

Orix Leasing Pakistan Limited

Annual Report 1998

CONTENTS

COMPANY INFORMATION

ORIX CORPORATION, JAPAN - GROUP PROFILE

ASSOCIATED COMPANIES

FINANCIAL HIGHLIGHTS OF THE COMPANY

NOTICE OF MEETING

REPORT OF THE DIRECTORS

AUDITORS' REPORT

FINANCIAL STATEMENTS OF THE COMPANY

PATTERN OF SHAREHOLDING

ORIX GROUP DIRECTORY

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Yoshihiko Miyauchi	(alternate Mr. Takafumi Kanda)	Chairman
Mr. Shakirullah Durrani		Vice Chairman
Mr. Takashi Koizumi	(alternate Mr. Nagaaki Esaki)	
Mr. Takeshi Sato	(alternate Mr. Yuki Ohshima)	
Sayed Muzafar Ali Shah		
Mr. Shaheen Amin		
Mr. Mohammad Qamrul Haq		
Mr. Humayun Murad		Chief Executive

COMPANY SECRETARY

Mr. Ramon Alfrey - ACA

BANKERS AND LENDING INSTITUTIONS

Banks

ABN-AMRO Bank

Al-Faysal Investment Bank Limited

American Express Bank Limited

Allied Bank of Pakistan Limited

ANZ Grindlays Bank Limited

Citibank N.A.

Citicorp Investment Bank Pakistan Limited

Credit Agricole Indosuez

Crescent Investment Bank Limited

Deutsche Bank A.G.

Faysal Bank Limited

First International Investment Bank Limited

Habib Bank Limited

Muslim Commercial Bank Limited

Oman International Bank SAOG

Standard Chartered Bank

Societe Generale, The French and International Bank

The Bank of Tokyo - Mitsubishi Limited

United Bank Limited

DFIs AND LENDING INSTITUTIONS

Asian Development Bank

F. M. O., The Netherlands

International Bank for Reconstruction and Development

International Finance Corporation

Pakistan Kuwait Investment Company (Private) Limited

Saudi Pak Industrial & Agricultural Investment Company (Private) Limited

AUDITORS

Sidat Hyder Qamar Maqbool & Co., Chartered Accountants

LEGAL ADVISORS

Mansoor Ahmad Khan & Co.
Walker Martineau Saleem

REGISTRAR AND SHARE TRANSFER OFFICE

Noble Computer Services (Private) Limited
2nd Floor, Al-Manzoor Building,
Dr. Ziauddin Ahmed Road, Karachi.

REGISTERED OFFICE & HEAD OFFICE

Overseas Investors Chamber of Commerce Building,
Talpur Road, Karachi-74000
Tel: 2426020-9 Fax: 2425897
E-mail: olp@orix-pak.com

BRANCH OFFICES AT

Lahore

State Life Building, Sir Aga Khan III Road (Davis Road), Lahore-54000.
Tel: 6369946, 6301527, 6302620, 6304258, 6301866 and 6302897
Fax: 6305024

Faisalabad

2nd Floor, Sitara Towers, Bilal Chowk, Civil Lines, Faisalabad.
Tel: 633926 and 633811-3 Fax: 633927

Sialkot

1st Floor, Goolam Kadir Arcade, Aziz Shaheed Road, Sialkot Cantt.
Tel: 260767, 260616 and 260877
Fax: 269548

Peshawar

1st Floor, State Life Building, The Mall, Peshawar.
Tel: 279789 and 278647
Fax: 273389

Universal Access Number (UAN): 111-24 24 24

ORIX CORPORATION, JAPAN - GROUP PROFILE

ORIX Corporation is Japan's leading diversified financial services company. Since establishment in April 1964, the company has played a pioneering role in introducing leasing services not only in Japan, but also in 21 countries overseas. ORIX dominates the Japanese leasing industry with a total asset base of US\$ 41.8 billion. ORIX emphasizes innovation in products and services and greater geographical diversification to keep ahead of market requirements and ensure corporate development.

BUSINESS OPERATIONS

The Company's operations encompass a comprehensive range of advanced financial services which include direct leases, installment loans, rentals, securities brokerage, venture capital, futures and option trading, commodities funds, life insurance and real estate related activities. Japan has been facing a recessionary trend in recent years and in response to the changing economic scenario, ORIX has worked to enhance its profitability by continuing to expand its marketing network, strengthen its customer base and increase its level of specialization in areas of expertise. Greater emphasis is being placed on Operating lease of transportation equipment including aircrafts, automobiles and marine vessels. ORIX currently has a fleet of three Boeing 737 and 23 Airbus 320 medium range aircrafts. In addition to its own fleet, ORIX remains one of the major players in aircraft financing.

ORIX is expanding its marketing activities to individuals while maintaining its corporate operations. In September 1997, ORIX introduced a new range of directly marketed life insurance, known as "ORIX Direct", which is targeted towards individual customers. ORIX also established a "Personal Financial Services" team to promote development of ORIX's personal financial services. In April 1998, ORIX acquired Yamaichi Trust and Bank Ltd. for broadening the ORIX Group's range of financial services further and equipping it with settlement and trust banking capabilities.

INTERNATIONAL NETWORK OF ORIX

ORIX Corporation has spread through wholly owned subsidiaries and joint investment with financial institutions and other business interest overseas. At present, the network covers 21 countries and comprises of 45 companies. There are 16 wholly owned subsidiaries outside Japan, which are located in USA, UK, Ireland, Hong Kong, Singapore, Taiwan, Australia, and New Zealand. Recent additions to the network are Banc One Mortgage Capital Markets, LLC, a joint venture of ORIX and BANC ONE CORP, which is engaged in securitization and servicing of loans secured by commercial property. In 1997, ORIX also established a wholly owned specialist automobile lessor in Brazil by the name of ORIX Auto Locadora Ltda. A recent inclusion in the ORIX Group of Australia is "Ranger Truck Rental and Leasing Pty. Ltd", a truck rental concern.

FINANCIAL HIGHLIGHTS**ORIX Group, Japan****(For the year ended March 31)**

	Japanese Yen (millions)		Translation into U.S. Dollars (thousands)	
	1998	1997	1998	1997
Total Revenues	489,015	411,343	3,668,805	3,086,770
Income before taxes	38,412	36,889	288,184	276,820
Net Income	23,731	19,044	178,040	142,908
Shareholders' Investment	313,821	308,584	2,354,423	2,315,653
Total Assets	5,574,309	5,089,975	41,820,909	38,195,820

Note: The dollar amounts above represent translations of Japanese Yen at an exchange rate of ¥133.29 to US \$1.

ORIX'S PRINCIPAL ACTIVITIES**DIRECT FINANCING LEASES**

Information-Related and Office Equipment	Automobiles
Industrial Equipment	Marine Vessels
Construction and Civil Engineering Machinery	Aircraft
Commercial Services Equipment	

OPERATING LEASES

Measuring and Analytical Equipment	Aircraft
Information-Related Equipment	Real Estate
Automobiles	Marine Vessels

INSTALLMENT LOANS

Corporate Finance	Housing Loans
Card Loans	

OTHER OPERATIONS

Life Insurance	Real Estate Development & Brokering
Securities Brokerage	Leisure Facility & Golf Course Management
Trust Banking	Training Facilities Management
Securities Investment	Hotel Management
Venture Capital Investment	Commodities Funds
Futures and Options Trading	Professional Baseball Team
Insurance Agency Services	Environmental Services
Ship Management	Computer Software Development

ASSOCIATED COMPANIES**OVERSEAS JOINT VENTURES****1. Oman ORIX Leasing Company SAOG (OOL)**

Established in September 1994, OOL provides lease financing services for moveable assets such as motor cars, equipment for construction, earth moving, transportation and information

technology and plant and machinery. Lessees include individuals, small and medium sized companies and large subcontractors operating in various industrial sectors. ORIX Leasing Pakistan Limited (OLP) holds 20% of OOL's equity and provides management support.

For the year ended December 1997, OOL's profit before tax increased to Rial Omani (RO) 355,833 (Pak Rs. 41.72 million) over last year's RO 230,576 (Pak Rs. 27.03 million) and declared a cash dividend of 10%. Gross lease receivables stood at RO 13 million (Pak Rs. 1.5 billion) as compared to RO 8.8 million (Pak Rs. 1 billion) at the end of the previous year. OOL continues to grow rapidly and for the half year ended June 30, 1998 profit before tax rose to RO 260,096 (Pak Rs. 30.5 million) from RO 142,581 (Pak Rs. 16.7 million) in the comparative period last year.

The Company's business focus is to concentrate on leasing and hire purchase financing. OOL has also started operating leases on a limited scale. The market in Oman offers good opportunity with an expected GDP growth rate of 5% and commencement of various large projects relating to production of petrochemicals, fertilizers and wastewater.

2. ORIX Leasing Egypt SAE (OLE)

Following the success of OOL in Oman, ORIX Corporation and OLP established their second joint venture leasing company in the Middle Eastern Region in Egypt. OLP holds 23% of OLE's capital and provides management support. The company was incorporated in June 1997, with a paid up capital of Egyptian Pounds 20 million and is a pioneer of the leasing industry in Egypt.

OLE became profitable in its first six months of operations. The company pursues a policy of targeting small and medium sized enterprises and disbursements are mainly for manufacturing related equipment. Potential for leasing in Egypt is bright as the government is eager to promote industries in a fast expanding economy and medium-term credit is scarce.

JOINT VENTURE IN PAKISTAN

ORIX Investment Bank Pakistan Limited (OIB)

OIB is a joint venture sponsored by ORIX Corporation, Japan, International Finance Corporation, Asian Finance and Investment Corporation (an affiliate of Asian Development Bank) and other major financial institutions in Pakistan. The Bank is primarily engaged in providing a range of investment banking products which include corporate advisory services, project packaging, structuring and placement of capital market debt products, issuance and discounting of bankers acceptance and treasury operations. As at December 31, 1997, OIB had a total asset base of Rs. 1.3 billion and a networth of Rs. 211 million while deposits stood at Rs. 707 million.

FINANCIAL HIGHLIGHTS OF THE COMPANY AS AT JUNE 30, 1998

(Rupees in thousands)

	1994	1995	1996	1997	1998
Gross lease receivables	2,406,518	3,535,871	4,752,997	5,281,276	5,017,030
Total lease disbursements	1,051,872	1,559,699	1,957,318	1,725,997	1,473,827
Rents received	778,342	1,040,187	1,446,490	1,596,027	1,897,277
Gross income	320,943	466,777	656,982	782,225	839,083
Profit before tax	60,578	112,983	166,536	157,097	133,894
Shareholders' equity	197,412	570,505	685,872	749,188	820,859
Earning per share (in Rs.)	7.33	6.61	9.22	8.20	6.45
Dividends:					
Cash	20%	35%	45%	45%	20%
Bonus	10%	0%	0%	0%	25%
Total	30%	35%	45%	45%	45%

NOTICE OF MEETING

Notice is hereby given that the twelfth Annual General Meeting of the Company will be held at Overseas Investors Chamber of Commerce Building, Talpur Road, Karachi on Thursday, November 12, 1998 at 9:00 am to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited accounts together with the Directors' and Auditors' Report for the year ended June 30, 1998.
2. To approve the payment of cash dividend to the Shareholders at the rate of Rs. 2/- per share of Rs. 10/- each for the year ended June 30, 1998.
3. To appoint Auditors and fix their remuneration. The present Auditors Messrs. Sidat Hyder Qamar Maqbool & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

4. To consider and if approved, pass the following resolution:

"Resolved:

i) That a sum of Rs. 40,277,380/- be capitalised out of the free reserves of the Company and applied for the issue of 4,027,738 ordinary shares of Rs. 10/- each and allotted as fully paid up bonus shares to the members of the Company, who are registered in the books of the Company as at the close of business on November 4, 1998, in the proportion of two shares for every eight shares held and that such new shares shall rank pari-passu with existing ordinary shares of the Company but shall not be eligible for dividend in respect of the year ended June 30, 1998.

ii) Further resolved that in the event of any member holding shares which are not an exact multiple of eight, the Directors be and are hereby authorised to consolidate all such fractions of bonus shares and sell them in the market and distribute the net proceeds amongst the Shareholders in proportion to their respective entitlement."

