

ANNUAL REPORT 2010



ORIX LEASING PAKISTAN LIMITED

M I S S I O N

ORIX seeks its development through domestic and international presence by constantly anticipating and monitoring emerging trends and offering new and innovative products that create real and lasting value for our customers.

ORIX pioneers, introduces and offers value-added products which are not only competitive in terms of desirability and price, but also fulfil the needs of our customers by consistently increasing our value to them as an efficient source of financial services.

ORIX makes all efforts in enhancing superior professional competencies by creating a culture that fosters openness and innovation, promotes individual growth and at the same time rewards initiative and performance.

ORIX contributes to society through participation in poverty alleviation programmes, provision of financial assistance at grass roots level and assistance to charitable causes.



V I S I O N

ORIX aims to maximise shareholder value by drawing on its extensive array of specialised capabilities to continuously provide our customers with value added financial solutions.

C O R P O R A T E L E A S E

ORIX is known for its efficient and competitive financing. Our innovative CORPORATE LEASE packages are especially designed for business so that productivity can be expanded in medium and small scale industry.



A U T O & C O M M E R C I A L V E H I C L E L E A S I N G

With the ever increasing need for mobility, ORIX AUTO LEASE helps you to choose from the wide range of cars the market has to offer and our COMMERCIAL VEHICLES DIVISION keeps the road transport industry moving by financing trucks, prime movers, trailers etc. Our documentation and procedures are simple and we have easy rental plans to suit individual needs.



O P E R A T I N G L E A S E (Rentec)

Our specialized RENTEC DIVISION provides the most reliable and competitive power generating packages. To make life easier, it offers a full range of equipment and complete maintenance. An uninterrupted power supply means you have peace of mind knowing your business can run non-stop.





E - BUSINESS

ORIX's e-BUSINESS has helped expand the use of credit, debit, fleet, corporate and loyalty cards in Pakistan. We provide state-of-the-art network to process plastic card transactions for leading banks and corporations covering 200 towns and cities with over 10,000 point of sale terminals operating 24/7.



M I C R O F I N A N C E

We believe the best way to alleviate poverty long term is to make the poorest section of our society more productive. This in turn helps to improve our nation's living standards and health.

We play our role in this area by providing financing to start new small scale businesses or expand existing ones by enabling micro-entrepreneurs to buy equipment, ranging from sewing machines to rickshaws and beyond, as well as raw material. We are particularly pleased to assist women entrepreneurs, who find it more difficult to secure financing.



C E R T I F I C A T E S O F D E P O S I T

ORIX CODs deliver excellent returns from the widest range of saving schemes (ranging from 1 month to 10 years) and personalised service. ORIX enjoys the highest credit rating of any leasing company (PACRA rating A1+ for short term and AA for long term), which means that your investment is secure.



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COMPANY INFORMATION

Board of Directors

Mr. Hideo Ichida	Chairman
Mr. Kunwar Idris	Non Executive Director
Mr. Fumihiko Sato	Non Executive Director
Mr. Shaheen Amin	Non Executive Director
Mr. Shahid Usman	Non Executive Director
Mr. Shahid Aziz Siddiqui (Subject to approval of SECP)	Nominee of State Life Insurance Corporation of Pakistan
Mr. Teizoon Kisat	Executive Director
Mr. Humayun Murad	Chief Executive

Audit Committee

Mr. Shahid Usman	Chairman
Mr. Shahid Aziz Siddiqui	Member
Mr. Shaheen Amin	Member
Mr. Fumihiko Sato	Member

Credit Committee

Mr. Shaheen Amin	Chairman
Mr. Teizoon Kisat	Member
Mr. S. Saeed Reza	Member

Deputy Managing Director & Chief Financial Officer

Mr. Teizoon Kisat

Company Secretary

Mr. Ramon Alfrey

Head of Internal Audit & Secretary to Audit Committee

Mr. M. Ismail Khan

Senior Management

Mr. S. Saeed Reza	General Manager - International Operations
Mr. Amjad Iqbal	General Manager - Corporate Lease
Mr. Arshad Abbas	General Manager - Commercial Vehicle Division
Mr. Giasuddin Khan	General Manager - e-Business
Mr. M. Ayub Khan	General Manager - Special Assets Management
Mr. M. Shakeb Murad	General Manager - Treasury
Mr. Khalid Amir	General Manager - Credit Control & Agri (Northern Region)

Mr. Mian Faisal Riaz	General Manager - Lahore Region
Mr. Hamood Ahmed	Head - Consumer Auto Lease
Ms. Aseya Qasim	Head - Micro Finance
Mr. Irfan Ahmed	Branch Controller (Northern Region)
Mr. Tasneem Chowdhrey	Head - Operating Lease
Mr. Amil Kaer Adam Khan	Head - Credit Control
Mr. Mujahid Ali Mirza	Head - Business Control
Mr. M. Moizuddin	Head - Information Systems

Banks and Lending Institutions

Allied Bank Limited	International Finance Corporation
Bank Alfalah Limited	MCB Bank Limited
BankIslami Pakistan Ltd.	National Bank of Pakistan
Citibank N.A.	Pakistan Poverty Alleviation Fund
Citibank Japan Limited	Standard Chartered Bank (Pakistan) Limited
HSBC Bank Middle East Limited	The Bank of Tokyo - Mitsubishi UFJ, Limited
ING Bank Limited, Japan Branch	United Bank Limited

Auditors

M/s KPMG Taseer Hadi & Co., Chartered Accountants

Legal Advisors

M/s Mansoor Ahmad Khan & Co.

M/s Walker Martineau & Saleem

Registrar and Share Transfer Office

Noble Computer Services (Private) Limited
 Mezzanine Floor, House Of Habib Building (Siddiqsons Tower)
 3 - Jinnah C.H. Society, Main Shahrah-e-Faisal, Karachi-75350

Registered Office & Head Office

Overseas Investors Chamber of Commerce Building
 Talpur Road, Karachi-74000

ORIX CORPORATION

ORIX Corporation is one of the largest non-bank financial services group of Japan, providing innovative value added products and services to both corporate and retail customers. It is listed on Tokyo and New York Stock Exchanges, with operations in 27 countries worldwide and diversified over a wide range of products. ORIX has a record of sustained growth over the years by pursuing new profit earning opportunities through specialized capabilities and broadening operational scope. The Group's fundamental strength lies in its ability to keep one step ahead of the competition by identifying and developing new business opportunities.

ORIX CORPORATION, JAPAN - FINANCIAL HIGHLIGHTS

	US Dollars (millions)	
	March 31, 2010	March 31, 2009
Total Revenues	10,026	10,952
Profit Before Tax	598	103
Shareholders' Equity	14,149	11,886
Total Assets	83,188	85,205

ORIX'S PRINCIPAL ACTIVITIES

- Equipment leasing and instalment loans
- Automobile leasing and rentals
- Rental of testing, measuring and IT-related equipment
- Real estate related financing
- Real estate development and rental
- Investment banking
- Asset management services for REITs
- Life insurance
- Consumer card loans
- Venture capital
- Securities brokerage

ASSOCIATED COMPANIES

OVERSEAS ASSOCIATES

The Company's international activities started in 1993 with the establishment of a leasing company in Oman. Since then, associates have been established in Egypt, Saudi Arabia, UAE and Kazakhstan. ORIX Leasing Pakistan Limited's (OLP) overseas associates are:

Associate	Established
Oman ORIX Leasing Co SAOG (OOLC)	1993
ORIX Leasing Egypt SAE (OLE)	1997
Saudi ORIX Leasing Company (SOLC)	2001
MAF ORIX Finance PJSC, UAE (MAFO)	2002
BTA ORIX Leasing JSC, Kazakhstan (BTAO)	2005

OLP has equity investment and board representation in all companies. It provides them technical assistance and management support. Overseas associates provide lease financing for equipment and vehicles, focusing mainly small and medium sized entities (SMEs) spread across a wide range of industries as well as consumers. Strong emphasis is placed on customer service, prudent operating policies and development of human resources.

OLP's shareholding in the companies and their financial highlights are summarized below:

Company	OLP's Holding %	LCY	Pre-tax Profit Year to Dec 2009		Total Assets at Dec 31, 2009		Pre-tax Profit Half Year June 2010	
			LCY in 000s	Rs in millions	LCY in 000s	Rs in millions	LCY in 000s	Rs in millions
OOLC 1	1.64	RO	2,271	492	64,211	14,236	1,207	265
OLE	23	LE	11,384	173 335,840		5,239	6,470	100
SOLC	2.5	SR	42,887	952	970,167	21,999	29,675	670
MAFO	3	AED	19,021	431 345,569		8,002	4,180	96
BTAO	10	KZT	(275,529)	(154)	4,193,531	2,433	(161,036)	(92)

As explained in the Directors' Report, OLP shareholding in SOLC has reduced from 10% last year to 2.5% this year.

ASSOCIATES IN PAKISTAN

ORIX Properties Pakistan (Private) Ltd. (OPPL)

OPPL was established in January 2008 with a paid up capital of Rs 300 million. The Company's sponsors are ORIX Corporation (45%), ORIX Leasing Pakistan Limited (45%) and local investors (10%). The primary objective of the Company is to develop and manage real estate projects.

NOTICE OF MEETING

Notice is hereby given that the Twenty-Fourth Annual General Meeting of the Company will be held at Beach Luxury Hotel, M.T. Khan Road, Karachi, on Monday, October 25, 2010 at 2:30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements together with the Directors' Report and Auditors' Report for the year ended June 30, 2010.
2. To appoint Auditors and fix their remuneration. The present Auditors, Messrs. KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS (Statement Attached)

3. To approve remuneration of the Chief Executive and Director .
4. To transact any other business with permission of the Chair .

Karachi: September 22, 2010

BY ORDER OF THE BOARD

RAMON ALFREY
Company Secretary

Notes:

- i) The Register of Members of the Company shall remain closed from October 19, 2010 to October 25, 2010 (both days inclusive). Transfers received in order at our registrar , Messrs. Noble Computer Services (Private) Limited, Mezzanine Floor , House of Habib Building (Siddiqsons Tower), 3-Jinnah Cooperative Housing Society , Main Shahrah-e-Faisal, Karachi by the close of business on October 18, 2010, will be treated as being in time for the purpose of attending the meeting.
- ii) A Member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote on his/her 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 time of the meeting. A form of proxy is enclosed. Shareholders are requested to notify any change of address immediately .
- iv) 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 Computerized National Identity Card (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.

Statement under section 160 (1) (b) of the Companies Ordinance, 1984 in respect of special business and related draft resolutions

Material facts concerning the special business to be transacted at Annual General Meeting and the proposed resolution related thereto are given below .

ITEM No. 3 OF AGENDA - Remuneration of Chief Executive and Director

Shareholders' approval is required for the holding of office for profit of the Chief Executive and Director(s) as well as of their remuneration. It is, therefore, proposed to pass the following as an Ordinary Resolution:

“Resolved that:

Approval is hereby given for the holding of office of profit with the Company by the Chief Executive, and a Director for payment of remuneration not exceeding Rs. 18.1 million for the year ending June 30, 2011 (2010: Rs. 17.9 million), together with other benefits in accordance with rules of the Company .”

The Directors are interested to the extent of the remuneration payable to them individually .

REPORT OF THE DIRECTORS

The Directors of ORIX Leasing Pakistan Limited (OLP/ the Company) present the Twenty Fourth Annual Report together with the audited financial statements of the Company for the year ended June 30, 2010.

FINANCIAL RESULTS

The financial results of the Company are summarized below:

	2010	2009
Profit / (loss) before taxation	125,956,180	(428,714,580)
Less: Taxation	(21,472,347)	(38,381,763)
Profit / (loss) after taxation	104,483,833	(467,096,343)
Earnings / (loss) per share - basic and diluted	1.27	(5.85)
Appropriations:		
- Transfer to statutory reserves	(20,900,000)	-
- Cash dividend @ 1.5 per share	-	(104,217,719)

In view of carried forward losses, the Directors do not recommend a dividend distribution.

REVIEW OF OPERATIONS

The year ended June 30, 2010 was one of consolidation for OLP. In wake of the Country's economic crisis the leasing business remained under stress. Despite a challenging operating environment, OLP made steady progress. New lease volume at Rs. 8.43 billion was 35% higher than Rs. 6.25 billion in the previous year and the Company recorded a profit of Rs. 104 million compared to a loss of Rs. 467 million last year.

Of the assets leased, passenger cars accounted for 49%, machinery and equipment 28% and commercial vehicles 23%. Corporate lease comprised 76% of the Company's portfolio and auto finance for individuals accounts for the balance 24%. Within the corporate lease portfolio, highest exposure of 12.76% is to transport sector which indicates the diversity of the portfolio over business segments.

EXTRAORDINARY ITEM

The current year's profit includes an extraordinary gain on the sale of 75% of the Company's shareholding in Saudi ORIX Leasing Company to ORIX Corporation, Japan for Rs. 926 million. It was necessitated by the Securities and Exchange Commission of Pakistan's requirement of reducing investments in unquoted associated companies to 20% of equity. The sale resulted in a capital gain of Rs. 376 million. In addition, unrealised exchange gains of Rs. 125 million previously recorded in equity were realised. Further, an exchange gain of Rs. 24 million was also booked on the transaction in the current year. Total gain on the sale thus amounted to Rs. 525 million.

The Company's balance sheet was also strengthened by increasing provision for potential lease and loan losses to Rs. 523 million from Rs. 324 million provided in fiscal 2009. Higher provisioning has impacted current years profits but it will provide a cushion for future years in the event of an economic downturn.

REVENUE

Total revenue for the year ended June 30, 2010 increased by 7% to Rs. 3.76 billion (2009: Rs. 3.52 billion). However revenue from finance leases and instalment loans was less by 13% at Rs. 2.07 billion (2009: Rs. 2.39 billion) due to a shrinking lease portfolio which was lower by Rs. 1.3 billion this year as a consequence of lease repayments being greater than new lease receivables.

Operating lease revenues were 6% higher at Rs. 626 million (2009: Rs. 590 million). Improved receipts from generator rentals were primarily responsible for the higher revenue. This business segment remains strong and the Company plans to expand its fleet of generators in the coming year.

Income from share in profit and loss of associated companies increased by 55% at Rs.143 million (2009: Rs. 92 million).

FINANCIAL EXPENSES

Financial expenses were 20% lower at Rs. 2.06 billion (2009: Rs. 2.57 billion). The decrease was a consequence of lower borrowings which amounted to Rs. 14.90 billion as at June 30, 2010, compared to Rs. 17.38 billion last year.

The Company's internal cash generation remained strong and it met debt obligations of Rs. 5.1 billion on due dates. Although banks were reluctant to lend to non banking finance companies, OLP was successful in obtaining new funding lines during the year. With the Company's return to profitability, the prospects of obtaining additional funds are improving.

The Company's credit rating of AA is the highest in the leasing sector and this helped it to steadily increase its fund raising through Certificates of Deposit which amounted to Rs. 2.03 billion at June 30, 2010.

ADMINISTRATIVE & GENERAL EXPENSES

Despite high inflationary trend, administrative and general expenses were 8% lower at Rs. 599.75 million compared to Rs. 651.52 million in the previous year. A number of steps were taken to control costs including freeze on salaries and relocation of offices from rented premises to Company's own building in Karachi.

In order to sustain the pressure of current adverse economic conditions and enhance competitive edge, management has started organisational restructuring to improve business efficiency. This is likely to bring more savings in general and administrative expenses in the new fiscal year.

DIRECT COST OF LEASES

Direct cost of leases which mainly comprised of maintenance, insurance and depreciation expenses on operating lease assets were controlled and increased by 3% to Rs. 387 million (2009: Rs. 374 million). The increase is justified when compared with the 6% increase in operating lease revenues mentioned earlier.

ASSOCIATED COMPANIES

Operations in Oman, Egypt, Saudi Arabia, United Arab Emirates and Kazakhstan are managed by executives deputed from Pakistan. Respective contribution of associates to OLP were Saudi ORIX Leasing Company Rs. 69 million (2009: Rs. 57 million), Oman ORIX Rs. 55 million (2009: Rs. 49 million), ORIX Leasing Egypt Rs. 34 million (2009: Rs. 40 million) and MAF ORIX, UAE, Rs. 7 million (2009: Rs. 16 million). OLP's share of loss from BTA ORIX, Kazakhstan, amounted to Rs. 20 million (2009: Rs. 10 million).

During the year, the Company recorded an impairment of Rs. 51 million against the carrying value of investment in BTA ORIX as it is operating in difficult economic conditions and has been sustaining losses for the past two years. The impairment of Rs. 51 million was recognised as a Rs. 24 million charge through profit and loss account and an additional Rs. 27 million was written off against unrealised foreign translation gains in equity.

STAFF

The Management places on record its appreciation for the dedication and loyalty displayed by its staff in these hard times. Their personal sacrifice in accepting salary freeze amidst mounting inflation is worthy of special mention. Staff members also showed admirable resilience in facing the multiple challenges of rent recovery and client management in difficult circumstances.

FUTURE OUTLOOK

The economic slowdown, high inflation, law and order situation and power outages remained a cause of concern. The adverse economic impact of the unprecedented floods is expected to be significant as the social and economic infrastructure has been damaged in large parts of the Country.

In the short term, many challenges loom ahead including disruption of some lessees' operations compelling the Company to concentrate on recoveries and tighten credit appraisal and monitoring standards as well as reassessing risk in vulnerable areas. In the longer run, the Company is expected to benefit from increased economic activity emanating from reconstruction efforts. In the meantime, steady growth will be pursued for improvement in profitability.

CORPORATE SOCIAL RESPONSIBILITY

As a part of the ORIX Group, the Company follows its parent's Corporate Social Responsibility (CSR) policy for producing economic benefits for society through business activities.

While seeking to contribute to economic development, we also believe it is important to establish a workplace environment for corporate officers and employees alike where they feel they are leading meaningful lives that also take into consideration their families and business associates. We believe that people are our most valued asset and we want OLP to be a place where they can demonstrate their abilities in a free, creative and energetic environment.

RURAL DEVELOPMENT PROGRAMMES

The Company is involved in a wide range of programmes and projects intended to improve the lives of underprivileged Pakistanis, mainly through its Micro Finance Division. It caters to the needs of individuals who have expertise but lack funds. This eventually works for the well-being of the poorer classes of the community and promotes equilibrium in wealth distribution in the economy.

For over seven years, the Company has successfully run micro finance programmes with the support of its partners disbursing Rs. 281 million during the fiscal year. Currently 16,500 micro entrepreneurs are availing finance from the Company.

CORPORATE GOVERNANCE

ORIX considers corporate governance important to promotion of business in line with its business conduct principles (see page 22).

The Board of Directors of the Company is accountable to shareholders for the management of the Company. It acknowledges responsibility for sound internal controls and is committed to uphold the highest standards of Corporate Governance. Our corporate ideology is based upon ORIX Group's compliance programme called EC 21 which strives to ensure that ORIX is an "Excellent Company" in the 21st Century. The Company has implemented provisions of the Code of Corporate Governance. The statutory auditors' review report on compliance with best practices of the Code of Corporate Governance is annexed to this report.

