	-	11,421,566
Finances and loans	7,526,048,088	-	-	7,526,048,088
Short-term finances				-
Accrued return on investments and finance and loans	127,411,324	-	-	127,411,324
Short-term investments	-	301,110,445	26,863,547	327,973,992
Other receivables	19,720,651	-	-	19,720,651
Cash and bank balances	213,293,662	-	-	213,293,662
	<u>21,558,656,141</u>	<u>301,110,445</u>	<u>26,863,547</u>	<u>21,886,630,133</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

	2021		
	At fair value through profit or loss	At amortised cost	Total
	-----Rupees-----		
Term finances	-	7,780,555,550	7,780,555,550
Certificates of deposit	-	4,869,367,662	4,869,367,662
Other long-term liabilities	-	197,119,786	197,119,786
Trade and other payables	-	788,317,977	788,317,977
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	231,679,239	231,679,239
Lease liability against right-of-use assets	-	107,613,351	107,613,351
Unpaid dividend	-	185,467,295	185,467,295
Unclaimed dividend	-	27,429,217	27,429,217
Short-term borrowings	-	1,422,881,783	1,422,881,783
	-	<u>15,610,431,860</u>	<u>15,610,431,860</u>

LIABILITIES

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

49.1 Market risk

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

49.1.1 Currency risk

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

	2022	2021
	-----Rupees-----	
Foreign currency bank account	<u>5,805,140</u>	<u>4,447,984</u>
Investment in associate	<u>1,207,909,411</u>	<u>915,924,945</u>
Assets classified as held for sale	<u>172,043,037</u>	<u>172,043,037</u>

As at June 30, 2022, if the Pakistani Rupee had strengthened / weakened by 10% against these currencies with all other variables held constant, the impact on the total comprehensive income would have been lower / higher by an amount of Rs. 138.535 million (2021: Rs. 109.241 million).

49.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company has adopted appropriate policies to minimise its exposure to this risk. The interest rate profile of the Company's significant interest bearing financial instruments and the periods in which these will mature are as follows:

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

2022							
Exposed to yield / interest rate risk							Not exposed to yield / profit rate risk
Effective yield / profit rate %	Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	

----- Rupees -----

On-balance sheet financial instruments

Financial assets

Net investment in finance lease	8.00% - 27.55%	12,684,317,687	702,186,891	1,594,507,973	3,818,221,720	6,569,401,103	-	-
Long-term investments	7.00% - 12.00%	588,235,272	-	393,448,918	-	194,786,354	-	-
Finances and loans	4.00% - 44.80%	11,555,673,241	499,154,748	1,132,391,602	3,023,572,460	6,900,554,431	-	-
Long-term deposits		11,530,566	-	-	-	-	-	11,530,566
Accrued return on investments and finance and loans		229,747,582	-	-	-	-	-	229,747,582
Short-term investments	11.34% - 14.45%	577,218,551	554,492,300	-	-	-	-	22,726,251
Other receivables		71,583,510	-	-	-	-	-	71,583,510
Cash and bank balances	3.25% - 15.50%	870,337,328	734,182,847	-	-	-	-	136,154,481
Total		26,588,643,737	2,490,016,786	3,120,348,493	6,841,794,180	13,664,741,889	-	471,742,390

Financial Liabilities

Term finances	10.73% - 15.42%	13,144,367,804	439,853,921	806,250,000	2,467,013,888	9,431,249,995	-	-
Certificates of deposit	7.10% - 14.20%	4,536,229,086	126,645,392	590,515,339	1,722,995,770	2,096,072,585	-	-
Other long-term liabilities		251,425,977	-	-	-	-	-	251,425,977
Trade and other payables		1,161,430,372	-	-	-	-	-	1,161,430,372
Accrued interest / mark-up on loans, finances and certificates of deposit		374,094,585	-	-	-	-	-	374,094,585
Lease liability against right-of-use assets		107,278,607	-	-	-	-	-	107,278,607
Unpaid dividend		168,373,952	-	-	-	-	-	168,373,952
Unclaimed dividend		34,303,297	-	-	-	-	-	34,303,297
Short-term borrowings	12.40% - 14.81%	339,499,845	339,499,845	-	-	-	-	-
Total		20,117,003,525	905,999,158	1,396,765,339	4,190,009,658	11,527,322,580	-	2,096,906,789

On-balance sheet gap (a)

	6,471,640,213	1,584,017,628	1,723,583,154	2,651,784,522	2,137,419,309	-	(1,625,164,399)
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Off-balance sheet financial instruments

	-	-	-	-	-	-	-
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Off-balance sheet gap (b)

	-	-	-	-	-	-	-
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Total interest rate sensitivity gap (a+b)

	6,471,640,213	1,584,017,628	1,723,583,154	2,651,784,522	2,137,419,309	-	-
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Cumulative interest rate sensitivity gap

	6,471,640,213	1,584,017,628	3,307,600,782	5,959,385,304	8,096,804,613	8,096,804,613	-
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Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

2021							
Exposed to yield / interest rate risk							Not exposed to yield / profit rate risk
Effective yield / profit rate %	Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	

----- Rupees -----

On-balance sheet financial instruments

Financial assets

Net investment in finance lease	9.34% - 27.55%	13,208,787,033	812,851,698	1,769,416,162	4,048,110,191	6,578,408,982	-	-
Long-term investments	7.25% - 12.00%	451,973,817	-	64,924,953	-	387,048,864	-	-
Finances and loans	4.00% - 38.41%	7,526,048,088	301,460,440	797,334,611	2,022,795,519	4,404,457,518	-	-
Long-term deposits		11,421,566	-	-	-	-	-	11,421,566
Accrued return on investments and finance and loans		127,411,324	-	-	-	-	-	127,411,324
Short-term investments	7.23% - 7.60%	327,973,992	234,035,341	59,276,318	7,798,786	-	-	26,863,547
Other receivables		19,720,651	-	-	-	-	-	19,720,651
Cash and bank balances	2.9%-5.5%	213,293,662	65,113,536	-	-	-	-	148,180,126
Total		21,886,630,133	1,413,461,015	2,690,952,044	6,078,704,496	11,369,915,364	-	333,597,214

Financial Liabilities

Term finances	7.60% - 8.63%	7,780,555,550	394,097,223	760,416,667	1,898,263,889	4,727,777,771	-	-
Certificates of deposit	6.50% - 13.15%	4,869,367,662	131,026,476	498,193,571	1,648,523,063	2,591,624,552	-	-
Other long-term liabilities		197,119,786	-	-	-	-	-	197,119,786
Trade and other payables		788,317,977	-	-	-	-	-	788,317,977
Accrued interest / mark-up on loans, finances and certificates of deposit		231,679,239	-	-	-	-	-	231,679,239
Lease liability against right-of-use assets		107,613,351	-	-	-	-	-	107,613,351
Unpaid dividend		185,467,295	-	-	-	-	-	185,467,295
Unclaimed dividend		27,429,217	-	-	-	-	-	27,429,217
Short-term borrowings	7.62% - 8.58%	1,422,881,783	1,422,881,783	-	-	-	-	-
Total		15,610,431,860	1,948,005,482	1,258,610,238	3,546,786,952	7,319,402,323	-	1,537,626,865

On-balance sheet gap (a)

6,276,198,273	(534,544,467)	1,432,341,806	2,531,917,544	4,050,513,041	-	(1,204,029,651)
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Off-balance sheet financial instruments

-	-	-	-	-	-	-
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Off-balance sheet gap (b)

-	-	-	-	-	-	-
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Total interest rate sensitivity gap (a+b)

6,276,198,273	(534,544,467)	1,432,341,806	2,531,917,544	4,050,513,041	-	
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Cumulative interest rate sensitivity gap

6,276,198,273	(534,544,467)	897,797,339	3,429,714,883	7,480,227,924	7,480,227,924	
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Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

a) Sensitivity analysis for variable rate financial instruments

The Company has extended KIBOR based long-term leases and finances to various counter parties that expose the Company to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax would have been higher / lower by Rs. 242.3 million (2021: Rs. 159.9 million).

Furthermore, the Company also has KIBOR based financial liabilities in Pakistani Rupees representing short-term running finance arrangements, short-term and long-term finances obtained from various financial institutions and certificates of deposit which expose the Company to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax would have been lower / higher by Rs.135.01 million (2021: Rs. 92.0 million).

The Company holds unutilised credit lines with banks amounting in aggregate to Rs. 3,260.5 million as at June 30, 2022 (2021: Rs. 2,397 million) as mentioned in the note 21.1 and 28.1.

b) Sensitivity analysis for fixed rate financial instruments

As at June 30, 2022, the Company holds Market Treasury Bills which are classified as 'financial assets at fair value through profit or loss', exposing the Company to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Markets Association of Pakistan for Market Treasury Bills with all other variables held constant, the net profit for the year and net assets of the Company would have been higher / lower by Rs. 5.5 million (2021: Rs. 4.6 million).

49.1.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2022 and June 30, 2021, the Company did not hold any listed instruments which exposed it to price risk.

49.2 Credit risk

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

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

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. Significant concentration of the Company's risk assets by class of business, industry sector and geographical region is set out in note 44.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

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

	Carrying value		Maximum exposure	
	2022	2021	2022	2021
	-----Rupees-----		-----Rupees-----	
Net investment in finance lease	12,684,317,687	13,208,787,033	12,684,317,687	13,208,787,033
Long-term investments	588,235,272	451,973,817	-	-
Finances and loans	11,555,673,241	7,526,048,088	11,555,673,241	7,526,048,088
Long-term deposits	11,530,566	11,421,566	11,530,566	11,421,566
Accrued return on investments and finance and loans	229,747,582	127,411,324	229,747,582	127,411,324
Short-term investments	577,218,551	327,973,992	-	-
Other receivables	71,583,510	19,720,651	71,583,510	19,720,651
Cash and bank balances	870,337,328	213,293,662	868,666,165	211,530,273
	<u>26,588,643,737</u>	<u>21,886,630,133</u>	<u>25,421,518,751</u>	<u>21,104,918,935</u>

Difference in the balance as per the carrying value and maximum exposure is due to the fact that investments in Government securities, equity securities and cash in hand are not exposed to credit risk.

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

The carrying value of non-performing receivables is as follows:

	2022			
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	Total
	-----Rupees-----			
Within 90 days	31,010,017	4,650,873	-	35,660,890
91 - 180 days	104,372,260	10,773,626	-	115,145,886
181-365 days	72,214,642	17,417,561	-	89,632,203
Over 1 year	622,213,391	271,694,277	21,908,325	915,815,993
	<u>829,810,310</u>	<u>304,536,337</u>	<u>21,908,325</u>	<u>1,156,254,972</u>
Less: general and specific provision	752,306,708	280,816,696	21,908,325	1,055,031,729
Net of provision	<u>77,503,602</u>	<u>23,719,641</u>	<u>-</u>	<u>101,223,243</u>
Coverage ratio	90.66%	92.21%	100.00%	91.25%

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

	2021			Total
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	
	-----Rupees-----			
Within 90 days	31,319,417	16,194,125	-	47,513,542
90 - 180 days	186,815,888	55,273,499	-	242,089,387
181-365 days	58,884,293	30,317,303	-	89,201,596
Over 1 Year	731,463,614	208,045,222	19,298,417	958,807,253
	<u>1,008,483,212</u>	<u>309,830,149</u>	<u>19,298,417</u>	<u>1,337,611,778</u>
Less: general and specific provision	840,317,227	261,025,594	19,298,417	1,120,641,238
Net of provision	<u>168,165,985</u>	<u>48,804,555</u>	<u>-</u>	<u>216,970,540</u>
Coverage ratio	<u>83.32%</u>	<u>84.25%</u>	<u>100.00%</u>	<u>83.78%</u>

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

The analysis below summarises the credit rating quality of the Company's bank balances as at June 30, 2022:

	2022	2021
	-----Rupees-----	
Bank balances		
AAA	173,794,634	164,789,648
AA+	15,473,589	39,562,653
AA	672,245,729	-
AA-	5,799,576	2,469,883
A+	72,285	3,997,390
A	315,473	71,104
State Bank of Pakistan	964,879	639,595
	<u>868,666,165</u>	<u>211,530,273</u>

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

- 49.2.1** The Company applies the IFRS 9 simplified approach to measure expected credit losses for net investment in finance lease, micro finance, ijarah and musharikhah finance. To measure the expected credit losses, such financial assets have been grouped based on days past due. On that basis, the loss allowance as at June 30, 2022 and June 30, 2021 was determined as follows:

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

Net investment in finance lease

	2022			2021		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	-----Rupees-----					
Not yet due	0.39%	12,832,953,972	49,742,365	0.11%	11,273,042,968	12,630,398
1-30 days	1.19%	2,280,214,528	27,091,998	1.86%	1,475,354,751	27,424,640
31-90 days	3.15%	712,401,376	22,413,176	4.73%	677,034,162	32,053,657
91-365 days	35.73%	216,523,482	77,361,500	16.38%	238,907,810	39,141,768
More than 365 days	72.96%	789,050,842	575,697,669	100.00%	729,066,764	729,066,764
Total			<u>752,306,708</u>			<u>840,317,227</u>

Micro finance, Ijarah and musharikhah finance

	2022			2021		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	-----Rupees-----					
Not yet due	0.59%	65,434,943	386,453	6.70%	59,188,240	3,968,143
1-30 days	0.75%	987,255	7,424	61.48%	5,944,156	3,654,714
31-90 days	0.00%	-	-	90.83%	9,070,811	8,239,091
91-365 days	38.87%	11,177,019	4,344,363	100.00%	36,389,907	36,389,907
More than 365 days	100.00%	116,093,524	116,093,524	100.00%	85,075,908	85,075,908
Total			<u>120,831,764</u>			<u>137,327,763</u>

For loans and other financial assets, a life time ECL is recorded in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and for financial assets which are credit impaired as on reporting date. A 12 months ECL is recorded for all other financial assets which do not meet the criteria for SICR or "credit impaired" as at reporting date. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Company also considers reasonable and supportive forwarding-looking information in determination of ECL.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

49.3 Liquidity risk

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

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

	2022				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	-----Rupees-----				
Term finances	13,144,367,804	17,249,556,338	1,463,640,256	3,964,212,946	11,821,703,136
Certificates of deposit	4,536,229,086	5,613,201,930	518,509,519	2,294,900,812	2,799,791,599
Trade and other payables	1,161,430,372	1,161,430,372	1,161,430,372	-	-
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	625,520,562	625,520,562	188,795,432	237,677,661	199,047,469
Lease liability against right of use assets	107,278,607	107,278,607	9,021,082	13,249,483	85,008,042
Unpaid dividend	168,373,952	168,373,952	168,373,952	-	-
Unclaimed dividend	34,303,297	34,303,297	34,303,297	-	-
Short-term borrowings	339,499,845	339,499,845	171,260,982	168,238,863	-
	<u>20,117,003,526</u>	<u>25,299,164,903</u>	<u>3,715,334,892</u>	<u>6,678,279,765</u>	<u>14,905,550,246</u>
	2021				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	-----Rupees-----				
Term finances	7,780,555,550	8,872,593,692	1,158,813,512	2,444,953,283	5,268,826,897
Certificates of deposit	4,869,367,662	6,074,021,859	655,064,256	1,994,862,438	3,424,095,165
Trade and other payables	788,317,977	788,317,977	788,317,977	-	-
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	428,799,025	428,799,025	177,041,194	45,577,884	206,179,947
Lease liability against right of use assets	107,613,351	107,613,351	-	16,289,997	91,323,354
Unpaid dividend	185,467,295	185,467,295	185,467,295	-	-
Unclaimed dividend	27,429,217	27,429,217	27,429,217	-	-
Short-term borrowings	1,422,881,783	1,422,881,783	954,602,720	468,279,063	-
	<u>15,610,431,860</u>	<u>17,907,124,199</u>	<u>3,946,736,171</u>	<u>4,969,962,665</u>	<u>8,990,425,363</u>

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

50 FAIR VALUE MEASUREMENT

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

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

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.

Fair value of net investments in finance lease, long term loans and finances, long term deposits and other assets, other liabilities, certificates of deposit and other accounts are approximate to their carrying value. The provision for impairment of finance lease and long term loans and finances has been calculated in accordance with the Company’s accounting policy.

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

Fair value hierarchy

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

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

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:

	2022			
	Level 1	Level 2	Level 3	Total
Financial assets				
-----Rupees-----				
Financial assets at fair value through other comprehensive income				
Ordinary shares - unlisted	-	22,726,251	-	22,726,251
Financial assets at fair value through profit or loss				
Market Treasury bills	-	554,492,300	-	554,492,300
Non-financial assets				
Fixed assets (Leasehold land and building)*	-	-	916,321,693	916,321,693
Total	-	577,218,551	916,321,693	1,493,540,244

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

	2021			
	Level 1	Level 2	Level 3	Total
Financial assets	-----Rupees-----			
Financial assets at fair value through other comprehensive income				
Ordinary shares - unlisted	-	26,863,547	-	26,863,547
Financial assets at fair value through profit or loss				
Market Treasury bills	-	301,110,445	-	301,110,445
Non-financial assets				
Fixed assets (Leasehold land & building)*	-	-	940,875,025	940,875,025
Total	-	327,973,992	940,875,025	1,268,849,017

Item	Valuation approach and input used
Treasury bills	The fair value of Treasury bills is derived using PKRV rates. PKRV rate is average of the yield-to-maturity on government securities traded in the secondary market and determined at the end of day. The yield-to-maturity on government securities is quoted by the six (06) brokerage houses keeping in view the yield-to-maturity on government securities traded in the secondary market.
Fixed assets (leasehold land and office building)	The revaluation by the valuer is carried out on the basis of professional assessment of present market values.
Short-term investments	The fair value of unlisted ordinary shares is determined using the Market Value approach.

* Leasehold land and building are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 4 to these unconsolidated financial statements. The valuation experts used a market based approach to arrive at the fair value of the Company's properties. The approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

51 CAPITAL RISK MANAGEMENT

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

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

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

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

52	EARNINGS PER SHARE - basic and diluted	2022	2021
	Profit for the year after taxation (Rupees)	882,210,386	914,810,534
	Weighted average number of ordinary shares	175,407,647	175,407,647
	Earnings per share - basic and diluted (Rupees)	5.03	5.22

52.1 Diluted earnings per share has not been presented separately as the Company does not have any convertible instruments in issue at June 30, 2022 and June 30, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

53 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on September 16, 2022 proposed a final cash dividend of Rs. 2 per share (2021: Rs. 2 per share) for the year ended June 30, 2022, amounting to Rs. 350,815,294 (2021: Rs. 350,815,294). This appropriation will be approved by the members of the Company at the Annual General Meeting to be held on October 27, 2022. The unconsolidated financial statements for the year ended June 30, 2022 do not include the effect of the above appropriations which will be accounted for in the unconsolidated financial statements of the Company for the year ending June 30, 2023.

54 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison and better presentation. No significant rearrangements or reclassifications have been made in these unconsolidated financial statements during the current year.

55 DATE OF AUTHORISATION FOR ISSUE

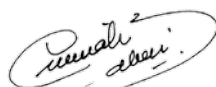
These unconsolidated financial statements were authorised for issue on September 16, 2022 by the Board of Directors of the Company.

56 GENERAL

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



Shaheen Amin
Chief Executive Officer



Aminah Zahid Zaheer
Director



Ramon Alfrey
Chief Financial Officer

Consolidated Financial Statements

Director's Report on Consolidated Financial Statements

The directors of OLP Financial Services Pakistan Limited (OLP) are pleased to present their report together with the audited consolidated financial statements for the Group for the year ended 30 June 2022. The Group comprises of:

- OLP Financial Services Pakistan Limited (OLP) – The Holding Company
- OLP Modaraba (OM) – Subsidiary Company
- OLP Services Pakistan (private) Limited - Subsidiary Company

The Director's report giving commentary on the performance of OLP for the year ended 30 June 2022 has been presented separately on page 18, which contains the business review, operational performance of OLP, future prospects and other requisite information on OLP. The contents of the said report shall be read along with this report and shall form an integral part of the Director's Report in terms of section 227 of the Companies Act, 2017 and the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 issued by the Securities and Exchange Commission of Pakistan.

Group Results

The consolidation financial results of the Group are summarized below:

Description	2022	2021
	-----Rupees-----	
Profit before tax	1,469,848,815	1,402,397,165
Taxation	535,855,603	369,168,975
Profit for the year after taxation	933,993,212	1,033,228,190
Profit attributable to Equity shareholders of the		
Holding Company	854,585,497	921,041,652
Profit attributable to Non-controlling interest	79,407,715	112,186,538
Earnings per share – basic and diluted	4.87	5.25
Appropriation: Transferred to statutory reserve	44,110,519	182,962,107

Pattern of shareholding

The pattern of shareholding and related information as at June 30, 2022 is presented at page 209.

Financial and Operational Preformation

Consolidated profit after tax of the Group for the year ended June 30, 2022 was Rs. 934 million (2021: Rs. 1,033.2 million) with the EPS of Rs. 4.87 (2021: Rs. 5.25). Profit from OM amounted to Rs. 111.5 million (2021: Rs. 152.5 million) and loss from OSP amounted to Rs. 27.9 million (2021: Rs. 4.3 million). Minority interest accounts for 80% of OM's equity. As such, Rs. 89.2 million (2021: Rs. 122 million) out of OM's profit is attributable to non-controlling interest.

On behalf of the Board


Shaheen Amin
 Chief Executive Officer


Aminah Zahid Zaheer
 Director

September 16, 2022

ڈائریکٹرز کی رپورٹ برائے ایشتمالی مالیاتی گوشوارے

اوایل پی فنانشل سروسز پاکستان لمیٹڈ (OLP) کے ڈائریکٹرز بمسرت گروپ کے آڈٹ شدہ ایشتمالی مالیاتی گوشوارے برائے اختتام سال 30 جون 2022 پیش کرتے ہیں۔
گروپ میں شامل:

- اوایل پی فنانشل سروسز پاکستان لمیٹڈ (OLP) ہولڈنگ کمپنی
- اوایل پی مضاربہ (OLPM) ذیلی کمپنی
- اوایل پی سروسز پاکستان (پرائیویٹ) لمیٹڈ (OSP) ذیلی کمپنی

اختتام سال 30 جون 2022 کے لئے اوایل پی فنانشل سروسز پاکستان لمیٹڈ (OLP) کی کارکردگی کا احاطہ کرتی ڈائریکٹرز کی رپورٹ صفحہ نمبر 44 پر پیش کی گئی ہے۔ جس میں کاروباری جائزہ، اوایل پی کی آپریشنل کارکردگی، مستقبل کے امکانات اور اوایل پی پر دیگر معلومات شامل ہیں۔ مذکورہ بالا رپورٹ کے مندرجات کو اس رپورٹ کے ساتھ پڑھا جائے، جو کمپنیز ایکٹ 2017 کے سیکشن 227 اور سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کے قواعد و ضوابط 2019 کی رو سے ڈائریکٹرز کی رپورٹ کا لازمی حصہ ہیں۔

گروپ کے نتائج

گروپ کے ایشتمالی مالیاتی نتائج مختصر آدرج ذیل ہیں:

2021	2022	تفصیلات
-----روپے-----		
1,402,397,165	1,469,848,815	قبل از حصول (نگس) منافع
369,168,975	535,855,603	محصولات (نگس)
1,033,228,190	933,993,212	بعد از حصول (نگس) سال کا منافع
921,041,652	854,585,497	ہولڈنگ کمپنی کے ایکویٹی شیئرز کے لئے منافع
112,186,538	79,407,715	اقلیتی شیئر ہولڈرز کے لئے منافع
5.25	4.87	فی شیئر منافع - بنیادی اور رقیق شدہ
182,962,107	44,110,519	تخصیص قانونی ریزرو میں منتقلی

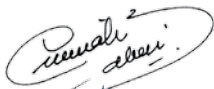
شیئر ہولڈنگ کا طرز


شیئر ہولڈنگ کا طرز اور متعلقہ معلومات برطابق 30 جون 2022 صفحہ نمبر 209 پر پیش کر دی گئی ہیں۔

ایشتمالی مالیاتی گوشواروں پر مبنی مالیاتی اور عملی کارکردگی

گروپ کا ایشتمالی منافع بعد از حصول (نگس) برائے اختتام سال 30 جون 2022، 943 ملین روپے (2021: 1,033.2 ملین روپے) اور فی حصص آمدنی 4.87 روپے (2021: 5.25 روپے)۔ اوایل پی مضاربہ سے 111.5 ملین روپے (2021: 152.5 ملین روپے)۔ جبکہ اوایل پی سروسز پاکستان میں سے 27.9 ملین روپے نقصان ہوا (2021: 4.3 ملین روپے) اوایل پی مضاربہ میں 180% ایکویٹی اقلیتی حصص یافتگان کی ہے۔ اور اس طرح، اوایل پی مضاربہ کے منافع میں 89.2 ملین روپے (2021: 122 ملین روپے) اقلیتی حصص یافتگان کا حصہ ہے۔