5. To transact any other business with permission of the Chair.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984.

The Directors are of the view that the Company's financial position justifies the capitalisation of Rs. 40,277,380/- from unappropriated profits and reserves of the Company to enable a bonus issue in proportion of two shares for every eight shares held.

Notes:

- i) The Register of Members of the Company will be closed from November 5, 1998 to November 12, 1998 (both days inclusive). Dividend will be paid to those Shareholders whose names appear on the Register of Members as at the close of business on November 4, 1998.
- ii) 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 behalf. A proxy need not be a Member of the Company.
- iii) 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 meeting. A form of proxy is enclosed. Shareholders are requested to notify any change of address immediately.

REPORT OF THE DIRECTORS

The Directors are pleased to present the twelfth Annual Report together with the audited accounts of the Company for the year ended June 30, 1998.

FINANCIAL RESULTS

	Rupees
Net profit for the year after charging all expenses, including allowance for potential lease losses:	133,893,569
Less: Taxation	30,000,000

	103,893,569
Unappropriated profit brought forward	4,643,293

	108,536,862
Appropriations:	
Transfer to General Reserve	30,000,000
Transfer to reserve for issue of bonus shares	40,277,380
Cash Dividend	32,221,906

	102,499,286

Unappropriated profit carried forward	6,037,576

DIVIDEND

The Directors recommend a cash dividend of 20% (1997: 45%) and a bonus issue of two shares for every eight shares held.

REVIEW OF OPERATIONS

The past twelve months saw economic turmoil develop in East Asia and affect many countries in the region. In Pakistan the expected turnaround in the economy did not materialise and problems compounded in the aftermath of nuclear tests in May 1998. The combined effect of deteriorating international and domestic economic conditions eroded business confidence in the Country and consequently investment in industries declined.

The business growth achieved by your Company in the first half of the year was not sustained in the second half and total volume of new leases for the year amounted to Rs. 1.47 billion, lower by 15% from the corresponding figure of 1997. New rent receivables of Rs. 2.0 billion were added in comparison to Rs. 2.5 billion in the previous year. Lease income showed a moderate increase of 3.5% to Rs. 714 million. Shrinking volume, narrowing margins and a sharp increase in finance costs resulted in a 15% fall in profit before tax of Rs. 133.9 million (1997: Rs. 157 million). Consequently, earnings per share reduced from Rs. 8.20 last year to Rs. 6.45. The profit for the year includes dividend income of Rs. 4.7 million received from Oman ORIX Leasing Company SAOG, an associated Company.

Financial charges increased by 13% to Rs. 537 million reflecting higher cost of new loans which replaced old borrowings. Selling, general and administrative expenses were higher by 15% at Rs. 115 million mainly due to inflationary impact. General provision for potential bad leases is a safeguard against future unforeseen losses. The charge for the year is Rs. 28.1 million and the total accumulated provision represents 3.85% of the net exposure on rent receivables. Despite the weak business conditions in which receipts of lease rents slowed in some cases, the Company received Rs. 1.9 billion in rent recoveries against Rs. 1.6 billion last year.

Demand for industrial machinery continued to decline and accounted for 30% of the total lease disbursements. Motor cars and commercial vehicles share rose to 61% and the balance was utilised for computer and office equipment leases. Instalment loans under consumer finance maintained their share of business and the Company commenced short-term rentals of equipment under operating lease contracts. Financial assistance was provided to 1,022 businesses, majority of which were small and medium sized enterprises, which represent the core customer base of the Company. The lease portfolio of Rs. 5.0 billion is well balanced and the highest exposure to any sector is 18 %.

FUNDING

The Company continues to have adequate funding commitments to meet its business requirements. New medium-term loans of Rs. 440 million were obtained during the year from domestic financial institutions and banks.

At the last AGM, shareholders had agreed to a TFC issue of Rs. 410 million with attached share warrants exchangeable with 4.1 million shares at Rs. 45 each. In March 1998 tax exemptions on TFCs available to institutional investors were withdrawn. Simultaneously, the sharp decline of the stock market also affected the Company's share price which fell below the offer price of Rs. 45 for the proposed share warrants. In view of the market realities, the Board of Directors decided to defer the TFC issue. Since the need to increase capital to a minimum of Rs. 200 million is met by the proposal to issue Bonus shares, the Directors do not contemplate issuing share warrants with future issues of TFCs.

Loans from multilateral lending institutions have been the main source of the Company's

funding due to the advantage of medium to long-term repayment periods and fixed rates of funding costs. The Company has an excellent record with major multilateral institutions and hopes to continue this relationship on a long-term basis. In the aftermath of the economic sanctions imposed on the Country, remittance of foreign currency payments has been restricted. At the time of writing this Report, two installments due to an international institution could not be remitted due to lack of permission for payment in foreign currency. To fulfill its obligation, the Company has deposited the equivalent amount in Rupees in a segregated account pending official permission, which is expected in the near future.

CREDIT RATING

The Pakistan Credit Rating Agency (PACRA) maintained the Company's credit rating of A1+ and A1 for short and long term debt based on the results for the year to June 30, 1997. The Company continues to enjoy the highest rating for both categories in the leasing sector.

ASSOCIATED COMPANIES

Oman ORIX Leasing Company SAOG (OOL) in which your Company holds 20% equity and provides management support, declared improved results for the year ended December 31, 1997 with profit for the year increasing from Rial Omani 230,576 (Rs. 27 million) in 1996 to Rial Omani 355,833 (Rs. 41.7 million). The Company has total assets of Rial Omani 13,126,933 (Rs. 1.5 billion) and enhanced the dividend from 7.5% to 10% for 1997. Business conditions in Oman are good and OOL is expanding at a robust pace.

ORIX Leasing Egypt (OLE) started operations in November 1997. Your Company holds 23% of OLE's equity and provides management support. OLE has established a good business base and results to date are satisfactory. The Egyptian economy is performing well and OLE is well placed to avail business opportunities which will increase as the concept of leasing, which is new in Egypt, becomes familiar.

ORIX Investment Bank Pakistan Limited (OLD) earned a profit before tax of Rs. 7.1 million in its half year of operations to December 31, 1997 and the bank continues to concentrate on maintaining a high quality loan portfolio while seeking to improve fee based income from advisory services. As experienced by other financial institutions in Pakistan, OIB's business is also impacted by the slow economic conditions prevailing in the Country.

FUTURE PROSPECTS

The future economic conditions remain unclear at present and your Company's strategy will be to maintain business at existing levels while ensuring that it has sufficient funding to meet increased demand in the event of a turnaround in the economy. The newly introduced operating lease business together with the Company's existing consumer finance operations will help to mitigate stagnation to some extent in the core business of finance leasing.

The Company continues to explore opportunities for investment in the Middle East region through joint ventures in countries where leasing has good prospects.

DIRECTORS

Mr. Rauf Ahmad Shamsi, a founding shareholder and Director of the Company expired on October 24, 1997. The late Mr. Shamsi had made an invaluable contribution to the Company's development since inception and his wisdom and guidance will be missed by the Company.

Mr. Shaheen Amin, General Manager Oman ORIX Leasing Company SAOG, has filled the vacancy created by the passing away of Mr. Shamsi. Sayed Muzafar Ali Shah, Chairman of State Life Insurance Corporation (SLIC) succeeded Mr. Muizuddin Ahmed on the Board due to the latter's transfer from SLIC. Mr. Yoshiaki Ishida, Deputy President, ORIX Corporation of Japan relinquished his seat on the Board in favour of Mr. Takashi Koizumi, Managing Director of International Operations of ORIX Corporation. Mr. Mohammad Aslam, Chief Executive of ORIX Investment Bank Pakistan Limited and a Director of the Company, has been transferred to an ORIX Group Company abroad. Mr. Mohammad Qamrul Haq, General Manager of the Company incharge of Marketing, has been appointed Director to fill the vacancy created by Mr. Aslam's transfer.

The Directors place on record their appreciation of the services of Mr. Yoshiaki Ishida, Mr. Muizuddin Ahmad and Mr. Mohammad Aslam and welcome Mr. Takashi Koizumi, Sayed Muzafar Ali Shah, Mr. Shaheen Amin and Mr. Mohammad Qamrul Haq on the Board.

HOLDING COMPANY

The Company is a subsidiary of ORIX Corporation which is incorporated in Japan.

STAFF

The Board places on record its appreciation of the performance of all staff members. Their professionalism and dedication remains a source of strength and pride for the Company.

AUDITORS

The present auditors, Sidat Hyder Qamar Maqbool and Company, retire and being eligible offer themselves for re-appointment.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 1998 is shown on page 36.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of ORIX Leasing Pakistan Limited as at June 30, 1998 and the related profit and loss account and statement of changes in financial position, 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 and, after due verification thereof, we report that:

a) in our opinion, proper books of account 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 account 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 and statement of changes in financial position, together with the notes forming part thereof, 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, 1998 and of the profit and the changes in financial position for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

FINANCIAL STATEMENTS OF THE COMPANY

BALANCE SHEET

PROFIT AND LOSS ACCOUNT

STATEMENT OF CHANGES IN FINANCIAL POSITION

NOTES TO THE ACCOUNTS

BALANCE SHEET AS AT JUNE 30, 1998

	NOTE	1998	1997
ASSETS			
Fixed assets - tangible			
Operating Assets	3.1	39,329,690	42,382,782

Operating Lease Assets	3.2	45,883,264	--
Investment in leases and installment loans:			
Installment contract receivables		5,017,030,464	5,281,275,767
Unearned Income		(853,542,773)	(1,046,963,897)
		-----	-----
Net investment in leases and installment loans		4,163,487,691	4,234,311,870
Less: Current portion of net investment in leases and installment loans		1,854,335,260	1,608,403,121
		-----	-----
		2,309,152,431	2,625,908,749
Long term investments	4	126,412,619	126,412,619
Long term loans	5	23,626,007	20,442,058
Long term deposits, prepayments and deferred costs	6	30,050,611	38,764,049
Current assets	7	2,192,042,422	1,834,256,457
		-----	-----
	Rupees	4,766,497,044	4,688,166,714
		=====	=====

