

Celebrating 25 Years in Pakistan



Design: Creative Unit



ORIX LEASING PAKISTAN LIMITED

annual report 2011

Celebrating 25 years in Pakistan



# MISSION

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.

# VISION

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.

1986

2011

# 25 Years of ORIX Leasing Pakistan Limited

ORIX Leasing Pakistan Limited (OLP) celebrates 25 years in Pakistan, achieving an important milestone of its presence in the Country.

25 years ago leasing was largely an unheard of phenomenon in Pakistan. Financial sector was dominated by five state-owned commercial banks. It was then that a group of Pakistani investors led by our late founder Mr. Shakirullah Durrani took the initiative of establishing a leasing company in collaboration with Orient Leasing Company Ltd., Japan (the pioneer of leasing in Japan) and Bankers Equity Limited headed by Mr. D. M. Qureshi.

The partnership gave birth to Orient Leasing Pakistan (Pvt) Limited in July 1986 which was converted to a public limited company in December 1987. In December 1989, the Company's name was changed to ORIX Leasing Pakistan Limited in line with the change in name of its parent company to ORIX Corporation. The Company is listed on all three stock exchanges in Pakistan.

# Highlights

- From a paid-up capital of Rs. 10 million in 1986, shareholders' equity has increased to Rs. 2.2 billion in 2011.
- The Company started in a small office with a staff of 14 and today stands as a leader in the leasing industry with staff strength of over 450 and more than 30 offices across the Country.
- The Company has played a crucial role in providing finance to Small and Medium Sized Enterprises (SMEs) which constitute over 40% of the country's GDP and to date provided finance worth around Rs 100 billion predominantly to SMEs with good recovery ratio.
- Committed to its Shareholders, the Company has paid cash and stock dividends for 19 years in the range of 10% to 45% since it was listed.
- The Company's strength has been widely recognised and it is the recipient of Corporate Excellence award and Certificate of Excellence from the Management Association of Pakistan.
- The Company's former Chief Executive and current Director, Mr. Humayun Murad, was awarded Sitara-e-Imtiaz by the Government of Pakistan for services to the SME sector.
- The Company has expanded beyond borders and established leasing companies outside Pakistan in the Middle East, North Africa and Central Asia. The Company has deputed 34 staff members including Managing Directors to manage the operations of OLP's associated companies.
- The Company enjoys the highest credit rating in the leasing industry and has been assigned long term rating of AA (Double A) and short term rating of A1plus (A One plus). These ratings denote the lowest expectation of credit risk emanating from a strong capacity for timely repayment of financial commitments.

## Product Innovation

OLP's traditional business is equipment and vehicle leasing. While it remains the core business, other products have been added to expand the overall business and spread risk. Today, the products offered are:

- Corporate Lease
- Consumer Auto Lease
- Commercial Vehicle Lease
- Operating Lease for generators
- Corporate Finance – Working Capital & Invoice Factoring
- Micro Finance
- eBusiness - Third party processing of card transactions
- Agricultural Lease and Finance
- Islamic Finance

## Overseas Network

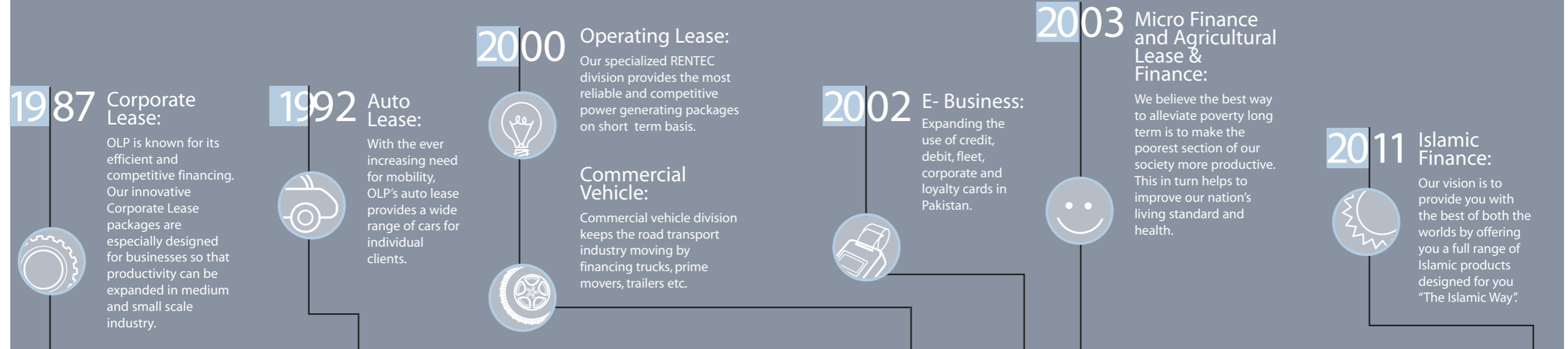
OLP started international expansion in 1993. Since then the Company has established joint venture leasing companies in five countries in the Middle East, North Africa and Central Asia. OLP provides technical assistance and key management personnel to its associated companies.

## Looking Ahead

The relationship between ORIX and the people of Pakistan is a very special one. As a Company, ORIX has always enjoyed the hospitality for which Pakistan is well known and in return the Company has earned the trust and respect of its customers, shareholders and people of this land. ORIX's successes are a true measure of their confidence in our brand.

As we move forward, we look back at the 25 years with pride acknowledging the many people who were part of our success story. Employees, shareholders, customers, suppliers and business associates all contributed to the success of ORIX in Pakistan. We look forward to the future with determination and confidence to replicate the successes of our first 25 years.

# ORIX Products



Oman ORIX Leasing Company SAOG **1993**

ORIX Leasing Egypt SAE **1997**

Saudi ORIX Leasing Company **2001**

MAF ORIX Finance PJSC UAE **2002**

SK Leasing JSC (formerly BTA ORIX Leasing JSC) Kazakhstan **2005**

Our Overseas Presence

Certificate of Deposit

Trust &

# Confidence

Astute savers invest in ORIX Certificate of Deposit. It is a case of excellent returns and great security for your total peace of mind. There is flexibility too, with maturity terms ranging from 3 months to 10 years with periodic payment or accumulation of profits.

You can be rest assured that your savings are in ORIX's safe hands which are backed by total assets of over Rs. 20 billion and an AA credit rating (the highest in Pakistan's leasing sector).

Who can invest – pretty well everyone:  
Individuals, professionals, housewives, senior citizens,  
partnerships, companies, banks, insurance companies, pension /  
gratuity funds ..... the list goes on.



Our Certificate of Deposit is offered through the following products:

- ORIX Floater
- Money Builder Plus
- Premium Monthly Profit Plan
- Quick Gain
- Step-up Income
- Monthly Profit Plan

Yoshihiko Miyauchi

Chairman and Chief Executive Officer  
ORIX Corporation, Japan



As a pioneer in the leasing industry, ORIX has always stayed ahead of the times. Our success can be attributed to this acute responsiveness to the ever-changing business environment and customers' varied needs.

It was in this spirit that we decided to enter the market in 1986 when leasing was relatively unknown in Pakistan. After recognizing the great potential, we launched operations with a team of professionals and committed individuals. Our determination to become a leader in the Pakistan leasing industry was made possible only by the unstinting efforts of OLP management and staff.

As OLP commemorates its 25 years in Pakistan, please allow me to congratulate the Board, management and all staff members for their remarkable achievements in reaching this milestone. As a major financial institution and a responsible corporate citizen, OLP can take pride in its major contributions to Pakistan's economic and social well-being.

I wish OLP continued success for many years to come.

A Tribute by

Mr. Humayun Murad  
Regional CEO, MENA & CIS,  
ORIX Corporation and Director OLP  
Chief Executive, ORIX Leasing Pakistan Limited  
(1989-2010)



Late Mr. Shakirullah Durrani  
(1929-2009)

Founding Director  
(1986-2005)  
ORIX Leasing Pakistan Limited

My association with Mr. Shakirullah Durrani spanned over 30 years. To me he was a mentor and a father figure, and he guided me with great affection and regard.

I feel privileged to have earned his trust and confidence. I am now honored to have an opportunity on the occasion of OLP's Silver Jubilee to recognize his contribution in OLP's formation and progress.

Mr. Durrani was a towering figure with a tremendous personality, sharp intelligence and great foresight. He founded the first true investment bank in the country – Investment Corporation of Pakistan which introduced new concepts in finance and savings through the stock market. He was Managing Director, Pakistan International Airline for three years and Governor, State Bank of Pakistan for a shorter period.

Mr. Durrani founded OLP in 1986 with great enthusiasm and pride. The structure of OLP reflected his wisdom, and his ability to attract a world class company like ORIX Corporation of Japan. After formation of OLP he took a lot of interest in the company's growth and the professional development of its executives and staff. He succeeded in forging a close relationship amongst the founding shareholders, and he nurtured the company's development with meticulous care and attention. It was at Mr. Durrani's recommendation that ORIX Corporation allowed OLP to invest in its first overseas joint venture in Oman and later in four other countries, all of which receive technical and managerial support from OLP.

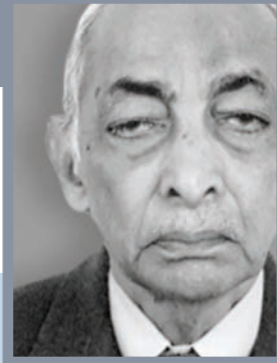
It was Mr. Durrani's vision that OLP should become a successful and sound financial institution. OLP delivered on his vision by becoming the biggest and most profitable leasing company in Pakistan, and the first Pakistani NBFC to expand internationally.

The greatest tribute to Mr. Durrani's memory would be for OLP to become even more successful in the years to come. InshaAllah, OLP's current management and staff will, no doubt, take the company to greater heights of excellence and professionalism.



D.M. Qureshi

Founding Director  
ORIX Leasing Pakistan Limited  
Former President  
Bankers Equity Limited



I am pleased to know that ORIX Leasing Pakistan Limited (OLP) is celebrating its 25 years in Pakistan.

In 1986, when it was incorporated as Orient Leasing Pakistan (Pvt) Limited, I was one of the founding Directors in my capacity as the President, Bankers Equity Limited (BEL), which was a shareholder in the Company. I am delighted that the Company I was associated with when it set afoot in Pakistan emerged as one of the largest leasing companies and major lender to the Small & Medium Enterprises (SMEs).

Being in the vanguard of Islamic finance, I was motivated to promote OLP under four main considerations. Firstly, because the leasing mode of finance was the closest candidate for Islamic financial engineering. Secondly, by my long association with the late Mr. Shakirullah Durrani, I had great trust in his leadership qualities. Thirdly, I found that the joint sponsorship with one of the major players in the leasing industry in the world will prove to be a major factor in OLP's success. Finally, in an environment characterized by nationalization of the financial sector, I envisioned this opportunity to be the vehicle for privatization.

I acknowledge the vision of the Japanese sponsors who saw the potential of leasing in Pakistan and the Pakistani group of investors led by late Mr. Durrani who was instrumental in bringing the Japanese leaders in leasing industry to invest in Pakistan.

I congratulate the management and staff of OLP and wish the company prosperity and progress.

Kunwar Idris

Chairman  
ORIX Leasing Pakistan Limited



It is my third stint on the Board of ORIX Leasing Pakistan Limited. In the first (1989-90) it was my privilege to witness its spectacular growth.

In the third, and the current, it has been again my good fortune to witness its confident and fast recovery from recession caused by extraneous factors.

In the period of crisis the lessees and investment certificate holders of the Company stood by it and the management of the company reciprocated by honoring its commitment fully and on time. Mr. Humayun Murad who steered the Company through growth and recession with equal skill for 23 years remains on the Board to guide its discussions.

All doubts about the future of leasing business in Pakistan should now stand dispelled. It is bright and ORIX, surely, would be in the vanguard of growth.

## Humayun Murad

Sitara-e-Imtiaz,  
Regional Chief Executive  
Middle East, North Africa & Central  
Asia (MENA & CIS)  
ORIX Corporation and Director OLP  
Chief Executive, ORIX Leasing Pakistan Limited  
(1989-2010)



It gives me immense pleasure and a great degree of professional satisfaction to celebrate OLP's 25th anniversary of its establishment.

As one of the pioneers of leasing in Pakistan, OLP was in the forefront of promoting this new financial product in the Country in the 1980s. From a modest start with Rs 10 million in paid up capital, the Company today deploys shareholders' funds in excess of Rs. 2.2 billion. Since its first year of listing, OLP continuously declared dividends for 19 years until this record was interrupted in 2009 when it suffered its first and only loss in its entire history.

OLP's focus has always remained on SMEs and it opened the doors of formal credit for many small businesses which previously relied on the informal lenders. This not only strengthened the SME sector, which is critical for economic development in any economy, it also brought

countless enterprises within the ambit of documentation and tax system. OLP successfully developed its network throughout Pakistan and with the encouragement from ORIX Corporation, Japan, established joint-venture leasing companies in five countries in Middle East and Central Asia. Each of these companies is headed by CEOs from OLP who are ably supported by colleagues from the respective host countries as well as from OLP.

Throughout my tenure I was privileged to have had the support of the Founding Shareholders, eminent Directors and Shareholders from the public. Above all, I could not have succeeded without the dedication, passion and hard work of all the staff members of OLP, both past and present. It has been my honour to have worked with the tremendous OLP team over the years, and their cooperation and success remain the highlight of my career.

I acknowledge the mentoring I received from the Founding Fathers of OLP- Mr. Yoshihiko Miyauchi, [late] Mr. Shakirullah Durrani and Mr. D. M. Qureshi. I also recognize the strong foundation laid by my predecessors- Mr. Masafumi Aoyama and Mr. Etsuo Matsumoto. To my successor, Mr. Teizoon Kisat and all OLP staff, I wish great success in the next 25 years of OLP's progress as the outstanding Non-Bank Financial Institution in Pakistan.

## Teizoon Kisat

Chief Executive Officer  
ORIX Leasing Pakistan Limited



At the onset let me pay special tribute to my predecessor and former Chief Executive of ORIX Leasing Pakistan Limited, Mr. Humayun Murad, under whose leadership OLP had grown exponentially over a period of 23 years.

He is still a source of inspiration and respected as well as admired for his visionary role. Succeeding him was a challenging prospect although I had worked as his deputy for seven years. To acknowledge his contribution to the success of the Company over the years, I promised him that I will manage OLP with the same passion that he was known for.

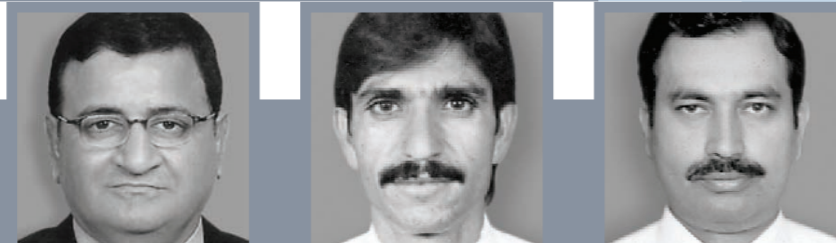
When I took over as Chief Executive on 1st January 2011, we were facing tough challenges; liquidity constraints hampering growth, stagnant economy and negative sentiments

about leasing business. Yet we embarked on the difficult journey of turning around OLP with unflinching faith and confidence as foundations of the Company were built on strong fundamentals. My strategy was to focus on core business with emphasis on quality and not volume. Corporate Governance and internal controls have been strengthened and credit policy has been tightened to ensure sustainable performance.