بورڈ کی جانب سے


آمنہ زاہد ظہیر
ڈائریکٹر


شابیر امین
چیف ایگزیکٹو آفیسر

16 ستمبر 2022

Consolidated Vertical Analysis

STATEMENT OF FINANCIAL POSITION	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16
	Rs. In million	%	Rs. In million	%	Rs. In million	%	Rs. In million	%	Rs. In million	%	Rs. In million	%
ASSETS												
Non-current assets												
Fixed assets	3,119	8.65%	3,604	9.99%	4,374	14.59%	4,338	13.26%	5,154	15.41%	6,007	18.84%
Intangible assets	28	0.08%	42	0.12%	62	0.21%	82	0.25%	96	0.29%	102	0.32%
Net investment in finance leases	6,495	18.01%	6,563	18.20%	5,984	19.96%	8,135	24.87%	8,594	25.70%	7,517	23.57%
Investment in associate	1,208	3.35%	916	2.54%	944	3.15%	942	2.88%	672	2.01%	1,972	6.18%
Long-term investments	195	0.54%	387	1.07%	454	1.51%	407	1.24%	307	0.92%	356	1.12%
Long-term finances and loans	9,507	26.36%	6,539	18.13%	4,558	15.20%	4,236	12.95%	3,895	11.65%	2,426	7.61%
Long-term deposits	12	0.03%	11	0.03%	13	0.04%	12	0.04%	12	0.04%	13	0.04%
	20,562	57.02%	18,063	50.09%	16,389	54.65%	18,152	55.48%	18,730	56.02%	18,393	57.68%
Current assets												
Short-term finances	20	0.05%	6	0.02%	234	0.78%	285	0.87%	243	0.73%	149	0.47%
Accrued return on investments and term finances	273	0.76%	160	0.44%	163	0.54%	135	0.41%	83	0.25%	60	0.19%
Current maturity of non-current assets	12,374	34.31%	11,017	30.55%	10,443	34.83%	12,490	38.18%	12,139	36.30%	11,268	35.34%
Short-term investments	577	1.60%	328	0.91%	803	2.68%	395	1.21%	773	2.31%	914	2.87%
Advances and prepayments	396	1.10%	280	0.78%	124	0.41%	193	0.59%	106	0.32%	57	0.18%
Other receivables	176	0.49%	138	0.38%	269	0.90%	147	0.45%	156	0.47%	164	0.51%
Cash and bank balances	1,393	3.86%	992	2.75%	1,251	4.17%	616	1.88%	925	2.77%	728	2.28%
Taxation - net	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	65	0.20%
Defined benefit plan asset	27	0.08%	8	0.02%	39	0.13%	9	0.03%	-	0.00%	-	0.00%
Net investment in Ijarah finance	0.4	0.00%	0.4	0.00%	0.4	0.00%	0.4	0.00%	0.4	0.00%	0	0.00%
	15,237	42.25%	12,929	35.85%	13,326	44.44%	14,270	43.62%	14,425	43.14%	13,405	42.04%
Assets classified as held for sale	265	0.73%	265	0.73%	271	0.90%	294	0.90%	281	0.84%	89	0.28%
	15,502	42.98%	13,194	36.58%	13,597	45.35%	14,564	44.52%	14,706	43.98%	13,494	42.32%
Total assets	36,064	100.00%	31,257	86.67%	29,986	100.00%	32,716	100.00%	33,436	100.00%	31,887	100.00%
EQUITY AND LIABILITIES												
Share capital and reserves												
Total equity attributable to equity holder of the Holding Company	8,846	24.53%	8,485	27.15%	8,198	27.34%	7,980	24.39%	7,222	21.60%	4,450	13.96%
Non-controlling interest	933	2.59%	959	3.07%	981	3.27%	980	3.00%	982	2.94%	1,002	3.14%
Non-current liabilities												
Long-term finances	10,565	29.29%	5,740	18.36%	5,300	17.67%	7,411	22.65%	6,834	20.44%	7,454	23.38%
Long-term certificates of deposit	2,096	5.81%	2,592	8.29%	2,630	8.77%	2,820	8.62%	3,225	9.65%	4,000	12.54%
Long-term deposits	313	0.87%	334	1.07%	375	1.25%	460	1.41%	554	1.66%	597	1.87%
Deferred taxation	300	0.83%	412	1.32%	516	1.72%	700	2.14%	481	1.44%	585	1.83%
Other long-term liabilities	336	0.93%	287	0.92%	288	0.96%	165	0.50%	203	0.61%	214	0.67%
Post-employment benefits	-	0.00%	-	0.00%	-	0.00%	-	0.00%	20	0.06%	17	0.05%
Redeemable capital	416	1.15%	343	1.10%	39	0.13%	38	0.12%	8	0.02%	0	0.00%
	14,026	38.89%	9,708	31.06%	9,148	30.51%	11,594	35.44%	11,325	33.87%	12,867	40.35%
Current liabilities												
Trade and other payables	1,525	4.23%	1,106	3.54%	603	2.01%	1,158	3.54%	1,239	3.71%	1,295	4.06%
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	475	1.32%	281	0.90%	393	1.31%	449	1.37%	284	0.85%	361	1.13%
Unpaid dividend	168	0.47%	185	0.59%	-	0.00%	-	0.00%	208	0.62%	-	0.00%
Unclaimed dividend	93	0.26%	85	0.27%	85	0.28%	78	0.24%	71	0.21%	65	0.20%
Short-term borrowings	339	0.94%	1,423	4.55%	171	0.57%	1,333	4.07%	2,355	7.04%	2,449	7.68%
Short-term certificates of deposit	1,561	4.33%	1,678	5.37%	1,047	3.49%	696	2.13%	1,048	3.13%	1,111	3.48%
Current maturity of non-current liabilities	7,827	21.70%	7,205	23.05%	9,017	30.07%	8,257	25.24%	8,511	25.45%	8,287	25.99%
Taxation - net	270	0.75%	142	0.45%	343	1.14%	191	0.58%	191	0.57%	-	0.00%
	12,259	33.99%	12,105	38.73%	11,659	38.88%	12,162	37.17%	13,907	41.59%	13,568	42.55%
Total equity and liabilities	36,064	100.00%	31,257	100.00%	29,986	100.00%	32,716	100.00%	33,436	100.00%	31,887	100.00%

STATEMENT OF PROFIT OR LOSS ACCOUNT	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16
	Rs. In million	%	Rs. In million	%	Rs. In million	%	Rs. In million	%	Rs. In million	%	Rs. In million	%
INCOME												
Income from operations												
Finance lease	2,253	37.44%	2,219	40.89%	2,933	45.08%	2,840	45.33%	2,531	38.91%	2,417	40.51%
Income from operating leases / Ijarah	1,098	18.24%	1,375	25.34%	1,690	25.98%	1,901	30.34%	2,117	32.55%	2,254	37.78%
Mark-up on finances and loans	2,050	34.08%	1,327	24.45%	1,383	21.26%	1,122	17.91%	769	11.82%	642	10.76%
	5,401	89.77%	4,921	90.68%	6,006	92.31%	5,863	93.58%	5,417	83.29%	5,313	89.05%
Income from other activities												
Other income - net	551	9.16%	471	8.68%	471	7.24%	351	5.60%	989	15.21%	424	7.11%
Share of profit of equity accounted undertakings	64	1.07%	35	0.64%	29	0.45%	51	0.81%	98	1.51%	229	3.84%
	616	10.23%	506	9.32%	500	7.69%	402	6.42%	1,087	16.71%	653	10.95%
Total Income	6,016	100.00%	5,427	100.00%	6,506	100.00%	6,265	100.00%	6,504	100.00%	5,966	100.00%
EXPENSES												
Finance cost	2,214	36.80%	1,522	28.04%	2,444	37.57%	1,990	31.76%	1,636	25.15%	1,790	30.00%
Administrative and general expenses	1,489	24.76%	1,356	24.99%	1,342	20.63%	1,370	21.87%	1,262	19.40%	1,124	18.84%
Direct cost	870	14.46%	1,123	20.69%	1,318	20.26%	1,553	24.79%	1,783	27.41%	1,905	31.93%
	4,574	76.02%	4,001	73.72%	5,104	78.45%	4,913	78.42%	4,681	71.97%	4,819	80.77%
Profit before provision and taxation	1,443	23.98%	1,426	26.28%	1,402	21.55%	1,352	21.58%	1,823	28.03%	1,147	19.23%
Allowance for potential lease and other loan losses - net	(64)	-1.07%	10	0.18%	322	4.95%	(192)	-3.06%	20	0.31%	(23)	-0.39%
Other provisions / (reversal) - net	37	0.62%	14	0.26%	17	0.26%	14	0.22%	11	0.17%	(76)	-1.27%
	(27)	-0.45%	24	0.44%	339	5.21%	(178)	-2.84%	31	0.48%	(99)	-1.66%
Profit before taxation	1,470	24.43%	1,402	25.83%	1,063	16.34%	1,530	24.42%	1,792	27.55%	1,246	20.89%
Taxation	536	8.91%	369	6.80%	271	4.17%	425	6.78%	343	5.27%	322	5.40%
Profit after taxation	934	15.52%	1,033	19.03%	792	12.17%	1,105	17.64%	1,449	22.28%	924	15.49%

Consolidated Horizontal Analysis

STATEMENT OF FINANCIAL POSITION	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16
	Rs. In million	%	Rs. In million	%	Rs. In million	%	Rs. In million	%	Rs. In million	%	Rs. In million	%
ASSETS												
Non-current assets												
Fixed assets	3,119	-13.47%	3,604	-17.60%	4,374	0.83%	4,338	-15.83%	5,154	-14.20%	6,007	10.54%
Intangible assets	28	-34.42%	42	-32.26%	62	-24.39%	82	-14.58%	96	-5.88%	102	-15.70%
Net investment in finance leases	6,495	-1.03%	6,563	9.68%	5,984	-26.44%	8,135	-5.34%	8,594	14.33%	7,517	1.36%
Investment in associate	1,208	31.87%	916	-2.97%	944	0.21%	942	40.18%	672	-65.92%	1,972	-12.97%
Long-term investments	195	-49.67%	387	-14.76%	454	11.55%	407	32.57%	307	-13.76%	356	263.27%
Long-term finances and loans	9,507	45.37%	6,539	43.47%	4,558	7.60%	4,236	8.75%	3,895	60.55%	2,426	4.79%
Long-term deposits	12	4.82%	11	-15.38%	13	8.33%	12	0.00%	12	-7.69%	13	18.18%
	20,562	13.83%	18,063	10.22%	16,389	-9.71%	18,152	-3.09%	18,730	1.83%	18,393	4.14%
Current assets												
Short-term finances	20	229.75%	6	-97.44%	234	-17.89%	285	17.28%	243	63.09%	149	-47.90%
Accrued return on investments and term finances	273	70.78%	160	-1.84%	163	20.74%	135	62.65%	83	38.33%	60	-43.40%
Current maturity of non-current assets	12,374	12.32%	11,017	5.49%	10,443	-16.39%	12,490	2.89%	12,139	7.73%	11,268	-3.01%
Short-term investments	577	75.98%	328	-59.15%	803	103.50%	395	-48.95%	773	-15.43%	914	-25.02%
Advances and prepayments	396	41.51%	280	125.81%	124	-35.75%	193	82.08%	106	85.96%	57	-24.00%
Other receivables	176	27.81%	138	-48.70%	269	82.99%	147	-5.77%	156	-4.88%	164	-22.27%
Cash and bank balances	1,393	40.38%	992	-20.70%	1,251	103.08%	616	-33.41%	925	27.06%	728	18.76%
Taxation - net	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	-100.00%	65	-13.33%
Defined benefit plan assets	27	240.71%	8	-79.49%	39	333.33%	9	100.00%	-	0.00%	-	0.00%
Net investment in Ijarah finance	0.4	0.00%	0.4	0.00%	0.4	-7.50%	0.4	0.00%	0.4	0.00%	0	0.00%
	15,237	17.85%	12,929	-2.98%	13,326	-6.61%	14,270	-1.08%	14,425	7.61%	13,405	-5.62%
Assets classified as held for sale	265	-0.10%	265	-2.21%	271	-7.82%	294	4.63%	281	215.73%	89	-39.86%
	15,502	17.49%	13,194	-2.97%	13,597	-6.64%	14,564	-0.97%	14,706	8.98%	13,494	-5.97%
Total assets	36,064	15.38%	31,257	4.24%	29,986	-8.34%	32,716	-2.15%	33,436	4.86%	31,887	-0.39%
EQUITY AND LIABILITIES												
Share capital and reserves												
Total equity attributable to equity holder of the Holding Company	8,846	4.26%	8,485	3.50%	8,198	2.73%	7,980	10.50%	7,222	62.29%	4,450	6.56%
Non-controlling interest	933	-2.71%	959	-2.24%	981	0.10%	980	-0.20%	982	-2.00%	1,002	-2.05%
Non-current liabilities												
Long-term finances	10,565	84.05%	5,740	8.30%	5,300	-28.48%	7,411	8.44%	6,834	-8.32%	7,454	18.36%
Long-term certificates of deposit	2,096	-19.13%	2,592	-1.44%	2,630	-6.74%	2,820	-12.56%	3,225	-19.38%	4,000	-32.07%
Long-term deposits	313	-6.25%	334	-10.93%	375	-18.48%	460	-16.97%	554	-7.20%	597	28.66%
Deferred taxation	300	-27.19%	412	-20.16%	516	-26.29%	700	45.53%	481	-17.78%	585	22.90%
Other long-term liabilities	336	17.22%	287	-0.35%	288	74.55%	165	-18.72%	203	-5.14%	214	-17.69%
Post-employment benefits	-	0.00%	-	0.00%	-	0.00%	-	-100.00%	20	17.65%	17	750.00%
Redeemable capital	416	21.20%	343	779.49%	39	2.63%	38	375.00%	8	3900.00%	0	-99.97%
	14,026	44.48%	9,708	6.12%	9,148	-21.10%	11,594	2.38%	11,325	-11.99%	12,867	-8.56%
Current liabilities												
Trade and other payables	1,525	37.93%	1,106	83.42%	603	-47.93%	1,158	-6.54%	1,239	-4.32%	1,295	22.29%
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	475	69.06%	281	-28.50%	393	-12.47%	449	58.10%	284	-21.33%	361	-17.95%
Unpaid dividend	168	-8.99%	185	100.00%	-	0.00%	-	-100.00%	208	100.00%	-	0.00%
Unclaimed dividend	93	9.51%	85	0.00%	85	8.97%	78	9.86%	71	9.23%	65	282.35%
Short-term borrowings	339	-76.14%	1,423	732.16%	171	-87.17%	1,333	-43.40%	2,355	-3.84%	2,449	27.69%
Short-term certificates of deposit	1,561	-6.96%	1,678	60.27%	1,047	50.43%	696	-33.59%	1,048	-5.67%	1,111	-46.41%
Current maturity of non-current liabilities	7,827	8.63%	7,205	-20.10%	9,017	9.20%	8,257	-2.98%	8,511	2.70%	8,287	14.54%
Taxation - net	270	90.01%	142	-58.60%	343	79.58%	191	0.00%	191	100.00%	-	0.00%
	12,259	1.27%	12,105	3.83%	11,659	-4.14%	12,162	-12.55%	13,907	2.50%	13,568	6.48%
Total equity and liabilities	36,064	15.38%	31,257	4.24%	29,986	-8.34%	32,716	-2.15%	33,436	4.86%	31,887	-0.39%

STATEMENT OF PROFIT OR LOSS ACCOUNT	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16
	Rs. In million	%	Rs. In million	%	Rs. In million	%	Rs. In million	%	Rs. In million	%	Rs. In million	%
INCOME												
Income from operations												
Finance lease	2,253	1.51%	2,219	-24.34%	2,933	3.27%	2,840	12.21%	2,531	4.72%	2,417	4.00%
Income from operating leases / Ijarah	1,098	-20.17%	1,375	-18.64%	1,690	-11.10%	1,901	-10.20%	2,117	-6.08%	2,254	292.68%
Mark-up on finances and loans	2,050	54.52%	1,327	-4.05%	1,383	23.26%	1,122	45.90%	769	19.78%	642	25.88%
	5,401	9.75%	4,921	-18.07%	6,006	2.44%	5,863	8.23%	5,417	1.96%	5,313	55.90%
Other income - net	551	17.05%	471	0.00%	471	34.19%	351	-64.51%	989	133.25%	424	-10.36%
Share of profit from associate	64	83.69%	35	20.69%	29	-43.14%	51	-47.96%	98	-57.21%	229	-2.14%
	616	21.66%	506	1.20%	500	24.38%	402	-63.02%	1,087	66.46%	653	-7.64%
Total Income	6,016	10.86%	5,427	-16.58%	6,506	3.85%	6,265	-3.67%	6,504	9.02%	5,966	44.98%
EXPENSES												
Finance cost	2,214	45.46%	1,522	-37.73%	2,444	22.81%	1,990	21.64%	1,636	-8.60%	1,790	6.93%
Administrative and general expenses	1,489	9.84%	1,356	1.04%	1,342	-2.04%	1,370	8.56%	1,262	12.28%	1,124	30.24%
Direct cost	870	-22.51%	1,123	-14.80%	1,318	-15.13%	1,553	-12.90%	1,783	-6.40%	1,905	346.14%
	4,574	14.31%	4,001	-21.61%	5,104	3.89%	4,913	4.96%	4,681	-2.86%	4,819	62.58%
Profit before provision and taxation	1,443	1.17%	1,426	1.71%	1,402	3.70%	1,352	-25.84%	1,823	58.94%	1,147	-0.35%
Allowance potential lease and other loan losses - net	(64)	-743.32%	10	-96.89%	322	-267.71%	(192)	-1060.00%	20	-186.96%	(23)	-110.70%
Other provisions / (reversal) - net	37	165.78%	14	-17.65%	17	21.43%	14	27.27%	11	-114.47%	(76)	90.00%
	(27)	-213.01%	24	-92.92%	339	-290.45%	(178)	-674.19%	31	-131.31%	(99)	-156.57%
Profit before taxation	1,470	4.84%	1,402	31.89%	1,063	-30.52%	1,530	-14.62%	1,792	43.82%	1,246	27.66%
Taxation	536	45.22%	369	36.16%	271	-36.24%	425	23.91%	343	6.52%	322	48.39%
Profit after taxation	934	-9.58%	1,033	30.43%	792	-28.33%	1,105	-23.74%	1,449	56.82%	924	21.74%



INDEPENDENT AUDITOR'S REPORT

To the members of OLP Financial Services Pakistan Limited

Opinion

We have audited the annexed consolidated financial statements of OLP Financial Services Pakistan Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2022, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the Key audit matter:

S.No.	Key audit matter	How the matter was addressed in our audit
1	<p>Provision for potential lease and loan losses (Refer notes 3.7, 6, 9, 10, 12 and 39 of the annexed consolidated financial statements)</p> <p>In respect of provision for potential lease and loan losses:</p> <ul style="list-style-type: none"> The Group records provision for potential lease and loan losses related to the Holding Company under the requirement of IFRS 9 and the Non-Banking Finance Companies Regulations (NBFC Regulations), whichever is higher; and 	<p>Our audit procedures to assess adequacy and determination of provision for potential lease and loan losses included, amongst others, the following:</p> <ul style="list-style-type: none"> Obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Group to identify loss events and for determining the extent of provisioning required against lease and loans balances;

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S.No.	Key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> The Group records provision for potential lease and loan losses related to the Modaraba under the requirement of IFRS 9 and the Modaraba Regulations, 2021 (Modaraba Regulations), whichever is higher. <p>Under IFRS 9, simplified approach and general approach are used for lease and loan losses respectively to determine Expected Credit Losses (ECL). A lifetime ECL is recorded on loans in which there have been Significant Increase in Credit Risk (SICR) from the date of initial recognition and on loans which are credit impaired as on the reporting date. A 12 months ECL is recorded for loans which do not meet the criteria for SICR or "credit impaired" as at the reporting date. To assess whether there is a significant increase in the credit risk, the Group compares the risk of a default occurring on the loans as at the reporting date with the risk of default as at the date of initial recognition. The Group also considers reasonable and supportive forward-looking information in the determination of ECL. The allowance is increased by provisions charged to the consolidated statement of profit or loss and is decreased by charge-offs, net of recoveries.</p> <p>Determination of provision including calculating ECL for lease and loans is subject to numerous judgments and estimates. In evaluating the adequacy of ECL, the management considers various factors, including the nature and characteristics of the obligor, current economic conditions, credit concentrations or deterioration in collateral, historical loss experience and delinquencies. The management has further considered the impact of forward-looking information and its resulting impact on the provision for lease and loan portfolio of the Group.</p> <p>The Group has determined a provision on lease and loans balances and has recognised a gross charge of Rs. 231.980 million and a gross reversal of Rs. 297.049 million in respect of potential lease and loan losses in the consolidated statement of profit or loss during the year ended June 30, 2022. As at June 30, 2022, the Group maintained a provision of Rs. 1,214.716 million for potential lease and loan losses.</p> <p>The determination of provision in respect of lease and loans balances as per the requirements of applicable local regulations and IFRS 9 remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of lease and loans balances relative to the overall consolidated financial statements of the Group, we considered the area of provision for potential lease and loan losses as a key audit matter.</p>	<ul style="list-style-type: none"> Evaluated the key decisions made by the Group's management with respect to accounting policies, estimates and judgments in relation to computation of provision for potential lease and loan losses and assessed the appropriateness based on our understanding of the Group's business and operations; Assessed the reasonableness and accuracy of the data used for provision computation based on the accounting records and information system of the Group as well as the related external sources used for this purpose; Checked, on a test basis, the accuracy of specific provision made against non-performing lease and loans balances and of general provision made against performing lease and loans balances as per the requirements of NBFC Regulations / Modaraba Regulations by recomputing the provision amount in accordance with the criteria prescribed under the NBFC Regulations / Modaraba Regulations. Assessed the ECL model used by the management to calculate provision against lease and loans balances of the Group for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical accuracy of the model; Assessed the reasonableness of the forward-looking factors used by the management in preparing ECL model; and Assessed the relevant disclosures made in the consolidated financial statements to determine whether they are complied with the accounting and reporting standards as applicable in Pakistan.

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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



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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A. F. Ferguson & Co.

Chartered Accountants

Dated: September 30, 2022

Karachi

UDIN: AR202210061eGNFRD8kl

Consolidated Statement of Financial Position

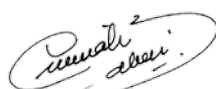
As at June 30, 2022

	Note	2022	2021
		-----Rupees-----	
ASSETS			
Non-current assets			
Fixed assets	4	3,118,503,290	3,604,262,358
Intangible assets	5	27,543,796	42,150,299
Net investment in finance lease	6	13,436,624,395	14,049,104,260
Current maturity of net investment in finance lease	12	(6,867,323,292)	(7,470,695,275)
Allowance for potential lease losses		(73,912,352)	(15,409,760)
		(6,941,235,644)	(7,486,105,035)
		6,495,388,751	6,562,999,225
Investment in associate	7	1,207,909,411	915,924,945
Long-term investments	8	194,786,354	387,048,864
Long-term finances and loans	9	9,506,531,532	6,539,487,835
Long-term deposits		11,530,566	11,421,566
		20,562,193,700	18,063,295,092
Current assets			
Short-term finances	10	19,784,894	6,332,180
Accrued return on investments and term finance	11	273,255,561	160,087,808
Current maturity of non-current assets	12	12,374,309,673	11,016,659,574
Short-term investments	13	577,218,551	327,973,992
Advances and prepayments	14	396,225,657	279,785,152
Other receivables	15	176,377,517	137,202,827
Cash and bank balances	16	1,392,563,962	992,094,722
Defined benefit plan asset	25	27,256,484	8,352,447
Net investment in ijarah finance		370,000	370,000
		15,237,362,299	12,928,858,702
Assets classified as held for sale	17	264,747,437	264,747,437
		36,064,303,436	31,256,901,231
Total assets			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
350,000,000 (2021: 350,000,000) ordinary shares of Rs. 10 each		3,500,000,000	3,500,000,000
Issued, subscribed and paid-up capital	18	1,754,076,470	1,754,076,470
Reserves		7,092,382,431	6,731,329,840
Total equity attributable to equity holders of the Holding Company		8,846,458,901	8,485,406,310
Non-controlling interest		932,993,496	958,875,571
		9,779,452,397	9,444,281,881
Non-current liabilities			
Long-term finances	20	10,564,516,549	5,739,890,022
Long-term certificates of deposit	21	2,096,072,585	2,591,624,552
Long-term deposits	22	313,124,339	334,024,954
Deferred taxation	23	299,991,506	411,606,294
Other long-term liabilities	24	336,434,018	287,129,694
Redeemable capital	26	415,700,000	343,450,000
		14,025,838,997	9,707,725,516
Current liabilities			
Trade and other payables	27	1,525,466,115	1,106,099,857
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	28	475,058,873	280,775,725
Unpaid dividend		168,373,952	185,467,295
Unclaimed dividend		93,082,962	84,845,503
Short-term borrowings	29	339,499,845	1,422,881,783
Short-term certificates of deposit	30	1,561,178,241	1,677,709,483
Current maturity of non-current liabilities	31	7,826,539,830	7,205,475,132
Taxation - net		269,812,224	141,639,056
		12,259,012,042	12,104,893,834
		36,064,303,436	31,256,901,231
Total equity and liabilities			
Contingencies and commitments			
	32		

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.



Shaheen Amin
Chief Executive Officer



Aminah Zahid Zaheer
Director



Ramon Alfrey
Chief Financial Officer

Consolidated Statement of Profit or Loss

For the year ended June 30, 2022

	Note	2022	2021
		-----Rupees-----	
INCOME			
Income from operations			
Finance leases		2,252,516,751	2,218,909,215
Income from operating leases / ijarah	33	1,097,626,051	1,375,027,834
Mark-up on finances and loans		2,050,494,891	1,327,472,833
		<u>5,400,637,693</u>	<u>4,921,409,882</u>
Income from other activities			
Other income - net	34	551,301,617	471,217,722
Share of profit from associate	35	64,289,981	35,363,150
		<u>615,591,598</u>	<u>506,580,872</u>
		<u>6,016,229,291</u>	<u>5,427,990,754</u>
EXPENSES			
Finance cost	36	2,213,886,573	1,522,428,482
Administrative and general expenses	37	1,489,416,144	1,356,046,160
Direct cost	38	870,200,960	1,123,225,552
		<u>4,573,503,677</u>	<u>4,001,700,194</u>
Profit before provision and taxation		<u>1,442,725,614</u>	<u>1,426,290,560</u>
(Reversal of provision) / provision for potential lease and other loan losses - net	39	(64,331,767)	9,701,389
Other provision - net	40	37,208,566	14,192,006
		<u>(27,123,201)</u>	<u>23,893,395</u>
Profit before taxation		<u>1,469,848,815</u>	<u>1,402,397,165</u>
Taxation	42	535,855,603	369,168,975
Profit for the year after taxation		<u>933,993,212</u>	<u>1,033,228,190</u>
Profit for the year after taxation attributable to:			
Equity holders of the Holding Company		854,585,497	921,041,652
Non-controlling interest		79,407,715	112,186,538
		<u>933,993,212</u>	<u>1,033,228,190</u>
Earnings per share - basic and diluted	53	<u>4.87</u>	<u>5.25</u>

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.