SHARE CAPITAL AND LIABILITIES

Share capital and reserves			
Authorised			
25,000,000 Ordinary shares of Rs. 10/- each		250,000,000	250,000,000
		=====	=====
Issued, subscribed and paid up	8	161,109,530	161,109,530
		-----	-----
Share premium		287,216,909	287,216,909
Reserve for issue of bonus shares		40,277,380	--
General reserve	9	326,218,010	296,218,010
Unappropriated profit		6,037,576	4,643,293
		-----	-----
		659,749,875	588,078,212
		-----	-----
Shareholders' equity		820,859,405	749,187,742
Allowance for potential lease and installment loan losses		132,568,444	132,010,054
Redeemable capital		--	1,806,797
Long term loans	10	1,699,670,218	1,946,292,015
Long term certificates of investment	11	7,378,238	6,944,486
Deferred liability - gratuity		10,604,575	7,656,911
Long term advances and deposits	12	576,215,899	505,553,024
Current liabilities	13	1,519,200,265	1,338,715,685
Contingencies and commitments	14	--	--
		-----	-----
	Rupees	4,766,497,044	4,688,166,714
		=====	=====

AUDITORS' REPORT ANNEXED

The annexed notes form an integral part of these accounts.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1998

	NOTE	1998	1997
Income from:			
Finance lease	15	713,931,367	690,297,653
Installment loans		43,516,669	43,204,436
Operating lease		9,104,378	--
Others	16	72,530,240	48,723,230
		-----	-----
		839,082,654	782,225,319
Less:			
Finance and bank charges	17	536,988,511	474,359,882
Selling, general and administrative expenses	18	115,171,699	99,736,283
Direct cost of leases			

Finance lease and installment loans	19.1	21,635,198	15,864,257
Operating lease	19.2	3,276,437	--
Allowance for potential lease losses		28,117,240	35,167,990
		-----	-----
		705,189,085	625,128,412
		-----	-----
Operating profit		133,893,569	157,096,907
Provision for taxation	22	30,000,000	25,000,000
		-----	-----
Profit for the year		103,893,569	132,096,907
Unappropriated profit brought forward		4,643,293	10,045,675
		-----	-----
		108,536,862	142,142,582
APPROPRIATIONS:			
Transfer to:			
General reserve		30,000,000	65,000,000
Reserve for issue of bonus shares		40,277,380	--
Proposed dividend @ 20% (1997: @45%)		32,221,906	72,499,289
		-----	-----
		102,499,286	137,499,289
		-----	-----
Unappropriated profit carried forward	Rupees	6,037,576	4,643,293
		=====	=====
Earning per share - Basic and Diluted	23	6.45	8.20
		=====	=====

The annexed notes form an integral part of these accounts.

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED JUNE 30, 1998

	1998	1997
CASHFLOWS FROM OPERATING ACTIVITIES		
Profit for the year	133,893,569	157,096,907
Add: Adjustment to reconcile profit to net cash provided by operating activities		
Depreciation and amortisation	31,781,829	27,145,716
Allowance for potential lease losses - net	558,390	7,452,837
Provision for staff retirement benefits - net	2,947,664	2,373,141
Provision for mark up on long term finance	533,574	21,711,137
Gain on sale of fixed assets	(1,052,557)	(446,650)
	-----	-----
Net cash provided by operating activities	168,682,469	215,333,088
Increase in current assets	(38,098,908)	(35,257,901)
Increase in current liabilities	3,884,829	21,335,483
	-----	-----
Net cash from operating activities	134,448,390	201,410,670
CASHFLOWS FROM INVESTING ACTIVITIES		
Investment in leases - net	70,824,179	(451,841,950)
Investments	12,500,000	(39,300,347)
Capital expenditure	(59,168,546)	(18,070,307)
Long term loans and advances - net	(3,375,143)	(2,808,024)
Proceeds from sale of fixed assets	3,729,941	1,802,856
	-----	-----
Net cash generated from/(used in) investing activities	24,510,431	(510,217,772)
CASHFLOWS FROM FINANCING ACTIVITIES		
Long term loans	657,786,970	1,035,382,130
Short term loans and running finance	(235,085,656)	(219,297,966)
Certificates of investment	145,332,777	55,169,163
Deposits from lessees - net	114,025,574	117,643,687
Repayment of redeemable capital and mark up	(19,902,976)	(156,087,264)

Repayment of long term loans	(653,145,097)	(373,214,270)
Long term deposits, prepayments and deferred costs	(9,407,401)	(30,875,886)
Payment of dividend	(72,499,289)	(68,781,279)
	-----	-----
Net cash (used in)/generated from financing activities	(72,895,098)	359,938,315
	-----	-----
Net increase in cash activities	86,063,723	51,131,213
Cash and bank balances at beginning of the year	125,087,479	73,956,266
	-----	-----
Cash and bank balances at end of the year	211,151,202	125,087,479
	=====	=====

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 1998

1. LEGAL STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan as a private limited company on July 1, 1986 and was converted into a public limited company on December 23, 1987. The Company is listed on Karachi, Lahore and Islamabad Stock Exchanges. The main business activity is leasing of moveable assets.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These financial statements have been prepared under the historical cost convention.

2.2 Revenue Recognition

2.2.1 Finance lease and installment loans

The Company follows the "financing method" in accounting for recognition of lease and installment loan income.

At the commencement of a lease, the total unearned lease income consists of the excess of aggregate lease contract receivables over the cost of the leased equipment. At the time a lease is executed, a portion of unearned lease income which approximates the initial costs directly associated with negotiating and consummating the lease plus an amount equal to the allowance for potential lease losses is taken into income. The remainder of the unearned lease income is taken into income over the term of the lease, starting with the month in which the lease is executed, so as to produce a systematic return on the net investment in the lease.

2.2.2 Operating lease

Rental income from assets given on operating lease is recognised on accrual basis over the lease period.

2.3 Allowance for potential lease losses

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

2.4 Tangible fixed assets and depreciation

2.4.1 Operating assets - own use

Fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to income applying straight line method, whereby cost of an asset is written off over its estimated useful life. In respect of additions and deletions of assets during the year, depreciation is charged from the month of acquisition and upto the month preceding the deletion respectively.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gains and losses on disposal of assets, if any, are included in income currently.

2.4.2 Operating lease assets

Assets leased out are stated at cost less accumulated amortisation. Amortisation is charged to income applying annuity method whereby the depreciable values of assets are amortised over the estimated useful life.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gains and losses on disposal of assets, if any, are included in income currently.

2.5 Long term investments

These are stated at cost. Return on investment is recognised at rates specified in the respective investment schemes and accrued for the period. Income is recognised on the assumption that such investments will be held till the terminal date.

Investment in associated companies is stated at cost. Provision for diminution in value of investments other than temporary, if any, is made in income in the year of occurrence.

Dividend income is recognised when the right to receive the dividend is established.

2.6 Deferred costs

2.6.1 Loans

Loan originating costs, front end fee and documentation costs are amortised over the loan period or five years, whichever is shorter.

2.6.2 Project development costs

Expenditure incurred in connection with development of various projects and joint ventures are classified as project development costs and upon completion of such projects or joint ventures are amortised over a period of five years.

2.7 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering all its permanent employees who have completed the minimum qualifying period of six months.

2.8 Foreign currencies

Transactions in foreign currencies are accounted for in rupees at the rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the balance sheet date. Realised and unrealised exchange gains and losses are dealt with in the profit and loss account. Foreign currency loans registered under Exchange Risk Coverage Scheme of the State Bank of Pakistan (SBP) are translated into rupees at the rate prevailing on the date of disbursement.

2.9 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has the legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Taxation

2.10.1 Current

Income for the purposes of computing current taxation is determined under the provisions of tax law whereby lease rentals received or receivable by the Company are deemed to be income. Provision for taxation is thus based on income determined in accordance with the accounting policy explained in Note 2.2 and adjusted in accordance with the requirements of the tax law.

2.10.2 Deferred

The Company accounts for deferred taxation using the liability method on timing differences arising from using the different methods in the recognition of lease income for tax purposes and accounting purposes as well as for all other significant timing differences. However, deferred tax is not provided if it can be established that timing differences will not reverse in the foreseeable future.

3. FIXED ASSETS-tangible

3.1 Operating assets

Cost at July 1, 1997	Additions/ (Deletions)/ (Transfer)*	Cost at June 30, 1998	Accumulated depreciation at June 30, 1998	Book value at June 30, 1998	Depreciation For the year	Rate (%)
-------------------------	---	--------------------------	---	-----------------------------------	---------------------------------	-------------

Leasehold improvements	12,917,296	2,092,900	15,010,196	10,933,214	4,076,982	1,734,993	15
Furniture and office equipment	24,568,800	5,419,592 (214,605)	29,773,787	14,670,435	15,103,352	3,640,225	15
Motor vehicles	39,143,210	6,970,854 (5,383,840) (2,902,050) *	37,828,174	17,678,818	20,149,356	6,895,082	20
Rupees	76,629,306	14,483,346 (5,598,445) (2,902,050) *	82,612,157	43,282,467	39,329,690	12,270,300	
1997-Rupees	61,972,503	18,070,307 (3,413,504)	76,629,306	34,246,524	42,382,782	11,057,559	

* Represents assets transferred to operating lease assets during the year.

3.1.1 Movement of accumulated depreciation during the year:

	Accumulated depreciation as at July 1, 1997	Depreciation charged during the year	Adjustment on disposal/ transfer during the year	Accumulated depreciation as at June 30, 1998
Leasehold improvements	9,198,221	1,734,993	--	10,933,214
Furniture and office equipment	11,189,923	3,640,225	159,713	14,670,435
Motor vehicles	13,858,380	6,895,082	3,074,644	17,678,818
Rupees	34,246,524	12,270,300	3,234,357	43,282,467
1997 - Rupees	25,246,263	11,057,559	2,057,298	34,246,524

3.1.2 Assets deleted during the year:

Description	Cost	Accumulated depreciation	Book Value	Sale Proceeds	Mode of Disposal	Sold to
Suzuki Mehran	215,575	168,871	46,704	46,704	Company Policy	Shafiq-ur-Rehman(Employee)
Suzuki Mehran	304,000	15,200	288,800	290,000	Ins. Claim	Adamjee Insurance Co. Ltd
Suzuki Mehran	315,000	63,000	252,000	290,000	Ins. Claim	Adamjee Insurance Co. Ltd
Suzuki Mehran	315,000	42,000	273,000	290,000	Ins. Claim	Adamjee Insurance Co. Ltd
Suzuki Mehran	197,100	151,110	45,990	45,990	Company Policy	Wasim Khan (Employee)
Suzuki Mehran	223,125	137,603	85,522	85,522	Company Policy	Samiullah Durrani (Employee)
Suzuki Mehran	290,000	9,667	280,333	290,000	Ins. Claim	Adamjee Insurance Co. Ltd
Suzuki Alto	160,075	160,074	1	87,000	Negotiation	S.A.A. Qidwai
Suzuki Alto	149,220	149,219	1	105,000	Negotiation	Syed Shahid Hussain.
Suzuki Alto	147,220	147,219	1	98,000	Negotiation	Khurshed Begum
Suzuki Mehran	150,835	150,834	1	140,000	Negotiation	Abdul Majid
Suzuki Mehran	290,000	9,667	280,333	290,000	Ins. Claim	Adamjee Insurance Co. Ltd
Toyota Corolla	284,950	227,952	56,998	58,553	Company Policy	Imtiaz Ali (Employee)
Suzuki Mehran	198,020	184,819	13,201	135,000	Negotiation	Qaiser Jaweed
Suzuki Khyber	317,200	200,906	116,294	134,717	Company Policy	M. Sharqat Pervaiz (Employee)
Honda Civic	615,000	276,750	338,250	417,000	Negotiation	Fazl-e-Ghani Mian
Suzuki Mehran	148,070	148,069	1	137,000	Negotiation	A. Waheed Khan
Suzuki Mehran	247,700	156,864	90,836	93,772	Company Policy	Sadia Usman (Employee)
Suzuki [Mehran	290,000	33,833	256,167	280,000	Ins. Claim	Adamjee Insurance Co. Ltd
Suzuki Mehran	210,250	196,233	14,017	93,000	Negotiation	Syed Sajid
Suzuki Mehran	315,500	131,458	184,042	240,000	Ins. Claim	Adamjee Insurance Co. Ltd
Panasonic						

