



Innovat
Integrat
Motivat



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These three factors are the driving force of ORIX Leasing Pakistan Limited which lead us to think Out of the Box and exceed expectations of all stakeholders ---- everytime.

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VISION

“Excellence in pioneering creative and flexible financial services for a diverse market.”

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

Ownership

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

Innovation

We seek continuous improvement and encourage creativity.

Teamwork

We work together to create synergies.

Customer Focus

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

Integrity

We promote honesty and fairness in all our actions.

Respect

We respect each others' feelings and opinions.

STRATEGIC OBJECTIVES

- To make ORIX an iconic brand in the Country with strong brand loyalty and maintain its position as an industry leader.
- To develop highest standards of corporate governance, far exceeding those of the Code of Corporate Governance.
- To take on challenges and create opportunities that contribute to society and meet expectations of shareholders.
- To maintain highest credit ratings in the non-banking financial sector of the Country.
- To have the best possible standards of customer service and satisfaction through our well-trained and experienced human resource.
- To be the catalyst in propelling Small and Medium Enterprise (SME) growth and development across Pakistan.
- To provide maximum security to retail depositors.
- To establish and adopt best practices in risk management, control and monitoring.
- To bring maximum transparency in all spheres of business by introducing well defined Corporate Governance policies.
- To invest in people and upgrade our staff's capabilities by training and development.
- To maximize return to shareholders consistently by steadily increasing ROE and ROA.



CODE OF BUSINESS ETHICS



It is vital to the financial success of ORIX Leasing Pakistan Limited (OLP) that we conduct our business in compliance with the rules and regulations. Our code of conduct sets out the fundamental standards to be followed by employees in their everyday actions.

The Company has adopted the following code of conduct principles:

- Comply with applicable laws, rules and regulations in letter and spirit.
- Adhere to the highest standards of integrity and ethical business conduct.
- Act in the best interest of the Company by ensuring that personal interests do not influence decision-making ability.
- Protect OLP's proprietary and sensitive information by maintaining the highest level of confidentiality, both within and outside the Company.
- Maintain a conducive working environment by treating each other with respect, fairness and dignity.
- Exercise due care and act within the scope of own authority.

COMPANY PROFILE

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

OLP’s major shareholder is ORIX Corporation of Japan (ORIX) having 49.6% shareholding. Established in 1964, ORIX is one of Japan’s leading integrated financial services group with operations in 36 countries worldwide. The group has experience of 53 years of operation and has a total asset base of Yen (¥) 11,231 trillion and equity of Yen (¥) 2,647 trillion as at March 31, 2017.

OLP is headquartered in Karachi and has 34 branches situated in 26 cities. OLP has over 30 years of experience in financing the Small and Medium Enterprises (SME) Sector and has developed a portfolio of value-added financial products and innovative customized services which are offered to a wide array of customers throughout the country. OLP takes pride in the fact that it has played a major role towards

the economic development of Pakistan by supporting the SME sector and in doing so, has helped grow numerous small businesses into medium sized enterprises and created thousands of jobs both directly and indirectly. Today, OLP is the largest SME focused Non-Banking Finance company in Pakistan.

OLP has strategic investments in three overseas leasing companies and last year acquired two subsidiaries in Pakistan.

OLP group consists of:

- ORIX Leasing Pakistan Limited, the Holding Company;
- ORIX Services Pakistan (Private) Limited (formerly Standard Chartered Services of Pakistan (Private) Limited) – subsidiary company;
- ORIX Modaraba (formerly Standard Chartered Modaraba) – subsidiary company.



ORIX CORPORATION

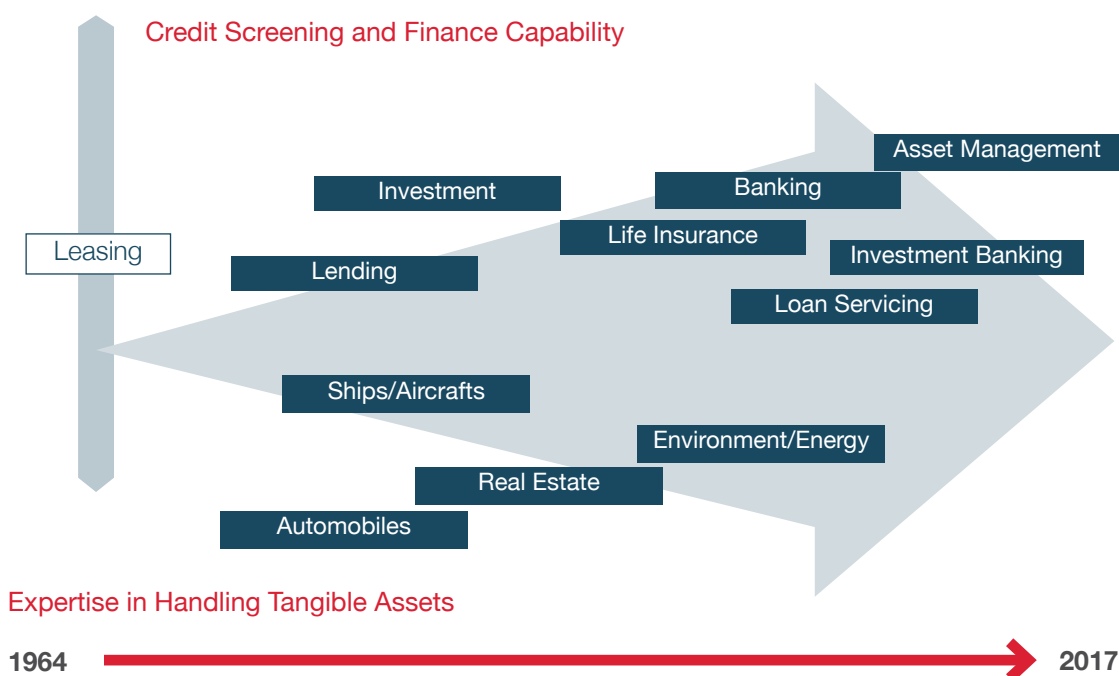
ORIX Corporation (ORIX) was set up in Japan in 1964 as a leasing company. The scope of ORIX's business today has widened considerably from the starting point of leasing, to include lending, investment, life insurance, banking, asset management, automobile, real estate, and environment and energy-related business. It has grown into a unique global company unlike any other, with approximately 34,000 employees, approximately 2 trillion 648 billion yen shareholder equity and operations spanning over 36 countries and regions around the globe. It is listed on the Tokyo and New York Stock Exchanges.

ORIX has a record of sustained growth over the last five decades by pursuing new profit earning opportunities through specialized capabilities and broadening operational scope. The Group's fundamental strength lies in its stay one step ahead of the competition by identifying and developing new business opportunities.

ORIX Corporation, Japan – Financial Highlights	Amount in Yen million	
	March 31, 2017 (¥)	March 31, 2016 (¥)
Total Revenues	2,678,659	2,369,202
Profit before Income Taxes and Discontinued Operations	424,965	391,302
Total Equity	2,647,625	2,472,819
Total Assets	11,231,895	10,992,918





DIVERSE BUSINESS PORTFOLIO

ORIX which started as a leasing company, has transcended the conventional boundaries of a leasing enterprise by flexibly expanding its business into neighboring fields. As a result, ORIX now is an incomparable corporate group with a diverse business portfolio.



SUBSIDIARIES AND ASSOCIATES

The international activities of ORIX Leasing Pakistan Limited (OLP) started in 1993 with the establishment of a leasing company in Oman. Since then, associates were also established in Egypt, Saudi Arabia and UAE which is not classified as an associate. In 2016, OLP acquired subsidiaries through acquisition of 100% shareholding of Standard Chartered Services of Pakistan (Private) Limited (now renamed ORIX Services Pakistan Private Ltd.), which is the Management Company of Standard Chartered Modaraba (now renamed ORIX Modaraba). As of June 30, 2017, the Company's subsidiaries and associated companies comprised of:

Company	Relation	Established / Acquired
 Oman ORIX Leasing Company SAOG (OOLC)	Associate	1993
 ORIX Leasing Egypt SAE (OLE)	Associate	1997
 Saudi ORIX Leasing Company (SOLC)	Associate	2001
 ORIX Services Pakistan (Private) Limited (OSPL)	Subsidiary	2016
 ORIX Modaraba (OM)	Subsidiary	2016

ORIX modaraba has 30 years of experience in providing Islamic Finance to SME sector in Pakistan. OLP has equity investment in all its associates and provides them technical and management support as required. All overseas associates are involved in the business of providing lease finance for equipment and vehicles with a focus on small and medium sized entities (SME's) spread across a wide range of business segments.

OLP's shareholding in its Subsidiaries and Associated companies and their financial highlights are summarized below:

Company	OLP's Holding %	LCY	Profit for the year June 30, 2016	Total Assets as at June 30, 2016	Profit/(Loss) for the year June 30, 2017	Total Assets as at June 30, 2017
-----Rs. in 000-----						
OSPL	100%	PKR	5,241	113,731	(2,073)	117,322
OM	20%	PKR	173,123	5,299,136	128,241	5,962,291

Company	OLP's Holding %	LCY	Profit for the year Dec 31, 2016		Total Assets as at Dec 31, 2016		Profit for the Half Year June 30, 2017	
			LCY in 000	Rs. In 000	LCY in 000	Rs. In 000	LCY in 000	Rs. In 000
OOLC	11.64%	RO	5,531	1,504,861	182,261	49,440,374	3,002	817,862
OLE	23.00%	LE	10,645	117,766	811,587	4,668,330	4,431	25,616
SOLC	2.50%	SR	53,259	1,487,004	1,593,426	44,312,062	19,441	543,537

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Khalid Aziz Mirza
Chairman and Independent Non-Executive Director
Mr. Shahid Usman
Independent Non-Executive Director
Mr. Hiroshi Nishio
Non-Executive Director
Mr. Naveed Kamran Baloch
Non-Executive Director
Mr. Harukazu Yamaguchi
Non-Executive Director
Mr. Hideaki Yokoyama
Non-Executive Director
Mr. Kiyokazu Ishinabe
Non-Executive Director
Mr. Shaheen Amin
Chief Executive Officer & Executive Director

AUDIT COMMITTEE

Mr. Shahid Usman
Chairman
Mr. Kiyokazu Ishinabe
Member
Mr. Hideaki Yokoyama
Member

CREDIT COMMITTEE

Mr. Shaheen Amin
Member
Mr. Arshad Abbas
Member

Mr. Ramon Alfrey
Member
Mr. Hiralal Bharvani
Member
Mian Faysal Riaz
Member
Mr. M. Kashif Yaqoob
Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Hiroshi Nishio
Chairman
Mr. Hideaki Yokoyama
Member
Mr. Shaheen Amin
Member

DEPUTY CHIEF EXECUTIVE OFFICER

Mr. Arshad Abbas

CHIEF FINANCIAL OFFICER

Ms. Maryam Aziz

COMPANY SECRETARY

Dr. Fakhara Rizwan

HEAD OF INTERNAL AUDIT & SECRETARY TO AUDIT COMMITTEE

Ms. Effat Assad

SHARIAH ADVISOR

Mufti Ibrahim Essa

CREDIT RATING BY THE PAKISTAN

CREDIT RATING AGENCY

Long term entity rating AA+

Short term entity rating A1+

AUDITORS

A.F. Ferguson & Company

Chartered Accountants

State Life Building No. 1-C,

I.I. Chundrigar Road, P.O. Box 4716,

Karachi-74000

LEGAL ADVISORS

M/s Mansoor Ahmad Khan & Co.

M/s Walker Martineau & Saleem

REGISTRAR AND SHARE

TRANSFER OFFICE

THK Associates (Private) Limited

1st Floor 40-C, Block-6 P.E.C.H.S.,

Karachi-74500

BANKS AND LENDING INSTITUTIONS

AlBaraka Bank (Pakistan) Limited

Allied Bank Limited

Askari Bank Limited

Bank Al Habib Limited

Bank Alfalah Limited

Bank Islami Pakistan Limited

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

JS Bank Limited

MCB Bank Limited

National Bank of Pakistan

PAIR Investment Company Limited

Pak Oman Investment Company Limited

Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

The Bank of Khyber

The Bank of Tokyo-Mitsubishi UFJ, Limited

United Bank Limited

REGISTERED OFFICE

Islamic Chamber of Commerce Building,

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

Scheme No.5, Clifton, Karachi-75600

HEAD OFFICE

ORIX Building, Plot No.16, Sector

No.24, Korangi Industrial Area,

Karachi-74900

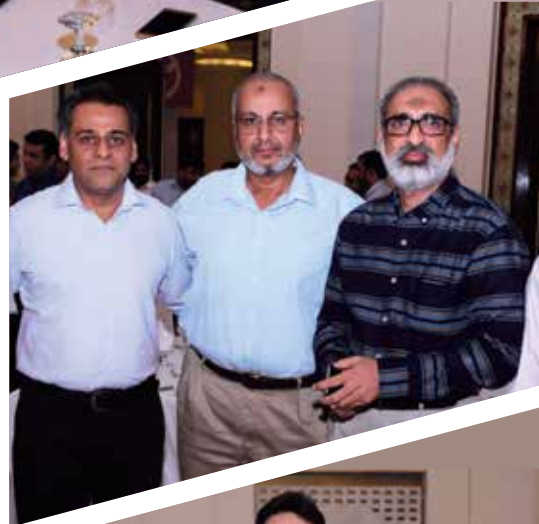


ANNUAL CONFERENCE 2017

Innovate - Integrate - Motivate

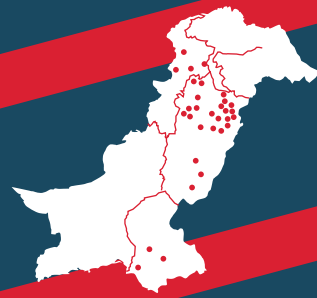








DYNAMIC LEADERSHIP





We continue to strive for upgrading the competency matrix of the existing staff with a view to have a ready pool of future leaders to fulfill our objectives. Additionally, induction of people having expertise in our existing business lines, as well as for new initiatives, ensures that fresh ideas can be converted into action plans to effectively meet the challenges of an ever changing business environment.

DIRECTORS' PROFILE



Mr. Khalid Aziz Mirza

Chairman and Independent Non-Executive Director

Mr. Mirza has nearly 50 years of work experience. From 1966-68, he served in a variety of executive positions in the Asmirali Fancy Group, a diversified business conglomerate. Between 1968-83, Mr. Mirza gained extensive investment banking experience both in Pakistan and in the United Kingdom in the areas of project finance, corporate mergers and acquisitions, securities issuance and trading, and portfolio management. He joined IFC as an investment officer in February 1983. Rising through successive promotions, he served as IFC's Chief of Mission in Turkey (1994-96) and Chief of Regional Mission in Thailand (1998-2000).

As Chairman of the Securities & Exchange Commission of Pakistan (2000-2003) he implemented a major program of capital markets and corporate sector reform and took steps to enhance the institutional capacity of SECP. He then managed the World Bank's program to develop the financial sector and private sector in the East Asia and Pacific Region between 2003-06. Subsequently, as Chairman of the Monopoly Control Authority (July 2006-October 2007), he introduced reforms aimed at improving the effectiveness of the institution and advised the Government on its conversion into a modern competition agency. Appointed first Chairman of the Commission with effect from October, 2007 to August, 2010 and successfully implemented all aspects of the new competition regime. Also, engaged in substantive measures to build the capacity of the Commission achieving a high standard of agency effectiveness. Since September, 2010, Mr. Mirza has been teaching at LUMS (Lahore), including as a full-time professor as of April, 2014. He is currently serving on the Boards of Awwal Mudaraba, Silk Bank and Mediterranean and Gulf Insurance and Reinsurance Co. B.S.C., Bahrain.



Mr. Shahid Usman

Non-Executive Director

Mr. Usman is a fellow member of the Institute of Cost & Management Accountants of Pakistan, Mr. Usman has held senior management positions in Pakistan and abroad. He has previously served as Director Operating Information, Port Qasim Authority and SEVP / Deputy General Manager & CFO, Pakistan Kuwait Investment Company. Mr. Usman has held Directorships in a variety of companies i.e. QICT, GTR, Pak-Kuwait Takaful Co., Al-Mal Securities Limited. He is currently serving as independent director on OLP's Board.



Mr. Hiroshi Nishio
Non-Executive Director

Mr. Nishio graduated from Seikei University, Japan and joined ORIX Corporation in January 1991. Mr. Nishio has served in various senior capacities within ORIX Corporation, Japan and other ORIX Group Companies. Mr. Nishio is serving as an Executive Officer / Deputy Head of Global Business Headquarters in ORIX Corporation, Japan. He is also serving as Director on the Board of other overseas ORIX Group Companies. He is currently based at ORIX representative office in Dubai.



Mr. Naveed Kamran Baloch
Non-Executive Director

Mr. Baloch is an officer of Federal Government in BPS-21, presently posted as Chairman, State Life Insurance Corporation of Pakistan. Prior to present posting in State Life he has held the position of Secretary Finance, Secretary Food, Secretary Information and Principal Secretary to Chief Minister Sindh. Mr. Baloch has remained posted on leading Administrative & Financial positions in Federal, Provincial Government and Public Sector Enterprises.

Mr. Baloch joined Civil Services in 1985 and has vast professional experience in Senior Management positions in diversified fields such as Public Sector Management, Administration, Financial, Judicial, Health, Insurance and Planning.

He has extensively attended local and international professional training courses, workshops, seminars and conferences.

He has attained a Degree of M.Sc. in Social Policy and Planning in Developing Countries from London School of Economics, U.K. He is a certified Director having been certified by the Pakistan Institute of Corporate Governance.



Mr. Harukazu Yamaguchi
Non-Executive Director

Mr. Yamaguchi graduated from Hosei University, Japan in 1987 and joined ORIX Corporation in 1990. Mr. Yamaguchi has served in various senior capacities within ORIX Corporation, Japan and abroad. Currently he is serving as Executive Officer, Deputy Head of Global Business Headquarters in Japan. He also serves as Director on the Boards of other overseas ORIX Group Companies.



Mr. Hideaki Yokoyama
Non-Executive Director

Mr. Yokoyama graduated from Keio University, Japan and joined ORIX Corporation in April 1992. Mr. Yokoyama has served in various senior capacities within ORIX Corporation, Japan and other ORIX Group Companies. Currently he is serving as Deputy Representative in ORIX Dubai Representative Office. He is also serving as in-charge of new business developments in MENA and monitoring all joint venture companies within ORIX group in MENA as Director.



Mr. Kiyokazu Ishinabe
Non-Executive Director

Mr. Ishinabe graduated from Aoyama Gakuin University, Japan and is a Chartered Member of the Securities Analyst Association of Japan. Mr. Ishinabe joined ORIX Corporation in April 1987 and served in various senior capacities within ORIX Corporation, Japan and other ORIX Group Companies. Currently he is serving as nominee director of ORIX Corporation, Japan in Infrastructure Leasing & Financial Services Limited, IL & FS Securities Services Limited, ORIX Auto Infrastructure Services Limited & ORIX Leasing and Financial Services Limited and Lanka ORIX Leasing Company PLC.



Mr. Shaheen Amin
Chief Executive Officer & Executive Director

Mr. Amin joined OLP in December 1986 and after serving in various capacities was appointed Deputy Managing Director in January, 1992. Mr. Amin was appointed the founding General Manager of Oman ORIX Leasing Company SAOG in 1993 and in the year 2000 was appointed the founding General Manager of Saudi ORIX Leasing Company.

Mr. Amin has an MBA from Booth School of Business, University of Chicago and an Executive MS in Risk Management from Stern School, New York University.

Mr. Amin is a Director on the Board of various ORIX Group affiliated companies in MENA.

MANAGEMENT TEAM



GEOGRAPHICAL PRESENCE



Syed Shujaat Ali Shah
Islamabad



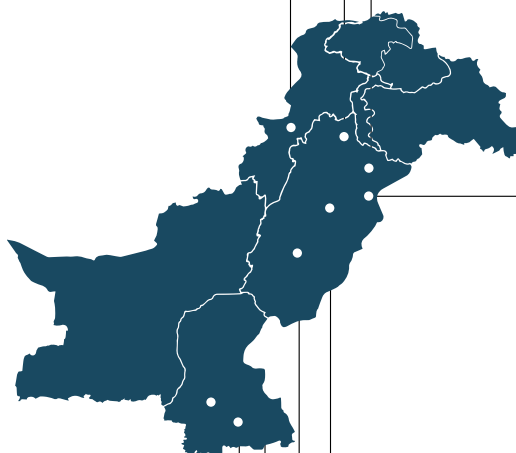
**Syed Amjad Ullah
Kakakhel**
Peshawar



**Muhammad Naveed
Siddiqui**
Sialkot



Syed Mohammad Matin
Hyderabad



Waqas Ahmad Khwaja
Lahore



Amir Iqbal Saifi
Karachi



Lataafat Anwar
Karachi

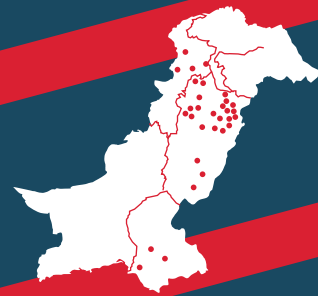


Abdul Saeed Daudpota
Multan



Shah Suleman Fareed
Faisalabad

INNOVATIVE SOLUTIONS





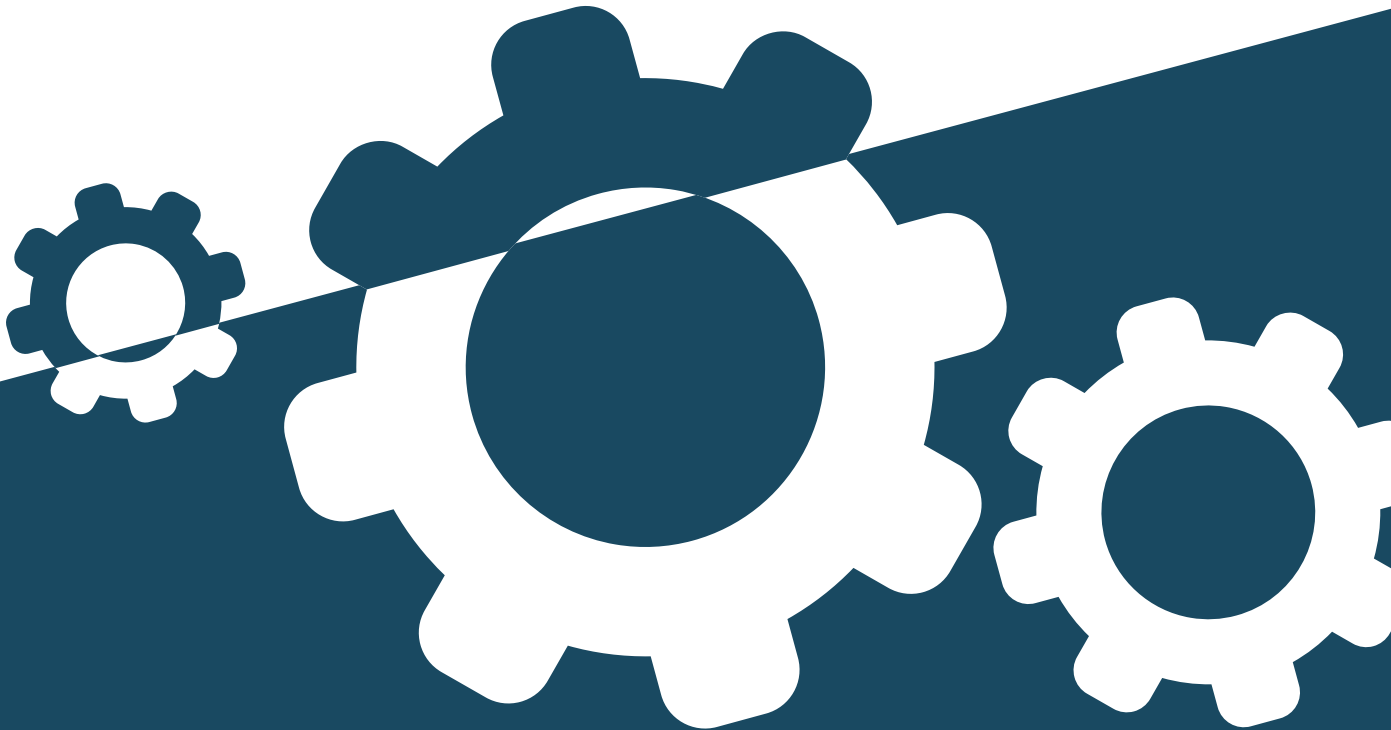
We are always exploring market possibilities to introduce new and diversified financial products for our existing and potential customers. Building upon our customization approach, we bring flexibility in our products by innovative value added features with superior customer service and provide multiple options to our customers to meet their specific needs.

CORPORATE LEASE



ORIX Corporate Lease Division aims to be a trusted partner of our customers in their growth and success. We believe in adding value to business enterprises by providing innovative, flexible and cost effective financial solutions for acquiring capital assets through finance lease. With primary focus on Small & Medium Enterprises, ORIX caters to a wide range of customers including large Corporates engaged in manufacturing, services and trading. Corporate Lease services are provided for Plant & Machinery, Vehicles and Office Automation Equipment on medium to long term basis. Our versatile and experienced staff, working as dedicated

“Account Managers” for clients, are adept at business fundamentals, leasable assets and acquisition sources. They have strong capability to tailor lease terms which exactly fit customers’ requirements and cash flows. ORIX Corporate Lease services are provided through a large and expanding branch network having capability to serve in smaller towns throughout the Country. We are proud to be a growth driver for thousands of businesses in the Country with unparalleled resolve to strengthen the affinity of common objectives with high level of integrity, quickest delivery, zeal and ownership.



COMMERCIAL VEHICLE LEASE

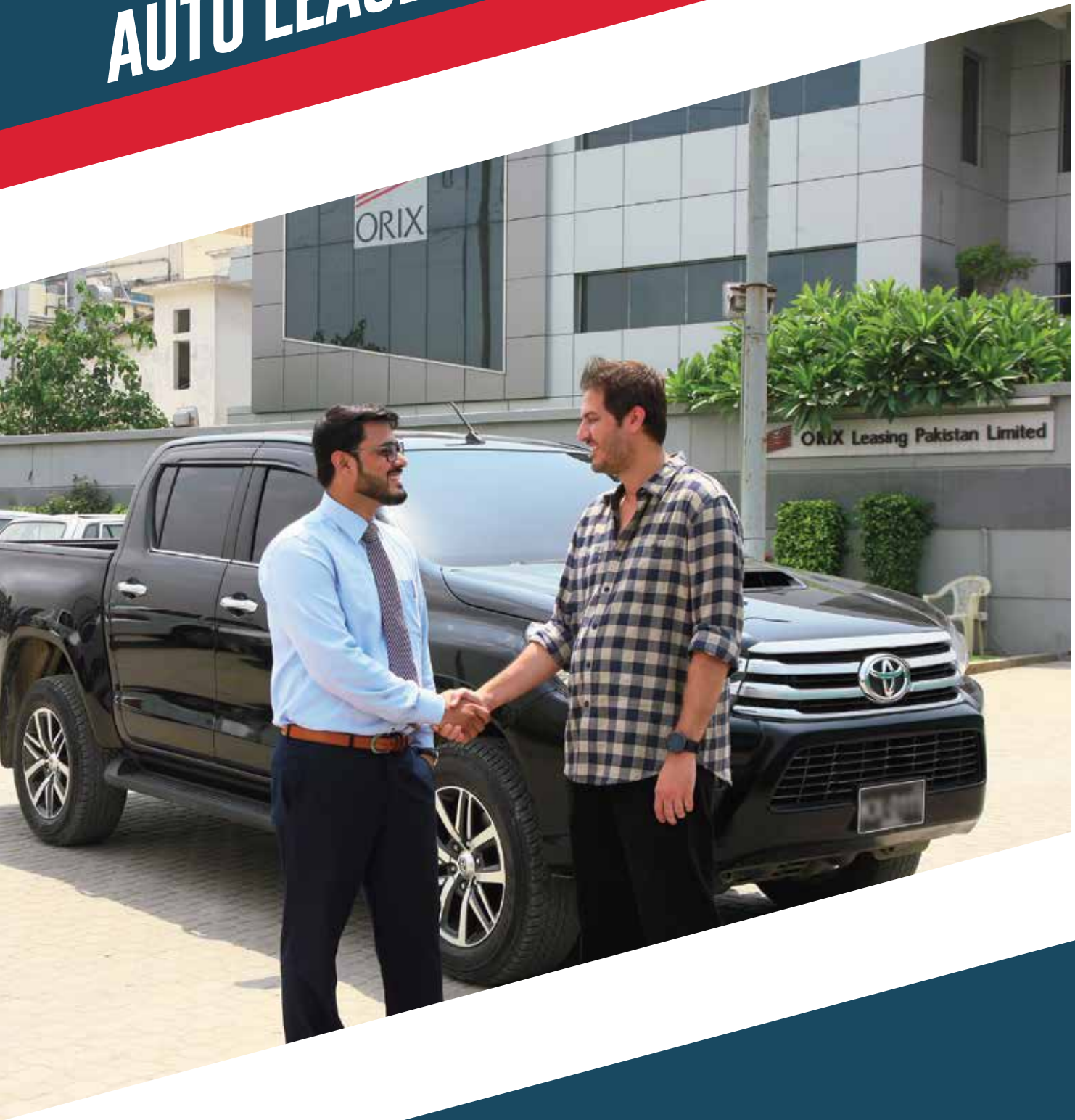


ORIX Commercial Vehicle Division focuses on providing superior integrated financial services in the field of commercial vehicle leasing which include both small and large sized commercial vehicles in logistics and transport industry in Pakistan. We at ORIX Commercial Vehicle Division have shifted the mindset of customers to availing formal financing avenues and working together for our mutual growth. Our professional

executives have quickly absorbed the spirit of a challenging market, customer behavior and learnt the intricacies of this segment. This has helped us become a leading financier in our industry. We will continue to expand our innovative & diversified products and services with a view to retaining our satisfied loyal clientele and attracting new customers for their expanding financial needs.



AUTO LEASE



ORIX Consumer Auto Division (CAD) offers its individual customers highly personalized and well tailored vehicle leasing/financing services. We ensure that our customers have complete peace of mind through convenient repayment plans and exceptional customer service. Our team of highly dedicated professionals across the Country ensures prompt responses to

all types of customer queries and provide customized solutions which suits our customer's requirements. Our focused approach matched with transparent and quick processing has made car leasing very convenient. In a highly competitive market, CAD continues to add to its large family of satisfied customers who enjoy the privilege of driving their dream cars.



OPERATING LEASE

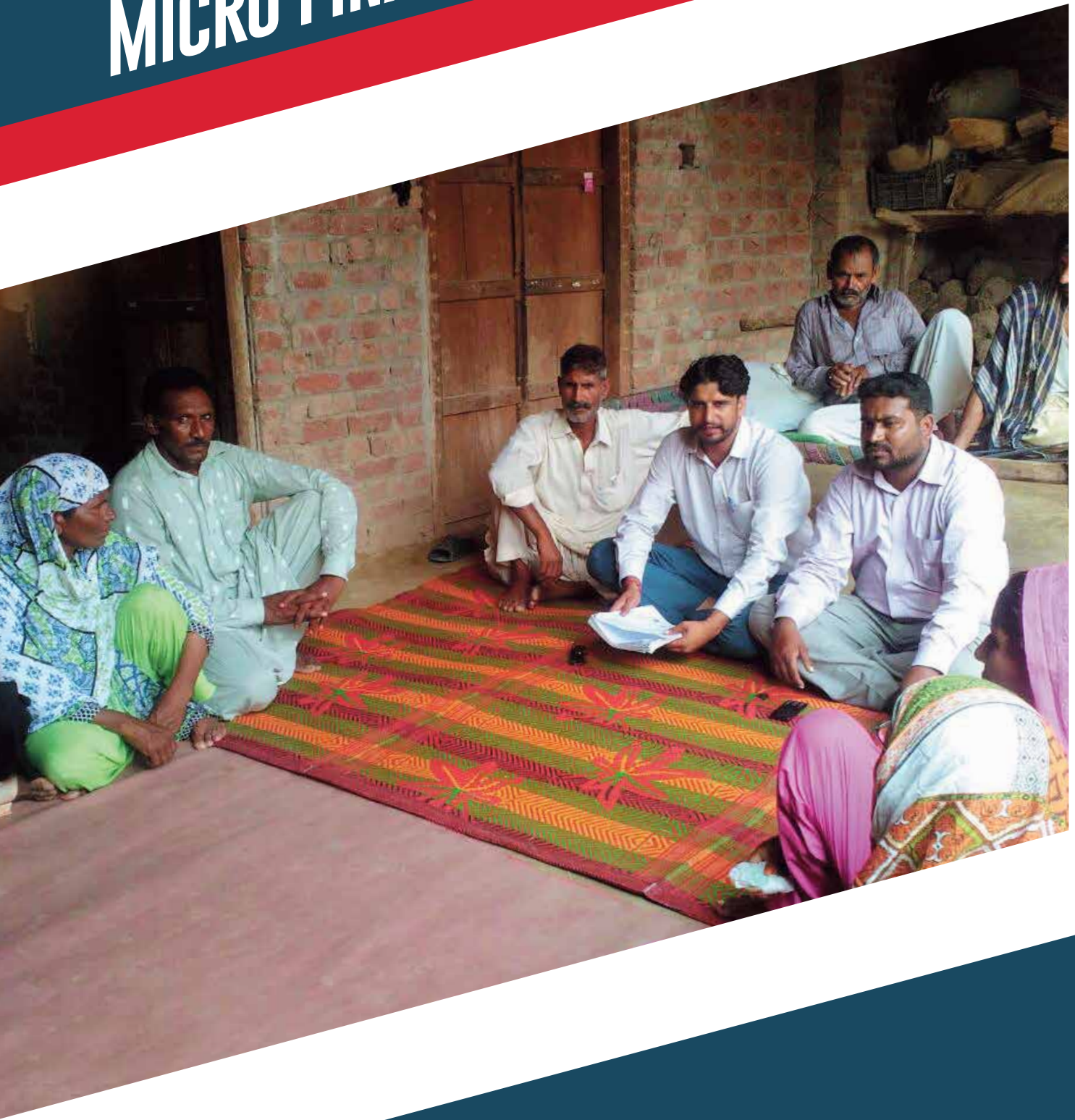


Power supply is the lifeline of any business. Operating Lease Division ensures that our clients' businesses not only survive but thrive with reliable, uninterrupted and hassle free power supply so that they concentrate on their core business as we

take care of their power needs through our rental fleet of diesel and gas generators. Our clients can choose from a wide range of equipment, packaged with maintenance and operation, to serve their short and long term power requirements.



MICRO FINANCE



We aim to provide viable and sustainable accessibility to commercially active less privileged strata of the society. We firmly believe in Women empowerment and focus in semi urban areas which are underserved for financial assistance in improving their standard of living. Our mission is to provide need based community-friendly financial products to micro entrepreneurs who do not have access to formal financial institutions

but are willing to expand their enterprises and scale of business. We extend loans to clients' mainly through group lending model for trade and business, livestock, handicraft, services and production facilities. We focus on utilizing our abilities to provide quality and innovative financial products that empower micro entrepreneurs to translate their dreams of upgrading their businesses into a reality.



CERTIFICATES OF DEPOSIT



ORIX has built strong relationships with its depositors, which is a key strength behind ORIX Certificate of Deposits (CODs). Offering CODs for the past 26 years, ORIX has become a second name for Service, Security and Stability which is the hallmark of ORIX CODs. Our COD team consists of highly trained individuals offering impeccable customer service which is reflected in a large depositor base of loyal and satisfied customers. Security of investment, competitive returns and

reliable door to door service offered to customers by our dedicated team is our main advantage. We offer three different deposit schemes to meet the different needs of our investors. The tenors of deposits range from 3 months to 5 years and profit payments can be periodic or on maturity. This offers our depositors flexibility and the best value for their money. Innovation and value-addition are regularly made to our deposit schemes to provide our investors best value for their money.

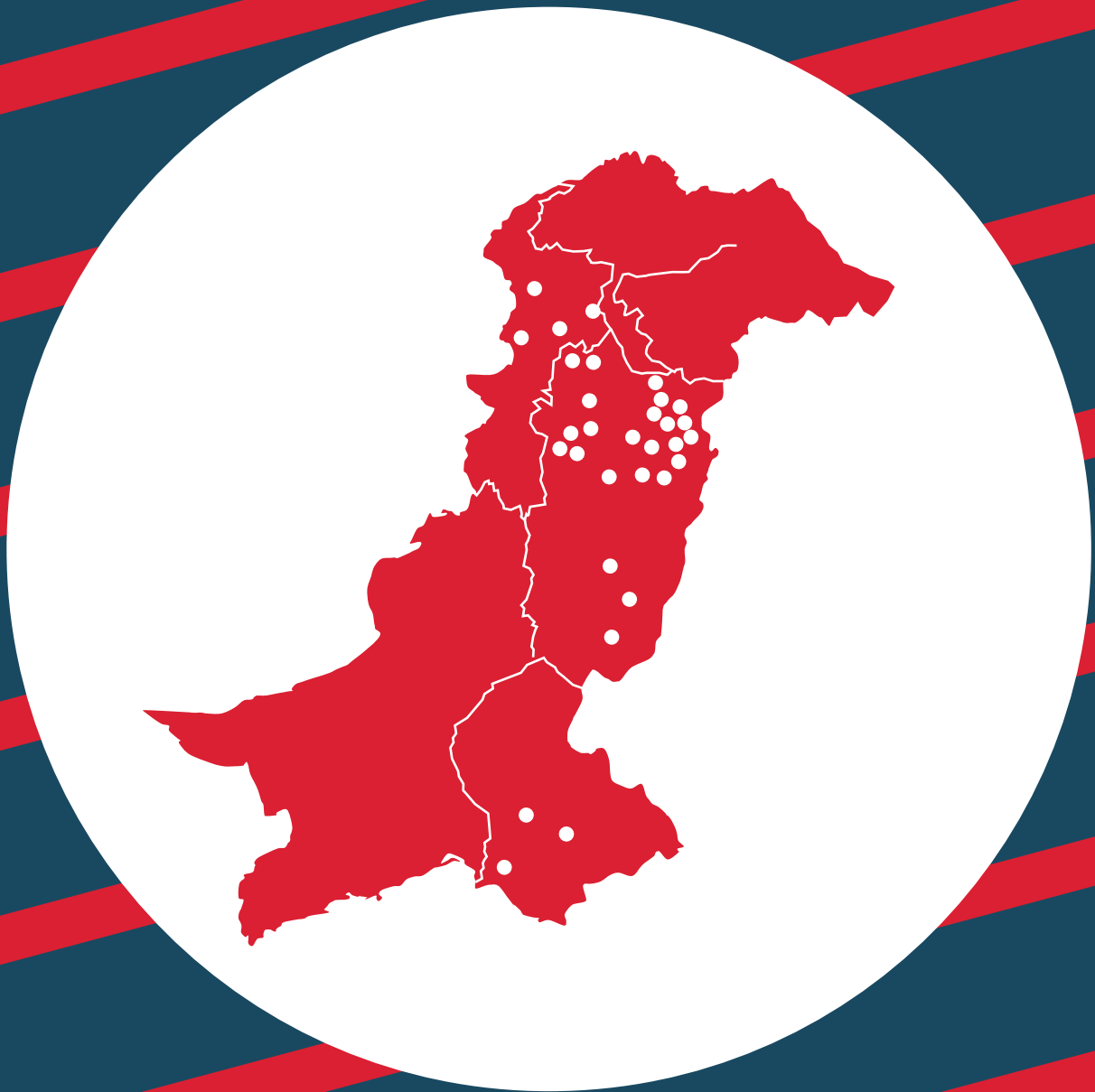


- Tenure ranges from 3 months to one year with profit paid monthly or on maturity
- Keep your funds liquid yet receive good return
- Encashable after 3 months of investment date without any penalty
- Tenure ranges from 1 year to 5 years
- Get fixed monthly return to cover your monthly expenses
- Tenure 5 years with profit rates increasing every year
- Incremental monthly return to mitigate impact of inflation



EXPANDED FOOTPRINT





We believe in expanding our outreach on geographical basis and developing new products to cater to the needs of our diverse clientele and provide them our traditional quality service at their doorstep. Our steadily growing brand network enhances accessibility to our customers. Additionally, our product development team, cognizant of the ever changing business dynamics, is continuously working on developing new products and fine tuning existing ones.

STAFF ENGAGEMENT

70th Independence day Celebration





Sports Events



Annual Awards Ceremony



CHAIRMAN'S REPORT

The year 2017 saw your Company achieve another milestone by recording a pre-tax profit of over Rs. 1 billion for the first time in its 31-year history. This was achieved at a time when banks, under pressure from the Government's Financial Inclusion Strategy, have aggressively entered our niche market of small and medium enterprises, ruthlessly cutting margins and poaching key staff resources. Needless to say, the milestone has come amidst a very challenging environment.

While the macroeconomic outlook has positive elements, important fundamentals required a rethink in order to maintain sustainability of OLP's operations. Numerous steps have been taken towards this end over the past year through disposal of non-core investments and consolidation and strengthening of core operations. This has been the hallmark of your Company's strategy. The acquisition of Standard Chartered Modaraba (now ORIX Modaraba) was a step towards gaining a bigger chunk of the Islamic finance market while opening new opportunities to launch other projects on the modaraba platform. Last year the sale of investments in e-Business division and SK Leasing (Kazakhstan) were made to trim down scale of non-core low-earning operations. This allowed the Company to direct its focus in the current year on realignment of a number of key stakeholder relationships with our strategic goals with the aim of helping OLP achieve its longer-term objective, which is to maintain your Company's dominance in the SME sector.

The CPEC project will open new opportunities and your Company is taking measures to ensure its readiness to benefit from these. Our valued client base is the key and we have redefined our Vision, Mission and Core Values at the beginning of the year to emphasize the need to continuously service and meet the changing demands of our customer base. Our ability to innovate and create products to suit their requirements has helped maintain their loyalty. This is at the forefront of our strategy for future years also and it is planned to continue making enhancements to our product portfolio to keep us ahead of competition. The recent Rights Issue, which increased equity by around Rs. 2 billion will provide a stable base to do so.

After over 30 years of successfully competing in the business of SME financing, OLP has strong fundamentals that will take it forward in the more challenging times to come. This was the key to its survival through tougher times in the past and helped it to gradually rebuild and come out bigger and stronger. I am thankful to all our stakeholders for reposing the confidence in our ability to do so and to our regulators, particularly the Securities and Exchange Commission of Pakistan, for their guidance and support. The Board of Directors' performance, as well as the dynamism displayed by the Management and staff in directing the future strategy and vision of the Company have been instrumental in the Company's continued growth. I thank my colleagues on the Board for their tireless support and dedication in enabling the Vision of your Company and making it ready for future challenges and opportunities.



Khalid Aziz Mirza
Chairman Board of Directors

چیئر مین کی رپورٹ

آپ کی کمپنی نے 2017 میں ایک اور سنگ میل عبور کیا جب اسے 31 سال کی تاریخ میں پہلی مرتبہ ایک بلین روپے سے زیادہ قبل از ٹیکس منافع حاصل ہوا۔ اور یہ ایسے وقت میں حاصل ہوا جب حکومت کی جانب سے مالیاتی شعبہ میں شمولیت کی حکمت عملی کے دباؤ کے تحت بینکوں نے بھرپور طریقے سے ہماری چھوٹی اور درمیانہ درجہ کی انٹرپرائز کی مارکیٹ میں جوش و خروش سے شامل ہونے میں اور جاہلانہ انداز میں مارجن میں تخفیف کی اور بنیادی اسٹاف کے وسائل کو استعمال کیا۔ لہذا یہ کہنا بے جا نہ ہوگا کہ ہم نے یہ سنگ میل ایک بہت چیلنج والے ماحول کے درمیان عبور کیا ہے۔

اگرچہ میکرو اکنامکس کے منظر نامہ میں مثبت عناصر موجود ہیں تاہم کمپنی کے آپریشنز کے استحکام کو برقرار رکھنے کیلئے اہم بنیادوں پر دوبارہ غور کرنے کی ضرورت محسوس کی گئی۔ گزشتہ سال اس سلسلے میں بہت سے اقدامات کئے گئے جن میں غیر اہم سرمایہ کاری کو چھوڑ کر بنیادی آپریشنز کو یکجا کرنے اور تقویت دینے پر توجہ دینا شامل ہے۔ یہ آپ کی کمپنی کی حکمت عملی کا ایٹمازی کارنامہ ہے۔ اسٹیٹرز ڈیپارٹمنٹ مضاربہ (اب اوریکس مضاربہ) کی خریداری اسلامک فنانس مارکیٹ میں ایک بڑا حصہ حاصل کرنے کیلئے ایک قدم تھا جس کے ذریعہ مضاربہ پلیٹ فارم پر دوسرے منصوبہ جات شروع کرنے کے نئے مواقع حاصل ہونے کی امید بھی تھی۔ گزشتہ سال ای بزنس ڈویژن اور ایس کے لیزنگ (قازقستان) میں سرمایہ کاری ختم کی گئی تاکہ غیر اہم اور کم آمدنی والے آپریشنز کے پیمانہ کی کٹوتی کی جائے۔ اس سے کمپنی کو موجودہ سال میں بہت سے اہم اسٹیٹک ہولڈرز سے رابطے استوار کرنے پر توجہ دینے کا موقع ملا اور اپنے حکمت عملی کے ہدف کے مطابق کمپنی کو طویل مدت کے مقاصد حاصل کرنے میں مدد ملی جن میں آپ کی کمپنی کو ایس ایم ای کے شعبہ میں اپنی فوقیت برقرار رکھنا شامل ہے۔

سی پیک پروجیکٹ میں نئے مواقع پیدا ہونے کا عمل جاری ہے اور آپ کی کمپنی ان سے فائدہ اٹھانے کیلئے خود کو تیار رکھنے کے اقدامات کر رہی ہے۔ ہمارے معزز صارفین ہمارا قیمتی اثاثہ ہیں اور سال کے آغاز پر ہم اپنے وژن، مشن اور بنیادی اقدار کی تجدید کرتے ہیں اور عہد کرتے ہیں کہ ہم اپنے صارفین کی بدلتی ہوئی ضروریات کو پورا کرنے کیلئے ان کو اپنی خدمات پیش کرتے رہیں گے۔ ان کی ضروریات کے مطابق جدت طرازی اور پروڈکٹس کی تخلیق نے ہی ان کو ہمارا مخلص بنایا ہے۔ آنے والے سالوں میں بھی یہ ہماری حکمت عملی کی اولین ترجیح ہوگی اور ہم اپنے پروڈکٹ پورٹ فولیو کو توسیع دینے کا عزم رکھتے ہیں تاکہ مسابقت میں ہم ہمیشہ سب سے آگے رہیں۔ حالیہ نئے شیئرز کے اجراء نے ہماری ایکویٹی میں تقریباً 2 بلین روپے کا اضافہ کیا ہے جو ہمیں ایک مستحکم بنیاد فراہم کرے گی۔

ایس ایم ای فنانسنگ کے کاروبار میں 30 سال سے زائد عرصہ کامیابی کے ساتھ مقابلہ کیا اور اب کمپنی اپنی مضبوط بنیادوں کے ساتھ مستقبل میں مزید چیلنجز کا مقابلہ کرنے کو تیار ہے اسی کی بناء پر ہم ماضی کے کڑے وقت سے نکلنے میں کامیاب ہوئے اور اس نے ہمیں رفتہ رفتہ دوبارہ مجتمع ہو کر زیادہ بڑے اور زیادہ مضبوط ادارے کے طور پر تشکیل دیا۔ میں اپنے تمام اسٹیٹک ہولڈرز کا بے حد شکر گزار ہوں جنہوں نے ہمیں یہ اعتماد بخشا اور اس کے ساتھ اپنے ریگولیٹرز خاص طور پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا جس نے ہماری رہنمائی کی اور ہم سے تعاون کیا۔ بورڈ آف ڈائریکٹرز کی کارکردگی اور انتظامیہ اور ملازمین کی اہلیت اور ہمت کا معترف ہوں جن سے ہمیں مستقبل کی حکمت عملی وضع کرنے اور کمپنی کے نقطہ نظر کو تقویت دینے میں مدد ملی اور یہی کمپنی کی مسلسل ترقی کا راز ہے۔ میں بورڈ میں شامل اپنے تمام ساتھیوں کا بھی شکر یہ ادا کرتا ہوں جن کی انتھک محنت اور لگن نے آپ کی کمپنی کے وژن کے ساتھ مستقبل کے مقابلے کو قبول کرنے اور مواقع کے حصول کیلئے پوری طرح تیار کیا۔

خالد عزیز مرزا

چیئر مین بورڈ آف ڈائریکٹرز

DIRECTORS' REPORT

The Directors of ORIX Leasing Pakistan Limited (OLP / the Company) are pleased to present the Thirty-first annual report together with the Unconsolidated Financial Statements for the year ended June 30, 2017.

THE COMPANY

ORIX Leasing Pakistan Limited (OLP / the Company) was incorporated in July 1986 as a joint venture between ORIX Corporation, Japan and local investors. The Company is licensed to carry out leasing business as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan.

OLP specializes in providing lease financing to small and medium-sized enterprises, however, its customer base also includes large corporations, public listed companies, micro enterprises and individuals. The Company also has investments in overseas associates in the Middle East and North Africa and provides management support to these associates. Last year, the Company acquired the 10% certificate holding of Standard Chartered Modaraba (SCM) from Standard Chartered Bank Pakistan Limited (SCBPL) and SCBPL's 100% shareholding in Standard Chartered Services of Pakistan (Private) Limited (SCS), which also holds 10% of SCM's equity and has management control over SCM. Subsequent to the acquisition, these companies have been renamed ORIX Modaraba and ORIX Services Pakistan (Private) Limited respectively. The acquisition of the Modaraba has given OLP a larger stake in the Islamic finance market.

FINANCIAL INFORMATION

The financial results of the Company are summarized below:

	2017	2016 (Restated)
	-----Rupees-----	
Profit before taxation from continuing operations	1,158,009,963	976,668,720
Taxation	316,765,918	216,690,359
Profit after taxation from continuing operations	841,244,045	759,978,361
Loss after taxation from discontinued operations	-	(12,990,050)
Profit for the year after taxation	841,244,045	746,988,311
Earnings per share – basic & diluted		
- From Continued operations	10.25	9.26
- From Discontinued operations	-	(0.16)
Total	10.25	9.10
Appropriations: Transfer to statutory reserve	42,062,202	37,500,000

DIVIDEND

The Directors are pleased to recommend a cash dividend of 30% for the year ended June 30, 2017 (2016: 45%).

OVERVIEW OF THE ECONOMY

Pakistan's economy continues its steady improvement as the Country achieved a GDP growth rate of 5.7% in fiscal year 2017 compared to GDP growth of 5.5% last year. The positive trend is expected to continue with projected GDP growth of 6.0% for FY 2018. All sectors performed well with Large Scale Manufacturing reporting a growth of 5.7% against 3.4% percent recorded during the same period last year. Services sector showed a 6% growth (2016: 5.5%) and growth in Agriculture improved to 3.5% from 0.3% last year. A key growth driver in FY 2018 will be the China Pakistan Economic Corridor (CPEC) and its related infrastructure and energy projects.

Inflation remains under control with growth in CPI recorded at 3.9% in FY 2017. The State Bank of Pakistan (SPB) expects this trend to continue in FY 2018 with projected average CPI inflation in the range of 4.5-5.5% for FY 2018. With inflation contained, the SBP maintained its policy rate at 5.75% (the lowest in over four decades) which is encouraging for business and investment. Consequently, private sector credit flow increased to Rs. 748 billion compared to Rs. 446 billion last year.

A current account deficit of US\$ 12.1 billion in FY 2017 (2016: US\$ 2.5 billion) is a matter of concern for the economy. The trend continues with a deficit of over US\$ 2 billion recorded in the first month of FY 2018. Exports and workers' remittances declined while imports increased mainly due to machinery imports, both for CPEC and non-CPEC energy and infrastructure projects. The Government expects the overall balance of payments to stay at a manageable level in FY 2018. Steady anticipated financial account inflows and improvement in world growth leading to improved exports form the basis of this assessment. However, stability of the external account and instrumental reserve accumulation depends upon timely inflow of budgeted bilateral and financial inflows in FY 2018.

BUSINESS REVIEW

The positive economic environment stimulated activity in both SME and consumer sectors and boosted demand for commercial and saloon vehicles. On the other hand, commercial banks, flush with excess liquidity through maturing Government PIBs combined with the pressure from the SBP to invest in SME sector, pose a significant threat to the Company's market share. Islamic and middle tier commercial banks are resorting to poaching of the Company's staff and thereby its customer base with the added advantage of being able to offer significantly lower rates. This remains the main challenge faced by OLP.

Despite a tough competitive environment, OLP managed to increase its disbursements by 3% from Rs. 14,551 million in 2016 to Rs. 15,008 million in the current year. Major growth came from financing of transport sector and saloon vehicles. In line with previous year's trend, commercial and saloon vehicles accounted for 80% of disbursements. Commercial vehicle segment, in particular, has been instrumental in OLP's growth in the past few years and this trend is likely to continue with CPEC. Goods transportation sector currently accounts for 21% of the Company's high quality portfolio. Vehicle lease and financing to individuals was the next largest category maintaining a share of 17% in total portfolio as the Auto industry continues to show strong growth which is likely to continue with increase in domestic capacity. Opening of four new branches during the year in Karachi, Lahore, Mingora and Sukkur will help in future business growth as these have already started yielding results.

Operating lease business continued to experience a downturn throughout most of the year. The situation improved towards the year-end as power shortages and enhanced gas supply in summer months increased the demand for rental of generators. The Company is in the process of identifying new niches in this segment for more sustainable sources of income.

Disbursements in the Company's microfinance segment were 16% lower than last year at Rs. 588 million (2016: Rs. 705 million) as the Company deliberately focused on consolidating operations, removing process inefficiencies and investing in a more robust system that would support faster growth in future. During the year, 16,548 customers benefitted from microloans from the Company in the form of enterprise loans, group lending and livestock loans, as compared to 21,884 customers last year. The microfinance division is gearing up for tapping potential in new areas and two new branches in Morre Khunda and Shahpur were opened this year for this purpose.

Economic downturn in the MENA Region and political turmoil affecting certain countries adversely affected the performance of the foreign associates. Depressed oil prices and war in Yemen had negative effect on Saudi Arabia's economy, both in the oil sector and the non-oil sector. UAE has been similarly affected, causing strain on the SME sector in particular. Egypt experienced significant devaluation of its currency by 48% when the Central Bank free floated the currency in order to stabilize the economy thereby resulting in a significant reduction in the value of the OLP's investment in ORIX Leasing Egypt. Oman ORIX was the only company, which sustained the strains of the regional economic turmoil and reported improved results over last year.

ORIX Modaraba (ORIXM / the Modaraba) completed its first year as a subsidiary of OLP on June 30, 2017. ORIXM performed well during the year despite a challenging and difficult operating environment resulting in lower spreads in a highly competitive market. ORIXM earned a profit of Rs. 128 million (2016: Rs. 173 million) for the year. The reduction in profit was primarily due to significant recovery from non-performing assets last year and additional administrative expenditure required to sustain the Modaraba as an independent entity. ORIXM disbursed over Rs. 3.3 billion (2016: Rs. 2.4 billion) during the year and its total assets increased to Rs. 5.9 billion (2016: Rs. 5.3 billion). The Modaraba declared a dividend of 27% (2016: 34%) for the year ended June 30, 2017.

FINANCIAL PERFORMANCE

For the fourth year in a row, OLP surpassed previous heights to achieve its highest ever profit after tax of Rs. 841.2 million, which translated into earnings per share of Rs. 10.25 (2016: Rs. 9.10). This was an increase of 12.6% over Rs. 746.99 million earned in the previous year.

REVENUES

Total revenues decreased by 1% from Rs. 4.07 billion in 2016 to Rs. 4.03 billion in the current year. Income from core activities increased by 2% to Rs. 3.43 billion (2016: Rs. 3.37 billion) whereas income from other activities (share of profit from investment in associates and other income) was 15% lower at Rs. 596.7 million (2016: Rs. 704.7 million). This was mainly due to a bargain purchase gain recorded on the merger of Standard Chartered Leasing Limited (SCLL) with and into OLP last year.

Revenues from operations were dominated by 70% contribution from Finance Lease, which remained the core product, earning income of Rs. 2.42 billion (2016: Rs. 2.32 billion), 4% higher than last year. This was achieved despite pressure on rates arising from intense competition from banks in the SME sector and a slight reduction in lease portfolio by 1% to Rs. 26.15 billion (2016: Rs. 26.27 billion). Previous year's lease portfolio included leases added due to merger of SCLL at the end of the year. Without accounting for the SCLL lease portfolio, OLP's lease portfolio increased by 6% in the current financial year.

Revenue from operating lease and Ijarah finance segment declined by 11% to Rs. 474.2 million (2016: Rs. 534.4 million). The main contributing factor was low deployment due to reduced demand for rental of gas generators caused by shortage of gas supply in Northern areas of the Country which resulted in reduction in revenue from operating lease to Rs. 376 million (2016: Rs. 396 million). Furthermore, the Company's portfolio of Ijarah Finance also reduced which impacted related income.

The portfolio of loans and finances registered an increase of 8% over last year to Rs. 3.98 billion (2016: Rs. 3.56 billion) and correspondingly revenues were 7% higher at Rs. 543.1 million (2016: Rs. 506.9 million). This was achieved on the back of a 14% increase in vehicle finance disbursements during the year despite a downward trend in rates.

Previous year's other income included a non-recurring gain of Rs. 204.7 million as bargain purchase gain on merger of SCLL with and into OLP. This is the main reason for other income being 22% lower at Rs. 367.5 million than previous year's figure of Rs. 470.5 million.

As mentioned earlier, depressed oil prices have adversely affected associated Companies in the MENA Region with the exception of Oman ORIX, which yielded 12% higher share of profit as compared to last year, whereas both ORIX Leasing Egypt and Saudi ORIX reported lower profits. As a result, total share of profit from equity accounted undertakings registered a 2% decrease to Rs. 229.1 million (2016: Rs. 234.2 million). The Company has discontinued the use of equity accounting for Al Hail ORIX, UAE as OLP has ceased to exercise significant control over this company. The value of the investment determined at the time of re-characterisation and its carrying value as at that date has been recognized in the profit and loss account.

EXPENSES

Expenses excluding provisions against potential lease and other losses reflected an increase of 1% and stood at Rs. 2,954.6 million in the current year (2016: Rs. 2,918.3 million).

Savings were made in finance cost which was 5% lower at Rs. 1,585.9 million (2016: Rs. 1,666.4 million) on a borrowing portfolio which was 8% lower at Rs. 19.40 billion (2016: Rs. 20.80 billion). Part of the reduction in the borrowings portfolio was on account of maturing certificates of deposit taken over through the merger with SCLL in May 2016, which only formed part of debt and finance cost for one month last year. Low interest rate scenario prevailed throughout the financial year and the Company was able to take advantage of its strong financial position to negotiate better rates from its financiers, which allowed it to maintain margins.