Shaheen Amin
 Chief Executive Officer


Aminah Zahid Zaheer
 Director


Ramon Alfrey
 Chief Financial Officer

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2022

	Note	2022	2021
		-----Rupees-----	
Profit for the year after taxation attributable to:			
Equity holders of the Holding Company		854,585,497	921,041,652
Non-controlling interest		79,407,715	112,186,538
		<u>933,993,212</u>	<u>1,033,228,190</u>
Other comprehensive income			
Items that will be subsequently reclassified to the consolidated statement of profit or loss			
- Exchange gain / (loss) arising on translation of foreign associate	7.1.3	282,281,515	(55,975,776)
- Deferred tax on exchange gain / (loss) arising on translation		(123,912,340)	12,174,731
		<u>158,369,175</u>	<u>(43,801,045)</u>
Items that will not be subsequently reclassified to the consolidated statement of profit or loss			
- Fair value change on remeasurement of financial assets - net of deferred tax		(4,137,296)	843,631
- Deferred tax on fair value changes on remeasurement of financial assets		31,485,257	(183,490)
		<u>27,347,961</u>	<u>660,141</u>
- Share of other comprehensive income from an associate	7.1.3	502,550	998,371
- Deferred tax on share of other comprehensive income from associate		2,973,956	(217,146)
		<u>3,476,506</u>	<u>781,225</u>
Remeasurement gain / (loss) on defined benefit obligation - staff gratuity	25.4	18,904,040	(21,050,512)
		<u>1,142,090,894</u>	<u>969,817,999</u>
Total comprehensive income for the year			
Total comprehensive income for the year attributable to:			
Equity holders of the Holding Company		1,062,683,179	857,631,461
Non-controlling interest		79,407,715	112,186,538
		<u>1,142,090,894</u>	<u>969,817,999</u>

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.



Shaheen Amin
Chief Executive Officer



Aminah Zahid Zaheer
Director



Ramon Alfrey
Chief Financial Officer

Consolidated Statement of Cash Flows

For the year ended June 30, 2022

	Note	2022	2021
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	43	4,178,347,820	3,954,161,552
Increase in operating assets			
Investment in finance lease - net		609,636,540	373,169,651
Long-term finances and loans - net		(4,488,466,420)	(3,434,981,637)
Short-term finances		1,149,575	190,802,351
Long-term deposits		(109,000)	1,511,000
Advances and prepayments		(131,900,578)	(145,525,869)
Other receivables		(170,574,896)	119,555,164
		(4,180,264,779)	(2,895,469,340)
Decrease in operating liabilities			
Deposits from lessee - net		(103,137,229)	(616,975)
Other long term liabilities - net		(443,036,100)	(479,612,539)
Trade and other payables		412,333,652	478,982,284
		(133,839,677)	(1,247,230)
Net cash (used in) / generated from operating activities before income tax		(135,756,636)	1,057,444,982
Payment of provincial workers' welfare fund		(64,532)	(7,183,085)
Payment against staff retirement benefits		(20,442,024)	(4,930,496)
Income tax paid		(608,750,353)	(662,939,555)
Net cash (used in) / generated from operating activities		(765,013,545)	382,391,846
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred - fixed assets for own use and intangible assets		(46,216,799)	(64,104,060)
Capital expenditure incurred - operating lease and ijarah assets		(760,436,225)	(1,396,045,933)
Proceeds from disposal of assets - own use		6,873,104	10,849,366
Proceeds from disposal of ijarah finance assets		427,073,093	1,101,250,259
Instalment against consideration on sale of e-business		-	14,459,160
Investments - net		(107,099,706)	500,687,558
Dividend received		57,017,571	9,400,005
Interest received		2,997,723	88,075,977
Net cash (used in) / generated from investing activities		(419,791,239)	264,572,332
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term finances		9,451,431,762	3,357,479,812
Redeemable capital less repayments		(236,800,000)	(620,800,000)
Short-term borrowings-net		(900,000,000)	900,000,000
Certificates of deposit redeemed - net		(333,138,576)	462,092,445
Repayment of long-term finances		(3,898,065,679)	(3,702,777,779)
Profit paid on redeemable capital		(192,739,295)	(233,705,739)
Finance cost paid		(1,271,577,829)	(920,482,328)
Payment of lease liability against right-of-use assets		(34,678,160)	(33,851,502)
Dividend paid		(815,776,261)	(465,111,290)
Net cash generated from / (used in) financing activities		1,768,655,962	(1,257,156,381)
Net increase / (decrease) in cash and cash equivalents during the year		583,851,178	(610,192,203)
Cash and cash equivalents at the beginning of the year		469,212,939	1,079,405,142
Cash and cash equivalents at the end of the year	44	<u>1,053,064,117</u>	<u>469,212,939</u>

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.


Shaheen Amin
 Chief Executive Officer


Aminah Zahid Zaheer
 Director


Ramon Alfrey
 Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended June 30, 2022

	Attributable to equity holders of the Holding Company							Non-controlling Interest	Total equity	
	Reserves						Total reserves			
	Issued, subscribed and paid-up capital	Share premium	Statutory reserve (Note 18.3)	Capital reserves		Revenue reserve				
Foreign currency translation reserve				Net surplus / (deficit) on re-measurement of financial assets at fair value through other comprehensive income	Surplus on revaluation of leasehold land and office building (note 19)	Unappropriated profit				
-----Rupees-----										
Balance as at July 1, 2020	1,670,549,020	1,585,210,523	1,599,979,697	257,750,041	(207,976,481)	862,518,492	2,430,349,179	6,527,831,451	981,345,164	9,179,725,635
Effect of change in accounting policies - Impact of IFRS 9	-	-	-	-	-	-	(10,971,700)	(10,971,700)	(43,886,800)	(54,858,500)
Balance as at July 1, 2021	1,670,549,020	1,585,210,523	1,599,979,697	257,750,041	(207,976,481)	862,518,492	2,419,377,479	6,516,859,751	937,458,364	9,124,867,135
Total comprehensive income for year ended June 30, 2021										
Profit for the year	-	-	-	-	-	-	921,041,652	921,041,652	112,186,538	1,033,228,190
Other comprehensive (loss) / income	-	-	-	(43,801,045)	660,141	-	(20,269,287)	(63,410,191)	-	(63,410,191)
Total comprehensive income for the year	-	-	-	(43,801,045)	660,141	-	900,772,365	857,631,461	112,186,538	969,817,999
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	(20,453,617)	20,453,617	-	-	-
Deferred tax on transfer of surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	2,173,993	(2,173,993)	-	-	-
	-	-	-	-	-	(18,279,624)	18,279,624	-	-	-
Transfer to statutory reserve	-	-	182,962,107	-	-	-	(182,962,107)	-	-	-
Transactions with owners recorded directly in equity										
- Issuance of bonus shares	83,527,450	(83,527,450)	-	-	-	-	-	(83,527,450)	-	-
- Final cash dividend @ Rs.3.75 per ordinary share of Rs. 10.00 each for the year ended June 30, 2020	-	-	-	-	-	-	(208,818,628)	(208,818,628)	-	(208,818,628)
- Interim cash dividend @ Rs.2 per ordinary share of Rs. 10.00 each for the year ended June 30, 2021	-	-	-	-	-	-	(350,815,294)	(350,815,294)	-	(350,815,294)
- Profit distribution for the year ended June 30, 2020 @ Rs. 2.5 per certificate	-	-	-	-	-	-	-	-	(90,769,331)	(90,769,331)
	83,527,450	(83,527,450)	-	-	-	-	(559,633,922)	(643,161,372)	(90,769,331)	(650,403,253)
Balance as at July 1, 2021	1,754,076,470	1,501,683,073	1,782,941,804	213,948,996	(207,316,340)	844,238,868	2,595,833,439	6,731,329,840	958,875,571	9,444,281,881
Total comprehensive income for year ended June 30, 2022										
Profit for the year	-	-	-	-	-	-	854,585,497	854,585,497	79,407,715	933,993,212
Other comprehensive income	-	-	-	158,369,175	27,347,961	-	22,380,546	208,097,682	-	208,097,682
Total comprehensive income for the year	-	-	-	158,369,175	27,347,961	-	876,966,043	1,062,683,179	79,407,715	1,142,090,894
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	(20,453,617)	20,453,617	-	-	-
Deferred tax on transfer of surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	(173,684)	173,684	-	-	-
	-	-	-	-	-	(20,627,301)	20,627,301	-	-	-
Transfer to statutory reserve	-	-	44,110,519	-	-	-	(44,110,519)	-	-	-
Transactions with owners recorded directly in equity										
- Final cash dividend @ Rs.2 per ordinary share of Rs. 10.00 each for the year ended June 30, 2021	-	-	-	-	-	-	(350,815,294)	(350,815,294)	-	(350,815,294)
- Interim cash dividend @ Rs. 2 per ordinary share of Rs. 10.00 each for the year ended June 30, 2022	-	-	-	-	-	-	(350,815,294)	(350,815,294)	-	(350,815,294)
- Profit distribution for the year ended June 30, 2021 @ Rs. 2.5 per certificate	-	-	-	-	-	-	-	-	(105,289,790)	(105,289,790)
	-	-	-	-	-	-	(701,630,588)	(701,630,588)	(105,289,790)	(806,920,378)
Balance as at June 30, 2022	1,754,076,470	1,501,683,073	1,827,052,323	372,318,171	(179,968,379)	823,611,567	2,747,685,676	7,092,382,431	932,993,496	9,779,452,397

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.


Shaheen Amin
 Chief Executive Officer


Aminah Zahid Zaheer
 Director


Ramon Alfrey
 Chief Financial Officer

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

1 LEGAL STATUS AND OPERATIONS

The “Group” consists of:

- (i) OLP Financial Services Pakistan Limited - the Holding Company;
- (ii) OLP Services Pakistan (Private) Limited - subsidiary company
- (iii) OLP Modaraba - subsidiary company.

1.1 Holding company

OLP Financial Services Pakistan Limited (“the Holding Company / the Company”) was incorporated in Pakistan as a private limited company on July 01, 1986 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and was converted into a public limited company on December 23, 1987. The Holding Company is listed on the Pakistan Stock Exchange Limited and 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 registered office of the Company is situated at OLP Building, Plot No. 16, Sector No. 24, Korangi Industrial Area, Karachi.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long-term rating of AA+ (2021: AA+) and a short-term rating of A1+ (2021: A1+) to the Company on March 03, 2022 (2021: March 03, 2021).

1.2 Subsidiary companies

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

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

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

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

1.2.2 OLP Modaraba - 20% effective holding

OLP Modaraba (“the Modaraba”) was formed in the name of Standard Chartered Modaraba under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder. The Modaraba is managed by OLP Services Pakistan (Private) Limited (“the Management Company”) which is a wholly owned subsidiary of OLP Financial Services Pakistan Limited (the Holding Company).

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

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

The Modaraba is a perpetual Modaraba and is primarily engaged in financing of plant and machinery, motor vehicles (both commercial and private), computer equipment and housing under the modes of Ijarah (Islamic leasing) and Diminishing Musharika. The Modaraba may also invest in commercial and industrial ventures suitable for the Modaraba. The Modaraba is listed on the Pakistan Stock Exchange Limited. The Pakistan Credit Rating Agency Limited (PACRA) has maintained long term rating of AA (2021: AA) and short term rating of A1+ (2021: A1+) to the Modaraba on March 03, 2022 (2021: March 04, 2021).

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Provisions of and directives issued under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, the IFAS, the NBFC Rules or the NBFC Regulations differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017, the IFAS, the NBFC Rules or the NBFC Regulations have been followed.

2.2 Islamic Financial Accounting Standard (IFAS) 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan was adopted by the SECP vide SRO 431(1)/ 2007 dated May 22, 2007. Under IFAS 2, the Ijarah transactions are accounted for in the following manner:

- Mustajir (lessors) presents the assets subject to Ijarah in their statement of financial position according to the nature of the asset. The Mustajir is required to distinguish these Ijarah assets from the assets in own use.
- Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income are recognised as expenses.
- Ijarah income is recognised in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

2.3 Basis of measurement

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

- Leasehold land and building are stated at revalued amounts;
- Certain investments are stated at fair value;
- Non-current assets classified as held-for-sale are valued at lower of carrying amount and fair value less cost to sell;
- Obligation in respect of staff gratuity is measured at present value of the defined benefit obligation; and
- Investment in associate is valued under equity accounting method.

2.4 Functional and presentation currency

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

2.5 Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. The areas where various assumptions and estimates are significant to the Group's financial statements or where judgments were exercised in the application of accounting policies are as follows:

- (a) determination of the residual values and useful lives of fixed assets (notes 3.4 and 4);
- (b) determination of amortisation rates for intangible assets (notes 3.3, 3.5 and 5);
- (c) determination of allowance for potential lease and other loan losses (notes 3.7 and 39);
- (d) determination of allowance for other provisions (note 40);
- (e) determination of classification, valuation and impairment of financial assets (notes 3.11, 8, 13 and 40);
- (f) recognition for taxation and deferred tax (notes 3.18, 23 and 42);
- (g) accounting for defined benefit obligation (notes 3.19 and 25);
- (h) provision against workers' welfare fund (notes 3.16 and 40); and
- (i) impairment of non-financial assets (notes 3.10).

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

2.6.1 There are certain amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or do not have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated financial statements.

2.7 Interpretations and amendments to published accounting and reporting standards that are not yet effective:

2.7.1 The following amendments and interpretations with respect to published accounting and reporting standards would be effective from the date mentioned below against the respective amendments or interpretations:

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

	Effective date (accounting period beginning on or after)
Interpretations or amendments	
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2023
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments)	January 1, 2023

The amendments highlighted above may impact the consolidated financial statements of the Group on application. The management is currently in the process of assessing the impact of these amendments on the consolidated financial statements of the Group.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

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

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

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

Non-controlling interests represent that part of the net results of operations and of the net assets of the subsidiaries that are not owned by the Group.

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

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

3.2 Business combination

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

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

3.3 Goodwill

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

3.4 Fixed assets

3.4.1 Own use, operating lease and capital work in progress

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

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

Depreciation is charged using the straight line method over the estimated useful lives of assets, at the rates specified in notes 4.1 and 4.2 to these consolidated financial statements after taking into account residual values if significant. Cranes under operating lease are depreciated at the rates specified in note 4.2 by considering residual values. The carrying value of leasehold land is amortised over its lease term. Depreciation on additions is charged from the month in which the assets are available for use. No depreciation is charged in the month of disposal.

Accounting treatment and presentation of revaluation of fixed assets is in conformity with IAS 16 'Property, Plant and Equipment'. Revaluation surplus on fixed assets is presented in the consolidated statement of financial position and consolidated statement of changes in equity.

An increase arising on revaluation is credited to the surplus on revaluation of leasehold land and office building. A decrease arising on revaluation of leasehold land and office building is adjusted against the surplus of that asset or, if no surplus exists, is charged to the consolidated statement of profit or loss as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the consolidated statement of profit or loss up to the extent of the original impairment. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the consolidated statement of profit or loss and depreciation based on the asset's original cost, net of deferred taxation, is reclassified from revaluation surplus on leasehold land and office building to unappropriated profit.

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

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

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

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

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For the year ended June 30, 2022

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

3.4.2 Ijarah assets

Rental from Ijarah arrangements are recognised in the consolidated statement of profit or loss on an accrual basis as and when rentals become due. Costs (including depreciation), incurred in earning the Ijarah income are recognised as an expense. Initial direct costs incurred specifically to earn revenues from Ijarah are recognised as an expense in the period in which these are incurred. The Ijarah assets are depreciated over the period of Ijarah finance on a straight line basis at the rates specified in note 4.3.

3.4.3 Lease liability and right-of-use asset

The Group lease premises of certain branches. Rental contracts are typically for a period of 3 years and may have extension options as described below. At inception of a contract, the Group assesses whether a rental contract conveys the right to control the use of the rented premises for a period of time in exchange for consideration. Lease term is negotiated on an individual basis.

In determining the lease term, the management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured as the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Group under residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Group reassesses with reasonable certainty of exercising the extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

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For the year ended June 30, 2022

The right-of-use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right-of-use asset is subsequently measured at cost model and depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group has elected to apply the practical expedient of not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

3.5 Intangible assets

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

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

Amortisation is charged using the straight-line method over the estimated useful lives of the assets at the rates specified in note 5.1. Amortisation on additions is charged from the month in which the assets are available for use. No amortisation is charged in the month of disposal. The residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

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

3.6 Net investment in finance lease

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

3.7 Allowance for potential lease and other loan losses

The Group applies IFRS 9 simplified approach and general approach for lease and loan losses respectively to determine Expected Credit Losses (ECL) for lease and loan balances. A lifetime ECL is recorded on loans in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and on loans which are credit impaired as on the reporting date. A 12 months ECL is recorded for loans which do not meet the criteria for SICR or "credit impaired" as at the reporting date. To assess whether there is a significant increase in the credit risk, the management of the Group compares the risk of a default occurring on the loans as at the reporting date with the risk of default as at the date of initial recognition. The Group also considers reasonable and supportive forward-looking information in the determination of ECL. The allowance is increased by provisions charged to the consolidated statement of profit or loss and is decreased by charge-offs, net of recoveries.

Calculating ECL for lease and loan is subject to numerous judgments and estimates. In evaluating the adequacy of ECL, the management of the Group considers various factors, including the nature and characteristics of the obligor, current economic conditions, credit concentrations or deterioration in collateral, historical loss experience and delinquencies. The management has further considered the impact of forward-looking information and its resulting impact on the provision for lease and loan portfolio of the Group.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

The Institute of Chartered Accountant of Pakistan (ICAP) has issued 'Accounting Guideline Application of IFRS 9 by Non-Banking Finance Companies and Modaraba', which allows NBFC's / Modarab's to apply the requirements of IFRS 9 in conjunction with the requirements of NBFC Regulations / Modaraba Regulations. Accordingly, the Group has recognised provision as the higher of provisioning requirements as specified under the NBFC Regulations / Modaraba Regulation and IFRS 9.

3.8 Assets classified as held for sale

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

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

3.9 Investment in associates

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

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

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

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

When the investment in associate is sold, all amounts previously recognised in 'other comprehensive income' in relation to that investment are reclassified to the consolidated statement of profit or loss.

3.10 Impairment of non-financial assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognised in the consolidated statement of profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

3.11 Financial assets

3.11.1 Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

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

a) At amortised cost

The Group measures financial assets at amortised cost if the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.11.2. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

b) At fair value through other comprehensive income (FVOCI)

The Group measures financial assets at FVOCI if the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment losses or reversals, recognised and measured as described in note 3.11.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the consolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of profit or loss.

c) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the consolidated statement of profit or loss in the period in which it arises.

3.11.2 Impairment

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost and FVOCI. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

The Holding Company applies the IFRS 9 simplified approach to measure expected credit losses for leases, Ijarah finance, musharika finance and microfinance. For all other financial assets, a life time ECL is recorded in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and for financial assets which are credit impaired as on reporting date. A 12 months ECL is recorded for all other financial assets which do not meet the criteria for SICR or “credit impaired” as at reporting date.

The Modaraba applies the IFRS 9 general approach to measure Expected Credit Losses (ECL) for Ijarah Finance and Diminishing Musharika. A lifetime ECL is recorded on Ijarah Finance and Diminishing Musharika in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and which are credit impaired as on the reporting date. A 12 months ECL is recorded for Ijarah Finance and Diminishing Musharika which do not meet the criteria for SICR or “credit impaired” as at the reporting date. To assess whether there is a significant increase in credit risk the Modaraba compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Modaraba also considers reasonable and supportive forwarding-looking information in determination of ECL.

3.11.3 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

- (i) the Group transfers substantially all the risks and rewards of ownership; or
- (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

3.11.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Group commits to purchase or sell the asset.

3.11.5 Initial recognition

Financial assets are recognised at the time the Group becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at FVPL. Financial assets carried at FVPL are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the consolidated statement of profit or loss.

3.11.6 Business model

The business model reflects how the Group manages the assets in order to generate cash flows, that is, whether the objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of ‘other’ business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset’s performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

3.11.7 SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments’ cash flows represent solely payments of principal and interest (the ‘SPPI test’). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

3.11.8 Reclassifications

The Group reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

3.11.9 Write-offs

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Against each customer's outstanding exposure which stands as impaired, the Group makes an assessment with respect to the timing and amount of write-off based on the expectation of recovery. However, financial assets that are written off remain subject to legal enforcement activities for recovery of amounts due.

3.12 Financial liabilities

Financial liabilities are recognised at the time the Group becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value less any directly attributable transaction cost.

Financial liabilities are subsequently measured at amortised cost except for:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer.

3.12.1 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the consolidated statement of profit or loss.

3.13 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.14 Certificate of deposits, borrowings, finances, loans and their costs

These are initially recognised at cost being the fair value of consideration received. Subsequently, these are carried at amortised cost using the effective interest method.

Costs in respect of above are recognised as an expense in the period in which these are incurred using the effective interest method.

Transaction costs, if any, are amortised over the period of agreement using the effective interest method.

3.15 Redeemable capital

The Modaraba offers only one deposit product, "Certificates of Musharika (COM)" under a scheme duly approved by the Securities and Exchange Commission of Pakistan vide its letter no.7(04) Reg-Mod/95-449 dated April 4, 1995. The Scheme of COM has been formulated under the parameters laid down for this purpose by the Securities and Exchange Commission of Pakistan ("SECP") in its "Guidelines for Issue of Certificates of Musharika for Modarabas" (the "Guidelines") issued on September 7, 1994.

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For the year ended June 30, 2022

As per the requirements of the Guidelines, the scheme of COM is based on the concept of “Musharika”. Hence, it is classified as redeemable capital. The salient features of the COM are as follows:

- This is a return based certificate wherein a deposit is placed with the Modaraba for a definite period of time.
- Total profits after charging all expenses, provisions/impairments and Management Company’s remuneration of the Modaraba are shared by the COM holders and the Modaraba in accordance with ratio declared by the Modaraba and accepted by the COM holders. In the absence of such declaration, the total profits shall be shared between the COM holders and the Modaraba in proportion to their contribution in the Funds.
- The amount of profit allocated to the COM holders shall be shared among different categories/tiers of the COM holders on the basis of predetermined weightages announced by the Modaraba at the beginning of each quarter.
- In the event of loss, such loss shall be shared between the COM holders and the Modaraba in proportion to their respective funds.

3.16 Provisions

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

3.17 Contingent liabilities

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

3.18 Taxation

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

Current

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

Deferred

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

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

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

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

As a result of withdrawal of tax exemption in the Modaraba, there are implications of deferred tax which have been assessed by the management as at June 30, 2021 in consultation with its tax advisor. The management and the tax advisor are of the view that since the income of the Modaraba would be chargeable to tax for the first time in the tax year 2022, potential difference may arise in practice which are not yet envisaged. Therefore, the management has prudently decided not to recognise the deferred tax asset in these consolidated financial statements.

3.19 Staff retirement benefits

(a) Defined contribution plans

Operated by the Holding Company

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

Operated by the Modaraba

The Modaraba operates a recognised provident fund for all eligible employees and an approved funded defined contributory gratuity scheme for all permanent employees. Gratuity is payable to employees on completion of the prescribed qualifying period of service under the scheme. Contributions to the provident fund and gratuity fund are made at the rate of 10% and 8.33% respectively, of the basic salaries of employees.

Obligation for contribution to defined contribution plans are recognised as an employee benefit expense in the consolidated statement of profit or loss when these are due.

(b) Defined benefit plan

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

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

3.20 Foreign currency transactions

Transactions in foreign currencies are translated to rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the reporting date.

Notes to and Forming Part of The Consolidated Financial Statements

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Non-monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the date of initial recognition of the non-monetary assets / liabilities.

Foreign operations

The assets and liabilities of foreign operations (associate) are translated to rupees at exchange rates prevailing at the reporting date. The results of foreign operations are translated at the average rates of exchange for the year.

Translation gains and losses

Translation gains and losses are taken to the consolidated statement of profit or loss, except those arising on translation of the net investment in foreign operations (associate) which are taken to the consolidated statement of profit or loss and other comprehensive income under foreign currency translation reserve until the disposal of the net investment, at which time these are recognised in the consolidated statement of profit or loss.

3.21 Revenue recognition

3.21.1 Finance leases

The Group follows the 'financing method' in accounting for finance lease. The total unearned finance income i.e. the excess of aggregate instalment contract receivables plus residual value over the cost of the leased asset is deferred and amortised over the term of the lease, so as to produce a systematic return on the net investment in finance lease. Revenue recognition from finance leases is suspended when rent is past due by ninety days or more. Front end fee and other lease related income is recognised on receipt basis.

3.21.2 Operating lease income

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

3.21.3 Ijarah lease income

Rental income from ijarah is recognised on accrual basis.

3.21.4 Return on investments

Return on debt securities and deposit accounts is recognised using the effective interest rate method.

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

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

3.21.5 Finances and loans

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

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

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

3.21.6 Diminishing Musharika

Profit on Diminishing Musharika arrangements is recognised under the effective profit rate method based on the outstanding amount.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

3.21.7 Others

Other income is recognised on receipt basis.

3.22 Earnings per share

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

3.23 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves, except appropriations which are required by law, made subsequent to the reporting date are considered as non-adjusting events and are recognised in the consolidated financial statements in the period in which such dividends are declared / transfers are made.

3.24 Cash and cash equivalents

Cash and cash equivalents for the purposes of the consolidated statement of cash flows includes cash and bank balances and short term running finance facilities that form an integral part of the Group's cash management.

3.25 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components.

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resources allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated assets and liabilities.

3.26 Commitments

Commitments are disclosed in the consolidated financial statements at committed amounts.