Mobile Phone	40,925	34,786	6,139	1,000	Negotiation	Jawaid Electronics
Panasonic						
Mobile Phone	40,925	37,856	3,069	1,500	Negotiation	Faisal Mahmood Malik
PABX	43,145	43,144	1	9,000	Ins. Claim	Adamjee Insurance Co. Ltd
Computer	36,000	31,500	4,500	30,000	Ins. Claim	EFU General Insurance Co. Ltd.
Electrical appliances	29,110	6,914	22,196	22,196	Company Policy	Gerard Vaaz (Employee)
Electrical appliances	24,500	5,513	18,987	18,987	Company Policy	Ahmed H. Madina (Employee)
Rupees	5,598,445	2,921,061	2,677,384	3,729,941		

3.2 Operating lease assets

	Cost at July 1, 1997	Additions/ (Deletions)/ (Transfer)*	Cost at June 30, 1998	Accumulated amortisation at June 30, 1998	Book value at June 30, 1998	Amortisation for the year
Machinery and Equipment	--	30,528,200	30,528,200	516,260	30,011,940	516,260
Office equipment	--	385,000	385,000	20,263	364,737	20,263
Motor vehicles	--	13,772,000 2,902,050*	16,674,050	1,167,463	15,506,587	854,167
Rupees	--	44,685,200	47,587,250 2,902,050*	1,703,986	45,883,264	1,390,690

3.2.1 Movement of accumulated amortisation during the year:

	Accumulated amortisation as at July 1, 1997	Amortisation charged during the year	Transfer *	Accumulated amortisation as at June 30, 1998
Machinery and Equipment	--	516,260	--	516,260
Office equipment	--	20,263	--	20,263
Motor vehicles	--	854,167	313,296	1,167,463
Rupees	--	1,390,690	313,296	1,703,986

* Represents assets transferred from operating assets during the year.

	NOTE	1998	1997
4. LONG TERM INVESTMENTS - at cost			
Federal Investment Bonds	4.1	7,915,000	7,915,000
In associated companies			
- Quoted	4.2	63,974,052	63,974,052
- Unquoted	4.3	54,523,567	54,523,567
		118,497,619	118,497,619
Rupees		126,412,619	126,412,619

4.1 Represents investment made in Government Securities as required under the relevant provision of the State Bank of Pakistan's Rules for Non-Bank Financial Institutions to maintain liquidity against certain liabilities. The securities are redeemable within a period of six months (included in short term investments as per note 7) to ten years and earn mark up varying from 15% per annum to 15.64% per annum receivable half yearly from the date of issue.

4.2 Quoted

Name of associated company	Equity held (%)	No. of shares held	Currency of investment	Cost price per share	Cost of investment as at June 30, 1998	Cost of investment as at June 30, 1998	Market value of investment as at June 30, 1998
Oman ORIX Leasing Company SAOG	20	400,000	Rial Omani	RO 1 each	RO 400,000	33,974,052	135,521,688
ORIX Investment Bank Pakistan Limited	15	3,000,000	Pak Rupees	Rs. 10 each	Rs. 30,000,000	30,000,000	13,500,000
					Rupees	63,974,052	149,021,688

4.3 Unquoted

Name of associated company	Equity held (%)	No. of shares held	Currency of investment	Cost price per share	Cost of investment as at June 30, 1998	Cost of investment as at June 30, 1998 Rupees
ORIX Leasing Egypt SAE	23	46,000	Egyptian Pounds	EP. 100 each	EP. 4,600,000	54,523,567

The net asset value per share was Egyptian Pound 101/- each (Pak Rupees 1,366/- per share).

	NOTE	1998	1997
5. LONG TERM LOANS - secured, considered good			
Loans to employees:			
Chief Executive		3,537,273	3,621,194
Director		1,652,939	--
Executives		20,601,061	18,182,083
Other employees		505,936	1,118,789
		26,297,209	22,922,066
Less: Current portion		2,671,202	2,480,008
	Rupees	23,626,007	20,442,058
Recoverable after three years	Rupees	20,955,612	18,492,333
Others	Rupees	2,670,395	1,949,725

Loans to Chief Executive, Director and Executives include house loans in accordance with terms of the Company's employment policy, repayable within a period of 20 years or retirement date whichever is earlier except for the loan to Chief Executive which is repayable within ten years. The loans are secured against equitable mortgage on the property by depositing the title documents of the property with the Company and carry mark up of 5% per annum. Loans to other employees include motor cycle loans, repayable within a period of five years and do not carry any mark up.

Maximum amount outstanding at the end of any month during the year against loans to Chief Executive, Director and Executives is Rs. 26,930,915/- (1997: Rs. 23,485,351/-)

6. LONG TERM DEPOSITS, PREPAYMENTS AND DEFERRED COSTS

Deposits		2,877,813	2,220,813
Prepayments		--	26,400
Deferred costs	6.1	27,172,798	36,516,836
	Rupees	30,050,611	38,764,049

6.1 Deferred Costs

Loan originating cost	6.1.1	5,298,669	9,688,936
Commitment charges	6.1.2	186,291	372,579
Exchange differences on:			
Repayment of foreign currency loans	6.1.3	4,532,068	6,894,696
Hedging of foreign currency loans	6.1.4	10,189,928	13,536,664
		-----	-----
		14,721,996	20,431,360
Project development costs	6.1.5	6,965,842	6,023,961
		-----	-----
Rupees		27,172,798	36,516,836
		=====	=====

6.1.1 Represents loan originating costs paid to lending institutions on signing of various loans. These are being written off over loan period or five years, whichever is shorter.

6.1.2 Represents commitment charges on loans from international lending institutions during the unregistered period with the SBP which has been calculated from the loan offer date till the registration of loan with the SBP. These are being written off over the loan period or five years, whichever is shorter.

6.1.3 Represents the increase in the amount of foreign currency loans resulting from the difference in buying and selling rates of foreign currency as determined by the SBP. Receipts of loans are at buying rates and are the actual amount realised in Pak rupees. Repayments, when due, will be made at selling rates in accordance with the SBP rules. The difference arising from the use of above mentioned rates is treated as deferred cost to be written off over the loan period or five years, whichever is shorter.

6.1.4 In the absence of Exchange Risk Cover by the SBP, the Company has adopted an alternative method to hedge foreign exchange risk associated with its foreign currency borrowings. This involves purchasing foreign currency from the secondary market, placing the foreign currency on deposit and obtaining credit facilities against these deposits in local currency on matching basis.

Premium paid on purchase of foreign currency from the secondary market is deferred and is written off over the loan period or five years, whichever is shorter.

6.1.5 This represents expenditure in connection with development of joint ventures already completed and new projects being explored in the Middle East region and are being amortised in accordance with the policy mentioned in Note 2.6.2.

7. CURRENT ASSETS

Current portion of net investment in leases, installment loans and long term loans	7.1	1,857,006,462	1,610,883,129
Short term loans - secured	7.2	14,500,000	14,590,000
Short term investments	4.1	10,000,000	22,500,000
Other current assets	7.3	99,384,758	61,195,849
Cash and bank balances	7.4	211,151,202	125,087,479
		-----	-----
Rupees		2,192,042,422	1,834,256,457
		=====	=====

7.1 Current maturity

Net investment in leases and installment loans		1,854,335,260	1,608,403,121
Long term loans		2,671,202	2,480,008
		-----	-----
Rupees		1,857,006,462	1,610,883,129
		=====	=====

7.2 Represents short term finance facilities provided on secured basis in the normal course of business.

NOTE 1998 1997

7.3 Other current assets

Advances - unsecured, considered good		2,601,629	2,801,910
Advance payment of income tax		43,399,377	21,451,812
Advance payment of wealth tax		40,000	--
Short term prepayments:			
Insurance			
Leased assets		12,257,748	7,800,428
Own assets		1,609,422	19,458
Rent		153,960	695,481
Others		3,927,937	3,152,591
		-----	-----
		17,949,067	11,667,958
Accrued return on investments and deposits		30,463,366	15,807,080
Dividend receivable from an associated company		--	3,172,200
Operating lease rents receivables		2,953,785	--
Other receivables		1,977,534	6,294,889
		-----	-----
	Rupees	99,384,758	61,195,849
		=====	=====

7.4 Cash and bank balances

Balances with banks on:			
Current account		2,581,982	3,870,375
Deposit account	7.4.1	122,985,239	93,665,469
Foreign currency deposit account under lien	7.4.2	85,154,703	27,307,024
		-----	-----
		210,721,924	124,842,868
Cash in hand		429,278	244,611
		-----	-----
	Rupees	211,151,202	125,087,479
		=====	=====

7.4.1 Includes a deposit of Rs. 1,050,000/- with the SBP as required under the relevant provision of the State Bank of Pakistan's Rules for Non-Bank Financial Institutions to maintain liquidity against certain liabilities.

7.4.2 Foreign currency deposit account under lien

Foreign currency deposits		489,108,626	320,747,961
Credit facilities availed	7.4.2.1	(403,953,923)	(293,440,937)
		-----	-----
	Rupees	85,154,703	27,307,024
		=====	=====

7.4.2.1 As explained in Note 6.1.4 local currency credit facilities secured against foreign currency deposits have been obtained to hedge against exchange risk associated with foreign currency borrowings and have been offset in accordance with the policy stated in Note 2.9. The rate of mark up ranges from 13.86% to 16% per annum. The maturity of credit facilities and foreign currency deposits are upto September 2003.

1998 **1997**

8. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

13,106,249 (1997:13,106,249) ordinary shares of Rs. 10/- each fully paid in cash		131,062,490	131,062,490
3,004,704 (1997: 3,004,704) ordinary shares of Rs. 10/- each issued as bonus shares		30,047,040	30,047,040
		-----	-----
	Rupees	161,109,530	161,109,530
		=====	=====

ORIX Corporation, Japan and its nominees held 9,195,647 (1997: 9,195,647) ordinary shares of Rs. 10/- each at June 30, 1998.