Full year impact of the upward revision to staff compensation structure, which was made last year, resulted in 13% increase in administrative and general expenses, which amounted to Rs. 966.3 million in the current year as compared to Rs. 856.5 million in 2016.

Direct cost of lease, which mainly represents maintenance, insurance and depreciation on operating lease was slightly higher at Rs. 402.4 million compared to Rs. 395.4 million last year. The main reason for this was the impact of additional depreciation of Rs. 52.6 million due to change in depreciation estimate for generators inventory. Maintenance cost on the other hand was lower at Rs. 151.1 million (2016: Rs. 172.7 million), in line with the reduction in revenues.

While the Company had made provisions against lease and loan losses of Rs. 215.1 million last year, a reversal of Rs. 23.1 million was made in the current year. This was possible due to concerted efforts directed towards overdue recovery resulting in reduction of classified lease portfolio in the current year. Not only does the Company maintain full provisioning against accounts past due by 90 days or more without accounting for forced sales value, it also maintains provisions against accounts which are classified as watch list. In view of expected changes in future accounting conventions, the Company is developing a more objective and statistically driven provisioning policy.

The charge for other provisions reflects a reversal of Rs. 58.5 million, which was higher than the reversal of Rs. 39.7 million in 2016. Current year's reversal is mainly due to reduction in provision against federal workers' welfare fund, which is no longer required.

A higher tax charge of Rs. 316.8 million was incurred (2016: Rs. 216.7 million) which included provision for super tax of Rs. 35 million, which was expected to be a one-time levy in 2016, however was extended to 2017.

The net impact of the above was 11.0% increase in profit after tax to Rs. 841.2 million (2016: Rs. 759.9 million).

RISK MANAGEMENT

Risk is inherent in all spheres of OLP's activities. Overall responsibility for establishing the risk management framework rests with the Board of Directors, which is actively involved in review, approval and monitoring of the Company's risk management policies and ensuring that an appropriately sound and rigorous internal control system is in place to manage those risks. This oversight is implemented through independent internal audit and compliance functions reporting to the Audit Committee. These provide valuable input for improvement in the Company's policies and procedures and thereby management of risks. A risk based internal audit plan also helps to ensure that audit focus is aligned with the strategic direction of the Company and risks, which are crucial to the achievement of the Company's objectives, are being addressed.

The management and control of risk is an ongoing process at the Company level and a Risk Management department has been set up for this purpose. Each function also holds the responsibility for identification, measurement and management of risk within its respective area and implementing relevant measures to control and mitigate their impact.

Major risks facing the Company are summarized below:

Credit Risk Management

Credit risk refers to the failure of the counterparties to fulfill their financial obligations as and when they fall due. The Company's main business revolves around undertaking credit risk within a risk appetite acceptable to the Board. This is managed by setting limits on the amount of risk the Company is willing to accept against individual counterparties, industry concentrations and type of assets, and by continuously monitoring exposures in relation to such limits. The Credit Policy is also a Board approved document which sets the guidelines within which credit is extended to qualifying clients.

The Board of Directors has established Credit Approval Authority Limits, which include delegation of approval limits to the Company's Credit Committee and senior executives based on their seniority and experience. Rigorous credit approval process is followed at all levels, and high standards of due diligence and credit screening are maintained to ensure quality of asset portfolio.

Adherence to credit policies is monitored by Risk Management department, which is responsible for overseeing the Company's credit risk and independently analyzing customers' creditworthiness. Credit guidelines are reviewed regularly and amended in line with changing business and market dynamics.

Due to its focus on small and medium sized sector, the Company's credit risk is well-diversified over a large number of clients in a wide variety of sectors. No single party exposure represents more than 5% of the Company's Equity, while exposure to single business sector does not exceed 25% of portfolio.

Liquidity Risk Management

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due or is unable to access sufficient funding to meet its financial commitments. OLP has a rigorous liquidity management system overseen by an Asset Liability Management Committee (ALCO). Overall policy for liquidity management is approved by the Board and it is the responsibility of ALCO to manage cash flows and maturity mismatches within the defined limits.

Cash flows are managed by ensuring an appropriate mix of long-term and short-term funding relative to the respective maturities of financial assets. Forecast cash flow position is monitored regularly and stress tests are performed to check its robustness. Funding sources are well-diversified and sufficient committed credit lines from financial institutions are kept in place as cover for any unforeseen circumstances.

As OLP is a deposit-taking institution, statutory liquidity requirements are monitored on a daily basis and it is ensured that appropriate levels of liquid securities are held for compliance with statutory requirements at all times.

Market Risk Management

Market risk is the risk that the value of a market sensitive asset will fluctuate due to the movement in interest rates or exchange rates.

The Company's exposure to interest rate risk relates primarily to its debt obligations with variable interest rates and financial assets carrying variable interest rates. The Company limits this risk by monitoring changes in market interest rates and maintaining a suitable spread which provides a cushion against sharp fluctuations in rates. The Company also aims to substantially match the interest rate profile (fixed and variable) of lease and loan portfolio with that of financial obligations and keeps the mismatch within acceptable limits.

The Company incurs currency risk on borrowing in foreign currency and investment in overseas associates that are entered in a currency other than Pakistan Rupees. As a policy, OLP carries no open currency risk on borrowings

and uses cross currency swaps to hedge its currency risk on its foreign currency borrowings.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events, whether deliberate, accidental or natural and includes the risk of non-compliance with local laws and regulations. This would have significant implications for the Company because when controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications and/ or lead to financial loss.

OLP minimizes operational risks by reviewing and strengthening internal controls for prevention of systems failure, regular training and orientation on the Company's Code of Conduct and Anti-fraud Policy for prevention of fraudulent and unethical practices, independent reviews of IT and database security to maintain data integrity, promoting a culture of compliance with established policies and procedures, regular spot checks through internal audit and compliance functions to gain assurance that there are no major deviations from these.

INTERNAL CONTROL AND COMPLIANCE

Review and approval of authority limits, policies and procedures is an ongoing process which ensures that the Company has a sound system of internal controls in place.

An adequately sourced and independent Internal Audit department reporting directly to the Audit Committee of the Board checks compliance with these policies and procedures. Not only are weaknesses highlighted through a rigorous audit plan applied throughout the year, the department also subsequently ensures that these weaknesses are suitably addressed and rectified. Internal audit is involved in investigations as well and plays a crucial role in identifying risk areas for which mitigating internal controls are required.

An independent Compliance function, reporting directly to the Audit Committee of the Board, monitors and assesses compliance with, and the impact of, the applicable laws and regulations on the business. It also assesses compliance with internal and external policies and procedures, including their implementation, monitoring and reporting. Regulatory developments are monitored on an ongoing basis to ensure that internal policies and procedures are updated accordingly for adherence to regulatory requirements.

FUNDING AND LIQUIDITY

Strong cash flow generation resulted in a reduction in total debt from Rs. 20.80 billion in 2016 to Rs. 19.40 billion in 2017. Consequently, gearing ratio reduced from 5.4 to 4.6. OLP has built a strong funding mix comprising of both long and short term facilities from 19 financial institutions. As at June 30, 2017, the Company had total borrowings of Rs. 13.34 billion (2016: Rs. 11.04 billion) from financial institutions of which, long term debt comprised over 80%, thereby reducing mismatch risk between financial assets and liabilities. Adequate unutilized facilities are kept in hand to meet unforeseen funding requirements. The Company's Certificates of Deposit portfolio amounting to Rs. 6.03 billion (2016: Rs. 9.76 billion) represented 31% of total debt. The reduction in COD portfolio was partly due to maturity of COD's taken over from SCLL.

As mentioned earlier in this report, due to its strong financial performance, the Company was successful during the year in renegotiating rates with its main financiers, which reduced finance cost and further savings would be reflected in future years' results. Rate reductions on CODs in line with the falling market rates in the Country also helped to bring down finance costs.

Subsequent to the year end in August 2017, OLP received around Rs. 2 billion as subscription towards a Rights Issue announced by the Company. The additional equity will lend further strength to the Company's funding position in the upcoming financial year.

CORPORATE GOVERNANCE

The Company maintains a high standard of corporate governance through an internal control framework comprising of clear structures, authority limits and accountabilities. The Company takes pride in compliance with legislative systems, including Companies Act, 2017, Non-Banking Finance Companies and Notified Entities Regulations

2008, Listing Regulations of Pakistan Stock Exchange and the Memorandum and Articles of Association of the Company.

To ensure transparency, fairness and accountability, the Board has appointed an independent Director as Chairman of the Board and Chairman of the Audit Committee is also an independent Director. The Company's Management Committee comprises of senior executives who, under the guidance of the Board, are responsible for setting the Company's strategic direction, business planning and risk management.

As a responsible corporate entity, OLP takes measures to ensure that its corporate clients adhere to the basic requirements of being environmentally and socially responsible.

CORPORATE SOCIAL RESPONSIBILITY

OLP has always been cognizant of the fact that the Company has a responsibility to nurture and support the community in which the Company operates. With this objective in mind, OLP supports and works closely with charitable institutions which have a proven track record of selfless commitment to improving the lives of the less privileged in the fields of Health, Education and Poverty Alleviation. Financial aid is provided after a rigorous assessment of the recipient's legal status and obtaining tangible evidence of their providing humanitarian services without consideration of religion, caste or gender.

OLP runs a Microfinance program which focuses on providing loans to low income individuals in rural areas with special emphasis on women entrepreneurs. This program is extended through a network of 12 microfinance branches of which 2 branches were opened in the current financial year. Since inception of the program, the Company has provided loans to over 180,000 deserving individuals.

PEOPLE

OLP values its staff as its most valuable resource, which has been instrumental in its past and present successes and is crucial to its future successes. Motivation and development of staff members is one of the key agendas being focused upon both at Board and Management level. In order to continuously develop a team of talented and skilled individuals, the Company places strong emphasis on internal training programs through knowledge sharing sessions and orientations. Active participation in skill-based external programs is also encouraged to develop professional and technical skills.

At the root of the Company's Core Values are Ownership, Innovation and Teamwork which combine to create a culture in which employees take ownership of work and utilize their talent and experience in the most creative way possible.

The Board appreciates the dedication and diligence of OLP team members for growing the Company's business and achieving steady improvement in its performance.

BUSINESS ETHICS

It is OLP's strategic intent to conduct business with honesty, integrity and in accordance with legal and ethical standards. This is a Core Value of the Company.

OLP's Code of Conduct and Ethics Policy embodies ORIX Group's key values and prescribes the conduct required of all staff to achieve these. The Code applies to all businesses and business relationships of the Company. It prescribes the standards required not only from staff but also from the top management and the Board of Directors. Every employee of the Company has a responsibility to understand and comply fully with the Code and all other policies of the Company and perform their duties according to the spirit of the Code.

OLP has a zero tolerance approach to all forms of fraud and dysfunctional behavior. Anti-fraud and Whistle-blowing policies help to inculcate this objective in the attitude and actions of all staff members. These require all employees to work against corruption in all forms.

AWARDS AND RECOGNITION

In February 2017 OLP received the Management Association of Pakistan (MAP) 32nd Corporate Excellence Award in the Leasing & Modaraba category for the second year in a row. MAP Corporate Excellence Awards recognize and honour companies showing outstanding performance. To date, OLP has received five awards and five certificates of corporate excellence from MAP.

FUTURE OUTLOOK

As stated in the Chairman's Report, positive macroeconomic indicators spurred on by CPEC would have a knock-on growth effect on the SME sector and correspondingly the leasing industry, especially in the sectors of transportation, construction and steel. Initiatives that have been taken within the Company to prepare for upcoming opportunities are expected to yield good results in the future, though competitive threats may have an impact. The hallmark of OLP's past success has been its ability to identify new niches within a market that it fully understands and the Company intends to use its vast experience, knowledge and key competitive advantages to continue to grow steadily and cautiously without taking undue risks.

DIRECTORS' DECLARATION

1. The financial statements prepared by the Management of ORIX Leasing Pakistan Limited present fairly its 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 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 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 are no significant doubts upon 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, 2017 are stated within the Directors' Report.
8. Key operating and financial data for the last six years in summarized form is given on page no. 74.
9. There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2017 except for those disclosed in the financial statements.
10. The value of investments of the recognized provident fund as at June 30, 2017 was Rs. 369.9 million (un-audited) and as at June 30, 2016 was Rs. 352.2 million (audited).

The value of investments of the Company's recognized gratuity fund as at June 30, 2017 was Rs.153.7 million (un-audited) and as at June 30, 2016 was Rs.151.9 million (audited).

11. During the year, the following trade in shares of the Company was carried out by Directors and an Executive:

Name	Designation	Nature of Transaction	Number of Shares
Mr. Hiroshi Nishio	Non-Executive Director	Acquisition of Shares	575
Mr. Shaheen Amin	Chief Executive Officer	Transfer of Shares	575
Mr. Takehisa Kaneda*	Non-Executive Director	Acquisition of Shares	575

* Resigned as Director on March 20, 2017

12. During the year, one director acquired certification of Director Education awarded by the Pakistan Institute of Corporate Governance. At the close of the financial year, 4 out of 8 Directors have certification under Directors Training Program that meets the requirements of the Code of Corporate Governance.

13. During the year, six meetings of the Board of Directors, seven meetings of the Audit Committee and two meetings of Human Resource and Remuneration Committee were held. The Directors who were unable to attend the meetings, constantly followed the progress of the Company and proceedings of the Board.

BOARD OF DIRECTORS' MEETING

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 [1]	5	Mr. Shahid Usman	6
Ms. Nargis Ghaloo [2]	1	Mr. Hideaki Yokoyama (Non-resident)	6
Mr. Shoaib Mir [3]	2	Mr. Hiroshi Nishio (Non-resident)	5
Mr. Takehisa Kaneda [4] (Non-resident)	3	Mr. Harukazu Yamaguchi (Non-resident)	-
Mr. Kiyokazu Ishinabe [5] (Non-resident)	2	Mr. Shaheen Amin	6
Mr. Naveed Kamran Baloch [6]	-		

[1] Appointed as Chairman on September 29, 2016.

[2] Resigned as Director on September 29, 2016.

[3] Appointed as Director on September 29, 2016 and resigned as Director on May 15, 2017.

[4] Resigned as Director on March 20, 2017.

[5] Appointed as Director on March 20, 2017.

[6] Appointed as Director on June 02, 2017.

Leave of absence was granted to Directors who could not attend the Board meetings.

AUDIT COMMITTEE MEETINGS

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Shahid Usman	7	Mr. Hideaki Yokoyama (Non-resident)	6
Mr. Takehisa Kaneda [1] (Non-resident)	3	Mr. Kiyokazu Ishinabe [2] (Non-resident)	1

(1) Resigned as Member on March 20, 2017.

(2) Appointed as Member on April 25, 2017.

HUMAN RESOURCE AND REMUNERATION COMMITTEE MEETINGS

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Ms. Nargis Ghaloo [1]	-	Mr. Hideaki Yokoyama [3] (Non-resident)	2
Mr. Hiroshi Nishio [2] (Non-resident)	2	Mr. Shaheen Amin	2

(1) Resigned as Member on September 29, 2016.

(2) Appointed as Member on August 29, 2016.

(3) Appointed as Member on August 29, 2016.

BOARD CHANGES

- Ms. Nargis Ghaloo resigned as Director and Mr. Shoaib Mir was appointed as Director on September 29, 2016.
- Mr. Takehisa Kaneda resigned as Director and Mr. Kiyokazu Ishinabe was appointed as Director on March 20, 2017.
- Mr. Shoaib Mir resigned as Director on May 15, 2017 and Mr. Naveed Kamran Baloch was appointed as Director on June 02, 2017.

The Board of Directors places on record its appreciation for services rendered by Ms. Nargis Ghaloo, Mr. Shoaib Mir and Mr. Takehisa Kaneda. Further, the Board welcomes Mr. Naveed Kamran Baloch and Mr. Kiyokazu Ishinabe as Directors on the Board.

CREDIT RATING

During the current financial year, 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). These are among the highest ratings in the Non-Banking Financial Sector. As per PACRA standards, these ratings denote the lowest expectation of credit risk emanating from a strong capacity for timely repayment of financial commitments.

MAJOR SHAREHOLDER

ORIX Corporation, Japan and its nominees hold 49.57% of the Company's shareholding.

AUDITORS

The present auditors M/s. A.F. Ferguson & Co., Chartered Accountants have completed the statutory period of five years mandated by the Code of Corporate Governance. The Audit Committee recommends the appointment of KPMG Taseer Hadi & Co., Chartered Accountants, as auditors of the Company for the year ending June 30, 2018.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2017 is given on page no. 219.

ACKNOWLEDGEMENT

The Board greatly appreciates the support and cooperation of the regulatory authorities, bankers, business partners and all stakeholders for their contribution to the Company's growth and looks forward to their support and advice in the future. The Board also thanks our valued customers and depositors for their continuing trust and support.

On behalf of the Board



Shaheen Amin
Chief Executive Officer
September 14, 2017



Shahid Usman
Director

انسانی وسائل اور اجر جرتی کمیٹی کے اجلاس

اجلاسوں میں حاضری	ڈائریکٹر کا نام	اجلاسوں میں حاضری	ڈائریکٹر کا نام
2	جناب ہڈیا کی یوہاما (3) (غیر متناہی)	-	مس زگس گھلو (1)
2	جناب شاپن امین	2	جناب ہیروشی بیٹیو (2) (غیر متناہی)

- (1) بحیثیت ممبر مستعفی 29 ستمبر 2016
- (2) بحیثیت ممبر تفرری تاریخ 29 اگست 2017
- (3) بحیثیت ممبر تفرری تاریخ 29 اگست 2017

بورڈ میں تبدیلیاں:

- مس زگس گھلو بحیثیت ڈائریکٹر مستعفی ہوئیں اور جناب شعیب میر کا بحیثیت ڈائریکٹر 29 ستمبر 2016 کو تقرر ہوا۔
- جناب تنگہ سیکنڈ بحیثیت ڈائریکٹر مستعفی ہوئے اور جناب کی یوکاز واہشی ناہے کا بحیثیت ڈائریکٹر 20 مارچ 2017 کو تقرر ہوا۔
- جناب شعیب میر بحیثیت ڈائریکٹر 15 مئی 2017 کو مستعفی ہوئے اور جناب نوید کامران بلوچ کا بحیثیت ڈائریکٹر 2 جون 2017 کو تقرر ہوا۔
- بورڈ آف ڈائریکٹرز مس زگس گھلو، جناب شعیب میر اور جناب تنگہ سیکنڈ کی خدمات کو سہ ماہی ہے۔ مزید یہ کہ بورڈ نے جناب نوید کامران بلوچ اور جناب کی یوکاز واہشی ناہے کو بحیثیت بورڈ آف ڈائریکٹرز خوش آمدید کہتی ہے۔

گریڈ ریٹنگ:

موجودہ مالی سال کے دوران پاکستان گریڈ ریٹنگ ایجنسی لمیٹڈ (پاکرا) نے کمیٹی کے طویل المدت درجہ بندی (AA+ Double A plus) اور قلیل المدت درجہ بندی (A1+ A One plus) کو برقرار رکھا۔ نان بینکنگ فنانشل ایکٹرز میں یہ بلند ترین شمارہ ہوتی ہیں۔ پاکرا کے معیار کے مطابق یہ درجہ بندیوں گریڈ رسک کی کم ترین سطح اور وقت پر ادائیگیوں کی قابلیت کی دلیل ہے۔

بڑے شیئرز ہولڈرز:

اوریکس کارپوریشن، جاپان اور اس کے نامزد کردہ 49.57 فیصد کمیٹی کے شیئرز کے مالک ہیں۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز اے۔ ایف۔ فارگون اینڈ کمیٹی، چارٹرڈ اکاؤنٹنٹس نے کوڈ آف کارپوریٹ گورننس کے تحت قانون کے مطابق 5 سال کا عرصہ مکمل کر لیا۔ آڈٹ کمیٹی نے کی پی ایم جی تاثیر ہادی اینڈ کمیٹی، چارٹرڈ اکاؤنٹنٹس کو 30 جون، 2018 سال کے اختتام تک بطور کمیٹی کے آڈیٹرز تقرر کی۔ سفارش کی ہے۔

شیئرز ہولڈنگ کے طرز:

شیئرز ہولڈنگ کے طرز بمطابق 30 جون 2017 اس رپورٹ کے صفحہ نمبر 219 پر درج ہے۔

اعتراف:

بورڈ نے ریگولر شیئرز، بینکنگ، کاروباری ساتھیوں اور تمام حصہ داروں کا کمیٹی کے فروغ اور اپنی معاہدت جاری رکھنے اور مستقبل میں اپنی مشاورت جاری رکھنے میں اپنے بھرپور تعاون کا اعادہ کرنے پر بے حد سزا بہتا ہے۔ بورڈ اپنے قابل قدر صارفین اور ڈپازٹرز کا ان کے جاری اعتماد اور بھروسے کا بھی مشکور ہے۔

بورڈ کی جانب سے

شہد عثمان

شہد عثمان

ڈائریکٹر

شاپن امین

شاپن امین

چیف ایگزیکٹو آفیسر

تاریخ: 14 ستمبر 2017

(۱۱) سال کے دوران میں کمپنی کے ڈائریکٹرز اور ایک ایگزیکٹو کی جانب سے کمپنی کے شیئرز میں درج ذیل تجارت کی گئی:

نام	عہدہ	ٹرانزیکشن کی نوعیت	شیئرز کی تعداد
جناب ہیروشی نیشیو	نان ایگزیکٹو ڈائریکٹر	شیئرز کی خریداری	575
جناب شائین امین	چیف ایگزیکٹو آفیسر	شیئرز کی منتقلی	575
جناب کلے سیکانڈا*	نان ایگزیکٹو ڈائریکٹر	شیئرز کی خریداری	575

* 20 مارچ 2017 کو مستعفی ہو گئے۔

(۱۲) سال کے دوران میں ایک ڈائریکٹر نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس سے ڈائریکٹر ایجوکیشن کا سرٹیفکیٹ حاصل کیا۔ مالی سال کے اختتام پر 8 مئی سے 4 ڈائریکٹرز نے ڈائریکٹر ٹریننگ پروگرام کے تحت سرٹیفکیٹ حاصل کیا جو کارپوریٹ گورننس کے کوڈ کے مطابق ضروری ہے۔

(۱۳) سال کے دوران میں بورڈ آف ڈائریکٹرز کی 6 میٹنگ، آڈٹ کمیٹی کی 7 میٹنگ اور ایگزیکٹو کمیٹی کی 2 میٹنگ ہوئیں۔ جو ڈائریکٹر میٹنگ میں شرکت نہ کر سکے انہوں نے مستقل طور پر کمپنی کی ترقی اور بورڈ کی کارروائیوں سے آگاہی حاصل کرتے رہے۔

بورڈ آف ڈائریکٹرز کے اجلاس:

بورڈ آف ڈائریکٹرز کے اجلاسوں میں حاضری درج ذیل رہی:

ڈائریکٹر کا نام	اجلاسوں میں حاضری	ڈائریکٹر کا نام	اجلاسوں میں حاضری
جناب خالد عزیز مرزا (1)	5	جناب شاہد عثمان	6
مس ٹرس گھلو (2)	1	جناب ہڈیا کی یو کو ہاما (غیر متقامی)	6
جناب شعیب میر (3)	2	جناب ہیروشی نیشیو (غیر متقامی)	5
جناب کلے سیکانڈا (4) (غیر متقامی)	3	جناب ہاروکازو دایا گویچی (غیر متقامی)	-
جناب شائین امین	6		
جناب کی یوکازو دایا گویچی (5) (غیر متقامی)	2		
جناب نوید کامران بلوچ (6)	-		

(1) تقرری بحیثیت چیئر مین بتاریخ 29 ستمبر 2016

(2) بحیثیت ڈائریکٹر مستعفی بتاریخ 29 ستمبر 2016

(3) بحیثیت ڈائریکٹر تقرری بتاریخ 29 ستمبر 2016 اور بحیثیت ڈائریکٹر مستعفی بتاریخ 15 مئی 2017

(4) بحیثیت ڈائریکٹر مستعفی بتاریخ 20 مارچ 2017

(5) بحیثیت ڈائریکٹر تقرری بتاریخ 20 مارچ 2017

(6) بحیثیت ڈائریکٹر تقرری بتاریخ 2 جون 2017

جو ڈائریکٹر صاحبان بورڈ کے اجلاسوں میں حاضر نہ ہو سکے ان کی جگہ کی درخواست منظور کر لی گئی۔

آڈٹ کمیٹی کے اجلاس:

ڈائریکٹر کا نام	اجلاسوں میں حاضری	ڈائریکٹر کا نام	اجلاسوں میں حاضری
جناب شاہد عثمان	7	جناب ہڈیا کی یو کو ہاما (غیر متقامی)	6
جناب کلے سیکانڈا (1) (غیر متقامی)	3	جناب کی یوکازو دایا گویچی (2) (غیر متقامی)	1

(1) بحیثیت ممبر مستعفی بتاریخ 20 مارچ 2017

(2) بحیثیت ممبر تقرری بتاریخ 25 اپریل 2017

کمپنی اپنے ہائیکرو فنانس کے پروگرام کے تحت دیہی علاقوں میں کم آمدنی والے افراد کو چھوٹے قرضہ جات فراہم کرتی ہے جن میں خاص طور پر کاروبار کرنے والی خواتین کو ترجیح دی جاتی ہے۔ یہ پروگرام 12 ہائیکرو فنانس شاخوں کے ذریعے چلایا جاتا ہے جن میں سے دو شاخوں کا افتتاح موجودہ مالی سال میں ہوا ہے۔ اس پروگرام کی ابتدا سے اب تک کمپنی نے 180,000 سے زیادہ مستحق افراد کو قرضہ جات فراہم کئے ہیں۔

افراد:

کمپنی اپنے عملے کی قدر کرتی ہے اور ان کو قیمتی اجناس بھیجتی ہے کیونکہ وہ اس کی کل کی اور آج کی کامیابیوں کا ذریعہ ہیں اور مستقبل کی کامیابیوں کیلئے لازمی تیز ہیں۔ عملے کی حوصلہ افزائی اور ان کی ترقی، پورڈ اور انتظامیہ دونوں کے بنیادی مقاصد میں شامل ہے۔ ان کی صلاحیتوں اور بہتر کوکھارنے کیلئے کمپنی اندرونی تربیتی پروگرام کے انعقاد کرتی ہے جس میں معلومات پر مبنی اجلاس اور دوسری سرگرمیاں شامل ہیں۔ اس کے علاوہ ان میں پیشہ ورانہ اور ٹیکنیکل مہارت کو اجاگر کرنے کیلئے بیرونی تربیتی پروگرام بھی ہوتے ہیں جن میں ان کی بھرپور شرکت کی حوصلہ افزائی کی جاتی ہے۔

کمپنی کی بنیادی اقدار مرکز ملکیت، جدت اور ٹیم ورک ہے جن کو ملا کر ایسا کلچر تخلیق ہوتا ہے جس میں کارکن کام کو اپنائیت کے ساتھ کرتے ہیں اور اس میں اپنی پوری صلاحیت اور لگن سے کام لیتے ہیں۔

پورڈ کمپنی کے ٹیم ممبرز کے خلوص اور محنت کا معترف ہے جو وہ کمپنی کے کاروبار کے فروغ اور اس کی کارکردگی کو خوب سے خوب تر بنانے میں کوشاں رہتے ہیں۔

کاروباری اخلاقیات:

کمپنی کی حکمت عملی کاروبار کو ایمانداری، دیانتداری، قانونی اور اخلاقی معیار کے مطابق چلانا ہے۔ یہی کمپنی کا بنیادی اقدار ہے۔

کمپنی کے ضابطہ اخلاق اور اخلاقیات کی پالیسی میں اور بیکس کی بنیادی اقدار شامل ہیں اور ان پر عمل پیرا رہنا تمام افراد کیلئے لازمی ہے۔ یہ ضابطہ کمپنی کے تمام کاروباروں اور کاروبار سے متعلق افراد پر لاگو ہے۔ ان معیارات کی پابندی کرنا صرف اسٹاف ممبرز پر فرض نہیں ہے بلکہ یہ اعلیٰ انتظامیہ اور پورڈ آف ڈائریکٹرز پر بھی لازم ہے۔ کمپنی کے ہر ملازمین کے لئے لازمی ہے کہ وہ اس ضابطے کو اچھی طرح سمجھے اور اس پر اور کمپنی کی دیگر پالیسیز پر پوری طرح عمل کرے اور اپنے فرائنض ان کے مطابق ادا کرے۔

کمپنی میں ہر طرح کی دھوکہ دہی اور بد عملی کے روئے کو قطعی برداشت نہیں کیا جاتا۔ ایٹنی فراڈ اور سول بلوٹنگ پالیسی تمام اسٹاف ممبرز کے رویوں اور عمل میں اس مقصد کے حصول میں مدد دیتی ہیں۔ تمام ملازمین پر لازمی ہے کہ وہ ہر طرح کی بد عنوانی کے خلاف کام کریں۔

ایوارڈز اور اعزاز:

کمپنی نے فروری 2017 میں بیجنٹ ایسوسی ایٹس آف پاکستان (ایم اے پی) کے 32 ویں کارپوریٹ ایکسیلسنس ایوارڈز میں مسلسل دوسرے سال لیڈنگ ایجنڈ مضماریہ کیلگری کا ایوارڈ حاصل کیا۔ ایم اے پی کارپوریٹ ایکسیلسنس ایوارڈ غیر معمولی کارکردگی کا مظاہرہ کرنے والی کمپنیوں کے اعتراف اور اعزاز میں دیا جاتا ہے۔ کمپنی نے آج تک ایم اے پی سے پانچ ایوارڈز اور پانچ سرٹیفیکیشن برائے کارپوریٹ ایکسیلسنس حاصل کئے ہیں۔

مستقبل کا منظر نامہ:

جیسا کہ چہرے میں کی رپورٹ میں بتایا گیا ہے، ہی پیک سے ٹیکرو اکنامک کے مثبت اشارے ملتے ہیں جن سے ایس ایم ای کے شعبہ اور اس کے ساتھ لیڈنگ کی صنعت، خصوصی طور پر ٹرانسپورٹیشن، تعمیرات اور اسٹیل کیلئے ترقی کی راہیں کھلیں گی۔ ان مواقع سے فائدہ اٹھانے کیلئے کمپنی نے اپنی اندرونی تیاریاں مکمل کر لی ہیں اور مستقبل کی خطرات کی موجودگی کے باوجود ہمیں اچھے نتائج برآمد ہونے کی توقع ہے۔ کمپنی کی ماضی میں کامیابیوں کا حصول اس کی امتیازی خصوصیت کی بنا پر ممکن ہوا جس میں مارکیٹ میں نئی راہیں دریافت کرنے کی اہلیت جن کو وہ مکمل طور پر سمجھتی ہے اور کمپنی اپنے وسیع تجربہ، معلومات اور بنیادی مسابقتی امتیاز کے ساتھ کسی غیر ضروری رسک کے بغیر روانی اور آگہی کے ساتھ ترقی کی منزلوں کی جانب رواں دواں ہے۔

ڈائریکٹرز کا ڈکلیئریشن:

- (1) اور بیکس کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارہ ہمیں کمپنی کے معاملات، آپریشنز کے نتائج، رقومات کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف طور پر پیش کیا گیا ہے۔
- (2) کمپنی کے حسابات کیلئے کھاتوں کو درست طور پر مرتب کیا گیا ہے۔
- (3) مالیاتی گوشوارہ کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پر استعمال کیا گیا ہے اور حسابات کے تخمینے کے سلسلے میں مناسب ترین اور دانشدہانہ فیصلے کئے گئے ہیں۔
- (4) مالیاتی گوشوارہ، پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بنیاد پر تیار کئے گئے ہیں اور کسی جگہ ان سے انحراف کو مناسب طور پر ظاہر کیا گیا ہے اور واضح کیا گیا ہے۔
- (5) اندرونی کنٹرول کے نظام کی تشکیل نہایت مضبوط ہے اور اس کا نفاذ اور نگرانی موثر طور پر کی جا رہی ہے۔
- (6) موجودہ حیثیت میں کام جاری رکھنے کیلئے کمپنی کی اہلیت میں کوئی شک و شبہ نہیں ہے۔
- (7) اختتام سال 30 جون 2017 میں کمپنی کے انتظامی نتائج میں کسی انحراف کی تفصیلات ڈائریکٹرز کی رپورٹ میں درج ہیں۔
- (8) گزشتہ 6 سال کی بنیادی آپریٹنگ اور مالیاتی معلومات اس رپورٹ کے صفحہ نمبر 74-75 پر مختصر آدرج ہیں۔
- (9) 30 جون 2017 کو ڈیویڈنڈ، محصولات اور چارجز کی مد میں کوئی واجب الادا رقم نہیں ہے ہوائے اس کے جو مالیاتی گوشوارہ میں درج ہیں۔
- (10) تسلیم شدہ پراویڈنٹ فنڈ کی سرمایہ کاری کی قدر برطانیہ 30 جون 2017 کو 370 ملین روپے (غیر آڈٹ شدہ) ہے اور 30 جون 2016 کو 352.2 ملین روپے (آڈٹ شدہ) تھی۔ کمپنی کے تسلیم شدہ گریجویٹ فنڈ کی سرمایہ کاری کی قدر برطانیہ 30 جون 2017 کو 153.7 ملین روپے (غیر آڈٹ شدہ) تھی اور 30 جون 2016 کو 151.9 ملین روپے (آڈٹ شدہ) تھی۔

پر کوئی کھلا کرنسی رسک نہیں یعنی اور غیر ملکی کرنسی میں قرضہ کے حصول میں کرنسی کے رسک کو محدود کرنے کیلئے کرنسی کے تبادلے کا طریقہ اختیار کرتی ہے۔

آپریشنل رسک:

آپریشنل رسک اس نقصان کا رسک ہے جو کسی اندرونی طریقہ کار، فرد اور نظام کے نامناسب ہونے یا ناکام ہونے کے نتیجے میں ہوتا ہے یا پھر کسی بیرونی واقعہ سے ہوتا ہے چاہے وہ جان بوجھ کر ہو، حادثاتی طور پر ہو یا قدرتی طور پر واقع ہو، اور اس میں مقامی قوانین و ضوابط پر عمل نہ کرنے میں بھی یہ رسک موجود ہوتا ہے۔ اس کے کچھ نام پر نمایاں اثر پڑتا ہے کیونکہ جب کنٹرول ناکام ہو جائے، اس طرح کے آپریشنل رسک کمپنی کی سادھ کو بھی نقصان پہنچاتا ہے اور ان میں قانونی یا ضابطہ کا پہلو بھی آجاتا ہے اور جو مالی نقصان کا سبب ہوتا ہے۔

کمپنی نظام کی خرابی سے تحفظ کیلئے اندرونی کنٹرول کا جائزہ لے کر اور اس کو مضبوط بنا کر آپریشنل رسک کو کم سے کم کرتی ہے۔ اس کے علاوہ کمپنی کے ضابطہ اخلاق کے بارے میں باقاعدہ تربیت اور اور اعادہ کا سلسلہ بھی جاری رہتا ہے۔ اسی طرح ہجو کہ دی اور غیر اخلاقی عمل کی روک تھام کیلئے ایٹنی فراڈ پالیسی بھی بنائی گئی ہے۔ آئی ٹی کے آزادانہ جائزے اور ڈیٹا میں سیکورٹی کے ذریعہ معلومات کی رازداری کو برقرار رکھا جاتا ہے اور مقرر کردہ پالیسی اور طریقہ کار پر عمل درآمد کے پھر کو فروغ دیا جاتا ہے جس کی اندرونی آڈٹ کے ذریعہ باقاعدگی سے موقع پر چیلنج کی جاتی ہے اور عمل درآمد کے ذریعہ اس بات کو یقینی بنایا جاتا ہے کہ ان اصولوں سے کوئی انحراف نہیں ہو رہا۔

اندرونی کنٹرول اور عمل درآمد کا نظام:

اختیارات کی حدود، پالیسی اور طریقہ کار کا جائزہ اور منظوری ایک جاری عمل ہے جو اس بات کو یقینی بناتا ہے کہ کمپنی میں ایک ٹھوس اور مربوط اندرونی کنٹرول کا نظام موجود ہے۔

اندرونی آڈٹ ڈپارٹمنٹ مناسب ترین وسائل اور خود مختار حیثیت کا حامل ہے جو براہ راست بورڈ کی آڈٹ کمیٹی کو رپورٹ پیش کرتا ہے اور پالیسی اور طریقہ کار پر عمل درآمد کو یقینی بناتا ہے۔ وہ پورے سال ایک کڑے آڈٹ پلان کے ذریعہ نہ صرف کمزوریوں کو واضح کرتا ہے بلکہ یہ ڈپارٹمنٹ اس بات کو بھی یقینی بناتا ہے کہ ان خامیوں کا مناسب طریقے سے تدارک کر دیا گیا ہے اور ان کو درست کر دیا گیا ہے۔ اندرونی آڈٹ تحقیق میں مصروف رہنے کے علاوہ رسک کے ان مقامات کی نشاندہی کرنے میں بھی اہم کردار ادا کرتا ہے جو اندرونی کنٹرول کو ختم کرنے کا باعث ہو سکتے ہیں۔

ایک آزادانہ عمل درآمد کا طریقہ، جس سے براہ راست آڈٹ کمیٹی کو رپورٹ کی جاتی ہے، جو عمل درآمد کی نگرانی اور اس کی جانچ کرتا ہے اور کاروبار پر لاگو قوانین اور اصولوں کے اثرات کا جائزہ پیش کرتا ہے۔ یہ اندرونی اور بیرونی پالیسی اور طریقہ کار پر عمل درآمد کی جانچ کرتا ہے جس میں ان کی پابندی کرنے، نگرانی اور رپورٹ کرنے کا کام بھی شامل ہے۔

ضابطوں میں کسی تبدیلی کی بھی نگرانی باقاعدگی سے کی جاتی ہے تاکہ اندرونی پالیسی اور طریقہ کار کو ضابطوں کی تازہ ترین شرائط کی پابندی کو یقینی بنایا جاسکے۔

فنڈز کی فراہمی اور سیالیت:

زیادہ نقد بہاؤ کے پیدا ہونے سے مجموعی قرضہ جات میں کمی آئی اور اس کا حجم 2016 میں 20.8 بلین روپے سے کم ہو کر 2017 میں 19.4 بلین روپے ہو گیا۔ اس سلسلے میں آگے بڑھنے کی شرح بھی 5.4 سے 4.6 ہو گئی۔ کمپنی نے ایک ٹھوس فنڈنگ کا استخراج ترتیب دیا ہے۔ 19 مایائی اداروں کے طویل اور قلیل مدت کی سہولتوں پر مشتمل ہے۔ 30 جون 2017 کو مالیاتی اداروں سے حاصل کردہ کل قرضہ جات کی رقم 13.34 بلین روپے تھی 11.04 (2016: بلین روپے) جس میں 80% سے زائد قرضہ جات طویل مدت کے تھے۔ جس سے اثاثوں اور واجبات کے درمیان عدم یکسانیت کا رسک کم رہا۔ مزید یہ کہ غیر استعمال شدہ سہولتیں موجود ہیں جو کسی ان دیکھی فنڈنگ کیلئے کام آسکتی ہیں۔ کمپنی کے شیکڈ آف ڈپازٹ پورٹ فولیو کی رقم 6.03 بلین روپے ہے (2016: 9.76 بلین روپے) یہ مجموعی قرضہ کا 31% ہے۔ شیکڈ آف ڈپازٹ پورٹ فولیو میں کی ایک سبب سرشیکڈ آف ڈپازٹ کے ایسی سی ایل ایل سے حصول کے بعد تکمیل مدت تھا۔

جیسا کہ پہلے اس رپورٹ میں بیان کیا گیا ہے کہ ٹھوس مالیاتی کارکردگی کی بناء پر سال کے دوران میں کمپنی بڑے فنانسیرز کے ساتھ ریش پر دو بارہ گفت و شنید کرنے میں کامیاب ہوئی جس سے نہ صرف قرضے کی لاگت میں کمی آئی بلکہ مزید چھت سے مستقبل کے نتائج پر بھی اثر پڑے گا۔ شیکڈ آف ڈپازٹ پر ریش میں کمی، ملک میں مارکیٹ ریٹ کرنے کی مطابقت سے ہونے پر قرضے کی لاگت میں مزید کمی ہونے میں مدد ملے گی۔ سال کے اختتام کے بعد اگست 2017 میں کمپنی نے اپنے اعلان کردہ رینس ایجوڈی سمسکریشن کے ذریعہ تقریباً 2 بلین روپے وصول کئے۔ یہ اضافی رقم اگلے مالی سال میں کمپنی کی مالی حیثیت کو مزید تقویت دے گی۔

کارپوریٹ گورننس:

کمپنی نے ایک اندرونی کنٹرول فریم ورک کے ذریعے اعلیٰ معیار کے کارپوریٹ گورننس کا نظام قائم رکھا ہے۔ اس فریم ورک میں واضح ڈھانچے، اختیارات کی حدود اور احتساب کا عمل شامل ہے۔ کمپنی کو قانونی طریقہ کار کے مطابق عمل کرنے پر فخر ہے جس میں کمپنیز ایکٹ 2017، نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینٹی ٹریڈ ریگولیشنز 2008، سٹاک ایکسچینج اور میٹورنڈم اور آرٹیکلز آف ایسوسی ایشن آف کمپنیز شامل ہیں۔

شفافیت، مصفاہ طریقہ عمل اور احتساب کو یقینی بنانے کیلئے ایک خود مختار ڈائریکٹوریٹ اور بورڈ کا چیئر مین مقرر کیا ہے اور آڈٹ کمیٹی کا چیئر مین بھی ایک خود مختار ڈائریکٹر ہے۔ کمپنی کی انتظامیہ کمپنی سینئر عہدیداران پر مشتمل ہے جو بورڈ کی رہنمائی میں کمپنی کی حکمت عملی کا رخ، کاروباری منصوبہ بندی اور رسک مینجمنٹ کے امور طے کرتے ہیں۔

ایک ذمہ دار منظم ادارے کی حیثیت سے کمپنی ایسے اقدامات اٹھاتی ہے جن سے اپنے کارپوریٹ صارفین کو ماحولیاتی اور سماجی ذمہ داریوں کی بنیادی شرائط پر عمل پیرا بننے کو یقینی بنایا جاسکے۔

اجتماعی سماجی ذمہ داری:

کمپنی اس حقیقت سے بخوبی آگاہ ہے کہ وہ معاشرے کے ان افراد کی دیکھ بھال اور مدد کی ذمہ دار ہے جس میں وہ کاروبار کر رہی ہے۔ اس مقصد کی خاطر کمپنی ان فلاحی اداروں کے ساتھ تعاون کرتی ہے اور مل کر کام کرتی ہے جو بے غرضی کے ساتھ صحت، تعلیم اور غربت کے خاتمے کیلئے کم عمر امداد یا فائدہ طبعی کی خدمات انجام دے رہے ہیں۔ ان اداروں کی قانونی حیثیت اور انسانیہ کی خدمات کے بارے میں کڑی چھان بین کرنے اور ثبوت حاصل کرنے کے بعد ان کی مالی امداد کی جاتی ہے۔ اس میں مذہب، ذات پات یا جنس کی تفریق نہیں کی جاتی۔

اس سال ٹیکس کی مد میں 316.8 ملین روپے کی بڑی رقم مختص کی گئی (2016: 216.7 ملین روپے) جس میں 35 ملین روپے کا سپر ٹیکس شامل کیا گیا تھا جس کے بارے میں توقع تھی کہ یہ صرف ایک مرتبہ 2016 میں لاگو ہوگا، تاہم اسے 2017 میں بھی شامل کر لیا گیا۔
درج بالا کی وجہ سے بعد از ٹیکس منافع %11.0 اضافہ کے ساتھ 841.2 ملین روپے ہوا (2016: 759.9 ملین روپے)۔

رسک مینجمنٹ:

کمپنی کی تمام سرگرمیوں میں رسک کا عنصر شامل ہے۔ رسک مینجمنٹ کے طریقہ کار کی تشکیل بورڈ آف ڈائریکٹرز کی ذمہ داری ہے جو کمپنی کی رسک مینجمنٹ کی پالیسیوں کے جائزے، منظوری دینے اور اس کی نگرانی میں فعال کردار ادا کرتے ہیں۔ اور اس بات کو یقینی بناتے ہیں کہ رسک کی مینجمنٹ کے لئے ایک مضبوط اور مرتب اندرونی کنٹرول سسٹم درست طور پر کام کر رہا ہے۔ ایک اندرونی خود مختار آڈٹ اس نظام کی جانچ کرتا ہے اور اس پر عمل درآمد کی رپورٹ آڈٹ کمیٹی کو دیتا ہے۔ اس سے کمپنی کی پالیسیوں اور طریقہ کار کو بہتر بنانے اور رسک کے بہتر انتظامات کیلئے قابل قدر معلومات حاصل ہوتی ہیں۔ اس کے علاوہ ایک اندرونی آڈٹ پلان بھی کمپنی کی حکمت عملی کے انداز اور رسک کا باقاعدہ جائزہ لیتا ہے جو کمپنی کے اہداف کے حصول کیلئے لازمی اور اہم ہے۔

رسک کی مینجمنٹ اور کنٹرول کمپنی کی سطح پر ایک مستقل جاری نظام ہے اور اس مقصد کیلئے ایک رسک مینجمنٹ ڈپارٹمنٹ قائم کیا گیا ہے۔ اس کے برعکس ذمہ داری ہے کہ وہ اپنے متعلقہ ایریا میں رسک کی نشاندہی، اس کیلئے اقدامات اور انتظامات کرے اور اس پر کنٹرول کرنے اور ان کے خاتمے کیلئے ان اقدامات پر عمل درآمد کرے۔
کمپنی کے لئے بڑے رسک مختصر طور پر درج ذیل ہیں:

کریڈٹ رسک مینجمنٹ:

کریڈٹ رسک کا مطلب ہے کہ شریک پارٹی وقت پر اپنی مالی ذمہ داری پوری کرنے میں ناکام ہو جائے جب وہ واجب الادا ہوں۔ کمپنی کے کاروبار کی بنیاد ہی رسک پر مبنی ہے اور یہ رسک کی مقدار بورڈ کے لئے قابل قبول ہونا چاہیے۔ اس سلسلے میں رسک کی حد مقرر کی جاتی ہے جس کیلئے کمپنی صارف کی حیثیت، صنعت کی اہلیت اور اثاثہ جات کی نوعیت کو مد نظر رکھتی ہے۔ اور وہ مستقل طور پر ان حدود کی نگرانی کرتی ہے۔ کریڈٹ پالیسی بورڈ سے منظور شدہ دستاویز ہوتی ہے جس میں کریڈٹ کی فراہمی کیلئے صارف کی اہلیت کی رہنما ہدایات درج ہوتی ہیں بورڈ آف ڈائریکٹرز نے کریڈٹ کی منظوری کے انتھارٹی کی حدود قائم کی ہیں جس میں سینئر عہدیداران اور تجربہ کی بنیاد پر سینئر ایگزیکٹوز اور کمپنی کی کریڈٹ کمیٹی کی منظوری کے اختیار کی حدود شامل ہیں۔ کریڈٹ کی منظوری کیلئے ہر سطح پر سخت جانچ کے نظام کی بیرونی کی جاتی ہے اور انتہائی محتاط معیار کے ساتھ کریڈٹ کی شفافیت قائم رکھی جاتی ہے تاکہ اثاثہ کے پورٹ فولیو میں اس معیار کو قائم رکھا جائے۔

رسک مینجمنٹ ڈپارٹمنٹ کریڈٹ پالیسیوں کی پابندی کی نگرانی کرتا ہے جو کمپنیوں کے کریڈٹ رسک کی جانچ کا ذمہ دار ہے اور آواز اور زیادہ طور پر صارف کی کریڈٹ کی اہلیت کا تجزیہ کرتا ہے۔ کریڈٹ کی رہنما ہدایات کا باقاعدگی کے ساتھ جائزہ لیا جاتا ہے اور کاروبار اور مارکیٹ کے انداز کے لحاظ سے اس میں ترمیم کی جاتی ہے۔
چھوٹے اور اوسط درجے کے شعبوں پر توجہ کے باعث کمپنی کا کریڈٹ رسک مختلف النوع کا ہے جس میں کئی طرح کے شعبہ جات کے صارفین بڑی تعداد میں شامل ہیں۔ کسی بھی ایک پارٹی کمپنی کی ایکویٹی کے %5 سے زیادہ اور ایک کاروباری شعبے کیلئے %25 سے زیادہ نہیں دیا جاتا۔

سیالیٹ رسک مینجمنٹ:

سیالیٹ کا رسک وہ رسک ہے جس میں کمپنی مقررہ وقت پر اپنی مالی ذمہ داری پوری کرنے کے قابل نہ رہے یا وہ اپنے مالیاتی وعدے پورے کرنے کیلئے درکار فنڈز حاصل نہ کر سکی ہو۔ کمپنی کی سیالیٹ کی مینجمنٹ کا ایک ٹھوس نظام ہے جو ایسیٹ لائیبیلیٹی مینجمنٹ کمیٹی کے تحت کام کرتا ہے۔ تاہم مجموعی طور پر بورڈ سیالیٹ کی مینجمنٹ کیلئے پالیسی کی منظوری دیتا ہے اور پھر یہ کمپنی کی ذمہ داری ہے کہ وہ مقرر کردہ حدود میں نقد بہاؤ اور تامل مدت میں کسی بھی بدانتظامی کی صورت میں اس کا سدباب کرے۔
نقد بہاؤ کا انتظام طویل مدت اور قلیل مدت کی فنڈنگ کے مناسب امتزاج سے کیا جاتا ہے جو متعلقہ مالیاتی اثاثہ جات کی تکمیل مدت کے لحاظ سے ہوتا ہے۔ نقد بہاؤ کے مستقبل کی صورتحال کی باقاعدگی سے نگرانی کی جاتی ہے اور اس کے حجم کو چیک کرنے کیلئے ہاؤ کے نیٹس کئے جاتے ہیں۔ فنڈز کے ذرائع مختلف نوعیت کے ہوتے ہیں اور کسی ان دیکھی صورتحال سے مقابلے کیلئے مالیاتی اداروں کے ساتھ مناسب حد تک قرضہ کے عہد کئے جاتے ہیں۔ کمپنی کے ڈپازٹ حاصل کرنے والے ادارے کی حیثیت سے قانونی طور پر سیالیٹ کی شرائط کی روزانہ کی بنیاد پر نگرانی کرتا ہے اور اس بات کو یقینی بنایا جاتا ہے کہ سیالیٹ سیکورٹی کو ہمیشہ قانونی تقاضوں کے مطابق مناسب سطح تک رکھا جائے۔

مارکیٹ رسک مینجمنٹ:

مارکیٹ رسک وہ ہے کہ شرح سود یا زر مبادلہ کی شرح کے متحرک ہونے سے مارکیٹ کے حساس اثاثہ کی قدر میں اتار چڑھاؤ کی کیفیت پیدا ہو جائے۔ کمپنی کا شرح سود کا رسک کا تعلق غیر مستقل شرح سود یا ایسے مالیاتی اثاثہ جات سے ہے جن پر غیر مستقل شرح سود موجود ہو۔ کمپنی اس رسک کو محدود کرنے کیلئے مارکیٹ میں شرح سود کی تبدیلیوں کی نگرانی کرتی ہے اور اس کے سدباب کے لئے ایک مناسب شرح قائم کرتی ہے جو مارکیٹ کے شرح سود میں معمولی سے اتار چڑھاؤ کی صورت میں سہارا فراہم کرتا ہے۔ کمپنی لیز کے سود کی شرح مستقل یا غیر مستقل قرضہ جات کی قرضہ سود کو مستقل رکھتی ہے جو مالیاتی ذمہ داریوں کے مساوی ہوں اور غیر یکسانیت کو بھی قابل قبول حد تک برقرار رکھتی ہے۔

کمپنی غیر ملکی کرنسی میں قرضہ لینے اور ان سمنڈر پارایمیٹریکس میں سرمایہ کاری کرنے جو پاکستانی کرنسی کے علاوہ دوسری کرنسی میں کاروبار کرتے ہیں، اس میں غیر ملکی کرنسی کا رسک شامل ہوتا ہے۔ پالیسی کے مطابق کمپنی قرضہ جات

مالیاتی کارکردگی:

کمپنی نے لگاتار اس چوتھے سال میں اپنی گزشتہ کامیابیوں سے بڑھ کر کارکردگی کا مظاہرہ کیا اور اب تک کا سب سے زیادہ بعد از ٹیکس منافع 841.2 ملین روپے حاصل کیا جس کے نتیجے میں فی شیئر آمدنی 10.25 (2016: 9.10 روپے) سے گزشتہ سال کی 746.99 ملین روپے کی آمدنی سے 12.6% زیادہ ہے۔

آمدنی:

موجودہ سال میں مجموعی آمدنی، 2016 کی 4.07 بلین روپے کی آمدنی سے 1% کم یعنی 4.03 بلین روپے ہوئی۔ جبکہ بنیادی کاروباری سرگرمیوں سے حاصل شدہ آمدنی 2% اضافہ کے ساتھ 3.43 بلین روپے رہی (2016: 3.37 بلین روپے) جب کہ دوسری سرگرمیوں (ایسوسی ایٹس میں سرمایہ کاری اور دیگر آمدنیوں) سے حاصل ہونے والی کل آمدنی 15% کے ساتھ 596.6 ملین روپے ہوئی (2016: 704.7 ملین روپے)۔ اس کی بڑی وجہ گزشتہ سال میں اسٹینڈرڈ چارٹرڈ بینک لمیٹڈ (ایس بی ایل ایل) کا کمپنی کے ساتھ اور اس میں ضم ہونے کے سلسلے میں ہونے والا فائدہ تھا۔ کاروباری آمدنیوں میں ہونے والی فنانس لیز کو 70% حصہ کے ساتھ دوسروں پر برتری حاصل رہی اور اسے ہماری بنیادی پروڈکٹ کی حیثیت بھی حاصل رہی جس کی کل آمدنی 2.42 بلین روپے ہوئی جو گزشتہ سال سے 4% زیادہ ہے (2016: 2.32 بلین روپے)۔

ٹیکوں کے ایس ایم ای کے شعبہ میں سخت مقابلے کے تحت شرح پر دباؤ اور لیز پورٹ فولیو میں 1% کی معمولی کمی، یعنی 26.15 بلین روپے (2016: 26.27 بلین روپے) کے باوجود یہ کامیابی حاصل ہوئی۔ گزشتہ سال کے آخر میں ایس بی ایل ایل کے ضم ہونے سے لیز کے پورٹ فولیو میں بعض لیزز کا اضافہ ہوا۔ ایس بی ایل ایل کے لیز پورٹ فولیو کو شامل کئے بغیر موجودہ مالی سال میں کمپنی کے پورٹ فولیو میں 6% اضافہ ہوا۔ آپریٹنگ لیز اور اجارہ فنانس کے شعبہ کی آمدنی 11% کم ہو کر 474.2 ملین روپے ہوئی (2016: 534.4 ملین روپے) اس کی بڑی وجہ ملک کے شمالی علاقہ جات میں گیس کی فراہمی میں کمی سے کرائے کے گیس جنریٹرز کی مانگ کم ہوئی اور ان کے لینن میں کمی بھی کی آئی۔ اس کے نتیجے میں آپریٹنگ لیز سے 376 ملین روپے کی آمدنی ہوئی (2016: 396 ملین روپے)۔ اس کے علاوہ کمپنی کے اجارہ فنانس کے پورٹ فولیو میں کمی بھی کی آئی جس سے اس کی متعلقہ آمدنی پر اثر پڑا۔

قرضہ جات اور فنانسز کے پورٹ فولیو گزشتہ سال کے مقابلے میں 8% اضافہ کے ساتھ 3.98 بلین روپے رہے (2016: 3.56 بلین روپے) جب کہ اس کے ساتھ دوسرے پورٹ فولیوز سے حاصل ہونے والی آمدنی 7% اضافہ کے ساتھ 543.1 ملین روپے رہی۔ (2016: 506.9 ملین روپے) یہ اضافہ شرح میں کمی کے رجحان کے باوجود گاہکوں کی فنانس کے نئے کاروبار میں 14% اضافہ کی بناء پر حاصل ہوا۔ گزشتہ سال دیگر آمدنی کی مد میں ایس بی ایل ایل کے کمپنی کے ساتھ اور اس میں ضم ہونے کے سلسلے میں خریداری کے معاملے میں گفت و شنید سے ایک مرتبہ حاصل ہونے والا 204.7 ملین روپے کے منافع کی رقم شامل تھی۔ اسی بناء پر دیگر ذرائع سے 367.5 ملین روپے کی آمدنی حاصل ہوئی جو گزشتہ سال کی آمدنی 470.5 ملین روپے کی آمدنی سے 22% کم ہے۔

جیسا کہ پہلے بیان کیا گیا تھا، کمپنی نے گرتی ہوئی قیمتوں نے مشرق وسطیٰ اور شمالی افریقہ ریجن میں موجود ایسوسی ایٹڈ کمپنیوں کو بری طرح متاثر کیا، سوائے او مان اور کیس کے، جس کے منافع میں گزشتہ سال کے مقابلے میں 12% اضافہ ہوا جب کہ اور کیس لیزنگ مصر اور سعودی اور کیس کے منافع کم رہے۔ اس کے نتیجے میں ان کمپنیوں سے حاصل ہونے والا کل منافع 2% کی کمی کے ساتھ 229.1 ملین روپے ہوا (2016: 234.2 ملین روپے) کمپنی نے الجھل اور کیس، متحدہ عرب امارات کے ساتھ ایکویٹی کاؤٹنگ کا استعمال ختم کر دیا ہے کیونکہ اس کمپنی پر اور کیس لیزنگ پاکستان کا کنٹرول نمایاں طور پر ختم ہو گیا تھا۔ اس تشکیل نو کے وقت سرمایہ کاری کی قدر اور اس تاریخ پر موجود اس کی قدر کا تعین، نفع اور نقصان کے حسابات میں درج ہے۔

اخراجات:

لیز اور دیگر نقصانات کے پروویژن (Provision) کے علاوہ موجودہ سال میں 1% اضافہ کے ساتھ 2,954.6 ملین روپے کے اخراجات ہوئے (2016: 2,918.3 ملین روپے) قرضے کی لاگت پر 1,585.9 ملین روپے کی بچت کی گئی جو گزشتہ سال سے 5% کم ہے۔ (2016: 1,666.4 ملین روپے) جو قرضہ جات میں 8% کمی کے ساتھ 19.40 بلین روپے رہا (2016: 20.80 بلین روپے)۔ قرضہ جات میں کمی کا ایک حصہ ڈیزائٹ سٹریٹجی کے تکمیل مدت ہونے کے سبب سے تھا جو کہ مئی 2016 میں ایس بی ایل ایل کے ضم ہونے سے حاصل ہوئے تھے جو گزشتہ سال صرف ایک ماہ کیلئے قرضہ اور قرضہ کی لاگت سے عمل میں آیا۔ پورے مالیاتی سال میں کم شرح سودی صورتحال برقرار رہی اور کمپنی نے اپنی مستحکم مالی حیثیت کا فائدہ اٹھا کر اپنے قرضہ داروں کے ساتھ گفت و شنید کے بعد بہتر شرح حاصل کئے جس سے مارجن بہتر ہے۔ گزشتہ سال عملہ کے معاوضوں کی تشکیل نو سے انتظامی اور عام اخراجات میں 13% اضافہ ہوا جو موجودہ سال میں 966.3 ملین روپے ہوئے جب کہ 2016 میں یہ اخراجات 856.5 ملین روپے تھے۔ اس سال آپریٹنگ لیز پر دیگر بھال، بیمہ اور فرمودگی کیلئے براہ راست لاگت معمولی طور پر زیادہ رہی جو کہ 402.4 ملین روپے ہوئی جب کہ اس کے مقابلے میں گزشتہ سال یہ لاگت 395.4 ملین روپے تھی۔ اس کی بڑی وجہ جنریٹرز کی فرمودگی کے تخمینہ میں ردوبدل سے اضافی 52.6 ملین روپے کی اضافی لاگت آئی۔ دوسری جانب دیکھ بھال کی لاگت 151.1 ملین روپے رہی (2016: 172.7 ملین روپے) جو کہ آمدنی میں کمی کا سبب ہوئی۔ کمپنی نے گزشتہ سال لیز اور قرضہ جات کے نقصانات کی مد میں 215.1 ملین روپے کی رقم مختص کی تھی اور موجودہ سال میں مختص رقم 23.1 ملین روپے کم کئے۔ اس کی وجہ موجودہ سال میں طویل عرصہ کے واجبات کی وصولی پر پھر پونہ تھی جس کے نتیجے میں موجودہ سال میں چھوٹی لیزز کے پورٹ فولیو میں کمی آئی۔ اگرچہ کمپنی نہ صرف 90 دن یا اس سے زائد عرصہ کے تاخیری واجبات کیلئے پھر پور رقم مختص کرتی ہے جس میں اثاثے کی قدر شامل نہیں ہے، بلکہ زیر نظر واجبات کے لئے بھی رقم مختص کرتی ہے۔ مستقبل میں حسابات کے طریقوں میں متوقع ردوبدل کے پیش نظر کمپنی معروضی اور اعداد و شمار پر مبنی رقم مختص کرنے کی پالیسی تیار کر رہی ہے۔ اخراجات کے دیگر زمروں میں بھی مختص رقم 58.5 ملین روپے کم کئے گئے جو 2016 میں کم کی گئی رقم 39.7 ملین سے زیادہ ہے۔ موجودہ سال مختص رقم میں کمی کا بڑا حصہ ملازمین کے وفاقی ویلفیئر فنڈ کے ختم ہونے سے ملا جس کی ضرورت باقی نہیں تھی۔

متاقلے میں اس سال 5.7% اضافہ ریکارڈ کیا گیا۔ خدمات کے شعبہ میں 6% اضافہ ریکارڈ کیا گیا (2016: 5.5%) اور اسی طرح زراعت میں بہتری آئی اور گزشتہ سال کے 0.3% کے مقابلے میں اس سال 3.5% اضافہ ہوا۔ مالی سال 2018 میں چائنا پاکستان اکنامک کوریڈور (سی پیک) اور اس سے متعلق انفراسٹرکچر اور توانائی کے منصوبے ترقی کا بڑا ذریعہ ہوں گے۔

اس سال افراط زر کا پیمانہ رہا اور مالی سال 2017 میں CPI کی شرح 3.9% ریکارڈ کی گئی۔ اسٹیٹ بینک آف پاکستان کو توقع ہے کہ مالی سال 2018 میں یہ رجحان جاری رہے گا اور CPI افراط زر کی شرح 4.5% سے 5.5% کے درمیان رہنے کا امکان ہے بشمول افراط زر کے اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ 5.75% کی شرح پر برقرار رکھی ہے (جو گزشتہ چار دہائیوں میں سب سے کم ہے) جو کاروباری حلقوں اور سرمایہ کاروں کیلئے حوصلہ افزا ہے۔

اس سلسلے میں نجی شعبہ میں کریڈٹ کا بہاؤ گزشتہ سال کے 446 بلین روپے کے مقابلے میں بڑھ کر 748 بلین روپے ہو گیا۔

مالی سال 2017 میں کرنٹ اکاؤنٹ کا خسارہ 12.1 بلین یو ایس ڈالر تھا (2016: 2.5 بلین یو ایس ڈالر) جو معیشت کیلئے ایک قابل غور امر ہے۔ خسارے کا یہ رجحان ابھی برقرار ہے اور مالی سال 2018 کے پہلے مہینے میں یہ خسارہ 2 بلین یو ایس ڈالر ریکارڈ کیا گیا۔ اس سال برآمدات اور بیرون ملک سے کارکنوں کی ترسیل زمین میں کمی آئی جب کہ درآمدات میں اضافہ ہوا جو سی پیک اور اس سے علاوہ توانائی اور انفراسٹرکچر کے منصوبوں کیلئے مشینری اور آلات کی درآمد پر مشتمل تھا۔ حکومت کو توقع ہے کہ مالی سال 2018 میں مجموعی طور پر توازن ادا ایسٹی قابل انتظام کی حد میں رہے گا۔ مالی حسابات کے داخلی بہاؤ میں استواری کی امید اور برآمدات میں بہتری اس چیلنج کی بنیاد ہیں۔ تاہم مالی سال 2018 میں بیرونی حسابات کا استحکام اور محفوظ رقوم کے جمع ہونے کا اٹھارہ بجٹ کے مطابق دو طرفہ مالیاتی بہاؤ ہے۔

کاروبار کا جائزہ:

ثابت معاشی ماحول نے SME اور صارفین کے شعبہ کو متحرک کر دیا ہے کمرشل اور سیلون گاڑیوں کی طلب میں نمایاں اضافہ ہوا ہے۔ دوسری طرف کمرشل بینک جو حکومتی PIBs کی تکمیل مدت اور اسٹیٹ بینک آف پاکستان کی جانب سے SME میں سرمایہ کاری پر دیاؤ کے نتیجے میں اضافی سیالیت سے بھر پور ہیں، کمپنی کے بازار میں حصد داری کیلئے ایک خطرہ ہیں۔ اسلماک اور درمیانہ درجے کے کمرشل بینک کمپنی کے عملے اور ان کے ذریعہ صارفین کو بہتر سہولتوں کا لانچ و کریم ترسیل کا فائدہ دے رہے ہیں۔ یہ صورتحال کمپنی کے لئے بڑا چیلنج ہے۔

سخت مسابقتی ماحول کے باوجود کمپنی نے اپنے نئے کاروبار میں 3% اضافہ کیا اور 2016 کی 14,551 بلین روپے کے نئے کاروبار سے بڑھ کر موجودہ سال میں 15,008 بلین روپے کے نئے کاروبار کے اس مرتبہ سب سے زیادہ اضافہ ٹرانسپورٹ اور سیلون گاڑیوں کے کاروبار سے حاصل ہوا۔ گزشتہ سال کے رجحان کے مطابق کمپنی کے نئے کاروبار میں کمرشل اور سیلون گاڑیوں کا حصہ 80% رہا۔ خاص طور پر کمرشل گاڑیوں کا شعبہ گزشتہ چند سالوں سے کمپنی کی ترقی کا بنیادی عنصر ہے اور سی پیک کے باعث اس رجحان کے برقرار رہنے کی امید ہے۔

گلدز ٹرانسپورٹیشن کا شعبہ کمپنی کے موجودہ اعلیٰ معیار کے پورٹ فولیو کا 21% ہے۔ انفرامی حیثیت میں گاڑیوں کی لیز اور فنانسنگ دوسری سب سے بڑی کنگری ہے جو مجموعی پورٹ فولیو کا 17% حصہ ہے کیونکہ آٹو کی صنعت نہایت تیزی سے ترقی کر رہی ہے اور مقامی طور پر اس کی گنجائش میں مزید اضافہ کی توقع ہے۔ سال کے دوران میں کراچی، لاہور، بیگنورہ اور سکھر میں چار نجی شاخص قائم کی گئیں جو ہمارے کاروبار کی ترقی میں مدد دیں گی کیونکہ ان کے مثبت نتائج آتا شروع ہو گئے ہیں۔

سال کے بیشتر حصے میں آپریٹنگ لیز کے کاروبار میں کمی کارخانہ جاری رہا تاہم سال کے آخر میں صورتحال میں بہتری آئی جب بجلی کی قلت اور موسم گرما میں گیس کی فراہمی میں اضافہ کے سبب کرائے کے جزیرہ کی طلب بڑھ گئی۔ کمپنی اس شعبہ میں نئی راہیں تلاش کر رہی ہے جو آمدنی کا مضبوط ذریعہ ہوں۔

کمپنی کے مائیکروفنانس کے شعبہ میں نیا کاروبار گزشتہ سال کے مقابلے میں 16% کمی کے ساتھ 588 بلین روپے کا ہوا (2016: 705 بلین روپے) کیونکہ کمپنی نے شعوری طور پر آپریٹنگ کو یکجا کرنے، طریقہ کار کی کمزوریوں کو دور کرنے اور زیادہ مضبوط نظام میں سرمایہ کاری کرنے پر توجہ مرکوز رکھی جس سے مستقبل میں ترقی کی رفتار تیز ہو۔ سال کے دوران میں 16,548 صارفین نے انٹرنیٹ پر اپنا کھلے قرضہ جات، گروپ لینڈنگ اور لائیو اسٹاک کے لئے قرضہ جات کی صورت میں کمپنی کے مائیکرو لوز کا فائدہ اٹھا یا جب کہ گزشتہ سال 21,884 صارفین نے اس سہولت سے استفادہ حاصل کیا تھا۔ مائیکروفنانس ڈویژن نے علاقوں میں کاروباری سرگرمیوں میں اضافہ کیلئے مصروف عمل ہے اور اس مقصد کیلئے سال کے دوران میں مورخندہ اور شاہ پور میں نجی شاخص قائم کی گئیں۔

مشرقی وسطی اور شمالی افریقہ رجین میں معاشی انحطاط اور سیاسی افراتفری نے نئی ملکوں کے بیرون ملک ایسوسی ایشن کی کارکردگی کو بری طرح متاثر کیا ہے۔ تیل کی قیمتوں میں نمایاں کمی اور یمن کی جنگ نے سعودی عرب کی معیشت میں نہ صرف تیل کے بلکہ اس کے علاوہ دیگر شعبہ جات پر بھی منفی اثرات مرتب کئے ہیں۔ اسی طرح متحدہ عرب امارات بھی اس سے متاثر ہوا ہے خاص طور پر ایس ایم ای کا شعبہ۔ باؤ کا شکار رہا ہے۔ مصر کی کرنسی کی قدر میں 48% کی حد تک کمی آگئی جب مرکزی بینک نے معیشت کو مستحکم کرنے کی غرض سے کرنسی کو آزادانہ پھیلادیا جس کے نتیجے میں اوریکس لیزنگ مصر میں کمپنی کی سرمایہ کاری کی قدر میں نمایاں کمی آئی۔ اومان اور یکس واحد کمپنی تھی جس نے علاقے کے معاشی انحطاط کا مقابلہ کیا اور سال میں بہتر نتائج فراہم کئے۔

اوریکس مضاربہ نے 30 جون 2017 کو کمپنی کی ذیلی کمپنی کی حیثیت سے اپنا ایک سال مکمل کر لیا۔ اوریکس مضاربہ نے پہلے سال ہی چیلنج والے اور مشکل ماحول میں اچھی کارکردگی کا مظاہرہ کیا جس کے نتیجے میں انتہائی مسابقتی مارکیٹ میں منافع کا فرق کم سے کم رہا۔ سال میں اوریکس مضاربہ نے 128 بلین روپے کا منافع حاصل کیا (2016: 173 بلین روپے)۔ منافع میں کمی کی بنیادی وجہ گزشتہ سال غیر فعال اثاثہ جات کی نمایاں طور پر بازیابی اور اوریکس مضاربہ کو ایک خود مختار ادارہ کے طور پر قائم رکھنے کیلئے اضافی انتظامی اخراجات تھی۔ اوریکس مضاربہ نے سال کے دوران میں 3.3 بلین روپے سے زیادہ کا نیا کاروبار کیا (2016: 2.4 بلین روپے) اور اس کے مجموعی اثاثوں میں 5.9 بلین روپے کا اضافہ ہوا (2016: 5.3 بلین روپے)۔

مضاربہ نے 30 جون 2017 کو ختم ہونے والے سال کیلئے 27% ڈیویڈنڈ کا اعلان کیا (2016: 34%)۔

ڈائریکٹرز کی رپورٹ:

اوریکس لیزنگ پاکستان لمیٹڈ کے ڈائریکٹرز ہمسرت کمپنی کے 31 ویں سالانہ رپورٹ مع غیر اشتهال شدہ مالیاتی گوشوارے برائے اختتام سال 30 جون 2017 پیش کرتے ہیں۔

کمپنی:

اوریکس لیزنگ پاکستان لمیٹڈ (کمپنی) کا قیام جولائی 1986 میں اوریکس کارپوریشن، جاپان اور مقامی سرمایہ کاروں کے اشتراک سے جوائنٹ وینچر کے طور پر عمل میں آیا۔ کمپنی، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ نان بینکنگ فنانس کمپنیز (اسٹبلشمنٹ اینڈ ریگولیشن) روڈز 2003 کے تحت نان بینکنگ فنانس کمپنی (NBFC) کی حیثیت سے لیزنگ کے کاروبار کے لائسنس کی حامل ہے۔ کمپنی چھوٹے اور درمیانے سائز کے کاروباری افراد کو لیز فنانسنگ کی سہولت فراہم کرنے میں خصوصیت رکھتی ہے، تاہم اس کے صارفین میں بڑی کارپوریشنز، پبلک سیکٹر کمپنیاں، مائیکرو انٹرپرائزز اور انفرادی طور پر لوگ بھی شامل ہیں۔ اس کے علاوہ کمپنی سمندر پار مشرق وسطیٰ اور شمالی افریقہ کے ممالک میں ایسوی ایس میں بھی سرمایہ کاری کرتی ہے اور ان ایسوی ایس کو انتظامی تعاون کی خدمات فراہم کرتی ہے۔ گزشتہ سال کمپنی نے اسٹینڈرڈ چارٹرڈ بینک پاکستان لمیٹڈ سے اسٹینڈرڈ چارٹرڈ مضاربہ کے 10% سرٹیفکیٹس اور اسٹینڈرڈ چارٹرڈ سروسز آف پاکستان (پرائیویٹ) لمیٹڈ میں اسٹینڈرڈ چارٹرڈ بینک پاکستان لمیٹڈ کے 100% شیئرز حاصل کئے۔ اس خریداری کے بعد ان کمپنیوں کے نام تبدیل کر کے بالترتیب اوریکس مضاربہ اور اوریکس سروسز پاکستان (پرائیویٹ) لمیٹڈ رکھ دیئے گئے۔ مضاربہ کی خریداری سے کمپنی کو اسلامی فنانس مارکیٹ میں زیادہ وسعت حاصل ہوگئی۔

مالیاتی معلومات:

کمپنی کے مالیاتی نتائج مختصراً درج ذیل ہیں:

تفصیلات	2017	2016 (ری اسٹیٹمنٹ)
قبل از ٹیکس منافع، جاری آپریشنز سے	1,158,009,963	976,668,720
محصولات (ٹیکس)	316,765,918	216,690,359
بعد از ٹیکس منافع، جاری آپریشنز سے	841,244,045	759,978,361
بعد از ٹیکس (نقصان) / منافع معطل شدہ آپریشنز سے	-	(12,990,050)
بعد از ٹیکس سال کا منافع	841,244,045	746,988,311
آمدنی فی شیئر - بنیادی اور رقیق	10.25	9.26
جاری آپریشنز سے	-	(0.16)
معطل شدہ آپریشنز سے	10.5	9.10
مجموعی	42,062,202	37,500,000
قانونی ریزرو میں منتقلی		

ڈیویڈنڈ:

ڈائریکٹرز ہمسرت 30 جون 2017 کو ختم ہونے والے سال کیلئے 30% کی شرح سے نقد منافع کی سفارش کرتے ہیں (2016: 45%)۔

معیشت کا عمومی جائزہ:

پاکستان کی معیشت میں بہتری کا عمل جاری ہے اور موجودہ مالی سال 2017 کے اختتام پر ملک میں جی ڈی پی کی شرح میں 5.7% اضافہ ہوا جب کہ گزشتہ سال جی ڈی پی میں 5.5% اضافہ ہوا تھا۔ توقع ہے کہ یہ مثبت رجحان جاری رہے گا اور مالی سال 2018 کیلئے جی ڈی پی کی شرح 6.00% ہونے کا امکان ہے۔ تمام شعبہ جات نے اچھی کارکردگی کا مظاہرہ کیا اور بڑے پیمانے کی مینوفیکچرنگ میں گزشتہ سال کی اسی مدت میں 3.4% کے

STATEMENT OF COMPLIANCE

with the code of Corporate Governance for the year ended June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (“CCG”) contained in regulation no. 5.19 of listing regulations of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

ORIX Leasing Pakistan Limited (hereinafter referred to as the Company) has applied principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the Board includes:

Category	Names
Independent Directors	Mr. Khalid Aziz Mirza Mr. Shahid Usman
Executive Director	Mr. Shaheen Amin
Non-Executive Directors	Mr. Hiroshi Nishio Mr. Harukazu Yamaguchi Mr. Kiyokazu Ishinabe Mr. Hideaki Yokoyama Mr. Naveed Kamran Baloch

The Independent Directors meet the criteria of independence under Clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including ORIX Leasing Pakistan Limited (excluding the listed subsidiaries of listed holding companies where applicable) except one director to whom relaxation has been granted by the Securities and Exchange Commission of Pakistan.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year, casual vacancies occurring on the board which were filled up by the directors within the time frame as required by CCG, as follows:

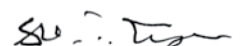
S. No	Date on which casual vacancy occurred	Date on which casual vacancy was filled
1	August 08, 2016	August 08, 2016
2	September 29, 2016	September 29, 2016
3	March 20, 2017	March 20, 2017
4	May 15, 2017	June 02, 2017

5. 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.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. A Director acquired certification of Director Education awarded by the Pakistan Institute of Corporate Governance.
10. The appointment, remuneration and terms and conditions of employment of the CFO, Company Secretary and Head of Internal Audit are approved by the Board of Directors.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives of the Company do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed the Human Resource and Remuneration Committee. It comprises three members, of whom two are non-executive directors including the chairman of the committee.
18. The Board has set up an effective internal audit function The Head of Internal audit reports directly to the Audit Committee and is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and the stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. The Company has complied with the requirements relating to the maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.



Shaheen Amin
Chief Executive Officer



Shahid Usman
Director

NOTICE OF ANNUAL GENERAL MEETING



Notice is hereby given that the Thirty-First Annual General Meeting of ORIX Leasing Pakistan Limited will be held on Thursday, October 19, 2017 at 3.00 p.m. at The Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements together with the Directors' and Auditors' Report for the year ended June 30, 2017.
2. To approve the payment of cash dividend to the shareholders at the rate of Rs. 3 per share of Rs. 10 each for the year ended June 30, 2017.
3. To elect 09 (Nine) Directors of the Company as fixed by the Board of Directors in their meeting held on September 14, 2017 in accordance with the Section 159(1) of the Companies Act, 2017 for the term of three year commencing from October 23, 2017. Names of retiring Directors are stated hereunder:
 1. Mr. Khalid Aziz Mirza
 2. Mr. Shahid Usman
 3. Mr. Naveed Kamran Baloch
 4. Mr. Hiroshi Nishio
 5. Mr. Harukazu Yamaguchi
 6. Mr. Kiyokazu Ishinabe
 7. Mr. Hideaki Yokoyama
 8. Mr. Shaheen Amin
4. To appoint Auditors for the year ending on June 30, 2018 and fix their remuneration. The Board of Directors has proposed appointment of Messrs KPMG Taseer Hadi & Co., Chartered Accountants as the Company's external auditors for year ending on June 30, 2018, in place of the retiring auditors, Messrs A.F. Ferguson &



Co. who have completed the statutory period of five years allowed under the Code of Corporate Governance of the Pakistan Stock Exchange Limited Regulations.

SPECIAL BUSINESS

5. To obtain consent of the shareholders in terms of S.R.O 470(I)/2016 dated May 31, 2016 issued by Securities and Exchange Commission of Pakistan, for the transmission of the annual reports including annual audited accounts, notice of annual general meetings and other information contained therein of the Company either through CD or DVD or USB and to pass the following resolution as an ordinary resolution:
6. "RESOLVED THAT consent and approval of the members of ORIX Leasing Pakistan Limited (the "Company") be and is hereby accorded for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to the members for future years commencing from the year ending on 30 June 2018 through CD or DVD or USB instead of transmitting the same in hard copies.
7. FURTHER RESOLVED THAT Chief Executive Officer or Company Secretary of the Company be and is hereby authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents as may be necessary or incidental for the purposes of implementing this resolution."

ANY OTHER BUSINESS

8. To transact any other business as may be placed before the meeting, with permission of the Chair.

Karachi: September 28, 2017

BY ORDER OF THE BOARD

DR. FAKHARA RIZWAN
Company Secretary

Notes

1. The Register of Members of the Company shall remain closed from October 12, 2017 to October 19, 2017 (both days inclusive). Transfers received in order at our registrars, Messrs. THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S Karachi, 75400, Pakistan at the close of business on October 11, 2017, will be treated in time for the purpose of attending the meeting and payment of dividend.
2. Any person who seeks to contest an election for the office of Director, shall whether he/she is a retiring Director or otherwise, file with the Company at its registered office not later than fourteen (14) days before the date of the meeting (i) a notice of his/her intention to offer himself/herself for election as a Director, (ii) a declaration on the matters required by the Code of Corporate Governance, (iii) a consent on Form 28 and (iv) a copy of computerized national identity card (CNIC) or passport copy in case of a non resident.
3. A Member entitled to attend and vote at the General Meeting of Members is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need to be a Member of the Company.
4. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a certified copy of the power of attorney, duly notarized must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A form of proxy is enclosed. Shareholders are requested to notify any change of address immediately.
5. The Financial Statements for the year ended June 30, 2017 along with Auditors and Directors Report shall be uploaded on Company's website (www.orixpakistan.com) on or before September 28, 2017.
6. CDC account holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. FOR ATTENDING THE MEETING

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original CNIC or original passport at the time of attending the meeting.
- (ii) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

B. FOR APPOINTING PROXIES

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.
- (v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

SUBMISSION OF COPIES OF CNICS/NTN

7. In accordance with the notification of the Securities and Exchange Commission of Pakistan, SRO 779(I) 2011 dated August 18, 2011 and SRO 831(1)/2012 dated July 05, 2012; dividend warrants should bear Computerized National Identity Card (CNIC) numbers of the registered member or the authorized person, except in case of minor(s) and corporate members.

The Company has made several requests through advertisements in Urdu and English newspapers having circulation throughout the country and Share Registrar of the Company has also sent letters to the shareholders who have not yet provided valid copies of their CNIC, requesting them to provide their CNICs. CNIC number of the shareholders is mandatory for the issuance of future dividend warrants and in the absence of such information, the Company would be constrained to withhold dispatch of dividend warrants, in term of SECP's order dated December 07, 2015.

Accordingly, Members who have not yet submitted copy of their valid CNIC/ NTN (in case of corporate entities) are again requested to submit the same to the Share Registrar, with Members folio no. mentioned thereon. It may kindly be noted that in case of non-receipt of the copy of valid CNIC, the Company would be constrained to withhold dispatch of dividend warrants.

PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE

8. In accordance with the compliance of Section 242 of the Companies Act, 2017, payment of dividend will only be made by way of electronic mode, directly to the bank accounts of entitled shareholders designated by them. In this regard E-Dividend Mandate Form has already been sent to all the shareholders and placed on the Company's website.

Further, SECP through Circular No. 18/2017 has provided relaxation till October 31, 2017 for the compliance of this section and required the listed companies to approach their shareholders for obtaining Electronic Dividend Mandate. With effect from November 01, 2017, all dividend payments shall be paid through electronic mode only.

Accordingly, all shareholders are requested to submit the duly filled Dividend Mandate Form to Company's Share Registrar at the address given below. Shareholders having shares in CDC/Brokerage House are requested to submit the duly filled Dividend Mandate Form to their respective participants/investor account services.

CIRCULATION OF NOTICE OF MEETING AND ANNUAL ACCOUNTS

9. SECP through its Notification No. SRO. 787(1)/2014, dated September 08, 2014 has allowed companies to circulate Annual Audited Financial Statements ("Annual Financial Statements") along with Notice of Annual General Meeting ("Notice of AGM") to its members through e-mail. In order to avail this facility, the members who desire to opt to receive Annual Financial Statements and Notice of AGM through e-mail are requested to provide their written consent on standard request form placed on Company's Website (www.orixpakistan.com) to the Share Registrar at the below mentioned address:

THK Associates (Pvt.) Limited
1st Floor, 40-C, Block-6,
P.E.C.H.S Karachi, 75400
Pakistan
Phone: +92 (021) 34168270

However, if a shareholder, in addition, request for a hard copy of Audited Financial Statements the same shall be provided free of cost within seven days of receipt of such request.

TAX IMPLICATIONS ON DIVIDEND

TAX RATES FOR FILERS/NON-FILERS

10. Pursuant to the provisions of Finance Act, 2017 effective 1 July 2017, deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

(a) For Filers of income tax returns	15%
(b) For non-Filers of income tax returns	20%

At the time of dividend distribution, the Company, being a withholding agent, would check each shareholder's status on the Active Taxpayers List (ATL) issued by Federal Board of Revenue (FBR) and, if the shareholder's name does not appear on the ATL, the rate of withholding tax at twenty per cent (20%) would be applied, in accordance with the law. In the instance of a 'filer', withholding tax rate of fifteen per cent (15%) will be applicable.

In view of the above, all shareholders are advised to immediately check their status on ATL and may, if required, take necessary action for inclusion of their name in the ATL. The Company, as per law, shall apply twenty per cent (20%) rate of withholding tax if the shareholder's name, with relevant details, does not appear on the ATL available on the FBR's website on the first day of book closure.

TAXATION FOR JOINT SHAREHOLDERS

11. The shareholders who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by first day of book closure.

Folio/CDC Account No.	Name of Shareholders (principal/joint holders)	Shareholding Proportion	CNIC No	Signature
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REQUIREMENT OF VALID EXEMPTION CERTIFICATE

12. As per FBR's Circular 1(43) DG (WHT)/2008 - Vol. II-66417-R dated May 12, 2015, a valid exemption certificate is mandatory to claim exemption regarding requirement of withholding tax U/S 150 of the Income Tax Ordinance, 2001, where the statutory exemption under Clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar before book closure otherwise tax will be deducted on dividend as per applicable rates.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting of the Company to be held on Thursday, October 19, 2017.

ITEM (5) OF THE AGENDA

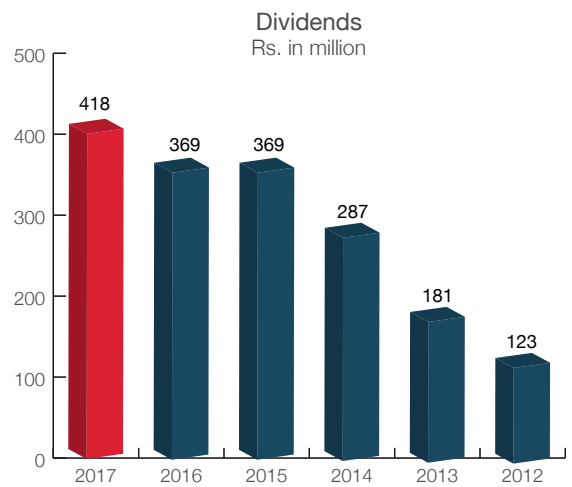
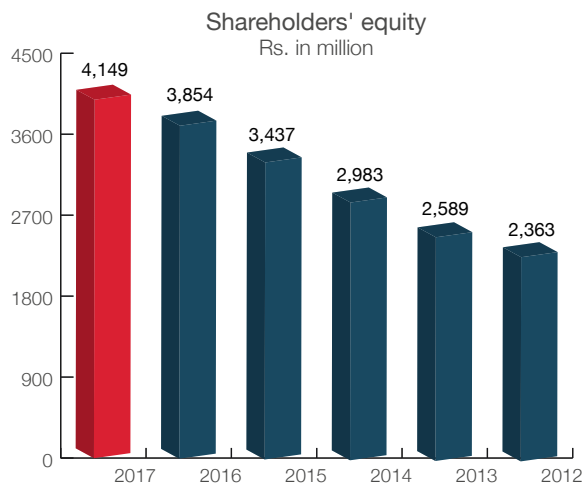
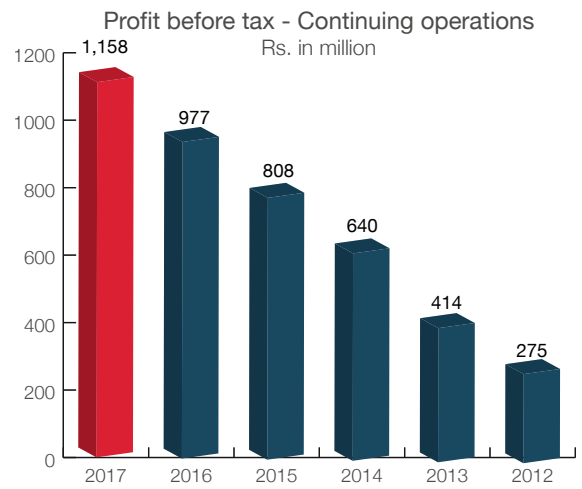
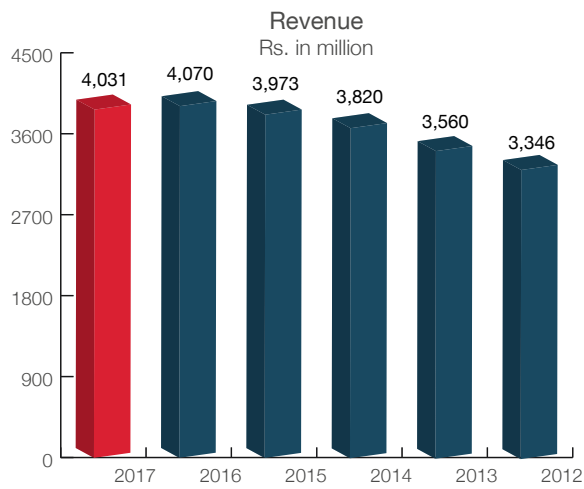
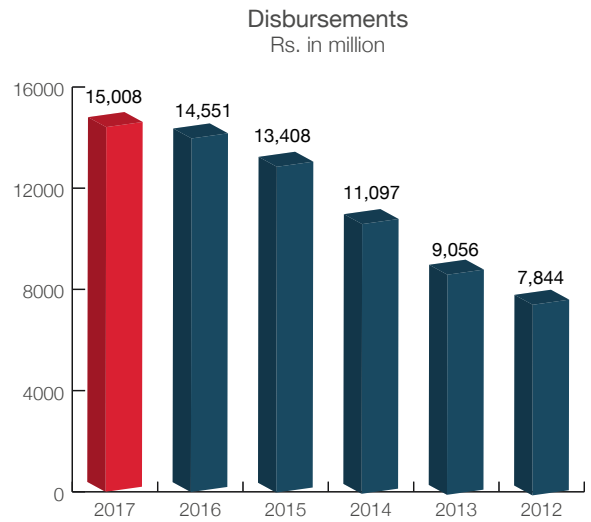
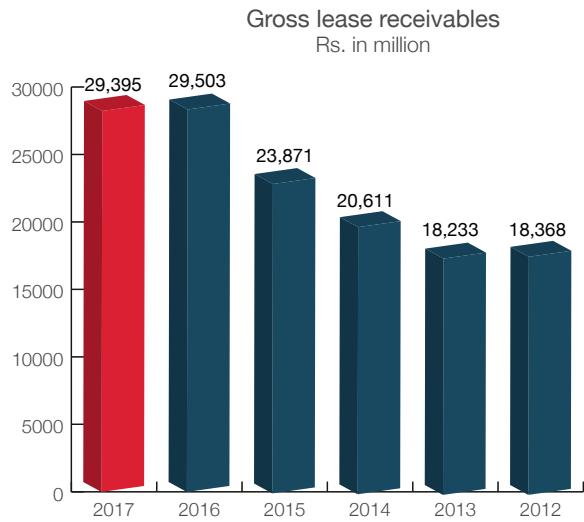
Securities and Exchange Commission of Pakistan has vide S.R.O 470(l)/2016 dated 31 May 2016 allowed the companies to circulate the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to its members through CD/DVD/USB subject to consent of the shareholders in the general meeting. This will save time and expenses incurred on printing of the annual report.

In compliance with S.R.O 470(l)/2016 dated May 31, 2016, the Company shall supply the hard copies of the annual report to the shareholders on demand, at their registered addresses, free of cost, within one week of such demand. After approval of the shareholders, for the convenience of its member, the Company will place a Standard Request Form along with postal and e-mail address of the Share Registrar on its website to communicate their need of hard copies of the annual report.

Accordingly, the directors have placed the matter before the shareholders for their approval and to pass the ordinary resolution as proposed in the notice of meeting. The directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of shareholding annexed to the Directors Report.

SIX YEARS' FINANCIAL SUMMARY

	2017	2016	2015	2014	2013	2012
		(Restated)				
Operating Results (Rupees in million)						
Total Disbursement	15,008	14,551	13,408	11,097	9,056	7,844
Revenues	4,031	4,070	3,973	3,820	3,560	3,346
Lease revenue	2,891	2,859	2,925	2,927	2,750	2,731
Financial charges	1,586	1,666	1,728	1,658	1,654	1,868
Provisions and Impairments	(82)	175	162	184	257	199
Profit before tax from continuing operations	1,158	977	808	640	414	275
Profit after tax from continuing operations	841	760	628	516	337	202
Profit / (Loss) after taxation from discontinued operations	-	(13)	43	-	-	-
Profit for the year after taxation	841	747	671	516	337	202
Proposed Dividend	418	369	369	287	181	123
Balance Sheet (Rupees in million)						
Gross lease receivables	29,395	29,503	23,871	20,611	18,233	18,368
Fixed assets	1,533	1,765	1,762	1,767	1,560	1,357
Investment in associated undertakings	1,972	2,266	2,176	1,701	1,711	1,567
Total Assets	34,577	35,333	28,318	24,449	23,127	22,028
Total Borrowing	19,394	20,799	16,280	13,940	13,807	13,178
Long term debts	10,708	12,036	9,825	7,074	8,578	6,484
Total Liabilities	30,110	31,157	24,769	21,385	20,456	19,580
Shareholders' equity	4,149	3,854	3,437	2,983	2,589	2,363
PERFORMANCE INDICATORS FOR THE CURRENT AND PAST FIVE YEARS						
Profitability						
Profit before tax over revenue	28.73%	24.00%	20.34%	16.76%	11.63%	8.21%
Gross spread	48.25%	43.88%	40.27%	34.26%	30.94%	22.13%
Return on assets	3.17%	3.09%	3.35%	2.83%	1.95%	1.20%
Income / expense ratio	1.36	1.39	1.32	1.28	1.23	1.17
Return on equity	21.02%	20.49%	20.90%	18.53%	13.65%	8.13%
Liquidity						
Current ratio	1.21	1.31	1.35	1.18	1.47	1.15
Cash to Current Liabilities	0.03	0.03	0.02	0.01	0.03	0.04
Investment / Market						
Price to book ratio	0.80	1.05	1.47	0.93	0.58	0.38
Dividend yeild	7.45%	9.10%	7.29%	10.31%	12.05%	13.80%
Dividend payout	49.70%	49.45%	55.03%	55.64%	53.63%	60.90%
Earning per share (Rs.)	10.25	9.10	8.18	6.29	4.11	2.46
Price earning ratio	3.93	5.43	7.55	5.40	4.44	4.41
Market Value per Share (Rs.)	40.25	49.43	61.72	33.94	18.25	10.86
Proposed dividend	30.00%	45.00%	45.00%	35.00%	22.00%	15.00%
Capital Structure						
Debt / Equity ratio	4.67	5.40	4.74	4.67	5.34	5.6
Interest Cover ratio	1.68	1.69	1.59	1.50	1.41	1.20
Book Value per share (Rs.)	50.55	46.95	41.89	36.35	31.55	28.79



SIX YEARS' VERTICAL ANALYSIS

BALANCE SHEET	2017		2016 (Restated)		2015		2014		2013		2012	
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
ASSETS												
Non-current assets												
Property, plant and equipment	1,533	4.43%	1,765	5.00%	1,762	6.22%	1,767	7.23%	1,560	6.75%	1,357	6.16%
Intangible assets	12	0.04%	12	0.03%	9	0.03%	11	0.04%	34	0.15%	88	0.40%
Net investment in finance lease	13,134	37.98%	13,545	38.34%	11,356	40.10%	9,336	38.18%	8,079	34.93%	7,871	35.73%
Investment in subsidiaries	322	0.93%	322	0.91%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Investment in associated undertakings	1,972	5.70%	2,266	6.41%	2,176	7.69%	1,701	6.96%	1,711	7.40%	1,568	7.12%
Long-term investments	339	0.98%	84	0.24%	14	0.05%	14	0.06%	14	0.06%	18	0.08%
Long-term finances and loans	1,531	4.43%	1,286	3.64%	879	3.10%	741	3.03%	844	3.65%	757	3.44%
Long-term deposits	12	0.03%	11	0.03%	10	0.04%	10	0.04%	14	0.06%	14	0.06%
	18,855	54.53%	19,291	54.60%	16,206	57.23%	13,580	55.54%	12,255	52.99%	11,672	52.99%
Current assets												
Short-term finances	149	0.43%	286	0.81%	407	1.44%	308	1.26%	243	1.05%	228	1.04%
Accrued return on investments and term finance	56	0.16%	98	0.28%	75	0.26%	68	0.28%	35	0.15%	16	0.07%
Current maturity of non-current assets	14,030	40.58%	13,753	38.92%	9,966	35.19%	8,910	36.44%	8,299	35.88%	8,378	38.03%
Short-term investments	914	2.64%	1,219	3.45%	1,106	3.91%	1,088	4.45%	1,600	6.92%	738	3.35%
Advances and prepayments	39	0.11%	43	0.12%	47	0.17%	48	0.20%	52	0.22%	103	0.47%
Other receivables	55	0.16%	100	0.28%	75	0.26%	132	0.54%	313	1.35%	495	2.25%
Cash and bank balances	342	0.99%	333	0.94%	173	0.61%	100	0.41%	231	1.00%	336	1.53%
Taxation - net	47	0.14%	62	0.18%	171	0.60%	126	0.52%	87	0.38%	49	0.22%
Assets classified as held for sale	90	0.26%	148	0.42%	91	0.32%	89	0.36%	13	0.06%	13	0.06%
	15,722	45.47%	16,042	45.40%	12,111	42.77%	10,869	44.46%	10,872	47.01%	10,356	47.01%
Total assets	34,577	100.0%	35,333	100.0%	28,318	100.0%	24,449	100.0%	23,127	100.0%	22,028	100.0%
EQUITY AND LIABILITIES												
Share capital and reserves												
Share capital and reserves	4,149	12.00%	3,854	10.91%	3,437	12.14%	2,983	12.20%	2,589	11.19%	2,363	10.73%
Surplus on revaluation of leasehold land and office building - net of tax	317	0.92%	323	0.91%	112	0.40%	81	0.33%	83	0.36%	85	0.39%
Non-current liabilities												
Long-term finances	6,707	19.40%	6,148	17.40%	4,708	16.62%	3,147	12.87%	3,323	14.37%	2,274	10.32%
Long-term loans	-	0.00%	-	0.00%	-	0.00%	280	1.15%	914	3.95%	1,938	8.80%
Long-term certificates of deposit	4,000	11.57%	5,888	16.66%	5,117	18.07%	3,647	14.92%	4,341	18.77%	2,273	10.32%
Long-term deposits	5,617	16.24%	6,128	17.34%	5,239	18.50%	4,484	18.34%	3,824	16.53%	3,586	16.28%
Deferred taxation	585	1.69%	476	1.35%	454	1.60%	395	1.62%	353	1.53%	284	1.29%
Other long-term liabilities	214	0.62%	259	0.73%	268	0.95%	248	1.01%	296	1.28%	218	0.99%
Defined benefit scheme - staff retirement gratuity	17	0.05%	1	0.00%	1	0.00%	4	0.02%	29	0.13%	19	0.09%
	17,140	49.57%	18,901	53.50%	15,786	55.75%	12,205	49.92%	13,080	56.56%	10,591	48.08%
Current liabilities												
Trade and other payables	1,110	3.21%	810	2.29%	641	2.26%	480	1.96%	411	1.78%	317	1.44%
Accrued interest/mark-up on loans, finances and certificates of deposit	333	0.96%	396	1.12%	319	1.13%	454	1.86%	297	1.28%	325	1.48%
Short-term borrowings	2,449	7.08%	1,909	5.40%	884	3.12%	695	2.84%	936	4.05%	947	4.30%
Short-term certificates of deposit	1,111	3.21%	2,073	5.87%	944	3.33%	1,019	4.17%	1,070	4.63%	957	4.34%
Current maturity of non-current liabilities	7,968	23.04%	7,067	20.00%	6,194	21.87%	6,532	26.72%	4,662	20.16%	6,444	29.25%
	12,971	37.51%	12,255	34.68%	8,983	31.72%	9,179	37.55%	7,376	31.89%	8,989	40.81%
Total equity and liabilities	34,577	100.0%	35,333	100.0%	28,318	100.0%	24,449	100.0%	23,127	100.0%	22,028	100.0%
PROFIT AND LOSS												
INCOME												
Income from operations												
Finance leases	2,417	59.96%	2,324	57.09%	2,261	56.92%	1,974	51.69%	1,900	53.37%	2,013	60.11%
Operating leases	474	11.76%	535	13.14%	664	16.71%	953	24.94%	850	23.88%	717	21.41%
Mark-up on term finance	543	13.47%	507	12.45%	462	11.62%	446	11.66%	396	11.13%	234	6.98%
	3,434	85.20%	3,366	82.68%	3,387	85.25%	3,373	88.29%	3,146	88.38%	2,964	88.51%
Income from other activities												
Other income - net	368	9.12%	471	11.57%	311	7.82%	224	5.87%	249	6.98%	261	7.80%
Share of profit of equity accounted undertakings	229	5.68%	234	5.75%	275	6.93%	223	5.84%	165	4.64%	124	3.69%
	597	14.80%	705	17.32%	586	14.75%	447	11.71%	414	11.62%	385	11.49%
	4,031	100.0%	4,071	100.0%	3,973	100.0%	3,820	100.0%	3,560	100.0%	3,349	100%
EXPENSES												
Finance cost	1,586	39.34%	1,666	40.92%	1,728	43.49%	1,658	43.41%	1,654	46.46%	1,868	55.77%
Administrative and general expenses	966	23.97%	857	21.05%	785	19.76%	755	19.77%	730	20.51%	585	17.48%
Direct cost of lease	403	10.00%	395	9.70%	491	12.35%	582	15.24%	504	14.17%	419	12.52%
	2,955	73.31%	2,918	71.68%	3,003	75.59%	2,996	78.43%	2,889	81.14%	2,873	85.77%
Profit before Provisions, & Taxation	1,076	26.70%	1,152	28.30%	970	24.41%	824	21.57%	672	18.86%	477	14.23%
(Reversal)/provision for potential lease and other loan losses-net	(23)	-0.57%	215	5.28%	122	3.06%	137	3.58%	208	5.83%	188	5.62%
Other reversals-net	(59)	-1.45%	(40)	-0.97%	40	1.01%	47	1.23%	49	1.39%	10	0.31%
Impairment on available for sale securities	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	3	0.09%
	(82)	-2.03%	175	4.31%	162	4.07%	184	4.81%	257	7.22%	202	6.03%
Profit before taxation from continuing operations	1,158	28.73%	977	23.99%	808	20.34%	640	16.76%	414	11.64%	275	8.21%
Taxation	317	7.86%	217	5.32%	180	4.54%	124	3.25%	77	2.15%	73	2.18%
Profit for the year after taxation from continuing operations	841	20.87%	760	18.67%	628	15.80%	516	13.51%	338	9.49%	202	6.03%
DISCONTINUED OPERATIONS												
(Loss) / profit after taxation from discontinued operations	-	0.00%	(13)	-0.32%	43	1.08%	0	0%	0	0%	0	0%
Profit for the year after taxation	841	20.87%	747	18.35%	671	16.89%	516	13.51%	338	9.49%	202	6.03%

SIX YEARS' HORIZONTAL ANALYSIS

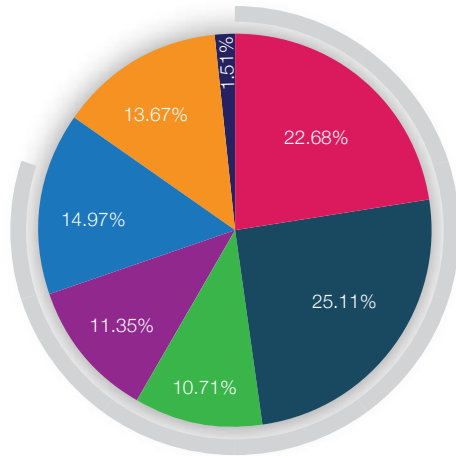
BALANCE SHEET	17 vs 16		16 vs 15		15 vs 14		14 vs 13		13 vs 12		12 vs 11	
	2017	%	2016 (Restated)	%	2015	%	2014	%	2013	%	2012	%
ASSETS												
Non-current assets												
Property, plant and equipment	1,533	-13.14%	1,765	0.18%	1,762	-0.28%	1,767	13.25%	1,560	14.96%	1,357	6.99%
Intangible assets	12	0.00%	12	39.03%	9	-20.77%	11	-67.66%	34	-61.59%	88	10.93%
Net investment in finance lease	13,134	-3.03%	13,545	19.28%	11,356	21.64%	9,336	15.56%	8,079	2.64%	7,871	-13.60%
Investment in subsidiaries	322	0.00%	322	100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Investment in associated undertakings	1,972	-12.97%	2,266	4.12%	2,176	27.93%	1,701	-0.56%	1,711	9.10%	1,568	22.14%
Long-term investments	339	303.57%	84	483.15%	14	3.58%	14	1.61%	14	-22.40%	18	-91.16%
Long-term finances and loans	1,531	19.05%	1,286	46.26%	879	18.63%	741	-12.16%	844	11.45%	757	166.76%
Long-term deposits	12	9.09%	11	9.47%	10	-0.99%	10	-29.37%	14	4.38%	14	-2.90%
	18,855	-2.26%	19,291	19.03%	16,206	19.34%	13,580	10.81%	12,255	4.99%	11,672	-4.63%
Current assets												
Short-term finances	149	-47.90%	286	-29.79%	407	32.40%	308	26.37%	243	6.59%	228	-6.38%
Accrued return on investments and term finance	56	-42.86%	98	31.04%	75	9.87%	68	95.07%	35	124.68%	16	287.80%
Current maturity of non-current assets	14,030	2.01%	13,753	38.00%	9,966	11.86%	8,910	7.37%	8,299	-0.94%	8,378	7.41%
Short-term investments	914	-25.02%	1,219	10.22%	1,106	1.66%	1,088	-31.98%	1,600	116.85%	738	105.89%
Advances and prepayments	39	-9.30%	43	-8.48%	47	-1.62%	48	-8.09%	52	-49.60%	103	54.15%
Other receivables	55	-45.00%	100	34.20%	75	-43.52%	132	-57.90%	313	-36.70%	495	-38.12%
Cash and bank balances	342	2.70%	333	92.17%	173	72.45%	100	-56.43%	231	-31.44%	336	38.84%
Taxation - net	47	-24.19%	62	-63.74%	171	35.39%	126	45.42%	87	76.80%	49	48.35%
Assets classified as held for sale	90	-39.19%	148	62.10%	91	2.59%	89	582.78%	13	-0.47%	13	-15.32%
	15,722	-1.99%	16,042	32.45%	12,111	11.43%	10,869	-0.03%	10,872	4.99%	10,356	8.28%
Total assets	34,577	-2.14%	35,333	24.77%	28,318	15.82%	24,449	5.71%	23,127	4.99%	22,028	1.04%
EQUITY AND LIABILITIES												
Share capital and reserves												
Share capital and reserves	4,149	7.65%	3,854	12.13%	3,437	15.23%	2,983	15.23%	2,589	9.57%	2,363	9.35%
Surplus on revaluation of leasehold land and office building - net of tax	317	-1.86%	323	188.37%	112	38.10%	81	-2.37%	83	-2.31%	85	-2.26%
Non-current liabilities												
Long-term finances	6,707	9.09%	6,148	30.60%	4,708	49.61%	3,147	-5.30%	3,323	46.15%	2,274	-28.17%
Long-term loans	-	0.00%	-	0.00%	-	-100.00%	280	-69.33%	914	-52.85%	1,938	-10.79%
Long-term certificates of deposit	4,000	-32.07%	5,888	15.07%	5,117	40.29%	3,647	-15.99%	4,341	91.04%	2,273	85.39%
Long-term deposits	5,617	-8.34%	6,128	16.97%	5,239	16.82%	4,484	17.27%	3,824	6.64%	3,586	-16.77%
Deferred taxation	585	22.90%	476	4.91%	454	14.82%	395	12.00%	353	24.10%	284	28.14%
Other long-term liabilities	214	-17.37%	259	-3.44%	268	8.34%	248	-16.34%	296	35.88%	218	34.14%
Defined benefit scheme - staff retirement gratuity	17	750.00%	2	135.52%	1	-78.33%	4	-86.52%	29	53.15%	19	100.00%
	17,140	-9.32%	18,901	19.73%	15,786	29.34%	12,205	-6.69%	13,080	23.50%	10,591	-5.91%
Current liabilities												
Trade and other payables	1,110	37.04%	810	26.34%	641	33.51%	480	16.97%	411	29.47%	317	24.57%
Accrued interest/mark-up on loans, finances and certificates of deposit	333	-15.91%	396	24.15%	319	-29.70%	454	52.82%	297	-8.65%	325	-27.23%
Short-term borrowings	2,449	28.29%	1,909	115.88%	884	27.30%	695	-25.78%	936	-1.14%	947	-14.61%
Short-term certificates of deposit	1,111	-46.41%	2,073	119.52%	944	-7.35%	1,019	-4.76%	1,070	11.85%	957	29.68%
Current maturity of non-current liabilities	7,968	12.75%	7,067	14.10%	6,194	-5.17%	6,532	40.10%	4,662	-27.65%	6,444	12.05%
	12,971	5.84%	12,255	36.43%	8,983	-2.15%	9,179	24.46%	7,376	-17.95%	8,989	8.32%
Total equity and liabilities	34,577	-2.14%	35,333	24.77%	28,318	15.82%	24,449	5.71%	23,127	4.99%	22,028	1.04%

PROFIT AND LOSS	17 vs 16		16 vs 15		15 vs 14		14 vs 13		13 vs 12		12 vs 11	
	2017	%	2016 (Restated)	%	2015	%	2014	%	2013	%	2012	%
INCOME												
Income from operations												
Finance leases	2,417	4.00%	2,324	2.77%	2,261	14.53%	1,974	3.91%	1,900	-5.62%	2,013	-4.56%
Operating leases	474	-11.40%	535	-19.43%	664	-30.30%	953	12.07%	850	18.51%	717	10.55%
Mark-up on term finance	543	7.10%	507	9.80%	462	3.65%	446	12.42%	396	69.40%	234	68.46%
	3,434	2.02%	3,366	-0.62%	3,387	0.43%	3,373	7.19%	3,146	6.14%	2,964	2.32%
Income from other activities												
Other income - net	368	-21.87%	471	51.58%	311	38.56%	224	-9.82%	249	-4.84%	261	38.41%
Share of profit of equity accounted undertakings	229	-2.14%	234	-14.95%	275	23.37%	223	35.03%	165	33.60%	124	18.88%
	597	-15.32%	705	20.33%	586	30.99%	447	8.08%	414	7.51%	385	31.47%
	4,031	-0.98%	4,071	2.47%	3,973	4.01%	3,820	7.29%	3,560	6.30%	3,349	5.00%
EXPENSES												
Finance cost	1,586	-4.80%	1,666	-3.57%	1,728	4.18%	1,658	0.25%	1,654	-11.45%	1,868	4.04%
Administrative and general expenses	966	12.72%	857	9.18%	785	3.94%	755	3.44%	730	24.71%	585	6.71%
Direct cost of lease	403	2.03%	395	-19.48%	491	-15.76%	582	15.44%	504	20.33%	419	4.92%
	2,955	1.27%	2,918	-2.84%	3,003	0.24%	2,996	3.71%	2,889	0.56%	2,873	4.70%
Profit before provision and taxation	1,076	-6.60%	1,152	18.79%	970	17.70%	824	22.69%	672	40.88%	477	6.82%
(Reversal)/provision for potential lease and other loan losses-net	(23)	-110.70%	215	76.70%	122	-11.11%	137	-34.08%	208	10.22%	188	-8.19%
Other reversals-net	(59)	47.50%	(40)	-0.02%	40	-14.78%	47	-5.05%	49	374.34%	10	37.12%
Impairment on available for sale securities	-	-	-	0.00%	-	0.00%	0	0.00%	0	-100.00%	3	-56.45%
	(82)	-146.86%	175	8.25%	162	-12.05%	184	-28.50%	257	27.39%	202	-8.13%
Profit before taxation from continuing operations	1,158	18.53%	977	20.90%	808	26.24%	640	54.45%	414	50.78%	275	21.31%
Taxation	317	46.08%	217	20.43%	180	45.33%	124	62.07%	77	4.79%	73	-10.88%
Profit for the year after taxation from continuing operations	841	10.66%	760	21.04%	628	21.66%	516	52.72%	338	67.42%	202	39.53%
DISCONTINUED OPERATIONS												
(Loss) / profit after taxation from discontinued operations	-	-100.00%	(13)	-69.77%	43	100.00%	-	0%	-	0%	-	0%
Profit for the year after taxation	841	12.58%	747	11.34%	671	29.99%	516	52.72%	338	67.42%	202	39.53%

STATEMENT OF VALUE ADDITION

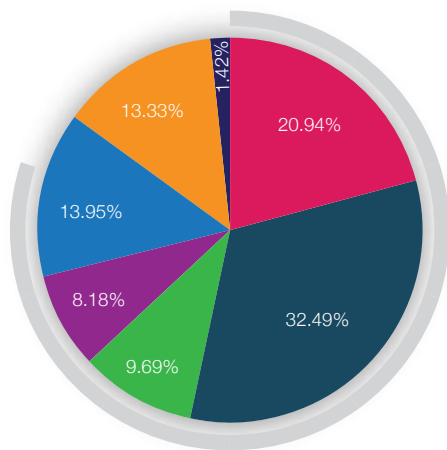
	2017	%	2016 (Restated)	%
Revenues from operations	3,515,950,056		3,190,340,788	
Other income	367,520,280		470,507,084	
Share of profit of associates	229,142,246		234,164,114	
	4,112,612,582		3,895,011,986	
Financial cost	885,152,897		805,873,254	
Direct cost of leases and services	437,156,273		440,701,368	
	1,322,309,170		1,246,574,622	
Value Added	2,790,303,412		2,648,437,364	
Distributed as follows:				
Remuneration	632,760,145	22.68%	554,458,504	20.94%
Profit on Certificates of Deposit	700,735,284	25.11%	860,550,767	32.49%
Depreciation	298,798,020	10.71%	256,759,373	9.69%
Taxes	316,765,918	11.35%	216,690,359	8.18%
Cash dividend	417,637,257	14.97%	369,372,573	13.95%
Profit retained	381,544,586	13.67%	353,105,788	13.33%
Statutory reserves	42,062,202	1.51%	37,500,000	1.42%
	2,790,303,412	100%	2,648,437,364	100%

Distribution of Value Addition - 2017



- Remuneration
- Profit on Certificates of Deposit
- Depreciation
- Taxes
- Cash dividend
- Profit retained
- Statutory reserves

Distribution of Value Addition - 2016 (Restated)



- Remuneration
- Profit on Certificates of Deposit
- Depreciation
- Taxes
- Cash dividend
- Profit retained
- Statutory reserves

SHARIAH ADVISOR'S REPORT



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

- Ijarah, and
- Diminishing Musharakah

By the grace of Allah, the year under review, was the sixth year of Islamic financing at ORIX Leasing Pakistan Limited. During the last year concluded, number of Shariah-compliant Ijarah and Diminishing Musharakah Transactions have been carried out by OLP with valuable clients.

In the capacity of Shariah Advisor I have to report on the Shariah compliance affairs of the Islamic Finance of OLP as well as related factors which contribute to the operations of Islamic Finance like funding arrangement, product development, etc.

Shariah Compliance:

The two wings of OLP are funding arrangements and investments of these funds. Shariah compliance needs to be ensured at both ends i.e. sources of funds and their applications. Based on my review of both the aspects, I report that the Ijarah and Diminishing Musharakah have been carried out in accordance with the rules and principles of Shariah. I hereby certify that the treasury function and accounting treatment of the products conform to Shariah requirements. I further report that OLP got the approval of undersigned before disbursement and execution of each and every Islamic Financing transaction.

Alhamdulillah OLP has been working sincerely and enthusiastically on the development, and refinement of its Islamic products to make them more attractive and competitive in terms of processing time and pricing with conventional finance.

May Allah accept our efforts and grant us success in this regard. We also pray to Allah Almighty and seek His Guidance and Blessings for further progress, development, and prosperity of ORIX LEASING PAKISTAN LIMITED and ISLAMIC FINANCE

Mufti Ibrahim Essa
Shariah Advisor



Date: September 12, 2017



REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the code) prepared by the Board of Directors of ORIX Leasing Pakistan Limited for the year ended June 30, 2017 to comply with the requirements of Listing Regulation No. 5.19 of the Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

Chartered Accountants
Dated: September 18, 2017
Karachi

*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>*



A.F.FERGUSON & CO.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ORIX Leasing Pakistan Limited** (the Company) as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the Auditing Standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, 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, 2017 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, 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.