Turnaround of OLP in a very short period was achieved by sheer hard work of my team members whose loyalty, trust and drive to excel have proved to be the biggest assets of the Company. This success would not have been possible without the guidance and encouragement from ORIX Corporation, Board Members, Customers, Asset Managers and Stakeholders of the Company.

Leasing has enormous potential in the Country and I find business opportunities, particularly in the SME sector, very encouraging. The period of restricted growth appears to be coming to an end as the funding position has improved. I am confident that OLP will continue its progress and achieve greater heights in future.

20 years and more!  
 The longest serving  
 employees of ORIX  
 Leasing Pakistan Limited



- Ayub Khan**  
General Manager - Special Assets Management
- Yasmeen Akhtar**  
Branch Manager - Micro Finance
- Imtiaz Husain Abbasi**  
Manager - Finance & Accounts
- Amjad Iqbal**  
General Manager - Credit
- Mohammad Hassan**  
Senior Officer - Special Assets Management
- Muhammad Tahir Abdullah**  
Assistant Manager - Special Assets Recording
- Ramon Alfrey**  
Chief Financial Officer
- Nisar Ahmad**  
Manager - Special Assets Recording
- Syed Urooj Hasan**  
Manager - Consumer Auto
- Arshad Abbas**  
General Manager - Commercial Vehicle Division
- M. Shakeb Murad**  
General Manager - Treasury
- Saifullah**  
Driver - Administration
- Mian Faysal Riaz**  
General Manager - Corporate Lease
- Shafiq Ur Rehman**  
Assistant General Manager - Credit & Marketing
- Muhammad Akhlaq**  
Officer - Administration
- Shahid Hussain**  
Peon - Administration
- Aseyah Qasim**  
Assistant General Manager - Micro Finance / Agri Lease
- Irfan Ahmed**  
General Manager & Branch Controller - Northern Region

Chief Executive Officers of  
OLP associated companies

# Executives



**Shaheen Amin**  
General Manager  
Saudi ORIX Leasing Company and  
Director ORIX Leasing Pakistan Ltd

**Aijaz A. Butt**  
Managing Director  
ORIX Leasing Egypt SAE



**Arshi Islam**  
Chief Executive Officer  
MAF ORIX Finance PJSC



**Kashif Yaqoob**  
President  
SK Leasing JSC  
(formerly BTA ORIX  
Leasing JSC)  
Kazakhstan



**Hira Lal Bharvani**  
Chief Executive Officer  
Oman ORIX Leasing Company SAOG

## Greetings from Customers & Business Associates

# Greetings

### Farook Bengali

Former President & Chief Executive Officer  
Faysal Bank Limited

My heartiest congratulations and best wishes to ORIX Leasing Pakistan Limited on completion of 25 years of incorporation in Pakistan. As an investor and well wisher of ORIX Leasing Pakistan Limited, I take great pleasure in confirming that the service quality has been impeccable throughout the two decades that I have had interaction with them. I have found them true to their commitment and they have always displayed a high degree of professionalism at all levels of management. I have no hesitation in stating that ORIX Leasing Pakistan Limited is the No. 1 leasing company of Pakistan.

### Nehal Ashraf

General Manager Facilities  
Dr Ziauddin Hospital Karachi

Our association with ORIX Leasing Pakistan Limited (OLP) goes back over 20 years when we started with leasing of some equipments. Since then, the relationship has grown and progressed. When OLP diversified into operating lease of generators, we decided to work with them to meet our energy requirements. OLP has certainly taken care of that in the most efficient and professional manner. We truly value our long term relationship with OLP and wish them more 25 years of excellence.



### Ghouse Akbar

Director Akbar Group of Companies

We have been dealing with ORIX Leasing Pakistan Limited (OLP) for over a decade. Over this period, we have found OLP to provide great service along with competitive pricing. We congratulate OLP on its 25th anniversary and look forward to working closely with OLP in the coming years.

### Rafiq Rangoonwala

Chief Executive Officer  
Gray Mackenzie Restaurants International Limited

Our group enjoys long-standing relationship with ORIX Leasing Pakistan Limited (OLP) spanning several years. Our faith in leasing has strengthened over the years with the competitive edge of OLP. We are delighted to learn that ORIX is celebrating its 25 years in Pakistan. On behalf of our group, management and team I congratulate OLP on achieving high standards of service excellence and wish the company success in years to come.



### Mohammad Rafiq Khan

Chairman Bukhari Group of Companies

I am delighted to know that ORIX Leasing Pakistan Limited (OLP) completes its 25 years in Pakistan. Our association with OLP goes back several years when we started business with one vehicle that was leased from OLP. The trust and faith that OLP put on us when we launched Pak Limousine has strengthened over the years. Today with a fleet of over 1300 vehicles that we are running under EuropCar and Metro Cab, OLP remains our major financial partner and business associate. I take pride to be associated with OLP and wish the company many more years of success.



### Engr. Muhammad Saeed

Chief Executive Orient Energy Systems (Private) Limited

When I write the success story of Orient Energy Systems (Private) Limited (Orient), one name that I repeat the most is that of ORIX Leasing Pakistan Limited (OLP). We were a small company that had just taken off when OLP put its faith on us by appointing us as their asset managers for generators maintenance and rental business.

The relationship that started on modest scale grew bigger and stronger facing the tides of time with resilience and resolve. It was made possible because OLP believed in us and allowed us the room to learn, build and grow. The partnership between OLP and Orient is a unique example of mutual trust and cooperation. We owe it to OLP in a big way and congratulate them on successfully completing 25 years in Pakistan. Our partnership will Inshallah continue and grow in the years to come.

### Muneer Ahmed Esmail

General Manager Marketing Services  
Pakistan State Oil Co Ltd



It is our pleasure to acknowledge that ORIX e-Business and Pakistan State Oil have enjoyed a cordial business relationship spanning almost a decade. It is a relationship that has been based on trust built over the years. Such journeys are always complex and demanding necessitating a high level of proactiveness, innovation and creativity. The two teams have shared values especially their drive to excel. In this technology arena the nature and pace of change require the ability to adapt quickly to the rapidly changing environment. The values that have endeared us to ORIX e-Business is the responsiveness and speed with which your team has attended to our concerns and issues. That speed, attention and responsiveness of ORIX e-Business and its partners go beyond contracts and Service Level Agreements and have been pivotal to mutual success. On behalf of the Management of Pakistan State Oil and my team we look forward to the same agility, attention to detail and on-time deliveries of projects that we go forward with.



### Sheikh Mahmood Iqbal

Chief Executive Master Tiles & Ceramic Industries Limited

It gives me pleasure to learn that ORIX Leasing Pakistan Limited (OLP) completes its 25 years in Pakistan. Our group enjoys long-standing relationship with OLP spanning several years. We acknowledge the high service standards of OLP that have been the driving force of our cordial business ties. With its diversified product line, OLP stands out among the leasing companies enjoying distinct competitive edge. We are proud of our association with OLP and wish them greater success and achievements in future.



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# Company Information

## Board of Directors

Mr. Kunwar Idris	Chairman
Mr. Kazunori Okimoto	Non Executive Director
Mr. Humayun Murad	Non Executive Director
Mr. Shahid Aziz Siddiqui	Nominee of State Life Insurance Corporation of Pakistan
Mr. Kazuhito Inoue	Non Executive Director
Mr. Shahid Usman	Non Executive Director
Mr. Shaheen Amin	Non Executive Director
Mr. Teizoon Kisat	Chief Executive

## Audit Committee

Mr. Shahid Usman	Chairman
Mr. Shahid Aziz Siddiqui	Member
Mr. Shaheen Amin	Member
Mr. Kazuhito Inoue	Member

## Credit Committee

Mr. Teizoon Kisat	Member
Mr. Shaheen Amin	Member
Mr. S. Saeed Reza	Member
Mr. Amjad Iqbal	Member

## Chief Financial Officer

Mr. Ramon Alfrey

## Company Secretary

Ms. Effat Assad

## Head of Internal Audit & Secretary to Audit Committee

Ms. Maryam Aziz

## Senior Management

Mr. Amjad Iqbal	General Manager - Credit
Mr. Arshad Abbas	General Manager - Commercial Vehicle Division
Mr. Mian Faisal Riaz	General Manager - Corporate Lease
Mr. Giasuddin Khan	General Manager - e-Business
Mr. Ayub Khan	General Manager - Special Assets Management
Mr. M. Shakeb Murad	General Manager - Treasury
Mr. Irfan Ahmed	General Manager & Branch Controller (Northern Region)
Mr. Hamood Ahmed	Head - Consumer Auto Lease
Ms. Aseya Qasim	Head - Micro Finance / Agri Lease
Mr. Asim Shafique	Head - Operating Lease

Mr. Mujahid Ali Mirza	Head - Islamic Finance
Mr. M. Moizuddin	Head - Information Systems
Ms. Iffat Hina	Head - Human Resources

## Banks and Lending Institutions

Allied Bank Limited	JS Bank Limited
Bank Alfalah Limited	MCB Bank Limited
BankIslami Pakistan Ltd.	National Bank of Pakistan
Citibank N.A.	Pak-Iran Joint Investment Company Limited
Citibank Japan Limited	Pakistan Poverty Alleviation Fund
Faysal Bank 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
International Finance Corporation	

## 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  
First Floor, House of Habib Building (Siddiqsons Tower)  
3 - Jinnah C.H. Society, Main Shahrah-e-Faisal, Karachi-75350

## Registered Office

Islamic Chamber of Commerce Building, Ground Floor,  
ST-2/A, Block 9, KDA Scheme No. 5, Clifton, Karachi- 75600

## Head Office

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



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, 2011	March 31, 2010
Total Revenue	11,667	10,026
Profit Before Tax	1,269	598
Shareholders' Equity	16,128	14,149
Total Assets	103,206	83,188

## 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

## 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 Company SAOG (OOLC)	1993
ORIX Leasing Egypt SAE (OLE)	1997
Saudi ORIX Leasing Company (SOLC)	2001
MAF ORIX Finance PJSC (MAFO)	2002
SK Leasing JSC, formerly BTA ORIX Leasing JSC (SKL)	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 2010		Total Assets at Dec 31, 2010		Pre-tax Profit Half Year June 2011	
			LCY in 000s	Rs in millions	LCY in 000s	Rs in millions	LCY in 000s	Rs in millions
OOLC	11.64	RO	2,625	584	61,988	13,782	1,462	325
OLE	23.00	LE	11,272	168	373,495	5,508	4,932	71
SOLC	2.50	SR	53,931	1,232	992,061	22,647	35,355	807
MAFO	3.00	AED	7,176	167	285,748	6,660	4,355	101
SKL	10.00	KZT	(249,761)	(145)	3,251,249	1,853	(36,186)	(21)

## ASSOCIATES IN PAKISTAN

### OPP (Private) Limited (formerly ORIX Properties Pakistan (Private) Limited)

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-Fifth Annual General Meeting of the Company will be held at the Beach Luxury Hotel M.T. Khan Road, Karachi, on Saturday, October 22, 2011 at 10:00 a.m. to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements together with the Directors' and Auditors' Reports for the year ended June 30, 2011.
2. To approve the payment of cash dividend to shareholders at the rate of Rs. 1.0 per share of Rs. 10/- each for the year ended June 30, 2011.
3. 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.
4. To elect 8 (eight) Directors of the Company for a three years term commencing from October 23, 2011 as fixed by the Board of Directors under section 178 of the Companies Ordinance, 1984.

### The following are the retiring Directors:

- |                             |                       |
|-----------------------------|-----------------------|
| 1) Mr. Kunwar Idris         | 5) Mr. Kazuhito Inoue |
| 2) Mr. Kazunori Okimoto     | 6) Mr. Shahid Usman   |
| 3) Mr. Humayun Murad        | 7) Mr. Shaheen Amin   |
| 4) Mr. Shahid Aziz Siddiqui | 8) Mr. Teizoon Kisat  |

## SPECIAL BUSINESS (Statement Attached)

5. To approve remuneration of the Chief Executive and Director.
6. To transact any other business, with permission of the Chair.

Karachi: September 22, 2011

BY ORDER OF THE BOARD

Effat Assad  
Company Secretary

### Notes:

- i) The Register of Members of the Company shall remain closed from October 16, 2011 to October 22, 2011 (both days inclusive). Transfers received in order at our registrars, Noble Computer Services (Private) Limited, First Floor, House of Habib Building (Siddiqsons Tower), 3-Jinnah Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi at the close of business on October 15, 2011, will be treated as being in time for the purpose of payment of dividend.
- ii) Any person who seeks to contest an election for the office of Director, shall whether he/ she is a retiring Director or otherwise, file with the Company at its registered office not later than fourteen days before the date of the meeting (i) a notice of his/ her intention to offer himself/ herself for election as a Director, (ii) a declaration on the matters required by the Code of Corporate Governance, (iii) a consent on Form 28 and (iv) a copy of computerized national identity card (CNIC) or passport copy in case of a non resident.
- iii) A Member entitled to attend and vote at the General Meeting of Members is entitled to appoint a proxy to attend and vote on his/ her behalf. A proxy need not be a Member of the Company.
- iv) 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.

- v) CDC account holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

### A. For attending the meeting:

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

### B. For appointing proxies:

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

### 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 there to are given below.

### ITEM No. 5 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. 18.9 million for the year ending June 30, 2012 (2011: Rs. 18.9 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) are pleased to present the Twenty Fifth Annual Report together with the audited financial statements of the Company for the year ended June 30, 2011.

## FINANCIAL RESULTS

The financial results of the Company are summarized below:

	2011	2010
Profit before taxation	226,585,256	125,956,180
Less: Taxation	81,912,755	21,472,347
Profit after taxation	144,672,501	104,483,833
Earnings per share - basic and diluted	1.76	1.27
Appropriations:		
- Transfer to statutory reserves	29,000,000	20,900,000

## DIVIDEND

The Directors are pleased to recommend a cash dividend of 10% for the year ended June 30, 2011 (2010: Nil).

## OVERVIEW OF THE ECONOMY

Energy shortages, unprecedented floods and war on terror adversely effected Country's economy wiping out roughly 4-5% from the expected GDP growth in the last fiscal year.

Large industrial units and, to an even greater extent, small and medium enterprises which contribute 40% to the Country's GDP have suffered the brunt of the energy shortage. The floods in July 2010 hit agriculture hard reducing its growth to 1.2% from the projected growth of 3.8%. The deteriorating law and order situation remained the biggest impediment to foreign and local investment. Multilateral financial institutions and commercial banks have restricted their lending and increased rates because of the Country risk.

A glimmer of hope in this grim picture is record exports of US \$ 25 billion, rising monthly remittances from expatriate Pakistanis touching US \$ 1.3 billion during the month of August 2011, and resilience shown by the economy with growth of 2.4% in the previous fiscal year.