DIRECTORS' DECLARATION

The Directors confirm compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance for the following:

- i. 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.
- ii. Proper books of accounts of the Company have been maintained.
- iii. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- iv. International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements.
- v. The system of internal control is sound in design and has been effectively implemented and monitored.
- vi. There are no significant doubts about the Company's ability to continue as a going concern.
- vii. There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- viii. Details of significant changes in the Company's operations during the year ended June 30, 2010 are stated in the Directors' Report.
- ix. Key operating and financial data for the last six years, in summarized form, is given on page 18.
- x. The value of investments of the recognized provident fund as at June 30, 2009 was Rs. 151.65 million (audited) and as at June 30, 2010 was Rs. 190.36 million (un-audited). The value of investments of the Company's recognized gratuity fund as at June 30, 2009 was Rs. 75.75 million (audited) and as at June 30, 2010 was Rs. 90.42 million (un-audited).
- xi. No trading in shares of the Company was carried out by the Directors, Chief Executive, Chief Financial Officer, Company Secretary or their spouses and minor children during the year.

During the year six meetings of the Board of Directors were held. Non-resident Directors who were unable to attend the meetings constantly followed the progress of the Company and proceedings of the Board.

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Makoto Inoue (Non Resident)*	-	Mr. Shahid Usman	6
Mr. Hideo Ichida (Non Resident)	1	Mr. Shaheen Amin (Non Resident) **	-
Mr. Kunwar Idris	6	Mr. Saeed Reza *	6
Mr. Fumihiko Sato (Non Resident)	4	Mr. Humayun Murad	6
Mr. Sohail Hashmi	6	Mr. Teizoon Kisat **	-

* Resigned on June 14, 2010

** Appointed on June 14, 2010

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

BOARD CHANGES

On June 14, 2010, Mr. Makoto Inoue resigned as Chairman and Director and Mr. Saeed Reza resigned as Director. To fill the vacancies, Mr. Shaheen Amin, Chief Executive, Saudi ORIX Leasing Company, and Mr. Teizoon Kisat, Deputy Managing Director of the Company, were appointed as Directors. Mr. Hideo Ichida was elected as Chairman of the Board.

Subsequent to the year end, on September 22, 2010 Mr. Sohail Hashmi, nominee of State Life Insurance Corporation of Pakistan (SLIC) resigned as Director. SLIC has nominated Mr. Shahid Aziz Siddiqui, Chairman, SLIC, to fill the casual vacancy. Mr. Siddiqui's appointment is subject to approval of the Securities and Exchange Commission of Pakistan.

The Board wishes to place on record its appreciation for the valuable contribution made by the outgoing Directors and welcomes the new Directors.

CREDIT RATING

The Pakistan Credit Rating Agency (PACRA) maintained the Company's long term rating of "AA" (Double A) and short term rating of "A1+" (A One Plus). The Company's TFC has been assigned "AA+" (Double A Plus) rating. These ratings denote the lowest expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

PARENT COMPANY

ORIX Corporation, Japan and its nominees hold 49.59% of the Company's equity.

AUDITORS

The present auditors, KPMG Taseer Hadi and Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Audit Committee has recommended appointment of retiring auditors for the year ending June 30, 2011.

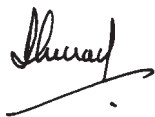
PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2010 is attached at page 72.

ACKNOWLEDGEMENT

The Board expresses its appreciation for the support and cooperation of the regulatory authorities, shareholders, customers, bankers, outsourcing parties and looks forward to their continued support and advice.

On behalf of the Board



Humayun Murad
Chief Executive

Dated: September 22, 2010

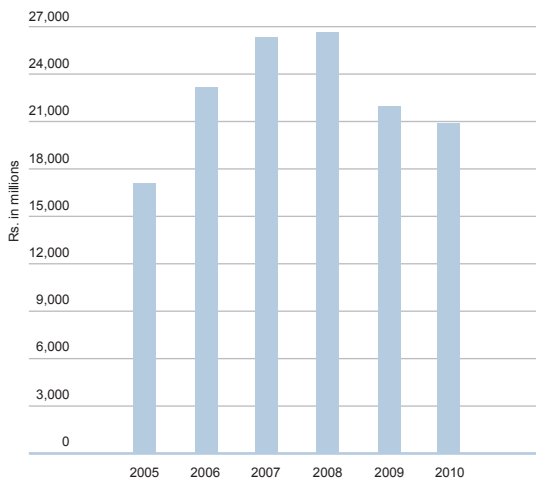
SIX YEARS' FINANCIAL SUMMARY

(Rupees in millions)

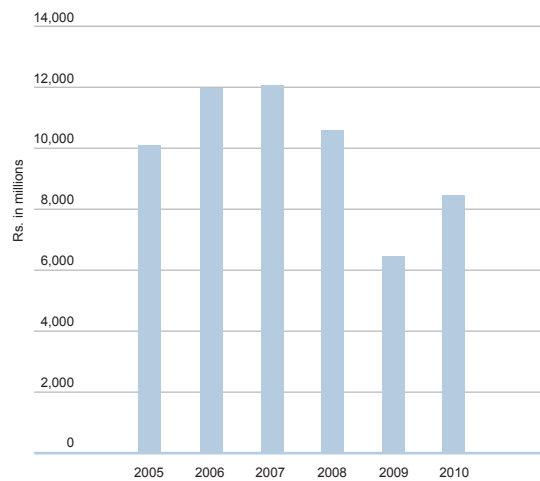
	2010	2009	2008	2007	2006	2005
Operating Results						
Total disbursements	8,428	6,251	10,789	12,142	11,932	10,105
Revenues	3,700	3,491	3,450	3,012	2,455	1,620
Lease revenue	2,699	2,983	2,955	2,726	2,102	1,481
Profit / (Loss) before tax	126	(429)	351	396	455	360
Profit / (Loss) after tax	104	(467)	267	334	396	321
Financial charges	2,064	2,570	2,133	1,806	1,285	583
Allowance for potential lease, instalment and other loan losses	523	324	105	58	52	80
Proposed dividend	–	–	208*	243	243	181*
Balance Sheet						
Gross lease receivables	20,906	22,229	26,815	26,665	22,951	17,326
Shareholders' equity	2,016	2,078	2,604	2,379	2,325	2,000
Fixed assets	1,075	1,122	832	751	767	684
Long term debts	8,827	12,991	14,676	9,348	7,500	5,210
Total borrowing	14,812	17,558	17,011	16,780	15,649	11,114
Long term investments	1,426	1,838	1,401	1,107	1,090	1,004
Financial Ratios						
Profit before tax	3.4%	-12.3%	10.2%	13.1%	18.5%	23.1%
Proposed dividend	0.0%	0.0%	30.0%	35.0%	35.0%	30.0%
Return on assets	0.5%	-2.2%	1.3%	1.7%	2.4%	2.7%
Return on equity	5.1%	-20.0%	10.7%	14.2%	18.3%	16.7%
Income / expense ratio	1.23	1.0	1.1	1.2	1.2	1.4
Earning / (Loss) per share (Rs.)	1.27	(5.8)	3.3	4.8	5.7	4.6
Price earning ratio	4.1	(1.4)	6.6	6.2	4.5	6.4
Market value per share (Rs.)	5.23	8.0	25.0	29.8	25.7	29.7
Book value per share (Rs.)	24.6	26.0	37.5	34.2	33.5	33.1
Debt / Equity ratio	7.3	8.4	6.7	7.1	6.7	5.6
Current ratio	1.35	1.9	2.4	1.1	1.0	1.0

* Includes cash and bonus

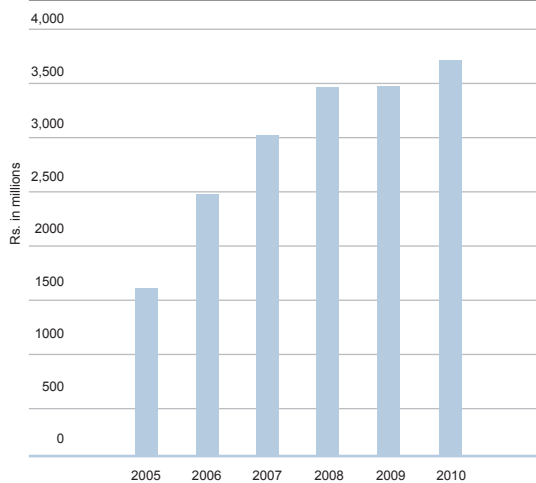
GROSS LEASE RECEIVABLES



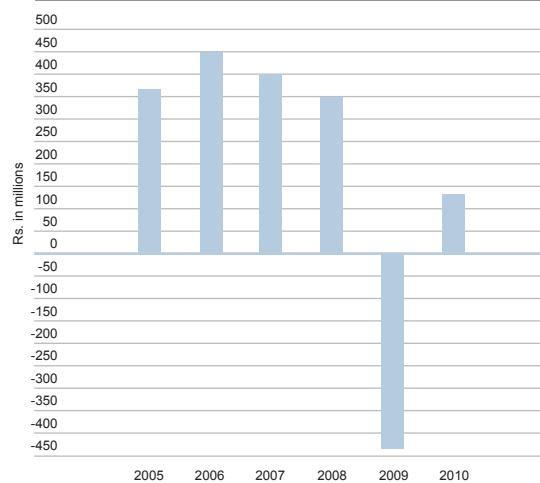
DISBURSEMENTS



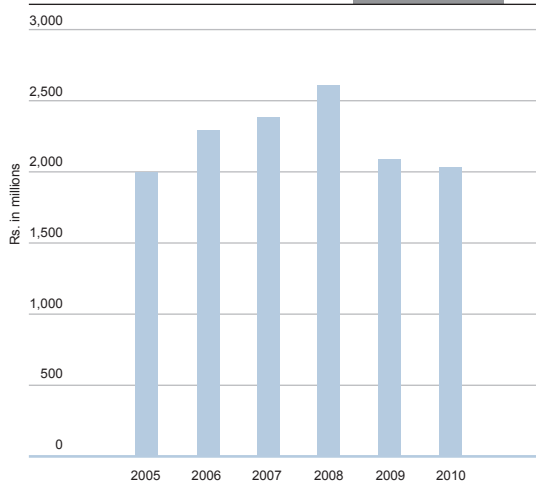
REVENUES



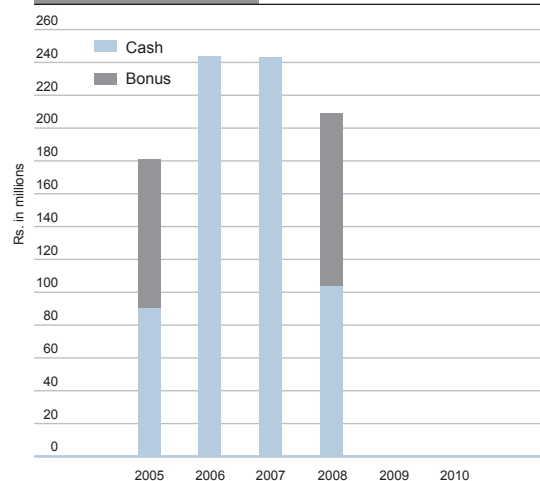
PROFIT BEFORE TAX



SHAREHOLDERS' EQUITY



DIVIDENDS



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement of compliance is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi, Lahore and Islamabad Stock Exchanges 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.

The Company has applied the principles contained in the Code 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 six non-executive Directors including three independent non-executive Directors.
2. Resident Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this Company.
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 NBFC or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year two casual vacancies occurred in the Board which were duly filled.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the Directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy, business conduct principles 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 and other Executive Director, have been taken by the Board.
8. In the absence of the Chairman, the meetings of the Board were presided over by a Director elected by the Board for this purpose. 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 meeting were appropriately recorded and circulated.
9. The Directors are conversant of the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.
10. The Chief Financial Officer (CFO) was appointed prior to implementation of the Code of Corporate Governance. The Board has approved the appointments of Head of Internal Audit and Company Secretary. Future appointment, if any, on these positions including remuneration, terms and conditions, as determined by the CEO, will be referred to the Board for approval.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code 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 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 Code.
15. The Board has formed an Audit Committee, which comprises of four members, who are non-executive Directors.
16. The meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the Code, the terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has set up an effective internal audit function, which comprises of qualified and experienced staff who are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or 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.
20. The related party transactions were placed before the Audit Committee and approved by the Board of Directors.
21. We confirm that all other material principles contained in the Code have been complied with as stated above.



Humayun Murad
Chief Executive

Dated: September 22, 2010

BUSINESS CONDUCT PRINCIPLES

In accordance with good corporate governance practices, ORIX Corporation, Japan has identified Business Conduct Principles in the compliance manual of its EC 21 Programme which is aimed at making ORIX an 'Excellent Company' in the 21st Century . The Company has adopted the following Business Conduct Principles:

1. Satisfying client needs by offering products and services that create real and lasting value.

2. Abiding by the letter and spirit of laws, regulations, and social rules, and promoting free trade and competition.

3. Maintaining transparent and sound corporate management by providing full disclosure to the public.

4. Continuously improving our business by maintaining healthy corporate governance and sharing appropriate information with our shareholders and the market.

5. Respecting each employee as an individual, and providing him / her with opportunities and environments that encourage professional development.

6. Respecting the culture, customs and environment of each country and region in which we operate, and making genuine, meaningful contributions to their economies and societies.

7. Actively avoiding involvement or association with questionable organizations.

8. Being a good corporate citizen by maintaining proper and fair relationships with official bodies such as government, public administration offices and social organisations.

STATEMENT OF VALUE ADDED

	2010	%	2009	%
Revenues from operations	2,319,388,762		2,853,489,783	
Other income	715,028,036		221,477,084	
Share of profit of associates	142,713,036		92,214,776	
	3,177,129,834		3,167,181,643	
Financial cost	1,831,905,685		2,372,675,769	
Direct cost of leases and services	467,808,808		513,677,965	
	2,299,714,493		2,886,353,734	
Value Added	877,415,341	100	280,827,909	100
Distributed as follows:				
Remuneration	309,757,703	35	314,388,455	112
Taxes	21,472,347	2	38,381,763	14
Profit on investments	232,520,758	27	197,334,880	70
Depreciation	209,180,700	24	197,819,154	70
Capital reserves and retained profits / (loss)	104,483,833	12	(467,096,343)	(166)
	877,415,341	100	280,827,909	100



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Chartered Accountants
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REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of ORIXLeasing Pakistan Limited ("the Company") to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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's 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.

Further, Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges require the company to place before the Board of Directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2010.

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi: September 22, 2010



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AUDITORS REPORT TO THE MEMBERS

We have audited the annexed balance sheet of ORIX Leasing Pakistan Limited ("the Company") as at 30 June 2010 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 (hereinafter referred to as the financial statements), 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 financial 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 financial 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 financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the financial 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 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 except for the changes as described in note 2.5 with which we concur;
 - 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 30 June 2010 and of the profits, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Mahmood Hussain

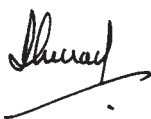
Karachi: September 22, 2010

BALANCE SHEET

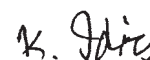
as at June 30, 2010

	Note	2010	2009
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,075,337,998	1,121,880,653
Intangible assets	5	80,450,000	80,450,000
Net investment in finance leases and instalment loans	6	18,205,453,195	19,523,230,601
Current maturity		8,449,082,057	9,307,268,900
Allowance for potential lease and instalment loan losses	35	626,067,078	387,838,657
		9,075,149,135	9,695,107,557
		9,130,304,060	9,828,123,044
Long term investments	7	1,425,768,605	1,838,187,190
Long term finances and loans	8	194,019,470	581,652,268
Long term deposits		12,615,906	15,339,206
		11,918,496,039	13,465,632,361
Current assets			
Short term finances	9	320,219,629	459,989,309
Accrued return on investments and term loans	10	14,656,041	53,666,489
Current maturity of non-current assets	11	9,011,366,752	9,790,623,089
Short term investments	12	1,216,428,984	1,467,281,016
Advances and prepayments	13	65,545,596	72,870,550
Other receivables	14	1,072,159,951	1,217,527,948
Cash and bank balances	15	130,924,469	628,886,878
Taxation - net		4,654,517	107,223,085
Assets classified as held for sale	16	24,574,888	59,506,055
		11,860,530,827	13,857,574,419
Total assets	Rupees	23,779,026,866	27,323,206,780
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
350,000,000 (2009:350,000,000) Ordinary shares of Rs. 10 each		3,500,000,000	3,500,000,000
Issued, subscribed and paid-up capital	17	820,529,300	799,002,560
Shares to be issued	17	—	21,526,740
Reserves		1,195,827,133	1,257,381,185
		2,016,356,433	2,077,910,485
Non-current liabilities			
Long term finances	18	4,543,262,782	8,100,983,539
Long term loans	19	3,186,109,614	3,864,825,839
Long term certificates of deposit	20	1,097,658,210	1,025,502,581
Long term deposits	21	4,016,204,598	4,598,441,563
Deferred taxation	22	120,009,145	217,476,715
		12,963,244,349	17,807,230,237
Current liabilities			
Trade and other payables	23	255,071,721	257,324,868
Accrued interest / mark-up on loans and term finances	24	716,635,393	881,944,734
Short term borrowings	25	622,694,809	712,850,000
Short term certificates of deposit	26	755,668,912	583,798,282
Current maturity of non-current liabilities	27	6,449,355,249	5,002,148,174
		8,799,426,084	7,438,066,058
Total equity and liabilities	Rupees	23,779,026,866	27,323,206,780
Commitments	28		

The annexed notes 1 to 46 form an integral part of these financial statements.



HUMAYUN MURAD
Chief Executive



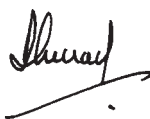
KUNWAR IDRIS
Director

PROFIT AND LOSS ACCOUNT

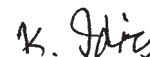
for the year ended
June 30, 2010

	Note	2010	2009
INCOME			
Income from operations			
Finance leases and instalment loans	29	2,073,410,840	2,393,584,325
Operating leases		625,848,206	589,620,800
Mark-up on term / factoring finance		143,487,607	194,253,664
		2,842,746,653	3,177,458,789
Income from other operating activities			
Other operating income	30	395,361,623	253,836,608
Share of profit of equity accounted undertakings	31	142,713,036	92,214,776
Gain on sale of equity accounted undertaking		376,478,004	—
		914,552,663	346,051,384
		3,757,299,316	3,523,510,173
EXPENSES			
Finance costs	32	2,064,426,443	2,570,010,649
Administrative and general expenses	33	599,756,495	651,523,156
Direct cost of leases	34	386,990,716	374,362,418
		3,051,173,654	3,595,896,223
		706,125,662	(72,386,050)
Allowance for potential lease, instalment and other loan losses - net	35	523,357,891	323,969,006
Impairment of assets	36	56,811,591	32,359,524
Profit / (loss) before tax		125,956,180	(428,714,580)
Taxation 40		21,472,347	38,381,763
Profit / (loss) for the year	Rupees	104,483,833	(467,096,343)
Earnings / (loss) per share - basic and diluted	Rupees 44	1.27	(5.85)

The annexed notes 1 to 46 form an integral part of these financial statements.