Chartered Accountants
Engagement Partner: Rashid A. Jafer
Dated: September 18, 2017
Karachi

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
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■ KARACHI ■ LAHORE ■ ISLAMABAD

UNCONSOLIDATED BALANCE SHEET

As at June 30, 2017

	Note	2017	2016 (Restated)
-----Rupees-----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,532,753,426	1,765,366,925
Intangible assets	6	12,185,643	11,725,852
Net investment in finance lease	7	26,148,183,877	26,271,915,580
Current maturity	14	(12,090,081,233)	(11,780,064,405)
Allowance for potential lease losses	40	(924,332,946)	(947,366,692)
		(13,014,414,179)	(12,727,431,097)
		13,133,769,698	13,544,484,483
Investment in subsidiaries	8	322,374,294	322,374,294
Investment in associated undertakings	9	1,972,102,566	2,266,192,717
Long-term investments	10	339,360,200	84,318,373
Long-term finances and loans	11	1,530,709,462	1,285,876,450
Long-term deposits		11,603,660	11,361,208
		18,854,858,949	19,291,700,302
Current assets			
Short-term finances	12	149,435,904	285,650,013
Accrued return on investments and term finance	13	55,947,908	97,973,744
Current maturity of non-current assets	14	14,029,714,406	13,753,179,088
Short-term investments	15	913,881,825	1,218,977,146
Advances and prepayments	16	39,337,154	43,023,535
Other receivables	17	54,641,473	99,726,197
Cash and bank balances	18	341,884,442	333,494,394
Taxation - net		47,263,477	62,128,298
		15,632,106,589	15,894,152,415
Assets classified as held for sale	19	89,595,014	147,482,703
Total assets		34,576,560,552	35,333,335,420
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 350,000,000 (2016: 350,000,000) ordinary shares of Rs. 10 each		3,500,000,000	3,500,000,000
Issued, subscribed and paid-up capital	20	820,827,940	820,827,940
Reserves		3,328,235,741	3,032,877,236
		4,149,063,681	3,853,705,176
Surplus on revaluation of leasehold land and office building - net of tax	21	317,381,264	323,006,602
Non-current liabilities			
Long-term finances	22	6,707,294,236	6,147,989,443
Long-term certificates of deposit	23	4,000,332,697	5,888,172,666
Long-term deposits	24	5,617,086,802	6,128,429,912
Deferred taxation	25	584,742,190	476,449,984
Other long-term liabilities	26	214,038,190	258,983,005
Defined benefit scheme - staff retirement gratuity	27	16,514,020	1,463,232
		17,140,008,135	18,901,488,242
Current liabilities			
Trade and other payables	28	1,110,362,530	810,524,803
Accrued interest / mark-up on loans, finances and certificates of deposit	29	332,570,990	396,034,085
Short-term borrowings	30	2,448,686,564	1,908,924,254
Short-term certificates of deposit	31	1,111,266,011	2,073,044,036
Current maturity of non-current liabilities	32	7,967,221,377	7,066,608,222
		12,970,107,472	12,255,135,400
Total equity and liabilities		34,576,560,552	35,333,335,420
Contingencies and commitments	33		

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


Shaheen Amin
 Chief Executive Officer


Shahid Usman
 Director


Maryam Aziz
 Chief Financial Officer

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2017

	Note	2017	2016 (Restated)
----- Rupees -----			
CONTINUING OPERATIONS			
INCOME			
Income from operations			
Finance leases		2,416,994,401	2,324,490,107
Operating leases	34	474,221,025	534,393,758
Mark-up on term finance		543,065,105	506,881,416
		3,434,280,531	3,365,765,281
Income from other activities			
Other income - net	35	367,520,280	470,507,084
Share of profit of equity accounted undertakings	36	229,142,246	234,164,114
		596,662,526	704,671,198
		4,030,943,057	4,070,436,479
EXPENSES			
Finance cost	37	1,585,888,181	1,666,424,021
Administrative and general expenses	38	966,310,428	856,539,520
Direct cost of lease	39	402,404,010	395,379,725
		2,954,602,619	2,918,343,266
Profit before provision and taxation		1,076,340,438	1,152,093,213
(Reversal) / provision for potential lease and other loan losses - net	40	(23,143,953)	215,092,992
Other reversals - net	41	(58,525,572)	(39,668,499)
		(81,669,525)	175,424,493
Profit before taxation from continuing operations		1,158,009,963	976,668,720
Taxation	43	316,765,918	216,690,359
Profit for the year after taxation from continuing operations		841,244,045	759,978,361
DISCONTINUED OPERATIONS			
Loss after taxation from discontinued operations	44	-	(12,990,050)
Profit for the year after taxation		841,244,045	746,988,311
Earnings / (loss) per share - basic and diluted			
- From continuing operations	55	10.25	9.26
- From discontinued operations	55	-	(0.16)
Total		10.25	9.10

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


Shahreen Amin
Chief Executive Officer


Shahid Usman
Director


Maryam Aziz
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2017

	2017	2016 (Restated)
	----- Rupees -----	
Profit for the year after taxation	841,244,045	746,988,311
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Exchange (loss) / gain arising on translation of foreign associates - net of deferred tax	(112,225,402)	26,785,040
Reclassification of foreign currency translation on discontinuation of equity accounting - net of deferred tax	(52,518,966)	-
	(164,744,368)	26,785,040
Net unrealised loss due to changes in fair value of financial assets classified as available-for-sale	(6,562,294)	(25,538,741)
Net gain on cash flow hedging instruments	-	35,031,846
	(171,306,662)	36,278,145
Items that will not subsequently be reclassified to profit and loss		
Remeasurement of post employment benefit - net of deferred tax	(11,559,815)	(1,752,047)
Total comprehensive income for the year	658,377,568	781,514,409

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


Shaheen Amin
Chief Executive Officer


Shahid Usman
Director


Maryam Aziz
Chief Financial Officer

UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended June 30, 2017

	Note	2017	2016 (Restated)
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	45	2,579,020,888	2,550,742,828
(Increase) / decrease in operating assets			
Investment in finance lease - net		123,731,703	(2,102,165,404)
Long-term finances and loans - net		(553,392,193)	(812,621,190)
Short-term finances		130,615,981	109,292,175
Long-term deposits		(242,452)	(1,199,844)
Advances and prepayments		3,686,381	51,906,089
Other receivables		78,781,991	(125,586,889)
		(216,818,589)	(2,880,375,063)
Increase / (decrease) in operating liabilities			
Deposits from lessees - net		47,710,972	626,394,746
Mark-up paid		(869,642,485)	(842,556,054)
Payment against staff retirement benefits		(13,468,020)	(13,338,159)
Profit paid on certificates of deposit		(808,278,272)	(820,545,496)
Trade and other payables		370,793,209	(15,459,761)
		(1,272,884,596)	(1,065,504,724)
Net cash generated from / (used in) operating activities before income tax		1,089,317,703	(1,395,136,959)
Payment of Workers' Welfare Fund		(7,020,630)	(8,267,589)
Income tax paid		(140,097,512)	(132,236,639)
Net cash generated from / (used in) operating activities		942,199,561	(1,535,641,187)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions made to intangible assets		(6,960,878)	(11,673,180)
Capital expenditure incurred - fixed assets for own use		(50,036,635)	(56,431,622)
Capital expenditure incurred - operating lease assets		(26,455,654)	(26,555,526)
Capital expenditure incurred - ijarah finance		(23,882,500)	(58,260,500)
Proceeds from disposal of assets - own use		38,730,790	24,948,256
Proceeds from sale of operating lease assets		-	17,939,061
Proceeds from sale of ijarah finance assets		5,329,193	2,110,081
Instalment against consideration on sale of e-business		16,000,005	5,333,325
Investments - net		645,802,123	(133,620,750)
Consideration paid on business combination (SCLL)		-	(619,181,564)
Consideration paid for acquisition of subsidiaries		-	(323,510,501)
Proceeds against disposal of asset classified as held for sale		46,378,154	-
Dividend received		110,024,840	165,314,935
Interest received		103,431,707	106,658,214
Net cash generated from / (used) in investing activities		858,361,145	(906,929,771)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term loans		4,800,000,000	4,200,000,000
Short-term borrowings - net		490,284,118	1,099,715,882
Certificates of deposit (redeemed) / issued - net		(3,736,035,119)	1,505,046,632
Repayment of long-term loans and finances		(3,029,094,343)	(3,759,099,166)
Dividend paid		(366,803,506)	(367,791,326)
Net cash (used in) / generated from financing activities		(1,841,648,850)	2,677,872,022
Net (decrease) / increase in cash and cash equivalents		(41,088,144)	235,301,064
Cash and cash equivalents at beginning of the year		(475,713,978)	(711,015,042)
Cash and cash equivalents at end of the year	46	(516,802,122)	(475,713,978)

Cash flows from discontinued operations

44.3

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


Shahen Amin
Chief Executive Officer


Shahid Usman
Director


Maryam Azid
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2017

	Capital reserves		Revenue reserves				Total shareholders equity	
	Issued, subscribed and paid-up capital	Share premium	Statutory reserve	Unappropriated profit	Unrealised (losses) / gains on remeasurement of financial assets	Hedging reserve		Foreign currency translation reserve
(Rupees)								
Balance as at July 1, 2015	820,529,300	448,603,499	899,545,177	961,597,991	27,566,224	(35,031,846)	314,209,983	3,437,020,328
Shares issued upon amalgamation of Standard Chartered Leasing Limited (SCLL) - (Restated)	298,640	1,082,600	-	-	-	-	-	1,381,240
Profit for the year after taxation - (Restated)	-	-	-	746,988,311	-	-	-	746,988,311
Other comprehensive income	-	-	-	(1,752,047)	(25,538,741)	35,031,846	26,785,040	34,526,098
Total comprehensive income for the year ended June 30, 2016	-	-	-	745,236,264	(25,538,741)	35,031,846	26,785,040	781,514,409
Transactions with owner recorded directly in equity								
Cash dividend @ Rs.4.50 per ordinary share of Rs. 10.00 each for the year ended June 30, 2015	-	-	-	(369,238,185)	-	-	-	(369,238,185)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	3,027,384	-	-	-	3,027,384
Transfer to statutory reserve	-	-	37,500,000	(37,500,000)	-	-	-	-
Balance as at June 30, 2016 - (Restated)	820,827,940	449,686,099	937,045,177	1,303,123,454	2,027,483	-	340,995,023	3,853,705,176
Profit for the year after taxation	-	-	-	841,244,045	-	-	-	841,244,045
Other comprehensive loss	-	-	-	(11,559,815)	(6,562,294)	-	(164,744,368)	(182,866,477)
Total comprehensive income for the year ended June 30, 2017	-	-	-	829,684,230	(6,562,294)	-	(164,744,368)	658,377,568
Transactions with owner recorded directly in equity								
Cash dividend @ Rs.4.50 per ordinary share of Rs. 10.00 each for the year ended June 30, 2016	-	-	-	(369,372,573)	-	-	-	(369,372,573)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	6,353,510	-	-	-	6,353,510
Transfer to statutory reserve	-	-	42,062,202	(42,062,202)	-	-	-	-
Balance as at June 30, 2017	820,827,940	449,686,099	979,107,379	1,727,726,419	(4,534,811)	-	176,250,655	4,149,063,681

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


Shaheen Amin
Chief Executive Officer


Shahid Usman
Director


Maryam Aziz
Chief Financial Officer

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

1 LEGAL STATUS AND OPERATIONS

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long-term rating of AA+ and a short-term rating of A1+ to the Company on June 23, 2017.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. As per the requirements of circular no. CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the SECP, companies the financial year of which closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, the requirements of Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. In case the requirements differ, the provisions of and directives issued under the NBFC Rules, the NBFC Regulations, the Companies Ordinance, 1984 and the directives issued by the SECP prevail.

2.2 Basis of measurement

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

- Leasehold land and office building are stated at revalued amounts;
- Financial instruments at fair value through profit or loss and available-for-sale financial assets are measured at fair values;
- Obligation in respect of staff retirement gratuity is measured at present value of defined benefit obligation; and
- Non-current assets classified as held-for-sale are valued at lower of carrying amount and fair value less cost to sell.

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards require management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances the results of which form the basis of making the judgments about the carrying values of

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

- (a) determination of the residual values and useful lives of property, plant and equipment (notes 4.2 and 5);
- (b) allowance for potential lease and other loan losses (notes 4.5 and 40);
- (c) classification, valuation and impairment of financial assets (note 4.10);
- (d) recognition of taxation and deferred tax (notes 4.18 and 43);
- (e) accounting for post employment benefits (notes 4.19 and 27);
- (f) employees compensated absences (note 4.20 and 38.1); and
- (g) impairment of non-financial assets (note 4.9).

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

There were certain new amendments to the approved accounting standards which became effective during the year ended June 30, 2017 but are considered not to be relevant or have any significant effect on the Company's financial reporting and are, therefore, not disclosed in these unconsolidated financial statements.

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

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

Standards, Interpretations or Amendments	Effective date (accounting period beginning on or after)
-IFRS - 9 "Financial Instruments"	January 1, 2018
-IFRS - 15 "Revenue from contracts with customers"	January 1, 2018
-IFRS - 16 "Leases"	January 1, 2019

The standards highlighted above may impact the financial statements of the Company on adoption. The Management is currently in the process of assessing the full impact on the financial statements of the Company.

The Companies Act, 2017 (the Act) has been enacted on May 30, 2017 superseding the Companies Ordinance, 1984. Subsequent to the promulgation of the Companies Act, 2017, the SECP through a press release dated July 20, 2017 has allowed companies whose financial year closes on or before June 30, 2017 to prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, the financial statements of the Company for the year ended June 30, 2017 have been prepared in accordance with the provisions of the repealed Ordinance while the financial statements of the Company for the year ending June 30, 2018 will be prepared in accordance with the provisions of the new Companies Act, 2017. The Management is currently in the process of assessing the impact of the provisions of the Act on the financial statements of the Company.

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, 2017 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 financial statements.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

3 BUSINESS COMBINATION - ACQUISITION OF STANDARD CHARTERED LEASING LIMITED

During the year ended June 30, 2016, under the Scheme of Amalgamation (hereinafter referred to as “the Scheme”) of Standard Chartered Leasing Limited (SCLL) with and into ORIX Leasing Pakistan Limited as approved by the SECP, SCLL was acquired and amalgamated with the Company. The Scheme was effective from May 27, 2016.

International Financial Reporting Standard 3, (IFRS 3) “Business Combinations”, requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer’s balance sheet and any intangible assets acquired in the business combination are required to be separately recognised and carried at fair values. IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise determination of the fair values of the assets and liabilities and to determine the value of any intangible separately identified.

During the year ended June 30, 2017, in compliance of the requirement specified in IFRS-3, the fair valuation exercise of the recorded assets and liabilities was completed by the management as a result of which new information was obtained that necessitated adjustments to the provisional amounts of assets and liabilities initially estimated. Accordingly, retrospective adjustments have been made in these financial statements and comparatives have been revised as follows:

	Fair values provisionally determined as at May 26, 2016	Adjustments as a result of finalisation of fair value exercise (Rupees)	Fair values finalised and adjusted retrospectively
ASSETS			
Current assets			
Cash and bank balances	65,250	-	65,250
Accrued mark-up / return on long term investments	16,107,160	-	16,107,160
Prepayments and other receivables	59,741,323	-	59,741,323
Current maturity of non-current assets	1,950,435,248	2,729,307	1,953,164,555
	2,026,348,981	2,729,307	2,029,078,288
Non-current assets			
Long-term investments	58,882,984	10,737,637	69,620,621
Net investment in finance leases	1,848,448,590	(39,640,312)	1,808,808,278
Long-term loans	1,791,159	-	1,791,159
Long-term security deposits	112,500	-	112,500
Plant and equipment	1,641,319	-	1,641,319
Intangible assets	172,062	-	172,062
	1,911,048,614	(28,902,675)	1,882,145,939
Total assets	3,937,397,595	(26,173,368)	3,911,224,227
LIABILITIES			
Current liabilities			
Accrued mark-up	40,924,539	-	40,924,539
Accrued and other liabilities	60,875,483	-	60,875,483
Borrowing from financial institutions	286,343,838	-	286,343,838
Certificates of investment	863,167,429	-	863,167,429
Taxation - net	50,927,274	-	50,927,274
Current maturity of non current liabilities	443,758,666	-	443,758,666
	1,745,997,229	-	1,745,997,229
Non-current liabilities			
Certificates of investment	398,486,049	14,000,000	412,486,049
Long-term security deposits against leases	716,064,843	-	716,064,843
Long-term finance	79,166,667	-	79,166,667
Deferred tax liability- net	13,955,674	(3,773,744)	10,181,930
	1,207,673,233	10,226,256	1,217,899,489
Total liabilities	2,953,670,462	10,226,256	2,963,896,718
NET ASSETS	983,727,133	(36,399,624)	947,327,509

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

The acquisition of Standard Chartered Leasing Limited is a bargain purchase as the value of the net assets acquired at the acquisition date exceeds the consideration paid by the Company. Details of the fair values of the net assets as at May 26, 2016, purchase consideration agreed and gain on bargain purchase are as follows:

	May 26, 2016 (Rupees)
Fair values of net assets acquired	947,327,509
Purchase Consideration	
- Cash	741,205,021
- Shares issued upon amalgamation	1,381,240
	742,586,261
Gain on bargain purchase	204,741,248

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Business combination

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

4.2 Property, plant and equipment - owned and leased

Property, plant and equipment (except leasehold land and office buildings) are stated at cost less accumulated depreciation and impairment losses, if any. Leasehold land and office buildings 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 property, plant and equipment is capitalised and the asset so replaced is retired from use. Cost incurred on overhaul of generators is depreciated over the enhanced useful lives of these generators. All other repairs and maintenance expenditure are charged to the profit and loss account during the period in which they are incurred.

Depreciation is charged using the straight line method over the estimated useful lives of assets, at the rates specified in notes 5.1, 5.2 and 5.3 to these unconsolidated financial statements. Generators under operating lease assets are depreciated on higher of, hours used and minimum hours calculated on the basis of life allotted to them in years. Residual values are taken into consideration in case of motor vehicles and generators under operating lease. The carrying value of leasehold land is amortised over its lease term. Depreciation on additions is charged from the month 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, 2017

Surplus arising on revaluation is credited to the surplus on revaluation of fixed assets account. Deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above mentioned surplus account as allowed under the provisions of the Companies Ordinance, 1984. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit.

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

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

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

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

Ijarah assets

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

4.3 Intangible assets

Intangible assets having definite lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged as disclosed in note 6.1 applying the straight-line method over the useful lives of the assets. Amortisation is charged from the month in which the asset is available for use, while no amortisation is charged for the month in which the asset is disposed off. The residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Subsequent costs are included in the asset's carrying amounts 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.

Gains and losses on disposals, if any, are taken to the profit and loss account in the period in which these arise.

4.4 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 which are included in the financial statements as "net investment in finance lease".

4.5 Allowance for potential lease and other loan losses

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

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

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

4.6 Assets classified as held for sale

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

A non-current asset held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised through the profit and loss account 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.

4.7 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.

4.8 Investment in associated undertakings

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

Under the equity method, the investment in the associate is carried in the balance sheet 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 income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity.

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

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

Furthermore, when the Company discontinues the use of the equity method, all amounts previously recognised in 'other comprehensive income' in relation to that investment are reclassified to the profit or loss account.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

4.9 Impairment of non-financial assets

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

4.10 Financial assets

4.10.1 Classification, initial recognition and subsequent measurement

Financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. The Management determines the appropriate classification of the financial assets of the Company in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of the purchase of the financial assets and re-evaluates this classification on a regular basis. The classification depends on the purpose for which the financial assets are acquired. The financial assets of the Company are categorised as follows:

a) Financial assets at 'fair value through profit or loss'

Investments are designated at 'fair value through profit or loss' if the Company manages such investments and makes purchase and sale decisions based on their fair values. These are initially recognised at fair value and transaction costs associated with these investments are taken directly to the profit and loss account. Investments at 'fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair values. Net gains and losses arising on changes in the fair value of these investments are taken to the profit and loss account.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables comprise of loans, finances, other receivables and cash and cash equivalents.

c) Held-to-maturity

Held-to-maturity investments are non-derivative financial instruments with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held to maturity are recognised initially at cost plus attributable transaction costs. Subsequently, these are measured at amortised cost.

Gains and losses are recognised in income when the investments are derecognised or impaired. Premium and discount on held-to-maturity investments are amortised using the effective interest rate method and are recognised in the profit and loss account.

d) Available-for-sale

Financial assets not covered in any of the above categories are classified as being available-for-sale. These are initially recognised at cost, being the fair value of the consideration given including acquisition charges.

After initial recognition, financial assets which are classified as 'available-for-sale' are remeasured at fair value. Gains or losses on 'available-for-sale' investments are recognised directly in equity through other comprehensive income until the investment is sold, derecognised or is determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is included in the profit and loss account.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

For financial assets that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the reporting date.

4.10.2 Impairment

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. When there is an objective evidence that an impairment loss has been incurred, the amount of loss is measured as follows:

a) Held-to-maturity

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the investment's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit and loss account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating) the reversal of the previously recognised impairment loss is recognised in the profit and loss account.

b) Available-for-sale

Impairment loss in respect of investments classified as available-for-sale is recognised in profit and loss account based on Management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in the fair value of a listed equity investment below its cost is also considered an objective evidence of impairment. In case of impairment of available-for-sale securities, the cumulative loss that has been recognised in reserves in the balance sheet is removed therefrom and recognised in the profit and loss account.

4.10.3 Derecognition

Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets. Any gain or loss on derecognition is taken to income in the current year.

4.11 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition is taken to income in the current year.

4.12 Offsetting of financial assets and financial liabilities

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

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

4.13 Regular way contracts

All regular way purchases and sales of financial assets are recognised on settlement date, i.e. the date on which the asset is delivered to or by the Company.

4.14 Derivative financial instruments and hedging activities

The Company uses derivative financial instruments to hedge its risks associated with interest rate and foreign currency fluctuations. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and the attributable transaction costs are recognised in the profit and loss account when incurred. Subsequent to initial recognition, derivatives are remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of unquoted derivatives, if any, is determined by discounted cash flows using appropriate interest rates applicable to the underlying asset.

The Company designates certain derivatives as either:

- (a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- (b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge)

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items and its risk management objectives and strategies for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss attributable to the hedged risk is recognised in profit or loss and is adjusted the carrying amount of the hedged item.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedge is recognised in equity through other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that is reported in equity is immediately transferred to the profit and loss account.

4.15 Long-term finances and loans

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

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

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

4.16 Certificates of Deposit

Return on Certificates of Deposit (CODs) issued by the Company is recognised on a time proportionate basis taking into account the relevant CODs issue and final maturity dates.

4.17 Provisions

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

4.18 Taxation

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

Current

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

Deferred

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

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

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

4.19 Staff retirement benefits

(a) Defined contribution plan

The Company operates a recognised contributory Provident Fund Scheme (the Fund) for all its permanent employees who have completed the minimum qualifying period of six months of service. 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.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

(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 recycling through the profit and loss account.

4.20 Employees compensated absences

The Company provides for unavailed compensated absences for all its permanent employees on the basis of actuarial advice under the Projected Unit Credit Method. Remeasurement gains and losses pertaining to long-term compensated absences are recognised in the profit and loss account immediately.

4.21 Foreign currency transactions

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

4.22 Revenue recognition

Finance leases

The Company follows the 'financing method' in accounting for recognition of 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 then amortised over the term of the lease, so as to produce a systematic return on the net investment in finance leases.

Revenue from finance leases is not accrued when rent is past due by ninety days or more.

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

Operating lease income

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

Ijarah lease income

Rental from Ijarah arrangements are recognised on accrual basis as and when rentals become due.

Return on investments

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

Return on deposits is recognised on an accrual basis using the effective interest rate method.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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

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

Finances and loans

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

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

Others

Other income is recognised on a receipt basis.

4.23 Earnings / (loss) per share

The Company presents basic and diluted earnings / (loss) per share data for its ordinary shares. Basic earnings / (loss) 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 / (loss) 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.

4.24 Proposed dividend and transfer between reserves

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

4.25 Cash and cash equivalents

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

4.26 Segment reporting

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

5	PROPERTY, PLANT AND EQUIPMENT	Note	2017	2016
			----- Rupees -----	
	Fixed assets - own use	5.1	556,924,789	599,288,863
	Fixed assets - on operating lease	5.2	906,131,561	1,032,400,115
	Fixed assets - ijarah finance	5.3	69,697,076	133,677,947
			1,532,753,426	1,765,366,925

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

5.1 Fixed assets - own use

		2017								
Description	Cost / Revalued Amount			Accumulated depreciation			Net book value			
	As at July 1, 2016	Additions / transfer * / (disposals) / write off**	Surplus on revaluation / (reversal of accumulated depreciation)	As at June 30, 2017	As at July 1, 2016	Charge for the year / transfer* / (disposals) / write off**	Reversal due to revaluation	As at June 30, 2017	As at June 30, 2017	Rate / Number of Years
-----Rupees-----										
Leasehold land	344,450,000	-	-	344,450,000	-	4,540,128	-	4,540,128	339,909,872	77 & 99 years
Office building	87,796,647	-	-	87,796,647	-	6,308,737	-	6,308,737	81,487,910	5%
Stock Exchange rooms	10,500,000	-	-	10,500,000	5,000,000	-	-	5,000,000	5,500,000	Indefinite life
Leasehold improvements	80,493,240	22,417,406 (41,000)	-	102,869,646	62,987,412	14,104,573 (41,000)	-	77,050,985	25,818,661	15% - 33%
Furniture, fittings and office equipment	104,132,760	16,625,672 (2,524,695) (1,046,292)	-	117,187,445	60,310,585	15,679,056 (1,762,883) (1,044,417)	-	73,182,341	44,005,104	15% - 20%
Vehicles	142,836,963	5,204,000 1,440,000 (58,285,473) (2,373,669)	-	88,821,821	50,571,904	11,640,698 864,002 (24,090,027) (1,603,231)	-	37,383,346	51,438,475	20%
Computers and accessories	33,681,837	5,789,557 (271,200)	-	39,200,194	25,732,683	4,973,944 (271,200)	-	30,435,427	8,764,767	33%
	803,891,447	50,036,635 1,440,000 (61,122,368) (3,419,961)	-	790,825,753	204,602,584	57,247,136 864,002 (26,165,110) (2,647,648)	-	233,900,964	556,924,789	

* This represents assets transferred from operating lease assets to own use assets.

** This represents assets written-off during the year.

		2016								
Description	Cost / Revalued Amount			Accumulated depreciation			Net book value			
	As at July 1, 2015	Additions / transfer from amalgamated entity* / (disposals)	Surplus on revaluation / (reversal of accumulated depreciation)	As at June 30, 2016	As at July 1, 2015	Charge for the year / transfer from amalgamated entity / (on disposals)	Reversal due to revaluation	As at June 30, 2016	As at June 30, 2016	Rate / Number of Years
-----Rupees-----										
Leasehold land	152,412,237	-	-	344,450,000	10,080,877	1,640,160	-	-	344,450,000	77 & 99 years
			203,758,800 (11,721,037)				(11,721,037)			
Office building	112,634,044	-	-	87,796,647	30,772,385	5,884,224	-	-	87,796,647	5%
			11,819,212 (36,656,609)				(36,656,609)			
Stock Exchange rooms	10,500,000	-	-	10,500,000	5,000,000	-	-	5,000,000	5,500,000	Indefinite life
Leasehold improvements	76,536,880	6,847,751 (2,891,391)	-	80,493,240	58,414,279	7,443,570 (2,870,437)	-	62,987,412	17,505,828	15%
Furniture, fittings and office equipment	94,860,885	19,208,417 8,913,208 (18,849,750)	-	104,132,760	59,245,662	9,245,535 7,271,889 (15,452,501)	-	60,310,585	43,822,175	15% - 25%
Vehicles	157,130,374	22,437,758 (36,731,169)	-	142,836,963	53,955,824	17,736,560 (21,120,480)	-	50,571,904	92,265,059	20%
Computers and accessories	34,576,478	7,937,696 (8,832,337)	-	33,681,837	29,055,603	5,237,832 (8,560,752)	-	25,732,683	7,949,154	33%
	638,650,898	56,431,622 8,913,208 (67,304,647)	215,578,012 (48,377,646)	803,891,447	246,524,630	47,187,881 7,271,889 (48,004,170)	(48,377,646)	204,602,584	599,288,863	

* This represents assets acquired from Standard Chartered Leasing Limited upon amalgamation of Standard Chartered Leasing Limited with and into ORIX Leasing Pakistan Limited.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

5.1.1 During the year, the Company revised its estimate of useful life of office equipment and leasehold improvements. The initial life of office equipment has been reduced from 80 months to 60 months after taking into account the frequency of replacement of these assets. The initial life of leasehold improvements on rented premises has been reduced from 80 months to 36 months in line with the average term of rent agreements. The revision has been accounted for as a change in accounting estimate as defined in International Accounting Standard 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. Had these revisions not been made during the year ended June 30, 2017, depreciation expense for office equipment and leasehold improvements would have been lower by Rs. 3,519,162 and Rs. 873,149 respectively and consequently profit before tax would have been higher by the same amounts.

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

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

	2017		
	Cost	Accumulated depreciation	Net book value
	----- Rupees -----		
Leasehold land	54,399,300	7,203,334	47,195,966
Office building	76,781,580	30,532,750	46,248,830
	131,180,880	37,736,084	93,444,796

	2016		
	Cost	Accumulated depreciation	Net book value
	----- Rupees -----		
Leasehold land	54,399,300	6,589,476	47,809,824
Office building	76,781,580	26,651,253	50,130,327
	131,180,880	33,240,729	97,940,151

5.1.2 Included in cost of fixed assets - own use are fully depreciated items which are still in use aggregating to Rs. 141.05 million (2016: Rs. 117.62 million).

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyers
	-----Rupees-----					
Book value not exceeding						
Rs. 50,000 each						
Leasehold improvements	41,000	41,000	-	41,000	Insurance claim	Adamjee Insurance Company Limited
Furniture, fittings and office equipment	2,264,695	1,683,696	580,999	820,567	Negotiation	Various
Vehicle	1,222,073	783,791	438,282	316,994	Negotiation	Various
Computers and accessories	271,200	271,200	-	23,130	Negotiation	Various
	3,798,968	2,779,687	1,019,281	1,201,691		
Book value exceeding						
Rs. 50,000 each						
Furniture, fittings and office equipment						
	75,000	19,687	55,313	55,313	Company Policy	Mr. Nusrat Hayat, Employee
	75,000	16,875	58,125	60,000	Company Policy	Mr. Syed Raza Ali Bokhari, Employee
	110,000	42,625	67,375	67,375	Company Policy	Mr. Irfan Ahmed, Employee
	260,000	79,187	180,813	182,688		
Vehicles						
	1,419,000	695,310	723,690	723,690	Company Policy	*Mr. Abdul Saeed Daudpota, Employee
	1,607,500	482,250	1,125,250	1,141,325	Company Policy	Mr. Abid Hamid, Employee
	657,000	394,200	262,800	262,800	Company Policy	Mr. Abid Iftikhar Khan, Employee
	102,900	10,376	92,524	97,000	Insurance Claim	Adamjee Insurance Company Limited
	102,900	9,433	93,467	97,000	Insurance Claim	Adamjee Insurance Company Limited
	1,039,000	363,650	675,350	675,350	Company Policy	Mr. Adnan Ishaq, Employee
	657,000	303,863	353,137	353,137	Company Policy	Mr. Ahmed Kemal, Employee
	683,000	247,588	435,412	435,412	Company Policy	Mr. Ali Afsar Khan, Employee
	2,152,500	624,225	1,528,275	1,528,275	Company Policy	*Mr. Amjad Iqbal, Employee
	1,844,500	903,805	940,695	940,695	Company Policy	Ms. Aseya Qasim, Employee
	1,627,500	309,225	1,318,275	1,350,825	Company Policy	Mr. Asrar Ul Hasan Alvi, Employee
	683,000	239,050	443,950	452,490	Company Policy	Mr. Bilal Aslam, Employee
	395,000	217,250	177,750	350,000	Insurance Claim	Efu General Insurance Company Limited
	652,000	262,973	389,027	550,000	Insurance Claim	Efu General Insurance Company Limited
	605,000	332,750	272,250	520,000	Insurance Claim	Efu General Insurance Company Limited
	1,039,000	181,825	857,175	857,175	Company Policy	Mr. Fahad Shahzad Memon, Employee
	683,000	162,213	520,787	529,325	Company Policy	Mr. Imran Shahzada, Employee
	1,953,000	1,269,450	683,550	1,013,262	Company Policy	Mr. Irfan Ahmed, Employee
	1,477,500	753,525	723,975	1,250,178	Negotiation	M/s. Isha Enterprises
	657,000	303,863	353,137	370,369	Company Policy	Mr. Jeetandar Gul, Employee
	367,000	201,850	165,150	200,000	Negotiation	Mr. Khadim Hussain Butt
	1,494,500	807,030	687,470	1,270,000	Negotiation	Mr. Khalid Mehbub Butt
	1,039,000	272,738	766,262	766,262	Company Policy	Mr. M. Sohail Akbar, Employee
	2,156,000	280,280	1,875,720	1,875,720	Company Policy	Mr. Masood Ahmed Zia, Employee
	990,000	581,625	408,375	408,375	Company Policy	Mr. Mirza Naeem Ahmed, Employee
	683,000	119,525	563,475	563,475	Company Policy	Mr. Mohammad Naeem, Employee
	612,000	367,200	244,800	244,800	Company Policy	Mr. Mohsen Javed, Employee
	1,034,000	387,750	646,250	659,175	Company Policy	Mr. Muhammad Anwar, Employee
	637,000	366,275	270,725	270,725	Company Policy	Mr. Muhammad Asad, Employee
	1,034,000	348,975	685,025	685,025	Company Policy	Mr. Muhammad Asif, Employee
	612,000	367,200	244,800	244,800	Company Policy	Mr. Muhammad Asim Butt, Employee
	1,039,000	324,688	714,312	714,312	Company Policy	Mr. Muhammad Atif Jamal Soofi, Employee
	683,000	230,513	452,487	452,500	Company Policy	Mr. Muhammad Farhan Younas, Employee
	1,010,000	517,625	492,375	506,469	Company Policy	Mr. Muhammad Irfan, Employee

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Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyers
	-----Rupees-----					
Vehicles	1,039,000	181,825	-	857,175	Company Policy	Mr. Muhammad Siddiq, Employee
	970,000	582,000	388,000	388,000	Company Policy	Mr. Muhammad Usman Naseem, Employee
	572,000	343,200	228,800	228,800	Company Policy	Mr. Munir Hussain Dugal, Employee
	612,000	367,200	244,800	244,800	Company Policy	Mr. Nadeem Baig, Employee
	607,000	364,200	242,800	242,800	Company Policy	Mr. Nasir Mehmood, Employee
	970,000	582,000	388,000	388,000	Company Policy	Mr. Nasrullah Khan, Employee
	1,494,500	836,920	657,580	657,580	Company Policy	Mr. Nusrat Hayat, Employee
	683,000	102,450	580,550	580,550	Company Policy	Mr. Saeed Ahmad, Employee
	121,200	66,660	54,540	400,000	Negotiation	Mr. Saeed Ahmed
	683,000	110,988	572,012	572,012	Company Policy	Mr. Sajid Pervaiz Cheema, Employee
	1,039,000	311,700	727,300	766,263	Company Policy	Mr. Sameer Mir, Employee
	1,034,000	413,600	620,400	620,400	Company Policy	Mr. Shahzad Ali Choudhary, Employee
	563,000	309,650	253,350	331,000	Negotiation	Mr. Shaukat Ali Akbar
	121,200	66,660	54,540	220,000	Negotiation	Mr. Sheikh Shahid Aziz
	1,039,000	181,825	857,175	960,000	Negotiation	Mr. Shoaib Umer
	1,627,500	309,225	1,318,275	1,609,000	Negotiation	Mr. Syed Ali Ahmed
	683,000	273,200	409,800	409,800	Company Policy	Mr. Syed Amjad Ali, Employee
	1,517,500	819,450	698,050	713,225	Company Policy	*Mr. Syed Amjad Ullah Kakakhel, Employee
	985,000	591,000	394,000	394,000	Company Policy	Mr. Syed Qamarul Hassan Naqvi, Employee
	1,039,000	389,625	649,375	649,375	Company Policy	Mr. Syed Raheel Safdar, Employee
	990,000	594,000	396,000	396,000	Company Policy	Mr. Syed Urooj Hasan, Employee
	683,000	102,450	580,550	580,550	Company Policy	Mr. Syed Waqas Ali Shah, Employee
	1,015,000	609,000	406,000	406,000	Company Policy	Mr. Waheed Khan, Employee
	1,554,500	699,525	854,975	1,065,260	Company Policy	Mr. Waqas Ahmad Khwaja, Employee
	577,000	346,200	230,800	230,800	Company Policy	Mr. Waseem Ahmed, Employee
	612,000	359,550	252,450	252,450	Company Policy	Mr. Yasir Maqsood Kahloon, Employee
	683,000	85,375	597,625	597,625	Company Policy	Mr. Yasir Saleem, Employee
	121,200	66,660	54,540	225,000	Negotiation	Mr. Khadim Hussain Butt
	57,063,400	23,306,236	32,899,989	37,346,411		
Write-offs during the year						
Vehicles	2,373,669	1,603,231	770,438	-		
Furniture, fittings and office equipment	1,046,292	1,044,417	1,875	-		
	3,419,961	2,647,648	772,313	-		
	64,542,329	28,812,758	34,872,396	38,730,790		

* This represents disposals made to Key Management Personnel

5.1.4 The depreciation expense for the year has been allocated as follows:

	Note	2017	2016
Administrative and general expenses - continuing operations	38	57,247,136	46,182,718
Administrative and general expenses - discontinued operations	44.2	-	1,005,163
		57,247,136	47,187,881

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For the year ended June 30, 2017

5.2 Fixed assets - on operating lease

Description	2017							
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2016	Additions / (disposals) / transfer* / write off**	As at June 30, 2017	As at July 1, 2016	Charge for the year / (on disposals) / transfer* / write off**	As at June 30, 2017	As at June 30, 2017	Rate
-----Rupees-----								
Generators	1,660,738,134	26,455,654 (20,226,730) ***	1,666,967,058	660,316,768	143,669,250 (287,096) ***	803,698,922	863,268,136	Actual / Minimum number of hours
Generator accessories	121,524,927	- (658,691) ** 20,226,730 ***	141,092,966	90,170,176	8,430,960 (658,691) ** 287,096 ***	98,229,541	48,863,425	10% - 15%
Vehicles	1,440,000	- (1,440,000) *	-	816,002	48,000 (864,002) *	-	-	33%
	1,783,703,061	26,455,654 (658,691) ** (1,440,000) *	1,808,060,024	751,302,946	152,148,210 (658,691) ** (864,002) *	901,928,463	906,131,561	

* Represents assets transferred to own use assets

** This represents assets written off during the year.

*** This represents assets transferred from generators to generators accessories.

Description	2016							
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2015	Additions / (disposals)	As at June 30, 2016	As at July 1, 2015	Charge for the year / (on disposals)	As at June 30, 2016	As at June 30, 2016	Rate
-----Rupees-----								
Generators	1,679,628,212	8,417,192 (27,307,270)	1,660,738,134	588,792,289	85,658,701 (14,134,222)	660,316,768	1,000,421,366	Actual number of hours
Generators Accessories	122,993,994	1,538,433 (3,007,500)	121,524,927	80,716,214	12,376,637 (2,922,675)	90,170,176	31,354,751	10% - 15%
Communication equipment	410,273,755	16,599,901 (426,873,656)	-	362,444,172	9,871,935 (372,316,107)	-	-	15% - 33%
Vehicles	7,587,500	- (6,147,500)	1,440,000	3,916,984	587,519 (3,688,501)	816,002	623,998	33%
	2,220,483,461	26,555,526 (463,335,926)	1,783,703,061	1,035,869,659	108,494,792 (393,061,505)	751,302,946	1,032,400,115	

5.2.1 During the year ended June 30, 2017, the Company revised its estimate of the useful life and pattern of recording depreciation for generators on operating lease. In addition to depreciating generators solely on the basis of actual hours of usage, they are now being depreciated on higher of actual hours and minimum hours calculated on the basis of useful life of the generators. The revisions in estimates have been made considering the fact that generators are subject to wear and tear and obsolescence, regardless of the numbers of hours for which these are operated. The revision has been accounted for as a change in accounting estimate as defined in International Accounting Standard 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. Had these revisions not been made, depreciation expense included in 'Direct cost of lease' would have been lower by Rs. 52.55 million and consequently profit before tax would have been higher by the same amount.

5.2.2 Included in cost of fixed assets - operating lease are fully depreciated items which are still in use aggregating to Rs. 180.13 million (2016: Rs. 155.89 million).

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

5.2.3 No operating lease assets were disposed off during the year.

5.2.4 The depreciation expense for the year has been allocated as follows:

	Note	2017	2016
Direct cost of lease - continuing operations	39	152,148,210	98,622,857
Direct cost of lease - discontinued operations	44.1	-	9,871,935
		152,148,210	108,494,792

5.3 Fixed assets - Ijarah finance

Description	2017								Rate
	Cost			Accumulated depreciation			Net book value		
	As at July 1, 2016	Additions / (disposals)	As at June 30, 2017	As at July 1, 2016	Charge for the year / (on disposals)	As at June 30, 2017	As at June 30, 2017		
	-----Rupees-----								
Machinery & Generators	227,289,000	(77,695,000)	149,594,000	126,740,162	60,587,848 (77,695,000)	109,633,010	39,960,990	Underlying lease term	
Vehicles	88,905,640	23,882,500 (43,349,340)	69,438,800	55,776,531	22,313,739 (38,387,556)	39,702,714	29,736,086	Underlying lease term	
	316,194,640	23,882,500 (121,044,340)	219,032,800	182,516,693	82,901,587 (116,082,556)	149,335,724	69,697,076		

Description	2016								Rate
	Cost			Accumulated depreciation			Net book value		
	As at July 1, 2015	Additions / (disposals)	As at June 30, 2016	As at July 1, 2015	Charge for the year / (on disposals)	As at June 30, 2016	As at June 30, 2016		
	-----Rupees-----								
Machinery & Generators	204,508,000	41,300,000 (18,519,000)	227,289,000	68,507,561	76,751,601 (18,519,000)	126,740,162	100,548,838	Underlying lease term	
Vehicles	113,887,640	16,960,500 (41,942,500)	88,905,640	64,816,673	31,001,692 (40,041,834)	55,776,531	33,129,109	Underlying lease term	
	318,395,640	58,260,500 (60,461,500)	316,194,640	133,324,234	107,753,293 (58,560,834)	182,516,693	133,677,947		

5.3.1 Details of fixed assets - Ijarah finance, disposed off during the year are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyers
	----- Rupees -----					
Book value not exceeding Rs. 50,000 each						
Machinery & Generators	77,695,000	77,695,000	-	-	As per contract terms	Various
Vehicles	30,645,840	30,645,840	-	-	As per contract terms	Various
Book value exceeding Rs. 50,000 each						
Vehicles	690,000	546,250	143,750	149,774	Negotiation	M/s AKB Enterprises
	690,000	546,250	143,750	149,774	Negotiation	M/s AKB Enterprises
	1,000,000	777,778	222,222	258,701	Negotiation	Mr. Syed Iqbal Ali
	1,029,000	728,875	300,125	303,531	Negotiation	M/s AKB Enterprises
	1,221,000	737,688	483,312	536,454	Negotiation	M/s Wavetech Private Limited
	1,400,000	350,000	1,050,000	1,113,694	Negotiation	M/s True - Dynamic International Private Limited
	2,000,000	1,416,667	583,333	575,868	Negotiation	M/s AKB Enterprises
	2,170,500	1,386,708	783,792	783,792	Negotiation	Mr. Zeeshan Ali Khan
	2,503,000	1,251,500	1,251,500	1,457,605	Negotiation	Mr. Imran Ali Khan
	12,703,500	7,741,716	4,961,784	5,329,193		
	121,044,340	116,082,556	4,961,784	5,329,193		

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

5.3.2 The depreciation expense has been charged to direct cost of lease.

6	INTANGIBLE ASSETS	Note	2017	2016
			-----Rupees-----	
	Computer software and license	6.1	12,185,643	11,725,852

6.1 Following is a statement of intangible assets:

2017								
Description	Cost		Accumulated amortisation			Net book Value		Rate
	As at July 1, 2016	Additions / (disposals)	As at June 30, 2017	As at July 1, 2016	Charge for the year / (on disposals)	As at June 30, 2017	As at June 30, 2017	
	-----Rupees-----							
Computer software and license	55,110,336	6,960,878	62,071,214	43,384,484	6,501,087	49,885,571	12,185,643	25% - 33%
	55,110,336	6,960,878	62,071,214	43,384,484	6,501,087	49,885,571	12,185,643	

2016								
Description	Cost		Accumulated amortisation			Net book Value		Rate
	As at July 1, 2015	Additions / transfer from amalgamated entity* / (disposals)	As at June 30, 2016	As at July 1, 2015	Charge for the year / transfer from amalgamated entity* / (on disposals)	As at June 30, 2016	As at June 30, 2016	
	-----Rupees-----							
Computer software and license	86,301,840	11,673,180	55,110,336	77,670,384	8,351,005	43,384,484	11,725,852	25% - 33%
		1,347,692 *			1,175,630 *			
		(44,212,376)			(43,812,535)			
	86,301,840	11,673,180	55,110,336	77,670,384	8,351,005	43,384,484	11,725,852	
		1,347,692 *			1,175,630 *			
		(44,212,376)			(43,812,535)			

* This represents assets acquired from Standard Chartered Leasing Limited upon amalgamation of Standard Chartered Leasing Limited with and into ORIX Leasing Pakistan Limited.

6.2 Included in cost of intangibles are fully amortised items which are still in use aggregating to Rs. 39.05 million (2016: Rs. 27.18 million).

6.3 No intangible assets were disposed off during the year.

6.4 The amortisation expense for the year has been allocated as follows:

	Note	2017	2016
		-----Rupees-----	
Administrative and general expenses - continuing operations	38	6,501,087	4,200,505
Administrative and general expenses - discontinued operations	44.1	-	4,150,500
		6,501,087	8,351,005

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9.1 The breakup of carrying value of investments in equity accounted undertakings is as follows:

2017 (Number of shares)	2016		Note	2017 ----- Rupees -----	2016 ----- Rupees -----
Quoted					
30,392,901	29,223,944	Oman ORIX Leasing Company SAOG	9.1.1 to 9.1.3	1,251,617,039	1,138,382,265
Unquoted					
1,375,000	1,375,000	Saudi ORIX Leasing Company		581,492,972	572,953,631
-	90,000	Al Hail ORIX Finance PSC	10.2	-	284,249,975
920,000	920,000	ORIX Leasing Egypt SAE		138,992,555	270,606,846
				1,972,102,566	2,266,192,717

9.1.1 Oman ORIX Leasing Company SAOG, Saudi ORIX Leasing Company and ORIX Leasing Egypt SAE are accounted for as equity accounted undertakings due to the significant influence exercised by the Company on these companies.

9.1.2 Market value of quoted investment in equity accounted undertaking is as follows:

	2017 ----- Rupees -----	2016 ----- Rupees -----
Oman ORIX Leasing Company SAOG	1,374,455,080	898,484,392

9.1.3 This includes 1,485 shares of Riyal Omani (R.O.) 0.1/- each (2016: 1,428 shares at R.O.0.1/- each) held in the name of a director in the investee company. The aggregate carrying value of these shares is Rs. 0.061 million (2016: Rs. 0.056 million).

9.1.4 Summarised un-audited financial statements of equity accounted undertakings are as follows:

Name	Date of financial year end	As at June 30, 2017		For the period ended July 1, 2016 to June 30, 2017		Interest held
		Total assets	Total liabilities	Revenues	Profit / (loss)	
2017						
Quoted						
Oman ORIX Leasing Company SAOG	31 December	52,858,403,903	42,107,250,382	5,405,478,464	1,615,303,616	11.64%
Unquoted						
Saudi ORIX Leasing Company	31 December	40,207,752,565	16,948,033,685	3,608,456,434	1,066,718,554	2.50%
ORIX Leasing Egypt SAE	31 December	5,205,213,349	4,600,897,893	888,686,818	86,028,413	23.00%
2016						
Quoted						
Oman ORIX Leasing Company SAOG	31 December	47,832,881,034	38,095,941,074	4,651,776,284	1,438,168,277	11.64%
Unquoted						
Saudi ORIX Leasing Company	31 December	52,900,576,490	29,884,381,006	6,239,398,642	2,246,438,562	2.50%
Al Hail ORIX Finance PSC	31 December	29,438,437,144	20,169,490,535	2,770,960,734	(140,618,550)	3.00%
ORIX Leasing Egypt SAE	31 December	8,609,381,614	7,505,188,353	1,097,405,477	136,042,992	23.00%

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For the year ended June 30, 2017

9.1.5 Movement of investment in associates is as follows:

Note	2017					Total
	Oman ORIX Leasing Company SAOG	Saudi ORIX Leasing Company	Al Hail ORIX Finance PSC	ORIX Leasing Egypt SAE		
	----- (Rupees) -----					
Balance at the beginning of the year	1,138,382,265	572,953,631	284,249,975	270,606,846	2,266,192,717	
Share of profit for the year 36	188,021,341	21,334,370	-	19,786,535	229,142,246	
Share of other comprehensive loss for the year	-	(993,763)	-	-	(993,763)	
Dividends received during the year	(70,827,351)	(5,426,493)	-	(17,918,608)	(94,172,452)	
Exchange loss	(3,959,216)	(6,374,773)	-	(133,482,218)	(143,816,207)	
Reclassified to long-term investments 10.2	-	-	(284,249,975)	-	(284,249,975)	
	1,251,617,039	581,492,972	-	138,992,555	1,972,102,566	

Note	2016					Total
	Oman ORIX Leasing Company SAOG	Saudi ORIX Leasing Company	Al Hail ORIX Finance PSC	ORIX Leasing Egypt SAE		
	----- (Rupees) -----					
Balance at the beginning of the year	1,077,858,593	516,256,056	300,191,268	282,046,982	2,176,352,899	
Share of profit / (loss) for the year 36	167,427,237	43,243,943	(4,750,329)	28,243,263	234,164,114	
Dividends received during the year	(140,050,137)	(796,990)	(17,082,198)	-	(157,929,325)	
Exchange gain / (loss)	33,146,572	14,250,622	5,891,234	(39,683,399)	13,605,029	
	1,138,382,265	572,953,631	284,249,975	270,606,846	2,266,192,717	

10 LONG-TERM INVESTMENTS

Note	2017	2016 (Restated)
	-----Rupees-----	
Held-to-maturity		
Pakistan Investment Bonds (PIBs) 10.1	81,125,356	447,019,280
Term finance certificates (TFCs) - unlisted	-	1,701,878
	81,125,356	448,721,158
Available-for-sale (AFS)		
Al Hail ORIX Finance PSC 10.2	279,097,858	-
Less: Unrealised loss on remeasurement of financial asset classified as available-for-sale	(5,911,133)	-
	273,186,725	-
Less: Current maturity 14	14,951,881	362,700,907
Less: Provision for potential losses on investments 40.2	-	1,701,878
	14,951,881	364,402,785
	339,360,200	84,318,373

10.1 This represents investments made as required under Regulation 14(4)(g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 to maintain liquidity against certificates of deposit. These carry coupon income at rates ranging between 9.60% and 12.00% (2016: 9.60% to 12.00%) per annum and are due to mature on various dates latest by September 3, 2019.

10.2 The Company's investment in Al Hail ORIX Finance PSC was previously classified as an associated undertaking in view of representation of the Company's nominee on the Board of Directors of the entity and its participation in policy-making decisions. The Company has reassessed this position during the year as the Company now does not have any presence on the Board and, consequently, does not exercise any influence. Accordingly, the investment is no longer accounted for under the equity method of accounting and has been designated as 'Available-for-sale'. The difference of Rs. 5.15 million between the value determined at the time of recharacterisation of this investment and the carrying value at that date has been recognised in the unconsolidated profit and loss account. The exchange translation reserve previously

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recognised in equity has been reclassified to unconsolidated profit and loss account (note 35). The entity remains a related entity of the Company.

10.2.1 The movement in investment in Al Hail ORIX Finance PSC is as follows:

	Note	2017	2016
		-----Rupees-----	
Investment in associate recharacterised to available-for-sale financial assets	9.1.5	284,249,975	-
Less: Loss on de-recognition of investment in associate		(5,152,117)	-
Fair value at initial recognition of available-for-sale financial asset		279,097,858	-
Less: Unrealised loss on remeasurement of financial asset classified as available-for-sale		(5,911,133)	-
		273,186,725	-

11 LONG-TERM FINANCES AND LOANS

Considered good

Loans to key management personnel, other executives and employees

Key management personnel - related parties		36,740,537	37,417,862
Other executives		46,482,092	36,412,517
Other employees		17,887,441	41,092,927
	11.1 & 11.5	101,110,070	114,923,306

Others

Vehicle finance - secured	11.2	3,038,216,332	2,460,599,955
Micro finance	11.3	277,157,774	245,564,267
Musharakah finance - secured	11.4	39,905,435	71,310,416
Agri finance - secured	11.6	388,876	5,145,832

		3,355,668,417	2,782,620,470
		3,456,778,487	2,897,543,776

Considered doubtful

Others

Term finance - secured		195,008,867	195,008,867
Vehicle finance - secured		36,964,811	45,995,947
Micro finance		1,918,894	274,645
Agri finance - secured		15,076,327	13,531,958
		248,968,899	254,811,417

Less: Allowance for potential loan losses		(248,968,899)	(254,811,417)
		-	-

Less: General provision against agri and micro finance loans	11.7	(1,387,733)	(1,253,550)
		3,455,390,754	2,896,290,226

Less: current maturity

Key management personnel, other executives and employees		28,538,728	23,043,522
Others		1,896,142,564	1,587,370,254
	14	1,924,681,292	1,610,413,776

		1,530,709,462	1,285,876,450
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11.1 Reconciliation of outstanding amount of loans to key management personnel and other executives

Opening balance		73,830,379	75,220,410
Disbursements		35,773,915	12,874,857
Repayments		(26,381,665)	(14,264,888)
		83,222,629	73,830,379

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- 11.2 This represents vehicle financing facility provided to individual and corporate customers on mark-up basis. The mark-up on these finances ranges from 8.41% to 23.00% (2016: 10.14% to 24.00%) per annum. These finances are repayable within a period of 1.5 years to 5 years (2016: 2 years to 5 years) and are secured against charge over vehicles and personal guarantees.
- 11.3 This represents long-term micro finance offered to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 23.93% to 35.78% (2016: 28.00% to 35.78%) per annum. These are secured against personal guarantees of community organisations and are repayable within a period of 1.5 years (2016: 1.5 years).
- 11.4 This represents musharakah facilities provided to customers. The mark-up on these finances ranges from 11.35% to 19.00% (2016: 11.35% to 21.00%) per annum. The facilities have a repayment term of 2 to 4 years (2016: 2 to 5 years) and are secured by assets subject to musharakah agreement.
- 11.5 This represents loans given to staff in accordance with the terms of the Company's Compensation policy and includes house loans which are repayable within a period of 20 years or retirement date whichever is earlier. House loans are secured against equitable mortgage on the property by deposit of title documents of the property with the Company and carry mark-up of 5.00% (2016: 5.00%) per annum. Loans to Key Management Personnel, Executives and other employees (other than house loans) carry mark-up rates from 7.5% to 15.00% (2016: 7.5% to 15.00%) per annum. These are secured against retirement benefits and are repayable within a period of five years.

Maximum amount outstanding at the end of any month during the year against loans to key management personnel and executives was Rs. 83.22 million (2016: Rs. 81.61 million).

- 11.6 This represents long-term finance offered to farmers on mark-up basis. The rate of return on these loans ranges from 15.00% to 28.00% (2016: 15.00% to 28.00%) per annum. These loans are repayable within a period of 1.5 year to 3 years (2016: 1.5 years to 3 years) and are secured against title documents of immovable property.
- 11.7 As per Regulation 25(A) of the NBFC Regulations, NBFCs with micro finance portfolio are required to maintain a general provision equivalent to 0.5% of the net outstanding micro finance portfolio (finance net of specific provisions).

12	SHORT-TERM FINANCES	Note	2017	2016
		-----Rupees-----		
Considered good				
	Micro finance	12.1	142,865,215	196,103,970
	Term finance - secured	12.2	6,099,995	88,185,016
	Agri finance - secured	12.3	1,190,990	2,353,314
			150,156,200	286,642,300
Considered doubtful				
	Micro finance		8,267,703	2,508,550
	Term finance - secured		115,407,326	115,407,326
	Agri finance - secured		5,631,303	5,520,337
			129,306,332	123,436,213
	Less: Allowance for potential losses		(129,306,332)	(123,436,213)
			-	-
	Less: General provision against agri and micro finance loans	11.7	(720,296)	(992,287)
			149,435,904	285,650,013

- 12.1 This represents short-term micro finance offered to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 19.75% to 37.73% (2016: 14.70% to 35.08%) per annum. These are secured against personal guarantees of community organisations and are repayable within twelve months.

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- 12.2 This represents term finance facilities provided to customers of Certificates of Deposit (CODs) on mark-up basis. The mark-up on these finances ranges from 8.50% to 13.50% (2016: 9.50% to 18.00%) per annum. These finances are recoverable between one and twelve months and are secured against lien over the respective CODs with a minimum security margin of 25% certificates of deposit.
- 12.3 This represents short-term finance offered to farmers on mark-up basis. The rate of return on these loans ranges from 17.00% to 25.00% (2016: 17.00% to 26.00%) per annum. These are repayable within twelve months (2016: twelve months) and are secured against title documents of immovable property.

13	ACCRUED RETURN ON INVESTMENTS AND TERM FINANCE	Note	2017	2016
			-----Rupees-----	
	Investments		3,659,963	51,245,595
	Term finance		52,287,945	46,728,149
			55,947,908	97,973,744
14	CURRENT MATURITY OF NON-CURRENT ASSETS			
	Current maturity of			
	Net investment in finance lease	7.1	12,090,081,233	11,780,064,405
	Long-term investments	10	14,951,881	362,700,907
	Long-term finances and loans	11	1,924,681,292	1,610,413,776
			14,029,714,406	13,753,179,088
15	SHORT-TERM INVESTMENTS			
	At fair value through profit and loss			
	Treasury bills	15.1	883,506,965	610,536,907
	Term finance certificates	15.2	8,000,527	8,000,527
			891,507,492	618,537,434
	Available-for-sale			
	Pakistan Investment Bonds (PIBs)	15.3	16,083,680	593,380,572
	Ordinary shares - unlisted	15.4	14,291,180	15,059,667
			30,374,860	608,440,239
	Less: Allowance for potential losses	40.2	8,000,527	8,000,527
			913,881,825	1,218,977,146

- 15.1 This represents investments made as required under Regulation 14(4)(g) of the NBFC Regulations to maintain liquidity against certificates of deposit. These are redeemable within a period of 12 months (2016: 12 months) from the reporting date, carrying yield ranging from 5.98% to 5.99% (2016: 5.81% to 6.38%) per annum due at maturity.
- 15.2 This represents investment in unlisted Term Finance Certificates (TFCs) which has been fully provided.
- 15.3 This represents investments made as required under Regulation 14(4)(g) of the NBFC Regulations to maintain liquidity against certificates of deposit. These are highly liquid and can be sold in secondary market at any time. These carry yield of 11.25% (2016: 8.9% to 11.97%) per annum.
- 15.4 This includes shares of LSE Financial Services Limited (formerly Lahore Stock Exchange Limited) received by the Company in pursuance of Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (the Act). The total number of shares received by the Company are 843,975 with a face value of Rs. 10 each. These include 506,385 (60% shares) which are required to be held separately in a blocked account with the Central Depository Company of Pakistan Limited to restrict the sale of these shares by

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the members, whereas, the stock exchange will dispose of these shares under the Act. However, the rights to receive dividend, bonus shares, right shares and the proceeds of sale of these shares are vested with members while the voting rights attached to these shares are suspended. In the absence of an active market, these shares have been carried at face value of Rs. 10 each.