## FINANCIAL PERFORMANCE

Making a strong turnaround, the Company recorded profit before taxes of Rs. 227 million in comparison to Rs. 126 million last year. Current year's performance is laudable considering that the previous year's profit included extraordinary gains of Rs. 525 million arising from sale of 75% of the Company's shareholding in Saudi ORIX Leasing Company (SOLC), an associated company.

All segments of the Company's business fared reasonably well in a difficult operating environment. The return to profitable operations is broadly attributed to:

- Improved margins on new leases.
- Reduction in finance costs through close monitoring of cash flows and lower borrowings.
- Savings of Rs. 51 million in Administrative and General expenses despite inflation hovering at close to 15%.
- Sustained reduction in the non performing portfolio following intensive recovery efforts.

## BUSINESS REVIEW

The Company pursued a strategy of caution and tightened its credit policies in view of subdued economic conditions and liquidity constraints. Disbursement at Rs. 8.1 billion were marginally lower than Rs. 8.4 billion in the previous year. Saloon cars and commercial vehicle accounted for 73% of lease disbursements followed by 26% for machinery and 1% for office equipment. Corporate business credit risk remained diversified, with highest exposure of 16% in the transport and communication sector followed by the services sector at 10%.

## REVENUE

Revenue from finance leases and instalment loans at Rs. 2.11 billion (2010: Rs. 2.07 billion) was marginally higher than last year. Improved lease rates resulted in higher revenue despite contraction in the lease portfolio to Rs. 17.1 billion from Rs. 18.2 billion last year.

Operating lease revenues increased by 4% to Rs. 649 million compared to Rs. 626 million in the previous year. Short-term generator rentals remained the mainstay of the Company's operating lease business.

Other operating income at Rs. 189 million (2010: Rs. 395 million) was much lower but the previous year benefitted from exchange gain of Rs. 148 million on sale of the Company's shareholding in SOLC.

Income from share of profit from associated companies decreased to Rs. 104 million from Rs. 143 million last year. Share of profit from SOLC was Rs. 42 million lower as a consequence of disinvestment in SOLC.

## FINANCIAL EXPENSES

Financial expenses were sharply lower at Rs. 1.80 billion (2010: Rs. 2.06 billion). The 13% reduction was due to lower borrowings which amounted to Rs. 13.0 billion as at June 30, 2011 compared to Rs. 14.8 billion last year. Borrowings were lower by Rs.1.8 billion due to contraction of the lease portfolio and sale proceeds of Rs.926 million received from disinvestment in SOLC.

Strong internal cash generation ensured that the Company met all debt obligations on time. Long term debts of Rs. 4.6 billion were repaid during the year. New funding remained a constraint on expansion of business as banks are reluctant to fund Non Banking Finance Companies. However, the Company was successful in raising new long term debt of Rs. 2.4 billion which included the issue of Term Finance Certificates of Rs. 1 billion. The Company returned to the capital market successfully after a gap of over 3 years.

After the year end, the Company succeeded in obtaining significant new funding lines of over Rs. 2 billion and, with improvement in the Company's results, the prospects of further increase in funding are good.

## ADMINISTRATIVE & GENERAL EXPENSES

Austerity measures resulted in 8.5% reduction in administrative and general expenses to Rs. 549 million (2010: Rs. 600 million) despite inflation of approximately 15%. The Rs. 51 million saving resulted from restructuring carried out to improve business efficiencies. During the year, offices of the Company were relocated from rented premises to the Company's own building in Korangi. The Company's Registered Office has also been established in more economical premises at the Islamic Chamber of Commerce Building.

## DIRECT COST OF LEASES

Direct costs of leases which mainly represent cost of maintenance, insurance and depreciation on operating lease assets were 3% higher at Rs. 399.5 million (2010: Rs. 386.9 million). This includes an additional depreciation charge of Rs. 17.8 million due to change in estimate of residual value (Note 3.1)

## ASSOCIATED COMPANIES

Operations of overseas associated companies in Oman, Egypt, Saudi Arabia, United Arab Emirates and Kazakhstan are managed by executives deputed from OLP. Details of the Company's share in associates' profits are given in Note 32 to the financial statements.

Saudi ORIX Leasing Company and Oman ORIX Leasing are showing strong growth. ORIX Leasing Egypt and MAF ORIX UAE are beginning to increase their asset base as lease volumes pick up. Discussions are ongoing with our partners for reviving operations of SK Leasing (Kazakhstan). OPP (Private) Limited has completed construction of service apartments in Lahore which are likely to start generating income in the second quarter of fiscal 2012.

## STAFF

The Company's turnaround would not have been possible without the hard work and commitment of its staff. Management places on record its appreciation for the dedication and loyalty displayed by the employees despite challenging conditions. Their loyalty and confidence are the Company's biggest asset.

## FUTURE OUTLOOK

Economic slowdown, high inflation, disturbed law and order and power outages all remain a hindrance to stability and growth. The Company will continue to focus on recoveries and improving monitoring standards to minimize exposure in high risk areas. However with improvement in funding position, higher growth and profitability are expected in times ahead.

## CORPORATE SOCIAL RESPONSIBILITY

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

While seeking to contribute to economic development, we believe it is extremely important to establish a workplace environment where both corporate officers and employees feel that 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.

## MICRO FINANCE / IJARA

The Company provides micro finance and "Ijara" facilities to underprivileged people in the Country through its Micro Finance Division. These products cater to the needs of individuals who have expertise but lack sufficient funds. This eventually promotes the well-being of underprivileged sectors of the community and produces a better equilibrium in wealth distribution.

For over eight years, the Company has successfully run micro finance programmes with the support of its partners by disbursing close to Rs. 300 million to 17,000 borrowers every year. The micro finance portfolio stood at Rs. 198 million at the financial year end.

The floods of July 2010 were a natural catastrophe affecting millions of families. The Company and its staff responded immediately both through financial contribution and with their time in a number of the affected areas.

## CORPORATE GOVERNANCE

ORIX considers corporate governance important to the promotion of business activities in line with its business conduct principles (set out in page 42)

The Board of Directors of the Company is responsible to shareholders for the management of the Company. It acknowledges the need for a system of sound internal controls and is committed to upholding 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 derives its business conduct principles from the Group Operating Guidelines given in EC 21. The Company has implemented provisions of the Code of Corporate Governance for the year ended June 30, 2011. 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:

1. The financial statements prepared by the management of ORIX Leasing Pakistan Limited present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
8. Details of significant changes in the Company's operations during the year ended June 30, 2011 are stated in the Directors' Report.
9. Key operating and financial data for the last six years in summarized form is given at page 38.
10. The value of investments of the recognised provident fund as at June 30, 2010 was Rs. 200.3 million (audited) and as at June 30, 2011 was Rs. 191.4 million (un-audited). The value of investments of the Company's recognised gratuity fund as at June 30, 2010 was Rs. 93.2 million (audited) and as at June 30, 2011 was Rs. 75.7 million (un-audited).
11. Shares purchased by a Director have been reported. No other trading in shares of the Company was carried out by the Directors, Chief Executive, Chief Financial officer, Company Secretary and their spouses and minor children during the year.

12. During the year five meetings of the Board of Directors were held. The 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. Kunwar Idris	5	Mr. Shahid Aziz Siddiqui	5
Mr. Hideo Ichida (Non Resident) **	1	Mr. Kazuhito Inoue (Non Resident) ***	4
Mr. Kazunori Okimoto ****	1	Mr. Shahid Usman	5
Mr. Humayun Murad	5	Mr. Shaheen Amin (Non Resident)	5
Mr. Fumihiko Sato (Non Resident) *	1	Mr. Teizoon Kisat	5

- \* Resigned on Oct 25, 2010
- \*\* Resigned on Feb 26, 2011
- \*\*\* Appointed on Oct 25, 2010
- \*\*\*\* Appointed on Feb 27, 2011

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

## BOARD CHANGES:

On October 25, 2010, Mr. Fumihiko Sato resigned as Director. Mr. Kazuhito Inoue was appointed Director on October 25, 2010 to fill the casual vacancy caused by the resignation of Mr. Sato.

Mr. Hideo Ichida resigned as Chairman and Director on February 26, 2011. Mr. Kazunori Okimoto was appointed Director on February 26, 2011 to fill the casual vacancy caused by the resignation of Mr. Ichida. The Directors elected Mr. Kunwar Idris as Chairman of the Board.

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 an exceptionally 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, 2012.

## PATTERN OF SHAREHOLDING

The pattern of shareholdings as at June 30, 2011 is attached at page 90.

## ACKNOWLEDGEMENT

The Board greatly appreciates the support and cooperation of the regulatory authorities, shareholders, customers, bankers and outsourcing parties and looks forward to their continued support and advice in future.

On behalf of the Board



**TEIZOON KISAT**  
Chief Executive

Dated: September 22, 2011

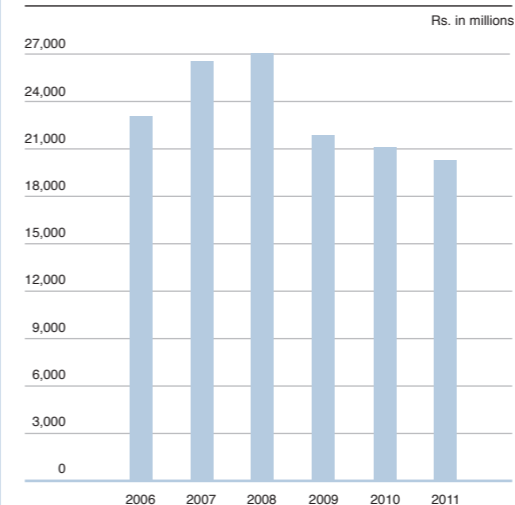
# Six Years' Financial Summary

(Rupees in millions)

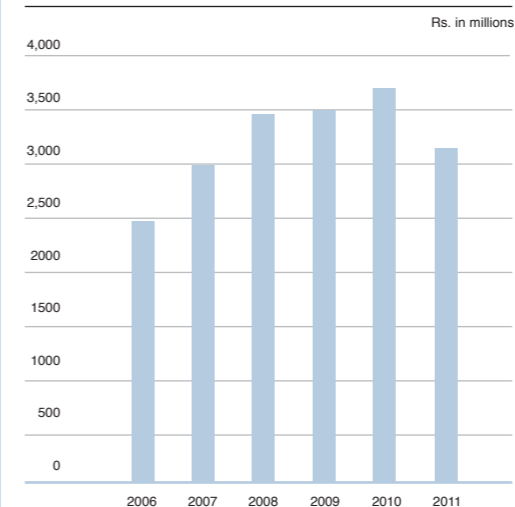
	2011	2010	2009	2008	2007	2006
Total Disbursement	8,058	8,428	6,251	10,789	12,142	11,932
Revenues	3,183	3,700	3,491	3,450	3,012	2,455
Lease revenue	2,758	2,699	2,983	2,955	2,726	2,102
Profit/ (Loss) before tax	227	126	(429)	351	396	455
Profit/ (Loss) after tax	145	104	(467)	267	334	396
Financial charges	1,796	2,064	2,570	2,133	1,806	1,285
Allowance for potential lease and instalment loans	213	523	324	105	58	52
Proposed dividend	82	-	-	208*	243	243
<b>Balance Sheet</b>						
Gross lease receivables	19,802	20,906	22,229	26,815	26,665	22,951
Shareholders' equity	2,248	2,016	2,078	2,604	2,379	2,325
Fixed assets	1,267	1,075	1,122	832	751	767
Long term debts	6,563	8,827	12,991	14,676	9,348	7,500
Total borrowing	12,957	14,812	17,558	17,011	16,780	15,649
Long term investments	1,483	1,426	1,838	1,401	1,107	1,090
<b>Financial Ratios</b>						
Profit before tax ratio	7.1%	3.4%	-12.3%	10.2%	13.1%	18.5%
Proposed dividend	10.0%	0.0%	0.0%	30.0%	35.0%	35.0%
Return on assets	0.8%	0.5%	-2.2%	1.3%	1.7%	2.4%
Return on equity	6.8%	5.1%	-20.0%	10.7%	14.2%	18.3%
Income/ expense ratio	1.16	1.23	1.0	1.1	1.2	1.2
Earning/ (Loss) per share (Rs.)	1.76	1.27	(5.8)	3.3	4.8	5.7
Price earning ratio	3.2	4.1	(1.4)	6.6	6.2	4.5
Market value per share (Rs.)	5.57	5.23	8.0	25.0	29.8	25.7
Book value per share (Rs.)	27.4	24.6	26.0	37.5	34.2	33.5
Debt/ Equity ratio	5.8	7.3	8.4	6.7	7.1	6.7
Current ratio	1.13	1.35	1.9	2.4	1.1	1.0

\* Includes cash and bonus

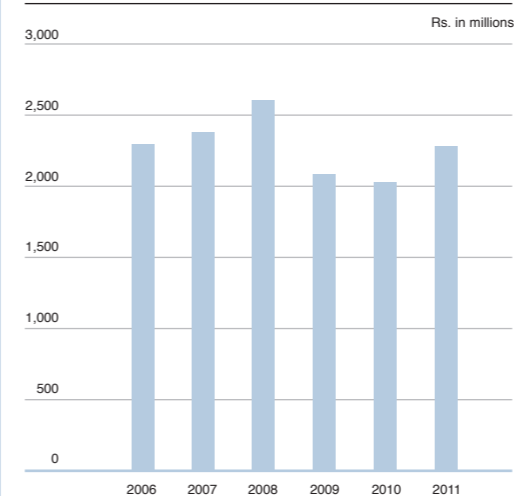
## Gross Lease Receivables



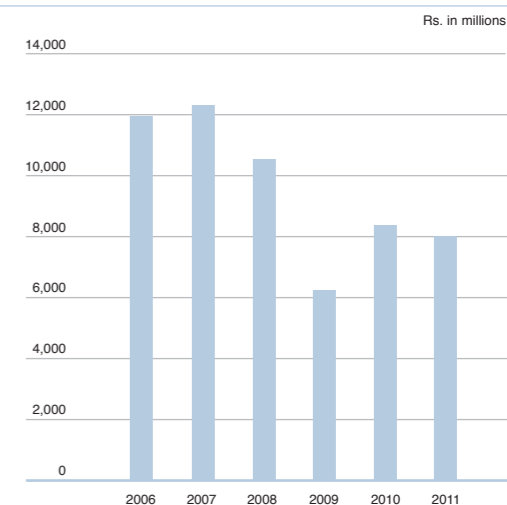
## Revenues



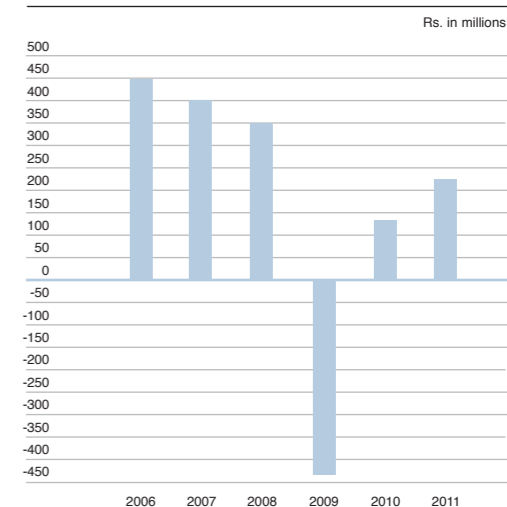
## Shareholder Equity



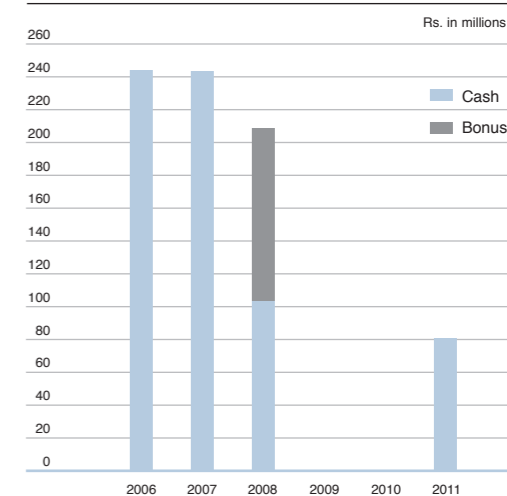
## Disbursements



## Profit / (Loss) Before Tax



## 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 Board has approved appointments of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment, as recommended by the CEO.
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 shareholdings.