4	FIXED ASSETS	Note	2022	2021
			-----Rupees-----	
	Own use	4.1	1,101,053,199	1,135,658,854
	Operating lease	4.2	114,168,578	124,270,850
	Ijarah assets	4.3	1,814,131,036	2,250,356,911
	Right-of-use assets	4.4	89,150,477	93,975,743
			<u>3,118,503,290</u>	<u>3,604,262,358</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

4.1 Fixed assets - own use

2022								
Leasehold land	Office building	Leasehold improvements	Furniture, fittings and office equipment	Vehicles	Computers and accessories	Machinery	Total	
-----Rupees-----								
As at July 01, 2021								
Cost / revalued amount	855,570,000	109,858,358	189,093,933	153,636,127	93,532,579	100,801,035	19,049,033	1,521,541,065
Accumulated depreciation	(13,567,500)	(10,985,833)	(121,112,136)	(122,397,806)	(39,032,626)	(72,607,525)	(6,178,785)	(385,882,211)
Net book value	842,002,500	98,872,525	67,981,797	31,238,321	54,499,953	28,193,510	12,870,248	1,135,658,854
Year ended June 30, 2021								
Opening net book value	842,002,500	98,872,525	67,981,797	31,238,321	54,499,953	28,193,510	12,870,248	1,135,658,854
Additions	-	-	6,829,739	22,899,897	5,110,351	10,427,142	-	45,267,129
Disposals								
Cost	-	-	-	(9,820,936)	(6,742,210)	(2,535,902)	-	(19,099,048)
Accumulated depreciation	-	-	-	9,488,291	3,914,598	2,505,705	-	15,908,594
	-	-	-	(332,645)	(2,827,612)	(30,197)	-	(3,190,454)
Write off								
Cost	-	-	-	(1,004,544)	-	(233,201)	-	(1,237,745)
Accumulated depreciation	-	-	-	1,004,544	-	233,201	-	1,237,745
	-	-	-	-	-	-	-	-
Less: depreciation charge	13,567,500	10,985,832	15,518,155	14,874,979	6,991,352	13,300,792	1,443,720	76,682,330
Net book value	828,435,000	87,886,693	59,293,381	38,930,594	49,791,340	25,289,663	11,426,528	1,101,053,199
As at June 30, 2022								
Cost / revalued amount	855,570,000	109,858,358	195,923,672	165,710,544	91,900,720	108,459,074	19,049,033	1,546,471,401
Less: accumulated depreciation	27,135,000	21,971,665	136,630,291	126,779,950	42,109,380	83,169,411	7,622,505	445,418,202
Net book value	828,435,000	87,886,693	59,293,381	38,930,594	49,791,340	25,289,663	11,426,528	1,101,053,199
Useful life / rate of depreciation	77 & 99 years	11.10%	15% - 33%	15% - 20%	4-5 years	33%	10 years	
2021								
Leasehold land	Office building	Leasehold improvements	Furniture, fittings and office equipment	Vehicles	Computers and accessories	Machinery	Total	
-----Rupees-----								
As at July 01, 2020								
Cost / revalued amount	855,570,000	109,858,358	181,847,712	135,448,334	93,947,627	86,113,104	15,924,013	1,478,709,148
Accumulated depreciation	-	-	(113,658,287)	(113,547,977)	(38,134,111)	(59,735,212)	(477,717)	(325,553,304)
Net book value	855,570,000	109,858,358	68,189,425	21,900,357	55,813,516	26,377,892	15,446,296	1,153,155,844
Year ended June 30, 2020								
Opening net book value	855,570,000	109,858,358	68,189,425	21,900,357	55,813,516	26,377,892	15,446,296	1,153,155,844
Additions	-	-	15,038,476	19,804,395	11,243,452	14,823,231	3,125,020	64,034,574
Disposals								
Cost	-	-	-	(1,616,602)	(11,658,500)	(135,300)	-	(13,410,402)
Accumulated depreciation	-	-	-	1,376,471	5,198,495	135,300	-	6,710,266
	-	-	-	(240,131)	(6,460,005)	-	-	(6,700,136)
Write off								
Cost	-	-	(7,792,255)	-	-	-	-	(7,792,255)
Accumulated depreciation	-	-	7,792,255	-	-	-	-	7,792,255
	-	-	-	-	-	-	-	-
Less: depreciation charge	13,567,500	10,985,833	15,246,104	10,226,300	6,097,010	13,007,613	5,701,068	74,831,428
Net book value	842,002,500	98,872,525	67,981,797	31,238,321	54,499,953	28,193,510	12,870,248	1,135,658,854
As at June 30, 2021								
Cost / revalued amount	855,570,000	109,858,358	189,093,933	153,636,127	93,532,579	100,801,035	19,049,033	1,521,541,065
Less: accumulated depreciation	13,567,500	10,985,833	121,112,136	122,397,806	39,032,626	72,607,525	6,178,785	385,882,211
Net book value	842,002,500	98,872,525	67,981,797	31,238,321	54,499,953	28,193,510	12,870,248	1,135,658,854
Useful life / rate of depreciation	77 & 99 years	11.10%	15% - 33%	15% - 20%	4-5 years	33%	10 years	

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

4.1.1 For the year ended June 30, 2020 the leasehold land and building of the Holding Company were revalued last year by M/s. Surval (an independent professional valuer) on the basis of professional assessment of the present market values which resulted in an increase in surplus on revaluation by Rs. 580.68 million. The forced sales value of leasehold land and office building as at June 30, 2020 amounted to Rs. 781.422 million.

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

	2022		
	Cost	Accumulated depreciation	Net book value
	-----Rupees-----		
Leasehold land	54,399,300	10,265,746	44,133,554
Office building	76,781,580	49,728,145	27,053,435
	<u>131,180,880</u>	<u>59,993,891</u>	<u>71,186,989</u>
	-----Rupees-----		
	2021		
	Cost	Accumulated depreciation	Net book value
	-----Rupees-----		
Leasehold land	54,399,300	9,655,327	44,743,973
Office building	76,781,580	45,889,066	30,892,514
	<u>131,180,880</u>	<u>55,544,393</u>	<u>75,636,487</u>

4.1.2 Included in the cost of fixed assets - own use are fully depreciated items which are still in use aggregating to Rs. 306.38 million (2021: Rs. 283.30 million).

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
	-----Rupees-----						
Book value not exceeding Rs. 500,000 each							
Furniture, fittings and office equipment	9,820,936	9,488,291	332,645	1,998,537	1,665,892	Negotiation	Various
Vehicles (various)	4,726,710	2,705,298	2,021,412	3,585,411	1,563,999	Negotiation	Various
Computers and accessories	2,535,902	2,505,705	30,197	482,956	452,759	Negotiation	Various
	<u>17,083,548</u>	<u>14,699,294</u>	<u>2,384,254</u>	<u>6,066,904</u>	<u>3,682,650</u>		
Book value exceeding Rs. 500,000 each							
Vehicle	2,015,500	1,209,300	806,200	806,200	-	Group policy	Mr Waqas Ahmad Khwaja*
	<u>2,015,500</u>	<u>1,209,300</u>	<u>806,200</u>	<u>806,200</u>	<u>-</u>		
Total - June 30, 2022	<u>19,099,048</u>	<u>15,908,594</u>	<u>3,190,454</u>	<u>6,873,104</u>	<u>3,682,650</u>		
Total - June 30, 2021	<u>13,410,402</u>	<u>6,710,266</u>	<u>6,700,129</u>	<u>10,849,366</u>	<u>4,149,237</u>		

*Key Management Personnel of the Group.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

4.1.4 Particulars of the Group's immovable fixed assets - own use are as follows;

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

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

4.2 Fixed assets - on operating lease

Description	2022							Number of years of useful life
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2021	Additions	As at June 30, 2022	As at July 1, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022	
-----Rupees-----								
Cranes	155,419,512	-	155,419,512	31,148,662	10,102,272	41,250,934	114,168,578	10 years

Description	2021							Number of years of useful life
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2020	Additions	As at June 30, 2021	As at July 1, 2020	Charge for the year	As at June 30, 2021	As at June 30, 2021	
-----Rupees-----								
Cranes	155,419,512	-	155,419,512	21,046,390	10,102,272	31,148,662	124,270,850	10 years

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

4.3 Fixed assets - Ijarah assets

Description	2022								Number of years of useful life
	Cost			Accumulated depreciation				Net book value	
	As at July 1, 2021	Additions / (disposals)	As at June 30, 2022	As at July 1, 2021	Charge for the year / (on disposals)	Impairment / (reversal of impairment)	As at June 30, 2022	As at June 30, 2022	
-----Rupees-----									
Machinery and generators	2,369,484,580	721,355,725 (1,036,237,245)	2,054,603,060	659,088,407	647,493,951 (818,443,999)	(4,369,096)	483,769,263	1,570,833,797	2.67 to 4 years
Vehicles	346,229,449	39,080,500 (656,210,904)	(270,900,955)	(193,731,289)	149,970,776 (470,437,681)	-	(514,198,194)	243,297,239	3 to 5 years
	2,715,714,029	760,436,225 (1,692,448,149)	1,783,702,105	465,357,118	797,464,727 (1,288,881,680)	(4,369,096)	(30,428,931)	1,814,131,036	

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

Description	2021								
	Cost			Accumulated depreciation				Net book value	Number of years of useful life
	As at July 1, 2020	Additions / (disposals)	As at June 30, 2021	As at July 1, 2020	Charge for the year / (on disposals)	Impairment / (reversal of impairment)	As at June 30, 2021	As at June 30, 2021	
-----Rupees-----									
Machinery and generators	2,792,264,923	974,815,697 (1,397,596,040)	2,369,484,580	633,458,431	780,794,252 (756,422,051)	1,257,775	659,088,407	1,710,396,173	2.67 to 4 years
Vehicles	890,701,205	421,230,236 (965,701,992)	346,229,449	76,877,357	295,462,785 (566,083,426)	11,995	(193,731,289)	539,960,738	3 to 5 years
	3,682,966,128	1,396,045,933 (2,363,298,032)	2,715,714,029	710,335,788	1,076,257,037 (1,322,505,477)	1,269,770	465,357,118	2,250,356,911	

4.3.1 Disposals during the year in respect of Ijarah assets have been made to the lessees as per the contract terms.

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

4.4 Right-of-use assets

Description	2022							
	Cost			Accumulated depreciation			Net book value	Number of years of useful life
	As at July 1, 2021	Additions / (disposals)	As at June 30, 2022	As at July 1, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022	
-----Rupees-----								
Rental property	144,080,444	20,476,334 (688,056)	163,868,722	50,104,701	24,921,983 (308,439)	74,718,245	89,150,477	1 to 8.78 years
	144,080,444	20,476,334 (688,056)	163,868,722	50,104,701	24,921,983 (308,439)	74,718,245	89,150,477	

Description	2021							
	Cost			Accumulated depreciation			Net book value	Number of years of useful life
	As at July 1, 2020	Additions / (disposals)	As at June 30, 2021	As at July 1, 2020	Charge for the year	As at June 30, 2021	As at June 30, 2021	
-----Rupees-----								
Rental property	139,676,484	18,495,800 (14,091,840)	144,080,444	25,837,151	26,315,799 (2,048,249)	50,104,701	93,975,743	1 to 8.78 years
	139,676,484	18,495,800 (14,091,840)	144,080,444	25,837,151	26,315,799 (2,048,249)	50,104,701	93,975,743	

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

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

	Note	2022	2021
-----Rupees-----			
5 INTANGIBLE ASSETS			
Computer software and license		1,529,348	3,850,137
Goodwill		13,728,733	13,728,733
Customer relationship for Ijarah	5.1 & 5.4	12,285,715	24,571,429
	5.1	<u>27,543,796</u>	<u>42,150,299</u>

5.1 Following is a statement of intangible assets:

Description	2022							
	Cost			Accumulated amortisation			Net book value	Rate of amortisation / Number of years of useful life
	As at July 1, 2021	Additions	As at June 30, 2022	As at July 1, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022	
-----Rupees-----								
Computer software and license	101,678,445	949,670	102,628,115	97,828,308	3,270,459	101,098,767	1,529,348	33%
Goodwill	13,728,733	-	13,728,733	-	-	-	13,728,733	Indefinite life
Customer relationship for Ijarah	86,000,000	-	86,000,000	61,428,571	12,285,714	73,714,285	12,285,715	7 years
	<u>201,407,178</u>	<u>949,670</u>	<u>202,356,848</u>	<u>159,256,879</u>	<u>15,556,173</u>	<u>174,813,052</u>	<u>27,543,796</u>	

Description	2021							
	Cost			Accumulated amortisation			Net book value	Rate of amortisation / Number of years of useful life
	As at July 1, 2020	Additions	As at June 30, 2021	As at July 1, 2020	Charge for the year	As at June 30, 2021	As at June 30, 2021	
-----Rupees-----								
Computer software and license	101,608,959	69,486	101,678,445	90,288,070	7,540,238	97,828,308	3,850,137	33%
Goodwill	13,728,733	-	13,728,733	-	-	-	13,728,733	Indefinite life
Customer relationship for Ijarah	86,000,000	-	86,000,000	49,142,857	12,285,714	61,428,571	24,571,429	7 years
	<u>201,337,692</u>	<u>69,486</u>	<u>201,407,178</u>	<u>139,430,927</u>	<u>19,825,952</u>	<u>159,256,879</u>	<u>42,150,299</u>	

5.2 Included in cost of intangible assets are fully amortised items which are still in use aggregating to Rs. 119.78 million (2021: Rs. 108.83 million).

5.3 The amortisation expense of computer software and license and customer relationship for Ijarah for the year has been charged to administrative and general expenses and direct cost respectively.

5.4 Customer relationship for Ijarah comprises of Ijarah portfolio relationships which were recognised at the time of acquisition of OLP Modaraba. Customer relationship arises from disbursements expected to be made to existing Ijarah customers. These Ijarah represent a more beneficial investment than alternate financing in the market. The customer relationship implies that the economic life of Ijarah portfolio is longer than its contractual life.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

	Note	2022	2021
-----Rupees-----			
6 NET INVESTMENT IN FINANCE LEASE			
Instalment contract receivables		16,831,144,200	16,873,260,459
Residual value		7,223,673,546	7,331,519,014
Less: adjustable security deposit	6.1	(7,209,618,143)	(7,310,865,773)
Gross investment in finance lease	6.2	16,845,199,603	16,893,913,700
Less: unearned finance income		3,408,575,208	2,844,809,440
Present value of investment in finance lease		<u>13,436,624,395</u>	<u>14,049,104,260</u>

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

6.2 Details of investment in finance lease

	Gross investment in finance lease		Present value of investment in finance lease	
	2022	2021	2022	2021
-----Rupees-----				
Less than one year	8,953,360,109	9,207,810,785	6,867,323,292	7,470,695,275
One to five years	7,891,839,494	7,686,102,915	6,569,301,103	6,578,408,985
	<u>16,845,199,603</u>	<u>16,893,913,700</u>	<u>13,436,624,395</u>	<u>14,049,104,260</u>

6.3 The Group's implicit rate of return on leases ranges from 8.00% to 27.55% (2021: 9.34% to 27.55%) per annum. These are secured against leased assets, security deposits averaging 23.41% (2021: 22.75%) of the cost of leased assets and personal guarantees.

6.4 Based on the NBFC Regulations, the aggregate amount of portfolio on which income is suspended as at June 30, 2022 amounted to Rs. 798.8 million (2021: Rs. 977.16 million).

6.5 Lease rentals received during the year amounted to Rs. 9,143 million (2021: Rs. 9,286 million).

	Note	2022	2021
-----Rupees-----			

7 INVESTMENT IN ASSOCIATE

Related party

Investment in associate	7.1	<u>1,207,909,411</u>	915,924,945
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7.1 The breakup of carrying value of investment accounted under equity method is as follows:

	2022	2021	Note	2022	2021
----- (Number of shares) -----			-----Rupees-----		
	Unquoted				
	<u>1,375,000</u>	<u>1,375,000</u>	7.1.1	<u>1,207,909,411</u>	<u>915,924,945</u>
		Yanal Finance Company			

7.1.1 The Group holds 2.5% (2021: 2.5%) ownership interest in Yanal Finance Company (YFC), which was incorporated in Riyadh, Kingdom of Saudi Arabia. YFC is accounted under equity method of accounting due to the significant influence exercised by the Group. The latest available audited financial statements, which are prepared on a going concern basis, for the year ended December 31, 2021 have been audited by Pricewaterhouse Coopers, Kingdom of Saudi Arabia.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

7.1.2 Summarised un-audited financial statements of associate are as follows:

Name	Date of financial year end	As at June 30		For the period July 01 to June 30		Interest held
		Total assets	Total liabilities	Revenues	Profit	
-----Rupees-----						
2022 - Unlisted						
Yanal Finance Company	31 December	82,862,579,506	34,142,969,689	5,633,463,639	2,557,541,905	2.50%
2021 - Unlisted						
Yanal Finance Company	31 December	60,046,212,760	23,273,357,321	5,648,591,671	1,585,536,671	2.50%

7.1.3 Movement of investment in associate is as follows:

	Note	2022	2021
-----Rupees-----			
Balance at the beginning of the year		915,924,945	944,087,843
Share of profit for the year	35	64,289,981	35,363,150
Dividend received during the year		(55,089,580)	(8,548,643)
Exchange gain / (loss) arising on translation of foreign associate		282,281,515	(55,975,776)
Share of other comprehensive income		502,550	998,371
Balance at the end of the year		1,207,909,411	915,924,945

8 LONG-TERM INVESTMENTS

At amortised cost

	Note	2022	2021
-----Rupees-----			
Pakistan Investment Bonds (PIBs)	8.1	588,235,272	451,973,817
Investment in sukuk certificates	8.2	57,701,835	57,701,835
Less: provision for potential losses on investments	39.2	(57,701,835)	(57,701,835)
		-	-
		588,235,272	451,973,817

At fair value through other comprehensive income

Sama Finance PSC (formerly known as Al Hail Orix Finance PSC) - related party		279,097,858	279,097,858
Less: fair value change on remeasurement of financial assets		(279,097,858)	(279,097,858)
		-	-
		588,235,272	451,973,817
Less: current maturity	12	393,448,918	64,924,953
		194,786,354	387,048,864

8.1 This represents investments made as required under Regulation 14(4)(g) of the NBFC Regulations, 2008 to maintain liquidity against certificates of deposits. These carry coupon rate of 7.00% to 12.00% (2021: 7.25% to 12.00%) per annum and are due to mature latest by August 20, 2023 (2021: September 19, 2022).

8.2 This represents investment by the Modaraba in unlisted sukuk certificates which has been fully provided.

Notes to and Forming Part of The Consolidated Financial Statements

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9 LONG-TERM FINANCES AND LOANS

	Note	2022	2021
-----Rupees-----			
Considered good			
Loans to key management personnel, other executives and employees - secured			
Key management personnel - related parties	9.1	66,025,871	55,028,692
Other executives - related parties		163,815,228	156,183,364
	9.2	229,841,099	211,212,056
Other employees	9.7	140,557,842	142,475,977
		370,398,941	353,688,033
Others - secured			
Vehicle finance	9.3	10,901,708,671	7,167,544,288
Term Finance	9.4	242,451,131	1,714,549
Musharikah finance	9.5	3,619,041,860	3,274,015,402
Micro finance	9.6	47,612,038	-
		14,810,813,700	10,443,274,239
		15,181,212,641	10,796,962,272
Considered doubtful			
Others - secured			
Term finance	9.4	94,656,596	182,808,904
Vehicle finance	9.3	95,098,303	80,078,952
Musharikah finance	9.5	183,078,216	-
Micro finance	9.6	30,119,237	35,657,634
Agri finance	9.8	11,860,073	12,057,957
		414,812,425	310,603,447
Less: allowance for potential loan losses	39.1	(59,787,225)	(57,086,371)
		355,025,200	253,517,076
Less: general provision against micro finance	9.9 & 39.1	(241,613)	-
		15,535,996,228	11,050,479,348
Less: current maturity			
Key Management Personnel, other executives and employees		60,520,441	42,418,499
Others		5,968,944,255	4,468,573,014
	12	6,029,464,696	4,510,991,513
		9,506,531,532	6,539,487,835

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

9.1 Loans to Key Management Personnel

Name	Maximum aggregate balance during the year	Provisions / (write-off)	2022	2021
-----Rupees-----				
Mian Faysal Riaz	4,684,510	-	4,346,292	1,333,181
Mr. Haider Abbas Kalhar	2,190,800	-	1,185,877	2,236,365
Mr. Hamood Ahmed	3,713,276	-	2,963,664	2,872,803
Mr. Imtiaz Ahmad Chaudhary	6,800,376	-	5,116,667	6,955,044
Mr. Shafiq Ur Rehman	3,796,328	-	3,796,328	1,753,074
Syed Mohammad Matin	-	-	-	1,373,126
Mr. Tahir Ali Shah	3,019,051	-	2,581,944	3,054,391
Mr. Waqas Ahmad Khwaja	4,427,473	-	3,585,135	584,255
Mr. Hira Lal Bharvani	3,000,000	-	1,883,046	-
Mr. Muhammad Siddique	3,750,443	-	3,103,061	3,736,914
Mr. Mohammad Arif Daya	5,506,640	-	3,704,354	5,505,756
Mr. Nadir Shah	5,914,175	-	4,052,815	5,471,816
Mr. Aniq-Ul Islam	1,250,000	-	1,147,118	-
Mr. Salwat Ahmad	17,611,594	-	16,095,764	17,596,806
Mr. Muhammad Ahsan Ilyas	12,934,303	-	12,463,806	2,555,161
		-	<u>66,025,871</u>	<u>55,028,692</u>

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

9.2 Movement in loans to key management personnel and other executives

	2022	2021
-----Rupees-----		
Opening balance	211,212,056	193,395,150
Disbursements during the year	105,971,016	117,596,554
Repayments during the year	(87,341,973)	(99,779,648)
Closing balance	<u>229,841,099</u>	<u>211,212,056</u>

9.3 These represent vehicle financing facilities provided to individual and corporate customers on mark-up basis. The mark-up on these finances ranges from 12.56% to 27.50% (2021: 11.80% to 26.00%) per annum. These finances are repayable within a period of 1 year to 6 years (2021: 1 year to 6 years) and are secured against charge over vehicles and personal guarantees.

9.4 These represent term finance facilities provided to corporate customers on mark-up basis. The mark-up on these finances ranges from 13.75% to 22% (2021: Nil) per annum. These finances are repayable within a period of 1 years to 5 years (2021: Nil) and are secured against property mortgage and personal guarantees.

9.5 These represent Musharika facilities provided to customers. The mark-up on these finances ranges from 8.94% to 21.16% (2021: 8.94% to 19.5%) per annum. The facilities have a repayment term of 3 to 5 years (2021: 3 to 5 years) and are secured by assets subject to Musharika agreement.

9.6 These represent long-term micro finance facilities provided to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 27.5% to 44.80% (2021: 28.00% to 38.30%) per annum. These finances are repayable within a period of 1.2 to 2 years (2021: 1.2 to 1.5 years) and are secured against personal guarantees of community organisations.

9.7 These represent loans given to staff in accordance with the terms of the Group's HR policy and include house loans which are repayable within a period of 20 years or retirement date, whichever is earlier. House loans are secured against equitable mortgage on the property by deposit of title documents of the property with the Group and carry mark-up rate ranging from 4.00% to 6.5% (2021: 4.0% to 9.5%) per annum.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

Loans (other than house loans) carry mark-up rates ranging from 5% to 14.6% (2021: 5% to 14.6%) per annum. These are secured against retirement benefits and are repayable within a period of five years.

Maximum amount outstanding at the end of any month during the year against loans to key management personnel and executives was Rs. 271.38 million (2021: Rs. 224.94 million).

9.8 These represent long-term finance facilities provided to farmers on mark-up basis. The rates of return on these loans range from 17.00% to 28.00% (2021: 15.00% to 28.00%) per annum. These loans are repayable within a period of 1.5 years to 3.2 years (2021: 1.5 years to 3 years) and are secured against title documents of immovable properties.

9.9 As per Regulation 25(A) of the NBFC Regulations, NBFCs with micro finance portfolio are required to maintain a general provision equivalent to 0.5% of the net outstanding micro finance portfolio (net of specific provisions).

10 SHORT-TERM FINANCES

	Note	2022	2021
-----Rupees-----			
Considered good - secured			
Micro finance	10.1	17,888,446	-
Term finance	10.2	1,538,862	6,000,001
		<u>19,427,308</u>	<u>6,000,001</u>
Considered doubtful - secured			
Micro finance		69,405,011	83,899,013
Agri finance	10.3	3,707,315	3,790,195
		73,112,326	87,689,208
Less: allowance for potential loan losses	39.1	(72,664,516)	(87,357,029)
		447,810	332,179
Less: general provision against micro finance loans	9.9 & 39.1	(90,224)	-
		<u>19,784,894</u>	<u>6,332,180</u>

10.1 These represent short-term micro finance facilities provided to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 11.00% to 35.00% (2021: 35.01% to 38.41%) per annum. These are secured against personal guarantees of community organisations and are repayable within twelve months.

10.2 These represent term finance facilities provided to customers holding Certificates of Deposit (CODs) on mark-up basis. The mark-up on these finances range from 11.00% to 14.00% (2021: 12.00% to 14.00%) per annum. These finances are recoverable within the remaining maturity period of pledged CODs and are secured against lien over the respective CODs with minimum security margin of 25% over the principal value of the CODs.

10.3 These represent short-term finance facilities offered to farmers on mark-up basis. The rate of return on these loans ranges from 17.00% to 20.00% (2021: 17.00% to 20.00%) per annum. These are repayable within twelve months (2021: twelve months) and are secured against title documents of the immovable properties.