9. GENERAL RESERVE

At beginning of the year		296,218,010	227,500,000
Reversal of dividend		--	3,718,010
Transfer from profit and loss account		30,000,000	65,000,000
		-----	-----
	Rupees	326,218,010	296,218,010
		=====	=====

10. LONG TERM LOANS - secured

Note	Sanctioned amount	Utilised amount		Rupees		Mark up rate (%)	Exchange risk fee (%)
		1998	1997	1998	1997		
(in millions)							
Foreign currency loans							
US Dollars							
10.1	5.0	5.0	5.0	--	19,838,876	10.8	3.88
10.2	5.0	5.0	5.0	--	19,765,207	1.5	5.00
						over LIBOR	
10.3	10.0	10.0	10.0	69,527,849	115,879,714	9.4	7.08
10.4	20.0	9.8	9.8	453,178,377	397,021,686	2.13	--
						over LIBOR	
10.5	12.5	12.5	12.5	245,064,035	289,621,095	8.5	6.66
10.6	3.3	3.3	3.3	38,329,500	100,739,430	2.75	--
						over LIBOR	
10.7	16.5	18.5	13.0	586,355,071	456,872,094	16.0	Inclusive in mark up
	72.3	64.1	58.6	1,392,454,832	1,399,738,102		
Netherland Guilders							
10.8	10.0	10.0	10.0	86,076,750	120,507,350	10.2	5.00
10.9	4.0	4.0	4.0	26,148,068	43,580,168	10.2	5.00
	14.0	14.0	14.0	112,224,818	164,087,518		
Local currency loans							
RUPEES							
10.10	20.0	20.0	20.0	--	1,666,667	17.50	
10.11	342.5	342.5	342.5	114,166,666	228,333,333	18.50	
10.12	50.0	50.0	50.0	16,666,667	33,333,334	18.00	
10.13	50.0	50.0	50.0	16,666,666	33,333,333	18.00	
10.14	25.0	25.0	25.0	12,079,914	19,958,735	18.50	
10.15	40.0	40.0	40.0	19,999,999	33,333,333	18.50	
10.16	100.0	100.0	100.0	90,000,000	100,000,000	18.00	
10.17	50.0	50.0	50.0	33,333,333	50,000,000	19.00	
10.18	100.0	100.0	100.0	100,000,000	100,000,000	19.00	
10.19	30.0	30.0	30.0	30,000,000	30,000,000	18.00	
10.20	100.0	100.0	100.0	--	100,000,000	18.50	
10.21	120.0	120.0	120.0	60,000,000	120,000,000	18.50	
10.22	100.0	100.0	--	87,500,000	--	17.25	
10.23	50.0	50.0	--	50,000,000	--	17.65	
10.24	40.0	40.0	--	33,333,334	--	17.50	
10.25	50.0	50.0	--	50,000,000	--	18.50	
10.26	100.0	100.0	--	100,000,000	--	18.50	
10.27	50.0	50.0	--	50,000,000	--	17.50	
10.28	50.0	50.0	--	50,000,000	--	17.75	
	1,467.5	1467.5	1,027.5	913,746,579	849,958,735		

	2,418,426,229	2,413,784,355
Less: Current maturity	718,756,011	467,492,340
	Rupees	1,699,670,218 1,946,292,015

The above loans are secured by hypothecation of specific leased assets and related lease receivables and the exchange risk fee is further secured by guarantees from commercial banks.

The local currency loans are obtained under sale and purchase agreements for financing of lease operations.

Name of lending institutions	Note	Commencement of repayment	Purpose	Mode of Principal repayment	Mode of Payment of mark up
10.1 Asian Development Bank Loan I -1007 - Pak (PS)		Jul 15, 92	Financing of lease operations.	12 equal semi annual installments	Semi annual
10.2 Asian Finance and Investment Corporation Loan 14 Pak (c)		Jul 15, 92	Financing of lease operations.	12 equal semi annual installments	Semi annual
10.3 Asian Development Bank Loan 1133 Pak (PS)		Jan 15, 94	Financing of lease operations.	12 equal semi annual instalments	Semi annual
10.4 Asian Development Bank Loan 1394 Pak (PS)	10.4.1	Mar 15, 99	Financing of lease operations.	10 equal semi annual instalments	Semi annual
10.5 International Finance Corporation Loan I NT/PK 4252(A)		Jun 15, 96	Financing of lease operations.	16 equal semi annual instalments	Semi annual
10.6 International Finance Corporation Loan I NT/PK 4252(B)	10.6.1	Jun 15, 97	Financing of lease operations.	4 equal semi annual instalments	Semi annual
10.7 International Bank for Reconstruction and Development	10.7.1	Sep 14, 96	Financing of small scale and micro enterprise	Repayment in ten years after 3 years grace period.	Semi annual
10.8 FMO Loan INT/PK 93033		Apr 01, 96	Financing of lease operations.	10 equal semi annual installments	Semi annual
10.9 FMO Loan INT/PK 93032		Apr 01, 96	Financing of small scale and micro enterprises	8 equal semi annual installments	Semi annual
10.10 Standard Chartered Bank		Dec 31, 94	Financing of lease operations.	Quarterly repayments	Quarterly
10.11 Pakistan Kuwait Investment Company (Private) Limited		Dec 30, 96	Financing of lease operations.	3 equal annual instalments	Quarterly
10.12 ANZ Grindlays Bank Limited		Dec 13, 96	Financing of lease operations.	6 equal semi annual installments	Quarterly
10.13 First International Investment Bank Limited		Dec 29, 96	Financing of lease operations.	6 equal semi annual installments	Semi annual
10.14 Saudi Pak Industrial & Agricultural Investment Company (Pvt) Ltd		Oct 01, 96	Financing of lease operations.	Quarterly repayments	Quarterly
10.15 American Express Bank Limited		Jun 30, 97	Financing of lease operations.	6 equal semi annual instalments	Quarterly
10.16 Citicorp Investment Bank Pakistan Limited		Jan 11,98	Financing of lease operations.	4 semi annual installments of Rs. 10 million & 1 installment of Rs. 60 million thereafter.	Quarterly

10.17 ANZ Grindlays Bank Limited	May 20, 98	Financing of lease operations.	3 equal annual instalments	Semi annual
10.18 ANZ Grindlays Bank Limited	Aug 10, 98	Financing of lease operations.	2 equal annual instalments	Semi annual
10.19 Oman International Bank SAOG	Jul 31, 98	Financing of lease operations.	9 equal quarterly installments	Quarterly
10.20 Societe Generale	Jul 04, 98	Financing of lease operations.	Full repayment on due date.	Quarterly
10.21 ABN AMRO Bank	Jul 02, 98	Financing of lease operations.	Full repayment on due date.	Quarterly
10.22 Standard Chartered Bank	Apr 28, 98	Financing of lease operations.	8 equal quarterly installments	Quarterly
10.23 Pakistan Kuwait Investment Company (Private) Limited	Mar 30, 2000	Financing of lease operations.	2 equal quarterly installments after 2 years grace period	Quarterly
10.24 Standard Chartered Bank	Mar 01, 98	Financing of lease operations.	12 equal quarterly installments	Quarterly
10.25 Bank of Tokyo-Mitsubishi Limited	Jun 26, 99	Financing of lease operations.	4 equal semi annual installments after 1 year grace period	Semi annual
10.26 Al-Faysal Investment Bank Limited	Dec 03, 2000	Financing of lease operations.	Full repayment on due date.	Quarterly
10.27 Faysal Bank Limited	Dec 30, 99	Financing of lease operations.	Full repayment on due date.	Quarterly
10.28 ANZ Grindlays Bank Limited	Jul 31,99	Financing of lease operations.	Full repayment on due date.	Quarterly

10.4.1 Represents a foreign currency loan from ADB of US\$ 20.0 million to be used for financing of lease operations. Commitment charges are payable semi-annually at a rate of 0.5% per annum. Such commitment charges are payable (a) during the first twelve months from the date of agreement, on 50% of the unutilised part of the loan and (b) thereafter, on the entire unutilised part of the loan. As explained in note 6.1.4 exchange risk is hedged by use of an alternate method.

10.6.1 Represents a foreign currency loan referred to as Loan 'B' for US\$ 3.3 million arranged by IFC through a syndicate of international banks. As explained in note 6.1.4 exchange risk is hedged by use of an alternate method.

10.7.1 The International Bank for Reconstruction and Development (IBRD) sanctioned a foreign currency pool loan equivalent to US\$ 26.0 million to Government of Pakistan (GOP) for on-lending to approved leasing companies in local currency for financing small scale and micro enterprises.

The loan carries charges at the rate of 16% per annum which includes interest, administration charge, guarantee commission and foreign exchange risk fee.

11. CERTIFICATES OF INVESTMENT

Represents certificates of investment issued under profit and loss sharing basis at expected rates of profit ranging from 15% to 19% per annum. The certificates of investment are for terms of three months to five years.

12. LONG TERM ADVANCES AND DEPOSITS

NOTE	1998	1997
------	------	------

Security deposit on leases	12.1	723,419,404	609,357,170
Less: Repayable/adjustable within 12 months		147,370,155	104,007,456
		-----	-----
		576,049,249	505,349,714
Advance lease rentals received	12.2	166,650	203,310
		-----	-----
	Rupees	576,215,899	505,553,024
		=====	=====

12.1 Represents sums received from lessees under lease contracts and are repayable/adjustable at the expiry of the lease period.

12.2 Represents sums received in advance and are adjustable against last rents due as per the lease agreement.

13. CURRENT LIABILITIES

Current maturity of redeemable capital, long term loan and security deposit	13.1	866,126,166	589,062,401
Short term loans from banks - secured	13.2	15,000,000	235,273,364
Running finance under mark up arrangements - secured	13.3	38,361,803	53,174,096
Shod term certificates of investment	11	325,685,089	180,786,064
Accrued financial and related charges	13.4	138,576,037	148,572,744
Creditors		16,250,290	7,127,615
Accrued expenses		7,171,273	5,909,693
Other liabilities	13.5	7,146,646	3,649,364
Provision for taxation	22	72,661,055	42,661,055
Proposed dividend		32,221,906	72,499,289
		-----	-----
	Rupees	1,519,200,265	1,338,715,685
		=====	=====

13.1 Current maturity

Redeemable capital		--	17,562,605
Long term loans	10	718,756,011	467,492,340
Security deposit on leases	12	147,370,155	104,007,456
		-----	-----
	Rupees	866,126,166	589,062,401
		=====	=====

13.2 Represents short term loans utilised against aggregate facilities of Rs. 15 million (1997: Rs. 261 million) from commercial and investment banks under sale and purchase agreements. These loans carry mark-up at an average rate of 48 paisa per Rs. 1,000/- per day. These arrangements are secured by hypothecation of specific leased assets and related lease receivables.

13.3 Represents running finance utilised against aggregate facilities from commercial banks of Rs. 317 million (1997: Rs. 217 million) for one year and are renewable. The average rate of mark-up is 45 paisa per Rs. 1,000/- per day on daily product basis. These arrangements are secured by hypothecation of specific leased assets and related lease receivables.

13.4 Accrued financial and related charges

	1998	1997	
Mark up on:			
Long term loans	126,070,653	80,657,201	
Short term loans	2,657,898	12,606,176	
Running finance	6,015,211	4,641,658	
Profit on certificates of investment	1,390,636	6,885,743	
Commitment charges	700,809	959,681	
Exchange risk fee - net	1,740,830	42,822,285	
	-----	-----	
	Rupees	138,576,037	148,572,744
		=====	=====

13.5 Other liabilities

Advance from customers pending lease execution	3,744,361	1,562,221
Unclaimed dividend	1,010,808	352,867
Others	2,391,477	1,734,276
	-----	-----
Rupees	7,146,646	3,649,364
	=====	=====

14. CONTINGENCIES AND COMMITMENTS

Leasing contracts committed but not executed at the balance sheet date were Rs. 19.8 million (1997: Rs. 6.8 million).