HUMAYUN MURAD
Chief Executive



KUNWAR IDRIS
Director

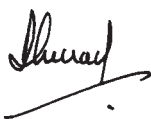
Statement of Comprehensive Income

for the year ended
June 30, 2010

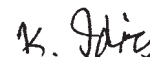
	2010	2009
Profit / (loss) for the year	104,483,833	(467,096,343)
Other comprehensive income		
Exchange difference arising on translation of foreign associates	73,922,214	190,625,376
Impairment on investments in equity accounted undertakings	(27,252,960)	–
Exchange gain on associate released to profit and loss account	(124,601,625)	–
Deferred tax relating to translation of foreign associate	(25,990,935)	–
Unrealized gain / (loss) due to change in fair value of available for sale securities - net	8,977,495	(52,310,181)
Impairment on available for sale securities	22,716,207	32,359,524
	31,693,702	(19,950,657)
Share of associates reserves	–	14,241,845
Net loss on hedging instruments	(93,808,281)	(161,087,135)
	(166,037,885)	23,829,429
Total comprehensive income for the year	(61,554,052)	(443,266,914)

Rupees

The annexed notes 1 to 46 form an integral part of these financial statements.



HUMAYUN MURAD
Chief Executive



KUNWAR IDRIS
Director

CASH FLOW STATEMENT

for the year ended
June 30, 2010

	Note	2010	2009
Cash flows from operating activities			
Cash generated from operations	41	2,271,298,329	2,074,869,908
(Increase) / decrease in operating assets			
Investment in finance leases and instalment loans - net		1,185,504,330	3,881,075,016
Long term finances and loans - net		238,389,831	143,179,532
Short term finances		74,404,417	(119,785,253)
Long term deposits		2,723,300	(737,661)
Investment in operating lease assets		(190,495,232)	(370,829,262)
Proceeds from sale of operating lease assets		57,826,749	50,661,971
		1,368,353,395	3,583,564,343
Increase / (decrease) in operating liabilities			
Deposits from lessees - net		(471,392,257)	(555,187,277)
Mark-up paid		(1,983,393,012)	(2,169,012,760)
Profit paid on certificates of deposit		(191,669,269)	(123,053,440)
		(2,646,454,538)	(2,847,253,477)
Net cash from operating activities before income tax		993,197,186	2,811,180,774
Income tax paid		(47,803,379)	(120,197,624)
Net cash from operating activities		945,393,807	2,690,983,150
Cash flows from investing activities			
Capital expenditure incurred		(45,981,631)	(145,860,809)
Proceeds from disposal of assets - own use		26,587,040	25,601,642
Cash flow from amalgamation	41.1	-	35,393,232
Proceeds against sale of equity accounted undertaking		926,501,301	-
Investments - net		301,968,484	(701,871,006)
Dividend received		15,972,432	35,926,310
Interest received		118,114,585	84,768,807
Net cash from / (used in) investing activities		1,343,162,211	(666,041,824)
Cash flows from financing activities			
Proceeds from long term loans		243,520,000	690,480,000
Short term borrowings - net		100,000,000	400,000,000
Certificates of deposit issued - net		264,462,204	510,771,123
Repayment of long term loans and finances		(3,201,916,989)	(3,410,480,296)
Dividend paid		(2,428,451)	(101,577,608)
Net cash used in financing activities		(2,596,363,236)	(1,910,806,781)
Net (decrease) / increase in cash and cash equivalents		(307,807,218)	114,134,545
Cash and cash equivalents at beginning of the year		316,036,878	201,902,333
Cash and cash equivalents at end of the year	Rupees 42	8,229,660	316,036,878

The annexed notes 1 to 46 form an integral part of these financial statements.



HUMAYUN MURAD
Chief Executive



KUNWAR IDRIS
Director



ORIX


STATEMENT OF CHANGES IN EQUITY for the year ended June 30, 2010

	Issued, subscribed and paid-up capital	Shares to be issued due to amalgamation	Reserves								Total shareholders' equity
			Share premium	Statutory reserve	General reserve	Unappropriated profit / (accumulated losses) investment	Unrealised (losses) / gains on investment	Hedging reserve	Foreign currency translation reserve	Share of associates' reserves	
Balance as at July 01, 2008	694,784,830	-	552,821,229	604,000,000	210,000,000	332,184,184	(7,939,458)	62,349,872	169,909,566	(14,241,845)	2,603,868,378
Total comprehensive income for the year ended June 30, 2009						(467,096,343)					(467,096,343)
Loss for the year	-	-	-	-	-	(467,096,343)	-	-	-	-	(467,096,343)
Other comprehensive income											
Exchange difference arising on translation of foreign associates	-	-	-	-	-	-	-	-	190,625,376	-	190,625,376
Exchange gain on associate released to profit and loss account	-	-	-	-	-	-	-	-	-	-	-
Deferred tax relating to translation of foreign associate	-	-	-	-	-	-	-	-	-	-	-
Unrealized gain/(loss) due to change in fair value of available for sale securities	-	-	-	-	-	-	(52,310,181)	-	-	-	(52,310,181)
Impairment on available for sale securities	-	-	-	-	-	-	32,359,524	-	-	-	32,359,524
Share of associates reserves	-	-	-	-	-	-	-	-	-	14,241,845	14,241,845
Net loss on hedging instruments	-	-	-	-	-	-	-	(161,087,135)	-	-	(161,087,135)
	-	-	-	-	-	-	(19,950,657)	(161,087,135)	190,625,376	14,241,845	23,829,429
Transactions with owner recorded directly in equity-distribution											
Cash dividend @ Rs.1.50 per ordinary share of Rs.10 each declared on September 16, 2008	-	-	-	-	-	(104,217,719)	-	-	-	-	(104,217,719)
Bonus shares issued by transferring from share premium account	104,217,730	-	(104,217,730)	-	-	-	-	-	-	-	-
Shares to be issued due to amalgamation	-	21,526,740	-	-	-	-	-	-	-	-	21,526,740
Balance as at July 01, 2009	799,002,560	21,526,740	448,603,499	604,000,000	210,000,000	(239,129,878)	(27,890,115)	(98,737,263)	360,534,942	-	2,077,910,485
Total comprehensive income for the year ended June 30, 2010						104,483,833					104,483,833
Profit for the year	-	-	-	-	-	104,483,833	-	-	-	-	104,483,833
Other comprehensive income											
Exchange difference arising on translation of foreign associates	-	-	-	-	-	-	-	-	73,922,214	-	73,922,214
Impairment on equity accounted undertakings	-	-	-	-	-	-	-	-	(27,252,960)	-	(27,252,960)
Exchange gain on associate released to profit and loss account	-	-	-	-	-	-	-	-	(124,601,625)	-	(124,601,625)
Deferred tax relating to translation of foreign associate	-	-	-	-	-	-	-	-	(25,990,935)	-	(25,990,935)
Unrealized gain/(loss) due to change in fair value of available for sale securities-net	-	-	-	-	-	-	8,977,495	-	-	-	8,977,495
Impairment on available for sale securities	-	-	-	-	-	-	22,716,207	-	-	-	22,716,207
Share of associates reserves	-	-	-	-	-	-	-	-	-	-	-
Net loss on hedging instruments	-	-	-	-	-	-	-	(93,808,281)	-	-	(93,808,281)
	-	-	-	-	-	-	31,693,702	(93,808,281)	(103,923,306)	-	(166,037,885)
Transactions with owner recorded directly in equity-distribution											
Issuance of shares	21,526,740	(21,526,740)	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	20,900,000	-	(20,900,000)	-	-	-	-	-
Balance as at June 30, 2010	Rupees 820,529,300	-	448,603,499	624,900,000	210,000,000	(155,546,045)	3,803,587	(192,545,544)	256,611,636	-	2,016,356,433

The annexed notes 1 to 46 form an integral part of these financial statements.



HUMAYUN MURAD
Chief Executive



KUNWAR IDRIS
Director

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 Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at Overseas Investors Chamber of Commerce Building, Talpur Road, 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 Regulations) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP).

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 provisions of and directive issued under the Companies Ordinance, 1984, and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, NBFC Rules and NBFC Regulations shall prevail.

2.2 Basis of measurement

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

- Derivative financial instruments are stated at fair value.
- Financial instruments at fair value through profit or loss are measured at fair value.
- Available for sale financial assets are valued at fair value.
- Obligation in respect of gratuity schemes are measured at present value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires 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 result 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 on going 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 Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- (a) determining the residual values and useful lives of property, plant and equipment (Note 3.1);
- (b) allowance for potential lease, instalment and other loan losses (Note 3.4);
- (c) classification of investments (Note 3.6);
- (d) valuation of derivatives (Note 3.7);
- (e) provisions (Note 3.15);
- (f) recognition of taxation and deferred tax (Note 3.17);
- (g) accounting for post employment benefits (Note 3.20); and
- (h) impairment (Note 3.22).

2.5 Changes in accounting policies and disclosures as a result of adoption of new and amended accounting standards

Starting July 01, 2009 the Company has changed its accounting policies in the following areas.

- - IAS 1 (Revised) - Presentation of financial statements (effective for annual periods beginning on or after January 01, 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated balance sheet as at the beginning of comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.
- The Company has opted to present two statements; a profit and loss account (income statement) and a statement of other comprehensive income. Comparative information has also been represented so that it is in conformity with the revised standard. As this change only impacts presentation aspects, there is no impact on the earnings per share.
- IFRS 7 (Amendment), 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after January 01, 2009). The amendment requires enhanced disclosures regarding fair value measurement and liquidity risk. As the change only results in additional disclosures, there is no impact on earnings per share.
- IFRS 8 – Operating Segments (effective for annual periods beginning on or after January 01, 2009). This IFRS replaces IAS 14, 'Segment Reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes, and introduced detailed disclosures regarding the reportable segments and products. As the changes in this standard only result in additional disclosures, there is no impact on earnings per share.

2.5.1 Standards, interpretations and amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards are effective from the dates specified below and are either not relevant to Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures:

IFRS 2 (amendment)-Share-based payments and withdrawal of IFRIC 8- Scope of IFRS 2 and IFRIC 11- Group and Treasury Share Transactions (effective for annual periods beginning on or after January 01, 2010). Amendment provides guidance on the accounting for share based payment transactions among group entities.

International Accounting Standard (IAS) 24 (revised): Related Party Disclosures (effective for annual period beginning on or after January 01, 2011). The amendments to IAS 24 simplify the disclosure

requirements for entities that are controlled, jointly controlled or significantly influenced by a government (referred to as government-related entities) and clarify the definition of a related party .

Amendments to IAS 32: Classification of Rights Issues (effective for period beginning on or after February 01, 2010). Under the amendment to IAS 32 rights, options and warrants – otherwise meeting the definition of equity instruments in IAS 32.11 – issued to acquire a fixed number of an entity's own non-derivative equity instruments for a fixed amount in any currency are classified as equity instruments, provided the offer is made pro-rata to all existing owners of the same class of the entity's own non-derivative equity instruments.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for period beginning on or after July 01, 2010). IFRIC 19 clarifies the accounting when an entity extinguish the liability by issuing its own equity instruments to creditors.

Amendments to IFRIC 14: Prepayment of a Minimum Funding Requirement (effective for period beginning on or after July 01, 2011). IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction has been amended to remedy an unintended consequence of IFRIC 14 where entities are in some circumstances not permitted to recognise prepayments of minimum funding contributions, as an asset.

The International Accounting Standards Board made certain amendments to existing standards as part of its second and third annual improvements project. The effective dates for these amendments vary by standards.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

Operating fixed assets

These are stated at cost less accumulated depreciation and impairment, if any . The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. Depreciation is charged to income applying the straight line method over its estimated useful life, at the rates specified in note 4.1 and 4.2 to the financial statements, after taking into account residual value, except for diesel generators under operating lease assets which are depreciated on hourly usage basis. The cost of leasehold land is amortised over its lease term. In respect of additions and disposals of assets, depreciation is charged from the month in which asset is available for use and the Company continue depreciating it until it is derecognised i.e. up to the month preceding the disposal, even if during that period the asset is idle.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognised.

The assets residual values, useful lives and methods are reviewed and adjusted, if appropriate, at each financial year end.

Change in estimate

During the current year, the Company changed its estimate by reassessing the useful lives of gas generators by changing the useful life to 75 months. Until last year the useful life were 60 months. Had the estimate in respect of useful lives not being changed the profit for the year would have been lower by Rs. 14.7 million and carrying amount of the asset would have been lower by the same amount.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their erection, installation and acquisition.

3.2 Intangible assets

These are stated at cost less impairment, if any. The carrying amounts are reviewed on an annual basis to assess whether they are recorded in excess of their recoverable amounts, and where carrying value exceeds estimated recoverable amount, these are written down to their estimated recoverable amount.

3.3 Net investment in finance leases and instalment loans

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 and unamortised initial direct cost which are included in the financial statements as “net investment in finance leases and instalment loans”.

3.4 Allowance for potential lease, instalment and other loan losses

The 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, instalment 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 instalment 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 pledged collateral, historical loss experience, delinquencies and present value of future cash flows expected to be received. Lease, instalment and other loan receivables are charged off, when in the opinion of management, the likelihood of any future collection is believed to be minimal. Allowance for other loan losses is subject to requirements of the aforementioned Regulations.

3.5 Assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition within one year of the date of its classification as assets held for sale.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Gain / loss on sale of assets classified as held for sale is recognised in profit and loss account.

3.6 Investments

Investment at fair value through profit or loss

A non-derivative financial asset is classified as, at fair value through profit or loss if it is held for trading or is designated as such, upon initial recognition. 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. Upon initial recognition, attributable transaction cost are recognised in profit or loss when incurred.

Investments at fair value through profit or loss are remeasured at fair value, and changes therein are recognised in profit or loss. The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted bid price at the reporting date in the active market.

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 intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other investments that are

intended to be held-to-maturity are recognised initially at cost, plus attributable transaction costs, subsequently it is measured at amortised cost.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

Premiums and discounts on held-to-maturity investments are amortised using the effective interest rate method and taken to income from investments.

Available-for-sale

Other investments not covered in any of the above categories are classified as being available for sale.

All investments are initially recognised at cost, being the fair value of the consideration given including acquisition charges.

After initial recognition, investments 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 until the investment is sold, derecognised or is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income.

For investments 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 balance sheet date.

Unquoted investments, 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.

Investment in associates - equity method

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.

3.7 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, attributable transaction costs are recognised in profit and loss 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 method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Any gains or losses arising from changes in fair values on derivatives during the year that do not qualify for hedge accounting are taken directly to profit and loss account.

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) fair value hedge; or
- (b) cash flow hedge

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy 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 derivative hedging instruments 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 adjust 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 hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss account.

If the hedging instrument no longer meets the criteria for hedge accounting, 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.

3.8 Securities under repurchase / reverse repurchase agreements

Transactions of repurchase / reverse repurchase of investment securities are entered into at contracted rates for specified periods of time and are accounted for as follows:

Repurchase agreement

Investment sold with a simultaneous commitment to repurchase at a specified future date (repo) continue to be recognised in the balance sheet and are measured in accordance with the accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is accrued as mark-up / interest expense on borrowings over the life of the repo agreement.

Reverse repurchase agreement

Investments purchased with a corresponding commitment to resell at a specified future date (Reverse repo) are not recognised in the balance sheet. Amounts paid under these obligations are included in fund placements. The difference between purchase and resale price is accrued as return from fund placements over the life of the reverse repo agreement.

3.9 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 effective interest rate method.

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

3.10 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets. 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 of the financial assets and financial liabilities is taken to income currently (for regular way purchases and sales of financial instruments refer to note 3.12).

3.11 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is only offset and the net amount is reported in the balance sheet, when there is a legal enforceable right to set off the recognised amount and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

3.12 Settlement date accounting

All “regular way” purchases and sales of financial assets are recognised on the settlement date, i.e. the date on which the asset is delivered to or by the Company. Regular way purchases or sales of financial assets are those, the contract which requires delivery of assets within the timeframe generally established by regulation or convention in the market.

3.13 Foreign currency transactions

Foreign currency transactions are translated into Pak 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 balance sheet date. Gains and losses on translation are taken to income currently except for difference arising on translation of equity accounted undertakings which are recognised directly in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

3.14 Certificates of deposit

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

3.15 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.

3.16 Dividend

Dividend is recognised as a liability in the period in which it is declared.

3.17 Taxation

Current

Provision for current taxation is based on taxable income determined under the provisions of prevalent tax laws, whereby lease rentals received and receivable by the Company are deemed to be income as adjusted in accordance with the tax law. The provision is made at the current rate of taxation of the Income Tax Ordinance, 2001 (the IT Ordinance), as applicable.

Deferred

Deferred tax is provided using the liability method on all temporary differences at the balance sheet date, between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable income will be available

against which the deductible temporary differences and unused tax losses can be utilised.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date.

3.18 Revenue recognition

Finance leases and instalment loans

The Company follows the 'financing method' in accounting for recognition of finance lease and instalment loan income. At the commencement of a 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 amortised over the term of the lease, applying the annuity method, so as to produce a systematic return on the net investment in finance leases and instalment loans. Initial direct costs are deferred and amortised over the lease term as a yield adjustment.

Revenue from finance leases and instalment loans 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.

Operating lease income

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

Return on investments

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

Dividend income is recognised when a right to receive dividend is established i.e. the book closure date of the investee company declaring dividend.

Gain / loss on sale of investments is taken to income in the period in which it arises.

Factoring income

Factoring income is recognised on an accrual basis for the number of days outstanding on invoices factored.

Loans and finances

Income on term loans and finances are recognised on a time proportion basis taking into account the principal / net investment outstanding and applicable rates of profit thereon except in case of loans classified under the NBFC Regulations on which income is recognised on receipt basis.

Interest / mark-up on rescheduled / restructured advances and investments is recognised in accordance with the NBFC Regulations.

Others

Income from reverse repurchase transactions is recognised on a time proportion basis.

3.19 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 statement of cash flows.

3.20 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 service. Equal monthly contributions to the Fund are made both by the Company and by the employees, at the rate of 10% of basic pay.

(b) Defined benefit plan

The Company operates an approved funded gratuity scheme covering all permanent employees who have completed the qualifying period under the scheme. The scheme is administered by the trustees and contributions therein are made in accordance with the actuarial recommendations. The valuation in this regard is carried out at each year end, using the Projected Unit Credit Method for the valuation of the scheme. Actuarial gains and losses are recognised based on actuarial recommendations.