	2022	2021
-----Rupees-----		
11 ACCRUED RETURN ON INVESTMENTS AND FINANCES AND LOANS		
Accrued income on:		
Government securities	25,311,434	16,809,988
Finances and loans	247,944,127	143,277,820
	<u>273,255,561</u>	<u>160,087,808</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

12	CURRENT MATURITY OF NON-CURRENT ASSETS	Note	2022	2021
-----Rupees-----				
	Current maturity of:			
	Net investment in finance lease	6.2	6,867,323,292	7,470,695,275
	Allowance for potential lease losses	39	(678,394,356)	(824,907,467)
			6,188,928,936	6,645,787,808
	Long-term investments	8	393,448,918	64,924,953
	Long-term finances and loans	9	6,029,464,696	4,510,991,513
	Allowance for potential loan losses	39.1 & 9	(237,532,877)	(205,044,700)
			5,791,931,819	4,305,946,813
			<u>12,374,309,673</u>	<u>11,016,659,574</u>

13 SHORT-TERM INVESTMENTS

At fair value through profit or loss

Market treasury bills	13.1	554,492,300	301,110,445
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At fair value through other comprehensive income

Ordinary shares - unlisted	13.2	22,726,251	26,863,547
		<u>577,218,551</u>	<u>327,973,992</u>

13.1 These include investment amounted to Rs. 111,509,376 (2021: Rs. 301,110,445) made as required under Regulation 14(4)(g) of the NBFC Regulations to maintain liquidity against certificates of deposit. These are redeemable within a period of 1 to 5 months (2021: 1 to 9 months) from the reporting date, carrying yield ranging from 7.13% to 7.57% (2021: 7.14% to 13.29%) per annum.

13.2 These include shares of LSE Financial Services Limited. The Group holds 843,975 (2021: 843,975) number of shares with a face value of Rs. 10 each. These are required to be held separately in a blocked account with Central Depository Company of Pakistan Limited to restrict the sale of these shares by the members. However, the rights to receive dividend, bonus shares, right shares and the proceeds of sale of these shares are vested with the members while the voting rights attached to these shares are suspended.

13.2.1 As at June 30, 2022, the fair value of LSE Financial Services Limited and Al Baraka Bank (Pakistan) Limited amounted to Rs.15.70 million (2021: Rs 20.01 million) and Rs. 7.03 million (2021: Rs. 6.85 million) respectively. The Group has received dividend amounting to Rs. 0.59 million (2021: Rs. 0.59 million) from LSE Financial Services Limited.

14	ADVANCES AND PREPAYMENTS	Note	2022	2021
-----Rupees-----				
	Advances - unsecured		347,029,576	232,215,989
	Prepayments			
	Rent		7,938,791	5,761,758
	Others	14.1	41,257,290	41,807,405
			<u>396,225,657</u>	<u>279,785,152</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

14.1 This includes furnishing allowance provided to the Key Management Personnel.

Names	Maximum aggregate amount	2022	2021
-----Rupees-----			
Mr. Haider Abbas Kalhar	77,083	52,083	77,083
Ms. Maryam Aziz *	173,333	-	173,333
Mian Faysal Riaz	146,667	106,667	146,667
Mr. Imtiaz Ahmed Chaudhary	176,667	136,667	176,667
Mr. Tahir Ali Shah	21,875	3,125	21,875
Mr. Shafiq Ur Rehman	92,563	67,813	92,563
Mr. Hamood Ahmed	114,250	81,500	72,917
Syed Muhammad Matin	100,000	75,000	100,000
Mr. Waqas Ahmed Khwaja	138,417	101,417	138,417
		<u>624,272</u>	<u>999,522</u>

* Ms. Maryam Aziz ceased to be the Key Management Personnel from January 03, 2022

15 OTHER RECEIVABLES	Note	2022	2021
-----Rupees-----			
Considered good			
Operating lease rentals		6,825,221	2,833,991
Ijarah finance rentals		128,250,784	117,551,425
Others	15.1	41,301,512	16,817,411
		<u>176,377,517</u>	<u>137,202,827</u>
Considered doubtful			
Operating lease rentals		5,158,934	2,549,026
Ijarah finance rentals		24,179,403	28,371,837
Others		5,052,635	4,206,601
		<u>34,390,972</u>	<u>35,127,465</u>
Less: allowance for potential losses	39.2	34,390,972	35,127,465
		<u>176,377,517</u>	<u>137,202,827</u>

15.1 These include receivable from Yanal Finance Company (a related party) and ORIX Corporation, Japan (a related party) amounting to Rs. 6.4 million (2021: Rs. 8.8 million) and Rs. 1.6 million (2021: Rs. 1.4 million) respectively. Maximum amount outstanding at the end of any month during the year from Yanal Finance Company and ORIX Corporation, Japan was Rs. 10.2 million and Rs. 1.6 million respectively.

16 CASH AND BANK BALANCES	Note	2022	2021
-----Rupees-----			
Cash in hand		1,765,801	1,838,389
Balances with banks in:			
- Current accounts		141,200,982	399,056,506
- Deposit accounts	16.1	1,199,597,179	541,199,827
		<u>1,340,798,161</u>	<u>940,256,333</u>
Term deposits	16.2	50,000,000	50,000,000
	16.3	<u>1,392,563,962</u>	<u>992,094,722</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

- 16.1** These carry expected profits rates ranging from 3.25% to 15.50% per annum (2021: 2.9% to 5.5% per annum).
- 16.2** Term deposit receipts carry profit at the rate of 6% (2021: 6.00%) per annum and are due to mature on July 04, 2022 (2021: July 31, 2021).
- 16.3** These include balances amounting to Rs. 507.26 million (2021: Rs 516.19 million) held with banks in deposit accounts and term deposit receipts which have been kept in order to comply with the requirement of the guidelines issued by the SECP with respect to the maintenance of prescribed liquidity against the Certificates of Musharika issued by the Modaraba.

	Note	2022	2021
-----Rupees-----			
17 ASSETS CLASSIFIED AS HELD FOR SALE			
Repossessed assets	17.1	250,001	250,001
Investment in associates			
- OPP (Private) Limited	17.2	87,754,399	87,754,399
- SAMA Finance SAE (SAMA)	17.3	172,043,037	172,043,037
Stock Exchange room		4,700,000	4,700,000
		<u>264,747,437</u>	<u>264,747,437</u>

17.1 These represent repossessed assets consisting of vehicles, machinery and other equipment previously leased out to customers. The Group intends to dispose of these assets to recover the balance amount outstanding against such leases.

17.2 The Holding Company holds 45% (2021: 45%) ownership interest in OPP (Private) Limited. During 2014, the Board of Directors of the Holding Company approved divestment of the Holding Company's entire investment in OPP.

The sales negotiations for disposal of investment in OPP were held with a minority shareholder of OPP and a Share Purchase Agreement (SPA) was signed by all the parties in July 2014. However, the minority shareholder had failed to comply with the terms of the SPA and initiated legal proceedings to restrict the Holding Company in managing the affairs of OPP. The Holding Company has also filed a reference in the Lahore High Court to allow the Holding Company to buy out the minority stakeholder in OPP or to wind up OPP which is pending to date.

17.3 The Holding Company holds 23% (2021: 23%) ownership interest in SAMA. The Board of Directors of the Holding Company in their meeting held in February 2019 approved divestment of the Holding Company's investment in SAMA. In pursuance of the above, the Holding Company intends to dispose of its investment in SAMA.

The sale negotiations for disposal of SAMA were held and a Sale Purchase Agreement (SPA) was signed on October 17, 2019 and is expected to be completed with agreed terms and conditions, subject to necessary regulatory approvals.

18 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022	2021		2022	2021
----- (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
66,739,592	66,739,592	Fully paid bonus shares	667,395,920	667,395,920
2,182,538	2,182,538	Fully paid shares against amalgamation	21,825,380	21,825,380
<u>175,407,647</u>	<u>175,407,647</u>		<u>1,754,076,470</u>	<u>1,754,076,470</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

18.1 As at June 30, 2022, ORIX Corporation, Japan and its nominees held 86,960,515 (2021: 86,960,515) ordinary shares equivalent to 49.58% (2021: 49.58%) of the total shareholding.

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

	2022	2021
	----- (Number of shares) -----	
At beginning of the year	175,407,647	167,054,902
Issue of bonus shares during the year	-	8,352,745
At end of the year	<u>175,407,647</u>	<u>175,407,647</u>

18.3 As per regulation 16 of Non-Banking Finance Companies and Notified Entities Regulations, 2008, an NBFC is required to transfer 20% of its profit after tax to a statutory reserve until the amount of the reserves equals the paid up capital. Thereafter, 5% of the profit after tax is required to be transferred to this reserves. Accordingly, the Holding Company transfers 5% of its profit after tax to the statutory reserves.

19 SURPLUS ON REVALUATION OF LEASEHOLD LAND AND OFFICE BUILDING - NET OF TAX	Note	2022	2021
		----- Rupees -----	
Opening balance		863,433,593	883,887,210
Adjustment in respect of incremental depreciation transferred to unappropriated profit		(20,453,617)	(20,453,617)
		<u>842,979,976</u>	<u>863,433,593</u>
Opening balance of deferred tax liability		(19,194,725)	(21,368,718)
Deferred tax liability on surplus on revaluation of office building arising during the year		-	-
Adjustment on transfer of incremental depreciation to unappropriated profit		(173,684)	2,173,993
	23	<u>(19,368,409)</u>	<u>(19,194,725)</u>
		<u>823,611,567</u>	<u>844,238,868</u>

20 LONG-TERM FINANCES

Secured

Long-term finances utilised under mark-up arrangements - financial institutions	20.1 & 20.2	11,748,215,251	9,178,105,866
Privately placed term finance certificates	20.3	3,000,000,000	-
Less: unamortised transaction cost		16,743,302	-
Less: current maturity	31	4,166,955,400	3,438,215,844
		<u>4,183,698,702</u>	<u>3,438,215,844</u>
		<u>10,564,516,549</u>	<u>5,739,890,022</u>

20.1 The Group has unutilised long term finance facilities of Rs. 606 million as at June 30, 2022 (2021: Rs. 1,150 million). These finances have been obtained for financing of operations and are secured by hypothecation of leased assets, related lease receivables and financing receivables. The mark-up rates thereon range from 6.52% to 16.17% (2021: 6.52% to 8.63%) per annum. These finances are repayable within a period of 36 to 60 months (2021: 36 to 60 months).

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

20.2 This also includes Musharika term finance various banks / companies amounting to Rs.1,587 million (2021: Rs.1,398 million). These carry profit ranging from 6.52% to 15.66% (2021: 6.52% to 8.48%) per annum. These finances are repayable within a period of 36 to 60 months (2021: 36 to 60 months).

20.3 During the year, the Holding Company has issued Rs. 3 billion of rated, privately placed, secured term finance certificates (PPTFC) as an instrument of redeemable capital. These carry markup of 3 months KIBOR plus 0.8% and will mature on December 30, 2026 and is secured against hypothecation charge on receivables of the Holding Company.

	Note	2022	2021
		-----Rupees-----	
21	LONG-TERM CERTIFICATES OF DEPOSIT		
	Unsecured		
	Certificates of deposit	2,975,050,845	3,191,658,179
	Less: current maturity	878,978,260	600,033,627
		<u>2,096,072,585</u>	<u>2,591,624,552</u>

21.1 These certificates of deposit have been obtained for financing the operations of the Holding Company and issued at the rate of return ranging from 7.10% to 13.25% (2021: 7.00% to 13.15%) per annum and issued for terms ranging from 3 years to 10 years (2020: 3 years to 10 years).

	Note	2022	2021
		-----Rupees-----	
22	LONG-TERM DEPOSITS		
	Security deposit on ijarah contracts	473,254,943	576,392,172
	Less: current maturity	160,130,604	242,367,218
		<u>313,124,339</u>	<u>334,024,954</u>

22.1 These represents amounts received under ijarah finance repayable / adjustable at the expiry of the lease period.

	Note	2022	2021
		-----Rupees-----	
23	DEFERRED TAXATION		
The deferred tax liability is attributable to the following items:			
	- Accelerated tax depreciation	366,634,786	605,521,204
	- Asset capitalised under IFRS 16	(7,815,582)	(5,565,989)
	- Surplus on revaluation of office building	19,368,409	19,194,725
	- Unamortised transaction costs relating to long term finances and loans	5,525,289	-
	- Investments	294,821,223	131,790,015
	- Allowance for potential lease, loan and other losses	(378,542,619)	(339,333,661)
		<u>299,991,506</u>	<u>411,606,294</u>

23.1 The movement in deferred tax during the year is as follows;

Opening		411,606,294	515,506,913
Reversal of charge to the consolidated statement of profit or loss	42	(201,067,915)	(92,220,938)
Charge / (reversal of charge) to the consolidated statement of profit or loss and other comprehensive income		89,453,127	(11,679,681)
Closing		<u>299,991,506</u>	<u>411,606,294</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

24 OTHER LONG-TERM LIABILITIES	Note	2022	2021
-----Rupees-----			
Profit on certificates of deposit	24.1	251,425,977	197,119,786
Lease liability against right-of-use assets	24.2	85,008,041	90,009,908
		<u>336,434,018</u>	<u>287,129,694</u>

24.1 This represents accrued profit on certificates of deposit payable on maturity.

24.2 Details of minimum lease payments, financial charges and principal outstanding related to lease liability are as follows:

	2022			2021		
	Minimum lease payments	Financial charges	Principal outstanding	Minimum lease payments	Financial charges	Principal outstanding
-----Rupees-----						
Not later than one year	35,061,056	12,790,490	22,270,566	30,794,709	13,191,266	17,603,443
Later than one year and not later than five years	100,238,421	21,982,614	78,255,807	110,985,029	27,550,303	83,434,726
Later than five years	8,401,236	1,649,002	6,752,234	7,272,648	697,466	6,575,182
	<u>143,700,713</u>	<u>36,422,106</u>	<u>107,278,607</u>	<u>149,052,386</u>	<u>41,439,035</u>	<u>107,613,351</u>

25 DEFINED BENEFIT OBLIGATION - STAFF GRATUITY

25.1 General description

The Holding Company operates a funded gratuity scheme which was established under the provisions of the Trust Deed dated July 1, 2004 for its permanent staff who have completed the minimum qualifying period of three years of service under the scheme. The funded scheme is administered by the Board of Trustees in accordance with the provisions of the Trust Deed. Contributions therein are made in accordance with actuarial recommendations. The most recent valuation in this regard was carried out as at June 30, 2022 using the Projected Unit Credit Method.

25.2 Principal actuarial assumptions

	2022	2021
- Discount rate	13.25%	10.00%
- Expected rate of increase in salary for first year	10.00%	7.55%
- Expected rate of increase in salary for second year	13.25%	10.00%
- Expected rate of increase in salary for third year and onwards	13.25%	10.00%
- Expected rate of return on plan assets	14.37%	9.40%
- Average service years	12.04	12.04

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

25.3 The amount recognised in the consolidated statement of financial position is as follows:

	Note	2022	2021
-----Rupees-----			
Present value of defined benefit obligation	25.4	265,876,926	248,556,585
Fair value of any plan assets	25.4	(293,133,410)	(256,909,032)
		<u>(27,256,484)</u>	<u>(8,352,447)</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

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

	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net liability
	-----Rupees-----		
At July 1	248,556,585	(256,909,032)	(8,352,447)
Current service cost	21,314,699	-	21,314,699
Interest expense / (income)	25,382,361	(26,255,033)	(872,672)
	295,253,645	(283,164,065)	12,089,580
Remeasurements:			
- Interest on plan assets, excluding amounts included in interest expense	-	(10,618,488)	(10,618,488)
- Experience loss	(8,285,552)	-	(8,285,552)
	(8,285,552)	(10,618,488)	(18,904,040)
	286,968,093	(293,782,553)	(6,814,460)
Contributions made	-	(20,442,024)	(20,442,024)
Benefits paid	(21,091,167)	21,091,167	-
At June 30	265,876,926	(293,133,410)	(27,256,484)

	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Net liability
	-----Rupees-----		
At July 1	202,888,717	(242,152,664)	(39,263,947)
Current service cost	18,060,824	-	18,060,824
Interest expense / (income)	17,393,272	(20,662,612)	(3,269,340)
	238,342,813	(262,815,276)	(24,472,463)
Remeasurements:			
- Interest on plan assets, excluding amounts included in interest expense	-	(700,289)	(700,289)
- Experience gains	21,750,801	-	21,750,801
	21,750,801	(700,289)	21,050,512
	260,093,614	(263,515,565)	(3,421,951)
Contributions made	-	(4,930,496)	(4,930,496)
Benefits paid	(11,537,029)	11,537,029	-
At June 30	248,556,585	(256,909,032)	(8,352,447)

25.5 The amount recognised in consolidated statement of profit or loss is as follows:

	2022	2021
	-----Rupees-----	
Current service cost	21,314,699	18,060,824
Interest expense - net	(872,672)	(3,269,340)
	20,442,027	14,791,484

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

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

25.7 Plan assets consist of the following:

	2022 (Un-audited)		2021 (Audited)	
	(Rupees)	%	(Rupees)	%
Government securities	279,596,535	95.38%	245,404,514	97.74%
Term finance certificates	6,000,000	2.05%	6,000,000	0.00%
Cash and bank balances and others	7,536,875	2.57%	5,504,518	2.26%
	<u>293,133,410</u>	<u>100.00%</u>	<u>256,909,032</u>	<u>100.00%</u>

25.8 Historical results

	2022	2021	2020	2019	2018
	-----Rupees-----				
Present value of defined benefit obligation	265,876,926	248,556,585	202,888,717	208,381,885	197,700,484
Fair value of plan assets	(293,133,410)	(256,909,032)	(242,152,664)	(217,190,129)	(177,730,800)
(Surplus) / deficit	<u>(27,256,484)</u>	<u>(8,352,447)</u>	<u>(39,263,947)</u>	<u>19,969,684</u>	<u>16,514,020</u>
Remeasurements of plan liabilities	<u>(8,285,552)</u>	<u>21,750,801</u>	<u>(40,068,679)</u>	<u>(3,175,430)</u>	<u>19,345,982</u>
Remeasurements of plan assets	<u>(10,618,488)</u>	<u>(700,289)</u>	<u>8,012,246</u>	<u>(5,632,814)</u>	<u>623,703</u>

25.9 Actual return on plan assets during the year amounted to Rs. 36.87 million (2021: Rs. 21.36 million).

25.10 Based on the actuarial advice, the Holding Company intends to charge an amount of approximately Rs. 17.1 million in respect of contribution to gratuity fund in the consolidated financial statements for the year ending June 30, 2023.

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

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

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
			-----Rupees-----
Discount rate	1.0%	248,500,003	283,946,219
Salary growth rate	1.0%	282,525,322	249,465,349

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the consolidated statement of financial position.

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

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to Year 10
Defined benefit obligation	46,612,807	27,539,734	43,963,955	22,281,700	40,611,220	237,688,746

25.14 The weighted average duration of the defined benefit obligation is 6.66 years.

25.15 The information provided in notes 25.1 to 25.14 has been obtained from the details provided by the actuary of the Holding Company.

	Note	2022	2021
			-----Rupees-----
26 REDEEMABLE CAPITAL - PARTICIPATORY AND UNSECURED			
Certificates of Musharika (COM)	26.1	3,013,905,000	3,250,705,000
Less: current portion of redeemable capital	31	(2,598,205,000)	(2,907,255,000)
		<u>415,700,000</u>	<u>343,450,000</u>

26.1 These carry estimated share of profit ranging between Re. 0.3288 to Re. 0.4247 per thousand per day (12.0% to 15.5% per annum) (2021: Re 0.1781 to Re. 0.2151 per thousand per day (6.50% to 7.75% per annum)) and are due to mature latest by June 06, 2025 (2021: May 18, 2024).

26.1.1 This includes COM issued to key management personnel amounting to Rs. 22.550 million (2021: Rs. 7.050 million) at the rate ranging from 13.75% to 13.80% (2021: 6.75%) per annum and to mutual fund managed by AWT Investments Limited (a related party) amounting to Rs. 100 million (2021: Rs. Nil) at 8.56% (2021: Nil).

	Note	2022	2021
			-----Rupees-----
26.2 Current portion of redeemable capital			
Current portion of Certificates of Musharika		2,495,500,000	2,699,950,000
Payable to holders of matured Certificates of Musharika	26.2.1	102,705,000	207,305,000
		<u>2,598,205,000</u>	<u>2,907,255,000</u>

26.2.1 These represent amounts with respect to already matured certificates against which respective customer's request for encashment along with original certificates are pending.

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27	TRADE AND OTHER PAYABLES	Note	2022	2021
			-----Rupees-----	
	Trade creditors		949,954,124	692,985,980
	Accrued liabilities		168,362,333	140,597,234
	Other liabilities			
	Advance from customers against finance lease and ijarah finance		7,314,906	15,948,424
	Sales tax payable		26,612,852	23,771,480
	Federal excise duty payable		1,923,509	1,733,787
	Insurance premium payable		181,111,741	82,846,252
	Provision for Provincial Workers' Welfare Fund	27.1	118,233,689	78,251,975
	Payable to minority shareholders of Standard Chartered Leasing Limited		14,772,204	14,817,636
	Others		57,180,757	55,147,089
			<u>407,149,658</u>	<u>272,516,643</u>
			<u>1,525,466,115</u>	<u>1,106,099,857</u>

27.1 This includes Rs. 20.47 million (2021: Rs. 17.35 million) in respect of Sindh Workers' Welfare Fund liability of the Modaraba. As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income.

The Sindh Revenue Board (SRB) vide letter no. SRB/DC-A(W)/2017/Rep/4760 dated January 16, 2017 had advised the Modaraba to pay off all its liabilities falling due under the SWWF Act. The management considered that the SWWF Act is limited only to the province of Sindh and till the time there is any mechanism available for apportionment of total income relevant to province of Sindh, no SWWF liability to SRB can be paid out. On these grounds, foreseeing the expected WWF demand and penal actions from SRB, the Modaraba had filed a Constitutional Petition (CP) No. C.P.D.3879/2017 with the Honorable Sindh High Court. On March 16, 2020, an interim order was issued by the Honorable Sindh High Court whereby the Modaraba was instructed to deposit the SWWF liability either with SRB or Nazir as appointed by the Court. During the previous year, the Modaraba has deposited the SWWF amounting to Rs 7.183 million with SRB, calculated on a proportionate basis and as advised by its legal counsel and consistent with the grounds adopted by the Modaraba in its petition. The management has provided for SWWF liability for the period from January 1, 2014 to June 30, 2022 in these consolidated financial statements on a prudent basis.

28	ACCRUED INTEREST / MARK-UP / PROFIT ON LOANS, FINANCES AND CERTIFICATES OF DEPOSIT	Note	2022	2021
			-----Rupees-----	
	Interest / mark-up / profit on:			
	Long-term finances		265,137,677	158,011,746
	Redeemable capital		85,167,676	31,485,686
	Short-term borrowings		49,321,036	23,251,906
	Certificates of deposit		75,432,484	68,026,387
			<u>475,058,873</u>	<u>280,775,725</u>
	29 SHORT-TERM BORROWINGS			
	From banking companies - secured			
	Running finance arrangements	29.1	339,499,845	522,881,783
	Short-term loans		-	900,000,000
			<u>339,499,845</u>	<u>1,422,881,783</u>

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29.1 This represents short-term running finance facilities and loan from commercial banks for financing of operations with limits aggregating to Rs. 3,100 million as at June 30, 2022 (2021: Rs. 2,820 million). These facilities have been obtained for financing of day to day operations. The rate of mark-up ranges from 12.40% to 14.81% (2021: 8.03% to 8.58%) per annum on a daily product basis. These are secured by hypothecation of leased assets, related lease receivables and financing receivables.

30	SHORT-TERM CERTIFICATES OF DEPOSIT	Note	2022	2021
		-----Rupees-----		
	Unsecured			
	Short-term certificates of deposit	30.1	1,498,777,827	1,616,536,082
	Payable to holders of matured certificates of deposits		62,400,414	61,173,401
			<u>1,561,178,241</u>	<u>1,677,709,483</u>

30.1 These represent short-term certificates of deposit obtained for financing of operations, issued at expected rates of profit, ranging from 7.90% to 14.20% (2021: 7.90% to 14.20%) per annum for a term upto 12 months (2020: 12 months).

31	CURRENT MATURITY OF NON-CURRENT LIABILITIES	Note	2022	2021
		-----Rupees-----		
	Current maturity of:			
	Long-term finances	20	4,166,955,400	3,438,215,844
	Long-term certificates of deposit	21	878,978,260	600,033,627
	Lease liability against right-of-use asset	24.2	22,270,566	17,603,443
	Long-term deposits	22	160,130,604	242,367,218
	Redeemable capital	26	2,598,205,000	2,907,255,000
			<u>7,826,539,830</u>	<u>7,205,475,132</u>

32 CONTINGENCIES AND COMMITMENTS

32.1 Holding Company

32.1.1 The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order on July 18, 2014 under section 122(5A) of the Income Tax Ordinance 2001 (the Ordinance) for the tax year 2010 and created a demand of Rs.167 million by disallowing capital loss on sale of shares and certain other matters. The Holding Company preferred an appeal against the amended assessment order passed by the ACIR before the Commissioner Inland Revenue (Appeals) (CIRA).The CIR-A disposed of the appeal with minor relief to the Company. The Holding Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the Holding Company by the CIR-A. During May 2021, the Holding Company has filed an application for refixation of hearing of appeal against which hearing was fixed for June 10, 2021. However, the same was deferred and matter is pending for adjudication.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly, no tax provision has been made in these consolidated financial statements.

32.1.2 During 2017, the Deputy Commissioner Inland Revenue (DCIR) amended the orders for the tax years 2011 and 2014 creating an aggregate demand of Rs.126.2 million mainly on account of difference in determination of minimum tax liability under section 113 of the Ordinance. The Holding Company's appeals against these amended orders before the CIR-A was maintained and are currently pending adjudication before the ATIR. During May 2021, the Holding Company has filed applications for refixation of hearing of appeals against which hearing was fixed for June 10, 2021. However, the same was deferred and matter is pending for adjudication. The Holding Company has obtained a stay order against the recovery of demand from the Sindh High Court (SHC) until adjudication of the appeal by ATIR.

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Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly, no tax provision has been made in these consolidated financial statements.

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

No provision has been made in these consolidated financial statements in this respect as the management is of the view that the same will be allowed in the favour of the Holding Company.