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.



**TEIZOON KISAT**  
Chief Executive

Dated: September 22, 2011

# B 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.

# S Statement of Value Added

	2011	%	2010	%
Revenues from operations	2,684,399,991		2,319,388,762	
Other income	181,939,812		715,028,036	
Share of profit of associates	103,995,529		142,713,036	
	2,970,335,332		3,177,129,834	
Financial costs	1,515,722,529		1,831,905,685	
Direct cost of leases and services	476,317,144		467,808,808	
	1,992,039,673		2,299,714,493	
<b>Value Added</b>	<b>978,295,659</b>		<b>877,415,341</b>	
<b>Distributed as follows:</b>				
Remuneration	269,379,366	28	309,757,703	35
Taxes	81,912,755	8	21,472,347	2
Profit on investments	279,847,788	29	232,520,758	27
Cash dividend*	82,052,930	8	-	-
Depreciation	202,483,249	21	209,180,700	24
Capital reserves and retained profits	62,619,571	6	104,483,833	12
	978,295,659	100	877,415,341	100

\* Cash Dividend is recommended by the Board of Directors subsequent to year end.



KPMG Taseer Hadi & Co.  
Chartered Accountants  
First Floor  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi 75530 Pakistan

Telephone +92 (21) 3568 5847  
Fax +92 (21) 3568 5095  
Internet www.kpmg.com.pk

## 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 ORIX Leasing 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 under taken 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 June 30, 2011.

**KPMG Taseer Hadi & Co.**  
Chartered Accountants

Karachi: September 22, 2011



KPMG Taseer Hadi & Co.  
Chartered Accountants  
First Floor  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi 75530 Pakistan

Telephone +92 (21) 3568 5847  
Fax +92 (21) 3568 5095  
Internet www.kpmg.com.pk

## Auditors' Report to the Members

We have audited the annexed balance sheet of ORIX Leasing Pakistan Limited ("the Company") as at June 30, 2011 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 18 to these financial statements 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 June 30, 2011 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, 2011



# B Balance Sheet

as at June 30, 2011

	Note	2011	2010
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	1,266,876,589	1,075,337,998
Intangible assets	5	80,450,000	80,450,000
Net investment in finance leases and instalment loans	6	17,087,283,089	18,205,453,195
Current maturity	11	7,325,445,407	8,449,082,057
Allowance for potential lease and instalment loan losses	36	652,192,305	626,067,078
		7,977,637,712	9,075,149,135
		9,109,645,377	9,130,304,060
Long term investments	7	1,483,296,365	1,425,768,605
Long term finances and loans	8	283,828,411	194,019,470
Long term deposits		14,179,766	12,615,906
		12,238,276,508	11,918,496,039
<b>Current assets</b>			
Short term finances	9	243,986,457	320,219,629
Accrued return on investments and term loans	10	4,004,811	14,656,041
Current maturity of non-current assets	11	7,800,045,216	9,011,366,752
Short term investments	12	358,262,965	1,216,428,984
Advances and prepayments	13	66,875,194	65,545,596
Other receivables	14	799,908,395	1,072,159,951
Cash and bank balances	15	242,277,126	130,924,469
Taxation - net		33,116,400	4,654,517
Assets classified as held for sale	16	15,465,064	24,574,888
		9,563,941,628	11,860,530,827
<b>Total assets</b>	<b>Rupees</b>	<b>21,802,218,136</b>	<b>23,779,026,866</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital			
350,000,000 (2010:350,000,000) Ordinary shares of Rs. 10 each	Rupees	3,500,000,000	3,500,000,000
Issued, subscribed and paid-up capital	17	820,529,300	820,529,300
Reserves		1,340,157,276	1,195,827,133
		2,160,686,576	2,016,356,433
Surplus on revaluation of leasehold land and office building	18	87,012,511	-
<b>Non-current liabilities</b>			
Long term finances	19	3,165,147,598	4,543,262,782
Long term loans	20	2,172,518,954	3,186,109,614
Long term certificates of deposit	21	1,225,809,689	1,097,658,210
Long term deposits	22	4,308,266,328	4,016,204,598
Deferred taxation	23	221,862,034	120,009,145
		11,093,604,603	12,963,244,349
<b>Current liabilities</b>			
Trade and other payables	24	254,550,648	255,071,721
Accrued interest/ mark-up on loans and term finances	25	608,998,138	716,635,393
Short term borrowings	26	1,108,675,410	622,694,809
Short term certificates of deposit	27	737,863,450	755,668,912
Current maturity of non-current liabilities	28	5,750,826,800	6,449,355,249
		8,460,914,446	8,799,426,084
<b>Total equity and liabilities</b>	<b>Rupees</b>	<b>21,802,218,136</b>	<b>23,779,026,866</b>
Commitments	29		

The annexed notes 1 to 48 form an integral part of these financial statements.

  
TEIZOON KISAT  
Chief Executive

  
HUMAYUN MURAD  
Director

# P Profit and Loss Account

for the year ended  
June 30, 2011

	Note	2011	2010
<b>INCOME</b>			
<b>Income from operations</b>			
Finance leases and instalment loans	30	2,109,525,438	2,073,410,840
Operating leases		648,814,882	625,848,206
Mark-up on term/ factoring finance		138,865,009	143,487,607
		2,897,205,329	2,842,746,653
<b>Income from other operating activities</b>			
Other operating income	31	188,801,737	395,361,623
Share of profit of equity accounted undertakings	32	103,995,529	142,713,036
Gain on sale of equity accounted undertaking		-	376,478,004
		292,797,266	914,552,663
		3,190,002,595	3,757,299,316
<b>EXPENSES</b>			
Finance costs	33	1,795,570,317	2,064,426,443
Administrative and general expenses	34	548,630,543	599,756,495
Direct cost of leases	35	399,549,216	386,990,716
		2,743,750,076	3,051,173,654
		446,252,519	706,125,662
Allowance for potential lease, instalment and other loan losses - net	36	212,805,338	523,357,891
Impairment of assets	37	6,861,925	56,811,591
<b>Profit before tax</b>		<b>226,585,256</b>	<b>125,956,180</b>
Taxation	41	81,912,755	21,472,347
<b>Profit for the year</b>	<b>Rupees</b>	<b>144,672,501</b>	<b>104,483,833</b>
<b>Earnings per share - basic and diluted</b>	<b>Rupees</b>	<b>1.76</b>	<b>1.27</b>

The annexed notes 1 to 48 form an integral part of these financial statements.

  
TEIZOON KISAT  
Chief Executive

  
HUMAYUN MURAD  
Director

# Statement of Comprehensive Income

for the year ended  
June 30, 2011

	2011	2010
<b>Profit for the year</b>	<b>144,672,501</b>	104,483,833
<b>Other comprehensive income</b>		
Exchange difference arising on translation of foreign associates	(13,756,561)	73,922,214
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	(4,087,245)	(25,990,935)
Unrealized gain due to change in fair value of available for sale securities - net	688,807	8,977,495
Unrealized gain due to sale of available for sale securities transferred to profit and loss account	(7,456,051)	–
Impairment on available for sale securities	5,181,925	22,716,207
	(1,585,319)	31,693,702
Net gain/ (loss) on hedging instruments	19,086,768	(93,808,281)
	(342,357)	(166,037,885)
<b>Total comprehensive income for the year</b>	<b>144,330,144</b>	(61,554,052)

The annexed notes 1 to 48 form an integral part of these financial statements.

# Cash Flow Statement

for the year ended  
June 30, 2011


	Note	2011	2010
<b>Cash flows from operating activities</b>			
Cash generated from operations	42	2,276,507,157	2,271,298,329
<b>(Increase) / decrease in operating assets</b>			
Investment in finance leases and instalment loans - net		1,023,521,319	1,185,504,330
Long term finances and loans - net		(85,902,531)	238,389,831
Short term finances		74,872,354	74,404,417
Long term deposits		(1,563,860)	2,723,300
Investment in operating lease assets		(251,147,829)	(190,495,232)
Proceeds from sale of operating lease assets		30,615,129	57,826,749
		790,394,582	1,368,353,395
<b>Increase / (decrease) in operating liabilities</b>			
Deposits from lessees - net		(347,101,317)	(471,392,257)
Mark-up paid		(1,579,856,075)	(1,983,393,012)
Profit paid on certificates of deposit		(278,704,850)	(191,669,269)
		(2,205,662,242)	(2,646,454,538)
<b>Net cash from operating activities before income tax</b>		<b>861,239,497</b>	993,197,186
Income tax paid		(59,461,883)	(47,803,379)
<b>Net cash from operating activities</b>		<b>801,777,614</b>	945,393,807
<b>Cash flows from investing activities</b>			
Capital expenditure incurred		(53,661,084)	(45,981,631)
Proceeds from disposal of assets - own use		30,038,634	26,587,040
Proceeds against sale of equity accounted undertaking		–	926,501,301
Investments - net		912,710,682	301,968,484
Dividend received		5,804,034	15,972,432
Interest received		48,618,589	118,114,585
<b>Net cash from investing activities</b>		<b>943,510,855</b>	1,343,162,211
<b>Cash flows from financing activities</b>			
Proceeds from long term loans		2,443,290,000	243,520,000
Short term borrowings - net		250,000,000	100,000,000
Certificates of deposit issued - net		58,901,499	264,462,204
Repayment of long term loans and finances		(4,622,080,931)	(3,201,916,989)
Dividend paid		(26,981)	(2,428,451)
<b>Net cash used in financing activities</b>		<b>(1,869,916,413)</b>	(2,596,363,236)
<b>Net decrease in cash and cash equivalents</b>		<b>(124,627,944)</b>	(307,807,218)
Cash and cash equivalents at beginning of the year		8,229,660	316,036,878
<b>Cash and cash equivalents at end of the year</b>	Rupees 43	<b>(116,398,284)</b>	8,229,660

The annexed notes 1 to 48 form an integral part of these financial statements.

  
TEIZOON KISAT  
Chief Executive

  
HUMAYUN MURAD  
Director

  
TEIZOON KISAT  
Chief Executive

  
HUMAYUN MURAD  
Director

# Statement of Changes in Equity

for the year ended  
June 30, 2011

	Issued, subscribed and paid-up capital	Shares to be issued due to amalgamation	Share premium	Statutory reserve	General reserve	Reserves				Total shareholders equity
						Unappropriated profit / (Accumulated losses)	Unrealised gains on investment	Hedging reserve	Foreign currency translation reserve	
<b>Balance as at July 01, 2009</b>	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
<b>Total comprehensive income for the year ended June 30, 2010</b>						104,483,833				104,483,833
<b>Profit for the year</b>	-	-	-	-	-	104,483,833	-	-	-	104,483,833
<b>Other comprehensive income</b>										
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 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
Net loss on hedging instruments	-	-	-	-	-	-	-	(93,808,281)	-	(93,808,281)
	-	-	-	-	-	-	31,693,702	(93,808,281)	(103,923,306)	(166,037,885)
<b>Transactions with owner recorded directly in equity—distribution</b>										
Issuance of shares	21,526,740	(21,526,740)	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	20,900,000	-	(20,900,000)	-	-	-	-
<b>Balance as at July 01, 2010</b>	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
<b>Total comprehensive income for the year ended June 30, 2011</b>						144,672,501				144,672,501
<b>Profit for the year</b>	-	-	-	-	-	144,672,501	-	-	-	144,672,501
<b>Other comprehensive income</b>										
Exchange difference arising on translation of foreign associates	-	-	-	-	-	-	-	-	(13,756,561)	(13,756,561)
Deferred tax relating to translation of foreign associate	-	-	-	-	-	-	-	-	(4,087,245)	(4,087,245)
Unrealized gain due to change in fair value of available for sale securities-net	-	-	-	-	-	-	688,807	-	-	688,807
Unrealized gain due to sale of available for sale securities transferred to profit and loss account	-	-	-	-	-	-	(7,456,051)	-	-	(7,456,051)
Impairment on available for sale securities	-	-	-	-	-	-	5,181,925	-	-	5,181,925
Net gain on hedging instruments	-	-	-	-	-	-	-	19,086,768	-	19,086,768
	-	-	-	-	-	-	(1,585,319)	19,086,768	(17,843,806)	(342,357)
<b>Transactions with owner recorded directly in equity—distribution</b>										
Transfer to statutory reserve	-	-	-	29,000,000	-	(29,000,000)	-	-	-	-
<b>Balance as at June 30, 2011 Rupees</b>	820,529,300	-	448,603,499	653,900,000	210,000,000	(39,873,544)	2,218,268	(173,458,776)	238,767,830	2,160,686,576

The annexed notes 1 to 48 form an integral part of these financial statements.

  
**TEIZOON KISAT**  
Chief Executive

  
**HUMAYUN MURAD**  
Director

# Notes to the Financial Statements

for the year ended  
June 30, 2011

## 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 Islamic Chamber of Commerce Building, Clifton, Karachi. The Company is licensed to carry out leasing business as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and 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:

- Leasedhold land and office building are stated at fair value.
- 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:

- determining the residual values and useful lives of property, plant and equipment (Note 3.1);
- 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 3.14);
- (f) recognition of taxation and deferred tax (Note 3.16);
- (g) accounting for post employment benefits (Note 3.19);
- (h) employees compensated absences (Note 3.20); and
- (i) impairment (Note 3.21).

#### 2.5 Standards, amendments and interpretations which became effective during the year

Following are the standards that became effective for periods beginning on or after January 1, 2010:

- Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions became effective from July 1, 2010 which requires an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for the transaction in its separate or individual financial statements.
- Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company.

#### 2.6 Standards, interpretations and amendments not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below:

- IAS 24 Related Party Disclosures (revised 2009) – (effective for annual periods beginning on or after January 1, 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment may result in certain changes in disclosures.
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 1, 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Company's financial statements.
- Improvements to IFRSs 2010 – IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after January 1, 2011). These amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements. The amendment may result in certain changes in disclosures.
- Improvements to IFRSs 2010 – IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after January 1, 2011). These amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes. The amendment may result in certain changes in disclosures.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these financial statements are set forth below. These accounting policies have been applied consistently to all years presented except for the change referred in note 18.