Actuarial gains and losses are recognised as income or expense when the cumulative unrecognised actuarial gains or losses at the end of the previous reporting period exceeds 10% of the higher of present value of defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

3.21 Employees compensated absences

The Company provides for unavailed compensated absences for all its permanent employees. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date.

3.22 Impairment

The carrying amounts of assets are reviewed on an annual basis to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognised in the profit and loss account.

3.23 Transactions with related parties

Transactions between the Company and its related parties are carried out at an arm's length basis.

3.24 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 includes items directly attributable to segment as well as those that can be allocated on a reasonable basis.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2010	2009
Fixed assets - own use	4.1	316,568,071	347,937,376
Fixed assets - on operating lease	4.2	758,769,927	771,913,277
Capital work-in-progress	4.3	–	2,030,000
	Rupees	1,075,337,998	1,121,880,653

4.1 Fixed assets - own use

Description	2010								Rate / Years
	Cost			Accumulated depreciation			Net book value		
	As at July 01, 2009	Additions / (disposals) / transfer	As at 30 June, 2010	As at July 01, 2009	for the year / (on disposals) / transfer	As at 30 June, 2010	As at 30 June, 2010		
Leasehold land	54,399,300	–	54,399,300	2,292,691	613,698	2,906,389	51,492,911	77 years	
Office building	69,786,085	–	69,786,085	290,774	3,489,300	3,780,074	66,006,011	5%	
Leasehold improvements	132,107,916	5,393,137	137,501,053	72,469,437	13,487,922	85,957,359	51,543,694	15%	
Furniture, fittings and office equipments	95,232,591	16,984,403 (3,906,470) 2,011,500* (3,332,625)**	106,989,399	51,802,953	11,105,008 (1,805,915) 514,622* (2,095,231)**	59,521,437	47,467,962	15% - 25%	
Vehicles	169,137,762	22,977,059 (27,629,388)	164,485,433	58,313,197	22,171,639 (10,120,484)	70,364,352	94,121,081	20%	
Computers and accessories	89,071,616	627,032 (291,068)	89,407,580	76,628,842	7,126,124 (283,798)	83,471,168	5,936,412	33%	
Rupees	609,735,270	45,981,631 (31,826,926) 2,011,500* (3,332,625)**	622,568,850	261,797,894	57,993,691 (12,210,197) 514,622* (2,095,231)**	306,000,779	316,568,071		

* Represents assets transferred to own assets from operating lease assets

** Represents assets transferred to operating lease assets from own assets

Description	2009								Rate / Years
	Cost			Accumulated depreciation			Net book value		
	As at July 1, 2008	Additions / (disposals) / transfer	As at June 30, 2009	As at July 1, 2008	For the year / (on disposals) / transfer	As at June 30, 2009	As at June 30, 2009		
Leasehold land	21,112,800	33,286,500	54,399,300	1,825,940	466,751	2,292,691	52,106,609	77 years	
Office building	–	69,786,085	69,786,085	–	290,774	290,774	69,495,311	5%	
Leasehold improvements	97,649,544	42,559,188 (8,100,816)	132,107,916	68,522,002	10,605,227 (6,657,792)	72,469,437	59,638,479	15%	
Furniture, fittings and office equipments	82,703,035	22,085,234 (9,555,678)	95,232,591	50,528,097	9,855,313 (8,580,457)	51,802,953	43,429,638	15% - 25%	
Vehicles	150,763,730	47,779,280 (27,793,565) (1,611,683)*	169,137,762	43,821,392	22,254,616 (7,735,494) (27,317)*	58,313,197	110,824,565	20%	
Computers and accessories	81,465,748	8,819,178 (1,213,310)	89,071,616	68,268,254	9,550,269 (1,189,681)	76,628,842	12,442,774	33%	
Rupees	433,694,857	224,315,465 (46,663,369) (1,611,683)*	609,735,270	232,965,685	53,022,950 (24,163,424) (27,317)*	261,797,894	347,937,376		

* Represents assets transferred to lease assets from own assets.

4.1.1 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
Furniture, fittings and office equipments	117,187	24,902	92,285	92,285	Company Policy	Mr.Naeem Saeed, Executive
	125,000	57,812	67,188	67,188	Company Policy	Mr. Nadeem V. Junaidy, Executive
	75,000	15,000	60,000	60,000	Company Policy	Mr. Hammad Anwar Lari, Executive
	829,900	72,616	757,284	829,900	Negotiation	Various
	686,115	85,764	600,351	711,000	Negotiation	Various
	156,667	19,583	137,084	156,667	Negotiation	Various
	84,000	19,950	64,050	65,000	Negotiation	Syed Faiq Shah
Book value not exceeding Rs. 50,000 each	1,832,601	1,510,288	322,313	371,655	Various	Various
	3,906,470	1,805,915	2,100,555	2,353,695		
Vehicles						
	1,410,500	363,463	1,047,037	1,368,000	Company Policy	Mr. Nadeem V. Junaidy, Executive
	910,000	138,017	771,983	1,050,000	Company Policy	Mr.Shakil Akhter Qureshi, Executive
	1,400,100	677,700	722,400	915,000	Company Policy	Mr.Naeem Saeed, Executive
	886,000	470,318	415,682	828,768	Company Policy	Ms. Samina Hassan Ali, Executive
	958,000	625,325	332,675	500,500	Company Policy	Mr. Mian Faisal Riaz, Executive
	1,267,500	950,625	316,875	420,000	Company Policy	Mr. Amjad Iqbal, Executive
	795,000	596,250	198,750	351,729	Company Policy	Mr. Hammad Anwer Lari, Executive
	395,000	197,500	197,500	325,000	Company Policy	Mr. Tahir Ali, Employee
	395,000	316,000	79,000	79,000	Company Policy	Mr. Saeed ullah Jan, Employee
	380,000	304,000	76,000	76,000	Company Policy	Mr. Shahzad Rana, Employee
	380,000	304,000	76,000	76,000	Company Policy	Mr. Azhar Hussain Tarar, Employee
	380,000	304,000	76,000	76,000	Company Policy	Aamir Hussain, Employee
	700,000	163,333	536,667	825,000	Finance lease	Transfer to lease finance
	519,000	94,609	424,391	576,139	Finance lease	Transfer to lease finance
	1,420,921	375,168	1,045,753	1,400,000	Insurance Claim	Adamjee Insurance, Karachi
	1,723,950	487,954	1,235,996	1,580,000	Insurance Claim	Adamjee Insurance, Karachi
	669,000	111,500	557,500	660,000	Insurance Claim	Adamjee Insurance, Karachi
	609,000	91,350	517,650	600,000	Insurance Claim	EFU General Insurance, Karachi
	609,000	102,769	506,231	609,000	Insurance Claim	EFU General Insurance, Karachi
	579,000	86,850	492,150	600,000	Insurance Claim	EFU General Insurance, Karachi
	519,000	129,750	389,250	580,000	Insurance Claim	EFU General Insurance, Karachi
	484,980	234,407	250,573	580,000	Insurance Claim	EFU General Insurance, Karachi
	800,000	120,000	680,000	915,000	Negotiation	Mr. Abdul Amir
	600,000	140,000	460,000	600,200	Negotiation	Mr. Abdul Qadir
	800,000	186,667	613,333	800,125	Negotiation	Mr. Abdul Qadir
	1,050,000	175,000	875,000	1,500,000	Negotiation	Mr. Mazhar Iqbal
	918,900	107,205	811,695	918,900	Negotiation	Mr. Rizwan Manai
	850,000	141,667	708,333	1,043,150	Negotiation	Mr. Fawad Afridi
	702,395	81,947	620,448	702,395	Negotiation	Mr. Moeed Masood
	560,000	204,750	355,250	622,139	Negotiation	Mr.Noman Hasan Khan
	484,980	185,909	299,071	495,000	Negotiation	Mr. Ahmed Ali
	342,000	115,995	226,005	275,000	Negotiation	Mr. Shoukat Ali
	424,870	233,679	191,191	300,000	Negotiation	Mr. Aftab Younus
	395,000	217,250	177,750	360,000	Negotiation	Mr. Huned Kagalwala
	354,000	194,700	159,300	200,000	Negotiation	Mr. Hafiz Muhammad Nadeem
	395,000	316,000	79,000	329,000	Negotiation	Mr. Shafaqat Ali
	754,000	226,200	527,800	705,000	Negotiation	Mr. Asghar Ali Khan
	376,000	206,800	169,200	240,000	Negotiation	Mr. Shahid Ahmed Kamran
Book value not exceeding Rs. 50,000 each	431,292	141,827	289,465	132,000	Various	Various
	27,629,388	10,120,484	17,508,904	24,214,045		
Computers and accessories						
Book value not exceeding Rs. 50,000 each	291,068	283,798	7,270	19,300	Various	Various
	291,068	283,798	7,270	19,300		
Rupees	31,826,926	12,210,197	19,616,729	26,587,040		

4.2 Fixed assets - on operating lease

Description	2010								Rate
	Cost			Accumulated depreciation			Net book value		
	As at July 01, 2009	Additions / (disposals) / transfer	As at 30 June, 2010	As at July 01, 2009	for the year / (on disposals) / transfer	As at 30 June, 2010	As at 30 June, 2010		
Generators	891,305,753	175,201,186 (139,642,186) 3,332,625* (2,011,500)**	928,185,878	281,920,501	85,478,259 (88,043,991) 2,095,231* (514,622)**	280,935,378	647,250,500	number of hours / 16%	
Compressors and machinery	8,033,534	–	8,033,534	7,591,659	441,875	8,033,534	–	15% - 20%	
Communication equipments	468,413,615	15,294,046 (297,308)	483,410,353	311,671,829	64,030,650 (229,389)	375,473,090	107,937,263	15% - 20%	
Office equipments	17,014,654	– (17,014,654)	–	17,014,534	120 (17,014,654)	–	–	33 %	
Vehicles	8,836,950	– (1,945,347)	6,891,603	3,492,706	1,236,105 (1,419,372)	3,309,439	3,582,164	15 %	
Rupees	1,393,604,506	190,495,232 (158,899,495) 3,332,625* (2,011,500)**	1,426,521,368	621,691,229	151,187,009 (106,707,406) 2,095,231* (514,622)**	667,751,441	758,769,927		

* Represents assets transferred to operating lease assets from own assets.

** Represents assets transferred to own assets from operating lease assets

Description	2009								Rate
	Cost			Accumulated depreciation			Net book value		
	As at July 1, 2008	Additions / (disposals) / transfer	As at June 30, 2009	As at July 1, 2008	For the year / (on disposals) / transfer	As at June 30, 2009	As at June 30, 2009		
Generators	622,079,739	332,949,650 (63,723,636)	891,305,753	234,169,942	85,008,356 (37,257,797)	281,920,501	609,385,252	number of hours / 20%	
Compressors and machinery	8,033,534	–	8,033,534	6,386,643	1,205,016	7,591,659	441,875	15% - 20%	
Communication equipments	441,971,526	37,879,612 (11,437,523)	468,413,615	266,630,403	55,932,345 (10,890,919)	311,671,829	156,741,786	15% - 20%	
Office equipments	17,014,654	–	17,014,654	17,014,534	–	17,014,534	120	33 %	
Vehicles	20,483,003	– (11,646,053)	8,836,950	5,232,011	2,650,487 (4,389,792)	3,492,706	5,344,244	15 %	
Rupees	1,109,582,456	370,829,262 (86,807,212)	1,393,604,506	529,433,533	144,796,204 (52,538,508)	621,691,229	771,913,277		

4.2.1 Details of fixed assets - on operating lease, disposed during the year are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyers
Generators						
	23,184,881	18,784,881	4,400,000	4,400,000	Negotiation	Shifa International Hospitals Ltd., Islamabad
	1,950,000	1,575,698	374,302	1,000,000	Negotiation	Mr. Aamir Mushtaq, Karachi
	2,025,000	1,090,908	934,092	1,050,000	Negotiation	Syed Shah Khalid, Karachi
	2,025,000	1,208,186	816,814	1,050,000	Negotiation	Mr. Aamir Mushtaq, Karachi
	1,950,000	931,866	1,018,134	1,100,000	Negotiation	Orient Energy Systems, Karachi
	28,616,278	24,323,837	4,292,441	4,617,265	Negotiation	Orient Energy Systems, Karachi
	14,688,558	9,547,562	5,140,996	5,530,032	Negotiation	Orient Energy Systems, Karachi
	14,894,358	11,170,769	3,723,589	4,005,366	Negotiation	Orient Energy Systems, Karachi
	10,100,000	1,262,500	8,837,500	9,506,263	Negotiation	Orient Energy Systems, Karachi
	10,100,000	1,262,500	8,837,500	9,506,263	Negotiation	Orient Energy Systems, Karachi
	921,126	313,183	607,943	653,948	Negotiation	Orient Energy Systems, Karachi
	2,227,200	378,624	1,848,576	1,988,464	Negotiation	Orient Energy Systems, Karachi
	1,731,895	1,391,303	340,592	366,366	Negotiation	Orient Energy Systems, Karachi
	545,000	295,208	249,792	268,694	Negotiation	Orient Energy Systems, Karachi
	24,682,890	14,506,966	10,175,924	11,500,000	Negotiation	Abid Brothers, Karachi
Rupees	139,642,186	88,043,991	51,598,195	56,542,661		
Communication equipments						
	297,308	229,389	67,919	229,881	Negotiation	Habib Metropolitan Bank
Rupees	297,308	229,389	67,919	229,881		
Office equipments						
Book value not exceeding						
Rs. 50,000 each	17,014,654	17,014,654	-	-	Scrap	
Rupees	17,014,654	17,014,654	-	-		
Vehicles						
	356,600	84,200	272,400	333,207	Insurance claim	Adamjee Insurance
	260,000	86,667	173,333	266,000	Negotiation	HSA Engineering, Karachi
Book value not exceeding						
Rs. 50,000 each	1,328,747	1,248,505	80,242	455,000	Negotiation	Mr. Malik Abdul Khaliq, Karachi
Rupees	1,945,347	1,419,372	525,975	1,054,207		
Rupees	158,899,495	106,707,406	52,192,089	57,826,749		

4.3 Capital work-in-progress

	2010	2009
Civil works		
Opening balance	–	51,454,978
Additions during the year	–	48,380,848
Capitalisation during the year	–	(99,835,826)
Intangible		
Opening balance	2,030,000	–
Additions during the year	–	2,966,000
Impaired during the year	(2,030,000)	(936,000)
	–	2,030,000
Rupees	–	2,030,000

5. INTANGIBLE ASSETS

	2010	2009
Membership cards		
Karachi Stock Exchange	34,750,000	34,750,000
Lahore Stock Exchange	30,000,000	30,000,000
	64,750,000	64,750,000
Rooms		
Karachi Stock Exchange	9,200,000	9,200,000
Lahore Stock Exchange	6,500,000	6,500,000
	15,700,000	15,700,000
Rupees	80,450,000	80,450,000

6. NET INVESTMENT IN FINANCE LEASES AND INSTALMENT LOANS

	Note	2010	2009
Instalment contract receivables		14,983,789,650	15,823,381,539
Residual value		5,886,631,639	6,355,801,967
Initial direct costs		35,267,207	49,824,441
	6.1	20,905,688,496	22,229,007,947
Less: Unearned finance income		2,700,235,301	2,705,777,346
Rupees		18,205,453,195	19,523,230,601

6.1 Details of investment in finance leases

	Gross investment in finance leases and instalment loans		Present value of investment in finance leases and instalment loans	
	2010	2009	2010	2009
Less than one year	9,905,079,072	10,913,282,558	8,449,082,057	9,307,268,900
One to five years	11,000,609,424	11,315,725,389	9,756,371,138	10,215,961,701
Rupees	20,905,688,496	22,229,007,947	18,205,453,195	19,523,230,601

6.2 There are no instalment contract receivables over five years. The Company's implicit rate of return on leases and instalment loans ranges between 15.00% and 22.00% (2009: 14.00% and 22.00%) per annum. These are secured against leased assets and security deposits generally upto 20% (2009: upto 20%) of the cost of leased asset, in case of finance leases and hypothecation of assets in case of instalment contracts .

6.3 Based on the NBFC Regulations, the aggregate net exposures in finance leases against which income suspension is required amounted to Rs. 1,496 million (2009: Rs. 1,555 million).

7. LONG TERM INVESTMENTS

	Note	2010	2009
Related parties			
Investment in equity accounted undertakings	7.1	1,220,759,350	1,644,231,968
Others			
Held-to-maturity investments			
Ijara sukuk - Government of Pakistan	7.2	180,000,000	180,000,000
Pakistan Investment Bonds (PIBs)	7.2	20,839,255	5,683,480
Term Finance Certificates (TFCs)			
- Listed		3,900,941	8,124,879
- Unlisted		4,170,000	4,370,802
		208,910,196	198,179,161
Less: Current maturity	11	3,900,941	4,223,939
	Rupees	1,425,768,605	1,838,187,190

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

2010	2009	Note	2010	2009
(Number of shares)				
Quoted				
15,622,462	12,805,241	Oman ORIX Leasing Company SAOG 7.1.3	475,336,126	418,043,226
			475,336,126	418,043,226
Unquoted				
625,000	2,500,000	Saudi ORIX Leasing Company 7.1.4	181,009,661	611,029,657
45,000	45,000	MAF ORIX Finance PJSC	138,844,554	132,387,398
8,750	8,750	BTA ORIX Leasing JSC 7.1.5	51,952,313	114,523,658
920,000	920,000	ORIX Leasing Egypt SAE	242,553,379	234,904,418
13,500,000	13,500,000	ORIX Properties Pakistan (Private) Limited	131,063,317	133,343,611
			745,423,224	1,226,188,742
		Rupees	1,220,759,350	1,644,231,968

7.1.1 Oman ORIX Leasing Company SAOG, Saudi ORIX Leasing Company, MAF ORIX Finance PJSC, BTA ORIX Leasing JSC, ORIX Leasing Egypt SAE and ORIX Properties Pakistan (Private) Limited are accounted for as equity accounted undertakings due to the significant influence of the Company.

7.1.2 Market value of quoted investment in equity accounted undertakings are as follows:

		2010	2009
Oman ORIX Leasing Company SAOG	Rupees	595,301,749	689,673,665

7.1.3 Includes 764 shares at Riyal Omani (R.O.) 0.1/- each (2009: 570 shares at R.O.0.1/- each) held in the name of Chief Executive and Director in the investee company. The aggregate carrying value of these shares is Rs. 0.02 million (2009: Rs. 0.02 million).

7.1.4 During the year, the Company disposed off 75% of its share holding in Saudi ORIX Leasing Company as approved in the Extra Ordinary General Meeting held on June 08, 2010.