15. INCOME FROM LEASE CONTRACTS

Represents lease income recognised in accordance with the accounting policy as explained in note 2.2.1, against lease rental received and receivable for the year amounting to Rs. 1,897,277,077/- (1997:1,596,026,516/-)

	NOTE	1998	1997
16. OTHER INCOME			
Return on foreign currency deposit account		42,367,895	19,627,832
Return on deposits and investments		15,471,434	9,756,683
Gain on disposal of operating assets		1,052,557	446,650
Other fees and income		9,864,104	8,371,829
Exchange (loss)/gain		(954,831)	7,348,036
Dividend income		4,729,081	3,172,200
		-----	-----
Rupees		72,530,240	48,723,230
		=====	=====

17. FINANCE AND BANK CHARGES

Mark up on:			
Redeemable capital		533,574	21,711,137
Long term loan		420,227,671	266,260,260
Short term loan		15,758,847	74,200,623
Running finance		24,588,909	26,609,094
Profit on certificates of investment		22,485,380	23,915,412
Commitment charges		2,284,947	2,172,704
Exchange risk fee		31,716,370	42,338,661
Amortisation of deferred financial costs		16,120,839	16,088,157
Bank charges and commission		1,271,974	1,063,834
		-----	-----
Rupees		536,988,511	474,359,882
		=====	=====

18. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Salaries, allowances, welfare and training		57,370,866	47,911,104
Rent and utilities		12,535,972	11,060,904
Travelling		4,409,447	3,426,927
Vehicle running and maintenance		4,063,351	3,800,748
Insurance on operating assets		2,800,125	2,494,085
Legal and professional charges		4,365,951	3,285,194
Communication		5,712,440	5,771,060
Subscription		484,547	554,189
Auditors' remuneration	18.1	605,225	447,540
Advertising		3,090,754	2,477,129
Printing and stationery		2,303,157	2,092,795
Depreciation		12,270,300	11,057,559
Office repairs and maintenance of equipment		3,284,663	3,379,378
Donations	18.2	1,612,305	1,678,362
Office general expenses		242,596	299,309
		-----	-----

Rupees	115,171,699	99,736,283
--------	-------------	------------

1998	1997
-------------	-------------

18.1 Auditors' remuneration

Audit fee	150,000	150,000
NBFI Audit fee	--	60,000
Tax and corporate advisory services	434,225	220,640
Out of pocket expenses	21,000	16,900
Rupees	605,225	447,540

18.2 Donations

Donations includes a payment of Rs. 150,000/- to the Patients' Aid Foundation for improvement of Jinnah Hospital. The Chief Executive, Mr. Humayun Murad is a member of the Board of Governors of this registered charity.

19. DIRECT COST OF LEASES**19.1 Finance lease and installment loans**

Insurance	20,301,163	14,384,126
Court fee and stamp duty	1,334,035	1,480,131
Rupees	21,635,198	15,864,257

19.2 Operating lease

Maintenance and insurance	1,885,747	--
Amortisation	1,390,690	--
Rupees	3,276,437	--

20. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	1998				1997			
	Chief Executive	Director	Executives	Total	Chief Executive	Director	Executives	Total
Managerial remuneration	2,190,004	55,000	21,182,516	23,427,520	1,660,968	--	19,445,998	21,106,966
Housing and utilities	999,996	--	10,915,240	11,915,236	809,032	--	9,471,852	10,280,884
Gratuity	109,589	24,110	1,183,539	1,317,238	80,600	--	1,024,236	1,104,836
Rupees	3,299,589	79,110	33,281,295	36,659,994	2,550,600	--	29,942,086	32,492,686
Number	1	1	80		1	--	79	

The Chief Executive and certain executives are also provided with free use of Company owned cars.

1998	1997
-------------	-------------

21. TRANSACTIONS WITH ASSOCIATED COMPANIES

Dividend income from Oman ORIX		
Leasing Company SAOG	Rupees	4,729,081

Advisory and placement fee paid to
ORIX Investment Bank Pakistan

Limited in connection with Term Finance Certificates (TFC's)	Rupees	700,000	1,000,000
		=====	=====

22. TAXATION

22.1 Assessments for all years upto and including assessment year 1995-96 have been finalised by the Income Tax Department. However, certain expenses have been disallowed by the Income Tax Department against which the Company has preferred appeals before the appellate forums.

In framing the assessments for the assessment year 1996-97, the Deputy Commissioner of Income Tax (DCIT) has made certain disallowances amounting to Rs. 76.4 million. The Company has paid Rs. 7.4 million under protest against a notice of demand raised by the DCIT. Subsequently disallowances amounting to Rs. 73.3 million were set aside by the Commissioner of Income Tax (Appeals). The Income Tax Department has filed an appeal against the said decision with the Income Tax Appellate Tribunal.

22.2 Deferred taxation arising due to timing differences between book and income tax revenue or charges is estimated at Rs. 171.1 million (1997: Rs. 134.1 million). As of June 30, 1998 no provision has been made for these timing differences as these are not expected to reverse within the next three years.

23. EARNINGS PER SHARE Basic and Diluted

EPS =	Net profit for the period	=	103,893,569	132,096,907
	Weighted average no. of ordinary shares		16,110,953	16,110,953
			-----	-----
			6.45	8.20
			=====	=====

24. CORRESPONDING FIGURES

Prior year's figures have been re-arranged for the purposes of comparison wherever necessary.

PATTERN OF SHAREHOLDING AS AT JUNE 30, 1998

Number of Shareholders	Shareholding			Total Shares Held
508	1	--	100	16,102
652	101	--	500	214,583
95	501	--	1,000	74,846
120	1,001	--	5,000	275,512
25	5,001	--	10,000	168,139
14	10,001	--	15,000	169,601
4	15,001	--	20,000	68,466
3	20,001	--	25,000	71,750
1	25,001	--	30,000	26,306
1	40,001	--	45,000	41,311
1	45,001	--	50,000	47,516
1	50,001	--	55,000	50,084
2	55,001	--	60,000	114,300
1	60,001	--	65,000	60,984
1	75,001	--	80,000	79,000
1	95,001	--	100,000	96,510
1	100,001	--	105,000	100,040
1	105,001	--	110,000	106,600
1	115,001	--	120,000	118,509
1	155,001	--	160,000	160,000
1	190,001	--	195,000	190,200
1	200,001	--	205,000	202,446
1	205,001	--	210,000	208,650
1	245,001	--	250,000	249,734
1	345,001	--	350,000	346,150
1	440,001	--	445,000	444,675

1	520,001	--	525,000	520,590
1	795,001	--	800,000	796,077
1	905,001	--	910,000	905,609
1	1,025,001	--	1,030,000	1,026,647
1	9,160,001	--	9,165,000	9,160,016
-----				-----
	1,445			16,110,953
=====				=====

There are no shareholdings in the slabs which have not been included above.

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
1. Individuals	1,410	1,853,212	11.50
2. Investment Companies	5	366,555	2.28
3. Insurance Companies	3	930,386	5.77
4. Joint Stock Companies	7	67,598	0.42
5. Financial Institutions	2	1,133,247	7.03
6. Modarabas	5	10,500	0.07
7. Orix Corporation and its Nominees	4	9,195,647	57.08
8. International Finance Corporation	1	905,609	5.62
9. Others-Foreign Funds	8	1,648,199	10.23
Totals	1,445	16,110,953	100.00

ORIX GROUP DIRECTORY

JAPANESE REGION

Domestic Operations

Leasing and Installment Loans

Principal Business

ORIX Corporation

Providing direct financing leases and operating leases for OA equipment, computers, industrial equipment, plants, aircraft, and other equipment; providing instalment loans.

Tokyo Sales Headquarters

World Trade Center Building,
2-4-1, Hamamatsu-cho,
Minato-ku, Tokyo 105-6135
Japan
Tel: 03-3435-6641
Fax: 03-3435-6642

Managing Director:
Katsuo Kawanaka
Director: Masahiro Matono

Kinki (Osaka) Sales Headquarters

Nihon Kasai-Osaka Building,
1-11 - 4, Edobori, Nishi-ku,
Osaka 550-0002 Japan
Tel: 06-449-5001
Fax: 06-441-7160

Managing Director:
Teruo Isogai
Director: Kenji Kajiwara

Principal Business	Established (equity interest acquired)	ORIX Group's Ownership (%)
--------------------	---	-------------------------------------

ORIX Auto Leasing Corporation	Auto lessor in Japan active mainly in fleet leasing but with growing business in auto leases for individuals.	1973	100 TOC Osaki Building, 1-6-1, Osaki, Shinagawa-ku, Tokyo 141-0032 Tel: 03-3495-4971 Fax: 03-3495-4960 Chairman: Etsuo Hashimoto President: Akira Fukushima
ORIX Alpha Corporation	Leasing and financing furnishings and equipment for retailers, hotels, restaurants, and other users; providing mediatow and consulting services.	1972	100 Karuko-zaka MN Building, 2-1, Ageba-cho, Shinjuku-ku, Tokyo 162-8570 Tel: 03-5228-5300 Fax: 03-5228-5310 Chairman: Masaru Yutaka President: Kunitoshi Masuda
Y.O. Machinery Leasing Co., Ltd.	Joint venture with a specialized machinery trading company; handling leases and installment sales for machine tools and other equipment.	1984	81 World Trade Center Building, 2-4-1, Hamamatsu-cho, Minato-ku, Tokyo 105-6135 Tel: 03-3435-6990 Fax: 03-3435-6415 President: Katsuo Kawanaka
ORIX Aircraft Corporation	Aircraft leasing.	1986	100 World Trade Center Building, 2-4-1, Hamamatsu-cho, Minato-ku, Tokyo 105-6135 Tel: 03-3438-2831 Fax: 03-3435-6448 President: Takashi Koizumi

Real Estate Related Business

ORIX Corpo Principal Business

Real Estate Business
Headquarters Extending housing loans, project finance, brokering real estate and other real estate related services, such as dormitory leasing.

Real Estate Business
Headquarters
Shinjuku Mitsui Building No. 2,
3-2-11, Nishi-Shinjuku-Ku
Shinjuku-Ku Tokyo
160-8370, Japan
Tel: 03-3345-2500
Fax: 03-3345-2588

Director: Hiroaki Nishina
Director: Yoshiyasu Shiota

		Established (equity interest acquired)	ORIX Group's Ownership (%)
	Principal Business		
ORIX Estate Corporation	Managing real estate and leisure facilities.	(1986)	99 1-2-30, Benten, Minato-ku, Osaka 552-0007 Tel: 06-571-2481 Fax: 06-572-5741 President: Yutaka Shiraishi

Rentals

ORIX Rentec Rental supplier of high- 1976 1005-7-21, Kita-Shinagawa,

Corporation	precision measuring equipment in Japan.		Shinagawa-ku, Tokyo 141-8681 Tel: 03-3473-7561 Fax: 03-3473-7549
			Chairman: Sachio Hata President: Shunji Sasaki
ORIX Rent-A-Car Corporation	Rent-a-car business.	1985	85 Shin-Osaki Kangyo Building, 1-6-4, Osaki, Shinagawa-ku, Tokyo 141-8606 Tel: 03-3779-2201 Fax: 03-3779-3910
			Chairman: Toshio Saruwatari President: Kazuo Yokoyama

Consumer Finance

ORIX Credit Corporation	Consumer credit company engaged in business centered on shopping credit and consumer finance.	1979	100 HI Gotanda Building, 2-11-17, Nishi-Gotanda, Shinagawa-ku, Tokyo 141-8510 Tel: 03-5487-7111 Fax: 03-3490-1582
			President: Hiroshi Maruyama Deputy President: Takafumi Kanda

ORIX Club Corporation	Consumer loans.	1990	100 1-3-8, Nishi-Gotanda, Shinagawa-ku, Tokyo 141-8552 Tel: 03-5487-7500 Fax: 03-3490-4025
			President: Hiroshi Maruyama Deputy President: Takafumi Kanda