	Note	2017	2016 (Restated)
		-----Rupees-----	
16	ADVANCES AND PREPAYMENTS		
	Advances - unsecured	11,308,771	26,754,718
	Prepayments		
	Prepaid insurance on leased assets	1,516,825	1,721,847
	Rent	9,584,254	5,466,908
	Others	16,927,304	9,080,062
		28,028,383	16,268,817
		39,337,154	43,023,535
17	OTHER RECEIVABLES		
	Considered good		
	Operating lease rentals receivable	23,951,584	26,282,605
	Ijarah rentals receivable	2,570,382	4,567,689
	Receivable against sale of e-business 17.1	10,666,670	26,666,675
	Receivable from staff retirement funds - SCLL	-	24,648,274
	Others	17,452,837	17,560,954
		54,641,473	99,726,197
	Considered doubtful		
	Operating lease rentals receivable	13,108,247	20,233,268
	Ijarah rentals receivable	14,539,272	10,153,061
	Receivable from equity brokerage customers	33,091,328	32,989,328
	Others	14,138,099	1,821,064
		74,876,946	65,196,721
	Less: Allowance for potential losses 40.2	74,876,946	65,196,721
		54,641,473	99,726,197

17.1 This represents receivable on account of sale of e-Business segment which was discontinued during the year ended June 30, 2016. The sale proceeds are being recovered in accordance with the payment plan agreed with the buyer.

	Note	2017	2016
		-----Rupees-----	
18	CASH AND BANK BALANCES		
	Cash in hand	1,309,355	1,216,472
	Balances with banks in:		
	- Current accounts	297,605,441	307,232,117
	- Deposit accounts 18.1	42,969,646	25,045,805
		340,575,087	332,277,922
		341,884,442	333,494,394

18.1 These carry expected profits rates ranging from 2.46% to 5.25% (2016: 2.60% to 5.00%).

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	Note	2017	2016
		-----Rupees-----	
19	ASSETS CLASSIFIED AS HELD FOR SALE		
Repossessed assets	19.1	1,840,615	19,189,266
Investment in associated undertaking	19.2	87,754,399	128,293,437
		89,595,014	147,482,703

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

19.2 During the year ended June 30, 2017, the Company has divested its investment in SK Leasing JSC, having a carrying value of Rs 40.54 million for a purchase consideration of Rs 46.38 million. Furthermore, the Management also intends to divest the Company's investment in OPP (Private) Limited, subject to necessary regulatory approvals. As at the reporting date, the carrying value of investment in OPP (Private) Limited is Rs 87.75 million (2016: Rs 87.75 million). The management remains committed to dispose off the investment in OPP (Private) Limited and is taking measures to execute the sale.

20 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017	2016		2017	2016
(Number of Shares)			-----Rupees-----	
		Ordinary shares of Rs. 10 each		
49,355,892	49,355,892	Fully paid in cash	493,558,920	493,558,920
30,544,364	30,544,364	Fully paid bonus shares	305,443,640	305,443,640
		Fully paid shares against		
2,182,538	2,182,538	amalgamation	21,825,380	21,825,380
82,082,794	82,082,794		820,827,940	820,827,940

20.1 As at June 30, 2017, ORIX Corporation, Japan and its nominees held 40,693,564 (2016: 40,693,564) ordinary shares equivalent to 49.58% (2016: 49.58%) of the total shareholding.

	Note	2017	2016
		-----Rupees-----	
21	SURPLUS ON REVALUATION OF LEASEHOLD LAND AND OFFICE BUILDING (NET OF TAX)		
Opening balance		334,306,496	121,755,868
Revaluation surplus arising during the year		-	215,578,012
Adjustment in respect of incremental depreciation transferred to retained earnings		(6,353,510)	(3,027,384)
		327,952,986	334,306,496
Opening balance of deferred tax liability		(11,299,894)	(9,746,860)
Effect of change in tax rate		-	1,392,410
Adjustment on transfer of incremental depreciation to retained earnings		728,172	600,320
Deferred tax liability on surplus arising during the year		-	(3,545,764)
	25	(10,571,722)	(11,299,894)
		317,381,264	323,006,602

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	2017	2016
		-----Rupees-----	
22 LONG-TERM FINANCES			
Secured			
Long-term finances utilised under mark-up arrangements - financial institutions	22.1	10,917,512,348	9,126,566,141
Less: Unamortised transaction cost		23,188,126	19,522,910
Less: Current maturity	32	4,187,029,986	2,959,053,788
		4,210,218,112	2,978,576,698
		6,707,294,236	6,147,989,443

22.1 These finances have been obtained for financing of operations and are secured by hypothecation of leased assets, related lease receivables, financing receivables and operating lease assets. The mark-up rates thereon range from 6.88% to 7.40% (2016: 7.07% to 7.61%) per annum. These finances are repayable within a period of 18 to 60 months (2016: 18 to 60 months).

	Note	2017	2016 (Restated)
		-----Rupees-----	
23 LONG-TERM CERTIFICATES OF DEPOSIT			
Unsecured			
Certificates of deposit	23.1 & 23.2	4,916,657,697	7,690,914,791
Less: Current maturity	32	916,325,000	1,802,742,125
		4,000,332,697	5,888,172,666

23.1 These represent long-term certificates of deposit, issued at expected rates of profit ranging from 6.15% to 12.50% (2016: 6.15% to 15.00%) per annum. These certificates of deposit have been issued for terms ranging from 2 years to 10 years (2016: 2 years to 10 years).

23.2 This includes unamortised transaction cost amounting to Rs. nil (2016: Rs. 4.48 million).

	Note	2017	2016
		-----Rupees-----	
24 LONG-TERM DEPOSITS			
Security deposit on finance lease	24.1	8,480,953,193	8,433,242,221
Less: Repayable / adjustable within 12 months	32	2,863,866,391	2,304,812,309
		5,617,086,802	6,128,429,912

24.1 These represent deposits received from lessees under finance lease contracts which are adjustable at the expiry of the lease period.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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25 DEFERRED TAXATION	Note	2017	2016
		-----Rupees-----	

The deferred tax liability is attributable to the following items:

- Accelerated tax depreciation		397,877,632	542,832,132
- Surplus on revaluation of office building	21	10,571,722	11,299,894
- Unamortised transaction costs relating to long term finances and loans		6,956,438	5,856,873
- Unrealised gain on investments		2,168,908	806,131
- Share of profit of equity accounted undertakings		334,645,138	334,292,123
- Allowance for potential loan losses		(138,978,220)	(136,617,778)
- Tax losses		(23,545,222)	(282,019,391)
- Post employment benefits		(4,954,206)	-
		584,742,190	476,449,984

26 OTHER LONG-TERM LIABILITIES

Profit on certificates of deposit	26.1	214,038,190	258,983,005
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26.1 This represents profit on Certificates of deposit payable on maturity.

27 DEFINED BENEFIT SCHEME - STAFF RETIREMENT GRATUITY

27.1 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, 2017, using the Projected Unit Credit Method.

27.2 Principal actuarial assumptions

- Discount rate		7.75%	9.00%
- Expected rate of increase in salary		7.75%	9.00%
- Expected rate of return on plan assets		7.75%	9.00%
- Average service years		11.46	8.12

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

27.3 The amount recognised in the balance sheet is as follows:

	Note	2017	2016
		-----Rupees-----	
Present value of defined benefit obligation	27.4	170,252,664	156,681,763
Fair value of any plan assets	27.4	(153,738,644)	(155,218,531)
		16,514,020	1,463,232

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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

	2017		
	Present value of defined benefit obligation	Fair value of plan assets	Net liability
	-----Rupees -----		
At July 1	156,681,763	(155,218,531)	1,463,232
Current service cost	12,894,574	-	12,894,574
Interest expense / (income)	14,101,359	(14,991,147)	(889,788)
	183,677,696	(170,209,678)	13,468,018
Remeasurements:			
- Interest on plan assets, excluding amounts included in interest expense / (income)	-	6,983,136	6,983,136
- Experience losses	9,530,886	-	9,530,886
	9,530,886	6,983,136	16,514,022
	193,208,582	(163,226,542)	29,982,040
Contributions made	-	(13,468,020)	(13,468,020)
Benefits paid	(22,810,342)	22,955,918	145,576
Benefits payable to outgoing member(s)	(145,576)	-	(145,576)
At June 30	170,252,664	(153,738,644)	16,514,020

	2016		
	Present value of defined benefit obligation	Fair value of plan assets	Net liability
	-----Rupees -----		
At July 1	161,024,331	(160,175,134)	849,197
Current service cost	12,811,235	-	12,811,235
Interest expense / (income)	15,059,358	(15,670,446)	(611,088)
	188,894,924	(175,845,580)	13,049,344
Remeasurements:			
- Interest on plan assets, excluding amounts included in interest expense / (income)	-	(1,238,531)	(1,238,531)
- Experience losses	2,990,578	-	2,990,578
	2,990,578	(1,238,531)	1,752,047
	191,885,502	(177,084,111)	14,801,391
Contributions made	-	(13,338,159)	(13,338,159)
Benefits paid	(33,425,632)	35,203,739	1,778,107
Benefits payable to outgoing member(s)	(1,778,107)	-	(1,778,107)
At June 30	156,681,763	(155,218,531)	1,463,232

27.5 The amount recognised in the profit and loss account is as follows:	2017	2016
	----- Rupees -----	
Current service cost	12,894,574	12,811,235
Interest income	(889,788)	(611,088)
	12,004,786	12,200,147

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

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27.7 Plan assets consist of the following:

	2017		2016	
	(Rupees)	%	(Rupees)	%
Government securities	146,422,434	95.24%	152,569,556	98.29%
Cash and bank balances and others	7,316,210	4.76%	2,648,975	1.71%
	153,738,644	100.00%	155,218,531	100.00%

27.8 Historical results

	2017	2016	2015	2014	2013
	----- Rupees -----				
Present value of defined benefit obligation	170,252,664	156,681,763	161,024,331	135,189,600	119,719,825
Fair value of plan assets	(153,738,644)	(155,218,531)	(160,175,134)	(131,270,153)	(90,634,056)
Deficit	16,514,020	1,463,232	849,197	3,919,447	29,085,769
Remeasurements of plan liabilities	6,983,136	(1,238,531)	720,795	495,591	3,097,965
Remeasurements of plan assets	9,530,886	2,990,578	586,481	(4,258,092)	(7,467,483)

27.9 Actual return on plan assets during the year amounted to Rs 12.994 million .

27.10 Based on the actuarial advice the Company intends to charge an amount of approximately Rs. 16.385 million in respect of gratuity fund in the financial statements for the year ending June 30, 2018.

27.11 Through its defined benefit gratuity plan, 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.

27.12 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%	156,689,549	185,544,511
Salary growth rate	1.0%	185,820,841	156,207,758

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 in the Balance Sheet.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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27.13 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	7,448,347	16,838,893	16,841,288	26,099,604	7,858,031	145,703,708

27.14 The weighted average duration of the defined benefit obligation is 8.44 years.

27.15 The information provided in notes 27.1 to 27.14 has been obtained from the details provided by the actuary of the Company.

28	TRADE AND OTHER PAYABLES	Note	2017 ----- (Rupees) -----	2016 -----
	Creditors		778,354,628	314,390,370
	Accrued liabilities	28.1	154,032,114	122,383,835
	Other liabilities			
	Advance from customers against finance lease and ijarah finance		14,981,737	44,892,545
	Sales tax payable		20,994,416	14,476,396
	Federal Excise Duty payable		1,631,783	1,901,941
	Insurance payable		65,476,741	72,937,121
	Unclaimed dividend		19,258,216	16,689,149
	Provision for Workers' Welfare Fund	28.2	10,000,000	83,524,549
	Payable to minority shareholders of SCLL		15,242,507	128,685,164
	Others		30,390,388	10,643,733
			177,975,788	373,750,598
			1,110,362,530	810,524,803

28.1 During the current year, charity amounting to Rs 1.28 million was given to an institution in which one of the directors of the Company is also a director.

28.2 During the current year, the Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of WWF were not lawful.

Accordingly, the Company has reversed provision for Federal Workers' Welfare Fund amounting to Rs 66.5 million. The Company continues to maintain provision in respect of Sindh Workers' Welfare Fund.

29	ACCRUED INTEREST / MARK-UP ON LOANS, FINANCES AND CERTIFICATES OF DEPOSIT	Note	2017 ----- (Rupees) -----	2016 -----
	Interest / mark-up / profit on			
	Long-term finances		132,151,718	154,889,497
	Short-term borrowings		44,035,872	22,163,015
	Certificates of deposit		156,383,400	218,981,573
			332,570,990	396,034,085
30	SHORT-TERM BORROWINGS			
	From banking companies			
	Running finance arrangements - secured	30.1	858,686,564	809,208,372
	Short term loans - secured	30.2	1,590,000,000	1,099,715,882
			2,448,686,564	1,908,924,254

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30.1 This represents short-term running finance facilities available from commercial banks with limits aggregating to Rs. 2,300 million (a sub-limit of which amounting to Rs 290 million has been utilised as a short-term loan) as at June 30, 2017 (2016: Rs. 2,120 million). The rate of mark-up ranges from 6.77% to 7.61% (2016: 6.75% to 7.85%) on a daily product basis. These are secured by hypothecation of leased assets, related lease receivables and financing receivables.

30.2 This represents short-term loans from financial institutions for periods ranging from 1 week to 6 months on a roll-over basis for one year and carry mark-up at the rates ranging from 6.61% to 6.73% (2016: 6.87% to 7.47%). These are secured by hypothecation of leased assets, related lease receivables and financing receivables.

31	Note	2017	2016
		----- (Rupees) -----	
SHORT-TERM CERTIFICATES OF DEPOSIT			
Unsecured			
Short-term certificates of deposit	31.1	983,589,858	2,073,044,036
Payable to holders of matured Certificates of deposit		127,676,153	-
		1,111,266,011	2,073,044,036

31.1 These represent short-term certificates of deposit issued at expected rates of profit, ranging from 5.35% to 6.25% (2016: 3.50% to 7.50%) per annum for a term of 12 months (2016: 3 to 12 months).

32	Note	2017	2016
		----- (Rupees) -----	
CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Current maturity of:			
Long-term finances	22	4,187,029,986	2,959,053,788
Long-term certificates of deposit	23	916,325,000	1,802,742,125
Long-term deposits	24	2,863,866,391	2,304,812,309
		7,967,221,377	7,066,608,222

33 CONTINGENCIES AND COMMITMENTS

33.1 In November 2011, the Company received a show cause notice from the Large Taxpayers Unit of the Federal Board of Revenue (FBR) Karachi as to why Federal Excise Duty (FED) on mark-up and other income for the years ended June 30, 2008, 2009 and 2010 amounting to Rs. 1,126 million along with applicable penalty and default surcharge should not be recovered from the Company. The Company's legal advisor was of the opinion that charging of FED on mark-up based income was unlawful. Accordingly, the Company filed a suit before the Honourable High Court of Sindh challenging the levy of FED on mark-up income. The Honourable High Court of Sindh in its order dated November 19, 2015 directed FBR to issue the notice of hearing and thereafter decide the matter and further directed that recovery shall not be affected till the decision is made. Subsequent to the said order no notice from FBR for hearing has been received. Management, based on the merit of the case, considers that decision will be in the Company's favour. Hence, no provision has been made in this regard.

33.2 The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order under section 122(5A) of the Income Tax Ordinance 2001 (the Ordinance) for tax year 2010 and created a demand of Rs. 313 million by disallowing capital loss on sale of shares and certain other matters.

The Company preferred an appeal against the amended assessment order passed by the ACIR before the Commissioner Inland Revenue (Appeals) (CIR-A). The CIR-A disposed of the appeal with minor relief to the Company. The Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the Company by the CIR-A which is pending for adjudication.

The Company has paid minimum tax of Rs. 45.48 million and Rs. 50.78 million for tax years 2007 and 2008 respectively under section 113 of the Ordinance. These amounts were recognised as current tax expense for the respective financial years. In the opinion of the management, the Company is entitled to carry forward the sum of the above minimum tax adjustment against the income tax demand for tax year 2010, if any.

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

- 33.3** During the year, the Deputy Commissioner Inland Revenue (DCIR) passed an amended assessment order for the tax year 2011 and created a demand of Rs. 67.6 million. The said demand mainly arose on account of difference in determination of minimum tax under Section 113 of the Ordinance. The Company filed an appeal against the amended assessment order before the CIR-A who vide orders dated October 19, 2016 and March 27, 2017 maintained the action of the DCIR. The Company has filed appeals before the ATIR which are pending adjudication. Based on the merit of the case, the Management considers that decision will be in the Company's favour and, hence, no provision has been recorded in the financial statements in this regard.
- 33.4** During the year, the DCIR passed an amended assessment order for the tax year 2014 and created a demand of Rs. 58.6 million. The said demands mainly arise on account of difference in determination of minimum tax under Section 113 of the Ordinance. The Company filed an appeal against the amended assessment order before the CIR-A who vide order dated January 31, 2016 maintained the action of the DCIR. The Company has filed an appeal before the ATIR which is pending adjudication. Based on the merit of the case, the Management considers that decision will be in the Company's favour and, hence, no provision has been recorded in the financial statements in this regard.
- 33.5** The assessments of Standard Chartered Leasing Limited (SCLL) - amalgamated entity, for the years 1998-99 to 2002-03 were finalised by the tax officer whereby lease key money amounting to Rs. 239 million has been added to the SCLL's returned income. In SCLL's appeals with the Income Tax Appellate Tribunal (ITAT), the addition was held. SCLL filed rectification application before ITAT that certain arguments advanced at the time of hearing of appeals were not considered while framing the order. The ITAT vide appellate order dated February 27, 2008 has recalled its original appellate order for all years to the extent through which the said addition of lease key money was confirmed and referred to the Chairman ITAT to constitute larger bench for rehearing / decision of the case. No provision has been made in this respect as the Management is of the view that the same will be allowed.
- 33.6** In April 2016, the Company received a show cause notice from the Sindh Revenue Board (SRB) as to why Sindh Provincial Sales Tax (SPST) on rentals of generators on operating lease for the years ended June 30, 2012, 2013, 2014 & 2015 amounting to Rs. 426 million along with applicable penalty and default surcharge should not be recovered from the Company.

The Company's legal advisor is of the opinion that the show cause notice claiming SPST on renting out of any immovable property including generators is unlawful and SRB has no legislative competence or authority to levy SPST on renting of property including generators. The Company filed a suit before the Honourable High Court of Sindh challenging the levy of SPST on renting of generators. The Honourable High Court of Sindh has passed a Stay Order restricting SRB from taking any coercive measures against the Company.

In 2017 the Company received a notice from SRB for default surcharge of Rs. 5.4 million for Sales Tax not deposited on timely basis.

Based on the merit of the case, the management considers that the decision will be in the Company's favour. Hence, no provision has been made in this regard.

- 33.7** Leasing and ijarah contracts committed but not executed at the reporting date amounted to Rs. 44.78 million (2016: Rs. 109.41 million).

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	2017	2016 (Restated)
----- Rupees -----			
34			
INCOME FROM OPERATING LEASE			
Generators and vehicles		376,072,828	396,474,185
Ijarah finance		98,148,197	137,919,573
		474,221,025	534,393,758
35			
OTHER INCOME - NET			
Income from financial assets			
Return on investments and deposits		2,283,888	2,796,152
Interest income on government securities		70,261,736	110,944,947
Dividend income		15,852,388	7,727,555
Gain on bargain purchase	3	-	204,741,248
Capital gain on sale of investments - net		297,857	-
Unrealised (loss) / gain on remeasurement of financial assets at fair value through profit or loss - net		(553,926)	(4,388,339)
Loss on de-recognition of financial asset		(7,463,390)	-
Gain on fair value hedging instruments		-	4,428,556
Exchange loss on long-term borrowings		-	(4,428,556)
		80,678,553	321,821,563
Income from other than financial assets			
Other fees and income		141,595,271	78,524,362
Unrealised exchange gain transferred from other comprehensive income on cessation of equity accounting for associated undertaking	10.2	67,766,408	-
Gain on disposal of asset classified as 'held for sale'	19.2	5,839,116	-
Exchange loss on dividend received		-	(341,945)
Documentation fee		35,756,020	36,996,574
Write-off in respect of fixed assets for own use		(772,313)	-
Gain on disposal of fixed assets		4,140,941	10,384,755
Gain on sale of leased assets		32,466,231	23,036,198
Other exchange gains - net		50,053	85,577
		286,841,727	148,685,521
		367,520,280	470,507,084

36 SHARE OF PROFIT OF EQUITY ACCOUNTED UNDERTAKINGS

Names of associates	Note	2017		2016	
		Associates' profit after tax	Share of associates' profit after tax	Associates' profit / (loss) after tax	Share of associates' profit / (loss) after tax
Quoted					
Oman ORIX Leasing Company SAOG		1,615,303,616	188,021,341	1,438,168,277	167,427,237
Un-quoted					
Saudi ORIX Leasing Company		1,066,718,554	21,334,370	2,246,438,562	43,243,943
Al Hail ORIX Finance PSC	10.2	-	-	(140,618,550)	(4,750,329)
ORIX Leasing Egypt SAE		86,028,413	19,786,535	136,042,992	28,243,263
		1,152,746,967	41,120,905	2,241,863,004	66,736,877
		2,768,050,583	229,142,246	3,680,031,281	234,164,114

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	Note	2017	2016
		----- Rupees -----	
37	FINANCE COST		
Interest / mark-up on			
- Long-term finances		666,475,358	650,746,454
- Long-term loans		1,181,878	10,377,462
- Short-term borrowings		175,428,887	101,531,878
- Certificates of deposit		700,735,284	860,550,767
Amortisation of transaction cost		16,375,334	13,502,023
Bank charges and commission		25,691,440	29,715,437
		1,585,888,181	1,666,424,021
38	ADMINISTRATIVE AND GENERAL EXPENSES		
Salaries, allowances, welfare and training	38.1	632,760,145	554,458,504
Rent and utilities		82,038,821	73,485,605
Travelling		8,547,290	10,821,984
Vehicle running and maintenance		21,124,351	33,646,396
Insurance on operating assets		8,044,491	8,186,195
Legal and professional charges		36,811,678	33,807,107
Communication		19,588,606	21,825,962
Subscriptions		2,503,613	2,693,865
Auditors' remuneration	38.2	7,325,000	3,288,456
Advertising		4,520,567	5,663,289
Printing and stationery		14,788,590	13,003,520
Depreciation	5.1.4	57,247,136	46,182,718
Amortisation	6.4	6,501,087	4,200,505
Office repairs and maintenance of equipment		46,291,309	30,776,494
Donations		5,835,000	6,350,000
Office general expenses		12,382,744	8,148,920
		966,310,428	856,539,520
38.1	This includes expenses in relation to the following employee benefits:		
Defined benefit plan - gratuity fund	27.5	12,004,786	12,200,147
Defined contribution plan - provident fund		23,119,841	22,201,070
Compensated absences		3,019,929	7,202,014
		38,144,556	41,603,231
38.2	Auditors' remuneration		
Annual audit fee		1,600,000	1,600,000
Half yearly review fee		300,000	300,000
Other services and certifications		4,530,000	830,000
Sales tax on audit fee and other services		499,800	199,800
Out of pocket expenses		395,200	358,656
		7,325,000	3,288,456
39	DIRECT COST OF LEASE		
Court fee, stamp duty and others		16,250,742	16,268,256
Operating lease			
Maintenance and insurance cost		151,103,471	172,735,319
Depreciation - operating lease assets	5.2.4	152,148,210	98,622,857
Depreciation - ijarah finance	5.3	82,901,587	107,753,293
		386,153,268	379,111,469
		402,404,010	395,379,725

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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40 ALLOWANCE FOR POTENTIAL LEASE AND OTHER LOAN LOSSES

	2017				
	Finance leases	Finances and loans	Sub Total	Operating lease, investments and other receivables	Total
	----- Rupees -----				
Balance at beginning of the year	947,366,692	380,493,467	1,327,860,159	74,899,126	1,402,759,285
(Reversal) / provision made during the year	(23,033,746)	(110,207)	(23,143,953)	7,978,347	(15,165,606)
	924,332,946	380,383,260	1,304,716,206	82,877,473	1,387,593,679

	2016 (Restated)				
	Finance leases	Finance and loans	Sub Total	Operating lease, investments and other receivables	Total
	----- Rupees -----				
Balance at beginning of the year	721,375,996	387,076,506	1,108,452,502	106,057,660	1,214,510,162
Transfer from SCLL	97,918,518	-	97,918,518	1,566,543	99,485,061
Provision / (reversal) made during the year	203,555,470	11,537,522	215,092,992	(35,573,115)	179,519,877
Provision pertaining to discontinued operations	-	-	-	5,336,452	5,336,452
Write-offs	(75,483,292)	(18,120,561)	(93,603,853)	(2,488,414)	(96,092,267)
	947,366,692	380,493,467	1,327,860,159	74,899,126	1,402,759,285

	Note	2017	2016
		----- Rupees -----	----- Rupees -----
40.1 Provision against finances and loans			
Long-term finances and loans	11	250,356,632	256,064,967
Short-term finances and loans	12	130,026,628	124,428,500
		380,383,260	380,493,467
40.2 Provision against other receivables and investments			
Other receivables	17	74,876,946	65,196,721
Short-term investments	15	8,000,527	8,000,527
Long-term investments	10	-	1,701,878
		82,877,473	74,899,126
41 OTHER (REVERSALS) / PROVISIONS - NET			
Operating lease, investments and other receivables			
Provision / (reversal) against other receivables		9,680,225	(16,522,927)
Reversal of potential losses on investments		(1,701,878)	(2,606,534)
Reversal of provision on equity accounted undertaking		-	(16,443,654)
		7,978,347	(35,573,115)
Impairment			
Reversal of impairment on equity accounted undertaking		-	(24,095,384)
Others			
(Reversal) / provision for Workers' Welfare Fund	28.1	(66,503,919)	20,000,000
		(58,525,572)	(39,668,499)

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2017		
	Chief Executive	Executives	Total
	-----Rupees-----		
Managerial remuneration and allowances	22,546,890	249,546,561	272,093,451
House rent and utilities	6,996,960	59,071,855	66,068,815
Retirement benefits	2,676,171	23,465,990	26,142,161
	32,220,021	332,084,406	364,304,427
Number of persons	1	118	119

	2016		
	Chief Executive	Executives	Total
	-----Rupees-----		
Managerial remuneration and allowances	25,516,530	201,055,052	226,571,582
House rent and utilities	6,874,920	59,998,145	66,873,065
Retirement benefits	2,258,158	23,925,293	26,183,451
	34,649,608	284,978,490	319,628,098
Number of persons	2	105	107

- 42.1 Executives denote employees, other than the Chief Executive and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.
- 42.2 The Chief Executive and certain executives are also entitled to be provided with Company maintained cars and other benefits in accordance with their entitlement as per Company policy.
- 42.3 The aggregate amount charged in these unconsolidated financial statements for meeting fees paid to 4 non-executive directors amounts to Rs. 2.10 million (2016: 3 non-executive directors Rs.1.82 million). This includes fee paid to the Chairman of the Board of Directors amounting to Rs. 0.5 million (2016: Rs.1 million).

	Note	2017	2016 (Restated)
		-----Rupees-----	
43 TAXATION			
Current tax - for the year		198,013,302	188,139,153
Current tax - for prior year	43.1	(43,050,969)	4,713,385
Deferred		161,803,585	23,837,821
		316,765,918	216,690,359

43.1 Super tax

The Finance Act, 2015 had levied a one-time super tax at the rate of 3 percent of the taxable income for companies having taxable income of above Rs. 500 million. This clause has been extended in the Finance Act, 2017 and an amount of Rs. 34.76 million has been recognised in this respect in the current tax charge.

43.2 Effective tax rate reconciliation

Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as provision for the current year income tax has been made under the provisions of Alternate Corporate Tax under Section 113C of the Income Tax Ordinance, 2001.

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43.3 Current status of pending tax assessments

Tax Year 1999 to 2000

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

Tax Year 2010 to 2016

Under Section 114 of the Income Tax Ordinance 2001, the Company has filed the returns of income for tax years 2010 to 2016. 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 and 2014.

Tax Year 2009-2011 and 2014

Details of the assessment made by the Additional Commissioner Inland Revenue are provided in note 33.2, 33.3 and 33.4.

43.4 The Finance Act, 2017 has introduced an amendment in section 5(A) of the Income Tax Ordinance, 2001 whereby tax on undistributed reserves has been substituted by a new concept of tax on undistributed profits for the year. The new regime introduces tax at the rate of seven and a half percent of the accounting profit before tax on every public company, other than a scheduled bank or a modaraba, that derives profit for a tax year but does not distribute at least forty percent of its after tax profits within six months of the end of the tax year through cash or bonus shares. The amendment is applicable for tax year 2017 and onwards.

44	LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS	Note	2017	2016
			-----Rupees-----	
	Income from operations		-	117,928,933
	Direct cost of lease	44.1	-	(74,430,220)
	Administrative and general expenses	44.2	-	(29,655,273)
	Impairment loss on e-business assets		-	(24,666,751)
	Provision against debtors	40	-	(5,336,452)
	Gain on disposal		-	509,100
	Loss before taxation		-	(15,650,663)
	Taxation - net		-	2,660,613
	Loss after taxation from discontinued operations		-	(12,990,050)
44.1	Direct cost of lease			
	Maintenance and insurance		-	60,407,785
	Depreciation on operating lease assets	5.2.4	-	9,871,935
	Amortisation of intangible assets	6.4	-	4,150,500
			-	74,430,220
44.2	Administrative and general expenses			
	Salaries, allowances, welfare and training		-	13,698,236
	Rent and utilities		-	8,034,952
	Travelling		-	300,032
	Vehicle running and maintenance		-	938,827
	Insurance on operating assets		-	136,564
	Legal and professional charges		-	1,500,000
	Communication		-	1,481,697
	Subscriptions		-	8,191
	Advertising		-	-
	Printing and stationery		-	298,335
	Depreciation	5.1.4	-	1,005,163
	Office repairs and maintenance of equipment		-	1,991,661
	Office general expenses		-	261,615
			-	29,655,273

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	Note	2017	2016 (Restated)
		-----Rupees-----	
44.3 Cash flows from discontinued operations			
Net cash used in operating activities		-	(4,554,565)
Net cash used in investing activities (2016 includes an inflow of Rs. 5.33 million pertaining to sale of e-Business)		-	(10,844,596)
		-	(15,399,161)
45 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			
Profit before taxation		1,158,009,963	961,018,057
Adjustments for			
Depreciation	5.1, 5.2 & 5.3	292,296,933	263,435,966
Amortisation	6.1	6,501,087	8,351,005
Amortisation of transaction cost	37	16,375,334	13,502,023
(Reversal)/ provision for potential lease and other loan losses - net	40	(23,143,953)	215,092,992
Reversal for potential losses on investments	41	(1,701,878)	(2,606,534)
(Reversal) / provision for Workers' Welfare Fund	41	(66,503,919)	20,000,000
Provision / (reversal) against other receivables	41	9,680,225	(16,522,927)
Reversal of provision on equity accounted undertaking	41	-	(16,443,654)
Reversal of impairment on equity accounted undertaking	41	-	(24,095,384)
Gain on disposal of non-current asset held for sale	35	(5,839,116)	-
Impairment on e-Business assets	44	-	24,666,751
Provision against debtors (discontinued operation)	44	-	5,336,452
Share of profit of equity accounted undertakings	36	(229,142,246)	(234,164,114)
Gain on hedging instruments	35	-	(4,428,556)
Exchange loss on long term borrowings	35	-	4,428,556
Other exchange gain - net	35	(50,053)	(85,577)
Charge for defined benefit plan - gratuity fund	38.1	12,004,786	12,200,147
Fixed assets written-off		772,313	-
Unrealised loss on remeasurement of financial assets at fair value through profit or loss - net	35	553,926	4,388,339
Finance cost including bank charges	37	868,777,563	792,371,231
Profit on certificates of deposit	37	700,735,284	860,550,767
Dividend income	35	(15,852,388)	(7,727,555)
Unrealised exchange gain transferred from other comprehensive income	35	(67,766,408)	-
Exchange loss on dividend received	35	-	341,945
Gain on bargain purchase	35	-	(204,741,248)
Return on investments and deposits	35	(2,283,888)	(2,796,152)
Interest income on government securities	35	(70,261,736)	(110,944,947)
Gain on disposal of fixed assets	35	(4,140,941)	(10,384,755)
		1,421,010,925	1,589,724,771
		2,579,020,888	2,550,742,828
46 CASH AND CASH EQUIVALENTS			
Cash at bank	18	340,575,087	332,277,922
Cash in hand	18	1,309,355	1,216,472
Short-term running finance facilities	30	(858,686,564)	(809,208,372)
		(516,802,122)	(475,713,978)

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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47 SEGMENT INFORMATION

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

47.1 Segment analysis has been provided below:

	2017				
	Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	Total
	----- Rupees -----				
Segment revenues	2,576,031,474	590,321,612	477,191,604	387,398,367	4,030,943,057
Finance cost	1,045,387,383	237,095,338	69,173,475	234,231,985	1,585,888,181
Administrative and general expenses	748,199,423	176,885,416	41,225,589	-	966,310,428
Direct cost of leases	12,568,521	2,850,560	386,984,929	-	402,404,010
Provisions/(reversal)-net	(23,033,746)	(110,207)	9,680,225	(1,701,878)	(15,165,606)
Segment results	792,909,893	173,600,505	(29,872,614)	154,868,260	1,091,506,044
Provision for Workers' Welfare Fund	-	-	-	-	66,503,919
Provision for taxation	-	-	-	-	(316,765,918)
Profit for the year after taxation					841,244,045
Other information					
Segment assets	25,223,850,931	3,604,826,658	1,002,350,603	1,268,193,906	31,099,222,098
Investment in subsidiaries	-	-	-	322,374,294	322,374,294
Investment in equity accounted undertakings	-	-	-	1,972,102,566	1,972,102,566
Assets classified as held for sale	1,840,615	-	-	87,754,399	89,595,014
Unallocated assets	-	-	-	-	1,093,266,580
Total assets					34,576,560,552
Segment liabilities	9,105,784,332	16,095,290	53,118,155	-	9,174,997,777
Unallocated liabilities					20,935,117,830
Total liabilities					30,110,115,607
Capital expenditure	-	-	50,338,154	-	50,338,154
Depreciation	-	-	235,049,797	-	235,049,797
Unallocated					
Capital expenditure - fixed assets for own use	-	-	-	-	50,036,635
Additions made to intangible assets	-	-	-	-	6,960,878
Unallocated depreciation and amortisation	-	-	-	-	63,748,223

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	2016 (Restated)				Total
	Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	
	----- Rupees -----				
Segment revenues	2,418,582,711	541,921,070	541,530,216	568,402,483	4,070,436,480
Finance cost	1,067,990,844	196,333,477	89,044,107	313,055,592	1,666,424,020
Administrative and general expenses	671,679,030	131,278,042	53,582,449	-	856,539,521
Direct cost of leases	11,319,107	4,899,236	379,161,382	-	395,379,725
Provisions/(reversal)-net	203,555,470	11,537,522	(16,522,927)	-	198,570,065
Segment result	464,038,260	197,872,793	36,265,205	255,346,891	953,523,149
Provision for Workers' Welfare Fund					23,145,572
Provision for taxation					(216,690,359)
Profit for the year after taxation					759,978,362
Other information					
Segment assets	25,324,548,888	3,181,940,239	1,196,928,356	448,721,158	30,152,138,641
Investment in subsidiaries	-	-	-	322,374,294	322,374,294
Investment in equity accounted undertakings	-	-	-	2,266,192,717	2,266,192,717
Assets classified as held for sale	19,189,266	-	-	128,293,437	147,482,703
Unallocated assets	-	-	-	-	2,445,147,065
Total assets					35,333,335,420
Segment liabilities	8,597,888,306	212,349	72,050,237	-	8,670,150,892
Unallocated liabilities	-	-	-	-	22,486,472,750
Total liabilities					31,156,623,642
Capital expenditure	-	-	84,816,026	-	84,816,026
Depreciation	-	-	206,376,150	-	206,376,150
Unallocated					
Capital expenditure - fixed assets for own use	-	-	-	-	56,431,622
Additions made to intangible assets	-	-	-	-	11,673,180
Unallocated depreciation and amortisation	-	-	-	-	50,383,223

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47.2 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	2017		2016	
	(Rupees)	%	(Rupees)	%
Goods Transport	6,350,804,347	21.15%	5,220,592,811	17.57%
Individuals	5,058,540,120	16.84%	5,014,927,443	16.87%
Services	3,272,893,531	10.90%	3,817,101,676	12.84%
Public Transport	2,360,843,902	7.86%	2,102,906,241	7.08%
Distributors	2,345,350,093	7.81%	2,575,222,898	8.67%
Miscellaneous	1,635,489,302	5.45%	1,561,745,276	5.25%
Textile and Allied	1,597,751,672	5.32%	1,872,187,539	6.30%
Steel and Engineering	1,172,373,039	3.90%	1,095,982,910	3.69%
Construction	1,111,074,726	3.70%	818,275,577	2.75%
Trading	918,237,976	3.06%	748,851,360	2.52%
Fuel and Energy	899,929,417	3.00%	777,358,104	2.62%
Food and Allied	789,095,451	2.63%	1,122,469,722	3.78%
Chemical and Pharmaceutical	771,847,517	2.57%	1,075,064,318	3.62%
Glass, Ceramics and Plastic	617,779,327	2.06%	585,415,972	1.96%
Paper, Board and Printing	487,098,049	1.62%	587,530,175	1.98%
Sugar	482,662,896	1.61%	514,407,550	1.73%
Cables, Electric and Electronic Goods	160,512,360	0.52%	229,386,408	0.77%
	30,032,283,725	100.00%	29,719,425,980	100.00%

	2017	2016
	----- Rupees -----	----- Rupees -----
Net investment in finance leases	26,148,183,877	26,271,915,580
Other finances and loans	3,884,099,848	3,447,510,400
	30,032,283,725	29,719,425,980

47.3 Segment by sector

The Company's net investment in finance lease includes exposure to private sector of Rs. 26,148 million (2016: Rs. 26,272 million).

47.4 Geographical segment analysis

The Company's operations are restricted to Pakistan only.

48 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.

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

	Note	2017	2016
		----- Rupees -----	----- Rupees -----
ORIX Corporation, Japan - Parent Company			
Dividend paid		183,113,276	183,113,276
Oman ORIX Leasing Company SAOG - Associate / common directorship			
Dividend received	9.1.5	70,827,351	140,050,137
Issue of 1,168,957 (2016: 1,123,998) bonus shares		-	-
BOD Attendance fee		5,496,564	5,255,486

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	Note	2017	2016
		-----Rupees-----	
ORIX Leasing Egypt SAE - Associate / common directorship			
Dividend received	9.1.5	17,918,608	-
Al Hail ORIX Finance PSC - Associate / common directorship			
Internal audit services fee received	10.2	-	1,566,168
Dividend received		-	17,082,198
Saudi ORIX Leasing Company - Associate / common directorship			
Dividend received	9.1.5	5,426,493	796,990
Internal audit services fee received	48.3	1,552,048	1,992,770
BOD attendance fee		4,299,561	5,296,147
ORIX Modaraba (formerly Standard Chartered Modaraba) - subsidiary			
Dividend received		15,430,400	-
SK Leasing JSC - Associate / common directorship			
Dividend received		-	7,094,574
Staff Retirement Fund (Standard Chartered Leasing Limited - PF and GF)			
Received from staff retirement funds		-	24,648,274
State Life Insurance Corporation of Pakistan - Common directorship			
Dividend paid		19,399,059	-
Insurance premium and rent expense		14,911,666	12,494,881
Sui Northern Gas Pipelines Limited - Common directorship			
Utilities bills payment		32,117	25,180
ORIX Leasing Pakistan Limited - Employees Provident Fund (OLP-EPF)			
Contribution made		23,119,841	22,402,844
ORIX Leasing Pakistan Limited - Staff Gratuity Fund (OLP-SGF)			
Contribution made	27.4	13,468,020	13,338,159
The Layton Rahmatullah Benevolent Trust - common directorship			
Charity paid	28.1	1,279,788	-
Other related party transactions			
Directors and key management personnel			
Compensation of directors and key management personnel			
Director fees paid		2,100,000	1,820,000
Short-term employee benefits		149,152,748	147,848,207
Retirement benefits		13,283,136	13,014,100
Total compensation to directors and key management personnel		164,535,884	162,682,307
Proceeds from sale of vehicles		2,965,190	-
Loans disbursed during the year		15,324,095	10,822,063
Interest paid during the year		2,448,564	2,235,701
Principal repaid during the year		16,001,420	10,873,620
Issuance of certificates of deposit		23,284,061	18,234,668
Redemption of certificates of deposit		52,131,537	34,514,244
Amount of profit paid on certificates of deposit		6,114,315	6,300,564

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	Note	2017	2016
		-----Rupees-----	
48.2	The balances with related parties as at year end are as follows:		
Investment in subsidiaries	8	322,374,294	323,510,501
Investment in associated undertakings	9	1,972,102,566	2,266,192,717
Long term investment - Available-for-sale (AFS) Al Hail ORIX Finance PSC	10	273,186,725	-
Investment in associated undertaking- held for sale	19.2	87,754,399	128,293,437
Certificates of deposit held		17,244,975	55,399,043
Accrued profit on certificates of deposit		928,672	3,921,402
Outstanding loans to Key Management Personnel		36,740,537	37,417,862
Defined benefit payable to ORIX Leasing Pakistan Limited - Staff Gratuity Fund		16,514,020	1,463,232
Rent payable to State Life Insurance Corporation of Pakistan		291,489	1,404,702
Receivable from staff retirement funds - SCLL		-	24,648,274

48.3 The Company is a party to technical assistance agreements with its foreign associates under which the Company renders certain technical services to these foreign associates including internal audit services.

	2017	2016
	-----Number of staff-----	
49	STAFF STRENGTH	
Company's staff strength at the end of the year	463	429
Average number of employees*	446	445

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

50 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, 2017 (unaudited) and 2016 (audited):

	2017	2016
	Unaudited	Audited
	-----Rupees-----	
Size of the Fund - total assets	378,572,089	366,296,947
Fair value of investments	369,953,982	352,226,252
	------(Percentage)-----	
Percentage of investments made	98%	96%

The cost of the above investments amounted to Rs. 358.30 million (2016: Rs 332.25 million).

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

	Unaudited 2017 ----- Percentage -----	Audited 2016	Unaudited 2017 -----Rupees-----	Audited 2016
Cash and bank deposits	2.19%	1.34%	8,101,066	4,719,322
Government securities				
- Treasury Bills	57.86%	0.00%	214,048,800	-
- National Savings Certificates	4.48%	34.67%	16,592,000	122,108,292
- Pakistan Investment Bonds	35.47%	63.99%	131,212,116	225,398,638
	100.00%	100.00%	369,953,982	352,226,252

The investments of the provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

51 FINANCIAL INSTRUMENTS BY CATEGORY

	2017				Total
	Loans and receivables	Held-to- maturity	At fair value through profit and loss	Available-for-sale	
	----- Rupees -----				
ASSETS					
Net investment in finance lease	25,223,850,931	-	-	-	25,223,850,931
Long-term investments	-	81,125,356	-	273,186,725	354,312,081
Term finances and loans	3,604,826,658	-	-	-	3,604,826,658
Accrued return on investments and term finance	55,947,908	-	-	-	55,947,908
Short-term investments	-	-	883,506,965	30,374,860	913,881,825
Other receivables	54,641,473	-	-	-	54,641,473
Cash and bank balances	341,884,442	-	-	-	341,884,442
	29,281,151,412	81,125,356	883,506,965	303,561,585	30,549,345,318

	2017		Total
	At fair value through profit and loss	At amortised cost	
	----- Rupees -----		
LIABILITIES			
Term finances	-	10,917,512,348	10,917,512,348
Certificates of deposit	-	6,027,923,708	6,027,923,708
Other long-term liabilities	-	214,038,190	214,038,190
Trade and other payables	-	1,043,496,378	1,043,496,378
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	332,570,990	332,570,990
Short-term borrowings	-	2,448,686,564	2,448,686,564
	-	20,984,228,178	20,984,228,178

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	2016 (Restated)				Total
	Loans and receivables	Held-to-maturity	At fair value through profit and loss	Available-for-sale	
----- Rupees -----					
ASSETS					
Net investment in finance lease	25,324,548,888	-	-	-	25,324,548,888
Long-term investments	-	447,019,280	-	-	447,019,280
Term finances and loans	3,181,940,239	-	-	-	3,181,940,239
Accrued return on investments and term finance	97,973,744	-	-	-	97,973,744
Short-term investments	-	-	610,536,907	608,440,239	1,218,977,146
Other receivables	99,726,197	-	-	-	99,726,197
Cash and bank balances	333,494,394	-	-	-	333,494,394
	29,037,683,462	447,019,280	610,536,907	608,440,239	30,703,679,888

	2016 (Restated)		Total
	At fair value through profit and loss	At amortised cost	
----- Rupees -----			
LIABILITIES			
Long-term finances	-	9,126,566,141	9,126,566,141
Certificates of deposit	-	9,763,958,827	9,763,958,827
Other long-term liabilities	-	258,983,005	258,983,005
Trade and other payables	-	665,418,560	665,418,560
Accrued interest / mark-up /profit on loans, finances and certificates of deposit	-	396,034,085	396,034,085
Short-term borrowings	-	1,908,924,254	1,908,924,254
	-	22,119,884,872	22,119,884,872

52 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.

52.1 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.

Market risk comprises of three types of risk: currency risk, yield / interest rate risk and other price risk.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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52.1.1 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 Omani Riyal, Saudi Riyal, UAE Dirhams and Egyptian Pound on account of its foreign currency bank account, long-term investments and investments in associated undertakings. The Company's exposure to foreign currency transactions is as follows:

	2017	2016
	----- Rupees -----	
Foreign currency bank account	2,998,104	2,941,907
Long-term investments	273,186,725	-
Investments in associated undertakings	1,972,102,566	2,266,192,717

As at June 30, 2017, if the Pakistani Rupee had strengthened / weakened by 10% against these currencies the carrying value would have been higher / lower by an amount of Rs. 224.829 million (2016: Rs. 226.913 million).

52.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's floating interest rates long-term debt obligations and financial assets. Financial assets and financial liabilities include balances of Rs. 29,852 million (2016: Rs. 30,182 million) and Rs. 19,266 million (2016: Rs. 20,799 million) respectively, which are subject to interest rate risk. The maturity analysis and interest rate profile of the Company's significant interest bearing financial instruments are as follows:

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		2017						
		Exposed to yield / interest rate risk						
On-balance sheet financial instruments	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								
Financial assets								
Net investment in finance lease	8.17% - 24.00%	25,223,850,931	2,926,058,027	1,986,104,370	7,177,918,836	13,133,769,698	-	-
Long-term investments	9.60% - 12.00%	354,312,081	-	14,951,881	-	66,173,475	-	273,186,725
Term finances and loans	5.00% - 37.73%	3,604,826,658	397,716,222	459,084,427	1,217,316,547	1,530,709,462	-	-
Accrued return on investments and term finance		55,947,908	-	-	-	-	-	55,947,908
Short-term investments	5.98% - 11.25%	913,881,825	86,016,051	813,574,594	-	-	-	14,291,180
Other receivables		54,641,473	-	-	-	-	-	54,641,473
Cash and bank balances	2.46% - 5.25%	341,884,442	42,969,646	-	-	-	-	298,914,796
Total		30,549,345,318	3,452,759,946	3,273,715,272	8,395,235,383	14,730,652,635	-	696,982,082
Financial Liabilities								
Long-term finances	6.88% - 7.40%	10,917,512,348	473,809,524	1,141,666,666	2,571,553,796	6,730,482,362	-	-
Certificates of deposit	5.35% - 12.50%	6,027,923,708	183,667,181	197,068,431	1,519,179,246	3,456,799,858	543,532,839	127,676,153
Other long-term liabilities		214,038,190	-	-	-	-	-	214,038,190
Trade and other payables		1,043,496,378	-	-	-	-	-	1,043,496,378
Accrued interest / mark-up on loans, finances and certificates of deposit		332,570,990	-	-	-	-	-	332,570,990
Short-term borrowings	6.61% - 7.61%	2,448,686,564	2,158,686,564	290,000,000	-	-	-	-
Total		20,984,228,178	2,816,163,269	1,628,735,097	4,090,733,042	10,187,282,220	543,532,839	1,717,781,711
On-balance sheet gap (a)		9,565,117,140	636,596,677	1,644,980,175	4,304,502,341	4,543,370,415	(543,532,839)	(1,020,799,629)
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		9,565,117,140	636,596,677	1,644,980,175	4,304,502,341	4,543,370,415	(543,532,839)	-
Cumulative interest rate sensitivity gap		9,565,117,140	10,201,713,817	11,846,693,992	16,151,196,333	20,694,566,748	20,151,033,909	-

		2016 (Restated)						
		Exposed to yield / interest rate risk						
On-balance sheet financial instruments	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								
Financial assets								
Net investment in finance lease	7.59% - 25.00%	25,324,548,888	1,756,855,983	1,809,209,455	8,213,998,967	13,544,484,483	-	-
Long-term investments	9.60% - 12.00%	447,019,280	362,700,907	-	-	84,318,373	-	-
Term finances and loans	5.00% - 35.78%	3,181,940,239	468,673,045	285,645,581	1,141,745,163	1,285,876,450	-	-
Accrued return on investments and term finance		97,973,744	-	-	-	-	-	97,973,744
Short-term investments	5.81% - 11.97%	1,218,977,146	-	-	1,203,917,479	-	-	15,059,667
Other receivables		99,726,197	-	-	-	-	-	99,726,197
Cash and bank balances	2.60% - 5.00%	333,494,394	25,045,805	-	-	-	-	308,448,589
Total		30,703,679,888	2,613,275,740	2,094,855,036	10,559,661,609	14,914,679,306	-	521,208,197
Financial liabilities								
Long-term finances	7.07% - 7.61%	9,126,566,141	91,666,667	400,000,000	2,467,387,121	6,167,512,353	-	-
Certificates of deposit	3.50% - 15.00%	9,763,958,827	204,661,029	931,285,147	2,739,839,985	4,730,014,743	1,158,157,923	-
Other long-term liabilities		258,983,005	-	-	-	-	-	258,983,005
Trade and other payables		665,418,560	-	-	-	-	-	665,418,560
Accrued interest / mark-up on loans, finances and certificates of deposit		396,034,085	-	-	-	-	-	396,034,085
Short-term borrowings	6.75% - 7.85%	1,908,924,254	-	908,924,254	1,000,000,000	-	-	-
Total		22,119,884,872	296,327,696	2,240,209,401	6,207,227,106	10,897,527,096	1,158,157,923	1,320,435,650
On-balance sheet gap		8,583,795,016	2,316,948,044	(145,354,365)	4,352,434,503	4,017,152,210	(1,158,157,923)	(799,227,453)
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		8,583,795,016	2,316,948,044	(145,354,365)	4,352,434,503	4,017,152,210	(1,158,157,923)	-
Cumulative interest rate sensitivity gap		8,583,795,016	10,900,743,060	10,755,388,695	15,107,823,198	19,124,975,408	17,966,817,485	-

a) Sensitivity analysis for variable rate financial instruments

The Company has extended KIBOR based short-term and long-term leases and finances to various counter parties that expose the Company to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax for the year ended June 30, 2017 would have been lower / higher by Rs. 183.5 million (2016: Rs.163.7 million).

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

Furthermore, the Company also has KIBOR based financial liabilities in Pakistani Rupees representing short-term running finance arrangements, short-term and long-term finances obtained from various financial institutions and certificates of deposit which expose the Company to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax for the year ended June 30, 2017 would have been lower / higher by Rs.122.0 million (2016: Rs.110.4 million).

Presently, the Company does not hold any variable rate financial instrument carried at 'fair value through profit or loss' and is not exposed to cash flow interest rate risk except for balances in certain saving accounts. The interest rate of these bank accounts ranges from 2.46% to 5.25% (2016: 2.60% to 5.00%).

b) Sensitivity analysis for fixed rate financial instruments

As at June 30, 2017, the Company holds market treasury bills and Pakistan Investment Bonds which are classified as 'financial assets at fair value through profit or loss' and 'available for sale' respectively, exposing the Company to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Markets Association of Pakistan for market treasury bills and Pakistan Investment Bonds with all other variables held constant, the net income for the year and net assets of the Company would have been lower by Rs.1.11 million. In case of 100 basis points decrease in those rates, the net income for the year and net assets of the Company would have been higher by Rs. 1.05 million.

52.1.3 Other price risk

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

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

52.2 Credit risk

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

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

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. As at June 30, 2017, out of the total financial assets of Rs. 30,549 million (2016: Rs. 30,704 million) the assets which were subject to credit risk amounted to Rs. 29,567 million (2016: Rs. 29,052 million). Significant concentration of the Company's risk assets by class of business, industry sector and geographical region is set out in note 47.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

The maximum exposure to credit risk at the reporting date is:	2017	2016 (Restated)
	-----Rupees-----	
Net investment in finance lease	25,223,850,931	25,324,548,888
Long-term investments	273,186,725	-
Term finances and loans	3,604,826,658	3,181,940,239
Accrued return on investments and term finance	55,947,908	97,973,744
Short-term investments	14,291,180	15,059,667
Other receivables	54,641,473	99,726,197
Bank balances	340,575,087	332,277,922
	29,567,319,962	29,051,526,657

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, installment 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:

	2017			
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	Total
	----- Rupees -----			
Within 90 days	85,745,801	128,563	-	85,874,364
91 - 180 days	59,965,085	11,660,447	2,933,832	74,559,364
181-365 days	49,534,686	7,177,373	10,174,414	66,886,473
Over 1 year	729,087,374	361,416,877	69,769,227	1,160,273,478
	924,332,946	380,383,260	82,877,473	1,387,593,679
Less: General and specific provision	924,332,946	380,383,260	82,877,473	1,387,593,679
Net of provision	-	-	-	-
Coverage ratio	100.00%	100.00%	100.00%	100.00%

	2016 (Restated)			
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	Total
	----- Rupees -----			
Within 90 days	163,304,089	-	1,400,000	164,704,089
90 - 180 days	96,312,316	16,272,121	10,693,464	123,277,901
181-365 days	86,625,093	11,006,855	5,295,375	102,927,323
Over 1 Year	601,125,194	353,214,491	57,510,287	1,011,849,972
	947,366,692	380,493,467	74,899,126	1,402,759,285
Less: Provision	947,366,692	380,493,467	74,899,126	1,402,759,285
Net of provision	-	-	-	-
Coverage ratio	100.00%	100.00%	100.00%	100.00%

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

The Company has made provisions keeping in view the time based criteria prescribed under the NBFC Regulations. In addition, the Company has also maintained additional provisions of Rs. 272.60 million on a prudent basis, in view of the prevailing economic conditions. The Company holds 100% provision of Rs. 1,388 million (2016: Rs. 1,403 million) against these past dues.

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, 2017:

Bank balances	2017	2016
	----- Rupees -----	
AAA	282,812,215	298,355,536
AA+	20,414,387	13,957,554
AA	5,120,863	451,490
AA-	28,446,995	122,972
A+	3,057,380	18,219,297
A	66,106	65,092
A-	355,211	341,609
A1	-	262,241
State Bank of Pakistan	301,930	502,131
	340,575,087	332,277,922

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

52.3 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 balance sheet date to contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Carrying amount	2017				
	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year	
----- (Rupees) -----					
Long-term finances	10,917,512,348	12,226,410,121	1,866,187,071	3,000,564,130	7,359,658,920
Certificates of deposit	6,027,923,708	7,824,141,103	631,373,275	1,926,337,615	5,266,430,213
Trade and other payables	1,043,496,378	1,043,496,378	1,043,496,378	-	-
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	546,609,180	546,609,180	190,201,228	118,946,660	237,461,292
Short-term borrowings	2,448,686,564	2,483,333,057	2,483,333,057	-	-
	20,984,228,178	24,123,989,839	6,214,591,009	5,045,848,405	12,863,550,425

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	2016				
	(Restated)				
Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year	
----- (Rupees) -----					
Long-term finances	9,126,566,141	10,189,076,377	653,492,337	2,851,858,069	6,683,725,971
Certificates of deposit	9,763,958,827	12,303,868,186	522,634,932	3,535,692,298	8,245,540,956
Trade and other payables	665,418,560	665,418,560	665,418,560	-	-
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	655,017,090	655,017,090	132,011,362	264,022,723	258,983,005
Short-term borrowings	1,908,924,254	2,110,824,189	1,077,624,189	1,033,200,000	-
	22,119,884,872	25,924,204,402	3,036,881,380	7,684,773,090	15,188,249,932

53 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between the carrying value 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.

As at June 30, 2017 the Company has financial assets classified as "at fair value through profit or loss" and "available-for-sale" which are carried at fair values. The investments in associates are accounted for using the equity method while the subsidiaries have been kept at cost. The fair value of net investments in finance lease, long-term loans and finances and other receivables, long-term certificates of deposit and other payables are approximately equal to their carrying values. The provision for impairment of finance lease and long-term loans and finances and other receivables has been calculated in accordance with the Company's credit policy and the requirements of the NBFC Regulations, 2008.

In the opinion of the management, the fair value of the remaining assets and liabilities are not considered to be significantly different from their carrying values since these 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 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 assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows).