7.1.5 During the year, the Company has made an impairment amounting to Rs. 51.35 million (2009: nil).

7.1.6 Summarised un-audited financial statement of equity accounted undertakings not adjusted for percentage ownership held by the Company:

Name	Date of financial year end	Total assets	Total liabilities	Revenues Rupees	Profit / (loss)	Interest held
2010						
Quoted						
Oman ORIX Leasing Company SAOG	31 December	13,935,932,925	9,852,924,565	1,640,909,392	471,603,959	11.64%
Unquoted						
Saudi ORIX Leasing Company	31 December	23,145,440,197	15,739,405,272	2,685,751,521	1,144,734,869	2.50%
MAF ORIX Finance PJSC	31 December	7,174,740,887	2,546,568,923	904,918,862	226,370,776	3.00%
BTA ORIX Leasing JSC	31 December	2,110,564,933	1,110,804,459	322,050,531	(196,733,710)	10.00%
ORIX Leasing Egypt SAE	31 December	5,551,371,252	4,496,751,740	678,536,943	146,605,672	23.00%
ORIX Properties Pakistan (Private) Limited	30 June	296,740,438	5,744,901	9,937,071	(5,067,322)	45.00%
2009						
Quoted						
Oman ORIX Leasing Company SAOG	31 December	13,754,130,040	10,163,217,828	1,534,585,736	421,162,195	11.64%
Unquoted						
Saudi ORIX Leasing Company	31 December	22,925,205,904	16,656,390,968	1,767,021,278	796,148,461	10.00%
MAF ORIX Finance PJSC	31 December	8,677,996,634	4,265,083,315	1,243,587,342	548,489,002	3.00%
BTA ORIX Leasing JSC	31 December	3,010,232,397	1,895,799,978	657,000,048	(104,294,604)	10.00%
ORIX Leasing Egypt SAE	31 December	5,167,219,460	4,145,895,904	688,742,772	173,383,702	23.00%
ORIX Properties Pakistan (Private) Limited	30 June	298,399,525	2,080,388	12,129,034	1,246,781	45.00%

7.2 Held-to-maturity investments have been made as required under Regulation 14 (4) (i) of the Non Banking Finance Companies and Notified Entities, Regulations, 2008 to maintain liquidity against certificates of deposit. These are redeemable within a period of 3 years (2009: 3 years) from the balance sheet date, carrying profit rate ranging from 12.00% to 14.00% (2009: 12.00% to 16.00%) per annum due half yearly from the date of issue.

8. LONG TERM FINANCES AND LOANS

	Note	2010	2009
Considered good			
Related parties - secured			
Chief Executive	8.1 & 8.2	–	817,818
Executives	8.1 & 8.2	64,222,764	69,142,407
		64,222,764	69,960,225
Others			
Employees - secured	8.2	50,660,469	41,920,564
Murabaha finance	8.3	11,111,114	13,333,334
Term finance - secured	8.4	329,177,386	731,639,551
Micro finance	8.5	13,382,330	20,333,680
Agri finance - secured	8.6	45,258,985	151,349,248
		449,590,284	958,576,377
		513,813,048	1,028,536,602
Considered doubtful			
Others			
Term finance		455,892,324	234,227,942
Agri finance		41,099,567	24,872,514
Micro finance		4,178,668	122,332
		501,170,559	259,222,788
Less: Allowance for potential loan losses	35	262,580,383	226,976,872
		238,590,176	32,245,916
Less: Current maturity			
Related parties		19,851,806	20,350,650
Others		538,531,948	458,779,600
	11	558,383,754	479,130,250
	Rupees	194,019,470	581,652,268

8.1 Reconciliation of outstanding amount of loan to Chief Executive and Executives

	Chief Executive		Executives	
	2010	2009	2010	2009
Opening balance	817,818	1,595,830	69,142,407	63,048,336
Disbursements	–	–	18,705,226	13,309,515
Repayments	(817,818)	(778,012)	(23,624,869)	(7,215,444)
	Rupees	–	64,222,764	69,142,407

8.2 Loans include housing loans given in accordance with terms of the Company's employment policy and are repayable within a period of 20 years or retirement date whichever is earlier. Housing loans are secured against equitable mortgage on the property by deposit of title documents of the property with the Company and carry mark-up at 5.00% (2009: 5.00%) per annum. Loans to Chief Executive, Executives and other employees carry mark-up rate ranging between 5.00% to 14.00% (2009: 5.00% to 14.00%) per annum, secured against their 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 Chief Executive and Executives was Rs. 67.18 million (2009: Rs. 69.96 million).

8.3 This represents murabaha facility to a financial institution. The rate of return is 13% (2009: 13%) per annum. This facility is secured by way of floating charge on unencumbered leased assets and associated lease rent receivable with a 25% margin.

- 8.4** This represents term finance facility provided to customers on mark-up basis. The mark-up on these finances ranges between 14.00% and 21.00% (2009: 12.00% and 19.00%) per annum. These finances are repayable within a period of 1 year to 5 years (2009: 1 year to 5 years) and are secured against charge over fixed assets, trade receivables, lien on certificate of investments, personal guarantees of directors and hypothecation of stocks.
- 8.5** This represents long term micro loans offered to individuals and women entrepreneurs on mark-up basis. The rate of return on these loans ranges between 18% and 32% (2009: 18% and 34%) per annum. These loans are repayable within a period of 1 year to 3 years (2009: 1 year to 3 years) and are secured against personal guarantees of village organisations.
- 8.6** This represents long term finance offered to farmers on mark-up basis. The rate of return on these loans ranges between 12% and 24% (2009: 12% and 24%) per annum. These loans are repayable within a period of 1 year to 5 years (2009: 1 year to 5 years) and are secured against title documents of immovable property and hypothecation of personal assets.

9. SHORT TERM FINANCES

	Note	2010	2009
Considered good			
Term finance - secured	9.1	37,358,094	203,838,352
Factoring finance	9.2	20,724,155	31,680,973
Micro finance	9.3	167,998,548	155,579,799
Agri finance - secured	9.4	1,188,385	33,192,789
Musharika finance		–	3,139,080
Bills purchased		–	221,254
		227,269,182	427,652,247
Considered doubtful			
Term finance		178,766,471	67,340,053
Micro finance		4,215,249	914,089
Agri finance		33,116,809	21,865,739
Other finance		281,032	281,032
		216,379,561	90,400,913
Less: Allowance for potential loan losses	35	123,429,114	58,063,851
		92,950,447	32,337,062
	Rupees	320,219,629	459,989,309

- 9.1** This represents term finance facilities provided to customers on mark-up basis in the normal course of business. The mark-up on these finances ranges between 16% and 21% (2009: 16% and 20%) per annum. These finances are recoverable between one and twelve months and are secured against charge over fixed assets, trade receivables and hypothecation of stocks.
- 9.2** This represents short term finance facilities, provided to customers against factored invoices on mark-up basis, in the normal course of business. These finances are repayable within a period of 3 months to 6 months (2009: 3 months to 1 year) and are secured against personal guarantees of directors and right of recourse.
- 9.3** This represents short term micro loans offered to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges between 16% and 35% (2009: 18% and 34%) per annum. These are secured against personal guarantees of village organisations and are recoverable within twelve months.
- 9.4** This represents short term finance offered to farmers on mark-up basis. The mark-up on these loans ranges between 13% and 22% (2009: 13% and 23%) per annum. These are secured against title documents of immovable property and hypothecation of personal assets and are recoverable within twelve months.

10. ACCRUED RETURN ON INVESTMENTS AND TERM LOANS

	2010	2009
Investments	9,647,972	27,181,714
Term loans	5,008,069	26,484,775
Rupees	14,656,041	53,666,489

11. CURRENT MATURITY OF NON-CURRENT ASSETS

	Note	2010	2009
Current maturity of:			
Net investment in finance leases and instalment loans	6.1	8,449,082,057	9,307,268,900
Long term investments	7	3,900,941	4,223,939
Long term finances and loans	8	558,383,754	479,130,250
Rupees		9,011,366,752	9,790,623,089

12. SHORT TERM INVESTMENTS

	Note	2010	2009
Held-to-maturity investment			
Treasury bills	12.1	112,732,249	62,545,126
Certificates of deposit	12.2	6,800,000	10,000,000
Term finance certificate		–	8,002,398
Held for trading investments			
Pakistan Investment Bonds		–	332,425,185
Ordinary shares		6,160,213	62,847,941
Term finance certificates		69,427,341	85,004,715
Units of open ended mutual funds		–	10,036,516
Units of close ended mutual funds		39,698,050	51,455,793
		115,285,604	541,770,150
Available-for-sale			
Ordinary shares		22,038,515	43,774,877
Units of open ended mutual funds		23,356,051	19,223,100
Units of close ended mutual funds		7,416,565	14,514,455
		52,811,131	77,512,432
Others			
Term deposit receipts	12.3	925,000,000	757,671,978
Fund placements		3,800,000	9,778,932
Rupees		1,216,428,984	1,467,281,016

- 12.1** This represents investments made as required under Regulation 14 (4) (i) of the NBFC Regulations to maintain liquidity against certificates of deposit. These are redeemable within a period of 1 year (2009: 6 months) from the balance sheet date, carrying profit rate of 12% (2009: 11.50% and 11.70%) per annum due at maturity.
- 12.2** This represents investments in short term certificate of deposit issued by a Non-Banking Financial Institution for a period of 6 months (2009: 6 months). The rate of return on such investment is 17.00% per annum (2009 : 17.00% per annum).
- 12.3** This represents investments in term deposit receipt issued for a period of 7 days. The rate of return on such investment is 10.10% per annum.

13. ADVANCES AND PREPAYMENTS

	2010	2009
Advances - unsecured	40,875,370	43,444,182
Prepayments		
Insurance		
- leased assets	6,341,988	5,145,016
- own assets	389,113	6,920,770
Rent	8,575,291	9,743,687
Others	9,363,834	7,616,895
	24,670,226	29,426,368
	Rupees	65,545,596
		72,870,550

14. OTHER RECEIVABLES

	Note	2010	2009
Considered good			
Operating lease rentals receivable		64,945,882	76,979,599
Fair value of hedging instrument		966,756,710	1,074,095,050
Deposits		233,680	471,080
Receivable from equity brokerage customers		29,117,121	41,377,036
Receivable from customers		2,010,310	2,618,801
Receivable from defined benefit plan	33.1.2	3,437,845	-
Others		5,658,403	21,986,382
		1,072,159,951	1,217,527,948
Considered doubtful			
Operating lease rentals receivable		1,471,136	4,673,915
Receivable from equity brokerage customers		25,006,349	12,659,915
		26,477,485	17,333,830
Less: Allowance for potential losses	35	26,477,485	17,333,830
	Rupees	1,072,159,951	1,217,527,948

15. CASH AND BANK BALANCES

	2010	2009
Cash in hand	2,292,385	1,989,527
With banks on :		
- Current accounts	79,287,908	99,215,497
- Deposit accounts	49,344,176	527,681,854
	128,632,084	626,897,351
	Rupees	130,924,469
		628,886,878

16. ASSETS CLASSIFIED AS HELD FOR SALE

	Note	2010	2009
Repossessed assets	16.1 Rupees	24,574,888	59,506,055

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

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2010	2009		2010	2009
(Number of shares)				
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
2,152,674	–	Fully paid shares against amalgamation	21,526,740	–
82,052,930	79,900,256 Rupees		820,529,300	799,002,560

During the current year 2,152,674 shares of Rs. 10/- each were issued against amalgamation of ORIX Investment Bank Pakistan Limited with and into the Company.

As at June 30, 2010, ORIX Corporation, Japan and its nominees held 40,693,564 (2009: 39,870,222) ordinary shares equivalent to 49.59% (2009 : 49.90%) of the total shareholding.

18. LONG TERM FINANCES - secured

	Note	2010	2009
Long term finances utilised under mark-up arrangements - financial institutions	18.1	1,475,000,000	2,512,500,000
Term finance certificates - listed	18.2	1,665,340,000	2,498,000,000
Term finance certificates - unlisted	18.3	5,000,000,000	5,000,000,000
		8,140,340,000	10,010,500,000
Less: Unamortised transaction cost in respect of			
Long term finances utilised under mark-up arrangements		3,337,009	2,800,616
Term finance certificates		19,413,542	36,549,178
		22,750,551	39,349,794
Less: Current maturity			
Long term finances utilised under mark-up arrangements		1,075,000,000	1,037,500,000
Term finance certificates		2,499,326,667	832,666,667
	27	3,574,326,667	1,870,166,667
		3,597,077,218	1,909,516,461
	Rupees	4,543,262,782	8,100,983,539

18.1 These finances have been obtained under various sale and repurchase agreements for financing of lease operations and are secured by hypothecation of leased assets, related lease receivables, instalment loans and operating lease assets. The mark-up rate thereon ranges between 12.88% to 13.87% (2009: 14.25% to 16.77%) per annum. These finances are repayable within a period of 36 to 60 months (2009: 36 to 60 months).

18.2 This represents registered and listed TFCs issued by the Company to financial institutions, trusts and general public. These are secured by first exclusive and specific charge, along with a 25% margin over specific movable assets and receivables. Profit on these TFCs is payable on a semi-annual basis at the rate of KIBOR + 1.5% without any floor or cap. The principal portion of these TFCs is structured to redeem 0.08% of the principal amount during the first two years in four equal semi-annual instalments in arrears commencing from November 25, 2007, with the remaining 99.92% of the principal amount to be redeemed in six equal semi-annual instalments during the last three years. The Company has hedged interest rate risk on these TFCs by entering into an interest rate swap with a financial institution.

18.3 This represents privately placed registered TFCs issued by the Company to financial institutions and trusts. These are secured by first exclusive and specific charge, along with a 25% margin over specific movable assets and receivables. Profit on these TFCs is payable on a semi-annual basis at the rate of KIBOR + 1.2% without any floor or cap. The principal portion of these TFCs is structured to redeem in six equal semi-annual instalments in arrears commencing from July 15, 2010 after a grace period of two years.

19. LONG TERM LOANS

Name of lending institution	Note	Commencement of repayment	Mode of loan repayment	Rate (%)	2010	2009
Secured						
International Finance Corporation	19.1	Jul 15, 2008	11 equal semi annual instalments after 24 months grace period	US\$ six month LIBOR+1.5%	926,036,550	1,142,075,544
Citibank Japan Limited, Syndicated loan	19.2	Jan 31, 2008	14 equal semi annual instalments	US\$ six month LIBOR+0.675%	2,751,428,474	3,225,749,965
Syndicated Loan		Sep 30, 2007	6 equal semi	KIBOR+1.75%	–	374,999,997
International Finance Corporation annual	19.3	Jul 15, 2007	10 equal semi instalments	US\$ six month LIBOR+1.65%	171,200,000	181,950,000
Pakistan Poverty Alleviation Fund (PPAF)	19.4	Mar 18, 2010	12 quarterly instalments	10.00	149,424,000	–
Pakistan Poverty Alleviation Fund (PPAF)	19.4	Jan 01, 2009	12 quarterly instalments	10.00	9,226,050	169,309,900
Pakistan Poverty Alleviation Fund (PPAF)		Feb 22, 2006	16 quarterly instalments	6.00	–	9,293,838
Pakistan Poverty Alleviation Fund (PPAF)		Dec 14, 2006	12 quarterly instalments	8.00	–	3,279,893
Unsecured						
CROSBY Phoenix Fund	19.5	Mar 13, 2011	2 semi annual instalments	KIBOR -2.5%	100,000,000	100,000,000
Total long term loans					4,107,315,074	5,206,659,137
Less: Unamortised transaction cost					68,232,034	100,626,294
Less: Current maturity					852,973,426	1,241,207,004
					Rupees	3,186,109,614
						3,864,825,839

- 19.1** This is a foreign currency facility of US\$ 17 million. It is secured against first specific fixed charge over leased assets and lease receivables and is hedged by a cross currency interest rate swap with a financial institution.
- 19.2** This represents a foreign currency facility of US\$ 50 million supported by an Overseas United Loan Insurance issued by Nippon Export & Investment Insurance (NEXI). This loan is secured against first specific fixed charge over leased assets and lease receivables and is hedged by a cross currency interest rate swap with a financial institution.
- 19.3** The loan is secured by way of first specific fixed charge over assets of the Company . Mark-up is payable on a semi-annual basis commencing from January 15, 2007. This loan is hedged by a cross currency interest rate swap with a financial institution.
- 19.4** Loans from PPAF have been obtained to finance small scale and micro enterprises. These loans are secured against hypothecation of book debts, sub loans, and receivables created out of PPAF financing.
- 19.5** The loan is repayable in two semi annual instalments commencing from March 13, 2011. Mark-up is payable in seven equal semi-annual instalments commencing from September 12, 2008. The loan carries mark-up at the rate of six months KIBOR minus 2.50% per annum.

20. LONG TERM CERTIFICATES OF DEPOSIT - unsecured

	Note	2010	2009
Certificates of deposit	20.1	1,276,866,407	1,184,274,833
Less: Current maturity	27	179,208,197	158,772,252
	Rupees	1,097,658,210	1,025,502,581

- 20.1** These represent long term certificates of deposit, issued on a profit and loss sharing basis at the expected rates of profit, ranging between 7.00 % and 16.00% (2009: 5.50% and 16.88%) per annum. These certificates of deposit have been issued for terms ranging between 13 months and 10 years (2009: 2 years and 10 years).

21. LONG TERM DEPOSITS

	Note	2010	2009
Security deposit on finance leases and instalment loans	21.1	5,858,026,557	6,325,918,814
Less: Repayable / adjustable within 12 months	27	1,842,846,959	1,732,002,251
		4,015,179,598	4,593,916,563
Others		1,025,000	4,525,000
	Rupees	4,016,204,598	4,598,441,563

- 21.1** These represent deposits received from lessees under finance leases and instalment loan contracts, repayable / adjustable at the expiry of the lease periods.

22. DEFERRED TAXATION

	2010	2009
The deferred tax liability is attributable to the following items:		
- Accelerated tax depreciation	1,538,153,761	1,821,198,684
- Deficit on revaluation of securities	–	(19,398,271)
- Unamortised transaction costs relating to long term finances and loans	31,843,905	48,991,631
- Share of associate profit	169,932,103	109,604,956
- Allowance for potential loan losses	(144,370,444)	(221,330,143)
- Tax losses	(1,365,177,070)	(1,521,590,142)
- Capital loss	(110,373,110)	–
	Rupees	
	120,009,145	217,476,715

23. TRADE AND OTHER PAYABLES

	Note	2010	2009
Creditors		195,056,413	201,104,049
Accrued liabilities		42,841,290	25,172,886
Other liabilities			
Advance from customers pending finance lease and instalment loan execution		9,015,435	6,936,519
Unclaimed dividends		3,385,292	5,813,743
Payable to equity brokerage customers		–	1,639,721
Payable to defined benefit plan	33.1.2	–	104,902
Grant from donors	23.1	–	935,185
Others		4,773,291	15,617,863
		17,174,018	31,047,933
	Rupees	255,071,721	257,324,868

23.1 This grant was received from Pakistan Poverty Alleviation Fund (PPAF) as assistance towards expenses incurred in developing and sustaining the micro finance program.