#### 3.1 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is retired from use. Normal repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Depreciation is charged to income applying the straight line method over its estimated useful life, at the rates specified in notes 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 continues depreciating it until it is derecognised i.e. up to the month preceding the disposal, even if during that period the asset is idle.

Surplus on revaluation of land and building is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related amount of surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to retained earnings/ unappropriated profit.

Gains and losses on disposal of assets are taken to the profit and loss account, and the related surplus on revaluation of property, plant and equipment, if any, is transferred directly to retained earnings/ unappropriated profits.

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

#### Change in Accounting estimate

During the current year, the Company changed its estimate by reassessing the Residual Value (RV) of Communication Equipment by reducing the RV from 20% to 7%. Had such estimate not changed the profit for the year would have been higher by Rs.17.8 million and carrying amount of the assets would have been higher by the same amount.

#### 3.2 Intangible assets

Intangible assets 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 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.

### 3.9 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 3.11).

### 3.10 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.

### 3.11 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 for which requires delivery of assets within the timeframe generally established by regulation or convention in the market.

### 3.12 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.

### 3.13 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.

### 3.14 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.

### 3.15 Dividend

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

### 3.16 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.

### 3.17 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 basis.

#### 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.

### 3.18 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.

### 3.19 Staff retirement benefits

#### (a) Defined contribution plan

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

### 3.20 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.

### 3.21 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.

### 3.22 Transactions with related parties

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

### 3.23 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	2011	2010
Fixed assets - own use	4.1	420,486,967	316,568,071
Fixed assets - on operating lease	4.2	846,389,622	758,769,927
	Rupees	1,266,876,589	1,075,337,998

### 4.1 Fixed assets - own use

Description	2011							
	Cost/ Revalued Amount			Accumulated depreciation			Net book value	
	As at July 01, 2010	Additions/ revaluation/ (disposals) / transfer	As at June 30, 2011	As at July 01, 2010	For the year / (on disposals) / transfer	As at June 30, 2011	As at June 30, 2011	Rate / Years
Leasehold land	54,399,300	-	152,412,237	2,906,389	613,848	3,520,237	148,892,000	77 years
Office building	69,786,085	6,509,945 35,852,464	112,148,494	3,780,074	3,516,420	7,296,494	104,852,000	5%
Leasehold improvements	137,501,053	15,344,732 (46,940,244)	105,905,541	85,957,359	11,772,479 (42,521,873)	55,207,965	50,697,576	15%
Furniture, fittings and office equipments	106,989,399	4,858,482 (15,514,479) 5,168,360* (14,337,000)**	87,164,762	59,521,437	9,689,020 (13,353,545) 1,588,828* (2,204,487)**	55,241,253	31,923,509	15% - 25%
Vehicles	164,485,433	20,140,903 (40,010,059)	144,616,277	70,364,352	19,702,649 (21,891,509)	68,175,492	76,440,785	20%
Computers and accessories	89,407,580	6,807,022 (49,733,284)	46,481,318	83,471,168	5,062,337 (49,733,284)	38,800,221	7,681,097	33%
<b>Rupees</b>	<b>622,568,850</b>	<b>53,661,084</b> <b>133,865,401</b> <b>(152,198,066)</b> <b>5,168,360*</b> <b>(14,337,000)**</b>	<b>648,728,629</b>	<b>306,000,779</b>	<b>50,356,753</b> <b>-</b> <b>(127,500,211)</b> <b>1,588,828*</b> <b>(2,204,487)**</b>	<b>228,241,662</b>	<b>420,486,967</b>	

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

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

Description	2010							
	Cost			Accumulated depreciation			Net book value	
	As at July 01, 2009	Additions / (disposals) / transfer	As at June 30, 2010	As at July 01, 2009	For the year / (on disposals) / transfer	As at June 30, 2010	As at June 30, 2010	Rate / Years
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%
<b>Rupees</b>	<b>609,735,270</b>	<b>45,981,631</b> <b>(31,826,926)</b> <b>2,011,500*</b> <b>(3,332,625)**</b>	<b>622,568,850</b>	<b>261,797,894</b>	<b>57,993,691</b> <b>(12,210,197)</b> <b>514,622*</b> <b>(2,095,231)**</b>	<b>306,000,779</b>	<b>316,568,071</b>	

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

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





#### 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	8,492,350	5,702,006	2,790,344	7,500,000	Insurance Claim	Adamjee Insurance Company
	6,196,603	2,045,715	4,150,888	5,551,850	Insurance Claim	Adamjee Insurance Company
	1,025,000	666,050	358,950	468,535	Negotiation	Mr. Gul Muhammad Khatak
	850,000	605,710	244,290	318,870	Negotiation	Mr. Gul Muhammad Khatak
	1,085,064	845,970	239,094	312,088	Negotiation	Mr. Gul Muhammad Khatak
	1,858,775	1,461,555	397,220	518,489	Negotiation	Mr. Gul Muhammad Khatak
	2,025,000	1,320,401	704,599	919,708	Negotiation	Mr. Gul Muhammad Khatak
	2,332,625	2,032,350	300,275	391,947	Negotiation	Mr. Gul Muhammad Khatak
	3,195,000	1,329,535	1,865,465	2,434,979	Negotiation	Mr. Gul Muhammad Khatak
	2,450,000	2,150,978	299,023	390,312	Negotiation	Mr. Gul Muhammad Khatak
	3,243,699	1,760,728	1,482,971	1,935,712	Negotiation	Mr. Gul Muhammad Khatak
	3,800,000	2,852,090	947,910	1,237,301	Negotiation	Mr. Gul Muhammad Khatak
	3,980,000	3,582,000	398,000	519,507	Negotiation	Mr. Gul Muhammad Khatak
	3,980,000	2,810,079	1,169,921	1,527,090	Negotiation	Mr. Gul Muhammad Khatak
	1,085,000	948,236	136,764	178,517	Negotiation	Mr. Gul Muhammad Khatak
	115,000	40,729	74,271	96,945	Negotiation	Mr. Gul Muhammad Khatak
	525,000	525,000	-	207,797	Negotiation	Mr. Abdul Aziz Juma
	525,000	525,000	-	207,797	Negotiation	Mr. Abdul Aziz Juma
	525,000	525,000	-	207,797	Negotiation	Mr. Abdul Aziz Juma
	525,000	525,000	-	207,797	Negotiation	Mr. Abdul Aziz Juma
	525,000	525,000	-	207,797	Negotiation	Mr. Abdul Aziz Juma
	525,000	525,000	-	207,797	Negotiation	Mr. Abdul Aziz Juma
	525,000	525,000	-	207,797	Negotiation	Mr. Abdul Aziz Juma
	525,000	525,000	-	207,797	Negotiation	Mr. Abdul Aziz Juma
	418,500	355,725	62,775	165,644	Negotiation	Mr. Abdul Aziz Juma
	434,500	369,325	65,175	171,977	Negotiation	Mr. Abdul Aziz Juma
<b>Rupees</b>	<b>50,767,116</b>	<b>35,079,183</b>	<b>15,687,933</b>	<b>26,301,850</b>		
Communication equipments	1,860,353	924,478	935,875	1,356,187	Insurance Claim	Adamjee Insurance Company
	142,352	36,508	105,844	143,813	Insurance Claim	Adamjee Insurance Company
	275,000	155,833	119,167	110,000	Insurance Claim	Adamjee Insurance Company
<b>Rupees</b>	<b>2,277,705</b>	<b>1,116,819</b>	<b>1,160,886</b>	<b>1,610,000</b>		
Vehicles	220,000	110,000	110,000	95,744	Negotiation	HSA Engineering
	220,000	110,000	110,000	95,744	Negotiation	HSA Engineering
	220,000	110,000	110,000	95,744	Negotiation	HSA Engineering
	260,000	130,000	130,000	113,152	Negotiation	HSA Engineering
	260,000	130,000	130,000	113,152	Negotiation	HSA Engineering
	260,000	130,000	130,000	113,152	Negotiation	HSA Engineering
	280,000	130,000	150,000	130,560	Negotiation	HSA Engineering
	430,000	215,000	215,000	187,135	Negotiation	HSA Engineering
	430,000	215,000	215,000	187,135	Negotiation	HSA Engineering
	700,000	400,000	300,000	261,119	Negotiation	HSA Engineering
	700,000	400,000	300,000	261,119	Negotiation	HSA Engineering
	680,000	405,000	275,000	239,359	Negotiation	HSA Engineering
	356,600	178,300	178,300	155,192	Negotiation	HSA Engineering
	345,000	172,500	172,500	150,143	Negotiation	HSA Engineering
	280,000	140,000	140,000	121,856	Negotiation	HSA Engineering
	280,000	140,000	140,000	121,856	Negotiation	HSA Engineering
	750,000	450,000	300,000	261,119	Negotiation	HSA Engineering
<b>Rupees</b>	<b>6,671,600</b>	<b>3,565,800</b>	<b>3,105,800</b>	<b>2,703,279</b>		
<b>Rupees</b>	<b>59,716,421</b>	<b>39,761,802</b>	<b>19,954,619</b>	<b>30,615,129</b>		

## 5. INTANGIBLE ASSETS

	2011	2010
<b>Membership cards</b>		
Karachi Stock Exchange	34,750,000	34,750,000
Lahore Stock Exchange	30,000,000	30,000,000
	<b>64,750,000</b>	64,750,000
<b>Rooms</b>		
Karachi Stock Exchange	9,200,000	9,200,000
Lahore Stock Exchange	6,500,000	6,500,000
	<b>15,700,000</b>	15,700,000
	<b>Rupees 80,450,000</b>	80,450,000

## 6. NET INVESTMENT IN FINANCE LEASES AND INSTALMENT LOANS

	Note	2011	2010
Instalment contract receivables		14,231,053,804	14,983,789,650
Residual value		5,541,138,701	5,886,631,639
Initial direct costs		29,853,810	35,267,207
	6.1	19,802,046,315	20,905,688,496
Less: Unearned finance income		2,714,763,226	2,700,235,301
	Rupees	<b>17,087,283,089</b>	18,205,453,195

### 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	
	2011	2010	2011	2010
Less than one year	8,947,224,465	9,905,079,072	7,325,445,407	8,449,082,057
One to five years	10,854,821,850	11,000,609,424	9,761,837,682	9,756,371,138
	Rupees	<b>19,802,046,315</b>	20,905,688,496	17,087,283,089
				18,205,453,195

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 16% and 24% (2010: 15% and 22%) per annum. These are secured against leased assets and security deposits generally upto 20% (2010: 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. 1,231 million (2010: Rs. 1,496 million).

## 7. LONG TERM INVESTMENTS

	Note	2011	2010
<b>Related parties</b>			
Investment in equity accounted undertakings	7.1	<b>1,283,730,714</b>	1,220,759,350
<b>Others</b>			
Held-to-maturity investments			
Ijara sukuk - Government of Pakistan	7.2	<b>180,000,000</b>	180,000,000
Pakistan Investment Bonds (PIBs)	7.2	<b>16,785,651</b>	20,839,255
Term Finance Certificates (TFCs)			
- Listed		-	3,900,941
- Unlisted		<b>4,170,000</b>	4,170,000
		<b>200,955,651</b>	208,910,196
Less: Current maturity	11	<b>1,390,000</b>	3,900,941
	Rupees	<b>1,483,296,365</b>	1,425,768,605

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

2011	2010	Note	2011	2010
(Number of shares)				
<b>Quoted</b>				
<b>19,528,077</b>	15,622,462	Oman ORIX Leasing Company SAOG 7.1.2 & 7.1.3	<b>535,057,120</b>	475,336,126
			<b>535,057,120</b>	475,336,126
<b>Unquoted</b>				
<b>750,000</b>	625,000	Saudi ORIX Leasing Company	<b>210,089,883</b>	181,009,661
<b>45,000</b>	45,000	MAF ORIX Finance PJSC	<b>139,872,759</b>	138,844,554
<b>8,750</b>	8,750	SK Leasing JSC (formerly BTA ORIX Leasing JSC)	<b>44,764,850</b>	51,952,313
<b>920,000</b>	920,000	ORIX Leasing Egypt SAE	<b>229,466,601</b>	242,553,379
<b>13,500,000</b>	13,500,000	OPP (Private) Limited (formerly ORIX Properties Pakistan (Private) Limited)	<b>124,479,501</b>	131,063,317
			<b>748,673,594</b>	745,423,224
		Rupees	<b>1,283,730,714</b>	1,220,759,350

**7.1.1** Oman ORIX Leasing Company SAOG, Saudi ORIX Leasing Company, MAF ORIX Finance PJSC, SK Leasing JSC (formerly BTA ORIX Leasing JSC), ORIX Leasing Egypt SAE and OPP (Private) Limited (formerly 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:

		2011	2010
Oman ORIX Leasing Company SAOG	Rupees	<b>457,133,268</b>	595,301,749

**7.1.3** Includes 955 shares of Riyal Omani (R.O.) 0.1/- each (2010: 764 shares of R.O. 0.1/- each) held in the name of a Director in the investee company. The aggregate carrying value of these shares is Rs. 0.026 million (2010: Rs. 0.019 million).

**7.1.4** Summarised un-audited financial statement of equity accounted undertakings not adjusted for percentage ownership held by the Company are given below:

Name	Date of financial year end	Total assets	Total liabilities	Revenues Rupees	Profit/ (loss)	Interest held
<b>2011</b>						
<b>Quoted</b>						
Oman ORIX Leasing Company SAOG	December 31	14,193,270,464	9,596,559,815	1,623,338,221	528,429,519	11.64%
<b>Unquoted</b>						
Saudi ORIX Leasing Company	December 31	24,607,578,904	16,203,983,571	2,841,939,881	1,360,689,230	2.50%
MAF ORIX Finance PJSC	December 31	6,299,274,849	1,636,849,549	751,112,042	171,351,887	3.00%
SK Leasing JSC (formerly BTA ORIX Leasing JSC)	December 31	1,710,563,245	775,289,461	251,400,607	(64,486,690)	10.00%
ORIX Leasing Egypt SAE	December 31	5,291,785,722	4,294,104,848	645,645,719	100,714,797	23.00%
OPP (Private) Limited (formerly ORIX Properties Pakistan (Private) Limited)	June 30	373,360,739	96,739,743	-	(14,630,540)	45.00%
<b>2010</b>						
<b>Quoted</b>						
Oman ORIX Leasing Company SAOG	December 31	13,935,932,925	9,852,924,565	1,640,909,392	471,603,959	11.64%
<b>Unquoted</b>						
Saudi ORIX Leasing Company	December 31	23,145,440,197	15,739,405,272	2,685,751,521	1,144,734,869	2.50%
MAF ORIX Finance PJSC	December 31	7,174,740,887	2,546,568,923	904,918,862	226,370,776	3.00%
SK Leasing JSC (formerly BTA ORIX Leasing JSC)	December 31	2,110,564,933	1,110,804,459	322,050,531	(196,733,710)	10.00%
ORIX Leasing Egypt SAE	December 31	5,551,371,252	4,496,751,740	678,536,943	146,605,672	23.00%
OPP (Private) Limited (formerly ORIX Properties Pakistan (Private) Limited)	June 30	296,740,438	5,744,901	9,937,071	(5,067,322)	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 2 years (2010: 3 years) from the balance sheet date, carrying profit rates ranging from 12.00% to 14.00% (2010: 12.00% to 14.00%) per annum due half yearly from the date of issue.