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

The table below analyses financial instruments carried at fair value, by valuation method. The different levels (methods) have been defined as follows:

RECURRING FAIR VALUE MEASUREMENTS	2017			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Financial assets				
Available-for-sale financial assets				
Pakistan Investment Bond (PIBs)	-	16,083,680	-	16,083,680
Al-Hail ORIX Finance PSC	-	-	273,186,725	273,186,725
Ordinary shares-unlisted	-	-	14,291,180	14,291,180
Financial assets at fair value through profit or loss				
Treasury bills	-	883,506,965	-	883,506,965
Non-financial assets				
Property, plant and equipment (Leasehold land & building)	-	-	421,397,782	421,397,782
Total	-	899,590,645	708,875,687	1,608,466,332

RECURRING FAIR VALUE MEASUREMENTS	2016 (Restated)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Financial assets				
Available-for-sale financial assets				
Pakistan Investment Bond (PIBs)	-	593,380,572	-	593,380,572
Ordinary shares-unlisted	-	-	15,059,667	15,059,667
Financial assets at fair value through profit or loss				
Treasury bills	-	610,536,907	-	610,536,907
Non-financial assets				
Property, plant and equipment (Leasehold land & building)	-	-	432,246,647	432,246,647
Total	-	1,203,917,479	447,306,314	1,651,223,793

The investment in Oman ORIX Leasing Company SAOG (associated undertaking) has a market value of Rs 1,374 million (2016: Rs 898.48 million) as disclosed in note 9.1.2 to these unconsolidated financial statements which falls under the level 1 valuation technique. However, this is carried under the equity method of accounting in the financial statements in accordance with the Company's accounting policy.

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

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

54 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 leasing company involved in deposit taking shall maintain a capital adequacy ratio of 8% for the first two years after the amendment coming into force and 10% thereafter. The Company has maintained and complied with the minimum equity requirement during the current year.

	2017	2016 (Restated)
55 EARNINGS / (LOSS) PER SHARE - basic and diluted		
Profit from continuing operations for the year	841,244,045	759,978,361
Loss from discontinued operations for the year	-	(12,990,050)
Profit for the year after taxation	841,244,045	746,988,311
Weighted average number of ordinary shares	82,082,794	82,052,930
Earnings per share - basic and diluted		
- From continuing operations	10.25	9.26
- From discontinued operations	-	(0.16)
- Total	10.25	9.10

55.1 Diluted earnings per share has not been presented separately as the Company does not have any convertible instruments in issue at June 30, 2017 and June 30, 2016 which would have any effect on the earnings per share if the option to convert is exercised.

56 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on September 14, 2017 proposed a final dividend of Rs. 3.00 per share (2016: Rs 4.50 per share) for the year ended June 30, 2017, amounting to Rs. 417,637,257 (2016: Rs. 369,372,573). This appropriation will be approved by the members of the Company at the Annual General Meeting to be held on October 19, 2017. The unconsolidated financial statements for the year ended June 30, 2017 do not include the effect of the appropriation which will be accounted for in the financial statements of the Company for the year ending June 30, 2018.

The Company has issued right shares amounting to Rs.1,999,536,875 subsequent to the balance sheet date. The unconsolidated financial statements for the year ended June 30, 2017 do not include the effect of the right issue of shares which will be accounted for in the financial statements of the Company for the year ending June 30, 2018.

57 CORRESPONDING FIGURES

Corresponding figures have been reclassified, rearranged or additionally incorporated in these unconsolidated financial statements for the purposes of comparison and better presentation. There were no significant reclassifications / restatements to corresponding figures during the year except for the effects of the restatement as disclosed in note 3 to these financial statements.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

58 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on September 14, 2017 by the Board of Directors of the Company.

59 GENERAL

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



Shaheen Amin
Chief Executive Officer



Shahid Usman
Director



Maryam Aziz
Chief Financial Officer

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Directors of ORIX Leasing Pakistan Limited (OLPL) are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended June 30, 2017. The Group comprises of:

- ORIX Leasing Pakistan Limited (OLPL) - the Holding Company;
- ORIX Modaraba (formerly Standard Chartered Modaraba) - Subsidiary Company; and
- ORIX Services Pakistan (Private) Limited (formerly Standard Chartered Services of Pakistan (Private) Limited) - Subsidiary Company.

The Directors' Report giving commentary on the performance of OLPL for the year ended June 30, 2017 has been presented separately on page 48, which contains the business review, operational performance, future prospects and other requisite information on OLPL. The contents of the said report shall be read along with this report and shall form an integral part of the Directors' Report in terms of section 227 of the Companies Act, 2017 and the requirements of the Code of Corporate Governance under the Rule Book of the Pakistan Stock Exchange.

ACQUISITION OF SUBSIDIARY COMPANIES:

The acquisition of ORIX Services Pakistan (Private) Limited (OSP) and ORIX Modaraba (OM) took place on June 20, 2016 and June 21, 2016 respectively. During the year ended June 30, 2017, the fair valuation exercise of the identified assets and liabilities of OSP and OM was completed by the Management of the Holding Company as required by International Financial Reporting Standard 3, (IFRS 3) "Business Combination". As a result of this exercise new information was obtained which necessitated adjustments to the provisional amounts of assets and liabilities that were initially estimated. Accordingly, retrospective adjustments have been made in these consolidated financial statements and comparative numbers for FY 2016 have been restated. The net result of the exercise was reduction in goodwill from Rs. 35.42 million to Rs. 13.73 million.

GROUP RESULTS

The consolidated financial results of the Group are summarized below

	2017	2016 (Restated)
	-----Rupees-----	
Profit before taxation from continuing operations	1,246,280,710	976,157,430
Taxation	322,015,135	216,690,639
Profit after taxation from continuing operations	924,265,575	759,466,791
Loss after taxation from discontinued operations	-	(12,990,050)
Profit for the year after taxation	924,265,575	746,476,741
Profit attributable to Equity shareholders of the Holding Company	821,672,924	746,331,209
Profit attributable to Non-controlling interest	102,592,651	145,532
Earnings per share - basic and diluted		
– From Continuing operations	10.01	9.23
– From Discontinued operations	-	(0.16)
– Total	10.01	9.07
Appropriation: Transferred to statutory reserve	42,062,202	37,500,000

PATTERN OF SHAREHOLDING:

The pattern of shareholding and related information as at June 30, 2017 is presented on page 219.


FINANCIAL AND OPERATIONAL PERFORMANCE BASED ON CONSOLIDATED FINANCIAL STATEMENTS

Consolidated profit after tax and EPS for the Group for FY 2017 stood at Rs. 924.26 million and Rs. 10.01 per share respectively. Profit from OM amounted to Rs. 128.24 million (2016: Rs. 0.18 million) and loss from OSP amounted to Rs. 2.07 million (2016: loss of Rs. 0.69 million). Minority interest accounts for 80% of OM's equity. As such, Rs. 102.59 million (2016: Rs. 0.145 million) out of OM's profit is attributable to non-controlling interest. Comparative figures for FY 2016 represent profit earned from the date of acquisition to June 30, 2016.

On Behalf of the Board.



Shaheen Amin
Chief Executive Officer



Shahid Usman
Director

September 14, 2017

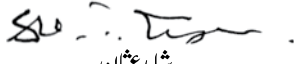
شیر ہولڈنگ کا طرز:


شیر ہولڈنگ کا طرز اور متعلقہ معلومات برطانیہ 30 جون 2017 صفحہ نمبر 219 پر درج ہیں۔

اشتمالی مالیاتی گوشواروں پر مبنی مالیاتی اور آپریشنل کارکردگی

گروپ کا اشتمالی منافع بعد از ٹیکس اور ای پی ایس برائے اختتام سال 30 جون 2017 بالترتیب 924.26 ملین روپے اور 10.01 روپے فی شیئر ہے۔ اور ٹیکس مضاربہ کے سرمایہ کا حاصل شدہ منافع 128.24 ملین روپے ہے۔ (2016: 0.18 ملین روپے) اور ٹیکس سروسز پاکستان (اولیس پی) میں نقصان کی رقم 2.07 ملین روپے (2016: 0.69 ملین روپے نقصان)۔ اور ٹیکس مضاربہ منافع کا 80% اقلیتی شیر ہولڈرز کی ملکیت ہے۔ جب کہ اور ٹیکس مضاربہ کے منافع میں سے 102.59 ملین روپے (2016: 0.145 ملین روپے) اقلیتی شیر ہولڈرز کا حصہ ہے۔ تقابلی اعداد و شمار برائے مالی سال 2016، خریداری کی تاریخ سے 30 جون 2016 تک کے منافع کو ظاہر کرتے ہیں۔

بورڈ کی جانب سے


شاہد عثمان
ڈائریکٹر


شائین امین
چیف ایگزیکٹو آفیسر
تاریخ: 14 ستمبر 2017

ڈائریکٹرز کی رپورٹ برائے ایشیائی مالیاتی گمشوارے:

اوریکس لیزنگ پاکستان لمیٹڈ (کمپنی) کے ڈائریکٹرز ہمسرت اپنی رپورٹ مع گروپ کے آڈٹ شدہ ایشیائی مالیاتی گمشوارے برائے اختتام سال 30 جون 2017 پیش کرتے ہیں۔ اس گروپ میں شامل ہیں:

- اوریکس لیزنگ پاکستان لمیٹڈ (کمپنی)۔ ہولڈنگ کمپنی
 - اوریکس مضاربہ (سابقہ اسٹیڈیڈ ڈیوٹ مضاربہ)۔ ذیلی کمپنی
 - اوریکس سروسز پاکستان (پرائیویٹ) لمیٹڈ (سابقہ اسٹیڈیڈ ڈیوٹ سروسز آف پاکستان (پرائیویٹ) لمیٹڈ)۔ ذیلی کمپنی
- ڈائریکٹرز کی رپورٹ جو کمپنی کی کارکردگی برائے اختتام سال 30 جون 2017 پر مشتمل ہے، صفحہ نمبر 48 پر پیش کی گئی ہے جس میں کاروبار کا جائزہ، کمپنی کی آپریشنل کارکردگی، مستقبل کے امکانات اور کمپنی کے بارے میں دیگر مطلوبہ معلومات شامل ہیں۔ مذکورہ رپورٹ کے مندرجات اس رپورٹ کے ساتھ پڑھے جائیں جو کمپنیز ایکٹ 2017 کے سیکشن 227 اور پاکستان اسٹاک ایکچینج کے کوڈ آف کارپوریٹ گورننس کی رول بک کی شرائط کے مطابق ڈائریکٹرز کی رپورٹ کا لازمی حصہ ہوں گے۔

ذیلی کمپنیوں کی خریداری:

اوریکس سروسز پاکستان (پرائیویٹ) لمیٹڈ (اولس پی) اور اوریکس مضاربہ کی خریداری بالترتیب 20 جون 2016 اور 21 جون 2016 کو انجام پائی۔ اختتام سال 30 جون 2017 کے دوران میں ہولڈنگ کمپنی کی انتظامیہ نے انٹرنیشنل فنانشل رپورٹنگ اسٹیڈیڈ ڈیوٹ "Business Combination" (IFRS 3) کی شرائط کے مطابق اولس پی اور اوریکس مضاربہ معلوم اثاثہ جات اور واجبات کا شفافیت کے ساتھ تخمینہ لگایا۔ اس عمل میں نئی معلومات حاصل ہوئیں جن کے مطابق اثاثہ جات اور واجبات کے ابتدائی تخمینہ میں فرق دور کرنے کی ضرورت محسوس کی گئی۔ اس کے مطابق، کی گئی تبدیلیوں کی تفصیل ان ایشیائی مالیاتی گمشواروں میں درج ہیں اور مالی سال 2016 کے تقابلی اعداد و شمار دوبارہ درج کئے گئے ہیں۔ اس کے حتمی نتیجے میں گڈ ویل (Good Will) کی رقم 35.42 ملین روپے سے کم ہو کر 13.73 ملین روپے ہو گئی۔

گروپ کے نتائج:

گروپ کے ایشیائی مالیاتی نتائج مختصر طور پر درج ذیل ہیں:

تفصیلات	2017	2016 (ری اسٹیٹ)
قبل از ٹیکس منافع جاری آپریشنز سے	1,246,280,710	976,157,430
محصولات (ٹیکس)	322,015,135	216,690,639
منافع جاری آپریشنز سے	924,265,575	759,466,791
بعد از ٹیکس (تقصان) معطل آپریشنز سے	-	(12,990,050)
بعد از ٹیکس سال کا منافع	924,265,575	746,476,741
ہولڈنگ کمپنی کے ایکویٹی شیئر ہولڈرز کیلئے منافع	821,672,924	746,331,209
منافع برائے اقلیتی شیئر ہولڈرز	102,592,651	145,532
آمدنی فی شیئر - بنیادی اور رقیق:		
جاری آپریشنز سے	10.01	9.23
معطل آپریشنز سے	-	(0.16)
کل (نوٹس)	10.01	9.07
قانونی ریزرو میں منتقلی	42,062,202	37,500,000

CONSOLIDATED VERTICAL ANALYSIS

Balance Sheet and Profit and Loss

BALANCE SHEET	2017		2016 (Restated)	
	Rs in million	%	Rs in million	%
ASSETS				
Non-current assets				
Property, plant and equipment	6,007	14.88%	5,434	13.44%
Intangible assets	102	0.25%	121	0.30%
Net investment in finance leases	13,134	32.54%	13,544	33.49%
Investment in associated undertakings	1,972	4.89%	2,266	5.60%
Long-term investments	356	0.88%	98	0.24%
Long-term finances and loans	2,426	6.01%	2,315	5.72%
Long-term deposits	13	0.03%	11	0.03%
	24,010	59.48%	23,789	58.82%
Current assets				
Short-term finances	149	0.37%	286	0.71%
Accrued return on investments and term finance	60	0.15%	106	0.26%
Current maturity of non-current assets	14,132	35.01%	13,923	34.42%
Short-term investments	914	2.26%	1,219	3.01%
Advances and prepayments	57	0.14%	75	0.19%
Other receivables	164	0.41%	211	0.52%
Cash and bank balances	728	1.80%	613	1.52%
Taxation - net	65	0.16%	75	0.19%
Net investment in Ijarah finance	0.4	0.00%	0.4	0.00%
Assets classified as held for sale	89	0.22%	148	0.37%
	16,358	40.52%	16,656	41.18%
Total assets	40,368	100.00%	40,445	100.00%
EQUITY AND LIABILITIES				
Share capital and reserves				
Issued, subscribed and paid-up capital	821	2.03%	821	2.03%
Reserves	1,605	3.98%	1,730	4.28%
Unappropriated profit	1,707	4.23%	1,302	3.22%
Total equity attributable to equity holder of the Holding Company	4,133	10.24%	3,853	9.53%
Non-controlling interest	1,002	2.48%	1,023	2.53%
Surplus on revaluation of leasehold land and office building - net of tax	317	0.79%	323	0.80%
Non-current liabilities				
Long-term finances	7,454	18.47%	6,298	15.57%
Long-term certificates of deposit	4,000	9.91%	5,888	14.56%
Long-term deposits	6,215	15.40%	6,592	16.30%
Deferred taxation	585	1.45%	476	1.18%
Other long-term liabilities	214	0.53%	260	0.64%
Defined benefit scheme - staff retirement gratuity	17	0.04%	2	0.00%
Redeemable capital	0.2	0.00%	683	1.69%
	18,485	45.79%	20,199	49.94%
Current liabilities				
Trade and other payables	1,359	3.37%	1,076	2.66%
Accrued interest/mark-up on loans, finances and certificates of deposit	361	0.89%	440	1.09%
Short-term borrowings	2,449	6.07%	1,919	4.74%
Short-term certificates of deposit	1,111	2.75%	2,073	5.13%
Current maturity of non-current liabilities	11,151	27.62%	9,539	23.59%
	16,431	40.70%	15,047	37.20%
Total equity and liabilities	40,368	100.00%	40,445	100.00%
PROFIT AND LOSS				
INCOME				
Income from operations				
Finance lease	2,417	40.51%	2,324	56.48%
Operating lease	2,254	37.78%	574	13.95%
Mark-up on term finance	642	10.76%	510	12.39%
	5,313	89.05%	3,408	82.82%
Income from other operating activities				
Other income - net	424	7.11%	473	11.49%
Share of profit of equity accounted undertakings	229	3.84%	234	5.69%
	653	10.95%	707	17.18%
Total Income	5,966	100.00%	4,115	100.00%
EXPENSES				
Finance costs	1,789	29.99%	1,674	40.68%
Administrative and general expenses	1,124	18.84%	863	20.97%
Direct cost of leases	1,905	31.94%	427	10.38%
	4,819	80.77%	2,964	72.03%
Profit before provision and taxes	1,147	19.23%	1,151	27.97%
Provisions and impairment				
(Reversal) / provision for potential lease and other loan losses - net	(23)	-0.39%	215	5.22%
Other reversal - net	(76)	-1.27%	(40)	-0.97%
	(99)	-1.66%	175	4.25%
Profit for the year before taxation from continuing operations	1,246	20.89%	976	23.72%
Taxation	322	5.40%	217	5.27%
Profit for the year after taxation from continuing operations	924	15.49%	759	18.45%
DISCONTINUED OPERATIONS				
Loss for the year after taxation from discontinued operations	-	0.00%	(13)	-0.32%
Profit for the year after taxation	924	15.49%	746	18.14%

CONSOLIDATED HORIZONTAL ANALYSIS

Balance Sheet and Profit and Loss

BALANCE SHEET	2017	17 vs 16	2016 (Restated)	16 vs 15
	Rs in million	%	Rs in million	%
ASSETS				
Non-current assets				
Property, plant and equipment	6,007	10.54%	5,434	208.40%
Intangible assets	102	-15.70%	121	1244.44%
Net investment in finance leases	13,134	-3.03%	13,544	19.27%
Investment in associated undertakings	1,972	-12.97%	2,266	4.14%
Long-term investments	356	263.27%	98	600.00%
Long-term finances and loans	2,426	4.79%	2,315	163.37%
Long-term deposits	13	18.18%	11	10.00%
	24,010	0.93%	23,789	46.79%
Current assets				
Short term finances	149	-47.90%	286	-29.73%
Accrued return on investments and term finance	60	-43.40%	106	41.33%
Current maturity of non-current assets	14,132	1.50%	13,923	39.70%
Short-term investments	914	-25.02%	1,219	10.22%
Advances and prepayments	57	-24.00%	75	59.57%
Other receivables	164	-22.27%	211	181.33%
Cash and bank balances	728	18.76%	613	253.31%
Taxation - net	65	-13.33%	75	-56.14%
Net investment in Ijarah finance	0.4	0.00%	0.4	0.00%
Assets classified as held for sale	89	-39.86%	148	62.64%
	16,358	-1.79%	16,656	37.52%
Total assets	40,368	-0.19%	40,445	42.83%
EQUITY AND LIABILITIES				
Share capital and reserves				
Issued, subscribed and paid-up capital	821	0.00%	821	0.00%
Reserves	1,605	-7.23%	1,730	-33.87%
Unappropriated profit	1,707	31.11%	1,302	100.00%
Total equity attributable to equity holder of the Holding Company	4,133	7.27%	3,853	12.10%
Non-controlling interest	1,002	-2.05%	1,023	100.00%
Surplus on revaluation of leasehold land and office building - net of tax	317	-1.86%	323	188.39%
Non-current liabilities				
Long-term finances	7,454	18.36%	6,298	33.77%
Long-term certificates of deposit	4,000	-32.07%	5,888	15.07%
Long-term deposits	6,215	-5.72%	6,592	25.83%
Deferred taxation	585	22.90%	476	4.85%
Other long-term liabilities	214	-17.69%	260	-2.99%
Defined benefit scheme - staff retirement gratuity	17	750.00%	2	100.00%
Redeemable capital	0.2	-99.97%	683	100.00%
	18,485	-8.48%	20,199	27.95%
Current liabilities				
Trade and other payables	1,359	26.30%	1,076	67.86%
Accrued interest/mark-up on loans, finances and certificates of deposit	361	-17.95%	440	37.93%
Short-term borrowings	2,449	27.62%	1,919	117.08%
Short-term certificates of deposit	1,111	-46.41%	2,073	119.60%
Current maturity of non-current liabilities	11,151	16.90%	9,539	54.00%
	16,431	9.20%	15,047	67.52%
Total equity and liabilities	40,368	-0.19%	40,445	42.82%
PROFIT AND LOSS				
	2017	17 vs 16	2016 (Restated)	16 vs 15
	Rs in million	%	Rs in million	%
INCOME				
Income from operations				
Finance lease	2,417	4.0%	2,324	2.8%
Operating lease	2,254	292.7%	574	-13.6%
Mark-up on term finance	642	25.9%	510	10.4%
	5,313	55.9%	3,408	0.6%
Income from other operating activities				
Other income - net	424	-10.4%	473	52.1%
Share of profit of equity accounted undertakings	229	-2.1%	234	-14.9%
	653	-7.6%	707	20.6%
Total Income	5,966	45.0%	4,115	3.6%
EXPENSES				
Finance costs	1,789	6.9%	1,674	-3.1%
Administrative and general expenses	1,124	30.2%	863	9.9%
Direct cost of leases	1,906	346.4%	427	-13.0%
	4,819	62.6%	2,964	-1.3%
Profit before provision and taxes				
Provisions and impairment	1,147	-0.3%	1,151	18.8%
(Reversal)/provision for potential lease and other loan losses - net	(23)	-110.7%	215	76.2%
Other reversal - net	(76)	90.0%	(40)	-200.0%
	(99)	-156.6%	175	8.0%
Profit for the year before taxation from continuing operations	1,246	27.7%	976	20.8%
Taxation	322	48.4%	217	20.6%
Profit for the year after taxation from continuing operations	924	21.7%	759	20.9%
DISCONTINUED OPERATIONS				
Loss for the year after taxation from discontinued operations	-	-100.0%	(13)	-130.2%
Profit for the year after taxation	924	23.9%	746	11.2%



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of **ORIX Leasing Pakistan Limited** (the Holding Company) and its subsidiary companies as at June 30, 2017 and the related consolidated Profit and Loss Account, consolidated Statement of Comprehensive Income, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and ORIX Services Pakistan (Private) Limited [formerly Standard Chartered Services of Pakistan (Private) Limited], whereas the financial statements of ORIX Modaraba (formerly Standard Chartered Modaraba) have been audited by another firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for ORIX Modaraba (formerly Standard Chartered Modaraba), is based solely on the report of such other auditor. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of ORIX Leasing Pakistan Limited and its subsidiary companies as at June 30, 2017 and the results of their operations for the year then ended.

Chartered Accountants

Engagement Partner: Rashid A. Jafer

Dated: September 18, 2017

Karachi

*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>*

CONSOLIDATED BALANCE SHEET

As at June 30, 2017

	Note	2017	2016 (Restated)
-----Rupees-----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	6,006,608,126	5,434,316,971
Intangible assets	6	101,669,050	120,734,528
Net investment in finance lease	7	26,148,183,877	26,271,915,580
Current maturity	13	(12,090,081,233)	(11,780,064,405)
Allowance for potential lease losses	40	(924,332,946)	(947,366,692)
		(13,014,414,179)	(12,727,431,097)
		13,133,769,698	13,544,484,483
Investment in associated undertakings	8	1,972,102,566	2,266,192,717
Long-term investments	9	356,275,680	97,478,673
Long-term finances and loans	10	2,425,986,184	2,315,113,997
Long-term deposits		13,201,410	11,361,208
		24,009,612,714	23,789,682,577
Current assets			
Short-term finances	11	149,435,904	285,650,013
Accrued return on investments and term finance	12	59,856,053	105,673,893
Current maturity of non-current assets	13	14,131,799,818	13,922,978,024
Short-term investments	14	913,881,825	1,218,977,146
Advances and prepayments	15	56,665,824	75,310,426
Other receivables	16	164,194,817	210,815,563
Cash and bank balances	17	727,661,262	613,400,045
Taxation - net		64,842,192	74,921,494
Net investment in ijarah finance		370,000	370,000
		16,268,707,695	16,508,096,604
Assets classified as held for sale	18	89,595,014	147,482,703
Total assets		40,367,915,423	40,445,261,884
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 350,000,000 (2016: 350,000,000) ordinary shares of Rs. 10 each		3,500,000,000	3,500,000,000
Issued, subscribed and paid-up capital	19	820,827,940	820,827,940
Reserves		1,604,529,122	1,730,018,402
Unappropriated profit		1,707,498,196	1,302,466,352
Total equity attributable to equity holder of the Holding Company		4,132,855,258	3,853,312,694
Non-controlling interest		1,002,327,037	1,023,177,588
		5,135,182,295	4,876,490,282
Surplus on revaluation of leasehold land and office building - net of tax	20	317,381,264	323,006,602
Non-current liabilities			
Long-term finances	21	7,454,294,236	6,297,989,443
Long-term certificates of deposit	22	4,000,332,697	5,888,172,666
Long-term deposits	23	6,214,494,981	6,592,206,800
Deferred taxation	24	584,742,190	476,449,984
Other long-term liabilities	25	214,038,190	258,983,005
Defined benefit scheme - staff retirement gratuity	26	16,514,020	1,463,232
Redeemable capital	27	200,000	683,280,000
		18,484,616,314	20,198,545,130
Current liabilities			
Trade and other payables	28	1,359,353,570	1,075,742,824
Accrued interest / mark-up on loans, finances and certificates of deposit	29	360,713,437	440,256,946
Short-term borrowings	30	2,448,686,564	1,918,586,604
Short-term certificates of deposit	31	1,111,266,011	2,073,044,036
Current maturity of non-current liabilities	32	11,150,715,968	9,539,589,460
		16,430,735,550	15,047,219,870
Total equity and liabilities		40,367,915,423	40,445,261,884
Contingencies and commitments	33		

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


Shaheen Amin
 Chief Executive Officer


Shahid Usman
 Director


Maryam Aziz
 Chief Financial Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2017

	Note	2017	2016 (Restated)
----- Rupees -----			
CONTINUING OPERATIONS			
INCOME			
Income from operations			
Finance leases		2,416,994,401	2,324,490,107
Operating leases	34	2,253,983,574	574,384,650
Mark-up on term finance		641,521,213	509,808,947
		5,312,499,188	3,408,683,704
Income from other activities			
Other income - net	35	424,347,741	472,944,560
Share of profit of equity accounted undertakings	36	229,142,246	234,164,114
		653,489,987	707,108,674
		5,965,989,175	4,115,792,378
EXPENSES			
Finance cost	37	1,789,465,788	1,674,482,725
Administrative and general expenses	38	1,123,923,826	862,642,879
Direct cost of lease	39	1,905,384,273	427,083,108
		4,818,773,887	2,964,208,712
Profit before provision and taxation		1,147,215,288	1,151,583,666
(Reversal) / provision for potential lease and other loan losses - net	40	(23,143,953)	215,092,992
Other reversals - net	41	(75,921,469)	(39,666,756)
		(99,065,422)	175,426,236
Profit for the year before taxation from continuing operations		1,246,280,710	976,157,430
Taxation	43	322,015,135	216,690,639
Profit for the year after taxation from continuing operations		924,265,575	759,466,791
DISCONTINUED OPERATIONS			
Loss for the year after taxation from discontinued operations	44	-	(12,990,050)
Profit for the year after taxation		924,265,575	746,476,741
Profit attributable to:			
Equity shareholders of the Holding Company		821,672,924	746,331,209
Non-controlling interest		102,592,651	145,532
		924,265,575	746,476,741
Earnings per share - basic and diluted			
- From continuing operations	55	10.01	9.23
- From discontinued operations	55	-	(0.16)
Total		10.01	9.07

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


Shahen Amin
Chief Executive Officer


Shahid Usman
Director


Maryam Aziz
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2017

	2017	2016 (Restated)
	----- Rupees -----	
Profit after tax for the year attributable to:		
Equity shareholders of the Holding Company	821,672,924	746,331,209
Non-controlling interest	102,592,651	145,532
	924,265,575	746,476,741
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Exchange (loss) / gain arising on translation of foreign associates - net of deferred tax	(112,225,402)	26,785,040
Reclassification of foreign currency translation on discontinuation of equity accounting - net of deferred tax	(52,518,966)	-
	(164,744,368)	26,785,040
Net unrealised loss due to changes in fair value of financial assets classified as available-for-sale	(2,807,114)	(25,274,121)
Net gain on cash flow hedging instruments	-	35,031,846
	(167,551,482)	36,542,765
Items that will not be reclassified to profit and loss		
Remeasurement of post employment benefit - net of deferred tax	(11,559,815)	(1,752,047)
Total comprehensive income for the year	745,154,278	781,267,459
Total comprehensive income for the year attributable to:		
Equity shareholders of the Holding Company	642,561,627	781,121,927
Non-controlling interest	102,592,651	145,532
	745,154,278	781,267,459

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


Shaheen Amin
Chief Executive Officer


Shahid Usman
Director


Maryam Aziz
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

For the year ended June 30, 2017

	Note	2017	2016 (Restated)
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	45	4,328,076,641	2,588,835,706
(Increase) / decrease in operating assets			
Investment in finance lease - net		123,731,703	(2,102,165,404)
Long-term finances and loans - net		(351,717,844)	(816,882,184)
Short-term finances		130,615,981	109,292,175
Long-term deposits		(242,452)	(1,199,844)
Advances and prepayments		21,516,115	70,370,075
Other receivables		96,680,854	(110,689,540)
		20,584,357	(2,851,274,722)
Increase / (decrease) in operating liabilities			
Deposits from lessees - net		220,176,445	621,739,222
Mark-up paid		(1,060,067,458)	(844,682,881)
Payment against staff retirement benefits		(13,468,020)	(13,338,159)
Profit paid on certificates of deposit		(956,611,297)	(820,601,959)
Trade and other payables		313,378,324	(403,242,795)
		(1,496,592,006)	(1,460,126,572)
Net cash generated from / (used in) operating activities before income tax		2,852,068,992	(1,722,565,588)
Payment of Workers' Welfare Fund		(7,020,630)	(8,267,589)
Income tax paid		(143,791,540)	(132,242,131)
Net cash generated from / (used in) operating activities		2,701,256,822	(1,863,075,308)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions made to intangible assets		(6,960,878)	(11,673,180)
Capital expenditure incurred - fixed assets for own use		(50,411,635)	(60,715,301)
Capital expenditure incurred - operating lease assets		(26,455,654)	(26,555,526)
Capital expenditure incurred - ijarah finance		(2,905,993,379)	(136,377,141)
Proceeds from disposal of assets - own use		39,783,290	24,999,256
Proceeds from sale of operating lease assets		-	17,939,061
Proceeds from sale of Ijarah finance assets		627,991,205	17,350,061
Installment against consideration on sale of e-business		16,000,005	5,333,325
Investments - net		645,802,123	(133,620,750)
Consideration paid on business combination (SCLL)		-	(619,181,564)
Consideration paid for acquisition of subsidiaries		-	70,822,381
Proceeds against disposal of asset classified as held for sale		46,378,154	-
Dividend received		126,364,240	165,314,935
Interest received		116,740,761	109,357,094
Net cash used in investing activities		(1,370,761,768)	(577,007,349)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term loans		4,800,000,000	4,200,000,000
Short-term borrowings-net		490,284,118	1,099,715,882
Certificates of deposit (redeemed) / issued - net		(3,736,035,119)	1,505,046,632
Repayment of long term loans and finances		(2,443,495,172)	(3,491,344,166)
Dividend paid		(366,803,506)	(367,791,326)
Net cash (used in) / generated from financing activities		(1,256,049,679)	2,945,627,022
Net increase in cash and cash equivalents		74,445,375	505,544,365
Cash and cash equivalents at beginning of the year		(205,470,677)	(711,015,042)
Cash and cash equivalents at end of the year	46	(131,025,302)	(205,470,677)

Cash flows from discontinued operations

44.3

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


Shahzen Amin
 Chief Executive Officer


Shahid Usman
 Director


Maryam Aziz
 Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2017

	Attributable to equity shareholders of the Holding Company							Sub-total	Non-controlling Interest	Total
	Capital Reserves		Unappropriated profit	Revenue Reserves						
	Issued, subscribed and paid-up capital	Share premium		Statutory reserve	Unrealised (losses) / gains on investment	Hedging reserve	Foreign currency translation reserve			
------(Rupees)-----										
Balance as at July 1, 2015	820,529,300	448,603,499	899,545,177	961,597,991	27,566,224	(35,031,846)	314,209,983	3,437,020,328	-	3,437,020,328
Shares issued upon amalgamation of Standard Chartered Leasing Limited (SCLL) - (Restated)	298,640	1,082,600	-	-	-	-	-	1,381,240	-	1,381,240
Non-controlling interest on acquisition of the Modaraba - (restated)	-	-	-	-	-	-	-	-	1,023,032,056	1,023,032,056
Profit for the year after taxation - (Restated)	-	-	-	746,331,209	-	-	-	746,331,209	145,532	746,476,741
Other comprehensive income	-	-	-	(1,752,047)	(25,274,121)	35,031,846	26,785,040	34,790,718	-	34,790,718
Total comprehensive income for the year ended June 30, 2016	-	-	-	744,579,162	(25,274,121)	35,031,846	26,785,040	781,121,927	145,532	781,267,459
Transactions with owners recorded directly in equity										
Cash dividend @ Rs.4.50 per ordinary share of Rs. 10.00 each for the year ended June 30, 2015	-	-	-	(369,238,185)	-	-	-	(369,238,185)	-	(369,238,185)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	3,027,384	-	-	-	3,027,384	-	3,027,384
Transfer to statutory reserve	-	-	37,500,000	(37,500,000)	-	-	-	-	-	-
Balance as at June 30, 2016 - (Restated)	820,827,940	449,686,099	937,045,177	1,302,466,352	2,292,103	-	340,995,023	3,853,312,694	1,023,177,588	4,876,490,282
Profit for the year after taxation	-	-	-	821,672,924	-	-	-	821,672,924	102,592,651	924,265,575
Other comprehensive loss	-	-	-	(11,559,815)	(2,807,114)	-	(164,744,368)	(179,111,297)	-	(179,111,297)
Total comprehensive income for the year ended June 30, 2017	-	-	-	810,113,109	(2,807,114)	-	(164,744,368)	642,561,627	102,592,651	745,154,278
Transactions with owners recorded directly in equity										
Cash dividend @ Rs.4.50 per ordinary share of Rs. 10.00 each for the year ended June 30, 2016	-	-	-	(369,372,573)	-	-	-	(369,372,573)	-	(369,372,573)
Profit distribution for the year ended June 30, 2016 @ Rs 3.40 per certificate	-	-	-	-	-	-	-	-	(123,443,202)	(123,443,202)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	6,353,510	-	-	-	6,353,510	-	6,353,510
Transfer to statutory reserve	-	-	42,062,202	(42,062,202)	-	-	-	-	-	-
Balance as at June 30, 2017	820,827,940	449,686,099	979,107,379	1,707,498,196	(515,011)	-	176,250,655	4,132,855,258	1,002,327,037	5,135,182,295

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


Shaheen Amin
 Chief Executive Officer


Shahid Usman
 Director


Maryam Aziz
 Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

1 STATUS AND NATURE OF BUSINESS

The "Group" consists of:

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

1.1 Holding company

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long-term rating of AA+ and a short-term rating of A1+ to the Company on June 23, 2017.

1.2 Subsidiary companies

1.2.1 ORIX Services Pakistan (Private) Limited [formerly Standard Chartered Services of Pakistan (Private) limited] - 100% effective holding

ORIX Services Pakistan (Private) Limited [formerly Standard Chartered Services of Pakistan (Private) Limited] ("the Management Company") was incorporated as a private limited company on February 25, 1957 under the then applicable Companies Act, 1913 (now Companies Ordinance, 1984). Subsequently, it was registered as a Modaraba Company with the Registrar of Modaraba Companies and Modarabas under the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980.

The principal activity of the Management Company is to engage in the business of floatation of Modarabas and to function as a Modaraba Company within the meaning of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980. Presently, the Company manages only ORIX Modaraba (formerly Standard Chartered 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 subsequent to which it became a subsidiary of the Company and was renamed to ORIX Services Pakistan (Private) Limited. The Holding Company continues to hold 100% shares in ORIX Services Pakistan (Private) Limited till date.

The details of the business combination are given in note 3.2.1.

1.2.2 ORIX Modaraba (formerly Standard Chartered Modaraba) - 20% effective holding

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

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

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

The details of the business combination are given in note 3.2.2.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. As per the requirements of circular no. CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the SECP, companies the financial year of which closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, the requirements of the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. In case the requirements differ, the provisions of and directives issued under the NBFC Rules, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, the NBFC Regulations, the Companies Ordinance, 1984 and the directives issued by the SECP prevail.

2.2 Basis of measurement

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

- Leasehold land and office building are stated at revalued amounts;
- Financial instruments at fair value through profit or loss and available-for-sale financial assets are measured at fair values;
- Obligation in respect of staff retirement gratuity is measured at present value of defined benefit obligation; and
- Non-current assets classified as held-for-sale are valued at lower of carrying amount and fair value less cost to sell.

2.3 Functional and presentation currency

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

2.4 Critical accounting estimates and judgments

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

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

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

- (a) determination of the residual values and useful lives of property, plant and equipment (notes 4.4 and 5);
- (b) determination of amortisation rates for intangible assets (notes 4.5 and 6);
- (c) allowance for potential lease and other loan losses (notes 4.8 and 40);
- (d) classification, valuation and impairment of financial assets (note 4.12);
- (e) provision for taxation and deferred tax (notes 4.21 and 45);
- (f) accounting for post employment benefits (notes 4.22 and 38.1);
- (g) employees compensated absences (notes 4.23 and 38.1); and
- (h) impairment of non-financial assets (notes 4.11).

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

There were certain new amendments to the approved accounting standards which became effective during the year ended June 30, 2017 but are considered not to be relevant or have any significant effect on the Group's financial reporting and are, therefore, not disclosed in these consolidated financial statements.

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

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

Standards, interpretations or amendments	Effective date (accounting period beginning on or after)
- IFRS-9 "Financial Instruments"	January 1, 2018
- IFRS-15 "Revenue from contracts with customers"	January 1, 2018
- IFRS-16 "Leases"	January 1, 2019

The standards highlighted above may impact the financial statements of the Company on adoption. The management is currently in the process of assessing the full impact on the financial statements of the Group.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

The Companies Act, 2017 (the Act) has been enacted on May 30, 2017 superseding the Companies Ordinance, 1984. Subsequent to the promulgation of the Companies Act, 2017, the SECP through a press release dated July 20, 2017 has allowed companies whose financial year closes on or before June 30, 2017 to prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, the financial statements of the Group for the year ended June 30, 2017 have been prepared in accordance with the provisions of the repealed Ordinance while the financial statements of the Group for the year ending June 30, 2018 will be prepared in accordance with the provisions of the new Companies Act, 2017. The Management is, currently, in the process of assessing the impact of the provisions of the Act on the consolidated financial statements of the Group.

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, 2017 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 financial statements.

3 BUSINESS COMBINATIONS

3.1 Acquisition of Standard Chartered Leasing Limited

3.1.1 During the year ended June 30, 2016, under the Scheme of Amalgamation (hereinafter referred to as "the Scheme") of Standard Chartered Leasing Limited (SCLL) with and into ORIX Leasing Pakistan Limited as approved by the SECP, SCLL was acquired and amalgamated with the Holding Company. The Scheme was effective from May 27, 2016.

International Financial Reporting Standard 3, (IFRS 3) "Business Combinations", requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer's balance sheet and any intangible assets acquired in the business combination are required to be separately recognised and carried at fair values. IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise determination of the fair values of the assets and liabilities and to determine the value of any intangible separately identified.

During the year ended June 30, 2017, in compliance of the requirement specified in IFRS B2253, the fair valuation exercise of the recorded assets and liabilities was completed by the management as a result of which new information was obtained that necessitated adjustments to the provisional amounts of assets and liabilities initially estimated. Accordingly, retrospective adjustments have been made in these consolidated financial statements and comparatives have been revised as follows:

ASSETS	Fair values provisionally determined as at May 26, 2016	Adjustments as a result of finalisation of fair value exercise	Fair values finalised and adjusted retrospectively
	----- (Rupees) -----		
Current assets			
Cash and bank balances	65,250	-	65,250
Accrued mark-up / return on long term investments	16,107,160	-	16,107,160
Prepayments and other receivables	59,741,323	-	59,741,323
Current maturity of non-current assets	1,950,435,248	2,729,307	1,953,164,555
	2,026,348,981	2,729,307	2,029,078,288
Non-current assets			
Long term investments	58,882,984	10,737,637	69,620,621
Net investment in finance leases	1,848,448,590	(39,640,312)	1,808,808,278
Long term loans	1,791,159	-	1,791,159
Long term security deposits	112,500	-	112,500
Plant and equipment	1,641,319	-	1,641,319
Intangible assets	172,062	-	172,062
	1,911,048,614	(28,902,675)	1,882,145,939
Total assets	3,937,397,595	(26,173,368)	3,911,224,227

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

LIABILITIES	Fair values provisionally determined as at May 26, 2016	Adjustments as a result of finalisation of fair value exercise	Fair values finalised and adjusted retrospectively
	----- (Rupees) -----		
Current liabilities			
Accrued mark-up	40,924,539	-	40,924,539
Accrued and other liabilities	60,875,483	-	60,875,483
Borrowing from financial institutions	286,343,838	-	286,343,838
Certificates of investment	863,167,429	-	863,167,429
Taxation - net	50,927,274	-	50,927,274
Current maturity of non current liabilities	443,758,666	-	443,758,666
	1,745,997,229	-	1,745,997,229
Non-current liabilities			
Certificates of investment	398,486,049	14,000,000	412,486,049
Long term security deposits against leases	716,064,843	-	716,064,843
Long term finance	79,166,667	-	79,166,667
Deferred tax liability- net	13,955,674	(3,773,744)	10,181,930
	1,207,673,233	10,226,256	1,217,899,489
Total liabilities	2,953,670,462	10,226,256	2,963,896,718
NET ASSETS	983,727,133	(36,399,624)	947,327,509

The acquisition of Standard Chartered Leasing Limited is a bargain purchase as the value of the net assets acquired at the acquisition date exceeds the consideration paid by the Company. The details of the fair values of the net assets as at May 26, 2016, purchase consideration agreed and gain arising on bargain purchase are as follows:

	May 26, 2016 (Rupees)
Fair values of net assets acquired	947,327,509
Purchase consideration	
- Cash	741,205,022
- Shares issued upon amalgamation	1,381,239
	742,586,261
Gain on bargain purchase	204,741,248

3.2 Acquisition of subsidiary companies

During the year ended June 30, 2016, ORIX Leasing Pakistan Limited acquired 100% ownership (4,450,000 shares) of the Management Company and 10% ownership (4,538,353 certificates) of the Modaraba on June 20, 2016 and June 21, 2016 respectively. In addition to this, the Holding Company holds 10% ownership of the Modaraba through the Modaraba Management Company. Subsequent to the acquisition, the SECP on August 22, 2016 notified the change in the name of the Management Company and Modaraba from Standard Chartered Services of Pakistan (Private) Limited and Standard Chartered Modaraba to ORIX Services Pakistan (Private) Limited and ORIX Modaraba respectively.

International Financial Reporting Standard 3, (IFRS 3) "Business Combinations", requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer's balance sheet and any intangible assets acquired in the business combination are required to be separately recognised and carried at fair values. IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise the determination of fair values of the assets acquired and liabilities assumed and to determine the value of any intangible asset separately identified.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

During the year ended June 30, 2017, in compliance with the provisions contained in IFRS 3, the fair valuation exercise of the recorded assets and liabilities was completed by the management as a result of which new information was obtained that necessitated adjustments to the provisional amounts of assets and liabilities initially estimated. Accordingly, retrospective adjustments have been made in these consolidated financial statements and comparatives have been revised.

The details of purchase consideration, net assets acquired and goodwill arising on business combination are as follows:

3.2.1 ORIX Services Pakistan (Private) Limited - formerly Standard Chartered Services of Pakistan (Private) Limited

	Fair values provisionally determined as at June 20, 2016	Adjustments as a result of finalisation of fair value exercise	Fair values finalised and adjusted retrospectively
	----- (Rupees) -----		
ASSETS			
Current assets			
Receivable from Standard Chartered Modaraba - related party	31,704,994	-	31,704,994
Advances, deposits and prepayments	2,144,826	-	2,144,826
Income tax refundable	10,401,318	-	10,401,318
Bank balance	18,895,336	-	18,895,336
	63,146,474	-	63,146,474
Non-current assets			
Investments	130,495,706	10,278,980	140,774,686
Total assets	193,642,180	10,278,980	203,921,160
LIABILITIES			
Current liabilities			
Workers' Welfare Fund	1,070,304	-	1,070,304
Provision for performance bonus	5,833,333	-	5,833,333
Provision for services sales tax on management fee	11,787,296	-	11,787,296
Legal and professional charges payable	277,222	-	277,222
Other payables	4,088,929	-	4,088,929
Auditors' remuneration payable	97,522	-	97,522
	23,154,606	-	23,154,606
Total liabilities	23,154,606	-	23,154,606
Net assets as at June 20, 2016	170,487,574	10,278,980	180,766,554
Percentage of net assets acquired			100%
Fair value of net assets acquired			180,766,554

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

3.2.2 ORIX Modaraba - formerly Standard Chartered Modaraba

ASSETS	Fair values provisionally determined as at June 21, 2016	Adjustments as a result of finalisation of fair value exercise	Fair values finalised and adjusted retrospectively
	----- (Rupees) -----		
Current assets			
Cash and bank balances	381,405,619	-	381,405,619
Ijarah rentals receivable	104,083,359	17,100,000	121,183,359
Advances, deposits, prepayments and other receivables	59,248,251	-	59,248,251
Current portion of investment in Sukuk certificates	-	-	-
Current portion of Diminishing Musharika	169,798,936	-	169,798,936
Net investment in Ijarah finance	370,000	-	370,000
Taxation recoverable	2,390,379	-	2,390,379
	717,296,544	17,100,000	734,396,544
Non-current assets			
Long-term portion of Diminishing Musharika	1,025,286,752	(310,198)	1,024,976,554
Ijarah assets	3,606,784,188	-	3,606,784,188
Fixed assets in own use	36,928,824	-	36,928,824
Customer relationship for Ijarah	-	86,000,000	86,000,000
	4,668,999,764	85,689,802	4,754,689,566
Total assets	5,386,296,308	102,789,802	5,489,086,110

LIABILITIES	Fair values provisionally determined as at June 21, 2016	Adjustments as a result of finalisation of fair value exercise	Fair values finalised and adjusted retrospectively
	----- (Rupees) -----		
Current liabilities			
Musharika finance	5,968,073	-	5,968,073
Current maturity of Musharika term finance arrangements	168,545,829	-	168,545,829
Current maturity of security deposits	198,765,933	-	198,765,933
Creditors, accrued and other liabilities	606,738,973	-	606,738,973
Advance Ijarah rentals received	51,069,830	-	51,069,830
Current portion of redeemable capital	2,110,325,000	-	2,110,325,000
Unclaimed profit distribution	39,580,514	-	39,580,514
	3,180,994,152	-	3,180,994,152
Non-current liabilities			
Long-term portion of Musharika term finance arrangements	150,000,000	-	150,000,000
Long-term portion of security deposits	463,776,888	-	463,776,888
Long-term portion of redeemable capital	415,525,000	-	415,525,000
	1,029,301,888	-	1,029,301,888
Total liabilities	4,210,296,040	-	4,210,296,040

Fair value of net assets as at June 21, 2016	1,278,790,070
Percentage of net assets acquired	10%
Fair value of net assets acquired	127,879,007

3.2.3 Goodwill on acquisitions

Total purchase consideration paid in cash	322,374,294
Non-controlling interest (NCI) relating to the Modaraba	1,023,032,056
	1,345,406,350
Fair value of net assets of the management company excluding investment in the Modaraba	52,887,547
Fair value of net assets of the Modaraba	1,278,790,070
	1,331,677,617
Goodwill on acquisitions	13,728,733

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Basis of consolidation

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

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

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

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

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

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

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

4.2 Business combination

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

4.3 Goodwill

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

4.4 Property, plant and equipment - owned and leased

Property, plant and equipment (except leasehold land and office buildings) are stated at cost less accumulated depreciation and impairment losses, if any. Leasehold land and office buildings 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 property, plant and equipment is capitalised and the asset so replaced is retired from use. Cost incurred on overhaul of generators is depreciated over the enhanced useful lives of these generators. All other repairs and maintenance expenditure are charged to the profit and loss account during the period in which they are incurred.

Depreciation is charged using the straight line method over its estimated useful life, at the rates specified in notes 5.1, 5.2 and 5.3 to the consolidated financial statements. Generators under operating lease assets are depreciated on the higher of, hours used and minimum hours calculated on the basis of life allotted to them in years. Residual values are taken into consideration in case of motor vehicles and generators under operating lease. The carrying value of leasehold land is amortised over its lease term. Depreciation on additions is charged from the month the assets are available for use. No depreciation is charged in the month of disposal.

Surplus arising on revaluation is credited to the surplus on revaluation of fixed assets account. Deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above mentioned surplus account as allowed under the provisions of the Companies Ordinance, 1984. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit.

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

Gains / losses on disposal of fixed assets, if any, are taken to the profit and loss account 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.

Ijarah assets

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

4.5 Intangible assets

Intangible assets having definite lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged as disclosed in note 6.1 applying the straight-line method over the useful lives of the assets. Amortisation is charged from the month in which the asset is available for use, while no amortisation is charged for the month in which the asset is disposed of. The residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

Subsequent costs are included in the asset's carrying amounts 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.

Intangible assets having indefinite useful life are stated at cost less accumulated impairment losses, if any.

Gains and losses on disposals, if any, are taken to the profit and loss account in the period in which they arise.

4.6 Capital work-in-progress

Capital work-in-progress, if any, is stated at cost less accumulated impairment losses, if any, and represents expenditure on fixed assets in the course of construction and installation and advances for capital expenditure. Transfers are made to the relevant category of tangible / intangible assets as and when the assets are available for intended use.

4.7 Net investment in finance lease

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

4.8 Allowance for potential lease and other loan losses

Holding Company

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

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

The Modaraba

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

4.9 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 profit and loss account 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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4.10 Investment in associated undertakings

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

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

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

Furthermore, when the Group discontinues the use of the equity method, all amounts previously recognised in 'other comprehensive income' in relation to that investment are reclassified to the profit or loss account.

4.11 Impairment of non-financial assets

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

4.12 Financial assets

4.12.1 Classification, initial recognition and subsequent measurement

Financial assets are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. The Management determines the appropriate classification of the financial assets of the Group in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of the purchase of the financial assets and re-evaluates this classification on a regular basis. The classification depends on the purpose for which the financial assets are acquired. The financial assets of the Group are categorised as follows:

a) Financial assets at 'fair value through profit or loss'

Investments are designated at 'fair value through profit or loss' if the Group manages such investments and makes purchase and sale decisions based on their fair values. These are initially recognised at fair value and transaction costs associated with these investments are taken directly to the profit and loss account. Investments at 'fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair values. Net gains and losses arising on changes in the fair value of these investments are taken to the profit and loss account.

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b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables comprise of loans, finances and other receivables and cash and cash equivalents.

c) Held-to-maturity

Held to maturity investments are non-derivative financial instruments with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held to maturity are recognised initially at cost plus attributable transaction costs. Subsequently, these are measured at amortised cost.

Gains and losses are recognised in income when the investments are derecognised or impaired. Premiums and discounts on held-to-maturity investments are amortised using the effective interest rate method and are recognised in the profit and loss account.

d) Available-for-sale

Financial assets not covered in any of the above categories are classified as being available-for-sale. These are initially recognised at cost, being the fair value of the consideration given including acquisition charges.

After initial recognition, financial assets which are classified as 'available-for-sale' are remeasured at fair value. Gains or losses on 'available-for-sale' investments are recognised directly in equity through other comprehensive income until the investment is sold, derecognised or is determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is included in the profit and loss account.

For financial assets that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the reporting date.

Unquoted financial assets, where the fair value cannot be reliably determined, are recognised at cost less impairment, if any. Provision for impairment in value, if any, is taken to income currently.

4.12.2 Impairment

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. When there is an objective evidence that an impairment loss has been incurred, the amount of loss is measured as follows:

a) Held-to-maturity

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the investment's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit and loss account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating) the reversal of the previously recognised impairment loss is recognised in the profit and loss account.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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b) Available-for-sale

Impairment loss in respect of investments classified as available for sale is recognised in profit and loss account based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in the fair value of a listed equity investment below its cost is also considered an objective evidence of impairment. In case of impairment of available-for-sale financial assets, the cumulative loss that has been recognised in reserves in the balance sheet is removed therefrom and recognised in the profit and loss account.

4.12.3 Derecognition

Financial assets are derecognised when the Group loses control of the contractual rights that comprise the financial assets. Any gain or loss on derecognition is taken to income in the current year.

4.13 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition is taken to income in the current year.

4.14 Offsetting of financial assets and financial liabilities

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

4.15 Regular way contracts

All regular way purchases and sales of financial assets are recognised on settlement date, i.e. the date on which the asset is delivered to or by the Group except for the ORIX Modaraba Management Company where purchase and sale of financial assets are recognised on trade date.

4.16 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments to hedge its risks associated with interest rate and foreign currency fluctuations. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and the attributable transaction costs are recognised in the profit and loss account when these are incurred. Subsequent to initial recognition, derivatives are remeasured at fair values. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of unquoted derivatives, if any, is determined by discounted cash flows using appropriate interest rates applicable to the underlying asset.

The Group designates certain derivatives as either:

- (a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- (b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items and its risk management objectives and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss attributable to the hedged risk is recognised in profit or loss and is adjusted against the carrying amount of the hedged item.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedge is recognised in equity through other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that is reported in equity is immediately transferred to the profit and loss account.

4.17 Long-term finances and loans

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

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

4.18 Certificates of Deposit

Return on Certificates of Deposit (CODs) issued by the Group is recognised on a time proportionate basis taking into account the relevant CODs issue and final maturity date.

4.19 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 4 April 1995. The Scheme of COM has been formulated under the parameters laid down for this purpose by the Securities and Exchange Commission of Pakistan ("SECP") in its "Guidelines for Issue of Certificates of Musharika for Modarabas" (the "Guidelines") issued on September 7, 1994 .

As per the requirements of the Guidelines, the scheme of COM is based on the concept of "Musharika". Hence, it is classified as redeemable capital in accordance with the provisions of the Companies Ordinance, 1984. The salient features of the COM are as follows:

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

- 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.

4.20 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.

4.21 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account 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.

The income, not being income from trading activity, of the Modaraba is exempt from tax provided that not less than 90% of its total profits for the year as reduced by amount transferred to a mandatory reserve as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed to the certificate holders. The Modaraba intends to continue availing the tax exemption by distributing at least 90% of its profits to the certificate holders each year.

Deferred

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

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

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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".

4.22 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 of six months of service. The Fund is administered by a Board of Trustees. Equal monthly contributions to the Fund are made both by the Holding Company and by the employees at the rate of 10% of basic salary.

Operated by the Modaraba

The Modaraba operates a recognised provident fund for all eligible employees and an approved funded defined contributory gratuity scheme for all permanent employees. Gratuity is payable to employees on completion of the prescribed qualifying period of service under the scheme. Contributions to the provident fund and gratuity fund are made at the rate of 10% and 8.33% respectively, of the basic salaries of employees.

Obligation for contribution to defined contribution plans are recognised as an employee benefit expense in the Profit and loss account 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 profit and loss account.

4.23 Employees compensated absences

The Group provides for unavailed compensated absences for all its permanent employees on the basis of actuarial advice under the Projected Unit Credit Method. Remeasurement gains and losses pertaining to long-term compensated absences are recognised in profit and loss account immediately.

4.24 Foreign currency transactions

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

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4.25 Revenue recognition

Finance leases

The Holding Company follows the 'financing method' in accounting for recognition of 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 then amortised over the term of the lease, so as to produce a systematic return on the net investment in finance leases.

Revenue from finance leases is not accrued when rent is past due by ninety days or more.

Documentation charges, front end fee and other lease related income is recognised as income on a receipt basis.

Operating lease income

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

Ijarah lease income

Rental from ijarah arrangements are recognised on an accrual basis as and when rentals become due.

Return on investments

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

Return on deposits is recognised on an accrual basis 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.

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.

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

Diminishing Musharika

Profit on Diminishing Musharika arrangements is recognised under the effective profit rate method based on the outstanding amount.

Others

Other income is recognised on a receipt basis.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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4.26 Earnings / (loss) per share

The Group presents basic and diluted earnings / (loss) per share data for its ordinary shares. Basic earnings / (loss) 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 / (loss) 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.

4.27 Proposed dividend and transfer between reserves

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

4.28 Cash and cash equivalents

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

4.29 Segment reporting

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

5	PROPERTY, PLANT AND EQUIPMENT	Note	2017	2016
			-----	Rupees -----
	Fixed assets - own use	5.1	579,764,751	630,193,057
	Fixed assets - on operating lease	5.2	906,131,561	1,032,400,115
	Fixed assets - Ijarah finance	5.3	4,520,711,814	3,771,723,799
			6,006,608,126	5,434,316,971

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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5.1 Fixed assets - own use

Description	2017									
	Cost / Revalued Amount			Accumulated depreciation				Net book value		
	As at July 1, 2016	Additions / transfer* / (disposals) / (write off)**	Surplus on revaluation / (reversal of accumulated depreciation)	As at June 30, 2017	As at July 1, 2016	Charge for the year / transfer* / (disposals) / (write off)**	Reversal due to revaluation	As at June 30, 2017	As at June 30, 2017	Rate / Number of years
-----Rupees-----										
Leasehold land	344,450,000	-	-	344,450,000	-	4,540,128	-	4,540,128	339,909,872	77 & 99 years
Office building	87,796,647	-	-	87,796,647	-	6,308,737	-	6,308,737	81,487,910	5%
Stock Exchange rooms	10,500,000	-	-	10,500,000	5,000,000	-	-	5,000,000	5,500,000	Indefinite life
Leasehold improvements	91,703,248	22,417,406 (41,000)	-	114,079,654	63,174,247	16,159,758 (41,000)	-	79,293,005	34,786,649	15% - 33%
Furniture, fittings and office equipment	112,728,996	16,625,672 (2,524,695) (1,046,292)	-	125,783,681	58,095,696	17,991,055 (1,762,883) (1,044,417)	-	73,279,451	52,504,230	20% - 33.33%
Vehicles	142,836,979	5,204,000 1,440,000 (58,285,473) (2,373,669)	-	88,821,837	50,571,920	11,640,698 864,002 (24,090,027) (1,603,231)	-	37,383,362	51,438,475	20% - 33.33%
Computers and accessories	40,579,497	6,164,557 (271,200)	-	46,472,854	23,560,447	9,045,992 (271,200)	-	32,335,239	14,137,615	20% - 33.33%
	830,595,367	50,411,635 1,440,000 (61,122,368) (3,419,961)	-	817,904,673	200,402,310	65,686,368 864,002 (26,165,110) (2,647,648)	-	238,139,922	579,764,751	

* This represents assets transferred from operating lease assets to own use assets.