	2010	2009
Opening balance	935,185	1,215,070
Grant received during the year	–	3,921,288
Amount charged during the year	(935,185)	(4,201,173)
Closing balance	Rupees	935,185

24. ACCRUED INTEREST / MARK-UP ON LOANS AND TERM FINANCES

	2010	2009
Interest / mark-up on		
Long term finances	357,585,385	462,454,126
Long term loans	159,654,958	210,616,786
Short term borrowings	3,963,278	54,293,539
Profit on certificates of deposit	195,431,772	154,580,283
	Rupees	
	716,635,393	881,944,734

25. SHORT TERM BORROWINGS

	Note	2010	2009
From Banking Companies			
Under mark-up arrangements - secured	25.1	122,694,809	312,850,000
Short term loans	25.2	500,000,000	400,000,000
	Rupees	622,694,809	712,850,000

25.1 The short term running finance facilities available from commercial banks amounted to Rs. 725 million (2009: Rs. 1,038 million). The rate of mark-up ranges between 13.67% and 14.35% (2009: 13.00% and 15.27%) on a daily product basis. These are secured by hypothecation of leased assets and related lease receivables.

25.2 This represents short term loan from a financial institution for a period of 1 year and carries mark-up at the rate of KIBOR + 2.0%. (2009: KIBOR + 3.5%). The loan is secured by hypothecation of specific lease assets.

26. SHORT TERM CERTIFICATES OF DEPOSIT- unsecured

	2010	2009
	755,668,912	583,798,282
	Rupees	

These represent short term certificates of deposit issued under profit and loss sharing basis at expected rates of profit, ranging between 1 1.00% and 13.19% (2009: 9.00% and 17.75%) per annum for terms of 3 to 12 months (2009: 6 to 12 months).

27. CURRENT MATURITY OF NON-CURRENT LIABILITIES

	Note	2010	2009
Current maturity of			
Long term finances	18	3,574,326,667	1,870,166,667
Long term loans	19	852,973,426	1,241,207,004
Long term certificates of deposit	20	179,208,197	158,772,252
Long term deposits	21	1,842,846,959	1,732,002,251
	Rupees	6,449,355,249	5,002,148,174

28. COMMITMENTS

28.1 Leasing and instalment loans contracts committed but not executed at the balance sheet date amounted to Rs. 12.39 million (2009: Rs. 24.97 million).

28.2 Commitments for capital expenditure on Point of Sale (POS) network as at June 30, 2010 amounted to Nil (2009: Rs. 8.84 million).

29. INCOME FROM FINANCE LEASES AND INSTALMENT LOANS

	Note	2010	2009
Income from finance leases	29.1	2,066,884,264	2,374,475,923
Income from instalment loans		6,526,576	19,108,402
	Rupees	2,073,410,840	2,393,584,325

29.1 This represents lease income recognised in accordance with the accounting policy as explained in note 3.18 against lease rentals received and receivable for the year, aggregating to Rs. 8,186 million (2009: Rs. 9,334.14 million).

30. OTHER OPERATING INCOME

	Note	2010	2009
From financial assets			
Return on investments and deposits		70,257,828	83,641,302
Interest income on government securities		8,846,309	11,122,908
Dividend income		15,972,432	4,697,652
Capital gain/(loss) on sale of investment		39,258,485	(6,330,835)
Unrealised (loss)/gain on held for trading investments		(4,123,646)	31,379,015
Realisation of foreign currency translation reserve		124,601,625	–
Exchange gain from sale of equity accounted undertaking		23,918,735	–
Gain on hedging instruments	30.1	222,857,308	627,613,227
Exchange loss on long term borrowings	30.2	(222,857,308)	(627,613,227)
Loss on fair value of derivatives		–	(3,291,788)
		278,731,768	121,218,254
From assets other than financial assets			
Other fees and income		45,670,388	55,897,494
Fee, commission and brokerage		–	(4,829,221)
Documentation fee		22,474,729	17,148,596
Gain on disposal of fixed assets		12,604,971	19,537,071
Gain on sale of leased assets		33,973,209	41,476,845
Other exchange gain - net		1,906,558	3,387,569
		116,629,855	132,618,354
	Rupees	395,361,623	253,836,608

30.1 This represents unrealised gains on cross currency interest rate swap transactions entered with commercial banks (note 19.1 to 19.3).

30.2 This represents loss on account of revaluation of long term foreign currency loans (notes 19.1 to 19.3) hedged by cross currency interest rate swap.

31. SHARE OF PROFIT OF EQUITY ACCOUNTED UNDERTAKINGS

Name of associate	2010		2009	
	Associates' profit / (loss) after tax	Share of associates' profit / (loss) after tax	Associates' profit / (loss) after tax	Share of associates' profit / (loss) after tax
Quoted				
Oman ORIX Leasing Company SAOG	471,603,959	54,911,517	421,162,195	49,030,439
ORIX Investment Bank Pakistan Limited	–	–	(336,781,276)	(60,072,543)
	471,603,959	54,911,517	84,380,919	(11,042,104)
Un-Quoted				
Saudi ORIX Leasing Company	1,144,734,869	69,244,756	796,148,461	56,792,368
MAF ORIX Finance PJSC	226,370,776	6,791,124	548,489,002	16,454,670
BTA ORIX Leasing JSC	(196,733,710)	(19,673,371)	(104,294,604)	(10,429,460)
ORIX Leasing Egypt SAE	146,605,672	33,719,305	173,383,702	39,878,251
ORIX Properties Pakistan (Private) Limited	(5,067,322)	(2,280,295)	1,246,781	561,051
	1,315,910,285	87,801,519	1,414,973,342	103,256,880
Rupees	1,787,514,244	142,713,036	1,499,354,261	92,214,776

32. FINANCE COSTS

	2010	2009
Interest / mark-up on		
- Long term finances	1,258,519,559	1,693,789,009
- Long term loans	425,734,955	501,902,900
- Short term borrowings	73,205,818	96,531,975
- Profit on certificate of deposits	232,520,758	197,334,880
Amortisation of transaction costs	54,673,503	64,599,737
Bank charges and commission	19,771,850	15,852,148
Rupees	2,064,426,443	2,570,010,649

33. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2010	2009
Salaries, allowances, welfare and training	33.1	324,303,461	334,434,740
Rent and utilities		68,355,280	84,790,441
Travelling		6,323,501	12,711,463
Vehicle running and maintenance		31,275,488	32,686,298
Insurance on operating assets		9,718,614	9,769,282
Legal and professional charges		21,104,572	37,718,682
Communication		22,048,606	24,887,973
Subscriptions		2,033,726	2,799,904
Auditors' remuneration	33.2	1,200,485	1,662,473
Advertising		3,295,034	8,279,491
Printing and stationery		6,757,369	9,884,807
Depreciation	4.1	57,993,691	53,022,950
Office repairs and maintenance of equipment		34,627,243	27,977,795
Donations	33.3	848,240	2,710,671
Provision for workers welfare fund		2,519,124	–
Security expenses		–	539,804
Stock exchange fee		–	641
Custodian charges		–	219,113
Clearing fees		–	155,644
Computer software write-off		2,030,000	936,000
Office general expenses		5,322,061	6,334,984
Rupees		599,756,495	651,523,156

33.1 Includes following employee benefits

	Note	2010	2009
Defined benefit plan - gratuity fund	33.1.3	8,633,793	12,605,849
Defined contributory plan - provident fund		16,506,877	15,693,874
Compensated absences		4,996,712	4,800,000
	Rupees	30,137,382	33,099,723

33.1.1 The actuarial valuation has been conducted in accordance with IAS-19 "Employee Benefits" as at June 30, 2010. The Projected Unit Credit method using the following significant assumptions have been used for the actuarial valuation:

	2010	2009
- Discount rate	14.00%	14.00%
- Expected rate of increase in salary	13.00%	14.00%
- Expected rate of return on plan assets	14.00%	14.00%
- Average working life of employees	36 years	34 years

33.1.2 The amounts recognised in balance sheet are as follows:

	Note	2010	2009
Present value of defined benefit obligation	33.1.4	99,154,854	97,855,183
Fair value of any plan assets	33.1.5	(97,997,895)	(79,587,909)
Unrecognised actuarial losses		(4,594,804)	(18,162,372)
	Rupees	(3,437,845)	104,902

33.1.3 The following amount have been charged in the profit and loss account in respect of these benefits:

	2010	2009
Current service cost	5,159,321	6,735,931
Interest cost	14,042,888	11,156,895
Expected return on plan assets	(11,615,523)	(7,416,949)
Actuarial losses recognised	1,047,107	2,129,972
	Rupees	8,633,793
Actual return on plan assets	Rupees	8,579,620
		4,956,470

33.1.4 Movement in the present value of defined benefit obligation:

	2010	2009
Present value of obligation as at 1 July	97,855,183	92,974,126
Current service cost	5,159,321	6,735,931
Interest cost	14,042,888	11,156,895
Benefit paid	(5,416,322)	(2,376,472)
Actuarial (gain) / loss on obligation	(12,486,216)	(10,635,297)
Present value of obligation as at 30 June	Rupees	99,154,854
		97,855,183

33.1.5 Movement in the fair value of plan assets:

	2010	2009
Total assets as at 1 July	79,587,909	61,807,911
Return on plan assets	11,615,523	7,416,949
Contributions	12,176,540	15,200,000
Benefit paid	(5,416,322)	(2,376,472)
Actuarial gain/(loss) on assets	34,245	(2,460,479)
Total assets as at 30 June	97,997,895	79,587,909

33.1.6 Comparison for five years

	2010	2009	2008	2007	2006
Present value of defined benefit obligation	99,154,854	97,855,183	92,974,126	70,204,570	53,681,910
Fair value of any plan assets	(97,997,895)	(79,587,909)	(61,807,911)	(51,886,047)	(44,038,668)
Deficit	1,156,959	18,267,274	31,166,215	18,318,523	9,643,242
Experience adjustments					
Actuarial loss on obligation	12,486,216	10,635,297	(10,808,052)	(7,470,941)	(6,451,237)
Actuarial (loss) / gain on assets	34,245	(2,460,479)	(3,792,756)	(68,701)	(1,672,926)

33.2 Auditors' remuneration

	2010	2009
Audit fee	710,000	1,185,000
Fee for special certification including half yearly review fee	460,000	440,200
Out of pocket expenses	30,485	37,273
	1,200,485	1,662,473

33.3 Donations include the following in which a director or his spouse is interested

Name and address of donee	Interested Director or his spouse	Interest of donee	2010	2009
Marie Adelaide Leprocy Centre, Mariam Manzil, A.M.21 off Sharah-e-Liaquat, Karachi.	Mr. Humayun Murad	Board member	113,240	182,271
		Rupees	113,240	182,271

34. DIRECT COST OF LEASES

	Note	2010	2009
Court fee, stamp duty and others		11,343,693	11,471,557
Operating lease			
Maintenance and insurance		224,460,014	218,094,657
Depreciation	4.2	151,187,009	144,796,204
		375,647,023	362,890,861
	Rupees	386,990,716	374,362,418

35. ALLOWANCE FOR POTENTIAL LEASE, INSTALMENT AND OTHER LOAN LOSSES

	2010				
	Finance lease and Instalment loans	Finance and loans	Operating lease and other receivables	Long term investments	Total
Balance at beginning of the year	387,838,657	285,040,724	17,333,830	–	690,213,211
Transfer due to amalgamation	–	–	–	–	–
Provision made during the year	374,428,935	135,354,725	13,574,231	–	523,357,891
Reversal of provision	–	–	–	–	–
Write offs	(136,200,514)	(34,385,952)	(4,430,576)	–	(175,017,042)
Rupees	626,067,078	386,009,497	26,477,485	–	1,038,554,060

	2009				
	Finance lease and Instalment loans	Finance and loans	Operating lease and other receivables	Long term investments	Total
Balance at beginning of the year	265,672,818	14,002,431	326,322	390,197	280,391,768
Transfer due to amalgamation	–	195,670,515	12,995,915	–	208,666,430
Provision made during the year	242,489,635	77,867,778	4,011,593	–	324,369,006
Reversal of provision	–	(400,000)	–	–	(400,000)
Write offs	(120,323,796)	(2,100,000)	–	(390,197)	(122,813,993)
Rupees	387,838,657	285,040,724	17,333,830	–	690,213,211

36. IMPAIRMENT OF ASSETS

	2010	2009
Impairment on available for sale securities	22,716,207	27,327,118
Impairment on unquoted available for sale securities	10,000,000	–
Impairment on equity accounted undertaking	24,095,384	–
Impairment of goodwill on amalgamation	–	5,032,406
Rupees	56,811,591	32,359,524

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

37.1 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:

	2010			
	Chief Executive	Directors	Executives	Total
Managerial remuneration and allowances	7,480,004	3,464,359	79,362,673	90,307,036
House rent and utilities	2,720,002	1,404,312	32,429,939	36,554,253
Retirement benefits	1,052,599	485,400	12,576,079	14,114,078
Rupees	11,252,605	5,354,071	124,368,691	140,975,367
Number	1	2	57	59

	2009			
	Chief Executive	Director	Executives	Total
Managerial remuneration and allowances	7,295,835	3,389,100	76,597,362	87,282,297
House rent and utilities	3,222,917	1,649,550	39,134,847	44,007,314
Retirement benefits	1,012,932	469,957	11,246,379	12,729,268
Rupees	11,531,684	5,508,607	126,978,588	144,018,879
Number	1	1	62	64

37.2 The Chief Executive, a Director and certain Executives are also provided with Company owned and maintained cars and other benefits in accordance with their entitlement as per rules of the Company .

37.3 Aggregate amount charged in these financial statements includes fee paid to one non-executive director for serving on committees of the Board and meeting fees paid to two non-executive directors amounting to Rs.1,250,000 (2009: 2 non-executive directors).

38. SEGMENT INFORMATION

The Company has two primary reporting segments namely, 'Finance lease' 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, while under operating lease, the Company provides assets on short term rentals. Other operations, which are not deemed by management to be sufficiently significant to disclose as separate items and do not fall into the above segment categories, are reported under 'Others'.

Segment analysis for the year ended June 30, 2010

		Finance	Operating Lease	Others	Leasing Business	Investment Financial Services	Total
Segment revenues	Rupees	2,066,884,264	625,848,206	459,073,494	3,151,805,964	86,302,312	3,238,108,276
Share of profit of equity accounted undertakings		—	—	142,713,036	142,713,036	—	142,713,036
Gain on sale of equity accounted undertakings		—	—	376,478,004	376,478,004	—	376,478,004
Total segment revenue		2,066,884,264	625,848,206	978,264,534	3,670,997,004	86,302,312	3,757,299,316
Administrative and general expenses		203,630,890	57,980,333	33,567,868	295,179,091	13,027,986	308,207,077
Direct cost of leases		11,343,693	375,647,023	—	386,990,716	—	386,990,716
Allowance for potential lease, instalment and other loan losses - net		374,428,935	13,574,231	98,222,874	486,226,040	37,131,851	523,357,891
Impairment on available for sale securities		—	—	46,811,591	46,811,591	10,000,000	56,811,591
Segment result	Rupees	1,477,480,746	178,646,619	799,662,201	2,455,789,566	26,142,475	2,481,932,041
Unallocated expenses					(291,549,418)	—	(291,549,418)
Result from operating activities					2,164,240,148	26,142,475	2,190,382,623
Finance costs					(1,917,089,459)	(147,336,984)	(2,064,426,443)
Provision for taxation					(21,472,347)	—	(21,472,347)
Profit for the year	Rupees				225,678,342	(121,194,509)	104,483,833
Other information							
Segment assets	Rupees	17,467,871,857	758,769,927	2,022,018,076	20,248,659,860	587,458,217	20,836,118,077
Investment in equity accounted undertakings				1,220,759,350	1,220,759,350	—	1,220,759,350
Unallocated assets					1,722,149,439	—	1,722,149,439
Total assets	Rupees				23,191,568,649	587,458,217	23,779,026,866
Segment liabilities	Rupees	5,858,026,557	—	—	5,858,026,557	587,458,217	6,445,484,774
Unallocated liabilities					15,317,185,659	—	15,317,185,659
Total liabilities	Rupees				21,175,212,216	587,458,217	21,762,670,433
Capital expenditure	Rupees	—	190,495,232	45,981,631	236,476,863	—	236,476,863
Depreciation	Rupees	—	151,187,009	57,993,691	209,180,700	—	209,180,700

Segment analysis for the year ended June 30, 2009

		Finance lease	Operating lease	Others	Leasing business	Investment financial services	Total
Segment revenues	Rupees	2,374,475,923	589,620,800	426,201,909	3,390,298,632	40,996,765	3,431,295,397
Share of profit of equity accounted undertakings		—	—	92,214,776	92,214,776	—	92,214,776
Total segment revenue		2,374,475,923	589,620,800	518,416,685	3,482,513,408	40,996,765	3,523,510,173
Administrative and general expenses		205,747,016	72,332,618	6,138,571	284,218,205	38,068,784	322,286,989
Direct cost of leases		11,312,849	362,890,861	158,708	374,362,418	—	374,362,418
Allowance for potential lease, instalment and other loan losses - net		242,485,446	4,347,593	24,786,910	271,619,949	52,349,057	323,969,006
Impairment on available for sale securities		—	—	27,327,115	27,327,115	5,032,409	32,359,524
Segment result	Rupees	1,914,930,612	150,049,728	460,005,381	2,524,985,721	(54,453,485)	2,470,532,236
Unallocated expenses					(329,236,167)	—	(329,236,167)
Result from operating activities					2,195,749,554	(54,453,485)	2,141,296,069
Finance costs					(2,488,325,661)	(81,684,988)	(2,570,010,649)
Provision for taxation					—	(38,381,763)	(38,381,763)
Loss for the year	Rupees				(292,576,107)	(174,520,236)	(467,096,343)
Other information							
Segment assets	Rupees	18,968,235,805	771,913,277	2,052,079,477	21,792,228,559	947,446,756	22,739,675,315
Investment in equity accounted undertakings				1,644,231,968	1,644,231,968	—	1,644,231,968
Unallocated assets					2,939,299,497	—	2,939,299,497
Total assets	Rupees				26,375,760,024	947,446,756	27,323,206,780
Segment liabilities	Rupees	6,461,086,544	54,333,640	69,343	6,515,489,527	1,097,565,326	7,613,054,853
Unallocated liabilities					17,632,241,442	—	17,632,241,442
	Rupees	24,147,730,969				1,097,565,326	25,245,296,295
Capital expenditure	Rupees	—	370,829,262	145,860,809	516,690,071	28,036,333	544,726,404
Depreciation	Rupees	—	144,796,204	50,888,479	195,684,683	2,134,471	197,819,154

39. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of ORIX Corporation, Japan - parent company, related group companies, local associated companies, staff provident fund, staff gratuity fund, Directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties, amounts due from executives and remuneration of Directors and executives are disclosed in the relevant notes.