## 8. LONG TERM FINANCES AND LOANS

	Note	2011	2010
<b>Considered good</b>			
<b>Related parties - secured</b>			
Chief Executive	8.1 & 8.2	–	–
Executives	8.1 & 8.2	61,902,691	64,222,764
		61,902,691	64,222,764
<b>Others</b>			
Employees - secured	8.2	33,746,291	50,660,469
Vehicle finance	8.3	342,361,925	–
Murabaha finance	8.4	9,791,671	11,111,114
Term finance - secured	8.5	129,688,133	329,177,386
Micro finance	8.6	19,929,467	13,382,330
Agri finance - secured	8.7	5,778,422	45,258,985
		541,295,909	449,590,284
		603,198,600	513,813,048
<b>Considered doubtful</b>			
<b>Others</b>			
Term finance		437,094,408	455,892,324
Agri finance		46,186,096	41,099,567
Micro finance		5,423,297	4,178,668
		488,703,801	501,170,559
Less: Allowance for potential loan losses	36	334,864,181	262,580,383
		153,839,620	238,590,176
<b>Less: Current maturity</b>			
Related parties		20,543,561	19,851,806
Others		452,666,248	538,531,948
	11	473,209,809	558,383,754
	Rupees	283,828,411	194,019,470

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

	Chief Executive		Executives	
	2011	2010	2011	2010
Opening balance	–	817,818	64,222,764	69,142,407
Disbursements	–	–	13,870,985	18,705,226
Repayments	–	(817,818)	(16,191,058)	(23,624,869)
	Rupees	–	61,902,691	64,222,764

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% (2010: 5.00%) per annum. Loans to Chief Executive, Executives and other employees carry mark-up rate ranging between 5.00% to 14.00% (2010: 5.00% to 14.00%) per annum, secured against their retirement benefits and are repayable within a period of three to five years.

Maximum amount outstanding at the end of any month during the year against loans to Chief Executive and Executives was Rs. 72.02 million (2010: Rs. 67.18 million).

8.3 This represents vehicle financing facility provided to customers on mark-up basis. The mark-up on these finances ranges between 19% and 25% per annum. These finances are repayable within a period of 2 years to 5 years and are secured against charge over vehicles and personal guarantee of individuals.

8.4 This represents murabaha facility to a financial institution. The rate of return is 13% (2010: 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.

8.5 This represents term finance facility provided to customers on mark-up basis. The mark-up on these finances ranges between 15% and 21% (2010: 14% and 21%) per annum. These finances are repayable within a period of 1 year to 5 years (2010: 1 year to 5 years) and are secured against charge over fixed assets, trade receivables, lien on certificate of deposit, personal guarantees of directors and hypothecation of stocks.

8.6 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% (2010: 18% and 32%) per annum. These loans are repayable within a period of 1 year to 3 years (2010: 1 year to 3 years) and are secured against personal guarantees of village organisations.

8.7 This represents long term finance offered to farmers on mark-up basis. The rate of return on these loans ranges between 12% and 24% (2010: 12% and 24%) per annum. These loans are repayable within a period of 1 year to 5 years (2010: 1 year to 5 years) and are secured against title documents of immovable property and hypothecation of personal assets.

## 9. SHORT TERM FINANCES

	Note	2011	2010
<b>Considered good</b>			
Term finance - secured	9.1	2,229,199	37,358,094
Factoring finance	9.2	11,915,532	20,724,155
Micro finance	9.3	143,834,047	167,998,548
Agri finance - secured	9.4	–	1,188,385
		157,978,778	227,269,182
<b>Considered doubtful</b>			
Term finance		155,397,645	178,766,471
Micro finance		28,513,510	4,215,249
Agri finance		23,941,077	33,116,809
Other finance		–	281,032
		207,852,232	216,379,561
Less: Allowance for potential losses	36	121,844,553	123,429,114
		86,007,679	92,950,447
	Rupees	243,986,457	320,219,629

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 23% (2010: 16% and 21%) 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 2 months to 6 months (2010: 3 months to 6 months) 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 18% and 35% (2010: 16% and 35%) per annum. These are secured against personal and group guarantees 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% (2010: 13% and 22%) 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

	Note	2011	2010
Investments		3,637,401	9,647,972
Term loans		367,410	5,008,069
	Rupees	4,004,811	14,656,041

## 11. CURRENT MATURITY OF NON-CURRENT ASSETS

	Note	2011	2010
<b>Current maturity of :</b>			
Net investment in finance leases and instalment loans	6.1	7,325,445,407	8,449,082,057
Long term investments	7	1,390,000	3,900,941
Long term finances and loans	8	473,209,809	558,383,754
	Rupees	7,800,045,216	9,011,366,752

## 12. SHORT TERM INVESTMENTS

	Note	2011	2010
<b>Held-to-maturity investment</b>			
Treasury bills	12.1	121,336,542	112,732,249
Certificates of deposit	12.2	5,900,000	6,800,000
<b>Held for trading investments</b>			
Ordinary shares		3,070,917	6,160,213
Term finance certificates		50,424,795	69,427,341
Units of close ended mutual funds		46,266,816	39,698,050
		99,762,528	115,285,604
<b>Available-for-sale</b>			
Ordinary shares		17,536,770	22,038,515
Units of open ended mutual funds		-	23,356,051
Units of close ended mutual funds		110,927,125	7,416,565
		128,463,895	52,811,131
<b>Others</b>			
Term deposit receipts		-	925,000,000
Fund placements		2,800,000	3,800,000
	Rupees	358,262,965	1,216,428,984

**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 (2010: 1 year) from the balance sheet date, carrying profit rate of 13.6% (2010: 12%) 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 1 year (2010: 6 months). The rate of return on such investment is 17% per annum (2010 : 17% per annum).

## 13. ADVANCES AND PREPAYMENTS

	2011	2010
Advances - unsecured	45,812,181	40,875,370
<b>Prepayments</b>		
Insurance		
- leased assets	4,886,805	6,341,988
- own assets	355,903	389,113
Rent	9,167,080	8,575,291
Others	6,653,225	9,363,834
	21,063,013	24,670,226
	Rupees	66,875,194
		65,545,596

## 14. OTHER RECEIVABLES

	Note	2011	2010
<b>Considered good</b>			
Operating lease rentals receivable		51,208,229	64,945,882
Fair value of hedging instruments		720,602,926	966,756,710
Deposits		-	233,680
Receivable from equity brokerage customers		22,103,197	29,117,121
Receivable from customers		2,010,310	2,010,310
Receivable from defined benefit plan	34.1.2	-	3,437,845
Others		3,983,733	5,658,403
		799,908,395	1,072,159,951
<b>Considered doubtful</b>			
Operating lease rentals receivable		2,682,115	1,471,136
Receivable from equity brokerage customers		30,006,349	25,006,349
		32,688,464	26,477,485
Less: Allowance for potential losses	36	32,688,464	26,477,485
	Rupees	799,908,395	1,072,159,951

## 15. CASH AND BANK BALANCES

	2011	2010
Cash in hand	1,341,249	2,292,385
<b>With banks on :</b>		
- Current accounts	158,588,330	79,287,908
- Deposit accounts	82,347,547	49,344,176
	240,935,877	128,632,084
	Rupees	242,277,126
		130,924,469

## 16. ASSETS CLASSIFIED AS HELD FOR SALE

	Note	2011	2010
Repossessed assets	16.1 Rupees	15,465,064	24,574,888

**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

2011	2010	2011	2010
(Number of shares)			
<b>Ordinary shares of Rs. 10/- each</b>			
<b>49,355,892</b>	49,355,892	Fully paid in cash	<b>493,558,920</b>
<b>30,544,364</b>	30,544,364	Fully paid bonus shares	<b>305,443,640</b>
<b>2,152,674</b>	2,152,674	Fully paid shares against amalgamation	<b>21,526,740</b>
<b>82,052,930</b>	82,052,930	Rupees	<b>820,529,300</b>

As at June 30, 2011, ORIX Corporation, Japan and its nominees held 40,693,564 (2010: 40,693,564) ordinary shares equivalent to 49.59% (2010 : 49.59%) of the total issued shares.

## 18. SURPLUS ON REVALUATION OF LEASEHOLD LAND & OFFICE BUILDING

	2011	2010
Leasehold Land	<b>98,012,937</b>	–
Office Building	<b>35,852,464</b>	–
	<b>133,865,401</b>	–
Related Deferred tax liability	<b>(46,852,890)</b>	–
	Rupees	<b>87,012,511</b>

During the current year, the Company changed its accounting policy by adopting revaluation model for leasehold land and office building instead of cost model. The valuation was carried out on June 30, 2011 by an independent valuer, M/s SURVAL, who are also on NBF and modaraba association panel. This valuation of assets is based on market information from relevant sources, including recent sale/ purchase of similar assets and construction cost of such assets. The present condition of the asset, the level of maintenance and the remaining useful life of the asset have also been considered.

Had the accounting policy not changed the carrying amount of the leasehold land and office building would have been lower by Rs. 98 million and Rs. 36 million respectively.

## 19. LONG TERM FINANCES - secured

Note	2011	2010
Long term finances utilised under mark-up arrangements - financial institutions	<b>1,447,916,667</b>	1,475,000,000
Term finance certificates - listed	<b>832,680,000</b>	1,665,340,000
Term finance certificates	<b>1,000,000,000</b>	–
Term finance certificates - unlisted	<b>3,333,333,333</b>	5,000,000,000
	<b>6,613,930,000</b>	8,140,340,000
<b>Less: Unamortised transaction cost in respect of</b>		
Long term finances utilised under mark-up arrangements	<b>7,084,872</b>	3,337,009
Term finance certificates	<b>13,184,196</b>	19,413,542
	<b>20,269,068</b>	22,750,551
<b>Less: Current maturity</b>		
Long term finances utilised under mark-up arrangements	<b>729,166,667</b>	1,075,000,000
Term finance certificates	<b>2,699,346,667</b>	2,499,326,667
	<b>3,428,513,334</b>	3,574,326,667
	<b>3,448,782,402</b>	3,597,077,218
	Rupees	<b>3,165,147,598</b>

**19.1** 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 14.74% to 16.25% (2010: 12.88% to 13.87%) per annum. These finances are repayable within a period of 36 to 60 months (2010: 36 to 60 months).

**19.2** 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.

**19.3** This represents registered and Over the Counter (OTC) TFCs issued by the Company to financial institutions, trusts and corporate entities. These are secured by first exclusive and specific charge, along with a 25% margin over specific leased assets and receivables. Profit on these TFCs is payable on quarterly basis at the rate of KIBOR + 2.15% without any floor or cap. The principal portion of these TFCs is structured to redeem in ten (10) equal quarterly instalments, starting from the 9th month of the issue date commencing from March 30, 2012. As per OTC regulations of Karachi Stock Exchange (KSE). The said TFCs are required to be listed within 90 days from the date of issue.

**19.4** 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.

## 20. LONG TERM LOANS

Name of lending institution	Note	Commencement of repayment	Mode of loan repayment	Rate (%)	2011	2010
<b>Secured</b>						
International Finance Corporation	20.1	Jul 15, 2008	11 equal semi annual instalments after 24 months grace period	US\$ six month LIBOR+1.5%	<b>664,159,372</b>	926,036,550
Citibank Japan Limited, Syndicated loan	20.2	Jan 31, 2008	14 equal semi annual instalments	US\$ six month LIBOR+0.675%	<b>2,148,749,828</b>	2,751,428,474
International Finance Corporation	20.3	Jul 15, 2007	10 equal semi annual instalments	US\$ six month LIBOR+1.65%	<b>85,950,000</b>	171,200,000
Pakistan Poverty Alleviation Fund (PPAF)	20.4	Mar 18, 2010	12 quarterly instalments	10.00%	<b>216,542,499</b>	149,424,000
Pakistan Poverty Alleviation Fund (PPAF)		Jan 01, 2009	12 quarterly instalments	10.00%	–	9,226,050
<b>Unsecured</b>						
CROSBY Asset Management Limited – AMZ Plus Income Fund	20.5	Mar 13, 2011	2 semi annual instalments	KIBOR -2.5%	<b>90,000,000</b>	100,000,000
Total long term loans					<b>3,205,401,699</b>	4,107,315,074
Less: Unamortised transaction cost					<b>42,016,870</b>	68,232,034
Less: Current maturity	28				<b>990,865,875</b>	852,973,426
				Rupees	<b>2,172,518,954</b>	3,186,109,614

**20.1** 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.

**20.2** 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 receivable and is hedged by a cross currency interest rate swap with a financial institution.

**20.3** This represents a foreign currency facility of US\$ 5 million. 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.

**20.4** 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 receivable created out of PPAF financing.

**20.5** 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 KIBOR minus 2.50% per annum.

## 21. LONG TERM CERTIFICATES OF DEPOSIT - unsecured

	Note	2011	2010
Certificates of deposit	21.1	1,353,573,368	1,276,866,407
Less: Current maturity	28	127,763,679	179,208,197
	Rupees	1,225,809,689	1,097,658,210

**21.1** These represent long term certificates of deposit, issued on a profit and loss sharing basis at the expected rates of profit, ranging between 9.86% and 16.00% (2010: 7.00% and 16.00%) per annum. These certificates of deposit have been issued for terms ranging between 15 months and 10 years (2010: 13 months and 10 years).

## 22. LONG TERM DEPOSITS

	Note	2011	2010
Security deposit on finance leases and instalment loans	22.1	5,510,925,240	5,858,026,557
Less: Repayable/ adjustable within 12 months	28	1,203,683,912	1,842,846,959
		4,307,241,328	4,015,179,598
Others		1,025,000	1,025,000
	Rupees	4,308,266,328	4,016,204,598

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

## 23. DEFERRED TAXATION

	2011	2010
The deferred tax liability is attributable to the following items:		
-Accelerated tax depreciation	1,255,160,593	1,538,153,761
-Surplus on revaluation of property, plant and equipment	46,852,890	-
-Unamortised transaction costs relating to long term finances and loans	21,800,078	31,843,905
-Share of associate profit	186,492,328	169,932,103
-Allowance for potential loan losses	(171,289,019)	(144,370,444)
-Tax losses	(1,010,135,810)	(1,365,177,070)
-Capital loss	(107,019,026)	(110,373,110)
	Rupees	221,862,034
		120,009,145

## 24. TRADE AND OTHER PAYABLES

	Note	2011	2010
Creditors		200,919,226	195,056,413
Accrued liabilities		24,407,812	42,841,290
<b>Other liabilities</b>			
Advance from customers pending finance lease and instalment loan execution		8,958,939	9,015,435
Unclaimed dividend		3,358,311	3,385,292
Payable to defined benefit plan	34.1.2	2,538,580	-
Grant from donors	24.1	4,853,941	-
Others		9,513,839	4,773,291
		29,223,610	17,174,018
	Rupees	254,550,648	255,071,721

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

	2011	2010
Opening balance	-	935,185
Grant received during the year	5,259,250	-
Amount charged during the year	(405,309)	(935,185)
Closing balance	Rupees	4,853,941
		-

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

	2011	2010
<b>Interest/ mark-up on</b>		
Long term finances	275,861,319	357,585,385
Long term loans	118,402,121	159,654,958
Short term borrowings	18,159,988	3,963,278
Profit on certificates of deposit	196,574,710	195,431,772
	Rupees	608,998,138
		716,635,393

## 26. SHORT TERM BORROWINGS

	Note	2011	2010
<b>From Banking Companies</b>			
Under mark-up arrangements - secured	26.1	358,675,410	122,694,809
Short term loans	26.2	750,000,000	500,000,000
	Rupees	1,108,675,410	622,694,809

**26.1** The short term running finance facilities available from commercial banks amounted to Rs. 850 million (2010: Rs. 725 million). The rate of mark-up ranges between 15.00% and 15.52% (2010: 13.67% and 14.35%) on a daily product basis. These are secured by hypothecation of leased assets and related lease receivables.