** This represents assets written-off during the year.

Description	2016									
	Cost / Revalued Amount			Accumulated depreciation				Net book value		
	As at July 1, 2015	Additions / transfer from amalgamated entity* / assets acquired on subsidiary acquisition** / (disposals) / (Write-offs)	Surplus on revaluation / (reversal of accumulated depreciation)	As at June 30, 2016	As at July 1, 2015	Charge for the year / transfer from amalgamated entity / (on disposals / Write offs)	Reversal due to revaluation	As at June 30, 2016	As at June 30, 2016	Rate / Number of years
-----Rupees-----										
Leasehold land	152,412,237	-	-	344,450,000	10,080,877	1,640,160	-	-	344,450,000	77 & 99 years
			203,758,800 (11,721,037)				(11,721,037)			
Office building	112,634,044	-	-	87,796,647	30,772,385	5,884,224	-	-	87,796,647	5%
			11,819,212 (36,656,609)				(36,656,609)			
Stock Exchange rooms	10,500,000	-	-	10,500,000	5,000,000	-	-	5,000,000	5,500,000	Indefinite life
Leasehold improvements	76,536,880	7,278,713 10,779,046 (2,891,391)	-	91,703,248	58,414,279	7,630,405 (2,870,437)	-	63,174,247	28,529,001	15% - 20%
Furniture, fittings and office equipment	94,860,885	19,589,684 8,913,208 10,685,179 (20,103,452) (1,216,508)	-	112,728,996	59,245,662	9,500,856 7,271,889 (16,706,203) (1,216,508)	-	58,095,696	54,633,300	15% - 25%
Vehicles	157,130,374	22,437,758 16 (36,731,169)	-	142,836,979	53,955,824	17,736,576 (21,120,480)	-	50,571,920	92,265,059	20% - 33%
Computers and accessories	34,576,478	11,385,933 5,892,839 (8,832,337) (2,443,416)	-	40,579,497	29,055,603	5,509,012 (8,560,752) (2,443,416)	-	23,560,447	17,019,050	33%
	638,650,898	60,692,088 8,913,208 * 27,357,080 ** (68,558,349) (3,659,924)	215,578,012 (48,377,646)	830,595,367	246,524,630	47,901,233 (48,377,646) 7,271,889 * (49,257,872) (3,659,924)		200,402,310	630,193,057	

* This represents assets acquired from Standard Chartered Leasing Limited upon amalgamation of Standard Chartered Leasing Limited with and into ORIX Leasing Pakistan Limited.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

5.1.1 During the year, the Holding Company revised its estimate of useful life of office equipment and leasehold improvements. The initial life of office equipment has been reduced from 80 months to 60 months after taking into account the frequency of replacement of these assets. The initial life of leasehold improvements on rented premises has been reduced from 80 months to 36 months in line with the average term of rent agreements. The revision has been accounted for as a change in accounting estimate as defined in International Accounting Standard 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. Had these revisions not been made during the year ended June 30, 2017, depreciation expense for office equipment and leasehold improvements would have been lower by Rs. 3,519,162 and Rs. 873,149 respectively and, consequently, profit before tax would have been higher by the same amounts.

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

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

	2017		
	Cost	Accumulated depreciation	Net book value
	----- Rupees -----		
Leasehold land	54,399,300	7,203,334	47,195,966
Office building	76,781,580	30,532,750	46,248,830
	131,180,880	37,736,084	93,444,796

	2016		
	Cost	Accumulated depreciation	Net book value
	----- Rupees -----		
Leasehold land	54,399,300	6,589,476	47,809,824
Office building	76,781,580	26,651,253	50,130,327
	131,180,880	33,240,729	97,940,151

5.1.2 Included in cost of fixed assets - own use are fully depreciated items which are still in use aggregating to Rs. 170.137 million (2016: Rs. 120.45 million).

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyers
	----- Rupees -----					
Book value not exceeding Rs. 50,000 each						
Leasehold improvements	41,000	41,000	-	41,000	Insurance claim	Adamjee Insurance Company Limited
Furniture, fittings and office equipment	2,264,695	1,683,696	580,999	820,567	Negotiation	Various
Vehicle	1,222,073	783,791	438,282	1,366,994	Negotiation	Various
Computers and accessories	271,200	271,200	-	25,630	Negotiation	Various
	3,798,968	2,779,687	1,019,281	2,254,191		
Book value exceeding Rs. 50,000 each						
Furniture, fittings and office equipment	75,000	19,687	55,313	55,313	Company Policy	Mr. Nusrat Hayat, Employee
	75,000	16,875	58,125	60,000	Company Policy	Mr. Syed Raza Ali Bokhari, Employee
	110,000	42,625	67,375	67,375	Company Policy	Mr. Irfan Ahmed, Employee
	260,000	79,187	180,813	182,688		

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyers
-----Rupees-----						
Vehicles						
	1,419,000	695,310	723,690	723,690	Company Policy	*Mr. Abdul Saeed Daudpota, Employee
	1,607,500	482,250	1,125,250	1,141,325	Company Policy	Mr. Abid Hamid, Employee
	657,000	394,200	262,800	262,800	Company Policy	Mr. Abid Iftikhar Khan, Employee
	102,900	10,376	92,524	97,000	Insurance Claim	Adamjee Insurance Company Limited
	102,900	9,433	93,467	97,000	Insurance Claim	Adamjee Insurance Company Limited
	1,039,000	363,650	675,350	675,350	Company Policy	Mr. Adnan Ishaq, Employee
	657,000	303,863	353,137	353,137	Company Policy	Mr. Ahmed Kemal, Employee
	683,000	247,588	435,412	435,412	Company Policy	Mr. Ali Afsar Khan, Employee
	2,152,500	624,225	1,528,275	1,528,275	Company Policy	*Mr. Amjad Iqbal, Employee
	1,844,500	903,805	940,695	940,695	Company Policy	Ms. Aseya Qasim, Employee
	1,627,500	309,225	1,318,275	1,350,825	Company Policy	Mr. Asrar Ul Hasan Alvi, Employee
	683,000	239,050	443,950	452,490	Company Policy	Mr. Bilal Aslam, Employee
	395,000	217,250	177,750	350,000	Insurance Claim	Efu General Insurance Company Limited
	652,000	262,973	389,027	550,000	Insurance Claim	Efu General Insurance Company Limited
	605,000	332,750	272,250	520,000	Insurance Claim	Efu General Insurance Company Limited
	1,039,000	181,825	857,175	857,175	Company Policy	Mr. Fahad Shahzad Memon, Employee
	683,000	162,213	520,787	529,325	Company Policy	Mr. Imran Shahzada, Employee
	1,953,000	1,269,450	683,550	1,013,262	Company Policy	Mr. Irfan Ahmed, Employee
	1,477,500	753,525	723,975	1,250,178	Negotiation	M/s. Isha Enterprises
	657,000	303,863	353,137	370,369	Company Policy	Mr. Jeetandar Gul, Employee
	367,000	201,850	165,150	200,000	Negotiation	Mr. Khadim Hussain Butt
	1,494,500	807,030	687,470	1,270,000	Negotiation	Mr. Khalid Mehboob Butt
	1,039,000	272,738	766,262	766,262	Company Policy	Mr. M. Sohail Akbar, Employee
	2,156,000	280,280	1,875,720	1,875,720	Company Policy	Mr. Masood Ahmed Zia, Employee
	990,000	581,625	408,375	408,375	Company Policy	Mr. Mirza Naeem Ahmed, Employee
	683,000	119,525	563,475	563,475	Company Policy	Mr. Mohammad Naeem, Employee
	612,000	367,200	244,800	244,800	Company Policy	Mr. Mohsen Javed, Employee
	1,034,000	387,750	646,250	659,175	Company Policy	Mr. Muhammad Anwar, Employee
	637,000	366,275	270,725	270,725	Company Policy	Mr. Muhammad Asad, Employee
	1,034,000	348,975	685,025	685,025	Company Policy	Mr. Muhammad Asif, Employee
	612,000	367,200	244,800	244,800	Company Policy	Mr. Muhammad Asim Butt, Employee
	1,039,000	324,688	714,312	714,312	Company Policy	Mr. Muhammad Atif Jamal Soofi, Employee
	683,000	230,513	452,487	452,500	Company Policy	Mr. Muhammad Farhan Younas, Employee
	1,010,000	517,625	492,375	506,469	Company Policy	Mr. Muhammad Irfan, Employee
	1,039,000	181,825	-	857,175	Company Policy	Mr. Muhammad Siddiq, Employee
	970,000	582,000	388,000	388,000	Company Policy	Mr. Muhammad Usman Naseem, Employee
	572,000	343,200	228,800	228,800	Company Policy	Mr. Munir Hussain Dugal, Employee
	612,000	367,200	244,800	244,800	Company Policy	Mr. Nadeem Baig, Employee
	607,000	364,200	242,800	242,800	Company Policy	Mr. Nasir Mehmood, Employee
	970,000	582,000	388,000	388,000	Company Policy	Mr. Nasrullah Khan, Employee
	1,494,500	836,920	657,580	657,580	Company Policy	Mr. Nusrat Hayat, Employee
	683,000	102,450	580,550	580,550	Company Policy	Mr. Saeed Ahmad, Employee
	121,200	66,660	54,540	400,000	Negotiation	Mr. Saeed Ahmed
	683,000	110,988	572,012	572,012	Company Policy	Mr. Sajid Pervaiz Cheema, Employee
	1,039,000	311,700	727,300	766,263	Company Policy	Mr. Sameer Mir, Employee
	1,034,000	413,600	620,400	620,400	Company Policy	Mr. Shahzad Ali Choudhary, Employee
	563,000	309,650	253,350	331,000	Negotiation	Mr. Shaukat Ali Akbar
	121,200	66,660	54,540	220,000	Negotiation	Mr. Sheikh Shahid Aziz
	1,039,000	181,825	857,175	960,000	Negotiation	Mr. Shoaib Umer
	1,627,500	309,225	1,318,275	1,609,000	Negotiation	Mr. Syed Ali Ahmed
	683,000	273,200	409,800	409,800	Company Policy	Mr. Syed Amjad Ali, Employee
	1,517,500	819,450	698,050	713,225	Company Policy	*Mr. Syed Amjad Ullah Kakakhel, Employee
	985,000	591,000	394,000	394,000	Company Policy	Mr. Syed Qamarul Hassan Naqvi, Employee

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For the year ended June 30, 2017

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyers
-----Rupees-----						
	1,039,000	389,625	649,375	649,375	Company Policy	Mr. Syed Raheel Safdar, Employee
	990,000	594,000	396,000	396,000	Company Policy	Mr. Syed Urooj Hasan, Employee
	683,000	102,450	580,550	580,550	Company Policy	Mr. Syed Waqas Ali Shah, Employee
	1,015,000	609,000	406,000	406,000	Company Policy	Mr. Waheed Khan, Employee
	1,554,500	699,525	854,975	1,065,260	Company Policy	Mr. Waqas Ahmad Khwaja, Employee
	577,000	346,200	230,800	230,800	Company Policy	Mr. Waseem Ahmed, Employee
	612,000	359,550	252,450	252,450	Company Policy	Mr. Yasir Maqsood Kahloon, Employee
	683,000	85,375	597,625	597,625	Company Policy	Mr. Yasir Saleem, Employee
	121,200	66,660	54,540	225,000	Negotiation	Mr. Khadim Hussain Butt
	57,063,400	23,306,236	32,899,989	37,346,411		

Write offs during the period

Vehicles	2,373,669	1,603,231	770,438	-
Furniture, fittings and office equipment	1,046,292	1,044,417	1,875	-
	3,419,961	2,647,648	772,313	-
	64,542,329	28,812,758	34,872,396	39,783,290

* This represents disposals made to Key Management Personnel.

5.1.4 The depreciation expense for the year has been allocated as follows:

	Note	2017	2016
Administrative and general expenses - continuing operations	38	65,686,368	46,896,070
Administrative and general expenses - discontinued operations	44.2	-	1,005,163
		65,686,368	47,901,233

5.2 Fixed assets - on operating lease

Description	2017							
	Cost		Accumulated depreciation			Net book value		Rate
	As at July 1, 2016	Additions / (disposals) / transfers* / write off **	As at June 30, 2017	As at July 1, 2016	Charge (disposals) / transfers* / write off **	As at June 30, 2017	As at June 30, 2017	
----- Rupees -----								
Generators	1,660,738,134	26,455,654 (20,226,730) ***	1,666,967,058	660,316,768	143,669,250 (287,096) ***	803,698,922	863,268,136	Actual / minimum number of hours
Generators Accessories	121,524,927	- (658,691) ** 20,226,730 ***	141,092,966	90,170,176	8,430,960 (658,691) ** 287,096 ***	98,229,541	42,863,425	10% - 15%
Vehicles	1,440,000	- (1,440,000) *	-	816,002	48,000 (864,002) *	-	-	33%
	1,783,703,061	26,455,654 (658,691) ** (1,440,000) *	1,808,060,024	751,302,946	152,148,210 (658,691) ** (864,002) *	901,928,463	906,131,561	

* Represents assets transferred to own use assets.

** This represents assets written off during the year.

*** This represents assets transferred from generators to generators accessories.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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Description	2016							
	Cost		Accumulated depreciation			Net book value		Rate
	As at July 1, 2015	Additions / (disposals)	As at June 30, 2016	As at July 1, 2015	Charge for the year / (on disposals)	As at June 30, 2016	As at June 30, 2016	
----- Rupees -----								
Generators	1,679,628,212	8,417,192 (27,307,270)	1,660,738,134	588,792,289	85,658,701 (14,134,222)	660,316,768	1,000,421,366	Number of hours
Generators Accessories	122,993,994	1,538,433 (3,007,500)	121,524,927	80,716,214	12,376,637 (2,922,675)	90,170,176	31,354,751	10% - 15%
Communication equipment	410,273,755	16,599,901 (426,873,656)	-	362,444,172	9,871,935 (372,316,107)	-	-	15% - 33%
Vehicles	7,587,500	- (6,147,500)	1,440,000	3,916,984	587,519 (3,688,501)	816,002	623,998	33%
	2,220,483,461	26,555,526 (463,335,926)	1,783,703,061	1,035,869,659	108,494,792 (393,061,505)	751,302,946	1,032,400,115	

5.2.1 During the year ended June 30, 2017, the Holding Company revised its estimate of the useful life and pattern of recording depreciation for generators on operating lease. In addition to depreciating generators solely on the basis of actual hours of usage, these are now being depreciated on the higher of actual hours and the minimum hours calculated on the basis of useful lives of the generators. The revisions in estimates have been made considering the fact that generators are subject to wear and tear and obsolescence, regardless of the numbers of hours for which they are operated. The revision has been accounted for as a change in accounting estimate as defined in International Accounting Standard 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. Had these revisions not been made, depreciation expense included in 'direct cost of lease' would have been lower by Rs. 52.55 million and, consequently, profit before tax would have been higher by the same amount.

5.2.2 Included in cost of fixed assets - operating lease are fully depreciated items which are still in use aggregating to Rs. 180.13 million (2016: Rs. 155.89 million).

5.2.3 No operating lease assets were disposed off during the year.

5.2.4 The depreciation expense for the year has been allocated as follows:

	Note	2017	2016
Direct cost of lease - continuing operations	39	152,148,210	98,622,857
Direct cost of lease - discontinued operations	44.1	-	9,871,935
		152,148,210	108,494,792

5.3 Fixed assets - Ijarah finance

Description	2017							
	Cost		Accumulated depreciation			Net book value		Rate
	As at July 1, 2016	Additions / (disposals)	As at June 30, 2017	As at July 1, 2016	Charge for the year / (on disposals)	As at June 30, 2017	As at June 30, 2017	
----- Rupees -----								
Machinery and Generators	1,881,753,268	1,399,631,537 (503,339,858)	2,778,044,947	53,839,686	802,776,369 (209,625,825)	646,990,230	2,131,054,717	Underlying lease term
Vehicles	1,999,745,721	1,506,361,842 (409,416,248)	3,096,691,315	55,935,504	770,819,767 (119,721,053)	707,034,218	2,389,657,097	Underlying lease term
	3,881,498,989	2,905,993,379 (912,756,106)	5,874,736,262	109,775,190	1,573,596,136 (329,346,878)	1,354,024,448	4,520,711,814	

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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Description	Cost		2016 Accumulated depreciation		Net book value		Rate	
	As at July 1, 2015	Additions / Assets acquired on subsidiary acquisitions** / (disposals)	As at June 30, 2016	As at July 1, 2015	Charge for the year / (on disposals)	As at June 30, 2016		As at June 30, 2016
Machinery and Generators	204,508,000	85,424,628 1,705,176,120 (113,355,480)	1,881,753,268	68,507,561	89,203,957 -	53,839,686	1,827,913,582	Underlying lease term
Vehicles	113,887,640	50,952,513 1,901,608,068 (66,702,500)	1,999,745,721	64,816,673	50,252,719 -	55,935,504	1,943,810,217	Underlying lease term
	318,395,640	136,377,141 3,606,784,188 (180,057,980)	3,881,498,989	133,324,234	139,456,676 -	109,775,190	3,771,723,799	

** This represents assets acquired on subsidiary acquisitions.

5.3.1 Details of fixed assets - ijarah finance, disposed during the year are as follows:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyers
----- Rupees -----						
Book value not exceeding Rs. 50,000 each						
Machinery and Generators	146,926,211	109,836,607	37,089,604	89,898,853	As per contract terms	Various
Vehicles	115,521,218	62,739,212	52,782,006	87,227,337	As per contract terms	Various
	262,447,429	172,575,819	89,871,610	177,126,190		
Book value exceeding Rs. 50,000 each						
Vehicles	690,000	546,250	143,750	149,774	Negotiation	M/s AKB Enterprises
	690,000	546,250	143,750	149,774	Negotiation	M/s AKB Enterprises
	1,000,000	777,778	222,222	258,701	Negotiation	Mr. Syed Iqbal Ali
	1,029,000	728,875	300,125	303,531	Negotiation	M/s AKB Enterprises
	1,221,000	737,688	483,312	536,454	Negotiation	M/s Wavetech Private Limited
	1,400,000	350,000	1,050,000	1,113,694	Negotiation	M/s True - Dynamic International Private Limited
	2,000,000	1,416,667	583,333	575,868	Negotiation	M/s AKB Enterprises
	2,170,500	1,386,708	783,792	783,792	Negotiation	Mr. Zeeshan Ali Khan
	2,503,000	1,251,500	1,251,500	1,457,605	Negotiation	Mr. Imran Ali Khan
	12,703,500	7,741,716	4,961,784	5,329,193		
Machinery and Generators Modaraba	356,413,647	99,789,218	256,624,429	230,616,793	As per contract terms	Various
Vehicles Modaraba	281,191,530	49,240,125	231,951,405	214,919,031	As per contract terms	Various
	637,605,177	149,029,343	488,575,834	445,535,824		
	912,756,106	329,346,878	583,409,228	627,991,207		

5.3.2 The depreciation expense has been charged to direct cost of leases.

	Note	2017	2016 (Restated)
----- Rupees -----			
6 INTANGIBLE ASSETS			
Computer software and license	6.1	14,226,031	21,005,795
Goodwill	3.2.1 & 3.2.2	13,728,733	13,728,733
Customer relationship for Ijarah	3.2.2 & 6.2	73,714,286	86,000,000
		101,669,050	120,734,528

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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6.1

Description	2017							
	Cost			Accumulated amortisation		Net book value		Rate
	As at July 1, 2016	Additions / (disposals)	As at June 30, 2017	As at July 1, 2016	Charge for the year / (on disposals)	As at June 30, 2017	As at June 30, 2017	
	----- Rupees -----							
Computer software	63,352,596	6,960,878	70,313,474	42,346,801	13,740,642	56,087,443	14,226,031	14.29% - 33.33%
Customer relationship for Ijarah	86,000,000	-	86,000,000	-	12,285,714	12,285,714	73,714,286	14.29%
	149,352,596	6,960,878	156,313,474	42,346,801	26,026,356	68,373,157	87,940,317	
Description	2016 (Restated)							
	Cost			Accumulated amortisation		Net book value		Rate
	As at July 1, 2015	Additions / transfer from amalgamated entity* /assets acquired on subsidiary acquired / (Disposals)	As at June 30, 2016	As at July 1, 2015	Charge for the year / transfer from amalgamated entity* / (on disposals)	As at June 30, 2016	As at June 30, 2016	
	----- Rupees -----							
Computer software and license	86,301,840	11,673,180 1,347,692 * 9,594,957 ** (44,212,376) (1,352,697)	63,352,596	77,670,384	8,666,019 1,175,630 * - (43,812,535) (1,352,697)	42,346,801	21,005,795	14.29% - 33.33%
Customer relationship for Ijarah	-	86,000,000	86,000,000	-	-	-	86,000,000	14.29%
	86,301,840	11,673,180	149,352,596	77,670,384	8,666,019	42,346,801	107,005,795	

* This represents assets acquired from Standard Chartered Leasing Limited upon amalgamation of Standard Chartered Leasing Limited with and into the Holding Company.

** This represents assets acquired on subsidiary acquisitions.

6.1.1 Included in cost of intangibles are fully amortised items which are still in use aggregating to Rs. 39.05 million (2016: Rs. 27.18 million).

6.1.2 No intangible assets were disposed off during the year.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

6.1.3 The amortisation expense for the year has been allocated as follows:

	Note	2017	2016
		----- Rupees -----	
Administrative and general expenses - continuing operations	38	13,740,642	4,515,519
Administrative and general expenses - discontinued operations	44.1	-	4,150,500
		13,740,642	8,666,019

6.2 Customer relationship for ijarah comprises of Ijarah portfolio relationships which are recognised at the time of acquisition of ORIX Modaraba. Customer relationship arises from disbursements expected to be made to existing Ijarah customers. These Ijarah represent a more beneficial investment than alternate financing in the market. The customer relationship implies that the economic life of Ijarah portfolio is longer than its contractual life.

	Note	2017	2016
		----- Rupees -----	
7 NET INVESTMENT IN FINANCE LEASE			
Instalment contract receivables		20,900,257,843	21,061,432,559
Residual value		8,495,061,038	8,441,261,944
	7.1	29,395,318,881	29,502,694,503
Less: Unearned finance income		3,247,135,004	3,230,778,923
		26,148,183,877	26,271,915,580

7.1 Details of investment in finance lease

	Gross investment in finance lease		Present value of investment in finance lease	
	2017	2016	2017	2016
	----- Rupees -----			
Less than one year	14,091,861,466	13,548,638,627	12,090,081,233	11,780,064,405
One to five years	15,303,457,415	15,954,055,876	14,058,102,644	14,491,851,175
	29,395,318,881	29,502,694,503	26,148,183,877	26,271,915,580

7.2 The Holding Company's implicit rate of return on leases ranges from 8.17% to 24.00% (2016: 7.59% and 25.00%) per annum. These are secured against leased assets and security deposits averaging 21.00% (2016: upto 22.00%) of the cost of leased assets and personal guarantees.

7.3 Based on the NBFC Regulations, the aggregate amount of income suspended as at June 30, 2017 amounted to Rs. 838.59 million (2016: Rs. 784.06 million).

7.4 Lease rentals received during the year aggregate to Rs. 11,675 million (2016: Rs. 9,916 million).

	Note	2017	2016
		----- Rupees -----	
8 INVESTMENT IN ASSOCIATED UNDERTAKINGS			
Related parties			
Investment in equity accounted undertakings	8.1	1,972,102,566	2,266,192,717

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

8.1 The breakup of carrying value of investments in equity accounted undertakings is as follows:

2017 (Number of shares)	2016		Note	2017 ----- Rupees -----	2016
		Quoted			
30,392,901	29,223,944	Oman ORIX Leasing Company SAOG	8.1.2 & 8.1.3	1,251,617,039	1,138,382,265
		Unquoted			
1,375,000	1,375,000	Saudi ORIX Leasing Company		581,492,972	572,953,631
-	90,000	Dividend received	9.3	-	284,249,975
920,000	920,000	ORIX Leasing Egypt SAE		138,992,555	270,606,846
				1,972,102,566	2,266,192,717

8.1.1 Oman ORIX Leasing Company SAOG, Saudi ORIX Leasing Company and ORIX Leasing Egypt SAE are accounted for as equity accounted undertakings due to the significant influence exercised by the Company on these companies.

8.1.2 Market value of quoted investment in equity accounted undertaking is as follows:

	2017 ----- Rupees -----	2016
Oman ORIX Leasing Company SAOG	1,374,455,080	898,484,392

8.1.3 This includes 1,485 shares of Riyal Omani (R.O.) 0.1/- each (2016: 1,428 shares at R.O.0.1/- each) held in the name of a director in the investee company. The aggregate carrying value of these shares is Rs. 0.061 million (2016: Rs. 0.056 million).

8.1.4 Summarised un-audited financial statements of equity accounted undertakings are as follows:

Name	Date of financial year end	As at June 30, 2017		For the period July 1, 2016 to June 30, 2017		Interest held
		Total assets	Total liabilities	Revenues	Profit / (loss)	
2017						
----- (Rupees) -----						
Quoted						
Oman ORIX Leasing Company SAOG	31 December	52,858,403,903	42,107,250,382	5,405,478,464	1,615,303,616	11.64%
Unquoted						
Saudi ORIX Leasing Company	31 December	40,207,752,565	16,948,033,685	3,608,456,434	1,066,718,554	2.50%
ORIX Leasing Egypt SAE	31 December	5,205,213,349	4,600,897,893	888,686,818	86,028,413	23.00%
2016						
Quoted						
Oman ORIX Leasing Company SAOG	31 December	47,832,881,034	38,095,941,074	4,651,776,284	1,438,168,277	11.64%
Unquoted						
Saudi ORIX Leasing Company	31 December	52,900,576,490	29,884,381,006	6,239,398,642	2,246,438,562	2.50%
Al Hail ORIX Finance PSC	31 December	29,438,437,144	20,169,490,535	2,770,960,734	(140,618,550)	3.00%
ORIX Leasing Egypt SAE	31 December	8,609,381,614	7,505,188,353	1,097,405,477	136,042,992	23.00%

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

8.1.5 Movement of investment in associates is as follows:

Note	2017					Total
	Oman ORIX Leasing Company SAOG	Saudi ORIX Leasing Company	Al Hail ORIX Finance PSC	ORIX Leasing Egypt SAE		
	----- (Rupees) -----					
Balance at the beginning of the year	1,138,382,265	572,953,631	284,249,975	270,606,846	2,266,192,717	
Share of profit for the year	36 188,021,341	21,334,370	-	19,786,535	229,142,246	
Share of other comprehensive loss for the year	-	(993,763)	-	-	(993,763)	
Dividend received during the year	(70,827,351)	(5,426,493)	-	(17,918,608)	(94,172,452)	
Exchange loss	(3,959,216)	(6,374,773)	-	(133,482,218)	(143,816,207)	
Reclassified to long-term investments	9.3 -	-	(284,249,975)	-	(284,249,975)	
Balance at the end of the year	1,251,617,039	581,492,972	-	138,992,555	1,972,102,566	

Note	2016				Total
	Oman ORIX Leasing Company SAOG	Saudi ORIX Leasing Company	Al Hail ORIX Finance PSC	ORIX Leasing Egypt SAE	
	----- (Rupees) -----				
Balance at the beginning of the year	1,077,858,593	516,256,056	300,191,268	282,046,982	2,176,352,899
Share of profit / (loss) for the year	36 167,427,237	43,243,943	(4,750,329)	28,243,263	234,164,114
Dividend received during the year	(140,050,137)	(796,990)	(17,082,198)	-	(157,929,325)
Exchange gain / (loss)	33,146,572	14,250,622	5,891,234	(39,683,399)	13,605,029
Balance at the end of the year	1,138,382,265	572,953,631	284,249,975	270,606,846	2,266,192,717

9	LONG-TERM INVESTMENTS	Note	2017	2016
			----- Rupees -----	
	Held-to-maturity investments			
	Pakistan Investment Bonds (PIBs)	9.1	81,125,356	447,019,280
	Term finance certificates (TFCs) - unlisted			
	Less: Provision for potential losses on investments	40.2	-	1,701,878
			-	-
	Investment in sukuk certificates	9.2	57,701,835	57,701,835
	Less: Provision for potential losses on investments	40.2	57,701,835	57,701,835
			-	-
			81,125,356	447,019,280
	Available-for-sale (AFS)			
	Units of collective investment scheme			
	National Investment (Unit) Trust			
	202,000 (2016: 202,000) units of Rs 10 each			
	Cost Rs 1,363,500 (2016: Rs 1,363,500)		16,915,480	13,160,300
	Al-Hail ORIX Finance PSC	9.3	279,097,858	-
	Less: Unrealised loss		(5,911,133)	-
			273,186,725	-
			371,227,561	460,179,580
	Less: Current maturity	13	14,951,881	362,700,907
			356,275,680	97,478,673

9.1 This represent investments made as required under Regulation 14(4)(g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 to maintain liquidity against certificates of deposit. These carry coupon income at rates ranging between 9.60% and 12.00% (2016: 9.60% to 12.00%) per annum and are due to mature on various dates latest by September 3, 2019.

9.2 This represents investment by the Modaraba in unlisted sukuk certificates which have been fully provided.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

9.3 The Holding Company's investment in Al Hail ORIX Finance PSC was previously classified as an associated undertaking in view of its representation on the Board of Directors of the entity and its participation in policy-making decisions. The Holding Company has reassessed this position during the year as the Holding Company now does not have any presence on the Board and, consequently, does not exercise any influence. Accordingly, the investment is no longer accounted for under the equity method of accounting and has been designated as 'available-for-sale'. The difference of Rs. 5.15 million between the value determined at the time of recharacterisation of this investment and the carrying value at that date has been recognised in the unconsolidated profit and loss account. The exchange translation reserve previously recognised in equity has been reclassified to consolidated profit and loss account (note 35). The entity remains a related entity of the Holding Company.

9.3.1 The movement in investment in Al Hail ORIX Finance PSC is as follows:

	Note	2017	2016 (Restated)
-----Rupees-----			
Investment in associate recharacterised to available-for-sale financial assets	8.1.5	284,249,975	-
Less: Loss on de-recognition of investment in associate		(5,152,117)	-
Fair value at initial recognition of available-for-sale financial asset		279,097,858	-
Less: Unrealised loss on remeasurement of financial asset classified as available-for-sale		(5,911,133)	-
		273,186,725	-

10 LONG-TERM FINANCES AND LOANS

Considered good

Loans to key management personnel, other executives and employees

Key management personnel - related parties		66,236,676	71,946,684
Other executives		115,136,092	58,969,000
Other employees		17,887,441	41,165,101
	10.1 & 10.5	199,260,209	172,080,785

Others

Vehicle finance - secured	10.2	3,038,216,332	2,460,599,955
Musharakah finance - secured	10.3	939,117,430	1,213,189,420
Micro finance	10.4	277,157,774	245,564,267
Agri finance - secured	10.6	388,876	5,145,832
		4,254,880,412	3,924,499,474
		4,454,140,621	4,096,580,259

Considered doubtful

Others

Term finance - secured		195,008,867	195,008,867
Vehicle finance - secured		36,964,811	45,995,947
Musharakah finance - secured		310,198	310,198
Micro finance		1,918,894	274,645
Agri finance - secured		15,076,327	13,531,958
		249,279,097	255,121,615
Less: Allowance for potential loan losses	40.1	249,279,097	255,121,615
		-	-
Less: General provision against agri and micro finance loans	10.7	(1,387,733)	(1,253,550)
		4,452,752,888	4,095,326,709

Less: Current maturity

Key Management Personnel, other executives and employees		34,023,662	26,412,530
Others		1,992,743,042	1,753,800,182
	13	2,026,766,704	1,780,212,712
		2,425,986,184	2,315,113,997

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

10.1 Reconciliation of outstanding amount of loans to key management personnel and other executives	2017	2016
	-----Rupees-----	
Opening balance	130,915,684	75,220,410
Acquired on business combination	-	57,278,916
Disbursements	85,366,935	12,874,857
Repayments	(34,909,851)	(14,458,499)
	181,372,768	130,915,684

10.2 This represents vehicle financing facility provided to individual and corporate customers on mark-up basis. The mark-up on these finances ranges from 8.41% to 23.00% (2016: 10.14% to 24.00%) per annum. These finances are repayable within a period of 1.5 years to 5 years (2016: 2 years to 5 years) and are secured against charge over vehicles and personal guarantees.

10.3 This represents musharakah facilities provided to customers. The mark-up on these finances ranges from 8.21% to 19.00% (2016: 7.6% to 21.00%) per annum. The facilities have a repayment term of 2 to 20 years (2016: 2 to 20 years) and are secured by assets subject to musharakah agreement.

10.4 This represents long-term micro finance offered to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 23.93% to 35.78% (2016: 28.00% to 35.78%) per annum. These are secured against personal guarantees of community organisations and are repayable within a period of 1.5 years (2016: 1.5 years).

10.5 This represents loans given to staff in accordance with the terms of the Group's Compensation policy and includes house loans which are repayable within a period of 20 years or retirement date whichever is earlier. House loans are secured against equitable mortgage on the property by deposit of title documents of the property with the Group and carry mark-up ranging from 5.00% to 9.36% (2016: 5.00% to 9.54%) per annum. Loans to key management personnel, executives and other employees (other than house loans) carry mark-up rates from 7.5% to 15.00% (2016: 10% to 15.00%) per annum. These are secured against retirement benefits and are repayable within a period of five years.

Maximum amount outstanding at the end of any month during the year against loans to key management personnel and executives was Rs 181.901 million (2016: Rs. 139.45 million).

10.6 This represents long-term finance offered to farmers on a mark-up basis. The rate of return on these loans ranges from 15.00% to 28.00% (2016: 15.00% to 28.00%) per annum. These loans are repayable within a period of 1.5 year to 3 years (2016: 1.5 years to 3 years) and are secured against title documents of immovable property.

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	2017	2016
-----Rupees-----			
11	SHORT-TERM FINANCES		
Considered good			
Micro finance	11.1	142,865,215	196,103,970
Term finance - secured	11.2	6,099,995	88,185,016
Agri finance - secured	11.3	1,190,990	2,353,314
		150,156,200	286,642,300
Considered doubtful			
Micro finance		8,267,703	2,508,550
Term finance - secured		115,407,326	115,407,326
Agri finance - secured		5,631,303	5,520,337
		129,306,332	123,436,213
Less: Allowance for potential losses		129,306,332	123,436,213
		-	-
Less: General provision against agri and micro finance loans	10.7	(720,296)	(992,287)
		149,435,904	285,650,013

11.1 This represents short-term micro finance offered to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 19.75% to 37.73% (2016: 14.70% to 35.08%) per annum. These are secured against personal guarantees of community organisations and are repayable within twelve months.

11.2 This represents term finance facilities provided to customers of Certificates of Deposit (CODs) on mark-up basis. The mark-up on these finances ranges from 8.50% to 13.50% (2016: 9.50% to 18.00%) per annum. These finances are recoverable between one and twelve months and are secured against lien over the respective CODs with a minimum security margin of 25% certificates of deposit.

11.3 This represents short-term finance offered to farmers on mark-up basis. The rate of return on these loans ranges from 17.00% to 25.00% (2016: 17.00% to 26.00%) per annum. These are repayable within twelve months (2016: twelve months) and are secured against title documents of immovable property.

		2017	2016
-----Rupees-----			
12	ACCRUED RETURN ON INVESTMENTS AND TERM FINANCE		
Investments		3,659,963	51,245,595
Term finance		56,196,090	54,428,298
		59,856,053	105,673,893

	Note	2017	2016
-----Rupees-----			
13	CURRENT MATURITY OF NON-CURRENT ASSETS		(Restated)
Current maturity of:			
Net investment in finance lease	7.1	12,090,081,233	11,780,064,405
Long-term investments	9	14,951,881	362,700,907
Long-term finances and loans	10	2,026,766,704	1,780,212,712
		14,131,799,818	13,922,978,024

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	2017	2016 (Restated)
		-----Rupees-----	
14	SHORT-TERM INVESTMENTS		
At fair value through profit and loss			
Treasury bills	14.1	883,506,965	610,536,907
Term finance certificates		8,000,527	8,000,527
		891,507,492	618,537,434
Available-for-sale			
Pakistan investment bond (PIBs)	14.2	16,083,680	593,380,572
Ordinary shares - unlisted	14.3	14,291,180	15,059,667
		30,374,860	608,440,239
Less: Allowance for potential losses	40.2	8,000,527	8,000,527
		913,881,825	1,218,977,146

14.1 This represents investments made by the Holding Company 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 12 months (2016: 12 months) from the reporting date, carrying yield ranging from 5.98% to 5.99% (2016: 5.81% to 6.38%) per annum due at maturity.

14.2 This represents investments made by the Holding Company as required under Regulation 14(4)(g) of the NBFC Regulations to maintain liquidity against certificates of deposit. These are highly liquid and can be sold in secondary market at any time. These carry yield of 11.25% (2016: 8.9% to 11.97%) per annum.

14.3 This includes shares of LSE Financial Services Limited (formerly Lahore Stock Exchange Limited) received by the Company in pursuance of Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (the Act). The total number of shares received by the Company are 843,975 with a face value of Rs. 10 each. These include 506,385 (60% shares) which are required to be held separately in a blocked account with the Central Depository Company of Pakistan Limited to restrict the sale of these shares by the members, whereas, the stock exchange will dispose of these shares under the Act. However, the rights to receive dividend, bonus shares, right shares and the proceeds of sale of these shares are vested with members while the voting rights attached to these shares are suspended. In the absence of an active market, these shares have been carried at face value of Rs. 10 each.

		2017	2016 (Restated)
		-----Rupees-----	
15	ADVANCES AND PREPAYMENTS		
Advances - unsecured		14,993,765	57,030,351
Prepayments			
Prepaid insurance on leased assets		1,608,133	1,813,155
Rent		10,091,056	6,339,108
Others		29,972,870	10,127,812
		41,672,059	18,280,075
		56,665,824	75,310,426

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

16 OTHER RECEIVABLES	Note	2017	2016 (Restated)
		-----Rupees-----	
Considered good			
Operating lease rentals receivable		23,951,584	26,282,605
Ijarah rentals receivable		110,760,117	113,604,456
Receivable against sale of e-business	16.1	10,666,670	26,666,675
Receivable from staff retirement funds - SCLL		-	24,648,274
Others		18,816,446	19,613,553
		164,194,817	210,815,563
Considered doubtful			
Operating lease rentals receivable		13,108,247	20,233,268
Ijarah rentals receivable		9,337,273	16,538,426
Receivable from equity brokerage customers		33,091,328	32,989,328
Others		14,298,099	1,981,064
		69,834,947	71,742,086
Less: Allowance for potential losses	40.2	69,834,947	71,742,086
		164,194,817	210,815,563

16.1 This represents receivable on account of sale of e-Business segment which was discontinued during the year ended June 30, 2016. The sale proceeds are being recovered in accordance with the payment plan agreed with the buyer.

17 CASH AND BANK BALANCES	Note	2017	2016
		-----Rupees-----	
Cash in hand		1,347,888	1,266,472
Balances with banks in:			
- Current accounts		297,749,182	357,289,274
- Deposit accounts	17.1 & 17.2	428,564,192	254,844,299
		726,313,374	612,133,573
		727,661,262	613,400,045

17.1 These carry expected profits rates ranging from 2.46% to 5.25% (2016: 2.60% to 5.50%).

17.2 These include balances amounting to Rs. 367.12 million which have been maintained in order for the Modaraba to comply with the guidelines issued by the SECP with respect to the maintenance of the prescribed liquidity against its Certificates of Musharika. These deposit accounts are under profit and loss sharing arrangements, permissible under Shariah and carry profit rates ranging between 3.14% - 5.25 % per annum.

18 ASSETS CLASSIFIED AS HELD FOR SALE	Note	2017	2016
		-----Rupees-----	
Repossessed assets	18.1	1,840,615	19,189,266
Investment in associated undertaking	18.2	87,754,399	128,293,437
		89,595,014	147,482,703

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

18.2 During the year ended June 30, 2017, the Holding Company has divested its investment in SK Leasing JSC, having a carrying value of Rs 40.54 million for a purchase consideration of Rs 46.38 million. Furthermore, the Management also intends to divest the Holding Company's investment in OPP (Private) Limited, subject to necessary regulatory approvals. As at the reporting date, the carrying value of investment in OPP (Private) Limited is Rs 87.75 million (2016: Rs 87.75 million). The management remains committed to dispose off the investment in OPP (Private) Limited and is taking measures to execute the sale.

19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017 (Number of shares)	2016		2017 ----- Rupees -----	2016 ----- Rupees -----
		Ordinary shares of Rs. 10/- each		
49,355,892	49,355,892	Fully paid in cash	493,558,920	493,558,920
30,544,364	30,544,364	Fully paid bonus shares	305,443,640	305,443,640
2,182,538	2,182,538	Fully paid shares against amalgamation	21,825,380	21,825,380
82,082,794	82,082,794		820,827,940	820,827,940

19.1 As at June 30, 2017, ORIX Corporation, Japan and its nominees held 40,693,564 (2016: 40,693,564) ordinary shares equivalent to 49.58% (2016: 49.58%) of the total shareholding.

	Note	2017 ----- Rupees -----	2016 ----- Rupees -----
20 SURPLUS ON REVALUATION OF LEASEHOLD LAND AND OFFICE BUILDING (NET OF TAX)			
Opening balance		334,306,496	121,755,868
Revaluation surplus arising during the year		-	215,578,012
Adjustment in respect of incremental depreciation transferred to retained earnings		(6,353,510)	(3,027,384)
		327,952,986	334,306,496
Opening balance of deferred tax liability		(11,299,894)	(9,746,860)
Effect of change in tax rate		-	1,392,410
Adjustment on transfer of incremental depreciation to retained earnings		728,172	600,320
Deferred tax liability on surplus arising during the year		-	(3,545,764)
	24	(10,571,722)	(11,299,894)
		317,381,264	323,006,602

21 LONG-TERM FINANCES

Secured

Long-term finances utilised under mark-up arrangements - financial institutions	21.1 & 21.2	11,864,512,348	9,445,111,970
Less: Unamortised transaction cost		23,188,126	19,522,910
Less: Current maturity	32	4,387,029,986	3,127,599,617
		4,410,218,112	3,147,122,527
		7,454,294,236	6,297,989,443

21.1 This include finances amounting to Rs. 10,917 million obtained for financing of lease operations and are secured by hypothecation of leased assets, related lease receivables, financing receivables and operating lease assets. The mark-up rate thereon ranges from 6.16% to 7.4% (2016: 6.25% to 7.61%) per annum. These finances are repayable within a period of 18 to 60 months (2016: 18 to 60 months).

21.2 This also includes Musharika term finance obtained from Meezan Bank Limited and Bank Alfalah Limited amounting to Rs. 947 million (2016: Rs. 318.545 million). These carry profit ranging from 6.16% to 6.75% (2016: 6.25% to 7.42%). These finances are repayable within a period of 36 months (2016: 36 months).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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	Note	2017	2016 (Restated)
22 LONG-TERM CERTIFICATES OF DEPOSIT		-----Rupees-----	
Unsecured			
Certificates of deposit	22.1 & 22.2	4,916,657,697	7,690,914,791
Less: Current maturity	32	916,325,000	1,802,742,125
		4,000,332,697	5,888,172,666

22.1 These represent long-term certificates of deposit, issued at expected rates of profit ranging from 6.15% to 12.50% (2016: 6.15% to 15.00%) per annum. These certificates of deposit have been issued for terms ranging from 2 years to 10 years (2016: 2 years to 10 years).

22.2 This includes unamortised transaction cost amounting to Rs. nil (2016: Rs. 4.48 million).

	Note	2017	2016
23 LONG-TERM DEPOSITS		-----Rupees-----	
Security deposit on finance lease and ijarah contracts	23.1	9,311,305,963	9,091,129,518
Less: Current maturity	32	3,096,810,982	2,498,922,718
		6,214,494,981	6,592,206,800

23.1 These represent deposits received from lessees under finance lease and ijarah lease contracts, adjustable at the expiry of the lease periods.

	Note	2017	2016
24 DEFERRED TAXATION		-----Rupees-----	
The deferred tax liability is attributable to the following items:			
- Accelerated tax depreciation		397,877,632	542,832,132
- Surplus on revaluation of office building	20	10,571,722	11,299,894
- Unamortised transaction costs relating to long term finances and loans		6,956,438	5,856,873
- Unrealised gain on investments		2,168,908	806,131
- Share of profit of equity accounted undertakings		334,645,138	334,292,123
- Allowance for potential loan losses		(138,978,220)	(136,617,778)
- Tax losses		(23,545,222)	(282,019,391)
- Post employment benefits		(4,954,206)	-
		584,742,190	476,449,984

24.1 The Modaraba Management Company has not recorded deferred tax asset amounting to Rs 14.733 million (2016: Rs 10.1 million) as the management is of the view that it is not probable that the Group will have sufficient taxable profits before unused tax losses expire.

	Note	2017	2016
25 OTHER LONG-TERM LIABILITIES		-----Rupees-----	
Profit on certificates of deposit	25.1	214,038,190	258,983,005

25.1 This represents profit on Certificates of deposit payable on maturity.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

26 DEFINED BENEFIT SCHEME - STAFF RETIREMENT GRATUITY

26.1 General description

The Holding Company operates a funded gratuity scheme which was established under the provision of the trust deed dated July 1, 2004 for its permanent staff who have completed the minimum qualifying period of three years of service under the scheme. The funded scheme is administered by the Board of Trustees in accordance with the provisions of the Trust Deed. Contributions therein are made in accordance with actuarial recommendations. The most recent valuation in this regard was carried out as at June 30, 2017, using the Projected Unit Credit Method.

The disclosures made in notes 26.2 to 26.14 are based on the information included in the actuarial valuation report of the Holding Company as of June 30, 2017.

26.2 Principal actuarial assumptions	2017	2016
- Discount rate	7.75%	9.00%
- Expected rate of increase in salary	7.75%	9.00%
- Expected rate of return on plan assets	7.75%	9.00%
- Average service years	11.46	8.12

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

26.3 The amounts recognised in the balance sheet are as follows:

	Note	2017	2016
		-----Rupees-----	
Present value of defined benefit obligation	26.4	170,252,664	156,681,763
Fair value of any plan assets	26.4	(153,738,644)	(155,218,531)
		16,514,020	1,463,232

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

	2017		
	Present value of obligation	Fair value of plan assets	Net liability
	-----Rupees-----		
At July 1	156,681,763	(155,218,531)	1,463,232
Current service cost	12,894,574	-	12,894,574
Interest expense / (income)	14,101,359	(14,991,147)	(889,788)
	183,677,696	(170,209,678)	13,468,018
Remeasurements:			
- Interest on plan assets, excluding amounts included in interest expense / (income)	-	6,983,136	6,983,136
- Experience losses	9,530,886	-	9,530,886
	9,530,886	6,983,136	16,514,022
	193,208,582	(163,226,542)	29,982,040
Contributions made	-	(13,468,020)	(13,468,020)
Benefits paid	(22,810,342)	22,955,918	145,576
Benefits payable to outgoing member(s)	(145,576)	-	(145,576)
At June 30	170,252,664	(153,738,644)	16,514,020

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	2016		
	Present value of obligation	Fair value of plan assets	Net liability
	-----Rupees-----		
At July 1	161,024,331	(160,175,134)	849,197
Current service cost	12,811,235	-	12,811,235
Interest expense / (income)	15,059,358	(15,670,446)	(611,088)
	188,894,924	(175,845,580)	13,049,344
Remeasurements:			
- Interest on plan assets, excluding amounts included in interest expense / (income)	-	(1,238,531)	(1,238,531)
- Experience losses	2,990,578	-	2,990,578
	2,990,578	(1,238,531)	1,752,047
	191,885,502	(177,084,111)	14,801,391
Contributions made	-	(13,338,159)	(13,338,159)
Benefits paid	(33,425,632)	35,203,739	1,778,107
Benefits payable to outgoing member(s)	(1,778,107)	-	(1,778,107)
At June 30	156,681,763	(155,218,531)	1,463,232

	2017	2016
	-----Rupees-----	
26.5 The amount recognised in the profit and loss account is as follows:		
Current service cost	12,894,574	12,811,235
Interest income	(889,788)	(611,088)
	12,004,786	12,200,147

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

26.7 Plan assets consist of the following:

	2017		2016	
	(Rupees)	%	(Rupees)	%
Government securities	146,422,434	95.24%	152,569,556	98.29%
Cash and bank balances and others	7,316,210	4.76%	2,648,975	1.71%
	153,738,644	100.00%	155,218,531	100.00%

26.8 Historical results

	2017	2016	2015	2014	2013
	-----Rupees-----				
Present value of defined benefit obligation	170,252,664	156,681,763	161,024,331	135,189,600	119,719,825
Fair value of plan assets	(153,738,644)	(155,218,531)	(160,175,134)	(131,270,153)	(90,634,056)
Deficit	16,514,020	1,463,232	849,197	3,919,447	29,085,769
Remeasurements of plan liabilities	6,983,136	(1,238,531)	720,795	495,591	3,097,965
Remeasurements of plan assets	9,530,886	2,990,578	586,481	(4,258,092)	(7,467,483)

26.9 Actual return on plan assets during the year amounted to Rs 12.994 million.

26.10 Based on the actuarial advice the Holding Company intends to charge an amount of approximately Rs. 16.385 million in respect of gratuity fund in the financial statements for the year ending June 30, 2018.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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- 26.11 Through its defined benefit gratuity plan, the Fund is exposed to a number of risks, the most significant of which are detailed below:

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

- 26.12 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		------(Rupees)-----	
Discount rate	1.0%	156,689,549	185,544,511
Salary growth rate	1.0%	185,820,841	156,207,758

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 Balance Sheet.

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

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to Year 10
Defined benefit obligation	7,448,347	16,838,893	16,841,288	26,099,604	7,858,031	145,703,708

- 26.14 The weighted average duration of the defined benefit obligation is 8.44 years.

	Note	2017	2016
		------(Rupees)-----	
27 REDEEMABLE CAPITAL - PARTICIPATORY AND UNSECURED			
Certificates of Musharika (CoM)	27.1	2,750,750,000	2,793,605,000
Less: Current portion of redeemable capital	32	(2,750,550,000)	(2,110,325,000)
		200,000	683,280,000

- 27.1 These carry estimated share of profit payable ranging between Re. 0.1438 to Re. 0.1726 (2016: Re. 0.1575 to Re. 0.1863) per thousand per day and are due to mature latest by October 15, 2018 (2016: June 18, 2018).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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27.2 During the year profit allocated to different categories / tiers of the COM holders ranges from Re. 0.0411 to Re. 0.1726 (2016: Re. 0.0548 to Re. 0.1863) per thousand per day.

	Note	2017	2016 (Restated)
-----Rupees-----			
28 TRADE AND OTHER PAYABLES			
Creditors		862,694,008	412,306,239
Accrued liabilities	28.1	171,447,161	138,516,136
Other liabilities			
Advance from customers against finance lease and ijarah finance		54,837,776	99,496,659
Sales tax payable	28.2	34,552,175	14,476,396
Federal Excise Duty payable		1,631,783	1,901,941
Insurance payable		65,476,741	72,937,121
Unclaimed dividend / profit distribution		64,753,244	56,213,200
Provision for Worker's Welfare Fund	28.3	24,612,786	84,429,949
Payable to minority shareholders of SCLL		15,242,507	128,685,164
Others		64,105,389	66,780,019
		325,212,401	524,920,449
		1,359,353,570	1,075,742,824

28.1 During the current year, charity amounting to Rs. 1.28 million was given to an institution in which one of the directors of the Holding Company is also a director.

28.2 This includes provision for services sales tax on management fee of Rs.13.56 million. Pursuant to Order number SRB-COM-I/AC-V/Mgt/SCSOP/5878/2012 of the Sindh Revenue Board (SRB) dated April 22, 2013, the Modaraba has recorded a provision in respect of Sindh sales tax on Management Company's remuneration at applicable rates with effect from November 1, 2011. The Management Company has filed an appeal before the Appellate Tribunal SRB against this order. The Appellate Tribunal SRB through its order dated February 19, 2016 allowed the appeal and set aside the order-in-original and order-in-appeal and remanded back the case to the assessing officer for re-assessment. Thereafter, on April 8, 2016, the assessing officer issued a fresh notice to the Management Company. Against the notice, the Management Company has filed an appeal before the Honorable Sindh High Court. As an interim relief, the Court vide its Order dated October 13, 2016 has stopped the assessing authorities to pass any final order till the culmination of its proceedings. The case is pending to date.

28.3 During the current year, the Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of WWF were not lawful.

Accordingly, the Holding Company and the Modaraba have reversed the provision for Federal Workers' Welfare Fund amounting to Rs 76.5 million. However, they continue to maintain provision in respect of Sindh Workers' Welfare Fund.

		2017	2016
-----Rupees-----			
29 ACCRUED INTEREST / MARK-UP ON LOANS, FINANCES AND CERTIFICATES OF DEPOSIT			
Interest / mark-up / profit on			
Long-term finances		135,392,860	156,535,982
Redeemable capital		24,901,305	42,576,376
Short-term borrowings		44,035,872	22,163,015
Certificates of deposit		156,383,400	218,981,573
		360,713,437	440,256,946

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	2017	2016
		-----Rupees-----	
30	SHORT-TERM BORROWINGS		
From banking companies			
Running finance arrangements - secured	30.1	858,686,564	809,208,372
Short-term loans - secured	30.2	1,590,000,000	1,099,715,882
Musharika finance		-	9,662,350
		2,448,686,564	1,918,586,604

30.1 This represents short-term running finance facilities of the Holding Company available from commercial banks with limits aggregating to Rs. 2,300 million (a sub-limit of which amounting to Rs 290 million has been utilised as a short-term loan) as at June 30, 2017 (2016: Rs. 2,120 million). The rate of mark-up ranges from 6.77% to 7.61% (2016: 6.75% to 7.85%) on a daily product basis. These are secured by hypothecation of leased assets, related lease receivables and financing receivables.

30.2 This represents short-term loans obtained by the Holding Company from financial institutions for periods ranging from 1 week to 6 months on a roll-over basis for one year and carry mark-up at the rates ranging from 6.61% to 6.73% (2016: 6.87% to 7.47%). These are secured by hypothecation of leased assets, related lease receivables and financing receivables.

	Note	2017	2016
		-----Rupees-----	
31	SHORT-TERM CERTIFICATES OF DEPOSIT		
Unsecured			
Short-term certificates of deposit	31.1	983,589,858	2,073,044,036
Payable to holders of matured Certificates of deposits		127,676,153	-
		1,111,266,011	2,073,044,036

31.1 These represent short-term certificates of deposit issued by the Holding Company at expected rates of profit, ranging from 5.35% to 6.25% (2016: 3.50% to 7.50%) per annum for a term of 12 months (2016: 3 to 12 months).

	Note	2017	2016
		-----Rupees-----	
32	CURRENT MATURITY OF NON-CURRENT LIABILITIES		
Current maturity of			
Long-term finances	21	4,387,029,986	3,127,599,617
Long-term certificates of deposit	22	916,325,000	1,802,742,125
Long-term deposits	23	3,096,810,982	2,498,922,718
Current portion of redeemable capital	27	2,750,550,000	2,110,325,000
		11,150,715,968	9,539,589,460

33 CONTINGENCIES AND COMMITMENTS

33.1 In November 2011, the Holding Company received a show cause notice from the Large Taxpayers Unit of the Federal Board of Revenue (FBR) Karachi as to why Federal Excise Duty (FED) on mark-up and other income for the years ended June 30, 2008, 2009 and 2010 amounting to Rs. 1,126 million along with applicable penalty and default surcharge should not be recovered from the Holding Company. The Holding Company's legal advisor was of the opinion that charging of FED on mark-up based income was unlawful. Accordingly, the Holding Company filed a suit before the Honourable High Court of Sindh challenging the levy of FED on mark-up income. The Honourable High Court of Sindh in its order dated November 19, 2015 directed FBR to issue the notice of hearing and thereafter decide the matter and further directed that recovery shall not be affected till the decision is made. Subsequent to the said order no notice from FBR for hearing has been received. The management, based on the merit of the case, considers that decision will be in the Holding Company's favour. Hence, no provision has been made in this regard.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

- 33.2** The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order under section 122(5A) of the Income Tax Ordinance 2001 (the Ordinance) for tax year 2010 and created a demand of Rs. 313 million on the Holding Company by disallowing capital loss on sale of shares and certain other matters.

The Holding Company preferred an appeal against the amended assessment order passed by the ACIR before the Commissioner Inland Revenue (Appeals) (CIR-A). The CIR-A disposed of the appeal minor relief to the Holding Company and directed the ACIR to pass revised amended assessment order. The Holding Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the Company by the CIR-A which is pending for adjudication.

The Holding Company has paid minimum tax of Rs. 45.48 million and Rs. 50.78 million for tax years 2007 and 2008 respectively under section 113 of the Ordinance. These amounts were recognised as current tax expense for the respective financial years. In the opinion of the management, the Holding Company is entitled to carry forward the sum of the above minimum tax adjustment against the income tax demand for tax year 2010, if any.

Based on the merit of the case, management is confident that the decision will be in the Holding Company's favour. Therefore, no provision has been made in these consolidated financial statements.

- 33.3** During the year, the Deputy Commissioner Inland Revenue (DCIR) passed an amended assessment order for the tax year 2011 and created a demand of Rs. 67.6 million. The said demand mainly arose on account of difference in determination of minimum tax under Section 113 of the Ordinance. The Holding Company filed an appeal against the amended assessment order before the CIR-A who vide orders dated October 19, 2016 and March 27, 2017 maintained the action of the DCIR. The Holding Company has filed appeals before the ATIR which are pending adjudication. Based on the merit of the case, the Management considers that decision will be in the Holding Company's favour and, hence, no provision has been recorded in the financial statements in this regard.

- 33.4** During the year, the DCIR passed an amended assessment order for the tax year 2014 and created a demand of Rs. 58.6 million. The said demands mainly arise on account of difference in determination of minimum tax under Section 113 of the Ordinance. The Holding Company filed an appeal against the amended assessment order before the CIR-A who vide order dated January 31, 2016 maintained the action of the DCIR. The Company has filed an appeal before the ATIR which is pending adjudication. Based on the merit of the case, the Management considers that decision will be in the Company's favour and, hence, no provision has been recorded in the financial statements in this regard.

- 33.5** The assessments of Standard Chartered Leasing Limited (SCLL) - amalgamated entity, for the years 1998-99 to 2002-03 were finalised by the tax officer whereby lease key money amounting to Rs. 239 million has been added to the SCLL's returned income. In SCLL's appeals with the Income Tax Appellate Tribunal (ITAT), the addition was held. SCLL filed rectification application before ITAT that certain arguments advanced at the time of hearing of appeals were not considered while framing the order. The ITAT vide appellate order dated February 27, 2008 has recalled its original appellate order for all years to the extent through which the said addition of lease key money was confirmed and referred to the Chairman ITAT to constitute larger bench for rehearing / decision of the case. No provision has been made in this respect as the Management is of the view that the same will be allowed.

- 33.6** In April 2016, the Holding Company received a show cause notice from the Sindh Revenue Board (SRB) as to why Sindh Provincial Sales Tax (SPST) on rentals of generators on operating lease for the years ended June 30, 2012, 2013, 2014 & 2015 amounting to Rs. 426 million along with applicable penalty and default surcharge should not be recovered from the Holding Company.

The Holding Company's legal advisor is of the opinion that the show cause notice claiming SPST on renting out of any immovable property including generators is unlawful and SRB has no legislative competence or authority to levy SPST on renting of property including generators. The Holding Company filed a suit before the Honourable High Court of Sindh challenging the levy of SPST on renting of generators. The Honourable High Court of Sindh has passed a Stay Order restricting SRB from taking any coercive measures against the Holding Company.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

During the year ended June 30, 2017, the Holding Company received notice from SRB for default surcharge of 5.4 million for Sales Tax not deposited on a timely basis.