39.1 Terms and conditions of transactions with related parties

The transactions with the related parties are made at normal market prices except as mentioned in notes 39.2 and 39.3 below. Outstanding balances, if any, are disclosed in the respective notes. Other material transactions with related parties are given below:

		2010	2009
ORIX Corporation, Japan			
Controlling entity			
Proceeds against sale of shares of			
Saudi ORIX Leasing Company	Rupees	926,501,301	–
Dividend paid	Rupees	–	52,004,638
ORIX Leasing Egypt SAE			
Associate			
Dividend received	Rupees	34,809,495	26,454,158
Oman ORIX Leasing Company SAOG			
Associate / common directorship			
Dividend received	Rupees	22,257,716	–
MAF ORIX Finance PJSC			
Associate / common directorship			
Dividend received	Rupees	7,399,379	4,774,500
ORIX Properties Pakistan Private Limited			
Associate / common directorship			
Received against certificates of deposit	Rupees	85,000,000	75,000,000
Repayment against certificates of deposit	Rupees	160,000,000	–
Interest paid	Rupees	10,890,671	–
Hino Pak Motors Limited			
Common directorship/Independent director			
Purchases made	Rupees	629,540,000	204,590,000
Al Ghazi Tractors Limited			
Common directorship/Independent director			
Purchases made	Rupees	–	419,000

39.2 The Company is a party to Technical Assistance Agreements with its foreign associates, under which the Company renders certain technical related services to these foreign associates at no cost.

39.3 Compensation of key management personnel

		2010	2009
Short term employee benefit		27,890,937	30,188,585
Termination benefits		2,792,482	2,709,103
Total compensation to key management personnel	Rupees	30,683,419	32,897,688

40. TAXATION

	2010	2009
Current		
For the year	45,098,392	2,410
For prior year	99,832,460	–
	144,930,852	2,410
Deferred	(123,458,505)	38,379,353
	21,472,347	38,381,763

40.1 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 minimum tax under Section 113 of the Income Tax Ordinance, 2001 (Ordinance). The movement in deferred taxation is mainly due to the availability of tax losses

40.2 Current status of pending tax assessments

Tax Year 2004 to 2009

Under Section 114 of the Income Tax Ordinance 2001, (Ordinance), the Company has filed the returns of income for tax year 2004 to 2009. The said returns shall be taken to be assessment orders passed by the Commissioner Inland Revenue (CIR) on the day the said returns were filed.

Tax Year 2001-2002, 2002-2003

Officer Inland Revenue (OIR), Audit Division, Large Tax Payers Unit, Karachi finalized the revised assessments of the Company for assessment years 2001-2002 and 2002-2003 under Section 124 of the Ordinance against which the Company preferred an appeal before the Commissioner Inland Revenue Appeal -CIR (A). The issues involved in both the years are the disallowance of bad debts written off and deferred financial cost incurred by the Company. The CIR(A) has allowed partial relief to the Company. The Company has preferred a second appeal before the Appellate Tribunal Inland Revenue (A TIR) against the appellate order passed by the CIR(A). The ATIR has vacated the order of the CIR(A) and has directed the OIR to allow the claim of the Company in both the years.

Tax Year 1999-2000

OIR also revised the income tax assessment of the Company for assessment year 1999-2000 under Section 221 of the Ordinance. As per the revised order, the assessing officer increased the assessed income of the Company thereby resulting in an increased tax liability. The Company preferred an appeal against the order of OIR before the 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. However, as a matter of prudence, the Company has made adequate provision in respect of the disallowances.

40.3 ORIX Investment Bank Pakistan Limited

Tax Year 2005 to 2008

ORIX Investment Bank Pakistan Limited (OIB) has been amalgamated with and into the Company with effect from January 1, 2009. The Additional Commissioner, Audit Division, Large Taxpayers Unit, Karachi has amended the deemed assessments of OIB for the tax years 2005 to 2008 by disallowing allocation of admissible profit & loss account expenses between income covered under normal provisions of the Ordinance, income covered under final tax regime and exempt income for the above mentioned years. The Company has filed appeals before the CIR(A) against the amended assessments for the above mentioned tax years which are pending for adjudication. However, the management has prudently made full provision of Rs. 95 million in the financial statements.

Assessment Year 2001-2002, 2002-2003 and Tax Year 2003

In the assessment years 2001-2002, 2002-2003 and tax year 2003, OIB and the Income tax Department have preferred appeals before the learned Income Tax Appellate Tribunal (ITAT) against the orders of the Commissioner of Income Tax (Appeals), Karachi on certain issues which are pending for adjudication. However, the management has prudently made adequate provision of Rs. 4.8 million in the financial statements.

41. CASH GENERATED FROM OPERATIONS

	2010	2009
Profit / (Loss) before taxation	125,956,180	(428,714,580)
Adjustments for		
Depreciation and amortization	265,884,203	262,418,891
Allowance for potential lease, instalment and other loan losses - net	523,357,891	323,969,006
Share of profit of equity accounted undertakings	(142,713,036)	(92,214,775)
Gain on hedging instruments	(222,857,308)	(627,613,227)
Exchange loss - net	222,857,308	627,613,227
Exchange gain	(1,906,558)	–
Unrealised gain on revaluation of securities	4,123,646	(31,379,015)
Finance cost	1,777,232,182	2,308,076,032
Impairment of assets	56,811,591	32,359,524
Profit on certificates of deposit	232,520,758	197,334,880
Loss on fair value of derivatives	–	3,291,788
Dividend income	(15,972,432)	(4,697,652)
Capital (gain) / loss on sale of investments	(39,258,485)	6,330,835
Gain on sale of equity accounted undertaking	(376,478,004)	–
Realisation of foreign currency translation reserve	(124,601,625)	–
Exchange gain from sale of equity accounted undertaking	(23,918,735)	–
Return on investments and deposit	(79,104,137)	(94,764,210)
Gain on disposal of fixed assets	(12,604,971)	(19,537,071)
	2,043,372,288	2,891,188,233
	2,169,328,468	2,462,473,653
(Increase) / decrease in current assets		
Decrease in advances and prepayments	7,324,954	171,215,354
Decrease / (Increase) in other receivables	98,397,041	(597,525,392)
	105,721,995	(426,310,038)
(Decrease) / Increase in trade and other payables	(3,752,134)	38,706,293
	Rupees	
	2,271,298,329	2,074,869,908

41.1 Cash flows from amalgamation

	2010	2009
Property plant and equipment	–	(28,036,333)
Membership cards and rooms	–	(80,450,000)
Deferred tax	–	(125,073,388)
Goodwill	–	(5,032,409)
Finance and term loans	–	(652,653,305)
Investments	–	(682,410,431)
Accrued return on investments	–	(15,561,603)
Advances deposits and prepayments	–	(141,095,735)
Other receivables	–	(130,512,183)
Loan and borrowings	–	1,634,974,997
Deposit from customers	–	186,024,307
Accrued return	–	41,098,864
Accrued liabilities	–	3,210,178
Other liabilities	–	4,135,193
Shares to be issued	–	21,526,744
Share of associates	–	2,910,764
Dividend payable	–	2,337,572
	Rupees	
	–	35,393,232

42. CASH AND CASH EQUIVALENTS

		2010	2009
Cash at bank	15	128,632,084	626,897,351
Cash in hand	15	2,292,385	1,989,527
Overdraft	25	(122,694,809)	(312,850,000)
	Rupees	8,229,660	316,036,878

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The Company's activities expose it to a variety of financial risks from its use of financial instruments, including:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

43.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's receivables from customers and investment securities. The Company has established procedures to manage credit exposure including credit approvals, credit limits, collateral and guarantee requirements. These procedures incorporate both internal guidelines and requirements of the NBFC Rules and the NBFC Regulations. The Company also manages 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 contract by following internal guidelines such as approving counterparties and approving credits.

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 because their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. Out of the total assets of Rs. 23,779 million (2009: Rs. 27,323 million) the assets which were subject to credit risk amounted to Rs. 22,231 million (2009: Rs. 24,530 million). Significant concentrations of the Company's risk assets by industry sector and geographical region are set out in notes 43.2.1 to 43.2.3.

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

		2010	2009
Net investment in finance leases and instalment loans		18,205,453,195	19,523,230,601
Long term investments		208,910,196	198,179,161
Long term finances and loans		1,014,983,607	1,287,759,390
Long term deposits		12,615,906	15,339,206
Short term finances		443,648,743	518,053,160
Accrued return on investments and term loans		14,656,041	53,666,489
Short term investments		1,103,696,735	1,072,310,705
Other receivables		1,098,637,436	1,234,861,778
Cash and bank balances		128,632,084	626,897,350
	Rupees	22,231,233,943	24,530,297,840

The Company monitors the credit quality of receivables through diversification of activities to avoid undue concentration of risks with individuals, groups or specific industry segments. For such purpose, the Company has established exposure limits for single lessees and industrial sectors. The Company has an effective rental monitoring system which allows it to evaluate customers' credit worthiness and identify potential problem accounts. An allowance for potential lease, instalment and other loan losses is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on lease, instalment and other loan portfolio 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 financial assets which are neither past due nor impaired are as under:

	2010	2009
Finance lease and instalment loans	15,380,388,635	16,536,081,069
Investments, term finance and loans	2,166,421,410	3,121,649,026
Long term deposits	12,615,906	15,339,206
Accrued return on investment and term loan	14,656,041	53,666,489
Advances and prepayments	65,545,596	72,870,550
Other receivable	1,098,637,436	1,217,932,618
Cash and bank balances	128,632,084	626,897,350
	Rupees	
	18,866,897,108	21,644,436,308

The carrying value of receivables which are past due are as under:

	2010	2009
Past due 1-30 days	398,022,601	522,781,062
Past due 31-60 days	87,284,919	136,177,963
Past due 61-90 days	124,157,259	200,696,359
Past due 91-180 days	332,061,157	491,184,073
Past due 181-365 days	515,963,954	699,604,378
Past due over 365 days	1,367,574,670	936,705,697
	2,825,064,560	2,987,149,532
Less: Security deposits	(720,157,781)	(572,033,148)
	Rupees	
	2,104,906,779	2,415,116,384

The Company has made appropriate provisions in respect of these past due. These are secured against leased assets, in case of finance leases and hypothecation of assets in case of instalment contracts.

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

The Company has adequate provision of Rs. 626 million (2009: Rs. 387 million) against these past dues. In addition these are secured against leased assets.

43.2.1 Segment by class of business

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

	2010		2009	
	Rupees	Percentage	Rupees	Percentage
Individuals (auto lease)	4,608,595,292	23.98	5,378,685,580	24.70
Transport and communication	2,452,631,245	12.76	2,474,818,421	11.37
Services	1,945,444,588	10.12	2,193,986,262	10.08
Miscellaneous	1,843,577,337	9.59	2,465,033,966	11.32
Textile and allied	1,892,034,177	9.84	2,128,895,375	9.78
Fuel and energy	1,364,577,672	7.10	1,780,460,276	8.18
Food and allied	988,668,133	5.14	877,986,495	4.03
Trading	710,854,109	3.70	771,043,614	3.54
Steel and engineering	637,871,787	3.32	711,515,633	3.27
Construction	616,513,142	3.21	681,745,282	3.13
Chemical and pharmaceutical	747,388,806	3.89	655,567,448	3.01
Paper, board and printing	521,189,436	2.71	430,342,906	1.98
Cement	193,378,401	1.01	227,447,450	1.04
Sugar	263,702,462	1.37	216,149,819	0.99
Financial institutions	177,671,335	0.92	456,000,142	2.09
Consumer finance	63,035,789	0.33	153,734,640	0.71
Manufacturers of consumer goods	194,134,601	1.01	172,047,046	0.79
Rupees	19,221,268,312	100	21,775,460,355	100

43.2.2 Segment by sector

The Company's net investment in finance leases and instalment loans include exposure to Government / Public sector amounted to Rs. 27.72 million (2009: Rs. 40.76 million) and the balance Rs. 18,177.28 million (2009: Rs. 19,482.24 million) represents exposure to private sector.

43.2.3 Geographical segment analysis

Company's operations are restricted to Pakistan only.

43.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage 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 reputation. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the Company's liabilities. The contractual maturities of liabilities at the year-end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date.

	Carrying amount	Contractual cashflows	2010 Up to three months	Over three months to one year	Over one year
Financial liabilities					
Long term finances	8,140,340,000	8,452,862,457	1,202,811,228	3,191,515,838	4,058,535,391
Long term loans	4,107,315,074	4,748,254,496	424,541,202	728,504,657	3,595,208,636
Certificates of deposit / investment	2,032,535,319	2,759,587,615	198,434,805	974,871,095	1,586,281,715
Trade and other payables	255,071,721	255,071,721	51,611,064	200,075,365	3,385,292
Accrued interest / mark-up on loans and term finances	716,635,393	716,635,559	494,815,874	77,974,332	143,845,352
Long term security deposits	5,859,051,557	5,859,051,557	416,403,331	1,426,443,628	4,016,204,598
Short term borrowings	500,000,000	511,916,667	511,916,667	—	—
Rupees	21,610,949,064	23,303,380,072	3,300,534,171	6,599,384,915	13,403,460,984

	Carrying amount	Contractual cashflows	2009 Up to three months	Over three months to one year	Over one year
Financial liabilities					
Long term finances	10,010,500,000	13,124,121,400	421,001,175	3,015,486,414	9,687,633,811
Long term loans	5,106,032,843	5,306,210,219	644,664,941	1,030,067,258	3,631,478,020
Certificates of deposit / investment	1,768,073,115	3,142,448,418	180,295,239	620,095,969	2,342,057,210
Trade and other payables	257,324,868	257,324,868	14,299,883	239,049,267	3,975,718
Accrued interest / mark-up on loans and term finances	881,944,734	881,944,734	649,063,917	232,880,817	—
Long term security deposits	6,330,443,814	6,330,443,814	370,640,133	1,361,362,118	4,598,441,563
Short term borrowings	712,850,000	767,750,813	324,190,813	443,560,000	—
Rupees	25,067,169,374	29,810,244,266	2,604,156,101	6,942,501,843	20,263,586,322

43.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

43.4.1 Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company incurs foreign currency risk on borrowing in foreign currency and investment in overseas associates that are entered in a currency other than Pak Rupees. The Company uses forward foreign exchange contracts to hedge its foreign currency risk on its foreign currency borrowings. The Company's exposure to foreign currency transactions are as follows:

		2010	2009
Long term loans	Rupees	3,848,665,024	4,549,775,509
Foreign currency bank account	Rupees	1,866,822	1,777,218
Long term investments	Rupees	1,089,696,033	1,510,888,357
Accrued interest on long term financing	Rupees	153,401,205	345,280,243

The Company has hedged interest rate risk and foreign currency risk on long term loans with financial institutions. Had there been no hedge arrangements, profit / loss for the year would had been lower / higher by Rs. 271 million (2009: Rs. 731 million).

Sensitivity analysis

The Company has major currency risk in US Dollar, at reporting date, if the PKR had strengthened / weakened by 10% against the US Dollar with all other variables held constant, post-tax (loss) / profit for the year would have been lower / higher by the amount of Rs. 276 million (2009: Rs. 304 million) mainly as a result of net foreign exchange gain on translation of foreign currency bank account and foreign creditors.

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) / profit for the year and assets / liabilities of the Company.

43.4.2 Interest rate risk

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 long-term debt obligations with floating interest rates and variable financial assets. Financial assets and financial liabilities includes balances of Rs. 7,891 million (2009 : Rs.9,716 million) and Rs. 7,335 million (2009 Rs. 8,996 million) respectively, which are subject to interest rate risks. Applicable interest rates for the same have been disclosed in their respective notes.

Sensitivity analysis for variable rate financial instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. But the Company does designate derivatives (cross currency interest rate swap) as a hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would affect profit and loss account.

A change of 100 basis points in interest rate would have increased or decreased profit by Rs. 5.56 million (2009: Rs.7.20 million).

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and financial assets / liabilities of the Company.

43.4.3 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 from the Company's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company diversifies its portfolio and continuously monitors developments in equity markets. In addition the Company actively monitors the key factors that affect stock price movement.

A 10% increase / decrease in redemption and share prices at year end would have decreased / increased the Company's profit / (loss) in case of held for trading investments and increase / decrease surplus / (deficit) on re-measurement of investments in case of 'available for sale' investments as follows:

	(Rupees in '000)	
	2010	2009
Effect on profit and loss	14,812	22,699
Effect on equity	4,081	5,551
Effect on investments	18,893	28,250

The sensitivity analysis prepared is not necessarily indicative of the effects on loss / equity and assets of the Company.

43.4.4 Fair values of financial assets and liabilities

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

- 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).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 3	Total
Held for trading	33,858,263	69,427,341	103,285,604
Available for sale investments	52,811,131	12,000,000	64,811,131
Total	86,669,394	81,427,341	168,096,735

The reconciliation of items classified in Level 3 is as follows:

	2010
Opening balance as at 1 July	439,429,900
Deposits / purchases made	-
Encashments / disposals made	(348,002,559)
Impairment loss recognised in profit and loss account	(10,000,000)
Closing balance as at 30 June	Rupees 81,427,341

The carrying amounts of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

43.5 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.

44. EARNINGS / (LOSS) PER SHARE - basic and diluted

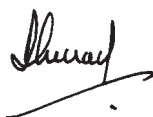
		2010	2009
Profit / (loss) for the year	Rupees	104,483,833	(467,096,343)
Weighted average number of ordinary shares	Numbers	82,052,930	79,900,256
Earnings / (loss) per share - basic and diluted	Rupees	1.27	(5.85)

45. GENERAL

Corresponding figures have been re-arranged and re-classified wherever necessary for the purpose of better presentation and comparison.

46. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 22, 2010 by the Board of Directors of the Company.