**26.2** This represents short term loan from a financial institution for a period of 1 year and carries mark-up at the rate of KIBOR +1.5% (2010: KIBOR + 2.0%). The loan is secured by hypothecation of specific leased assets.

## 27. SHORT TERM CERTIFICATES OF DEPOSIT - unsecured

	2011	2010
	Rupees	755,668,912
	737,863,450	

These represent short term certificates of deposit issued under profit and loss sharing basis at expected rates of profit, ranging between 12.00% and 14.54% (2010: 11.00% and 13.19%) per annum for terms of 1 to 12 months (2010: 3 to 12 months).

## 28. CURRENT MATURITY OF NON-CURRENT LIABILITIES

	Note	2011	2010
<b>Current maturity of</b>			
Long term finances	19	3,428,513,334	3,574,326,667
Long term loans	20	990,865,875	852,973,426
Long term certificates of deposit	21	127,763,679	179,208,197
Long term deposits	22	1,203,683,912	1,842,846,959
	Rupees	5,750,826,800	6,449,355,249

## 29. COMMITMENTS

**29.1** Finance Lease and instalment loans contracts committed but not executed at the balance sheet date amounted to Rs. 8.95 million (2010: Rs. 12.39 million).

## 30. INCOME FROM FINANCE LEASES AND INSTALMENT LOANS

	Note	2011	2010
Income from finance leases	30.1	2,107,805,332	2,066,884,264
Income from instalment loans		1,720,106	6,526,576
	Rupees	2,109,525,438	2,073,410,840

**30.1** This represents lease income recognised in accordance with the accounting policy as explained in note 3.17 against lease rentals received and receivable for the year, aggregating to Rs. 7,936 million (2010: Rs. 8,186 million).

## 31. OTHER OPERATING INCOME

	Note	2011	2010
<b>From financial assets</b>			
Return on investments and deposits		37,967,359	70,257,828
Interest income on government securities		16,450,110	8,846,309
Dividend income		5,804,034	15,972,432
Capital gain on sale of investment		15,455,644	39,258,485
Unrealised gain / (loss) on held for trading investments		6,506,485	(4,123,646)
Realisation of foreign currency translation reserve		-	124,601,625
Exchange gain from sale of equity accounted undertaking		-	23,918,735
Gain on hedging instruments	31.1	11,860,715	222,857,308
Exchange loss on long term borrowings	31.2	(11,860,715)	(222,857,308)
		82,183,632	278,731,768
<b>From assets other than financial assets</b>			
Other fees and income		46,001,356	45,670,388
Documentation fee		20,683,895	22,474,729
Gain on disposal of fixed assets		16,001,289	12,604,971
Gain on sale of leased assets		23,922,821	33,973,209
Other exchange gain - net		8,744	1,906,558
		106,618,105	116,629,855
	Rupees	188,801,737	395,361,623

**31.1** This represents unrealised gain on cross currency interest rate swap transactions entered with commercial banks (notes 20.1 to 20.3).

**31.2** This represents loss on account of revaluation of long term foreign currency loans (notes 20.1 to 20.3) hedged by cross currency interest rate swap.

## 32. SHARE OF PROFIT OF EQUITY ACCOUNTED UNDERTAKINGS

Name of associate	2011		2010	
	Associates' profit / (loss) after tax	Share of associates' profit / (loss) after tax	Associates' profit / (loss) after tax	Share of associates' profit / (loss) after tax
<b>Quoted</b>				
Oman ORIX Leasing Company SAOG	528,429,519	61,509,196	471,603,959	54,911,517
	528,429,519	61,509,196	471,603,959	54,911,517
<b>Un-Quoted</b>				
Saudi ORIX Leasing Company	1,360,689,230	27,213,785	1,144,734,869	69,244,756
MAF ORIX Finance PJSC	171,351,887	5,140,557	226,370,776	6,791,124
SK Leasing JSC (formerly BTA ORIX Leasing JSC)	(64,486,690)	(6,448,669)	(196,733,710)	(19,673,371)
ORIX Leasing Egypt SAE	100,714,797	23,164,403	146,605,672	33,719,305
OPP (Private) Limited (formerly ORIX Properties Pakistan (Private) Limited)	(14,630,540)	(6,583,743)	(5,067,322)	(2,280,295)
	1,553,638,684	42,486,333	1,315,910,285	87,801,519
	Rupees	2,082,068,203	103,995,529	1,787,514,244
				142,713,036

### 33. FINANCE COSTS

	2011	2010
<b>Interest/ mark-up on</b>		
- Long term finances	958,799,601	1,258,519,559
- Long term loans	321,439,410	425,734,955
- Short term borrowings	160,886,113	73,205,818
- Profit on certificate of deposits	279,847,788	232,520,758
Amortisation of transaction costs	44,646,647	54,673,503
Bank charges and commission	29,950,758	19,771,850
	Rupees	
	<b>1,795,570,317</b>	<b>2,064,426,443</b>

### 34. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2011	2010
Salaries, allowances, welfare and training	34.1	288,035,557	324,303,461
Rent and utilities		70,368,085	68,355,280
Travelling		6,667,879	6,323,501
Vehicle running and maintenance		31,316,772	31,275,488
Insurance on operating assets		9,549,413	9,718,614
Legal and professional charges		21,472,757	21,104,572
Communication		20,040,209	22,048,606
Subscriptions		1,836,939	2,033,726
Auditors' remuneration	34.2	1,200,485	1,200,485
Advertising		5,748,035	3,295,034
Printing and stationery		6,484,647	6,757,369
Depreciation	4.1	50,356,753	57,993,691
Office repairs and maintenance of equipment		24,844,306	34,627,243
Donations	34.3	1,618,719	848,240
Provision for workers' welfare fund		4,522,731	2,519,124
Computer software write-off		-	2,030,000
Office general expenses		4,567,256	5,322,061
	Rupees	<b>548,630,543</b>	<b>599,756,495</b>

#### 34.1 Includes following employee benefits

	Note	2011	2010
Defined benefit plan - gratuity fund	34.1.3	8,472,424	8,633,793
Defined contributory plan - provident fund		15,114,546	16,506,877
Compensated absences		5,160,000	4,996,712
	Rupees	<b>28,746,970</b>	<b>30,137,382</b>

**34.1.1** The actuarial valuation has been conducted in accordance with IAS-19 "Employee Benefits" as at June 30, 2011. The Projected Unit Credit method using the following significant assumptions have been used for the actuarial valuation:

	2011	2010
- Discount rate	14.00%	14.00%
- Expected rate of increase in salary	14.00%	13.00%
- Expected rate of return on plan assets	14.00%	14.00%
- Average working life of employees	36 years	36 years

#### 34.1.2 The amount recognised in the balance sheet are as follows:

	Note	2011	2010
Present value of defined benefit obligation	34.1.4	93,040,813	99,154,854
Fair value of any plan assets	34.1.5	(98,896,827)	(97,997,895)
Unrecognised actuarial losses		8,394,594	(4,594,804)
	Rupees	<b>2,538,580</b>	<b>(3,437,845)</b>

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

	2011	2010
Current service cost	8,485,170	5,159,321
Interest cost	11,844,181	14,042,888
Expected return on plan assets	(11,856,927)	(11,615,523)
Actuarial losses recognised	-	1,047,107
	Rupees	<b>8,472,424</b>
Actual return on plan assets	Rupees	<b>27,510,056</b>
		<b>11,649,768</b>

#### 34.1.4 Movement in the present value of defined benefit obligation:

	2011	2010
Present value of obligation as at July 1	99,154,855	97,855,183
Current service cost	8,485,170	5,159,321
Interest cost	11,844,181	14,042,888
Benefit paid	(29,107,124)	(5,416,322)
Actuarial (gain)/ loss on obligation	2,663,731	(12,486,216)
Present value of obligation as at June 30	Rupees	<b>93,040,813</b>
		<b>99,154,854</b>

#### 34.1.5 Movement in the fair value of plan assets:

	2011	2010
Total assets as at July 1	97,997,895	79,587,909
Return on plan assets	11,856,927	11,615,523
Contributions	2,496,000	12,176,540
Benefit paid	(29,107,124)	(5,416,322)
Actuarial gain/ (loss) on assets	15,653,129	34,245
Total assets as at June 30	Rupees	<b>98,896,827</b>
		<b>97,997,895</b>

#### 34.1.6 Comparison for five years

	2011	2010	2009	2008	2007
Present value of defined benefit obligation	93,040,813	99,154,854	97,855,183	92,974,126	70,204,570
Fair value of any plan assets	(98,896,827)	(97,997,895)	(79,587,909)	(61,807,911)	(51,886,047)
Deficit	(5,856,014)	1,156,959	18,267,274	31,166,215	18,318,523
<b>Experience adjustments</b>					
Actuarial (gain)/ loss on obligation	2,663,731	(12,486,216)	10,635,297	(10,808,052)	(7,470,941)
Actuarial (loss)/ gain on assets	15,653,129	34,245	(2,460,479)	(3,792,756)	(68,701)



### 34.2 Auditors' remuneration

	2011	2010
Audit fee	710,000	710,000
Fee for special certification including half yearly review fee	460,000	460,000
Out of pocket expenses	30,485	30,485
Rupees	<b>1,200,485</b>	1,200,485

### 34.3 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	2011	2010
Marie Adelaide Leprocy Centre, Mariam Manzil, A.M.21 off Sharah-e-Liaquat, Karachi.	Mr. Humayun Murad	Board member	108,005	113,240
		Rupees	<b>108,005</b>	113,240

## 35. DIRECT COST OF LEASES

Note	2011	2010
Court fee, stamp duty and others	9,260,626	11,343,693
<b>Operating lease</b>		
Maintenance and insurance	238,162,094	224,460,014
Depreciation	152,126,496	151,187,009
	390,288,590	375,647,023
Rupees	<b>399,549,216</b>	386,990,716

## 36. ALLOWANCE FOR POTENTIAL LEASE, INSTALMENT AND OTHER LOAN LOSSES

	2011			
	Finance leases and Instalment loans	Finance and loans	Operating leases and other receivables	Total
Balance at beginning of the year	626,067,078	386,009,497	26,477,485	1,038,554,060
Provision made during the year	122,578,016	82,628,353	7,598,969	212,805,338
Balance written off during the year	(96,452,789)	(11,929,116)	(1,387,990)	(109,769,895)
Rupees	<b>652,192,305</b>	<b>456,708,734</b>	<b>32,688,464</b>	<b>1,141,589,503</b>

	2010			
	Finance leases and Instalment loans	Finance and loans	Operating leases and other receivables	Total
Balance at beginning of the year	387,838,657	285,040,724	17,333,830	690,213,211
Provision made during the year	374,428,935	135,354,725	13,574,231	523,357,891
Balance written off during the year	(136,200,514)	(34,385,952)	(4,430,576)	(175,017,042)
Rupees	<b>626,067,078</b>	<b>386,009,497</b>	<b>26,477,485</b>	<b>1,038,554,060</b>

## 37. IMPAIRMENT OF ASSETS

	2011	2010
Impairment on available for sale securities	5,181,925	22,716,207
Impairment on unquoted available for sale securities	1,680,000	10,000,000
Impairment on equity accounted undertaking	–	24,095,384
Rupees	<b>6,861,925</b>	56,811,591

## 38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

38.1 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:

	2011			
	Chief Executive	Directors	Executives	Total
Managerial remuneration and allowances	7,224,798	5,265,000	79,034,288	91,524,086
House rent and utilities	2,627,202	843,000	29,631,952	33,102,154
Retirement benefits	2,097,124	839,106	18,619,335	21,555,565
Rupees	<b>11,949,124</b>	<b>6,947,106</b>	<b>127,285,575</b>	<b>146,181,805</b>
Number	<b>2</b>	<b>2</b>	<b>61</b>	<b>65</b>

	2010			
	Chief Executive	Director	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	<b>11,252,605</b>	<b>5,354,071</b>	<b>124,368,691</b>	<b>140,975,367</b>
Number	<b>1</b>	<b>2</b>	<b>57</b>	<b>60</b>

38.2 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.

38.3 Aggregate amount charged in these financial statements includes fee paid to 3 non-executive Directors for serving on committees of the Board and meeting fees amounted to Rs. 525,000 (2010: 3 non-executive Directors Rs. 1,250,000).