32.1.4 The ACIR passed an amended assessment order under section 122(5A) of the Ordinance for the tax years 2015 to 2018 where demands in aggregate of Rs. 3,229 million were raised. This was mainly the result of disallowance of tax loss on lease terminations and certain other matters. In tax years 2015 and 2016, the issue of determination of the levy of minimum tax has also been raised. Additionally on October 3, 2019, the ACIR rectified the amended assessment order (rectification order) under section 221(1) of the Ordinance for the tax year 2017 and created an additional demand of Rs.290 million after taking into account the amended amount of brought forward tax losses. The Holding Company preferred appeals against these amended assessment orders before the CIR-A for all these years. The Holding Company was granted stay against recovery of demands for TY 2015 and TY 2016 from the SHC. On January 8, 2020 CIR-A has disposed off certain matters whereas certain matters were remanded back with specific directions to the officer. The Holding Company as well as the income tax department have filed appeals before the ATIR on the matters which have not been decided in their favour by the CIR-A and these are pending for adjudication.

In January 2021, the ACIR has given effect to the orders passed by CIR(A) for tax years 2017 and 2018 in which demands of Rs. 1.22 billion and Rs. 1.36 billion respectively were raised. During February 2021, the Holding Company filed rectification applications. The ACIR has substantially rectified the orders and allowed tax losses on termination and unabsorbed depreciation resulting in a reduction in tax demand to Rs. 252 million and Rs. 479 million respectively. Accordingly, the Holding Company filed an appeal for both the tax years before CIR(A) against the remaining pending issues in the appeal effect orders along with an application for rectification for tax year 2017. The officer passed the rectification order and further revised the demand for tax year 2017 to Rs. 227 million. Further, the Holding Company has discharged 10% of the demand u/s 140 of the Ordinance amounting to Rs 19.02 million and Rs 14.58 million for tax year 2017 and tax year 2018 respectively. Both are pending for adjudication.

In February 2021, the ACIR has also given effect to the first appeal order setting aside assessments for tax years 2015 and 2016 where demand of Rs. 11.06 million and Rs. 118.76 million were raised. During March 2021, the Holding Company filed appeals against these orders before the CIR-A and the same are pending for adjudication. The Holding Company has also discharged 10% of the demand u/s 140 of the Ordinance amounted to Rs 1.10 million and Rs 11.87 million for tax year 2015 and 2016 respectively.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these consolidated financial statements.

32.1.5 The Holding Company by way of the amendment notices and the orders under section 122(5A) of the Ordinance was charged with the levy of super tax under section 4B of the Ordinance for the years 2015 to 2018. The Holding Company's legal advisor is of the opinion that levy of super tax is unlawful and leading to double taxation. Accordingly in January 2019, the Holding Company had filed constitutional petition before the SHC challenging the levy of super tax. On July 21, 2020, the SHC dismissed the petition stating that levy of super tax is lawful its an additional tax, and not a double tax. The Holding Company filed a petition in the Supreme Court of Pakistan (SCP) for tax years 2015-2018 dated September 12, 2020 where stay had been granted in November 2020 subject to deposit of 50% of the impugned outstanding tax with the authorities.

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This matter was also challenged in appeal before CIR-A for tax years 2015 to 2019 and after being maintained it has also been taken up before the ATIR for the years 2015 to 2018. This levy has been considered in light of the position emerging after the appellate order of the CIR -A and it is expected not to have effect in the tax years 2015 and 2016 in light of the available losses.

Further, in line with the SCP decision, the Holding Company has paid 50% of super tax liability for tax year 2017 and tax year 2018 amounting to Rs 18.5 million and Rs 25.8 million respectively.

The Holding Company has already made a provision in respective tax years 2016 to 2019 amounting to Rs. 145 million against the super tax.

32.1.6 In 2020, the Holding Company received an amended assessment order under section 122(5A) of the Ordinance for tax year 2019 wherein a demand of Rs. 1,022 million was raised. This was mainly due to the result of disallowance of tax losses on lease termination and certain other matters including super tax. The Holding Company has filed an appeal against the order and the matters are pending for adjudication.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these consolidated financial statements.

32.1.7 The Holding Company received an amended assessment order dated October 04, 2021, under section 122(5A) of the Ordinance for tax year 2020 wherein a demand of Rs.137 million has been raised. This was mainly due to the result of disallowance of tax losses on lease cancellations, write-offs and certain other matters. The Holding Company has filed an appeal against the order and the matters are pending for adjudication. The Holding Company has paid 10% of the demand u/s 140 of the Ordinance amounting to Rs 13.76 million.

Based on the tax advisor's opinion, the management is confident of a favorable outcome on these matters. Accordingly, no tax provision has been made in these consolidated financial statements.

32.1.8 The Holding Company received an amendment assessment order notice dated July 5, 2022, under section 122(5A) of the Ordinance for tax year 2021 wherein a demand of Rs.57 million has been raised. This was mainly due to the result of disallowance of tax losses on lease cancellations, write-offs and certain other matters. On August 3, 2022, the Holding Company has filed an appeal against the order and the matters are pending for adjudication.

Based on the tax advisor's opinion, the management is confident of a favorable outcome on these matters. Accordingly, no tax provision has been made in these consolidated financial statements.

32.1.9 The Holding Company received an order on monitoring of withholding taxes under section 161(1) of the Ordinance for tax year 2016 wherein a demand of Rs. 50 million along with Rs. 36 million default surcharge has been levied. This was in continuation with the notice dated October 11, 2017 which was then duly responded by the Holding Company. However, due to change in jurisdiction of the case, the notice was raised again on June 22, 2022. The Holding Company responded the notice along with previous submitted reply and evidences dated June 29, 2022.

The Holding Company has filed an appeal dated July 21, 2022 against the order and the matter is pending for adjudication.

Based on the tax advisor's opinion, the management is confident of a favorable outcome on these matters. Accordingly, no tax provision has been made in these consolidated financial statements.

32.1.10 The DCIR issued show cause notices to the Holding Company challenging the estimates of advance tax under section 147 of the Ordinance filed by the Holding Company for the quarter ended March 31, 2019 and September 30, 2019 and additionally demanded Rs. 259.4 million and Rs. 117.2 million respectively for these year. The Holding Company's tax advisors are of the opinion that the estimates filed by the Holding Company is in accordance with the law and accordingly the Holding Company filed a constitutional petition before the Sindh High Court (SHC) against the recovery of impugned advance tax demand. The SHC has passed a stay order restricting the FBR from taking any coercive measures against the Holding Company.

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Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly, no tax provision has been made in these consolidated financial statements.

32.1.11 In 2019, the Holding Company received show cause notices from the Sindh Revenue Board (SRB) demanding Sindh Provincial Sales Tax (SPST) amounting to Rs. 519 million against income from operating lease rental of generators for the years ended June 30, 2012, 2013, 2014, 2015, 2016 and 2017 along with the applicable penalty and default surcharge.

In April, 2016, the Holding Company had filed suits against the show cause notices relating to the years 2012 to 2015 before Sindh High Court (SHC) challenging the levy of SPST on renting of generators and obtained a stay order restricting SRB from taking any coercive measures against the Holding Company. In 2019, these suits were withdrawn due to the decision by Supreme Court of Pakistan that in order for a suit to continue, a minimum of 50% of the tax calculated by the tax authorities must be deposited in the respective treasury. Consequent to withdrawal of the suits, SRB issued fresh show cause notices for each of the tax years 2012 to 2017. For financial year 2012 and 2016, the Assistant Commissioner SRB also passed an order against the Holding Company and created a demand of Rs. 43.6 million and Rs. 77.3 million respectively and issued recovery notices. The Holding Company has filed an appeal against the recovery orders before the Commissioner Appeals SRB and also obtained interim relief from SHC by filing separate petitions for each of the years from 2012 to 2017, challenging the levy of SPST on renting of generators and obtained stay order restricting SRB from taking coercive measures against the Holding Company.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly, no tax provision has been made in these consolidated financial statements.

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

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these consolidated financial statements.

32.1.13 In continuation to the notice received from SRB in 2018, the Holding Company received an order dated November 03, 2021 u/s 40(1)(b) of the Stamp Act, 1899 amounting to Rs. 19.5 million, which also includes the late payment charges of Rs. 6.5 million. On December 10, 2021, the Sindh High Court disposed-off the petition filed by the Holding Company on applicability of stamp duty on purchase orders and issued its decision on January 22, 2022, dismissing Company's plea against applicability of stamp duty. The Holding Company had also filed a petition on December 10, 2021 before SHC to prevent the SRB from taking any coercive action against the Holding Company subsequent to the issuance of the recovery order, as the matter was pending in SHC. The Court directed the SRB to provide the Holding Company an opportunity of being heard and to decide the matter within 3 months, and till such period no coercive action can be taken against the Holding Company.

The Holding Company filed an appeal with member SRB against the recovery order. However, member SRB has passed an order of Rs. 19.5 million, including amount of additional charges. The Holding Company has filed petition to Sindh High Court against the order. On April 06, 2022, directions were issued with regard to payment of the stamp duty of Rs 12.5 million whereas hearing was adjourned on the additional charges of Rs 6.5 million. Accordingly, the Holding Company has paid the stamp duty amount of Rs. 12.5 million on April 16, 2022. Based on legal opinion, the management is confident of a favorable outcome on waiver of additional charges of Rs 6.5 million.

Accordingly, no provision against additional charges levied has been made in these consolidated financial statements.

32.2 Leases committed but not executed at the reporting date is Rs. 22.5 million (2021: Nil).

32.3 Commitments relating to capital expenditure at the reporting date amounted to Rs. 0.63 million (2021: Rs. 0.25 million).

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32.4 OLP Modaraba

The Modaraba has issued letters of comfort to various commercial banks on behalf of its customers. These aggregate to Rs. 83.8 million (2021: Rs. 57.5 million) as at the reporting date.

	2022	2021
	-----Rupees-----	
33 INCOME FROM OPERATING LEASE		
Operating lease assets	34,278,645	11,585,662
Ijarah finance	1,063,347,406	1,363,442,172
	<u>1,097,626,051</u>	<u>1,375,027,834</u>

34 OTHER INCOME - NET

Income from financial assets

Return on investments and deposits	38,811,776	39,958,593
Interest income on government securities	79,971,796	37,299,827
Dividend income	1,927,991	851,362
Capital gain on sale of investments - net	159,017,417	44,222,504
Unrealised gain / (loss) on remeasurement of financial assets at fair value through profit or loss - net	3,197	(4,007,824)
	<u>279,732,177</u>	<u>118,324,462</u>

Income from other than financial assets

Other fees and income	131,913,557	201,473,106
Documentation fee	59,971,294	28,725,971
Gain on disposal of fixed assets	3,682,650	12,752,795
Gain on disposal of Ijarah assets	23,506,624	51,854,146
Gain on sale of leased and finance assets	49,651,025	58,430,563
Exchange gain / (loss) - net	2,844,290	(343,321)
	<u>271,569,440</u>	<u>352,893,260</u>
	<u>551,301,617</u>	<u>471,217,722</u>

35 SHARE OF PROFIT FROM ASSOCIATE

Name of associate	2022		2021	
	Associate's profit after tax	Share of associate's profit after tax	Associate's profit after tax	Share of associate's profit after tax
Un-quoted - related party				
Yanal Finance Company	2,557,541,905	64,289,981	1,414,446,746	35,363,150

36 FINANCE COST

	Note	2022	2021
		-----Rupees-----	
Interest / mark-up / profit on:			
- Long-term finances		1,199,010,035	627,719,793
- Redeemable capital		246,421,284	211,979,772
- Musharika finance arrangements		-	85,610,377
- Short-term borrowings		188,724,512	76,337,518
- Certificates of deposit		504,748,388	467,295,949
- Lease liability against right-of-use assets		14,121,270	14,902,360
Amortisation of transaction costs		4,282,927	963,267
Unwinding of security deposits		26,914,443	18,912,141
Bank charges and commission		29,663,714	18,707,305
		<u>2,213,886,573</u>	<u>1,522,428,482</u>

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37 ADMINISTRATIVE AND GENERAL EXPENSES	Note	2022	2021
		-----Rupees-----	
Salaries, allowances, welfare and training	37.1	1,065,578,704	982,598,201
Rent and utilities		84,682,799	83,485,581
Travelling		3,332,847	2,789,530
Vehicle running and maintenance		13,152,115	13,375,139
Insurance on operating assets		5,537,389	5,320,955
Legal and professional charges		55,569,786	29,140,334
Communication		23,034,563	22,228,553
Subscriptions		8,579,178	7,956,423
Auditors' remuneration	37.2	7,474,158	8,601,124
Advertising		12,097,132	1,324,417
Printing and stationery		14,734,146	11,588,899
Depreciation	4.1 & 4.4	101,604,313	101,147,227
Amortisation	5.1	3,270,459	7,540,238
Office repairs and maintenance of equipment		58,649,600	59,156,961
Donations	37.3	10,005,998	6,275,000
Office general expenses		22,112,957	13,517,578
		<u>1,489,416,144</u>	<u>1,356,046,160</u>
37.1 This includes expenses in relation to the following employee benefits:			
Defined benefit plan - gratuity fund	25.5	20,442,027	14,791,484
Defined contribution plan - gratuity fund		4,520,000	3,986,000
Defined contribution plan - provident fund		35,868,673	35,019,223
Charge / (reversal) against compensated absences		459,859	(30,534,618)
		<u>61,290,559</u>	<u>23,262,089</u>
37.2 Auditors' remuneration			
Annual audit fee		2,450,000	2,387,010
Half yearly review fee		500,000	594,000
Other services and certifications		1,997,000	2,455,400
Sales tax on audit fee and other services		395,760	434,913
Out of pocket expenses		278,244	249,997
		<u>5,621,004</u>	<u>6,121,320</u>
Subsidiaries		1,853,154	2,479,804
		<u>7,474,158</u>	<u>8,601,124</u>
37.3 Donations above 10% of total donation or Rs. 1,000,000 which ever is higher			
The Citizens Foundation		-	1,000,000
The Layton Rahmatullah Benevolent Trust (LRBT)	38.3.1	3,000,000	2,000,000
The Indus Hospital	38.3.2	1,000,000	1,000,000
The Patients' Behbud Society (TPBS) for AKU	38.3.3	1,000,000	-
		<u>5,000,000</u>	<u>4,000,000</u>

38.3.1 A director of the Holding Company (Mr. Shaheen Amin) is a Trustee of LRBT.

38.3.2 A director of the Holding Company (Mr. Nasim Hyder) is a director of The Indus Hospital.

38.3.3 A director of the Subsidiary Company (Mr. Raheel Qamar) is a Trustee of TPBS-AKU.

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38 DIRECT COST	Note	2022	2021
-----Rupees-----			
Court fee, stamp duty and others		24,468,980	6,061,180
Operating lease and Ijarah finance			
Maintenance and insurance		25,879,267	17,249,579
Depreciation - operating lease assets	4.2	10,102,272	10,102,272
Depreciation - ijarah assets	4.3	797,464,727	1,077,526,807
Amortisation	5.1	12,285,714	12,285,714
		845,731,980	1,117,164,372
		<u>870,200,960</u>	<u>1,123,225,552</u>

39 ALLOWANCE FOR POTENTIAL LEASE AND OTHER LOAN LOSSES

2022					
	Finance leases	Finance and loans (note 39.1)	Sub-total	Operating lease, ijarah, investments and other receivables	Total
-----Rupees-----					
Balance at the beginning of the year	840,317,227	349,488,100	1,189,805,327	92,829,300	1,282,634,627
Provision charge for the year	187,829,411	40,449,892	228,279,303	3,701,468	231,980,771
Reversal made during the year	(272,996,605)	(19,614,465)	(292,611,070)	(4,437,961)	(297,049,031)
	(85,167,194)	20,835,427	(64,331,767)	(736,493)	(65,068,260)
Write-offs	(2,843,325)	(7,072)	(2,850,397)	-	(2,850,397)
	<u>752,306,708</u>	<u>370,316,455</u>	<u>1,122,623,163</u>	<u>92,092,807</u>	<u>1,214,715,970</u>
2021					
	Finance leases	Finance and loans (note 39.1)	Sub-total	Operating lease, ijarah, investments and other receivables	Total
-----Rupees-----					
Balance at the beginning of the year	935,907,045	225,475,155	1,161,382,200	82,311,831	1,243,694,031
Impact of IFRS 9	-	28,139,578	28,139,578	26,718,922	54,858,500
Provision charge for the year	337,151,860	145,795,539	482,947,399	2,691,761	485,639,160
Reversal made during the year	(423,323,838)	(49,922,172)	(473,246,010)	(18,893,214)	(492,139,224)
	(86,171,978)	95,873,367	9,701,389	(16,201,453)	(6,500,064)
Write-offs	(9,417,840)	-	(9,417,840)	-	(9,417,840)
	<u>840,317,227</u>	<u>349,488,100</u>	<u>1,189,805,327</u>	<u>92,829,300</u>	<u>1,282,634,627</u>

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	Note	2022	2021
		-----Rupees-----	
39.1 Provision against finances and loans			
Long-term finances and loans	9	60,028,838	57,086,371
Current portion of long-term finances and loans	12	237,532,877	205,044,700
Short-term finances and loans	10	72,754,740	87,357,029
		<u>370,316,455</u>	<u>349,488,100</u>
39.2 Provision against operating lease, ijarah, other receivables, investments			
Other receivables	15	34,390,972	35,127,465
Long-term investments	8	57,701,835	57,701,835
		<u>92,092,807</u>	<u>92,829,300</u>
40 OTHER PROVISIONS - NET			
Operating lease, ijarah and other receivables			
Provision against other receivables		846,028	2,308,438
Provision / (reversal of provision) against operating lease receivables		2,609,908	(2,805,571)
Reversal of provision against ijarah receivables		(4,192,429)	(16,974,090)
		(736,493)	(17,471,223)
Others			
Provision for provincial Workers' Welfare Fund		39,981,707	29,204,032
Provision for services sales tax on Management Company's remuneration	40.1	2,332,448	2,280,958
Reversal of impairment recognised on assets classified as 'held for sale'		-	(1,091,531)
Reversal of impairment recognised on assets under ijarah arrangements	4.3	(4,369,096)	1,269,770
		<u>37,208,566</u>	<u>14,192,006</u>

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

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

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41 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2022				
	Chief Executive of the Holding Company	Executive Director	Chief Executive of the Management Company	Executives	Total
	-----Rupees-----				
Managerial remuneration and allowances	44,617,220	-	21,264,568	316,012,790	381,894,578
House rent and utilities	13,133,538	11,733,731	1,440,000	72,377,720	98,684,989
Retirement benefits	5,299,243	3,497,202	2,174,861	27,260,572	38,231,879
	<u>63,050,001</u>	<u>15,230,933</u>	<u>24,879,429</u>	<u>415,651,083</u>	<u>518,811,446</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>79</u>	<u>82</u>

	2021				
	Chief Executive of the Holding Company	Executive Director	Chief Executive of the Management Company	Executives	Total
	-----Rupees-----				
Managerial remuneration and allowances	33,432,347	10,804,873	20,963,467	241,877,635	307,078,322
House rent and utilities	11,063,945	3,195,198	-	83,143,820	97,402,963
Retirement benefits	5,531,015	1,039,438	1,278,841	24,026,545	31,875,839
	<u>50,027,307</u>	<u>15,039,509</u>	<u>22,242,308</u>	<u>349,048,000</u>	<u>436,357,124</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>69</u>	<u>72</u>

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

41.3 The Chief Executive and certain executives are also provided with the Group maintained cars and other benefits in accordance with their entitlement as per the Group policy.

41.4 Aggregate amount charged in these consolidated financial statements includes meeting fees paid to 4 (2021: 6) non-executive directors amounts to Rs. 10.55 million (2021: Rs. 14.05 million to 6 non-executive directors). This includes fee paid to the Chairman of the Board of Directors of the Holding Company amounting to Rs. 2.50 million (2021: Rs. 2.25 million).

42 TAXATION

	Note	2022	2021
		-----Rupees-----	
Current tax	42.1	776,111,182	460,010,073
Prior year tax		(39,187,664)	1,379,840
Deferred tax	23.1	(201,067,915)	(92,220,938)
		<u>535,855,603</u>	<u>369,168,975</u>

Notes to and Forming Part of The Consolidated Financial Statements

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42.1 This includes super tax under section 4C of Income tax ordinance.

42.2 Effective tax rate reconciliation

Numerical reconciliation between the average tax rate and the applicable tax rate for the year ended June 30, 2022 and June 30, 2021 is as follows.

	2022 (Effective tax rate) (%)	2022 Rupees	2021 (Effective tax rate) (%)	2021 Rupees
Profit before taxation		1,469,848,815		1,402,397,165
Tax at enacted tax rate	29.00	426,256,156	29.00	406,695,178
Tax effect of income subject to final tax regime	(0.83)	(12,176,159)	(0.24)	(3,432,899)
Tax effect of income subject to lower tax rate	(2.22)	(32,598,570)	(0.13)	(1,757,005)
Tax effect of rebates / credits	(0.16)	(2,354,239)	0.10	1,379,840
Net exempt income	-	-	(3.15)	(44,230,479)
Impact of changes in rates	7.43	109,263,082	-	-
Prior year	(2.67)	(39,187,664)	-	-
Super tax	6.29	92,496,645	-	-
Others	(0.40)	(5,843,648)	0.75	10,514,340
	<u>36.46</u>	<u>535,855,603</u>	<u>26.33</u>	<u>369,168,975</u>

42.3 Current status of pending tax assessments

Tax Year 1999 to 2000

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

Tax Year 2010 to 2020

Under Section 114 of the Income Tax Ordinance 2001, the Holding Company has filed the returns of income for tax years 2010 to 2020. The said returns were taken to be assessment orders passed by the Commissioner Inland Revenue on the day the said returns were filed other than tax year 2010, 2011, 2014, 2017, 2018, 2019, 2020 and 2021.

Tax Year 2010, 2011, 2014, 2017, 2018, 2019 and 2020

Details of the assessment made by the tax authorities are provided in note 32.1.1, 32.1.2, 32.1.3, 32.1.4, 32.1.5, 32.1.6, 32.1.7 and 32.1.8.

Notes to and Forming Part of The Consolidated Financial Statements

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43	Note	2022	2021
		-----Rupees-----	
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			
Profit before taxation		1,469,848,815	1,402,397,165
Adjustments for			
Depreciation	4.1, 4.2 & 4.3	909,341,690	1,188,776,306
Amortisation	5.1	15,385,795	19,825,952
Amortisation of transaction cost	36	4,282,927	963,267
(Reversal of provision) / provision for potential lease and other loan losses - net	39	(64,331,767)	9,701,389
Provision for provincial Workers Welfare Fund	40	39,981,707	29,204,032
Reversal of provision against Ijarah receivable	40	(4,192,429)	(15,704,320)
(Reversal of impairment) / impairment of assets classified as 'held for sale'	40	-	(1,091,531)
Reversal of impairment recognised on assets under Ijarah arrangements		(4,369,096)	-
Provision / (reversal of provision) against other receivables	40	3,455,936	(497,133)
Provision for services sales tax on Management Company's remuneration	40	2,332,448	2,280,958
Gain on sale of investments - net	34	(159,017,417)	(44,222,504)
Share of profit from associate	35	(64,289,981)	(35,363,150)
Exchange (gain) / loss - net	34	(2,844,290)	343,321
Charge for defined benefit plan - gratuity fund	37.1	20,442,027	14,791,484
Unrealised (gain) / loss on remeasurement of financial assets at fair value through profit or loss - net	34	(3,197)	4,007,824
Finance cost including bank charges	36	1,655,477,101	1,054,169,266
Profit on certificates of deposit	36	504,748,388	467,295,949
Dividend income	34	(1,927,991)	(851,362)
Return on investments and deposits	34	(38,811,776)	(39,958,593)
Interest income on government securities	34	(79,971,796)	(37,299,827)
Gain on disposal of Ijarah assets	34	(23,506,624)	(51,854,146)
Gain on disposal of fixed assets	34	(3,682,650)	(12,752,795)
		<u>2,708,499,005</u>	<u>2,551,764,387</u>
		<u>4,178,347,820</u>	<u>3,954,161,552</u>

Notes to and Forming Part of The Consolidated Financial Statements

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44	CASH AND CASH EQUIVALENTS	Note	2022	2021
			-----Rupees-----	
	Cash at bank	16	1,390,798,161	990,256,333
	Cash in hand	16	1,765,801	1,838,389
	Short-term running finance facilities	29	(339,499,845)	(522,881,783)
			1,053,064,117	469,212,939

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

	2022							Total
	Short term loans	Certificate of deposit	Long term finances	Unclaimed dividend	Share capital	Share premium	Redeemable capital	
-----Rupees-----								
Balance as at July 01, 2021	900,000,000	4,869,367,662	9,178,105,866	270,312,798	1,754,076,470	1,501,683,073	3,250,705,000	21,724,250,869
Changes from financing cash flows								
Repayment	(5,550,000,000)	(3,170,155,513)	(3,898,065,679)	-	-	-	(3,359,300,000)	(15,977,521,192)
Proceeds received	4,650,000,000	2,837,016,937	9,451,431,762	-	-	-	3,122,500,000	20,060,948,699
Dividend paid	-	-	-	(842,098,709)	-	-	-	(842,098,709)
Total changes from financing activities	(900,000,000)	(333,138,576)	5,553,366,083	(842,098,709)	-	-	(236,800,000)	3,241,328,798
<i>Other changes</i>								
Bonus shares	-	-	-	-	-	-	-	-
Dividend Declared	-	-	-	833,242,825	-	-	-	833,242,825
Total other changes	-	-	-	833,242,825	-	-	-	833,242,825
Balance as at June 30, 2022	-	4,536,229,086	14,731,471,949	261,456,914	1,754,076,470	1,501,683,073	3,013,905,000	25,798,822,492

45 SEGMENT INFORMATION

The Group has four primary reporting segments namely, 'Finance lease', 'Finances & Loans', 'Islamic Finance' 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. Islamic Finance includes Ijarah and Diminishing Musharakah to corporate entities and individuals. 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 associates and others'.