HUMAYUN MURAD
Chief Executive



KUNWAR IDRIS
Director

PATTERN OF SHAREHOLDING

as at June 30, 2010

Number of Shareholders	Shareholding		Total Shares Held
	from	to	
2,526	1	100	82,171
1,215	101	500	284,397
385	501	1,000	286,386
592	1,001	5,000	1,327,331
151	5,001	10,000	1,078,011
68	10,001	15,000	817,314
27	15,001	20,000	473,230
12	20,001	25,000	267,076
13	25,001	30,000	364,751
6	30,001	35,000	202,508
10	35,001	40,000	377,708
6	40,001	45,000	264,976
6	45,001	50,000	290,884
6	50,001	55,000	318,599
4	55,001	60,000	232,645
6	60,001	65,000	375,370
1	65,001	70,000	66,210
4	75,001	80,000	313,029
4	80,001	85,000	329,173
1	95,001	100,000	100,000
2	105,001	1	216,007
1	110,001	1	111,987
1	115,001	120,000	119,924
1	120,001	125,000	122,079
1	135,001	140,000	136,523
1	150,001	155,000	150,922
1	160,001	165,000	164,125
1	190,001	195,000	190,500
2	195,001	200,000	396,860
1	200,001	205,000	202,110
2	205,001	210,000	416,729
2	210,001		424,375
1	215,001	220,000	218,920
1	220,001	225,000	220,230
1	360,001		362,323
1	390,001	395,000	391,790
1	435,001	440,000	439,367
1	480,001		481,670
1	495,001	500,000	496,135
1	505,001	510,000	509,510
1	530,001		530,127
1	555,001	560,000	557,393
1	560,001	565,000	563,913
1	720,001		720,511
1	995,001	1,000,000	998,370
1	1,120,001	1,125,000	1,120,900
1	1,165,001		1,167,250
1	1,340,001	1,345,000	1,340,022
1	1,755,001	1,760,000	1,756,050
1	2,540,001		2,544,468
1	2,900,001	2,905,000	2,903,580
1	4,235,001	4,240,000	4,237,290
1	4,310,001		
1	4,985,001	4,990,000	4,986,460
1	40,690,001	40,695,000	40,691,839
5,082			82,052,930

Categories of Shareholders	Number of Shares held	Category wise no. of Shareholders	Category wise shares held	Percentage %
Individuals		4,931	1,272,289	13.74
Investment Companies		5	112,240	0.14
Joint Stock Companies		60	218,953	0.27
Directors, Chief Executive Officer and their Spouse and Minor Children				
Mr. Hideo Ichida	575			
Mr. Kunwar Idris	2,771			
Mr. Fumihiko Sato	575			
Mr. Shaheen Amin	575			
Mr. Shahid Usman	500			
Mr. Humayun Murad	155,109			
Mr. Teizoon Kisat	66,210			
Mrs. Khalida Idris w/o Kunwar Idris	8,302			
		8	234,617	0.29
Executives		19	105,313	0.13
NIT/ICP and National Bank of Pakistan - Trustee Department		2	3,011,415	3.67
Associated Companies, Undertakings and Related Parties:				
ORIX Corporation		1	40,691,839	49.59
Public Sector Companies and Corporations		-	-	-
Banks, DFIs, NBFs, Insurance Companies				
Modarabas and Mutual Funds		15	10,604,71	12.92
Foreign Investors		13	15,037,708	18.33
Others		28	763,845	0.92
Total		5,082	82,052,930	100.00



ORIX GROUP DIRECTORY

OPERATIONS IN JAPAN (As at March 31, 2010)

	Principal Business	Established (Acquired)	Direct / indirect Investment
● Corporate Financial Services			
ORIX Corporation		Apr. 1964	
Domestic Sales Administrative Headquarters	Leasing, Lending, Other Financial Services		
ORIX Eco Services Corporation	Waste Recycling Consultation, Environmental Management		
	Support Services	Apr. 1998	100%
ORIX Insurance Planning Corporation	Agency Sales & Development of Non-Life Insurance Products	Sep. 1999	50%
Momiji Lease Corporation	Leasing	(Mar. 2002)	95%
NS Lease Co., Ltd.	Leasing, Lending, Other Financial Services	(Jul. 2002)	100%
ORIX Environmental Resource Management Corporation	Waste Recycling	Sep. 2002	100%
ORIX Kitakanto Corporation	Leasing, Lending, Other Financial Services	(Jan. 2005)	95%
ORIX Tokushima Corporation	Leasing, Lending, Other Financial Services	(Oct. 2005)	95%
Internet Research Institute, Inc.	Consulting and Investment Business Centered on IP Technology	(Nov. 2007)	100%
Funabashi Eco Services Corporation	Waste Disposal	(Mar. 2008)	100%
● Maintenance Leasing			
ORIX Auto Corporation	Automobile Leasing, Rentals & Car Sharing	Jun. 1973	100%
ORIX Rentec Corporation	Rentals and Leasing of Test, Measurement and IT-Related Equipment	Sep. 1976	100%
ORIX Rentec (Singapore) Pte. Limited (Singapore)		Oct. 1995	100%
ORIX Rentec (Korea) Corporation (South Korea)		Apr. 2001	100%
ORIX Rentec (Tianjin) Corporation (China)		Aug. 2004	100%
● Real Estate			
ORIX Corporation			
Real Estate Business Headquarters	Development and Rentals of Commercial Real Estate, Condominium Development and Sales	Apr. 1964	
BlueWave Corporation	Training Facility & Hotel Management	Aug. 1991	100%
ORIX Interior Corporation	Real Estate Rentals, Manufacture & Sale of Interior Furnishings, Interior Design & Installation, Driving School Management	Oct. 1998	100%
ORIX Real Estate Corporation	Real Estate Development & Management	Mar. 1999	100%
ORIX Asset Management Corporation	REIT Asset Management	Sep. 2000	100%
ORIX Golf Management Corporation	Golf Course Management	(Nov. 2004)	100%
ORIX Living Corporation	Senior Housing Management	Apr. 2005	75%
CROSS HOTELS Corporation	Management of CROSS HOTELS	(Mar. 2006)	100%
ORIX Real Estate Investment Advisors Corporation	Real Estate Investment & Advisory Services	Sep. 2007	100%
● Investment Banking			
ORIX Corporation			
Investment Banking Headquarters	Real Estate Finance, Commercial Real Estate Asset Securitization, Principal Investment	Apr. 1964	
ORIX Capital Corporation	Venture Capital	Oct. 1983	100%
ORIX Investment Corporation	Alternative Investment	Jan. 1990	100%
ORIX Asset Management & Loan Services Corporation	Loan Servicing	Apr. 1999	100%
ORIX M&A Solutions Corporation	M&A & Corporate Restructuring Advisory Services	Feb. 2003	100%
ORIX Loan Business Center Corporation	Provide Personal Loan Related Asset Management, Customer Relations	May. 2009	100%
ORIX Wholesale Securities Corporation	Sale of Financial Products	Feb. 2010	100%

	Principal Business	Established (Acquired)	Direct / indirect Investment
● Retail			
ORIX Credit Corporation	Consumer Finance Services	Jun. 1979	49%
ORIX Life Insurance Corporation	Life Insurance	Apr. 1991	100%
ORIX Trust and Banking Corporation	Trust & Banking Services	(Apr. 1998)	100%
● ORIX Headquarter Functions (Not Included in Segment Financial information)			
ORIX Insurance Services Corporation	Casualty & Life Insurance Agency	Sep. 1976	100%
ORIX Computer Systems Corporation	Software Engineering & Systems Management	Mar. 1984	100%
ORIX Baseball Club Co., Ltd.	Professional Baseball Team Management	(Oct. 1988)	100%
ORIX Management Information Center Corporation	Accounting & Administration Services	Oct. 1999	100%
ORIX Callcenter Corporation	Call Center	Nov. 1999	100%
ORIX Human Resources Corporation	Outplacement Services	Feb. 2002	100%
ORIX Business Support Corporation	Business Support Services	Apr. 2007	100%

OVERSEAS OPERATIONS (As at March 31, 2010)

	Country	Principal Business	Established (Acquired)	Direct / indirect Investment
ORIX Corporation				
Global Business and Alternative Investment Headquarters*	Japan	Administration of Overseas Activities Ship-Related Services, Aircraft-Related Services, Alternative Investment	Apr. 1964	
ORIX Maritime Corporation*	Japan	Ship Charter & Ship Broker Service	Nov. 1977	100%
ORIX Aircraft Corporation*	Japan	Aircraft Leasing	May. 1986	100%
ORIX USA Corporation	USA	Corporate Finance, Investment Banking, Real Estate (Debt Investment, Development)	Aug. 1981	100%
ORIX Asia Limited	Hong Kong	Leasing, Automobile Leasing, Hire Purchase, Lending	Sep. 1971	100%
ORIX China Corporation	China	Leasing Aug.	2005	98%
CHINA RAILWAY LEASING CO., LTD.	China	Railway-Related Leasing	(Jan. 2006)	25%
ORIX (China) Investment Co., Ltd.	China	Leasing, Equity Investment, Other Financial Services	Dec.2009	100%
ORIX Leasing Singapore Limited	Singapore	Leasing, Hire Purchase, Lending	Sep. 1972	50%
ORIX Investment and Management Private Limited	Singapore	Equity Investment	May. 1981	100%
ORIX CAR RENTALS PTE. LTD.	Singapore	Automobile Leasing & Rentals, Leasing	Sep. 1981	45%
ORIX Capital Resources Limited	Singapore	Ship Finance	Nov. 1997	100%
ORIX Ship Resources Private Limited	Singapore	Ship Finance	Nov. 1997	100%
ORIX Leasing Malaysia Berhad	Malaysia	Leasing, Lending, Hire Purchase	Sep. 1973	100%
ORIX Car Rentals Sdn. Bhd.	Malaysia	Automobile Rentals	Feb. 1989	35%
ORIX Auto Leasing Malaysia Sdn. Bhd.	Malaysia	Automobile Leasing	Oct. 2000	100%
PT. ORIX Indonesia Finance	Indonesia	Leasing, Automobile Leasing	Apr. 1975	96%
ORIX METRO Leasing and Finance Corporation	Philippines	Leasing, Auotbomile Leasing, Lending	Jun. 1977	40%
ORIX Auto Leasing Philippines Corporation	Philippines	Auotmobile Leasing	Sep. 1989	40%
Thai ORIX Leasing Co., Ltd.	Thailand	Leasing	Jun. 1978	49%
ORIX Auto Leasing (Thailand) Co., Ltd.	Thailand	Automobile Leasing & Rentals	(Aug. 2001)	85%
Acap Advisory Public Co., Ltd.	Thailand	Investment Banking, Asset Management, Loan Servicing	(Nov. 2007)	20%
Lanka ORIX Leasing Company PLC.	Sri Lanka	Leasing, Automobile Leasing, Hire Purchase, Lending	Mar. 1980	30%
ORIX Taiwan Corporation	Taiwan	Leasing, Hire Purchase, NPL Investment	Sep. 1982	95%
ORIX Auto Leasing Taiwan Corporation	Taiwan	Automobile Leasing	Mar. 1998	100%
ORIX Taiwan Asset Management Company	Taiwan	Loan Servicing	Oct. 2004	95%
ORIX Leasing Pakistan Limited	Pakistan	Leasing, Automobile Leasing	Jul. 1986	50%

	Country	Principal Business	Established (Acquired)	Direct / indirect investment
ORIX Properties Pakistan Private Ltd.	Pakistan	Real Estate Development and Management	Aug. 2007	67%
ORIX Australia Corporation Limited	Australia	Automobile Leasing & Truck Rentals	Jul. 1986	100%
ORIX Ireland Limited	Ireland	Corporate Finance, Accounting & Administrative Services	May. 1988	100%
ORIX Aviation Systems Limited	Ireland	Aircraft Leasing	Mar. 1991	100%
ORIX New Zealand Limited	New Zealand	Leasing, Automobile Leasing & Rentals	Dec. 1988	100%
INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED	India	Commercialization of Infrastructure Projects, Investment Banking, Corporate Finance	(Mar. 1993)	23%
ORIX Auto Infrastructure Services Limited	India	Automobile Leasing	Mar. 1995	42%
Oman ORIX Leasing Company SAOG	Oman	Automobile Leasing, Hire Purchase, Factoring	Aug. 1994	24%
ORIX Polska S.A.	Poland	Leasing, Automobile Leasing, Hire Purchase, Lending	Oct. 1995	100%
ORIX Leasing Egypt SAE	Egypt	Leasing	Jun. 1997	34%
Saudi ORIX Leasing Company	Saudi Arabia	Leasing, Automobile Leasing	Jan. 2001	25%
MAF ORIX Finance PJSC	UAE	Leasing	Apr. 2002	38%
ORIX Capital Korea Corporation	South Korea	Automobile leasing, Leasing, Hire Purchase, Lending	Feb. 2004	100%
BTA ORIX Leasing JSC	Kazakhstan	Leasing	(Jun. 2005)	40%

*ORIX Corporation's Global Business and Alternative Investment Headquarters as well as ORIX Maritime Corporation and ORIX Aircraft Corporation are based in Japan and are engaged in business activities centered on the Asia, Oceania and Europe region.

PARENT COMPANY

ORIX CORPORATION

4-1-23, Shiba, Minato-ku,
Tokyo 108-0014, Japan
Tel: 81-3-5419-5000
Fax: 81-3-5419-5903

ORIX LEASING PAKISTAN LIMITED

ASSOCIATED COMPANIES

Overseas Joint Ventures

Oman ORIX Leasing Company SAOG

P. O. Box 106
Postal Code 118, Muscat
Sultanate of Oman
Tel: (968) 24661900
Fax: (968) 24568106

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

Saudi ORIX Leasing Company

P.O. Box 22890, Riyadh 11416
343 Al Ma'ather Street, Riyadh
Kingdom of Saudi Arabia.
Tel: (9661) 2997777
Fax: (9661) 2997770

MAF ORIX Finance PJSC

3rd Floor, Deira City Centre
Office Building
P.O. Box 22600, Dubai
United Arab Emirates
Tel: (9714) 2952200
Fax: (9714) 2940940

BTA ORIX Leasing JSC

5th Floor, 38, Tulebaev Street
Almaty
Republic of Kazakhstan
Tel: 7(3272) 507979
Fax: 7(3272) 718545

Joint Venture in Pakistan

ORIX Properties Pakistan (Private) Ltd.

42, (C) E/1, Gulberg III
Lahore
Tel: (042) 5777820-1
Fax: (042) 5777819

Karachi

Registered Office & Head Office
Overseas Investors Chamber of
Commerce Building
Talpur Road, Karachi-74000, Pakistan
Tel: 021-32426020-9
Fax: 021-32432604, 32425897, 32424315

UAN: 111-24-24-24

E-mail: olp@orixpakistan.com

Website: www.orixpakistan.com

Korangi Office

Plot No 16, Sector 24,
Korangi Industrial Area, Karachi.
Tel: 021-35071661-5 , 35071040-3

E-Business Division

49 D, PECHS Block 6 Karachi.
UAN: 111-767-657
Fax: 021-34376911

North Karachi

Ground Floor, Plot No. R-14
Sector 11-K, North Karachi
Tel: 021-36996812

Quetta

Office No 21-22, First Floor, Ahmed Complex
M.A. Jinnah Road, Quetta
Tel: 081-2842383
Fax: 081-2842356

Lahore

4-J, Gulberg-111,
Near Firdous Market, Lahore
Tel: 042-35842560-1, 35842171, 35842964
Fax: 042-35845975, 35845974

Shah Alam Market

35/155, Circular Road
Shah Alam Market, Lahore
Tel: 042-37351986

Batapur / Jallo More

Main G.T. Road, Batapur, Lahore
Tel: 042-36584511

Chunian

W-1 370/26, Shop RH,
Cantt Road, Chunian
Tel: 049-4014809

Kot Abdul Malik

11 Kilometers, Lahore-Sheikhupura Road
Kot Abdul Malik, Distt. Sheikhupura
Tel: 042-7919722

Sheikhupura

Ground Floor, Sharif Plaza Sargodha Road,
Sheikhupura
Tel: 056-3788040
Fax: 056-3788041

Renala Khurd

Ghalla Mandi, Opp. Zaka Hospital
Renala Khurd, Distt. Okara
Tel: 0442-635185

District Kasur / Pattoki

Al Rehman Center, Main Multan Road, Pattoki
Tel: 049-4420356, 4422064

Manga Mandi

Main Multan Road, Madina Market,
Kalma Chowk
Tel: 0322-4669499

Faisalabad

3rd Floor, Sitara Towers
Bilal Chowk, Civil Lines, Faisalabad
Tel: 041-2633926, 2633811-3
Fax: 041-2633927

Sargodha

A. R. Tower, Adjacent Q's International Hotel
University Road, Sargodha
Tel: 048-3729521
Fax: 048-3729522

Sahiwal

Near Five Ways Hotel, Five Ways Chowk
Stadium Road, Sahiwal
Tel: 040-4227613-5

Jhang

Government Girls College Chowk Church
Road, Civil Lines, Jhang
Tel: 047-7650421
Fax: 047-7650422

Sialkot

1st Floor, Ghoolam Kadir Arcade
Aziz Shaheed Road, Sialkot Cantt
Tel: 052-4260767, 4260616, 4260877
Fax: 052-4269548

Mandi Bahauddin

1st Floor PIA Building
Kachery Road, Mandi Bahauddin
Tel: 0546-500506
Fax: 0546-500507

Gujrat

4th Floor, State Life Building
G.T. Road, Gujrat
Tel: 0433-515282

Gujranwala

76-ABC, Block-P, Trust Plaza
G.T. Road, Gujranwala
Tel: 055-3731021-22
Fax: 055-3731022

Islamabad

Ground Floor, Phase 1
State Life Building No. 5
Nizamuddin Road
Blue Area, Islamabad
Tel: 051-2821706, 2821748, 2821960
Fax: 051-2821917

Rawalpindi

Plot No. 7-G 55 & 55-A
2nd Floor, Green Building, Haider Road
Saddar, Rawalpindi
Tel: 051-5120070
Fax: 051-5120071

Talagang

Sheikh Centre, near Eid Gah, Mainwali Road
Talagang, District Chakwal
Tel: 0543-413916
Fax: 0543-413917

Mirpur A. K.

1st Floor, Jarral Plaza, 63/F, Sector F-1
Kotli Road, Mirpur A. K
Tel: 0300-5006188

Chakwal

1st Floor, Abbas Khan Gulsher Khan Firm
Talagang Road, Chakwal
Tel: 0543-543523

Hyderabad

1st Floor, State Life Building
Thandi Sarak, Hyderabad
Tel: 022-2784143, 2720397
Fax: 022-2781178

Sukkur

Dr.Sarfraz Clinic
1st Floor, Near State Life Building
Minara Road, Sukkur
Tel: 071-527907-8

Mirpurkhas

1st Floor, State Life Building, Mirpurkhas
Tel: 0300-3301140

Multan

Ground Floor, Trust Plaza, LMQ Road, Multan
Tel: 061-4580435, 4518431-3
Fax: 061-4580321

Rahim Yar Khan

20-21, Ground Floor, City Centre Plaza
Shahi Road, Rahim Yar Khan
Tel: 068-588565
Fax: 068-587610

Bahawalpur

Ground Floor, Near Cantonment Office Board,
Ahmed Pur East Road, Bahawalpur
Tel: 0300-8680164

Peshawar

1st Floor, State Life Building
The Mall, Peshawar
Tel: 091-5279789, 5278647
Fax: 091-5273389

Abbotabad

Ground Floor, Opposite GPO Cantt Bazar,
Abbotabad
Tel: 0992-343888
Fax: 0992-340370

Mingora

First Floor Swat Market
G.T. Road Mingora Swat
Tel: 0946-722620, 0300-5749249

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PROXY FORM



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 Twenty Fourth Annual General Meeting of the Company to be held on October 25, 2010 and at any adjournment thereof.

Signature this _____ Year 2010
(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. _____

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 need not 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 Computerised 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) alongwith proxy form to the Company .