Established (equity interest acquired)	ORIX Group's Ownership (%)
---	---

ORIX Club Corporation	Consumer loans.	1994	1002-4-27, Doujima, Kita-ku, Osaka 530-0003 Tel: 06-454-1188 Fax: 06-454-1189
			President: Hiroshi Maruyama Deputy President: Takafumi Kanda

Computer Software

ORIX Computer Systems Corporation	Software engineering house.	1984	100 Osaki CN Building, 5-10-10, Osaki, Shinagawa-ku, Tokyo 141-8618 Tel: 03-5434-7800 Fax: 03-5434-1345
--	-----------------------------	------	--

President:
Shogo Kajinishi
Deputy President:
Yuzo Sotani

Securities Brokerage

ORIX Securities Corporation	Securities house.	(1986)	1002-26-9, Hachobori, Chuo-ku, Tokyo 104-0032 Tel: 03-3297-5411 Fax: 03-3555-3010 Telex: 0522680
			President: Koichiro Muta

Venture Capital

ORIX Capital Corporation	Management of venture capital investment funds.	1983	95 TOC Osaki Building, 1-6-1, Osaki, Shinagawa-ku, Tokyo 141-0032 Tel: 03-5434-1361 Fax: 03-5434-1360
			President: Kazuhiko Naganuma

Marine Transport

ORIX Maritime Corporation	Shipping and ship-management services.	1977	100 1-31-8, Kakinokizaka, Meguro-ku, Tokyo 152 -0022 Tel: 03-5701-3180 Fax: 03-5701-3161 Telex: 2427492 ORIX MT J
			President: Takashi Koizumi Managing Director: Masao Dohi

	Established (equity interest acquired)	ORIX Group's Ownership (%)
Principal Business		

Life Insurance

ORIX Life Insurance Corporation	Life insurance.	1991	100 Shinjuku Chuo Building, 5-17-5, Shinjuku, Shinjuku-ku, Tokyo 160-0022 Tel: 03-5272-2700 Fax: 03-5272-2720
			Chairman: Shogo Kajinishi President: Shinobu Shiraishi

Insurance

ORIX Insurance Services Corporation	Agency services for casualty and life insurance.	1976	100 Wodd Trade Center Building, 2-4-1, Hamamatsu-cho, Minato-ku, Tokyo 105-6135 Tel: 03-3435-6618 Fax: 03-3435-6686
--	--	------	---

President: Koichi Maki

Interior Products

ORIX Interior Corporation Listed manufacturer of carpet and other interior products; extending real estate related finance. (1987) 58 1-2-30-201 ,Benten, Minato-ku, Osaka 552-0007
Tel: 06-577-0651
Fax: 06-577-8165

President: Yutaka Shiraishi

Entertainment

ORIX Baseball Club Professional baseball team. (1988) 100No.6, Kaigandori, Chuo-ku, Kobe 650-0024
Tel: 078-333-0044
Fax: 078-333-0048

President: Yasushi Iwai

Futures and Options

ORIX COMMODITIES Corporation Joint venture with Commodities Corporation engaged in futures and options trading. 1990 100Fujiwara Building, 1-10-11, Ebisu-Nishi, Shibuya-ku, Tokyo 150-0021
Tel: 03-3780-7200
Fax: 03-3780-7249
President: Sugayoshi Kurose

Hotel Management and Training Facilities Management

BlueWave Inn Corporation Hotel management. 1991 1002-33-7, Asakusa, Taitou-ku, Tokyo 111-0032
Tel: 03-5828-4366
Fax: 03-5828-6421

President:
Moriaki Usami

Cross Wave Corporation Training facilities management. 1993 1002-9-3, Honmachi, Funabashi, Chiba 273-0005
Tel: 0474-36-0111
Fax: 0474-36-0112

President:
Sugayoshi Kurose

Principal Business	Established (equity interest acquired)	ORIX Group's Ownership (%)
--------------------	---	---

Broadcasting

Japan Sports Channel Inc. Broadcasting via satellite. (1992) 282-5-1 ,Kita-Aoyama, Minato-ku, Tokyo 107-8077
Tel: 03-3497-9900
Fax: 03-3497-9908

Senior Managing Director:
Yoshiaki Toyota

Transportation

SKYMARK AIRLINES Airline travel services. 1996 20SVAX Shinjuku Building B,

Co., Ltd

5th Floor, 2-9-23, Shinjuku,
Shinjuku-ku, Tokyo 160-0022
Tel: 03-5379-0767
Fax: 03-5379-0768

Managing Director:
Yoshiyuki Yoshizumi

Eco Services

ORIX Eco Services Corporation	Eco Services	1998	100 Karuko-zaka MN Building, 2-1, Ageba-cho, Shinjuku-ku, Tokyo 162-8570 Tel: 03-5228-5330 Fax: 03-5228-5861
			President: Sugao Suito

Trust Bank

Yamaichi Trust & Bank, Ltd.*	Trust bank.	(1998)	1007-2, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo 103-0026
			President: Toru Yamagishi

*The name of this company is scheduled to be changed to ORIX Trust and Banking Corporation.

International Operations

ORIX Corporation Principal Business

International Headquarters Supervising ORIX's entire international operations and providing an extensive range of financial services adapted to the characteristics of each market.

International Headquarters
World Trade Center Building,
2-4-1, Hamamatsu-cho,
Minato-ku, Tokyo 105-6135,
Japan
Tel: 03-3435-6652
Fax: 03-3435-7822
Telex: J 24642

Deputy President:
Yoshiaki Ishida
Managing Director:
Takashi Koizumi

International Department Keeping up the worldwide Group network and being responsible for centralized planning and administrative support for international operations.

Deputy
General Manager:
Minoru Ono

Corporate Development Department Planning and development of new business and investments, including mergers and acquisitions overseas.

Deputy
General Manager:
Motokazu Kakizaki

Marine Business Department Providing a full range of financial services to the shipping industry, including arrangement of senior debt finance, mezzanine debt finance, and equity investment; brokering sales and purchases of ships and acting as an intermediary for the building of new ships.

General Manager:
Takahide Sato

International Business Department Arranging diversified financing (corporate, asset-based, sovereign, and structured); investing in prime international capital and money

General Manager:
Hiromi Kobayashi

market products.

International Real Estate Department

Financing, equity placement, investment, brokerage, consulting, and development in connection with real estate.

Deputy General Manager:
Nakatoshi Noguchi

Aerospace Department I

Operating leases and finance leases for aircraft.

Deputy General Manager:
Tatsuro Suzuki

Aerospace Department II

Arranging leveraged leases for aircraft and other equipment; development and marketing of asset-based structured investment schemes.

Deputy General Manager:
Tatsuro Suzuki

ASIA & OCEANIA REGION

Director and Regional Chief Executive: Takeshi Sato

	Country	Principal Business	Established (equity interest acquired)	ORIX Group's Ownership (%)
ORIX Investment and Management Private Limited	Singapore	Venture capital investment.	1981	100250 North Bridge Road, #17-02 Raffles City Tower, Singapore 179101 Tel: 3395766 Fax: 3392160 Chairman: Takeshi Sato Managing Director Nagaaki Esaki
ORIX Leasing Singapore Limited	Singapore	Equipment leasing hire-purchase, and other financing services.	1972	50331 North Bridge Road, #19-01/06 Odeon Towers, Singapore 0718 Tel: 3393622 Fax: 3393966 Telex: 21117 OLSPL Managing Director: Kwek Chye Teck
ORIX CAR RENTALS PTE LTD	Singapore	Rent-a-car business and auto leasing.	1981	4530 Bukit Batok East Avenue 6, Singapore 659761 Tel:4691455 Fax: 4691842 General Manager Michael W. S. Choo
ORIX COMMODITIES SINGAPORE PTE LIMITED	Singapore	Trading futures and options for proprietary and client accounts.	1990	100250 North Bridge Road, #17-02 Raffles City Towers, Singapore 179101 Tel: 3395766 Fax: 3391981 Director: Nagaaki Esaki
ORIX Rentec (Singapore) Pte. Limited	Singapore	Equipment rental.	1995	100 140 Paya Lebar Road, # 05-07/08/09 A-Z Building, Singapore 409015 Tel: 7454515 Fax: 7456595 Managing Director:

Tetsuji Komiyama

	Country	Principal Business	Established (equity interest acquired)	ORIX Group's Ownership (%)
ORIX Asia Limited	China (Hong Kong)	Leasing and investment banking in Hong Kong and throughout South-east Asia.	1971	100 30th Floor, United Centre, 95 Queensway, Hong Kong Tel: 28629268 Fax:25279688 Telex: 75680 ORIX Managing Director: Yuki Ohshima
ORIX Hotels International Private Limited (Registered in Singapore)	China (Hong Kong)	Hotel management and development business.	1991	100 c/o ORIX Asia Limited Hotel Management & Development Department, 30th Floor, United Centre, 95 Queensway, Hong Kong Tel: 28629268 Fax: 25279688
ORIX Auto Leasing Asia Limited	China (Hong Kong)	Auto leasing.	1995	89 30th Floor, United Centre, 95 Queensway, Hong Kong Tel: 28629268 Fax:28657930 Telex: 75680 ORIX Managing Director: Mitsuo Nishiumi
China Orient Leasing Co., Ltd.	China	Equipment leasing.	1981	50 Rooms 408-410, Dongyi Commercial Office Building, No.23, Xibahe Xili, Beisanhuan Dong Road, Chaoyang District, Beijing, 100028, China Tel: 10-6427-9988 Fax: 10-6429-5753 Telex: 210656 COLEA ON President: Kotaro Takamori
Shanghai Yin Tong Trust Co., Ltd.	China	Consumer credit and hire-purchase services for individuals.	1993	42 7th Floor, 66 Nan Jing Road (E), Shanghai, China. (P.C.200002) Tel: 21-6361-2072 Fax: 21-6361-2969 Senior Vice President: Yasushi Nakamoto
ORIX Maritime Corporation Seoul Representative Office	South Korea	Liaison functions for ORIX Maritime Corporation.	1992	-- 11th Floor, Suhrin Building, #88 Suhrin-Dong, Chongro-ku, Seoul, South Korea Tel: 2-723-6511 Fax: 2-723-6514 Chief Representative: Shinji Yamana
Korea Development Leasing Corporation *	South Korea	Equipment leasing and other financing services.	1975	26 11th-20th Floors, Suhrin Building, #88 Suhrin-Dong, Chongro-ku, Seoul, South Korea Tel: 2-3700-0114 Fax: 2-3700-0019