Based on the merits of the case, the management considers that the decision will be in the Holding Company's favour. Hence, no provision has been made in this regard.

- 33.7** Leasing and ijarah contracts committed but not executed at the reporting date amounted to Rs 44.78 million (2016: Rs. 109.41 million).
- 33.8** The Deputy Commissioner Inland Revenue (ACIR) has issued an amended order to the Modaraba Management Company and has created a demand of Workers' Welfare Fund (WWF) amounting to Rs 48,367 under section 221 of the Income Tax Ordinance, 2001 with respect to tax year 2013. Against the order, the Modaraba Management Company has not filed an appeal as the financial impact is nominal.
- 33.9** The Modaraba has issued letters of comfort to various commercial banks on behalf of its customers. These aggregate to Rs. 65.778 million (2016: Rs. 21.915 million) as at the year end.

	2017	2016
	-----Rupees-----	
34 INCOME FROM OPERATING LEASE		
Generators and vehicles	376,072,828	396,474,185
Ijarah finance	1,877,910,746	177,910,465
	2,253,983,574	574,384,650

	Note	2017	2016 (Restated)
		-----Rupees-----	
35 OTHER INCOME - NET			
Income from financial assets			
Return on investments and deposits		15,509,111	4,844,794
Interest income on government securities		70,261,736	110,944,947
Dividend income		1,330,987	7,727,555
Gain on bargain purchase	3.1.1	-	204,741,248
Capital gain on sale of investments - net		297,857	-
Unrealised (loss) / gain on remeasurement of financial assets at fair value through profit or loss - net		(553,926)	(4,388,339)
Loss on de-recognition of financial asset		(7,463,390)	-
Gain on fair value hedging instruments		-	4,428,556
Exchange loss on long-term borrowings		-	(4,428,556)
		79,382,375	323,870,205
Income from other than financial assets			
Other fees and income		142,094,359	78,529,862
Unrealised exchange gain transferred from other comprehensive income	9.3	67,766,408	-
Gain on disposal of asset classified as 'held for sale'	18.2	5,839,116	-
Exchange loss on dividend received		-	(341,945)
Documentation fee		48,113,503	37,240,522
Write-off in respect of fixed assets for own use		(772,313)	-
Gain on disposal of fixed assets		49,492,873	10,524,141
Gain on sale of leased assets		32,381,367	23,036,198
Other exchange gain / (loss) - net		50,053	85,577
		344,965,366	149,074,355
		424,347,741	472,944,560

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	2017	2016			
		-----Rupees-----				
38.2 Auditors' remuneration						
Annual audit fee including consolidation		1,600,000	1,600,000			
Fee for special certification including half yearly review fee		300,000	300,000			
Other services and certifications		4,530,000	830,000			
Sales tax on audit fee and other services		499,800	199,800			
Out of pocket expenses		395,200	358,656			
		7,325,000	3,288,456			
Subsidiaries		1,159,875	66,283			
		8,484,875	3,354,739			
39 DIRECT COST OF LEASE						
Court fee, stamp duty and others		16,250,742	16,268,256			
Operating lease						
Maintenance and insurance		151,103,471	172,735,319			
Depreciation - operating lease assets	5.2.4	152,148,210	98,622,857			
Depreciation - ijarah finance	5.3	1,573,596,136	139,456,676			
Amortization	6.1	12,285,714	-			
		1,889,133,531	410,814,852			
		1,905,384,273	427,083,108			
40 ALLOWANCE FOR POTENTIAL LEASE AND OTHER LOAN LOSSES						
		2017				
		Finance leases	Finance and loans	Sub-total	Operating lease, investments and other receivables	Total
		-----Rupees-----				
Balance at the beginning of the year		947,366,692	380,803,665	1,328,170,357	139,146,326	1,467,316,683
Reversal made during the year		(23,033,746)	(110,207)	(23,143,953)	(3,609,017)	(26,752,970)
		924,332,946	380,693,458	1,305,026,404	135,537,309	1,440,563,713
		2016 (Restated)				
		Finance leases	Finance and loans	Sub-total	Operating lease, investments and other receivables	Total
		-----Rupees-----				
Balance at the beginning of the year		721,375,996	387,076,506	1,108,452,502	106,057,660	1,214,510,162
Transfer from subsidiaries		-	310,198	310,198	64,087,200	64,397,398
Transfer from SCLL		97,918,518	-	97,918,518	1,566,543	99,485,061
Provision / (reversal) made during the year		203,555,470	11,537,522	215,092,992	(35,413,115)	179,679,877
Impairment against e-Business		-	-	-	5,336,452	5,336,452
Write offs		(75,483,292)	(18,120,561)	(93,603,853)	(2,488,414)	(96,092,267)
		947,366,692	380,803,665	1,328,170,357	139,146,326	1,467,316,683
				Note	2017	2016 (Restated)
		-----Rupees-----				
40.1 Provision against finances and loans						
Long-term finances and loans	10	250,666,830	256,064,967			
Short-term finances and loans	11	130,026,628	124,428,500			
		380,693,458	380,493,467			

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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	Note	2017	2016 (Restated)
		-----Rupees-----	
40.2 Provision against other receivables and investments			
Other receivables	16	69,834,947	71,742,086
Short-term investments	14	8,000,527	8,000,527
Long-term investments	9	57,701,835	59,403,713
		135,537,309	139,146,326

41 OTHER PROVISIONS - NET

Operating lease, investments and other receivables

Reversal of provision against other receivables - net		(1,907,139)	(16,362,927)
Reversal of potential losses on investments		(1,701,878)	(2,606,534)
Reversal of provision on equity accounted undertaking		-	(16,443,654)
		(3,609,017)	(35,413,115)

Impairment

Reversal of impairment on equity accounted undertaking		-	(24,095,384)
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Others

(Reversal) / provision for Workers' Welfare Fund	28.3	(74,079,982)	19,838,810
Provision for services sales tax on Management Company's remuneration	28.2	1,767,530	2,933
		(75,921,469)	(39,666,756)

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2017			
	Chief Executive of the Holding Company	Chief Executive of the Management Company	Executives	Total
	-----Rupees-----			
Managerial remuneration and allowances	22,546,890	14,066,435	305,302,191	341,915,516
House rent and utilities	6,996,960	5,157,625	69,917,512	82,072,097
Retirement benefits	2,676,171	1,029,408	28,443,507	32,149,086
	32,220,021	20,253,468	403,663,210	456,136,699
Number of persons	1	1	141	143

	2016			
	Chief Executive of the Holding Company	Chief Executive of the Management Company	Executives	Total
	-----Rupees-----			
Managerial remuneration and allowances	25,516,530	464,155	203,804,416	229,785,101
House rent and utilities	6,874,920	57,778	60,289,652	67,222,350
Retirement benefits	2,258,158	26,476	24,058,875	26,343,509
	34,649,608	548,409	288,152,943	323,350,960
Number of persons	2	1	124	127

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- 42.1 Executives denote employees, other than the Chief Executive Officer and Directors of the Holding Company, whose basic salary exceeds five hundred thousand rupees in a financial year.
- 42.2 The Chief Executive and certain executives are also provided with / entitled to Company owned and maintained cars and other benefits in accordance with their entitlement as per Company policy.
- 42.3 Aggregate amount charged in these consolidated financial statements includes meeting fees paid to 4 non-executive directors of the Holding Company amounting to Rs. 2.1 million (2016: 3 non-executive Directors Rs. 1.82 million). This includes fee paid to the Chairman of the Board of Directors of the Holding Company amounting to Rs. 0.5 million (2016: Rs.1 million).

43 TAXATION	2017	2016 (Restated)
	-----Rupees-----	
Current tax - for the year	201,650,819	188,139,433
Current tax - for prior year	(41,439,269)	4,713,385
Deferred	161,803,585	23,837,821
	322,015,135	216,690,639

43.1 Super tax

The Finance Act, 2015 had levied a one-time super tax at the rate of 3 percent of the taxable income for companies having taxable income of above Rs. 500 million. This clause has been extended in the Finance Act, 2017 and an amount of Rs. 34.76 million has been recognised in this respect in the current tax charge.

43.2 Effective tax rate reconciliation

- 43.2.1 Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as provision for the current year income tax of Holding Company has been made under the provisions of Alternate Corporate Tax under Section 113C of the Income Tax Ordinance, 2001.

The numerical reconciliation between tax expense and accounting profit has not been presented for the Modaraba Management Company as the total income of the Subsidiary Company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001.

43.3 Current status of pending tax assessments

Tax Year 1999 to 2000

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

Tax Year 2010 to 2016

Under Section 114 of the Income Tax Ordinance 2001, the Holding Company has filed the returns of income for tax years 2010 to 2016. 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

Tax Year 2009-2011 and 2014

Details of the assessment made by the Additional Commissioner Inland Revenue are provided in note 33.

- 43.4 The Finance Act, 2017 has introduced an amendment in section 5(A) of the Income Tax Ordinance, 2001 whereby tax on undistributed reserves has been substituted by a new concept of tax on undistributed profits for the year. The new regime introduces tax at the rate of seven and a half percent of the accounting profit before tax on every public company, other than a scheduled bank or a modaraba, that derives profit for a tax year but does not distribute at least forty percent of its after tax profits within six months of the end of the tax year through cash or bonus shares. The amendment is applicable for tax year 2017 and onwards.

In case of ORIX Modaraba provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. The income of non-trading Modarabas is exempt from tax provided that not less than 90% of their profits for the year as reduced by amount transferred to a mandatory reserve as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed to the certificate holders. The Modaraba intends to continue availing the tax exemption by distributing at least 90% of its profits to the certificate holders each year.

44	LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS	Note	2017	2016
			-----Rupees-----	
	Income from operations		-	117,928,933
	Direct cost of lease	44.1	-	(74,430,220)
	Administrative and general expenses	44.2	-	(29,655,273)
	Impairment loss on e-business assets		-	(24,666,751)
	Provision against debtors		-	(5,336,452)
	Gain on disposal		-	509,100
	Loss before taxation for the year		-	(15,650,663)
	Taxation - net		-	2,660,613
	Loss for the year after taxation from discontinued operations		-	(12,990,050)
<hr/>				
44.1	Direct cost of lease			
	Maintenance and insurance		-	60,407,785
	Depreciation - operating lease assets	5.2.4	-	9,871,935
	Amortisation of intangible assets	6.1.3	-	4,150,500
			-	74,430,220
<hr/>				
44.2	Administrative and general expenses			
	Salaries, allowances, welfare and training		-	13,698,236
	Rent and utilities		-	8,034,952
	Travelling		-	300,032
	Vehicle running and maintenance		-	938,827
	Insurance on operating assets		-	136,564
	Legal and professional charges		-	1,500,000
	Communication		-	1,481,697
	Subscriptions		-	8,191
	Printing and stationery		-	298,335
	Depreciation	5.1.4	-	1,005,163
	Office repairs and maintenance of equipment		-	1,991,661
	Office general expenses		-	261,615
			-	29,655,273

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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		2017	2016
		-----Rupees-----	
44.3 Cash flows of discontinued operations			
Net cash inflow from operating activities		-	(4,554,565)
Net cash inflow from investing activities (2016 includes an inflow of Rs. 5.33 million pertaining to sale of E-Business)		-	(10,844,596)
		-	(15,399,161)
	Note	2017	2016 (Restated)
		-----Rupees-----	
45 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			
Profit before taxation		1,246,280,710	960,506,767
Adjustments for			
Depreciation	5.1, 5.2 & 5.3	1,791,430,714	295,852,701
Amortisation	6.1	26,026,356	8,666,019
Amortisation of transaction cost	37	16,375,334	13,502,023
(Reversal) / provision for potential lease and other loan losses - net	40	(23,143,953)	215,092,992
Reversal for potential losses on investments	41	(1,701,878)	(2,606,534)
(Reversal) / provision for Workers' Welfare Fund	41	(74,079,982)	19,838,810
Reversal of provision for other receivables	41	(1,907,139)	(16,362,927)
Provision for services sales tax on Management Company's remuneration	41	1,767,530	2,933
Reversal of provision on equity accounted undertaking	41	-	(16,443,654)
Reversal of impairment on equity accounted undertaking	41	-	(24,095,384)
Gain on disposal of non-current asset held for sale	18.2	(5,839,116)	-
Impairment on e-Business assets	44	-	24,666,751
Provision against debtors (discontinued operation)	44	-	5,336,452
Share of profit of equity accounted undertakings	36	(229,142,246)	(234,164,114)
Gain on hedging instruments	35	-	(4,428,556)
Exchange loss on long-term borrowings	35	-	4,428,556
Other exchange gain - net	35	(50,053)	(85,577)
Charge for defined benefit plan - gratuity fund	38.1	12,004,786	12,200,147
Fixed assets written-off	5.1.3	772,313	-
Unrealised loss on remeasurement of financial assets at fair value through profit or loss - net	35	553,926	4,388,339
Finance cost including bank charges	37	1,072,355,170	800,429,935
Profit on certificates of deposit	37	700,735,284	860,550,767
Dividend income	35	(1,330,987)	(7,727,555)
Unrealised exchange gain transferred from other comprehensive income	35	(67,766,408)	-
Exchange loss on dividend received	35	-	341,945
Gain on bargain purchase	35	-	(204,741,248)
Return on investments and deposits	35	(15,509,111)	(4,844,794)
Interest income on government securities	35	(70,261,736)	(110,944,947)
Gain on disposal of fixed assets	35	(49,492,873)	(10,524,141)
		3,081,795,931	1,628,328,939
		4,328,076,641	2,588,835,706

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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	Note	2017	2016 (Restated)
-----Rupees-----			
46 CASH AND CASH EQUIVALENTS			
Cash at bank	17	726,313,374	612,133,573
Cash in hand	17	1,347,888	1,266,472
Short-term running finance facilities	30	(858,686,564)	(809,208,372)
Musharika finance	30	-	(9,662,350)
		(131,025,302)	(205,470,677)

47 SEGMENT INFORMATION

The Group has three primary reporting segments namely, 'Finance lease', 'Loans & Finances' 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. Loans and finances 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 generators on short-term rentals to corporate entities. Other operations, which do not fall into the above segment categories and are not deemed by the Management to be sufficiently significant to disclose as separate items, are reported under 'Investment in subsidiaries, associates, and others'. The segment presentation has been revised to align with the new segment reporting format developed by the Management during the year. The comparative information has accordingly been restated.

47.1 Segment analysis has been provided below:

	2017				
	Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	Total
----- Rupees -----					
Segment revenues	2,576,031,474	701,156,793	2,302,698,719	386,102,189	5,965,989,175
Finance cost	1,045,387,383	416,243,632	89,531,236	238,303,537	1,789,465,788
Administrative and general expenses	748,199,423	292,910,168	43,280,013	39,534,222	1,123,923,826
Direct cost of leases	12,568,521	2,850,560	1,889,965,192	-	1,905,384,273
Provisions/(reversal)-net	(23,033,746)	(110,207)	(1,907,139)	65,652	(24,985,440)
Segment results	792,909,893	(10,737,360)	281,829,417	108,198,778	1,172,200,728
Provision for Workers' Welfare Fund	-	-	-	-	(74,079,982)
Provision for taxation	-	-	-	-	(322,015,135)
Profit for the year after taxation					924,265,575
Other information					
Segment assets	25,223,850,931	4,604,332,540	5,546,805,077	1,285,634,320	36,660,622,868
Investment in equity accounted undertakings	-	-	-	1,972,102,566	1,972,102,566
Assets classified as held for sale	1,840,615	-	-	87,754,399	89,595,014
Unallocated assets	-	-	-	-	1,645,594,975
Total assets					40,367,915,423
Segment liabilities	9,106,154,332	865,669,924	1,027,126,964	-	10,998,951,220
Unallocated liabilities	-	-	-	-	23,916,400,644
Total liabilities					34,915,351,864
Capital expenditure	-	-	2,932,449,033	-	2,932,449,033
Depreciation	-	-	1,725,744,346	-	1,725,744,346
Unallocated					
Capital expenditure - fixed assets for own use	-	-	-	-	50,411,635
Additions made to intangible assets	-	-	-	-	6,960,878
Unallocated depreciation and amortisation	-	-	-	-	79,427,010

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	2016 (Restated)				
	Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	Total
----- Rupees -----					
Segment revenues	2,418,582,711	545,207,239	581,551,304	570,451,124	4,115,792,378
Finance cost	1,067,990,844	203,683,015	89,664,628	313,144,238	1,674,482,725
Administrative and general expenses	671,679,030	136,090,078	53,987,597	886,174	862,642,879
Direct cost of leases	11,319,107	4,899,236	410,864,765	-	427,083,108
Provisions/(reversal)-net	203,555,470	11,537,522	(16,362,927)	(43,142,639)	155,587,426
Segment result	464,038,260	188,997,388	43,397,241	299,563,351	995,996,240
Provision for Workers' Welfare Fund	-	-	-	-	19,838,810
Provision for taxation	-	-	-	-	216,690,639
Profit for the year after taxation					759,466,791
Other information					
Segment assets	25,324,548,888	4,497,168,930	4,926,910,975	463,044,220	35,211,673,013
Investment in equity accounted undertakings	-	-	-	2,266,192,717	2,266,192,717
Assets classified as held for sale	19,189,266	-	-	128,293,437	147,482,703
Unallocated assets	-	-	-	-	2,819,913,451
Total assets					40,445,261,884
Segment liabilities	8,598,258,306	307,233,554	754,095,562	-	9,659,587,422
Unallocated liabilities	-	-	-	-	25,586,177,578
Total liabilities					35,245,765,000
Capital expenditure	-	-	162,932,667	-	162,932,667
Depreciation	-	-	238,079,533	-	238,079,533
Unallocated					
Capital expenditure - fixed assets for own use	-	-	-	-	60,692,088
Additions made to intangible assets	-	-	-	-	11,673,180
Unallocated depreciation and amortisation	-	-	-	-	51,411,589

47.2 Segment by class of business

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

Sectors	2017		2016	
	(Rupees)	%	(Rupees)	%
Individuals	5,679,477,495	18.37%	5,691,732,150	18.45%
Goods Transport	6,350,804,348	20.53%	5,220,592,811	16.92%
Services	3,466,201,408	11.21%	3,817,101,676	12.37%
Distributor	2,345,350,093	7.58%	2,575,222,898	8.34%
Public Transport	2,360,843,903	7.63%	2,102,906,241	6.81%
Textile & Allied	1,597,751,672	5.17%	1,890,335,688	6.13%
Miscellaneous	1,658,704,136	5.36%	1,561,745,276	5.06%
Food & Allied	794,101,058	2.57%	1,188,317,423	3.85%
Steel & Engineering	1,193,329,539	3.86%	1,098,678,218	3.56%
Chemical & Pharmaceutical	771,847,517	2.50%	1,075,064,318	3.48%
Sugar	482,662,896	1.56%	862,107,550	2.79%
Construction	1,111,074,726	3.59%	818,275,577	2.65%
Fuel & Energy	899,929,417	2.91%	777,358,104	2.52%
Trading	918,237,976	2.97%	748,851,360	2.43%
Glass, Ceramics & Plastic	653,879,327	2.11%	616,409,309	2.00%
Paper, Board & Printing	487,098,049	1.57%	587,530,175	1.90%
Cables, Electric And Electronic Goods	160,512,358	0.51%	229,386,408	0.74%
	30,931,805,918	100.00%	30,861,615,182	100.00%

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	2017	2016
	-----Rupees-----	
Net investment in finance leases	26,148,183,877	26,271,915,580
Other finances and loans	4,783,622,041	4,589,699,602
	30,931,805,918	30,861,615,182

47.3 Segment by sector

The Holding Company's net investment in finance lease includes exposure to private sector Rs. 26,148 million (2016: Rs. 26,272 million).

47.4 Geographical segment analysis

The Group's operations are restricted to Pakistan only.

48 TRANSACTIONS WITH RELATED PARTIES

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

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.

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

	Note	2017	2016
		-----Rupees-----	
ORIX Corporation, Japan - Parent Company			
Dividend paid		183,113,276	183,113,276
Oman ORIX Leasing Company SAOG - Associate / common directorship			
Dividend received	8.1.5	70,827,351	140,050,137
Issue of 1,168,957 (2016: 1,123,998) bonus shares		-	-
BOD attendance fee		5,496,564	5,255,486
ORIX Leasing Egypt SAE - Associate / common directorship			
Dividend received	8.1.5	17,918,608	-
AI Hail ORIX Finance PSC - Associate / common directorship			
Internal audit services fee received		-	1,566,168
Dividend received		-	17,082,198
Saudi ORIX Leasing Company - Associate / common directorship			
Dividend received	8.1.5	5,426,493	796,990
Internal audit services fee received		1,552,048	1,992,770
BOD attendance fee		4,299,561	5,296,147
SK Leasing JSC - Associate / common directorship			
Dividend received		-	7,094,574

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	2017	2016
		-----Rupees-----	
Staff Retirement Fund (Standard Chartered Leasing Limited - PF and GF)			
Received from staff retirement funds		-	24,648,274
State Life Insurance Corporation of Pakistan - Common directorship			
Dividend paid		19,399,059	-
Insurance premium and rent expense		14,911,666	12,494,881
Sui Northern Gas Pipelines Limited - Common directorship			
Utilities bills payment		32,117	25,180
ORIX Leasing Pakistan Limited - Employees Provident Fund (OLP-EPF)			
Contribution made		23,119,841	22,402,844
ORIX Modaraba - Staff Provident Fund (OM-EPF)			
Contribution made		3,050,638	325,893
ORIX Leasing Pakistan Limited - Staff Gratuity Fund (OLP-SGF)			
Contribution made		13,468,020	13,338,159
ORIX Modaraba - Staff Gratuity Fund (OM-SGF)			
Contribution made		2,531,845	235,369
The Layton Rahmatullah Benevolent Trust - common directorship			
Charity paid	28.1	1,279,788	-
Other related party transactions			
Compensation of directors and key management personnel			
Director fees paid		2,100,000	1,820,000
Short-term employee benefits		204,787,671	200,835,515
Retirement benefits		16,813,846	15,960,144
Total compensation to directors and key management personnel		223,701,517	218,615,659
Proceeds from sale of vehicles		2,965,190	-
Loans disbursed during the year		15,324,095	10,822,063
Interest paid during the year		2,448,564	2,235,701
Principal repaid during the year		16,001,420	10,873,620
Advance to the Chief Executive Officer of the Management Company		1,320,000	1,320,000
Provision for performance bonus of the Management Company		6,000,000	6,000,000

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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	2017	2016
	-----Rupees-----	
Issuance of certificates of deposit	23,284,061	18,234,668
Redemption of certificates of deposit	52,131,537	34,514,244
Ijarah rental earned on ijarah finances to key management personnel of the Modaraba	2,794,578	1,342,709
Income earned on Musharaka finance to key management personnel of the Modaraba	4,167,863	2,546,396
Amount of profit paid on certificates of deposit	6,114,315	6,300,564
48.2 The balances with related parties as at year end are as follows:		
Investment in associated undertakings	1,972,102,566	2,266,192,717
Investment in associated undertaking - held for sale	87,754,399	128,293,437
Long term investment - Available-for-sale (AFS) Al Hail ORIX Finance PSC	273,186,725	-
Certificates of deposit held	17,244,975	55,399,043
Accrued profit on certificates of deposit	928,672	3,921,402
Outstanding loans to Key Management Personnel	36,740,537	37,417,862
Defined benefit payable to ORIX Leasing Pakistan Limited - Staff Gratuity Fund	16,514,020	1,463,232
Defined benefit payable to ORIX Modaraba - Staff Provident Fund	-	86,666
Defined benefit payable to ORIX Modaraba - Staff Gratuity Fund	-	36,097
Rent payable to State Life Insurance Corporation of Pakistan	291,489	1,404,702
Receivable from staff retirement funds - Modaraba	-	580,000
Receivable from staff retirement funds - SCLL	-	24,648,274

48.3 The Holding Company is a party to technical assistance agreements with its foreign associates under which it renders certain technical services to these foreign associates.

48.4 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.

	2017	2016
	-----Number of staff-----	
49 STAFF STRENGTH		
Group's staff strength at the end of the year	510	475
Average number of employees*	493	473

* 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

50 PROVIDENT FUND RELATED DISCLOSURES

The Holding Company operates a Staff Provident Fund for its employees. The following information is based on the financial statements of the Fund as at June 30, 2017 (unaudited) and 2016 (audited):

	2017 Unaudited	2016 Audited
	-----Rupees-----	
Size of the Fund - total assets	378,572,089	366,296,947
Fair value of investments	369,953,982	352,226,252
	------(Percentage)-----	
Percentage of investments made	98%	96%

The cost of the above investments amounted to Rs. 358.30 million (2016: Rs. 332.25 million).

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

	Unaudited 2017	Audited 2016	Unaudited 2017	Audited 2016
	-----Percentage-----		-----Rupees-----	
Cash and bank deposits	2.19%	1.34%	8,101,066	4,719,322
Government securities				
- Treasury Bills	57.86%	0.00%	214,048,800	-
- National Savings Certificate	4.48%	34.67%	16,592,000	122,108,292
- Pakistan Investment Bonds	35.47%	63.99%	131,212,116	225,398,638
	100.00%	100.00%	369,953,982	352,226,252

The investments of the provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

51 FINANCIAL INSTRUMENTS BY CATEGORY

	2017				
	Loans and receivables	Held-to-maturity	At fair value through profit and loss	Available-for-sale	Total
	----- Rupees -----				
ASSETS					
Net investment in finance lease	25,223,850,931	-	-	-	25,223,850,931
Long-term investments	-	81,125,356	-	290,102,205	371,227,561
Term finances and loans	4,602,188,792	-	-	-	4,602,188,792
Accrued return on investments and term-finance	59,856,053	-	-	-	59,856,053
Short-term investments	-	-	883,506,965	30,374,860	913,881,825
Other receivables	164,194,817	-	-	-	164,194,817
Cash and bank balances	727,661,262	-	-	-	727,661,262
	30,777,751,855	81,125,356	883,506,965	320,477,065	32,062,861,241

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

	2017		
	At fair value through profit and loss	Other financial liabilities at amortised cost	Total
	----- Rupees -----		
LIABILITIES			
Long-term finances	-	11,864,512,348	11,864,512,348
Certificates of deposit	-	6,027,923,708	6,027,923,708
Other long-term liabilities	-	214,038,190	214,038,190
Trade and other payables	-	1,178,965,806	1,178,965,806
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	360,713,437	360,713,437
Short-term borrowings	-	2,448,686,564	2,448,686,564
Redeemable capital	-	2,750,750,000	2,750,750,000
	-	24,845,590,053	24,845,590,053

	2016 (Restated)				
	Loans and receivables	Held-to-maturity	At fair value through profit and loss	Available-for-sale	Total
	----- Rupees -----				
ASSETS					
Net investment in finance lease	25,324,548,888	-	-	-	25,324,548,888
Long-term investments	-	447,019,280	-	13,160,300	460,179,580
Term finances and loans	4,380,976,722	-	-	-	4,380,976,722
Accrued return on investments and term-finance	105,673,893	-	-	-	105,673,893
Short-term investments	-	-	610,536,907	608,440,239	1,218,977,146
Other receivables	210,815,563	-	-	-	210,815,563
Cash and bank balances	613,400,045	-	-	-	613,400,045
	30,635,415,111	447,019,280	610,536,907	621,600,539	32,314,571,837

	2016 (Restated)		
	At fair value through profit and loss	Other financial liabilities at amortised cost	Total
	----- Rupees -----		
LIABILITIES			
Long-term finances	-	9,445,111,970	9,445,111,970
Certificates of deposit	-	9,763,958,827	9,763,958,827
Other long-term liabilities	-	258,983,005	258,983,005
Trade and other payables	-	819,224,679	819,224,679
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	440,256,946	440,256,946
Short-term borrowings	-	1,918,586,604	1,918,586,604
Redeemable Capital	-	2,793,605,000	2,793,605,000
	-	25,439,727,031	25,439,727,031

52 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

52.1 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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52.1.1 Currency risk

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

	2017	2016
	-----Rupees-----	
Foreign currency bank account	2,998,104	2,941,907
Long-term investments	273,186,725	-
Investment in associated undertakings	1,972,102,566	2,266,192,717

As at June 30, 2017, if the Pakistani Rupee had strengthened / weakened by 10% against these currencies the carrying value, would have been higher / lower by an amount of Rs. 224.829 million (2016: Rs 226.913 million).

52.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's floating interest rates long-term debt obligations and financial assets. Financial assets and financial liabilities include balances of Rs. 31,235 million (2016: Rs. 31,611 million) and Rs. 23,837 million (2016: Rs. 25,440 million) respectively, which are subject to interest rate risk. The maturity analysis and interest rate profile of the Group's significant interest bearing financial instruments are as follows:

On-balance sheet financial instruments	Effective yield / profit rate %	2017						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) -----								
Financial assets								
Net investment in finance lease	8.17% - 24.00%	25,223,850,931	2,926,058,027	1,986,104,370	7,177,918,836	13,133,769,698	-	-
Long-term investments	9.60% - 12.00%	371,227,561	-	14,951,881	-	66,173,475	-	290,102,205
Term finances and loans	5.00% - 37.73%	4,602,188,792	410,474,111	465,663,996	1,299,754,303	1,860,444,816	565,851,566	-
Accrued return on investments and term finance	-	59,856,053	-	-	-	-	-	59,856,053
Short-term investments	5.98% - 11.25%	913,881,825	86,016,051	813,574,594	-	-	-	14,291,180
Other receivables	-	164,194,817	-	-	-	-	-	164,194,817
Cash and bank balances	2.46% - 5.25%	727,661,262	428,564,192	-	-	-	-	299,097,070
Total		32,062,861,241	3,851,112,381	3,280,294,841	8,477,673,139	15,060,387,989	565,851,566	827,541,325
Financial liabilities								
Long-term finances	6.16% - 7.40%	11,864,512,348	473,809,524	1,191,666,666	2,721,553,796	7,477,482,362	-	-
Certificates of deposit	5.35% - 12.50%	6,027,923,708	183,667,181	197,068,431	1,519,179,246	3,456,799,858	543,532,839	127,676,153
Other long-term liabilities		214,038,190	-	-	-	-	-	214,038,190
Trade and other payables		1,178,965,806	-	-	-	-	-	1,178,965,806
Accrued interest / mark-up / profit on loans, finances and certificates of deposit		360,713,437	-	-	-	-	-	360,713,437
Short-term borrowings	6.61% - 7.61%	2,448,686,564	2,158,686,564	290,000,000	-	-	-	-
Redeemable capital	5.25% - 6.30%	2,750,750,000	94,000,000	249,850,000	1,934,195,000	200,000	-	472,505,000
Total		24,845,590,053	2,910,163,269	1,928,585,097	6,174,928,042	10,934,482,220	543,532,839	2,353,898,586
On-balance sheet gap		7,217,271,188	940,949,112	1,351,709,744	2,302,745,097	4,125,905,769	22,318,727	(1,526,357,261)
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		7,217,271,188	940,949,112	1,351,709,744	2,302,745,097	4,125,905,769	22,318,727	
Cumulative interest rate sensitivity gap		7,217,271,188	8,158,220,300	9,509,930,044	11,812,675,141	15,938,580,910	15,960,899,637	

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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		2016 (Restated)							
	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	7.59% - 25.00%	25,324,548,888	1,756,855,983	1,809,209,455	8,213,998,967	13,544,484,483	-	-	
Long-term investments	9.60% - 12.00%	460,179,580	362,700,907	-	-	84,318,373	-	13,160,300	
Term finances and loans	5.00% - 35.78%	4,380,976,722	202,924,001	295,713,425	1,281,265,088	2,009,287,226	591,786,982	-	
Accrued return on investments and term finance	-	105,673,893	-	-	-	-	-	105,673,893	
Short-term investments	5.81% - 11.97%	1,218,977,146	-	-	1,203,917,479	-	-	15,059,667	
Other receivables	-	210,815,563	-	-	-	-	-	210,815,563	
Cash and bank balances	2.60% - 5.50%	613,400,045	254,844,299	-	-	-	-	358,555,746	
Total		32,314,571,837	2,577,325,190	2,104,922,880	10,699,181,534	15,638,090,082	591,786,982	703,265,169	
Financial liabilities									
Long-term finances	6.25% - 7.61%	9,445,111,970	91,666,667	459,272,916	2,576,660,040	6,317,512,347	-	-	
Certificates of deposit	3.50% - 15.00%	9,763,958,827	204,661,029	931,285,147	2,739,839,985	4,730,014,743	1,158,157,923	-	
Other long-term liabilities		258,983,005	-	-	-	-	-	258,983,005	
Trade and other payables		819,224,679	-	-	-	-	-	819,224,679	
Accrued interest / mark-up / profit on loans, finances and certificates of deposit		440,256,946	-	-	-	-	-	440,256,946	
Short-term borrowings	6.75% - 7.85%	1,918,586,604	9,662,350	908,924,254	1,000,000,000	-	-	-	
Redeemable capital		2,793,605,000	2,400,000	317,340,000	1,790,585,000	599,045,000	-	84,235,000	
Total		25,439,727,031	308,390,046	2,616,822,317	8,107,085,025	11,646,572,090	1,158,157,923	1,602,699,630	
On-balance sheet gap		6,874,844,806	2,268,935,144	(511,899,437)	2,592,096,509	3,991,517,992	(566,370,941)	(899,434,461)	
Off-balance sheet financial instruments		-	-	-	-	-	-	-	
Off-balance sheet gap (b)		-	-	-	-	-	-	-	
Total interest rate sensitivity gap (a+b)		6,874,844,806	2,268,935,144	(511,899,437)	2,592,096,509	3,991,517,992	(566,370,941)		
Cumulative interest rate sensitivity gap		6,874,844,806	9,143,779,950	8,631,880,513	11,223,977,022	15,215,495,014	14,649,124,073		

a) Sensitivity analysis for variable rate financial instruments

The Group has extended KIBOR based short-term and long-term lease and finances to various counter parties that expose the Group to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax for the year ended June 30, 2017 would have been lower / higher by Rs 229.9 million (2016: Rs.209.1 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, 2017 would have been lower / higher by Rs.153.8 million (2016: Rs.140.9 million).

Presently, the Group does not hold any variable rate financial instrument carried at 'fair value through profit or loss' and is not exposed to cash flow interest rate risk except for balances in certain saving accounts. The interest rate of these bank accounts ranges from 2.46% to 5.25%. (2016: 2.60% to 5.00%).

b) Sensitivity analysis for fixed rate financial instruments

As at June 30, 2017, the Holding Company holds market treasury bills and Pakistan Investment Bonds which are classified as 'financial assets at fair value through profit or loss' and 'available for sale' respectively, exposing the Holding Company to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Markets Association of Pakistan for market treasury bills and Pakistan Investment Bonds with all other variables held constant, the net income for the year and net assets of the Holding Company would have been lower by Rs.1.11 million. In case of 100 basis points decrease in those rates, the net income for the year and net assets of the Holding Company would have been higher by Rs. 1.05 million.

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52.1.3 Other price risk

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

Other price risk arises when the Group has made investment in shares of listed companies or mutual funds. Currently, the Group holds investments in units of National Investment (Unit) Trust classified as available-for-sale financial assets. These investments are marked-to-market based on the net asset value which is declared on a daily basis. The Group has adopted a policy to diversify its portfolio and continuously monitor developments in markets. In addition the Company actively monitors the key factors that affect stock price movement.

52.2 Credit risk

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

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

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. As at June 30, 2017, out of the total financial assets of Rs. 40,368 million (2016: Rs. 40,445 million) the assets which were subject to credit risk amounted to Rs. 31,081 million (2016: Rs. 30,662 million). Significant concentration of the Group's risk assets by class of business, industry sector and geographical region is set out in note 47.

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

	2017	2016 (Restated)
	-----Rupees-----	
Net investment in finance lease	25,223,850,931	25,324,548,888
Term finances and loans	4,602,188,792	4,380,976,722
Long-term investments	290,102,205	13,160,300
Accrued return on investments and term finance	59,856,053	105,673,893
Short-term investments	14,291,180	15,059,667
Net investment in ijarah finance	370,000	370,000
Other receivables	164,194,817	210,815,563
Bank balances	726,313,374	612,133,573
	31,081,167,352	30,662,738,606

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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:

2017					
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	Net investment in ijarah finance	Total
-----Rupees-----					
Within 90 days	85,745,801	128,563	-	-	85,874,364
90 - 180 days	59,965,085	11,970,645	2,933,832	-	74,869,562
181-365 days	49,534,686	7,177,373	10,174,414	-	66,886,473
Over 1 Year	729,087,374	361,416,877	122,429,063	1,134,443	1,214,067,757
	924,332,946	380,693,458	135,537,309	1,134,443	1,441,698,156
Less: General and specific provision	924,332,946	380,693,458	135,537,309	1,134,443	1,441,698,156
Net of Provision	-	-	-	-	-
Coverage Ratio	100.00%	100.00%	100.00%	100.00%	100.00%

2016 (Restated)					
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	Net investment in ijarah finance	Total
-----Rupees-----					
Within 90 days	163,304,089	-	1,400,000	-	164,704,089
90 - 180 days	96,312,316	16,582,319	10,853,464	-	123,748,099
181-365 days	86,625,093	11,006,855	5,295,375	-	102,927,323
Over 1 Year	601,125,194	353,214,491	121,597,487	1,134,443	1,077,071,615
	947,366,692	380,803,665	139,146,326	1,134,443	1,468,451,126
Less: General and specific provision	947,366,692	380,803,665	139,146,326	1,134,443	1,468,451,126
Net of provision	-	-	-	-	-
Coverage Ratio	100.00%	100.00%	100.00%	100.00%	100.00%

The Group has made provisions keeping in view the time based criteria prescribed under the NBFC Regulations. In addition, the Group has also maintained additional provisions of Rs. 272.60 million on a prudent basis, in view of the prevailing economic conditions. The Group holds 100% provision of Rs. 1,459 million (2016: Rs. 1,486 million) against these past dues.

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

The analysis below summarises the credit rating quality of the Group's bank balances and investment in NIT units as at June 30, 2017:

	2017	2016
-----Rupees-----		
Bank balances		
AAA	649,963,713	373,259,333
AA+	20,526,987	218,852,390
AA	5,120,879	462,192
AA-	28,446,995	122,972
A+	21,531,553	18,220,211
A	66,106	65,092
A-	355,211	341,609
A1	-	262,241
State bank of Pakistan	301,930	547,533
	726,313,374	612,133,573
Units of collective investment scheme		
AM2++	16,915,480	13,160,300

The Group does not hold any other financial asset which are rated.

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52.3 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.

	2017				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
----- (Rupees) -----					
Long-term finances	11,864,512,348	13,173,410,121	1,916,187,071	3,150,564,130	8,106,658,920
Certificates of deposit	6,027,923,708	7,824,141,103	631,373,275	1,926,337,615	5,266,430,213
Trade and other payables	1,178,965,806	1,178,965,806	1,178,965,806	-	-
Accrued interest / mark-up /profit on loans, finances and certificates of deposit	574,751,627	574,751,627	218,343,675	118,946,660	237,461,292
Short-term borrowings	2,448,686,564	2,483,333,057	2,483,333,057	-	-
Redeemable capital	2,750,750,000	2,750,750,000	816,355,000	1,934,195,000	200,000
	24,845,590,053	27,985,351,714	7,244,557,884	7,130,043,405	13,610,750,425

	2016				
	(Restated)				
Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year	
----- (Rupees) -----					
Long-term finances	9,445,111,970	10,530,803,345	717,828,362	2,971,038,396	6,841,936,587
Certificates of deposit	9,763,958,827	12,303,868,186	522,634,932	3,535,692,298	8,245,540,956
Trade and other payables	835,603,016	835,603,016	835,603,016	-	-
Accrued interest / mark-up /profit on loans, finances and certificates of deposit	699,239,951	699,239,951	176,234,223	264,022,723	258,983,005
Short-term borrowings	1,918,586,604	2,120,486,539	1,087,286,539	1,033,200,000	-
Redeemable capital	2,793,605,000	2,968,127,755	44,165,905	53,007,328	2,870,954,522
	25,456,105,368	29,458,128,792	3,383,752,977	7,856,960,745	18,217,415,070

53 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between the carrying value 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.

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As at June 30, 2017 the Group has financial assets classified as “at fair value through profit or loss” and “available-for-sale” which are carried at fair values. The investments in associates are accounted for using the equity method. The fair value of net investments in finance lease, long-term loans and finances and other receivables, long-term certificates of deposit and other payables are approximately equal to their carrying values. The provision for impairment of finance lease and long-term loans and finances and other receivables has been calculated in accordance with the Group’s credit policy and the requirements of the NBFC Regulations, 2008.

In the opinion of the management, the fair value of the remaining assets and liabilities are not considered to be significantly different from their carrying values since these 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 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 assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows).

The table below analyses financial instruments carried at fair value, by valuation method. The different levels (methods) have been defined as follows:

	2017			
	Level 1	Level 2	Level 3	Total
RECURRING FAIR VALUE MEASUREMENTS	----- (Rupees) -----			
Financial assets				
Available-for-sale financial assets				
Pakistan Investment Bond (PIBs)	-	16,083,680	-	16,083,680
Al-Hail ORIX Finance PSC	-	-	273,186,725	273,186,725
Ordinary shares-unlisted	-	-	14,291,180	14,291,180
Units of collective investment scheme	16,915,480	-	-	16,915,480
Financial assets at fair value through profit or loss				
Treasury bills	-	883,506,965	-	883,506,965
Non-financial assets				
Property, plant and equipment (Leasehold land and building)	-	-	421,397,782	421,397,782
Total	16,915,480	899,590,645	708,875,687	1,625,381,812

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RECURRING FAIR VALUE MEASUREMENTS	2016 (Restated)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Financial assets				
Available-for-sale financial assets				
Pakistan investment bond (PIBs)	-	593,380,572	-	593,380,572
Ordinary shares-unlisted	-	-	15,059,667	15,059,667
Units of collective investment scheme	13,160,300	-	-	13,160,300
Financial assets at fair value through profit or loss				
Treasury bills	-	610,536,907	-	610,536,907
Non-financial assets				
Property, plant and equipment (Leasehold land and building)	-	-	432,246,647	432,246,647
Total	13,160,300	1,203,917,479	447,306,314	1,664,384,093

The investment in Oman ORIX Leasing Company SAOG (associated undertaking) has a market value of Rs 1,374 million (2016: Rs 898.48 million) as disclosed in note 8.1.2 to these consolidated financial statements which falls under the level 1 valuation technique. However, this is carried under the equity method of accounting in the financial statements in accordance with the Group's accounting policy.

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

54 CAPITAL RISK MANAGEMENT

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

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

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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	2017	2016 (Restated)
	-----Rupees-----	
55 EARNINGS PER SHARE - basic and diluted		
Profit from continuing operations attributable to the ordinary equity holders of the Holding Company	924,265,575	757,876,692
Loss from discontinued operations for the year	-	(12,990,050)
Profit for the year after taxation	924,265,575	744,886,642
Weighted average number of ordinary shares	82,082,794	82,052,930
Profit attributable to the ordinary share holders of the Holding Company used in calculating basic earnings per share:		
- From continuing operations	821,672,924	757,731,160
- From discontinued operations	-	(12,990,050)
	821,672,924	744,741,110
Earnings per share - basic and diluted		
- From continuing operations	10.01	9.23
- From discontinued operations	-	(0.16)
- Total	10.01	9.07

55.1 Diluted earnings per share has not been presented separately as the Holding Company did not have any convertible instruments in issue at June 30, 2017 and June 30, 2016 which would have had any effect on the earnings per share had the option to convert been exercised.

56 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Holding Company in its meeting held on September 14, 2017 proposed a final dividend of Rs. 3.00 per share (2016: Rs 4.50 per share) for the year ended June 30, 2017, amounting to Rs. 417,637,257 (2016: Rs. 369,372,573). This appropriation will be approved by the members at the Annual General Meeting to be held on October 19, 2017. The consolidated financial statements for the year ended June 30, 2017 do not include the effect of the appropriation which will be accounted for in the consolidated financial statements of the Group for the year ending June 30, 2018.

The Holding Company has issued right shares amounting to Rs.1,999,536,875 subsequent to reporting date. The consolidated financial statements for the year ended June 30, 2017 do not include the effect of the right issue of shares which will be accounted for in the financial statements of the Group for the year ending June 30, 2018.

57 CORRESPONDING FIGURES

Corresponding figures have been reclassified, rearranged or additionally incorporated in these consolidated financial statements for the purposes of comparison and better presentation. There were no significant reclassifications / restatements to corresponding figures during the year except for the effects of the restatement as disclosed in note 3 to these consolidated financial statements.

58 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 14, 2017 by the Board of Directors of the Holding Company.

59 GENERAL

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


Shaheen Amin
Chief Executive Officer


Shahid Usman
Director


Maryam Aziz
Chief Financial Officer

PATTERN OF SHAREHOLDINGS

As at June 30, 2017

NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
1657	1	100	44782	0.055
691	101	500	195386	0.238
310	501	1000	254737	0.310
523	1001	5000	1273028	1.551
120	5001	10000	930099	1.133
67	10001	15000	805311	0.981
40	15001	20000	735198	0.896
29	20001	25000	690908	0.842
20	25001	30000	563745	0.687
10	30001	35000	330309	0.402
6	35001	40000	233545	0.285
2	40001	45000	86500	0.105
7	45001	50000	346500	0.422
3	50001	55000	154500	0.188
5	55001	60000	288335	0.351
3	60001	65000	191000	0.233
1	65001	70000	70000	0.085
1	70001	75000	75000	0.091
4	80001	85000	327434	0.399
1	85001	90000	90000	0.110
1	90001	95000	90119	0.110
6	95001	100000	598000	0.729
1	100001	105000	104500	0.127
1	105001	110000	106156	0.129
1	110001	115000	111000	0.135
4	115001	120000	464000	0.565
1	120001	125000	123000	0.150
1	130001	135000	132762	0.162
3	145001	150000	447000	0.545
1	150001	155000	150084	0.183
1	155001	160000	155109	0.189
2	160001	165000	326000	0.397
1	175001	180000	180000	0.219
1	185001	190000	185500	0.226
1	195001	200000	200000	0.244
1	200001	205000	205000	0.250
1	210001	215000	210500	0.256
1	245001	250000	250000	0.305
1	265001	270000	265457	0.323
1	285001	290000	288625	0.352
3	295001	300000	900000	1.097
1	330001	335000	335000	0.408
1	335001	340000	340000	0.414
2	360001	365000	722403	0.880
1	390001	395000	391790	0.477
1	400001	405000	401238	0.489
1	425001	430000	430000	0.524
1	435001	440000	439367	0.535
1	450001	455000	451047	0.550
1	475001	480000	477562	0.582
2	495001	500000	994853	1.212
1	500001	505000	503000	0.613
1	550001	555000	553500	0.674
1	565001	570000	570000	0.694
1	595001	600000	600000	0.731
1	700001	705000	702022	0.855
1	810001	815000	813000	0.991
1	815001	820000	818500	0.997
1	945001	950000	947000	1.154
1	1095001	1100000	1100000	1.340
1	1420001	1425000	1425000	1.736
1	1455001	1460000	1459500	1.778
1	4235001	4240000	4237290	5.162
1	4310001	4315000	4310902	5.252
1	5185001	5190000	5188852	6.322
1	40690001	40695000	40691839	49.574
3561			82082794	100

PATTERN OF SHAREHOLDINGS

As at June 30, 2017

Categories of Shareholders	Number of Shares Held	Category wise Numbers of Shareholders	Category wise Shares held	Percentage
Individual		3385	14,339,329	17.47%
Joint Stock Companies		43	9,928,349	12.10%
Directors, Chief Executive Officer and their Spouse and Minor Children				
Mr. Shahid Usman	20,500			
Mr. Hiroshi Nishio	575			
Mr. Harukazu Yamaguchi	575			
		3	21,650	0.03%
Executives		25	93,999	0.11%
Associated Companies, Undertaking and Related Parties				
ORIX Corporation		1	40,691,839	49.57%
Banks, DFIs, NBFCs, Insurance Companies, Takaful, Modarabas, Pension Funds and Mutual Funds		18	9,336,878	11.37%
NIT/ICP		1	360,080	0.44%
Foreign Investors		76	6,644,009	8.09%
Others		9	666,661	0.81%
Total		3,561	82,082,794	100%

Shareholders holding five percent or more voting rights

ABERDEEN ASIAN SMALLER COMPANIES INVESTMENT TRUST PLC	4,237,290	5.16%
STATE LIFE INSURANCE CORPORATION OF PAKISTAN	4,310,902	5.25%
ARIF HABIB LIMITED	5,188,852	6.32%
ORIX CORPORATION	40,691,839	49.57%
Total	54,428,883	66.31%

Trading in Shares by Directors During the Year 2016-17

By Directors

Name of Shareholders	Designation	Number of Shares	Acquire/Transfer
Mr. Hiroshi Nishio	Non-Executive Director	575	Acquire
Mr. Shaheen Amin	Chief Executive Officer	575	Transfer
Mr. Takehisa Kaneda*	Non-Executive Director	575	Acquire

* Resigned as Director on March 20, 2017

PARENT, SUBSIDIARIES AND ASSOCIATED COMPANIES ADDRESSES

PARENT COMPANY

ORIX CORPORATION

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

SUBSIDIARIES

ORIX Modaraba

(formerly Standard Chartered Modaraba)
Office 601, 6th Floor,
Syedna Tahir Saifuddin Memorial Trust Building
Civil Lines, Beaumont Road,
Karachi, Pakistan
Website: <https://orixmodaraba.com>

ORIX Services Pakistan (Private) Limited

(formerly Standard Chartered Services of Pakistan
(Private) Limited)
Office 601, 6th Floor,
Syedna Tahir Saifuddin Memorial Trust Building
Civil Lines, Beaumont Road,
Karachi, Pakistan

ASSOCIATED COMPANIES

Oman ORIX Leasing Company SAOG

2nd & 3rd Floor, Rumaila 106, Watayah,
P.O.Box 106, Postal code 118, Muscat
Sultanate of Oman
Tel:(968) 24661900
Fax:(968) 24565610,24567940
www.omanorix.com

ORIX Leasing Egypt SAE

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

Saudi ORIX Leasing Company

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

www.jamapunji.pk








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regulatory actions)
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*Mobile apps are also available for download for android and ios devices



I / We _____

of (full address) _____

being a Member of ORIX Leasing Pakistan Limited hereby appoint _____

of (full address) _____

or failing him / her _____

of (full address) _____

as my/our Proxy to attend and vote for me and on my behalf at the Thirty-First Annual General Meeting of the Company to be held on October 19, 2017 and at any adjournment thereof.

Signature this _____ Year 2017
(day) (date, month)

Please affix
revenue stamp

Signature of Member: _____

Folio Number: _____

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 the 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 his/her original Computerized National identity Card (CNIC) or Passport with him/her to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her CNIC or Passport. The representative of corporate entity, shall submit Board of Directors' resolution/power of attorney with specimen signature (unless it has been provided earlier) along with proxy form to the Company.



اوریکس لیزنگ پاکستان لمیٹڈ

پراکسی فارم

میں مسمیٰ / مسماۃ _____ ساکن _____
ضلع _____ بحیثیت ممبر اوریکس لیزنگ پاکستان لمیٹڈ، مسمیٰ / مسماۃ _____
ساکن _____ کو بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف
سے کمپنی کے اکتیسویں (31) سالانہ اجلاس عام جو بتاریخ 19 اکتوبر 2017 بروز جمعرات منعقد ہو رہا ہے، میں اور اس کے کسی
ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط کی تاریخ _____

ڈاک ٹکٹ منسلک کریں

دستخط اور کمپنی کی مہر

ممبر کے دستخط _____

فولیو نمبر _____

شیئروں کی تعداد _____

گواہوں کے دستخط اور پتے

۱.

۲.

نوٹ:

- ۱- اجلاس عام میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کے لئے اپنا پراکسی مقرر کر سکتا ہے پراکسی کا کمپنی کا ممبر ہونا ضروری ہے۔
- ۲- یہ فارم ممبر یا اس کے اٹارنی کی جانب سے جسے تحریری طور پر اتھارائزڈ کیا گیا ہو، کی جانب سے دستخط کیا جائے۔ اگر ممبر کوئی کارپوریشن ہے تو اس کی عام مہر موجود ہونی چاہیے۔
- ۳- پراکسی کی تقرری کے دستاویز پاور آف اٹارنی یا دیگر دستاویز جس کے تحت تقرری ہوئی یا پاور آف اٹارنی کی تصدیق شدہ کاپی اجلاس کے انعقاد سے کم از کم 48 گھنٹہ قبل جمع کرانی ہوگی۔
- ۴- سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو پراکسی فارم کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی۔ پراکسی 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 / پاور آف اٹارنی بمعہ نمونہ دستخط ہمراہ پراکسی فارم جمع کرانا ہونگے۔

GEOGRAPHICAL PRESENCE

Registered Office

Islamic Chamber of Commerce Building,
Ground Floor, ST-2/A, Block-9,
KDA Scheme No.5, Clifton, Karachi
Tel :021-3530 3560-64
Fax: 021-3530 3571

Korangi Office

Head Office

ORIX Building, Plot No.16, Sector No.24,
Korangi Industrial Area, Karachi
Tel: 021- 3514 4029-40
Fax: 021- 3514 4002, 3514 4020
UAN: 111 24 24 24
E-mail: oip@orixpakistan.com
Website: www.orixpakistan.com

Karachi

Plot #. 151-A, Shop No: 9 & 10, Datar
Arcade, P.E.C.H.S, Block-2, Karachi.
Tel: 021-35143752-5

Lahore

76-B. E-1, Main Boulevard,
Gulberg III, Lahore.
Tel: 042-35782586-93 UAN: 111 24 24 24

Thokar Niaz Baig

First Floor, 55th Avenue, Lalazar
Commercial Market, Raiwind Road,
Thokar Niaz Baig, Lahore.
Tel : 042-35963581-84

Islamabad

Ground Floor, State Life Building No. 5,
Nizamuddin Road,
Blue Area, Islamabad.
Tel:051-2822800-2, 2821706,
2821748, 2821960
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: 0543-543523-4, 602049
Fax: 0543-602048

Mirpur A.K.

1st Floor, Jarral Plaza, 63/F, Sector F-1,
Kotli Road, Mirpur, A.K.
Tel:05827- 434368, 451219
Fax:05827-432216

Faisalabad

3rd Floor, Sitara Towers
Bilal Chowk, Civil Lines, Faisalabad
Tel:041-2633926, 2633811-3
Fax 041-2633927
UAN: 111 24 24 24

Sargodha

A.R. Tower, Adjacent Q S International Hotel
University Road, Sargodha.
Tel:048-3729521, 3740091
Fax: 048-3729522

Sahiwal

Five Ways Chowk,
Stadium 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

Multan

Ground Floor, Trust Plaza, LMQ Road, Multan.
Tel:061- 4518431-3, 4518435-6
Fax: 061-4580321
UAN: 111 24 24 24

Rahim Yar Khan

20-21, Ground Floor, City Centre Plaza,
Shahi Road, Rahim Yar Khan.
Tel: 068- 588565, 5887617-8
Fax: 068-5887610

Bahawalpur

Ground Floor, Near Cantonment Office Board
Ahmed Pur East Road, Bahawalpur
Tel: 062-9255382, 9255494
Fax: 062-2886273

Sialkot

1st Floor, Ghoolam Kadir Arcade,
Aziz Shaheed Road, Sialkot Cantt.
Tel:052-4260616, 4260877
Fax: 052-4269548

Gujrat

Office No.1, First Floor, Empire Centre,
Opp. Small Industrial Estate Gate No, 1,
G.T. Road, Gujrat
Tel: 053-3515282, 3536953
Fax: 053-3536854

Gujranwala

76-ABC, Block - P, Trust Plaza,
G.T. Road, Gujranwala.
Tel: 055-3731021-22
Fax: 055-3250599

Peshawar

Ground Floor, State Life Building
The Mall, Peshawar.
Tel: 091- 5278647, 5279789, 5285541,
5285520
Fax: 091-5273389
UAN: 111 24 24 24

Abbottabad

Yousaf Jamal Plaza, Near HBL
Mansehra Road, Abbottabad.
Tel: 0992-343888, 343188
Fax: 0992-405886

Mingora

First Floor, Shahzad Plaza, Makan Bagh
Saidu Road, Mingora Swat
Tel: 0946-722620
Cell: 0300-5749249
Fax: 0946-722621

Hyderabad

First Floor, State Life Building,
Thandi Sarak, Hyderabad.
Tel: 022-2784143, 2720397
Fax: 022-2785388

Sukkur

Shop No. S-33 & 34, New City
Banglows, Shikarpur Road, Sukkur
Tel # 071-5807031-32

Micro Finance Offices

Kot Abdul Malik
11-K.M. Lahore, Main Sheikhpura Road,
Near Punjab Bank, Kot Abdul Malik,
Distt. Sheikhpura
Tel: 042-37340711

Jallo Morre

Opposite Sooter Mill Stop,
Kot Dhoni Chand, G.T
Road, Lahore.
Tel: 042-36522931

Sharqpur Sharif

Main Lahore Jaranwala Road,
Opposite Government Pilot High School
Sharqpur Sharif, District Sheikhpura
Cell 0307-4635510
Tel: 056-2590021

Morre Khunda

Opposite Pakistan Rice Mill,
Main Jaranwala Road,
Morre Khunda,
District Nankana Sahib
Tel: 0305-4004616

Pattoki

Faisal Colony, Road,
Near Post Office Pattoki
Tel:049-4422064

Chunian

W-1-370/26, Shop RH,
Cantt Road, Chunian.
Cell: 0345-4914073

Renala Khurd

Ghalla Mindi, Opp. Zaka Hospital,
Renala Khurd, Distt. Okara
Tel: 0442-635185

Manga Mandi

Main Multan Road, Madina Market,
Kalma Chowk, Manga Mandi
Tel: 042-35383864

Bhalwal

First Floor, Rehmat Plaza, Mandir Road,
Block No. 3, Bhalwal. District Sargodha
Tel: 048-6644448

Sahiwal

Main Circular Road,
Opposite Kashmiri Gate
Tehsil Sahiwal District, Sargodha.
Tel: 048-6785505

Sillanwali

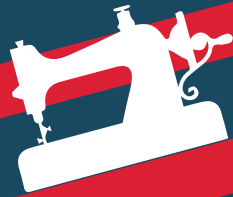
Chaudhary Akhter Market, 46 Adda Road,
Sillanwali, District Sargodha
Tel: 048-6532666

Shahpur

Khushab Road Shahpur Saddar
Near Bismillah Hotel, District Sargodha
Tel: 048-6310424



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ORIX Leasing Pakistan Limited
Plot No. 16, Sector No. 24,
Korangi Industrial Area,
Karachi-74900, Pakistan