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45.1 Segment analysis is given below:

	2022					Total
	Finance lease	Finances and loans	Operating lease	Islamic Finance	Investment in associates & others	
	-----Rupees-----					
Segment revenues	2,358,018,339	2,164,761,705	34,278,645	1,069,067,604	390,102,998	6,016,229,291
Finance cost	875,837,001	888,724,270	7,707,449	147,514,381	294,103,472	2,213,886,573
Administrative and general expenses	740,416,899	663,428,404	7,568,301	75,038,195	2,964,345	1,489,416,144
Direct cost	19,237,446	19,977,223	19,476,411	798,487,286	13,022,594	870,200,960
Provisions / (reversals) - net	(85,167,194)	20,835,427	2,609,908	(8,561,525)	3,178,476	(67,104,908)
Segment results	807,694,187	571,796,381	(3,083,424)	56,589,267	76,834,111	1,509,830,522
Provision for Sindh Worker's Welfare Fund						(39,981,707)
Provision for taxation						(535,855,603)
Profit for the year						933,993,212
Other information						
Segment assets	12,684,937,695	15,245,473,788	120,993,799	1,982,067,013	3,452,595,529	33,486,067,824
Unallocated assets						2,578,235,612
Total assets						36,064,303,436
Segment liabilities	455,206,642	3,182,088,187	1,644,414	1,959,450,589	356,506,956	5,954,896,788
Unallocated liabilities						20,329,954,251
Total liabilities						26,284,851,039
Capital expenditure	-	-	-	760,436,225	-	760,436,225
Depreciation and amortisation	-	-	10,102,272	809,750,441	-	819,852,713
Unallocated						
Capital expenditure - fixed assets for own use	-	-	-	-	-	45,267,129
Additions made to intangible assets	-	-	-	-	-	949,670
Unallocated depreciation and amortisation	-	-	-	-	-	104,874,772
	-----Rupees-----					
	2021					Total
	Finance lease	Finances and loans	Operating lease	Islamic Finance	Investment in associates & others	Total
	-----Rupees-----					
Segment revenues	2,331,596,316	1,456,575,466	1,358,826,865	76,818,458	204,173,649	5,427,990,754
Finance cost	730,234,070	486,420,684	152,074,515	7,326,112	146,373,101	1,522,428,482
Administrative and general expenses	816,202,615	401,977,241	109,491,681	(14,591,522)	42,966,145	1,356,046,160
Direct cost	9,257,746	8,057,190	1,039,983,057	65,927,559	-	1,123,225,552
Provisions / (reversals) - net	(86,171,978)	95,873,367	(17,240,121)	1,011,189	1,216,906	(5,310,637)
Segment results	862,073,863	464,246,984	74,517,733	17,145,120	13,617,497	1,431,601,197
Provision for Sindh Worker's Welfare Fund						(29,204,032)
Provision for taxation						(369,168,975)
Profit for the year						1,033,228,190
Other information						
Segment assets	13,209,407,033	10,715,526,525	2,481,665,046	6,462,747	2,993,051,129	29,406,112,480
Unallocated assets						1,850,788,751
Total assets						31,256,901,231
Segment liabilities	344,623,541	2,641,186,923	2,338,459,191	-	503,878,445	5,828,148,100
Unallocated liabilities						15,984,471,250
Total liabilities						21,812,619,350
Capital expenditure	-	-	-	1,396,045,933	-	1,396,045,933
Depreciation and amortisation	-	-	10,102,272	1,089,812,521	-	1,099,914,793
Unallocated						
Capital expenditure - fixed assets for own use	-	-	-	-	-	64,034,574
Additions made to intangible assets	-	-	-	-	-	69,486
Unallocated depreciation and amortisation	-	-	-	-	-	108,687,465

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45.2 Segment by class of business

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

Sectors	2022		2021	
	(Rupees)	%	(Rupees)	%
Individuals	8,338,242,159	27.57%	6,465,173,919	24.20%
Goods Transport	3,637,740,221	12.02%	2,721,547,116	10.17%
Public Transport	1,870,022,116	6.18%	1,812,957,501	6.78%
Services	2,249,663,196	7.44%	2,276,704,126	8.51%
Distributor	893,442,133	2.95%	1,577,200,037	5.90%
Textile & Allied	2,014,482,797	6.66%	1,844,022,919	6.89%
Trading	1,521,073,853	5.03%	1,241,977,276	4.64%
Fuel & Energy	937,626,047	3.10%	1,116,630,294	4.17%
Construction	1,049,150,195	3.47%	853,417,910	3.19%
Chemical & Pharmaceutical	888,842,802	2.94%	845,504,318	3.16%
Glass, Ceramics & Plastic	640,966,760	2.12%	642,366,327	2.40%
Food & Allied	1,415,459,954	4.68%	1,217,648,946	4.55%
Miscellaneous	930,930,063	3.08%	1,152,210,826	4.31%
Steel & Engineering	1,177,324,706	3.89%	1,083,399,612	4.05%
Paper, Board & Printing	851,803,760	2.82%	813,702,575	3.04%
Automotive Industry	671,223,304	2.22%	257,202,568	0.96%
Natural Resource & Farming	508,858,771	1.68%	347,565,013	1.30%
Sugar	482,569,675	1.60%	347,665,349	1.30%
Cables, Electric & Electronic Goods	175,257,309	0.58%	130,935,836	0.49%
	<u>30,254,679,821</u>	<u>100%</u>	<u>26,747,832,468</u>	<u>100%</u>

Reconciliation of the Group's gross net investment in finance leases and other finances and loans is given below:

	2022	2021
	-----Rupees-----	
Net investment in finance leases	13,436,624,395	14,049,104,260
Other finances and loans	16,818,055,426	12,698,728,208
	<u>30,254,679,821</u>	<u>26,747,832,468</u>

45.3 Segment by sector

The Group's net investment in finance lease and other finances and loans includes exposure to private sector of Rs. 21,916 million (2021: Rs. 20,282 million).

45.4 Geographical segment analysis

The Group's operations are restricted to Pakistan only.

46 TRANSACTIONS WITH RELATED PARTIES

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

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

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

	2022	2021
	-----Rupees-----	
ORIX Corporation, Japan - Parent Company - 49.58% Holding		
Dividend paid	352,141,263	95,760,081
Re-imbursement of cost	401,445	-
Nil bonus shares issued (2021: 4,140,976 shares)		
Yanal Finance Company		
- Associate / Common directorship 2.5% ownership		
Dividend received	55,089,580	8,548,643
Reimbursement of cost	26,542,392	17,999,125
ORIX Leasing Pakistan Limited - Employees Provident Fund (OLP-EPF)		
Contribution made	30,459,673	29,890,223
ORIX Modaraba - Staff Provident Fund (OM-EPF)		
Contribution made	5,408,858	5,149,606
ORIX Leasing Pakistan Limited - Staff Gratuity Fund (OLP-SGF)		
Contribution made	20,442,024	4,930,496
ORIX Modaraba - Staff Gratuity Fund (OM-SGF)		
Contribution made	4,520,110	4,289,591
Reimbursement from Staff Gratuity Fund	1,725,310	301,123
AWT Investments Limited (AWTIL) - Associate / Common directorship		
Deposit against Certificate of Musharika	100,000,000	-
Profit on Certificate of Musharika issued to mutual funds	3,283,231	-
Charity / Donation paid - Common Directorship		
The Indus Hospital	1,000,000	1,000,000
The Layton Rahmatullah Benevolent Trust - Charity	-	500,000
The Layton Rahmatullah Benevolent Trust - Donation	3,000,000	2,000,000
The Patients' Behbud Society (TPBS) for AKU	1,000,000	-
Other related party transactions during the year		
Directors and key management personnel		
Compensation of directors and key management personnel		
Director fees paid	10,550,000	13,150,000
Short-term employee benefits	271,419,587	233,578,962
Retirement benefits	19,077,712	17,705,171
Total compensation to directors and key management personnel	301,047,299	264,434,133
Proceeds from sale of vehicles	806,200	869,600
Staff loans disbursed to key management personnel	47,075,497	7,216,939
Interest recovered on staff loans	7,105,586	2,233,605
Principal recovered on staff loans	59,047,792	9,354,100
Profit on redeemable capital	1,074,818	478,094

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	2022	2021
	-----Rupees-----	
Advance to the Chief Executive Officer of the Management Company	1,320,000	1,320,000
Provision for performance bonus to the Chief Executive Officer of the Management Company	6,000,000	-
Dividend paid to key management personnel - net of tax	416,907	445,067
Nil bonus shares issued to key management personnel (2021: 7,855 shares)		
Dividend received by the Chief Executive Officer of the Group	1,516,142	1,076,208
Nil bonus shares issued to the Chief Executive Officer of the Holding Company (2021: 10,030 shares)		
Issuance of certificates of deposit	-	500,000
Redemption of certificates of deposit	-	1,300,000
Income earned on Musharika finance to key management personnel of the Modaraba	4,979,234	12,169,499
Amount of profit paid on Certificate of Musharika	1,074,818	504,551
Amount of profit paid on Certificates of Deposit	119,474	185,524
46.2 The balances with related parties as at year end:		
Investment in associate	1,207,909,411	915,924,945
Long-term investment - Sama Finance PSC (net of provision)	-	-
Investment in associates - held for sale		
- OPP (Private) Limited	87,754,399	87,754,399
- SAMA Finance SAE - 23% ownership	172,043,037	172,043,037
Certificates of deposit held	1,300,000	1,300,000
Accrued profit on certificates of deposit payable	8,430	8,430
Outstanding loans to Key Management Personnel	66,025,871	55,028,692
Receivable from Yanal Finance Company	6,380,097	8,750,153
Receivable from ORIX Corporation, Japan - Parent Company	1,615,695	1,387,140
Unpaid dividend payable to ORIX Corporation, Japan - Parent Company	168,373,952	173,921,030
Accrued profit on finances under Diminishing Musharika	138,680	45,072
Profit payable on redeemable capital to Key Management Personnel	979,266	355,912
Redeemable Capital to Key Management Personnel	22,550,000	7,050,000

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46.3 The Modaraba enters into transactions with related parties for lease of assets, borrowings under Musharika finances and other general banking services. These transactions are based on a transfer pricing policy under which all transactions are carried out on agreed terms. The balances with related parties have been disclosed in the respective notes.

47 STAFF STRENGTH	2022	2021
	-----Number of staff -----	
Group's staff strength at the end of the year	509	528
Average number of employees*	496	515

* Represents the average taken of the number of employees at the end of each month in the year. This average has been calculated for Group's employees.

48 PROVIDENT FUND RELATED DISCLOSURES

The Group operates Staff Provident Fund for its employees. The following information is based on the financial statements of the Fund as at June 30, 2022 (un-audited) and June 30, 2021 (audited):

	2022	2021
	Un-audited	Audited
	-----Rupees-----	
Size of the Fund - total assets	721,832,325	692,118,929
Fair value of investments	705,824,786	681,820,968
	------(Percentage)-----	
Percentage of investments made	98%	99%

The cost of the above investments amounted to Rs. 672.49 million (2021: Rs. 670.75 million).

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

	Un-audited	Audited	Un-audited	Audited
	2022	2021	2022	2021
	------(Percentage)-----		-----Rupees-----	
Cash and bank deposits	7.15%	11.20%	50,461,174	76,779,170
Mutual funds	2.15%	0.00%	15,154,500	-
Government securities				
- Treasury Bills	17.59%	43.90%	124,129,773	299,478,801
- National Savings Certificate	36.04%	32.90%	254,407,013	224,933,473
- Pakistan Investment Bonds	34.95%	9.80%	246,672,326	66,603,320
- Debt Securities - Listed (TFC)	2.13%	2.20%	15,000,000	15,000,000
	100%	100%	705,824,786	682,794,764

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

Notes to and Forming Part of The Consolidated Financial Statements

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49 FINANCIAL INSTRUMENTS BY CATEGORY

2022			
At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Total

-----Rupees-----

ASSETS

Net investment in finance lease	12,684,317,687	-	-	12,684,317,687
Long-term investments	588,235,272	-	-	588,235,272
Long-term deposits	11,530,566	-	-	11,530,566
Finances and loans	15,318,248,245	-	-	15,318,248,245
Accrued return on investments and finance and loans	273,255,561	-	-	273,255,561
Short-term investments	-	554,492,300	22,726,251	577,218,551
Other receivables	176,377,517	-	-	176,377,517
Cash and bank balances	1,392,563,962	-	-	1,392,563,962
Net investment in ijarah finance	370,000	-	-	370,000
	<u>30,444,898,810</u>	<u>554,492,300</u>	<u>22,726,251</u>	<u>31,022,117,361</u>

2022		
At fair value through profit or loss	At amortised cost	Total

-----Rupees-----

LIABILITIES

Long-term finances	-	14,731,471,949	14,731,471,949
Certificates of deposit	-	4,536,229,086	4,536,229,086
Other long-term liabilities	-	251,425,977	251,425,977
Redeemable capital	-	3,013,905,000	3,013,905,000
Trade and other payables	-	1,371,381,159	1,371,381,159
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	475,058,873	475,058,873
Lease liability against right-of-use assets	-	107,278,607	107,278,607
Unpaid dividend	-	168,373,952	168,373,952
Unclaimed dividend	-	93,082,962	93,082,962
Short-term borrowings	-	339,499,845	339,499,845
	-	<u>25,087,707,410</u>	<u>25,087,707,410</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

	2021			Total
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	
-----Rupees-----				
ASSETS				
Net investment in finance lease	13,208,787,033	-	-	13,208,787,033
Long-term investments	451,973,817	-	-	451,973,817
Long-term deposits	11,421,566	-	-	11,421,566
Finances and loans	10,851,766,828	-	-	10,851,766,828
Accrued return on investments and term-finance	160,087,808	-	-	160,087,808
Short-term investments	-	301,110,445	26,863,547	327,973,992
Other receivables	137,202,827	-	-	137,202,827
Cash and bank balances	992,094,722	-	-	992,094,722
Net investment in ijarah finance	370,000	-	-	370,000
	<u>25,813,704,601</u>	<u>301,110,445</u>	<u>26,863,547</u>	<u>26,141,678,593</u>

	2021		
	At fair value through profit or loss	At amortised cost	Total
-----Rupees-----			
LIABILITIES			
Long-term finances	-	9,178,105,866	9,178,105,866
Certificates of deposit	-	4,869,367,662	4,869,367,662
Other long-term liabilities	-	197,119,786	197,119,786
Redeemable capital	-	3,250,705,000	3,250,705,000
Trade and other payables	-	986,394,191	986,394,191
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	280,775,725	280,775,725
Lease liability against right-of-use asset	-	107,613,351	107,613,351
Unpaid dividend	-	185,467,295	185,467,295
Unclaimed dividend	-	84,845,503	84,845,503
Short-term borrowings	-	1,422,881,783	1,422,881,783
		<u>20,563,276,162</u>	<u>20,563,276,162</u>

50 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

50.1 Market risk

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

50.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group incurs currency risk in US dollar, Saudi Riyal, UAE Dirhams and Egyptian Pound on account of its foreign currency bank account, held for sale investments and investment in associate. The Group's exposure to foreign currency transactions is as follows:

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	2022	2021
	-----Rupees-----	
Foreign currency bank account	5,805,140	4,447,984
Investment in associate	1,207,909,411	915,924,945
Assets classified as held for sale	172,043,037	172,043,037

As at June 30, 2022, if the Pakistani Rupee had strengthened / weakened by 10% against these currencies with all other variables held constant, the impact on the total comprehensive income would have been lower / higher by an amount of Rs. 138.535 million (2021: Rs. 109.241 million).

50.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Group has adopted appropriate policies to minimise its exposure to this risk. The interest rate profile of the Group's significant interest bearing financial instruments and the periods in which these will mature are as follows:

		2022						
Effective yield / profit rate %	Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Not exposed to yield / profit rate risk	
		-----Rupees-----						
On-balance sheet financial instruments								
Financial assets								
Net investment in finance lease	8.00% to 27.55%	12,684,317,687	702,186,891	1,594,507,973	3,818,221,720	6,569,401,103	-	
Long-term investments	7.00% - 12.00%	588,235,272	-	393,448,918	-	194,786,354	-	
Long-term deposits		11,530,566	-	-	-	-	11,530,566	
Term finances and loans	4.00% - 44.80%	15,318,248,245	914,942,473	2,548,818,409	4,923,154,602	6,900,554,431	-	
Accrued return on investments and term finance		273,255,561	-	-	-	-	273,255,561	
Short-term investments	11.34% - 14.45%	577,218,551	554,492,300	-	-	-	22,726,251	
Other receivables		176,377,517	-	-	-	-	176,377,517	
Cash and bank balances	3.25%-15.5%	1,392,563,962	1,249,519,107	-	-	-	143,044,855	
Net investment in ijarah finance		370,000	-	-	-	-	370,000	
Total		31,022,117,361	3,421,140,771	4,536,775,300	8,741,376,322	13,664,741,888	658,083,080	
Financial liabilities								
Long-term finances	11.33% - 16.17%	14,731,471,949	459,213,549	934,998,295	2,756,000,247	10,581,259,858	-	
Certificates of deposit	7.10% - 14.20%	4,536,229,086	126,645,392	590,515,339	1,722,995,770	2,096,072,585	-	
Other long-term liabilities		251,425,977	-	-	-	-	251,425,977	
Trade and other payables		1,371,381,159	-	-	-	-	1,371,381,159	
Accrued interest / mark-up / profit on loans, finances and certificates of deposit		475,058,873	-	-	-	-	475,058,873	
Lease liability against right-of-use asset		107,278,607	-	-	-	-	107,278,607	
Unpaid dividend		168,373,952	-	-	-	-	168,373,952	
Unclaimed dividend		93,082,962	-	-	-	-	93,082,962	
Short-term borrowings	12.40% - 14.81%	339,499,845	339,499,845	-	-	-	-	
Redeemable capital	12.00% - 15.50%	3,013,905,000	882,700,000	383,750,000	1,229,050,000	415,700,000	102,705,000	
Total		25,087,707,410	1,808,058,786	1,909,263,634	5,708,046,017	13,093,032,443	2,569,306,530	
On-balance sheet gap (a)		5,934,409,951	1,613,081,985	2,627,511,666	3,033,330,305	571,709,445	(1,911,223,450)	
Off-balance sheet financial instruments								
Off-balance sheet gap (b)		-	-	-	-	-	-	
Total interest rate sensitivity gap (a+b)		5,934,409,951	1,613,081,985	2,627,511,666	3,033,330,305	571,709,445	-	
Cumulative interest rate sensitivity gap		5,934,409,951	7,547,491,936	10,175,003,601	13,208,333,906	13,780,043,352	13,780,043,352	

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Effective yield / profit rate %	2021						Not exposed to yield / profit rate risk
	Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	

-----Rupees-----

On-balance sheet financial instruments

Financial assets

Net investment in finance lease	9.34% - 27.55%	13,208,787,033	812,851,698	1,769,416,162	4,048,110,191	6,578,408,982	-	-
Long-term investments	7.25% - 12.00%	451,973,817	-	64,924,953	-	387,048,864	-	-
Long-term deposits		11,421,566	-	-	-	-	-	11,421,566
Term finances and loans	4.00% - 38.41%	10,851,766,828	301,150,243	1,226,033,107	4,920,125,960	4,404,457,518	-	-
Accrued return on investments and term finance		160,087,808	-	-	-	-	-	160,087,808
Short-term investments	7.13% - 7.60%	327,973,992	234,035,341	59,276,318	7,798,786	-	-	26,863,547
Other receivables		137,202,827	-	-	-	-	-	137,202,827
Cash and bank balances	2.90% - 6.00%	992,094,722	449,056,505	-	-	-	-	543,038,217
Net investment in ijarah finance		370,000	-	-	-	-	-	370,000
Total		26,141,678,593	1,797,093,787	3,119,650,540	8,976,034,937	11,369,915,364	-	878,983,965

Financial liabilities

Long-term finances	6.52% - 8.63%	9,178,105,866	394,097,223	1,760,257,702	2,295,973,170	4,727,777,771	-	-
Certificates of deposit	6.50% - 13.15%	4,869,367,662	131,026,476	498,193,571	1,648,523,063	2,591,624,552	-	-
Other long-term liabilities		197,119,786	-	-	-	-	-	197,119,786
Trade and other payables		986,394,191	-	-	-	-	-	986,394,191
Accrued interest / mark-up / profit on loans, finances and certificates of deposit		280,775,725	-	-	-	-	-	280,775,725
Lease liability against right-of-use asset		107,613,351	-	-	-	-	-	107,613,351
Unpaid dividend		185,467,295	-	-	-	-	-	185,467,295
Unclaimed dividend		84,845,503	-	-	-	-	-	84,845,503
Short-term borrowings	7.62% - 8.58%	1,422,881,783	1,422,881,783	-	-	-	-	-
Redeemable capital	6.50% - 7.75%	3,250,705,000	209,500,000	391,100,000	2,138,250,000	343,450,000	-	168,405,000
Total		20,563,276,162	2,157,505,482	2,649,551,273	6,082,746,233	7,662,852,323	-	2,010,620,851

On-balance sheet gap (a)

	5,578,402,431	(360,411,695)	470,099,267	2,893,288,704	3,707,063,041	-	(1,131,636,886)
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Off-balance sheet financial instruments

	-	-	-	-	-	-	-
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Off-balance sheet gap (b)

	-	-	-	-	-	-	-
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Total interest rate sensitivity gap (a+b)

	5,578,402,431	(360,411,695)	470,099,267	2,893,288,704	3,707,063,041	-	-
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Cumulative interest rate sensitivity gap

	5,578,402,431	(360,411,695)	109,687,572	3,002,976,276	6,710,039,317	6,710,039,317	-
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a) Sensitivity analysis for variable rate financial instruments

The Group has extended KIBOR based long-term leases and finances to various counter parties that expose the Group to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax would have been higher / lower by Rs. 257.52 million (2021: Rs. 175.4 million).

Furthermore, the Group also has KIBOR based financial liabilities in Pakistani Rupees representing short-term running finance arrangements, short-term and long-term finances obtained from various financial institutions and certificates of deposit which expose the Group to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax for the year ended June 30, 2022 would have been lower / higher by Rs. 150.13 million (2021: Rs. 107.5 million).

The Group holds unutilized credit lines with banks amounting in aggregate to Rs 3,367 million as at June 30, 2022 (2021: Rs. 2,547 million) as disclosed in the note 20.1 and 29.1.

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b) Sensitivity analysis for fixed rate financial instruments

As at June 30, 2022, the Group holds Market Treasury Bills which are classified as 'financial assets at fair value through profit or loss', exposing the Group to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Markets Association of Pakistan for Market Treasury Bills with all other variables held constant, the net profit for the year and net assets of the Group would have been higher / lower by Rs. 6.7 million (2021: Rs. 4.6 million).

50.1.3 Other price risk

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

50.2 Credit risk

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

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

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. Significant concentration of the Group's risk assets by class of business, industry sector and geographical region is set out in note 45.

	Carrying value		Maximum exposure	
	2022	2021	2022	2021
	-----Rupees-----		-----Rupees-----	
Net investment in finance lease	12,684,317,687	13,208,787,033	12,684,317,687	13,208,787,033
Long-term investments	588,235,272	451,973,817	-	-
Long-term deposits	11,530,566	11,421,566	11,530,566	11,421,566
Finances and loans	15,318,248,245	10,851,766,828	15,318,248,245	10,851,766,828
Accrued return on investments and finance and loans	273,255,561	160,087,808	273,255,561	160,087,808
Short-term investments	577,218,551	327,973,992	-	-
Other receivables	176,377,517	137,202,827	176,377,517	137,202,827
Cash and bank balances	1,392,563,962	992,094,722	1,390,798,161	990,256,333
Net investment in ijarah finance	370,000	370,000	370,000	370,000
	<u>31,022,117,361</u>	<u>26,141,678,593</u>	<u>29,854,897,737</u>	<u>25,359,892,395</u>

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Difference in the balance as per the carrying value and maximum exposure is due to the fact that investments in Government securities, equity securities and cash in hand are not exposed to credit risk.

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

The carrying value of receivables which are past due are as under:

	2022				
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	Net investment in ijarah finance	Total
	-----Rupees-----				
Within 90 days	31,010,017	4,650,873	-	-	35,660,890
90 - 180 days	104,372,260	62,947,934	-	-	167,320,194
181 - 365 days	72,214,642	48,082,714	-	-	120,297,356
Over 1 Year	622,213,391	371,933,032	74,320,949	1,134,443	1,069,601,815
	829,810,310	487,614,553	74,320,949	1,134,443	1,392,880,255
Less: general and specific provision	752,306,708	370,316,455	90,958,364	1,134,443	1,214,715,970
Net of Provision	77,503,602	117,298,098	(16,637,415)	-	178,164,285
Coverage Ratio	90.66%	75.94%	122.39%	100.00%	87.21%

	2021				
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	Net investment in ijarah finance	Total
	-----Rupees-----				
Within 90 days	31,319,417	16,194,125	-	-	47,513,542
90 - 180 days	201,440,888	55,273,499	-	-	256,714,387
181 - 365 days	58,884,293	71,692,548	-	-	130,576,841
Over 1 Year	842,199,605	233,478,666	77,000,252	-	1,152,678,523
	1,133,844,203	376,638,838	77,000,252	-	1,587,483,293
Less: General and specific provision	840,317,227	349,488,100	92,829,300	-	1,282,634,627
Net of provision	293,526,976	27,150,738	(15,829,048)	-	304,848,666
Coverage Ratio	74.11%	92.79%	120.56%	-	80.80%

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

The analysis below summarises the credit rating quality of the Group's bank balances as at June 30, 2022:

	2022	2021
	-----Rupees-----	
Bank balances		
AAA	692,637,670	891,369,017
AA+	18,685,837	91,580,117
AA	672,245,729	-
AA-	5,799,576	2,469,883
A+	72,793	3,997,898
A	315,473	71,104
State bank of Pakistan	1,041,083	768,314
	<u>1,390,798,161</u>	<u>990,256,333</u>

The Group does not hold any other financial asset which are rated.