Telex: RELEASE K 26261

President and CEO:
Yea Sun Hahn

* Listed Company

	Country	Principal Business	Established (equity interest acquired)	ORIX Group's Ownership (%)
Global Rental Company Limited	South Korea	Equipment rental.	1995	524th Floor, Dong-Shin Building, 141-28 Samsung-Dong, Kangnam-ku, Seoul, South Korea, 135-090 Tel: 2-557-5656 Fax: 2-562-0958 Vice President and CEO: Tae Young Chung
Korea Rental Corporation	South Korea	Rental of office equipment measuring instruments, etc.	(1996)	367.8.9.FI. Buok-Bldg., 648-18 Yeoksam-Dong, Kangnan-ku, Seoul, South Korea Tel: 2-554-9696 Fax: 2-556-4343 Chairman: Lee Choog-Ho
ORIX Taiwan Corporation	Taiwan	Hire-purchase services and equipment leasing services.	1982	95 10th Floor, 217, Nan King E. Road, Sec.3, Taipei, Taiwan, R.O.C. Tel: 2-715-5458 Fax: 2-713-2448 President: Takahisa Sato
ORIX Auto Leasing Taiwan Corporation	Taiwan	Auto Leasing.	1998	100 10th Floor, 217, Nan King E. Road, Sec. 3, Taipei, Taiwan, R.O.C. Tel: 2-719-5166 Fax: 2-545-0870 Chairman: Takahisa Sato
Consolidated ORIX Leasing and Finance Corporation	Philippines	Lease financing and mortgage loans.	1977	40 19th Floor, Solidbank Building, 777 Paseo de Roxas 1226, Makati City, The Philippines Tel: 2-8920481 Fax: 2-8173529 Telex: 22546 COLF PH President and CEO: Eduardo R. Alvarez Director: Kazuya Nakanishi
Thai ORIX Leasing Co., Ltd.	Thailand	Equipment leasing, hire-purchase, and factoring services.	1978	48 313 C.P. Tower, 24th Floor, Silom Road, Bangrak, Bangkok 10500, Thailand Tel: 2-2310589 Fax: 2-2310661

President:
Suvit Arunanondchai
Executive Director:
Junichi Hayashi

	Country	Principal Business	Established (equity interest acquired)	ORIX Group's Ownership (%)
UNITED ORIX LEASING BERHAD	Malaysia	Equipment leasing and other financing services.	1973	44 12th Floor, Menara Promet, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia Tel: 3-2418355 Fax: 3-2487344 Telex: MA30900 UOLKL Deputy Chairman: Masafumi Aoyama Managing Director: Dato' Tan Guan Cheong
ORIX CAR RENTALS SDN. BHD.	Malaysia	Rent-a-car business.	1989	44 16 -1, Jalan 6/91, Taman Shamelin Perkasa, 56100 Kuala Lumpur, Malaysia Tel: 3-9847799 Fax: 3-9861799 General Manager: Ng Chee Kheong
ORIX Rentec (Malaysia) Sdn. Bhd.	Malaysia	Equipment rental.	1996	83 1st Floor, Wisma Domain, 18A (Lot 318) Jalan 51 A/223, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia Tel: 3-758-1388 Fax: 3-758-6388 Director: Dato' Tan Guan Cheong
P.T. ORIX Indonesia Finance	Indonesia	Equipment leasing and other financing services.	1975	83 Wisma Kyoei Prince, 24th Floor, J.I. Jend. Sudirman Kav. 3-4, Jakarta 10220, Indonesia Tel: 21-5723041 Fax: 21-5723071 Telex: 65077 ORIF JKIA President and Director: Yoshinori Tsukiji
INFRA- STRUCTURE LEASING & FINANCIAL SERVICES LIMITED	India	Infrastructure commercialization, equipment leasing and other financing services.	(1993)	20 4th Floor, Mahindra Towers, G.M. Bhosale Marg, Worli, Mumbai 400-018, India Tel: 22-4935127 Fax: 22-4930080 Telex: 74474 Vice Chairman and Managing Director: Ravi Parthasarathy Senior Vice President: Genichi Fujinaga
ORIX Auto Finance (India) Limited	India	Auto leasing and fleet management.	1995	60 4th Floor, Mahindra Towers, G M Bhosale Marg, Worli, Mumbai 400-018, India Tel: 22-4962442

Fax: 22-4962441

Chief Executive Officer:
Richard Miranda

	Country	Principal Business	Established (equity interest acquired)	ORIX Group's Ownership (%)
Lanka Orix Leasing Company Limited *	Sri Lanka	Equipment leasing services.	1980	30No. 100/1, Sri Jayawardenapura Mawatha, Rajagiriya, Sri Lanka Tel: 1-865604 Fax: 1-865602 Telex: 21214 LOLC CE Managing Director: E.C.S.R. Muttupulle
ORIX Australia Corporation Limited	Australia	Equipment leasing, vehicle operating leases, and other financing services.	1986	100Level 1,4-10 Bay Street, Double Bay, NSW 2028, Australia Tel: 2-9335-5300 Fax: 2-9335-5355 Deputy Chairman: Yoshiaki Komai Managing Director: John Sweeney
Ranger Truck Rental and Leasing Pty. Ltd.	Australia	Truck rental and vehicle operating leases.	(1998)	10042 Molan Street, Ringwood, VIC 3134, Australia Tel: 3-9870-6100 Fax: 3-9870-8842 Chairman: John Sweeney
ORIX New Zealand Limited	New Zealand	Vehicle operating leases and rent-a-car business.	(1988)	10032 Manukau Road, Level 3, Newmarket, Auckland, New Zealand Tel: 9-520-9700 Fax: 9-520-9790 Managing Director: Peter Byers

MIDDLE EASTERN & NORTH AFRICAN REGION

Director and Regional Chief Executive: Takeshi Sato Regional General Manager, Middle East: Humayun Murad

	Country	Principal Business	Established (equity interest acquired)	ORIX Group's Ownership (%)
ORIX Leasing Pakistan Limited *	Pakistan	Equipment leasing services.	1986	57Overseas Investors Chamber of Commerce Building, Talpur Road, Karachi-74000, Pakistan Tel: 21-111-242424 Fax: 21-2425897 Telex: 20104 ORIX PK Chief Executive: Humayun Murad

ORIX Investment Bank Pakistan Limited*	Pakistan	Investment bank.	1995	293rd Floor, PIC Towers, 32-A, Lalazar Drive, Moulvi Tamizuddin Khan Road, Karachi-74000, Pakistan Tel: 21-5610272 Fax: 21- 5610510 Telex: 82-20104 ORIX PK Managing Director: Naim Farooqui
OMAN ORIX LEASING COMPANY SAOG *	Oman	Equipment leasing.	1994	11 3rd Floor, AI Harthy Complex, AI-Qurum, Muscat, Sultanate of Oman Tel: 565612 Fax: 565610 General Manager: Shaheen Amin
ORIX Leasing Egypt, S.A.E.	Egypt	Equipment Teasing.	1997	364th Floor, Cairo Centre, 2,Abd El-Kader Hamza St., Garden City, Cairo, Egypt Tel: 20-2-5942757-9 Fax: 20-2-5942760 Managing Director: Saeed Reza

* Listed Company

AMERICAS REGION

Director and Regional Chief Executive: Yoshio Ono

	Country	Principal Business	Established (equity interest acquired)	ORIX Group's Ownership (%)
ORIX USA CORPORATION New York Office	U.S.A.	Equipment leasing, asset-based lending, real estate leasing, and general corporate financing.	1981	100 1177 Avenue of the Americas, 10th Floor, New York, NY10036, U.S.A. Tel: 212-739-1600 Fax: 212-739-1701 Chairman: D.E. Mundell President and CEO: Yoshio Oho Deputy President: Kiyoshi Fushitani Advisor: Edward Guay Wintonbury Risk Management 550 South Hope Street, Suite 1600, Los Angeles, CA 90071, U.S.A. Tel: 213-955-6500 Fax: 213-955-6530 Senior Vice President: Makoto Inoue
Los Angeles Office				
San Francisco Office				One Bush Street, Suite 250, San Francisco, CA 94104, U.S.A.

Tel: 415-433-0300
Fax: 415-433-7343

Branch Manager:
Frank Anton

**ORIX Real Estate
Equities, Inc.**

U.S.A. Commercial real estate development, and investment. (1987)

100 100 North Riverside Plaza,
Suite 1400, Chicago,
IL 60606, U.S.A.
Tel: 312-669-6400
Fax: 312-669-6464

Vice Chairman and CEO:
Masaaki Tashiro
President and COO:
James H. Purinton

**ORIX
Commercial
Alliance
Corporation**

U.S.A. Installment financing. (1989)

100 300 Lighting Way, Secaucus,
NJ 07096-1525, U.S.A.
Tel: 201-601-9000
Fax: 201-601-9100

President & CEO:
Philip D. Cooper
Executive Vice President:
Kensuke Ishibashi

	Country	Principal Business	Established (equity interest acquired)	ORIX Group's Ownership (%)
Banc One Mortgage Capital, Markets, LLC.	U.S.A.	Commercial mortgage servicing, issuance of MBS, and real estate investment.	1997	45 1717 Main Street, # 1400, Dallas, TX 75201, USA Tel: 214-290-2408 Fax: 214-290-4480 President and CEO: James R. Thompson
Stockton Holdings Limited	Bermuda	Trading in global futures markets for proprietary and client accounts.	(1989)	41 Stockton House, 55 Par-la-Ville Road, P.O. Box 3218, Hamilton, HM NX, Bermuda Tel: 441-299-7414 Fax: 441-299-7488 President & CEO, Chairman: Robert G. Easton
Leasing Andino S.A.	Chile	Equipment leasing services.	(1980)	35 Moneda 970, Piso 8, Edificio Eurocentro, Santiago, Chile Tel: 2-6964891 Fax: 2-6956147 Director and Vice Chairman: Yuji Nishioka
Bradesco Leasing S.A. Arrendamento Mercantil	Brazil	Equipment leasing services.	1973	25 Cidade de Deus, Vila Yara, Osasco, Sao Paulo, Brazil Tel: 11-708-23101 Fax: 11-708-45533 Director: Paulo Uekita

ORIX Auto Locadora Ltda.	Brazil	Auto leasing.	1997	100Rua Anselmo Pedro de Medeiros No.12, Jd. Wilson, Osasco, Sao Paulo, Brazil. Tel: 55-11-70859198 Fax: 55-11-70816624 Executive Director Makoto Shioda
-------------------------------------	--------	---------------	------	--

EUROPEAN REGION

Managing Director and Regional Chief Executive: Takashi Koizumi

	Country	Principal Business	Established (equity interest acquired)	ORIX Group's Ownership (%)
ORIX EUROPE LIMITED	U.K.	Corporate and asset- based finance and investment.	1982	10033 Lombard Street, London EC3V 9BQ, U.K. Tel: 171-623-0100 Fax: 171-623-1039 Telex: 893292 ORIX LNG Chairman: Takashi Koizumi Managing Director: Yoichi Mikami
ORIX CORPORATE FINANCE LIMITED	U.K.	Investment banking focusing on capital market and structured finance.	1989	10033 Lombard Street, London EC3V 9BQ, U.K. Tel: 171-283-0505 Fax: 171-283-5289 Executive Director: Hisao Namiki
ORIX IRELAND LIMITED	Ireland	Investment in and trade of securities and loans; general corporate finance, and asset-based finance.	1988	1002nd Floor, IFSC House, International Financial Services Centre, Custom House Docks, Dublin 1, Ireland Tel: 1-6700622 Fax: 1-6700644 Telex: 91807 ORIX EI Managing Director: Akira Kashi
ORIX AVIATION SYSTEMS LIMITED	Ireland	Operating/finance leases for aircraft and other related services.	1991	1002nd Floor, IFSC House, International Financial Services Centre, Custom House Docks, Dublin 1, Ireland Tel: 1-6700633 Fax: 1-6700644 Telex: 91807 ORIX EI Deputy Managing Director: Hideo Ichida
ORIX Polska S.A.	Poland	Equipment leasing services.	1995	85 UL. Stawki 2, Intraco VI p., 00-193 Warsaw, Poland Tel: 48-22-635-5162 Fax: 48-22-635-5343

President:
Ralph Kravitz