50.2.1 The Group applies the IFRS 9 simplified approach to measure expected credit losses for net investment in finance lease, micro finance, Ijarah and Musharika finance. To measure the expected credit losses, such financial assets have been grouped based on days past due. On that basis, the loss allowance as at June 30, 2022 and June 30, 2021 was determined as follows:

Net investment in finance lease

	2022			2021		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	-----Rupees-----					
Not yet due	0.39%	12,832,953,972	49,742,365	0.11%	11,273,042,968	12,630,398
1-30 days	1.19%	2,280,214,528	27,091,999	1.86%	1,475,354,751	27,424,640
31-90 days	3.15%	712,401,376	22,413,176	4.73%	677,034,162	32,053,657
91-365 days	35.73%	216,523,482	77,361,500	16.38%	238,907,810	39,141,768
More than 365 days	72.96%	789,050,842	575,697,668	100.00%	729,066,764	729,066,764
Total			<u>752,306,708</u>			<u>840,317,227</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

Micro finance, Ijarah and Musharika finance

	2022			2021		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
-----Rupees-----						
Not yet due	0.05%	2,759,687,120	1,263,554	0.19%	3,714,524,587	6,974,890
1-30 days	0.12%	1,980,666,350	2,282,492	0.40%	1,080,701,441	4,318,402
31-90 days	0.58%	569,193,507	3,300,776	2.10%	464,877,073	9,761,437
91-365 days	18.31%	98,952,715	18,113,365	62.31%	116,223,457	72,415,090
More than 365 days	85.16%	290,263,819	247,175,468	95.33%	214,435,410	204,430,754
Total			<u>272,135,655</u>			<u>297,900,574</u>

For loans and other financial assets, a life time ECL is recorded in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and for financial assets which are credit impaired as on reporting date. A 12 months ECL is recorded for all other financial assets which do not meet the criteria for SICR or "credit impaired" as at reporting date. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Group also considers reasonable and supportive forward-looking information in determination of ECL.

50.2.2 An analysis of the portfolio of the Modaraba that is classified as non-performing as per the requirements of the Prudential Regulations for Modarabas is as follows:

	2022				Total
	Other Assets Especially Mentioned	Substandard	Doubtful	Loss	
-----Rupees-----					
Ijarah rentals receivable (being principal outstanding)	-	-	-	52,412,624	52,412,624
Net investment in Ijarah finance	-	-	-	1,134,443	1,134,443
Diminishing Musharika	47,705,558	35,133,903	-	100,238,755	183,078,216
Sukuk certificates	-	-	-	57,701,835	57,701,835
	<u>47,705,558</u>	<u>35,133,903</u>	<u>-</u>	<u>211,487,657</u>	<u>294,327,118</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

Other Assets Especially Mentioned	2021			Total	
	Substandard	Doubtful	Loss		
-----Rupees-----					
Ijarah rentals receivable (being principal outstanding)	-	-	-	65,674,246	65,674,246
Net investment in Ijarah finance	-	-	-	1,134,443	1,134,443
Diminishing Musharika	14,625,000	-	8,574,284	102,161,707	125,360,991
Sukuk certificates	-	-	-	57,701,835	57,701,835
	<u>14,625,000</u>	<u>-</u>	<u>8,574,284</u>	<u>226,672,231</u>	<u>249,871,515</u>

50.3 Liquidity risk

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

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

	2022				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
-----Rupees-----					
Long-term finances	14,731,471,949	19,309,915,426	1,728,178,896	4,290,978,281	13,290,758,249
Certificates of deposit	4,536,229,086	5,624,520,735	529,828,324	2,294,900,812	2,799,791,599
Trade and other payables	1,371,381,159	1,371,381,159	1,371,381,159	-	-
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	726,484,850	726,484,850	289,759,720	237,677,661	199,047,469
Lease liability against right of use asset	107,278,607	107,278,607	9,021,082	13,249,483	85,008,042
Unpaid dividend	168,373,952	168,373,952	168,373,952	-	-
Unclaimed dividend	93,082,962	93,082,962	93,082,962	-	-
Short-term borrowings	339,499,845	339,499,845	171,260,982	168,238,863	-
Redeemable capital	3,013,905,000	3,013,905,000	1,369,155,000	1,229,050,000	415,700,000
	<u>25,087,707,410</u>	<u>30,754,442,537</u>	<u>5,730,042,078</u>	<u>8,234,095,100</u>	<u>16,790,305,359</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

	2021				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	-----Rupees-----				
Long-term finances	9,178,105,866	10,270,144,008	2,158,654,547	2,842,662,564	5,268,826,897
Certificates of deposit	4,869,367,662	6,074,021,859	655,064,256	1,994,862,438	3,424,095,165
Trade and other payables	986,394,191	986,394,191	986,394,191	-	-
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	477,895,511	477,895,511	177,041,194	45,577,884	255,276,433
Lease liability against right of use asset	107,613,351	107,613,351	-	16,289,997	91,323,354
Unpaid dividend	185,467,295	185,467,295	185,467,295	-	-
Unclaimed dividend	84,845,503	84,845,503	84,845,503	-	-
Short-term borrowings	1,422,881,783	1,422,881,783	954,602,720	468,279,063	-
Redeemable capital	3,250,705,000	3,250,705,000	600,600,000	2,138,250,000	511,855,000
	<u>20,563,276,162</u>	<u>22,859,968,501</u>	<u>5,802,669,706</u>	<u>7,505,921,946</u>	<u>9,551,376,849</u>

51 FAIR VALUE MEASUREMENT

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

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

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 associate is accounted for using the equity method.

Fair value of net investments in finance lease, long term loans and finances, long term deposits and other assets, other liabilities, long term certificates of deposit and other accounts are approximate to their carrying value. The provision for impairment of finance lease and long term loans and finances has been calculated in accordance with the accounting policy mentioned in note 3.7.

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

Fair value hierarchy

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

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

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

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:

	2022			Total
	Level 1	Level 2	Level 3	
-----Rupees-----				
RECURRING FAIR VALUE MEASUREMENTS				
Financial assets				
Financial assets at fair value through other comprehensive income				
Ordinary shares-unlisted	-	22,726,251	-	22,726,251
Financial assets at fair value through profit or loss				
Market treasury bills (T-bills)	-	554,492,300	-	554,492,300
Non-financial assets				
Fixed assets (Leasehold land & building) *	-	-	916,321,693	916,321,693
Total	-	<u>577,218,551</u>	<u>916,321,693</u>	<u>1,493,540,244</u>

	2021			Total
	Level 1	Level 2	Level 3	
-----Rupees-----				
RECURRING FAIR VALUE MEASUREMENTS				
Financial assets				
Financial assets at fair value through other comprehensive income				
Ordinary shares-unlisted	-	26,863,547	-	26,863,547
Financial assets at fair value through profit or loss				
Market treasury bills (T-bills)	-	301,110,445	-	301,110,445
Non-financial assets				
Fixed assets (Leasehold land & building) *	-	-	940,875,025	940,875,025
Total	-	<u>327,973,992</u>	<u>940,875,025</u>	<u>1,268,849,017</u>

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

Item	Valuation approach and input used
Market Treasury bills	The fair value of Market Treasury bills is derived using PKRV rates. PKRV rate is average of the yield-to-maturity on government securities traded in the secondary market and determined at the end of day. The yield-to-maturity on government securities is quoted by the six (06) brokerage houses keeping in view the yield-to-maturity on government securities traded in the secondary market.
Fixed assets (leasehold land and office building)	The revaluation by the valuer is carried out on the basis of professional assessment of present market values.
Short-term investments	The fair value of unlisted ordinary shares is determined using the Market Value approach.

* Leasehold land and building are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 4 to these consolidated financial statements. The valuation experts used a market based approach to arrive at the fair value of the Holding Company's properties. The approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these consolidated financial statements.

52 CAPITAL RISK MANAGEMENT

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

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

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

53 EARNINGS PER SHARE - basic and diluted

	2022	2021
Profit for the year after taxation attributable to equity holders of the Holding Company (Rupees)	854,585,497	921,041,652
Weighted average number of ordinary shares	175,407,647	175,407,647
Earnings per share - basic and diluted (Rupees)	4.87	5.25

53.1 Diluted earnings per share has not been presented separately as the Holding Company did not have any convertible instruments in issue at June 30, 2022 and June 30, 2021 which would have had any effect on the earnings per share, had the option to convert been exercised.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

54 INTERESTS IN OTHER ENTITIES	2022	2021
NCI Percentage (%)	80%	80%
	-----Rupees-----	
Non-current assets	4,356,291,107	4,246,776,793
Current assets	2,350,818,858	2,503,515,888
Non-current liabilities	1,878,834,195	1,689,587,204
Current liabilities	3,689,670,548	3,902,033,376
Net assets attributable to non-controlling interest	910,884,178	926,937,681
Revenue	1,580,359,418	1,754,460,013
Expenses	(1,468,814,060)	(1,601,941,120)
Profit after taxation for the year	111,545,358	152,518,893
Other comprehensive income attributable to non-controlling interest	-	-
Total comprehensive income attributable to non-controlling interest	89,236,286	122,015,114
Net cash (outflow) / inflow from operating activities	(93,301,215)	271,057,913
Net cash inflow from investing activities	15,915,557	37,378,672
Net cash outflow from financing activities	(177,495,029)	(577,484,423)

Associates

Details about the Group's investment in associate and summarised financial information are disclosed in note 7 of these consolidated financial statements.

55 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Holding Company in its meeting held on September 16, 2022 proposed a final cash dividend of Rs. 2 per share (2021: Rs. 2 per share) for the year ended June 30, 2022, amounting to Rs. 350,815,294 (2021: Rs. 350,815,294). This appropriation will be approved by the members of the Holding Company at the Annual General Meeting to be held on October 27, 2022. The consolidated financial statements for the year ended June 30, 2022 do not include the effect of the above appropriations which will be accounted for in the consolidated financial statements of the Group for the year ending June 30, 2023.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2022

56 CORRESPONDING FIGURES

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

57 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 16, 2022 by the Board of Directors of the Holding Company.

58 GENERAL

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



Shaheen Amin
Chief Executive Officer



Aminah Zahid Zaheer
Director



Ramon Alfrey
Chief Financial Officer

Pattern of Shareholding

As at June 30, 2022

No of Shareholders	From	To	Total Shares	Percentage (%)
1,440	1	100	41,359	0.02
632	101	500	167,885	0.10
315	501	1,000	231,853	0.13
700	1,001	5,000	1,657,144	0.94
188	5,001	10,000	1,357,201	0.77
131	10,001	15,000	1,647,825	0.94
56	15,001	20,000	998,683	0.57
39	20,001	25,000	879,785	0.50
33	25,001	30,000	892,585	0.51
15	30,001	35,000	493,724	0.28
16	35,001	40,000	613,777	0.35
15	40,001	45,000	651,067	0.37
20	45,001	50,000	980,616	0.56
18	50,001	55,000	943,260	0.54
4	55,001	60,000	236,257	0.13
5	60,001	65,000	312,431	0.18
6	65,001	70,000	400,067	0.23
5	70,001	75,000	366,688	0.21
2	75,001	80,000	155,172	0.09
2	80,001	85,000	166,507	0.09
4	85,001	90,000	357,532	0.20
4	90,001	95,000	368,914	0.21
4	95,001	100,000	400,000	0.23
8	100,001	105,000	828,112	0.47
3	105,001	110,000	324,700	0.19
2	110,001	115,000	224,030	0.13
1	115,001	120,000	115,555	0.07
3	120,001	125,000	370,225	0.21
5	125,001	130,000	634,292	0.36
1	130,001	135,000	133,756	0.08
2	135,001	140,000	275,626	0.16
1	140,001	145,000	145,000	0.08
1	145,001	150,000	146,790	0.08
2	155,001	160,000	317,500	0.18
3	160,001	165,000	488,554	0.28
1	165,001	170,000	169,807	0.10
1	170,001	175,000	175,000	0.10
1	175,001	180,000	179,000	0.10
4	185,001	190,000	748,800	0.43
1	195,001	200,000	200,000	0.11
1	205,001	210,000	207,500	0.12
1	220,001	225,000	220,684	0.13
1	230,001	235,000	234,555	0.13
5	245,001	250,000	1,245,668	0.71
1	250,001	255,000	253,500	0.14
2	255,001	260,000	520,000	0.30
1	290,001	295,000	293,500	0.17
4	295,001	300,000	1,195,337	0.68
2	300,001	305,000	602,275	0.34

Pattern of Shareholding

As at June 30, 2022

No of Shareholders	From	To	Total Shares	Percentage (%)
1	310,001	315,000	315,000	0.18
1	315,001	320,000	320,000	0.18
1	330,001	335,000	334,475	0.19
1	335,001	340,000	339,150	0.19
1	340,001	345,000	343,500	0.20
1	350,001	355,000	353,560	0.20
1	360,001	365,000	360,630	0.21
1	370,001	375,000	371,750	0.21
1	375,001	380,000	378,630	0.22
1	410,001	415,000	412,500	0.24
1	430,001	435,000	431,000	0.25
1	455,001	460,000	456,526	0.26
1	460,001	465,000	461,325	0.26
1	470,001	475,000	475,000	0.27
1	475,001	480,000	479,500	0.27
2	495,001	500,000	998,330	0.57
1	515,001	520,000	517,000	0.29
2	525,001	530,000	1,054,242	0.60
1	540,001	545,000	544,000	0.31
1	545,001	550,000	550,000	0.31
1	555,001	560,000	555,475	0.32
1	565,001	570,000	568,318	0.32
1	575,001	580,000	577,100	0.33
1	595,001	600,000	598,000	0.34
1	660,001	665,000	663,902	0.38
1	670,001	675,000	672,500	0.38
1	680,001	685,000	682,500	0.39
1	690,001	695,000	693,000	0.40
3	695,001	700,000	2,097,620	1.20
1	725,001	730,000	727,400	0.41
1	900,001	905,000	904,000	0.52
1	920,001	925,000	922,392	0.53
1	935,001	940,000	937,932	0.53
1	995,001	1,000,000	1,000,000	0.57
1	1,030,001	1,035,000	1,030,600	0.59
1	1,060,001	1,065,000	1,062,068	0.61
1	1,995,001	2,000,000	1,997,100	1.14
1	3,115,001	3,120,000	3,118,892	1.78
1	3,215,001	3,220,000	3,215,597	1.83
1	4,055,001	4,060,000	4,055,500	2.31
1	5,880,001	5,885,000	5,883,447	3.35
1	9,210,001	9,215,000	9,212,223	5.25
1	13,205,001	13,210,000	13,209,035	7.53
1	86,955,001	86,960,000	86,956,830	49.58
3,760			175,407,647	100.00

Pattern of Shareholding

As at June 30, 2022

Categories of Shareholders	Number of Shares Held	Category wise Number of Shareholders	Category wise Shares held	Percentage
Directors, Chief Executive Officer and their Spouse(s) and Minor Children				
Mr. Khalid Aziz Mirza	630			
Ms. Aminah Zahid Zaheer	630			
Mr. Nasim Hyder	630			
Mr. Shaheen Amin	360,630			
Mr. Ramon Alfrey	49,908			
		7	412,428	0.24
Executives		15	122,983	0.07
Associated Companies, Undertakings and related Parties				
ORIX Corporation		3	86,960,515	49.58
NIT and ICP		-	-	-
Banks, Development Financial Institutions, Non-Banking Financial Institutions		8	6,180,988	3.52
Insurance Companies		4	10,364,151	5.91
Modarabas and Mutual Funds		3	296,051	0.17
Share holders holding 10% or more		3	86,960,515	49.58
Foreign Companies		1	4,055,500	2.31
General Public				
a. local		3,667	46,402,268	26.45
b .Foreign		-	-	-
Others		52	20,612,763	11.75
Total (excluding : share holders holding 10%)		3,760	175,407,647	100.00
Shareholders holding five percent or more voting rights				
ORIX Corporation			86,960,515	49.58
Arif Habib Equity (Pvt) Ltd			13,209,035	7.53
State Life Insurance Corp. Of Pakistan			9,212,223	5.25
Total			109,381,773	62.36

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OLP Financial Services Pakistan Limited

Proxy Form

I/We _____

of (full address) _____

being a Member of OLP Financial Services Pakistan Limited hereby appoint _____

of (full address) _____

or failing him/her _____

of (full address) _____

as my/our proxy (the Proxy) to attend and vote for me and on my behalf at the Thirty Sixth Annual General Meeting of the Company to be held on October 27, 2022 and at any adjournment thereof.

Signature this _____ Year 2022
(day) (date, month)

Please affix
revenue stamp

Signature of Member: _____

Folio Number: _____

The number of shares held: _____

Signature and Company Seal

Signatures and addresses of witnesses

1. _____

2. _____

Note:

1. A Member entitled to attend and vote at the General Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. A Proxy needs to be a Member of the Company.
2. The instrument appointing a Proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorized in writing, if the appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorized.
3. The instrument appointing a Proxy and the power of attorney or other authority under which it is signed or a notarially certified copy of a power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting.
4. An individual Beneficial Owner of the Central Depository Company entitled to attend and vote at this meeting must bring the original Computerized National Identity Card (CNIC) or Passport to prove identity. In case of Proxy, must enclose an attested copy of the CNIC or Passport. The representative of corporate entity shall submit the Board of Directors' resolution or power of attorney with specimen signature (unless it has been provided earlier) along with the Proxy Form to the Company.

او ایل پی فنانشل سروسز پاکستان لمیٹڈ

(سابقہ اور کس لیزنگ پاکستان لمیٹڈ)



میں مسی / مسامتہ _____ ساکن _____

ضلع _____

بحیثیت ممبر او ایل پی فنانشل سروسز پاکستان لمیٹڈ، مسی / مسامتہ _____ ساکن _____

کو بطور مختار (پراسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے چھتیسویں (36) سالانہ اجلاس عام جو بتاریخ 27 اکتوبر 2022 منعقد ہو رہا ہے، میں اور اس کے کسی ملٹوی شدہ اجلاس میں ووٹ ڈالے۔

ڈاک ٹکٹ
چسپاں کریں

دستخط کی تاریخ _____

ممبر کا دستخط _____

فولیو نمبر _____

حصص کی تعداد _____

دستخط اور کمپنی کی مہر

گو اہوں کے دستخط اور پتے

_____ 1

_____ 2

نوٹ

1 اجلاس عام میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کے لئے اپنا پراسی مقرر کر سکتا ہے پراسی کا کمپنی ممبر ہونا ضروری ہے۔

2 یہ فارم ممبر یا اس کے مختار کی جانب سے جسے تحریری طور پر دیا گیا ہو، کی جانب سے دستخط کیا جائے۔ اگر ممبر کوئی کارپوریشن ہے تو اس کی عام مہر موجود ہونی چاہیے۔

3 پراسی کسی کی تقرری کے دستاویز مختار نامہ یا دیگر دستاویز جس کے تحت تقرری ہوئی یا مختار نامہ کی تصدیق شدہ کاپی اجلاس کے انعقاد سے کم از کم 48 گھنٹہ قبل جمع کرانی ہوگی۔

4 سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو پراسی فارم کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ کاپی بھی منسلک کرنی ہوگی۔ پراسی کو اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔ کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد / مختار نامہ بمعہ نمونہ دستخط ہمراہ پراسی فارم جمع کرانا ہوگا۔

Geographical Presence

Head Office / Registered Office

OLP Building, Plot No. 16, Sector No. 24,
Korangi Industrial Area, Karachi
Tel: 021-35144029-40
Fax: 021-35144002, 35144020, 35144090-91
UAN: 111 24 24 24
Email: olp@olpfinance.com
Website: www.olpfinance.com

COD Office - DHA

1st Floor, 23-C, Street No. 5
Ittehad Commercial Area,
Phase VI, DHA, Karachi.
Tel: 021-35350560-63

KBW - Karachi

Plot # 151-A, Shop No. 9 & 10,
Datari Arcade, P.E.C.H.S, Block-2.
Tel: 021-35143752-5

Hyderabad

First 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

Multan

Plot # 116, Pull Moj Darya,
LMQ Road Multan.
Tel: 061-4518431-3, 4518435-6
Fax: 061-4518436
UAN: 111 24 24 24

Rahim Yar Khan

Plot No. 26, Main Street
Businessman Colony, Rahim Yar Khan.
Tel: 068-5888565, 5887617-8
Fax: 068-5887618

Bahawalpur

Ground Floor, Near Cantonment Office Board
Ahmed Pur East Road, Bahawalpur
Tel: 062-9255382, 9255494
Fax: 062-2886273

Vehari

137, Block-D, Vehari
Tel: 067-3360351 – 3

Lahore

76-B, E-1, Main Boulevard,
Gulberg III
Tel: 042-35782586-93
Fax: 042-35790488
UAN: 111 24 24 24

Thokar Niaz Baig

1st floor, 55th Avenue,
Lalazar Commercial Market, Raiwind Road,
Tahoka Niaz Baig, Lahore
Tel: 042-35963581-84

Faisalabad

3rd Floor, Sitara Towers, Bilal Chowk,
Civil Lines, Faisalabad
Tel: 041-2633926, 2633811-3
Fax: 041-2633927
UAN: 111 24 24 24

Sargodha

Khan Arcade, 66 Old Civil Lines,
Katchery Road, Sargodha
Tel: 048-3729521
Fax: 048-3729522

Sahiwal

Plot No. 174/28, Ground Floor,
New Civil Lines, Katchery
Road, Sahiwal.
Tel: 040-4227613-4
Fax: 040-4227615

Jhang

Church Road, Near Government
Girls College Chowk, Jhang
Tel: 047-7650421-2
Fax: 047-7650423

Sialkot

1st Floor, Ghoolam Kadir Arcade,
Aziz Shaheed Road, Sialkot Cantt.
Tel: 052-4260616, 4260877
UAN: 111 24 24 24

Gujrat

Office No.1, First Floor, Empire Centre,
Opp. Small Industrial Estate Gate No. 1,
G.T. Road, Gujrat
Tel: 053-3726053-55

Gujranwala

76-ABC, Block - P, Trust Plaza
G.T. Road, Gujranwala.
Tel: 055-3731021-22
Fax: 055-3250599

Islamabad

Ground Floor, State Life Building No. 5,
Nazimuddin Road, Blue Area, Islamabad
Tel: 051-2822800-2, 2821706, 2821748
Fax: 051-2821917
UAN- 111 24 24 24

Rawalpindi

146-B Satellite Town, Chandni Chowk,
Murree Road, Rawalpindi
Tel: 051-4571431-3, 4571442-3
Fax: 051-4571445

Chakwal

Ground Floor, Opposite Sadar Police Station
Talagang Road Chakwal
Tel: 0543-666221, 666052-53
Fax: 0543-666054

Mirpur A.K.

1st floor, Jarral plaza, 63/F, Sector F-1,
Kotli Road, Mirpur, A.K
Tel: 05827-434368, 451219
Fax: 05827-432216

Taxila

1st Floor, Raja Business Tower,
Plot No. 1023/1028, Taxila Cantt
Main G.T Road, Taxila
Tel: 051-4254473, 4254475, 4254476

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

First 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

Micro Finance Division

Ferozewala

Opposite Punjab Floor Mill, Near Rachna Town,
G.T Road Shahdra, Tehsil Ferozewala, Distt.
Sheikhupura
Tel: 042-37340208

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 Sheikhupura
Tel: 056-2590021

Morre Khunda

Opposite Rice Mill, Main Jarranwala Road,
Morre Khunda, District Nankana Sahib
Tel: 056-2442371

Pattoki

Near Admore Petroleum Near Al Rahim City,
Multan Road District Kasur.
Tel: 049-4560650

Renala Khurd

Brothers Tractor Workshop, Near Military Farm,
G.T. Road, Renala Khurd, Distt. Okara
Tel: 044-2635185

Manga Mandi

Main Multan Road, Madina Market, Kalma
Chowk.
Tel: 042-35383864

Bhalwal

AD Plaza Ashraf Colony, Canal Road,
Tehsil Bhalwal, District Sargodha
Tel: 048-6644448

Sillanwali

Chaudhary Akhter Market, 46 Adda Road,
Sillanwali, District Sargodha
Tel: 048-6532666

Shahpur

Near Boys Degree College, Sargodha Road, Shahpur Saddar.
Tel: 048-6310424

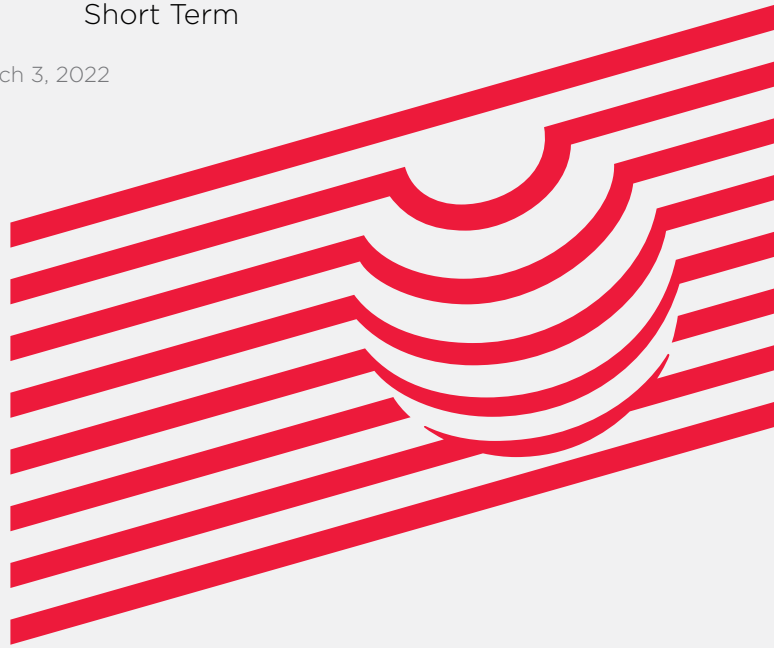
AA+

Long Term

| A1+

Short Term

Credit Rating by PACRA: March 3, 2022



ORIX



OLP FINANCIAL SERVICES PAKISTAN LIMITED
(Formerly ORIX Leasing Pakistan Limited)

OLP Building, Plot No. 16, Sector No. 24, Korangi Industrial Area,
Karachi 74900 Tel: (021) 3514 4029-40 UAN: 111 24 24 24

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