### 39. SEGMENT INFORMATION

The Company has two primary reporting segments namely, 'Finance leases' and 'Operating leases', 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, 2011

		Finance Leases	Operating Leases	Others	Leasing Business	Investment Financial Services	Total
Segment revenues	Rupees	2,107,805,332	648,814,882	293,449,743	3,050,069,957	35,937,109	3,086,007,066
Share of profit of equity accounted undertakings		—	—	103,995,529	103,995,529	—	103,995,529
Total segment revenue		2,107,805,332	648,814,882	397,445,272	3,154,065,486	35,937,109	3,190,002,595
Administrative and general expenses		203,067,033	50,345,261	32,850,925	286,263,219	4,287,504	290,550,723
Direct cost of leases		9,260,626	390,288,590	—	399,549,216	—	399,549,216
Allowance for potential lease, instalment and other loan losses - net		122,578,016	7,598,969	44,370,418	174,547,403	38,257,935	212,805,338
Impairment on available for sale securities		—	—	5,181,925	5,181,925	1,680,000	6,861,925
Segment result	Rupees	1,772,899,657	200,582,062	315,042,004	2,288,523,723	(8,288,330)	2,280,235,393
Unallocated expenses					(258,079,820)	—	(258,079,820)
Result from operating activities					2,030,443,903	(8,288,330)	2,022,155,573
Finance costs					(1,732,043,449)	(63,526,868)	(1,795,570,317)
Provision for taxation					(81,912,755)	—	(81,912,755)
Profit for the year	Rupees				216,487,699	(71,815,198)	144,672,501
<b>Other information</b>							
Segment assets	Rupees	16,398,181,478	846,389,622	1,285,226,900	18,529,798,000	414,495,694	18,944,293,694
Investment in equity accounted undertakings				1,283,730,714	1,283,730,714	—	1,283,730,714
Unallocated assets					1,574,193,728	—	1,574,193,728
Total assets	Rupees				21,387,722,442	414,495,694	21,802,218,136
Segment liabilities	Rupees	5,510,925,240	—	—	5,510,925,240	414,495,694	5,925,420,934
Unallocated liabilities					13,629,098,115	—	13,629,098,115
Total liabilities	Rupees				19,140,023,355	414,495,694	19,554,519,049
Capital expenditure	Rupees	—	251,147,829	53,661,084	304,808,913	—	304,808,913
Depreciation	Rupees	—	152,126,496	50,356,753	202,483,249	—	202,483,249

#### Segment analysis for the year ended June 30, 2010

		Finance Leases	Operating Leases	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
<b>Other information</b>							
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

#### 40. 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.

##### 40.1 Terms and conditions of transactions with related parties

Transactions with the related parties are made at normal market prices. Outstanding balances, if any, are disclosed in the respective notes. Other material transactions with related parties are given below:

		2011	2010
<b>ORIX Corporation, Japan</b>			
Controlling entity			
Proceeds against sale of shares of Saudi ORIX Leasing Company	Rupees	-	926,501,301
Dividend paid	Rupees	-	-
<b>ORIX Leasing Egypt SAE</b>			
Associate/ common directorship			
Dividend received	Rupees	23,138,881	34,809,495
<b>Oman ORIX Leasing Company SAOG</b>			
Associate / common directorship			
Dividend received	Rupees	-	22,257,716
<b>MAF ORIX Finance PJSC</b>			
Associate/ common directorship			
Dividend received	Rupees	4,128,720	7,399,379
<b>OPP (Private) Limited (formerly ORIX Properties Pakistan (Private) Limited)</b>			
Associate/ common directorship			
Received against certificates of deposit	Rupees	-	85,000,000
Repayment against certificates of deposit	Rupees	-	160,000,000
Interest paid	Rupees	-	10,890,671
<b>Hino Pak Motors Limited</b>			
Common directorship/ Independent director			
Purchases made	Rupees	300,300,000	629,540,000
<b>Sui Southern Gas Company Limited</b>			
Common directorship/ Independent director			
Utilities bill payments	Rupees	175,940	-

##### 40.2 Compensation of key management personnel

		2011	2010
Short term employee benefit		21,744,500	27,890,937
Termination benefits		4,295,288	2,792,482
Total compensation to key management personnel	Rupees	26,039,788	30,683,419

#### 41. TAXATION

		2011	2010
<b>Current</b>			
For the year		31,000,000	45,098,392
For prior year		-	99,832,460
		31,000,000	144,930,852
<b>Deferred</b>			
		50,912,755	(123,458,505)
	Rupees	81,912,755	21,472,347

##### 41.1 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.

##### 41.2 Current status of pending tax assessments

###### Tax Years 2004 to 2010

Under Section 114 of the Income Tax Ordinance 2001, (Ordinance), the Company has filed the returns of income for Tax years 2004 to 2010. 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 1999-2000

Officer Inland Revenue (O.I.R.) 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 O.I.R before the Appellate Tribunal Inland Revenue (ATIR). The ATIR while deciding the appeal filed by the Company has remanded back the appellate order dated December 12, 2005 to the CIR(A) to pass speaking order after considering all the relevant facts of the case. However, as a matter of prudence, the Company has made adequate provision in respect of the disallowances.

## 42. CASH GENERATED FROM OPERATIONS

	2011	2010
Profit before taxation	226,585,256	125,956,180
Adjustments for		
Depreciation and amortization	247,129,896	265,884,203
Allowance for potential lease, instalment and other loan losses - net	212,805,338	523,357,891
Share of profit of equity accounted undertakings	(103,995,529)	(142,713,036)
Gain on hedging instruments	(11,860,715)	(222,857,308)
Exchange loss	11,860,715	222,857,308
Exchange gain	(8,744)	(1,906,558)
Unrealised (gain)/ loss on revaluation of securities	(6,506,485)	4,123,646
Finance cost	1,471,075,882	1,777,232,182
Impairment of assets	6,861,925	56,811,591
Profit on certificates of deposit	279,847,788	232,520,758
Dividend income	(5,804,034)	(15,972,432)
Capital gain on sale of investments	(15,455,644)	(39,258,485)
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	(54,417,469)	(79,104,137)
Gain on disposal of fixed assets	(16,001,289)	(12,604,971)
	2,015,531,635	2,043,372,288
	2,242,116,891	2,169,328,468
<b>(Increase) / decrease in current assets</b>		
(Increase) / decrease in advances and prepayments	(1,329,598)	7,324,954
Decrease in other receivables	38,017,958	98,397,041
	36,688,360	105,721,995
(Decrease) in trade and other payables	(2,298,094)	(3,752,134)
	Rupees 2,276,507,157	2,271,298,329

## 43. CASH AND CASH EQUIVALENTS

	Note	2011	2010
Cash at bank	15	240,935,877	128,632,084
Cash in hand	15	1,341,249	2,292,385
Under mark-up arrangements - secured	26	(358,675,410)	(122,694,809)
	Rupees	(116,398,284)	8,229,660

## 44. FINANCIAL RISK MANAGEMENT

### 44.1 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.

### 44.2 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 cause 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. 21,802 million (2010: Rs. 23,779 million) the assets which were subject to credit risk amounted to Rs. 20,075 million (2010: Rs. 22,231 million). Significant concentrations of the Company's risk assets by industry sector and geographical region are set out in notes 44.2.1 to 44.2.3.

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

	2011	2010
Net investment in finance leases and instalment loans	17,087,283,089	18,205,453,195
Long term investments	184,170,000	188,070,941
Long term finances and loans	1,091,902,401	1,014,983,607
Long term deposits	14,179,766	12,615,906
Short term finances	365,831,010	443,648,743
Accrued return on investments and term loans	4,004,811	14,656,041
Advances and prepayments	66,875,194	65,545,596
Short term investments	236,926,423	1,103,696,735
Other receivables	832,596,859	1,098,637,436
Cash and bank balances	240,935,877	128,632,084
	Rupees 20,124,705,430	22,275,940,284

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:

	2011	2010
Finance lease and instalment loans	14,845,544,319	15,380,388,635
Investments, term finance and loans	945,347,378	2,145,582,155
Long term deposits	14,179,766	12,615,906
Accrued return on investment and term loan	4,004,811	14,656,041
Advances and prepayments	66,875,194	65,545,596
Short term investments	236,926,423	1,103,696,735
Other receivable	832,596,859	1,098,637,436
Cash and bank balances	240,935,877	128,632,084
	Rupees 17,186,410,627	19,949,754,588

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

	2011	2010
Past due 1-30 days	269,883,913	398,022,601
Past due 31-60 days	41,750,173	87,284,919
Past due 61-90 days	68,121,930	124,157,259
Past due 91-180 days	157,755,499	332,061,157
Past due 181-365 days	264,673,471	515,963,954
Past due over 365 days	1,439,553,784	1,367,574,670
	2,241,738,770	2,825,064,560
Less: Security deposits	(631,354,754)	(720,157,781)
	Rupees 1,610,384,016	2,104,906,779

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, where applicable, which in all cases are above investment grade rating.

The Company has adequate provision of Rs. 652 million (2010: Rs. 626 million) against these past dues. In addition these are secured against leased assets.

#### 44.2.1 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:

	2011		2010	
	Rupees	Percentage	Rupees	Percentage
Individuals (auto lease)	4,258,403,278	24.06	4,608,595,292	23.98
Transport and communication	2,787,461,520	15.75	2,452,631,245	12.76
Services	1,722,926,303	9.73	1,945,444,588	10.12
Miscellaneous	1,700,287,099	9.61	1,843,577,337	9.59
Textile and allied	1,564,294,607	8.84	1,892,034,177	9.84
Fuel and energy	1,061,863,825	6.00	1,364,577,672	7.10
Food and allied	790,141,847	4.46	988,668,133	5.14
Trading	704,950,344	3.98	710,854,109	3.70
Steel and engineering	622,689,621	3.52	637,871,787	3.32
Construction	533,090,775	3.01	616,513,142	3.21
Chemical and pharmaceutical	700,766,116	3.96	747,388,806	3.89
Paper, board and printing	493,368,326	2.79	521,189,436	2.71
Cement	138,016,901	0.78	193,378,401	1.01
Sugar	290,612,564	1.64	263,702,462	1.37
Financial institutions	125,828,891	0.71	177,671,335	0.92
Consumer finance	34,702,091	0.20	63,035,789	0.33
Manufacturers of consumer goods	170,603,782	0.96	194,134,601	1.01
	Rupees 17,700,007,890	100.00	19,221,268,312	100.00

#### 44.2.2 Segment by sector

The Company's net investment in finance leases and instalment loans include exposure to Government/ Public sector amounted to Rs.11.68 million (2010: Rs. 27.72 million) and the balance Rs. 17,075.32 million (2010: Rs. 18,177.28 million) represents exposure to private sector.

#### 44.2.3 Geographical segment analysis

Company's operations are restricted to Pakistan only.

#### 44.3 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.

	2011				
	Carrying amount	Contractual cashflows	Up to three months	Over three months to one year	Over one year
<b>Financial liabilities</b>					
Long term finances	6,613,930,000	7,219,634,316	1,217,176,715	2,723,393,123	3,279,064,478
Long term loans	3,205,401,699	3,412,117,502	546,737,521	639,910,024	2,225,469,957
Certificates of deposit/ investment	2,091,436,818	2,977,531,793	396,547,126	713,762,103	1,867,222,564
Trade and other payables	254,550,648	254,550,648	33,461,175	129,094,576	91,994,897
Accrued interest/ mark-up					
on loans and term finances	608,998,138	608,998,138	382,890,356	72,685,131	153,422,650
Long term security deposits	5,511,950,240	5,511,950,240	420,243,238	783,440,674	4,308,266,328
Short term borrowings	750,000,000	776,266,667	509,850,000	266,416,667	-
	Rupees 19,036,267,543	20,761,049,304	3,506,906,132	5,328,702,298	11,925,440,875

	2010				
	Carrying amount	Contractual cashflows	Up to three months	Over three months to one year	Over one year
<b>Financial liabilities</b>					
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

#### 44.4 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.

#### 44.4.1 Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered in 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:

	2011	2010
Long term loans	Rupees 2,898,859,200	3,848,665,024
Foreign currency bank account	Rupees 1,875,566	1,866,822
Long term investments	Rupees 1,159,251,213	1,089,696,033
Accrued interest on long term financing	Rupees 82,389,813	153,401,205

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 for the year would have been lower by Rs. 26 million (2010: Rs. 271 million).

#### Sensitivity analysis

The Company has major currency risk in US Dollars, at reporting date, if the PKR had strengthened/weakened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year would have been lower/ higher by the amount of Rs.182 million (2010: Rs. 276 million) mainly as a result of net foreign exchange difference on translation of foreign currency bank account and foreign creditors.

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

#### 44.4.2 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 include balances of Rs. 5,695 million (2010: Rs.7,891 million) and Rs. 7,095 million (2010: Rs. 7,335 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. However, the Company does designate derivatives (cross currency interest rate swap) as a hedging instrument under a cash flow 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. 14 million (2010: Rs. 5.56 million).

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

#### 44.4.3 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 it's 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 increased/ decreased the Company's profit in case of held for trading investments and increase/ decrease equity on re-measurement of investments in case of 'available for sale' investments as follows:

		2011	2010
Effect on profit and loss	Rupees	4,933,773	14,812,000
Effect on equity	Rupees	11,814,390	4,081,000
Effect on investments	Rupees	16,748,163	18,893,000

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

#### 44.4.4 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	99,762,528	-	99,762,528
Available for sale investments	118,143,895	10,320,000	128,463,895
Total	217,906,423	10,320,000	228,226,423

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

	2011
Opening balance as at July 1	12,000,000
Deposits/ purchases made	-
Encashments/ disposals made	-
Impairment loss recognised in profit and loss account	(1,680,000)
Closing balance as at June 30	Rupees 10,320,000

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

#### 44.5 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.

#### 45. EARNINGS PER SHARE - basic and diluted

		2011	2010
Profit for the year	Rupees	144,672,501	104,483,833
Weighted average number of ordinary shares	Numbers	82,052,930	82,052,930
Earnings per share - basic and diluted	Rupees	1.76	1.27

#### 46. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 22, 2011 proposed a final dividend of Re. 1 per share (2010: Rs. Nil) for the year ended June 30, 2011, amounting to Rs. 82,052,930 (2010: Rs. Nil) for approval of the members at the Annual General Meeting to be held on October 22, 2011. These financial statements do not reflect the impact of this proposed dividend.

#### 47. GENERAL

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

#### 48. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 22, 2011 by the Board of Directors of the Company.

  
TEIZOON KISAT  
Chief Executive

  
HUMAYUN MURAD  
Director

# Pattern of Shareholdings

as at June 30, 2011

Number of Shareholders	Shareholding		Total Shares Held
	from	to	
2,330	1	100	75,160
1,069	101	500	250,196
360	501	1,000	267,704
540	1,001	5,000	1,241,313
139	5,001	10,000	1,004,164
71	10,001	15,000	877,709
31	15,001	20,000	544,485
14	20,001	25,000	312,621
18	25,001	30,000	501,436
7	30,001	35,000	238,033
11	35,001	40,000	422,888
6	40,001	45,000	260,502
6	45,001	50,000	294,307
2	50,001	55,000	107,553
2	55,001	60,000	113,577
2	60,001	65,000	125,678
1	65,001	70,000	66,210
2	70,001	75,000	145,895
2	75,001	80,000	157,529
2	80,001	85,000	163,243
1	85,001	90,000	87,015
2	95,001	100,000	196,507
1	105,001	110,000	107,835
1	110,001	115,000	111,525
2	115,001	120,000	235,424
1	120,001	125,000	122,079
1	135,001	140,000	136,523
1	140,001	145,000	145,000
1	150,001	155,000	150,922
1	160,001	165,000	164,125
1	180,001	185,000	181,840
3	195,001	200,000	596,860
2	205,001	210,000	416,729
1	210,001	215,000	214,230
1	215,001	220,000	217,810
1	275,001	280,000	276,402
1	360,001	365,000	362,323
1	390,001	395,000	391,790
1	400,001	405,000	401,562
1	435,001	440,000	439,367
1	470,001	475,000	471,025
1	530,001	535,000	530,127
1	560,001	565,000	563,913
1	595,001	600,000	595,547
1	605,001	610,000	606,993
1	830,001	835,000	834,000
1	995,001	1,000,000	1,000,000
1	1,120,001	1,125,000	1,120,900
1	1,340,001	1,345,000	1,340,022
1	1,495,001	1,500,000	1,500,000
1	1,685,001	1,690,000	1,689,793
1	2,540,001	2,545,000	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	4,315,000	4,310,902
1	4,985,001	4,990,000	4,986,460
1	40,690,001	40,695,000	40,691,839
<b>4,657</b>			<b>82,052,930</b>

Categories of Shareholders	Number of Shares held	Category wise no. of Shareholders	Category wise shares held	Percentage %
Individuals		4,533	12,809,573	15.61
Investment Companies		4	253	0.00
Joint Stock Companies		38	105,575	0.13
Directors, Chief Executive Officer and their Spouse and Minor Children				
Mr. Kunwar Idris	2,771			
Mr. Kazunori Okimoto	575			
Mr. Kazuhito Inoue	575			
Mr. Shaheen Amin	575			
Mr. Shahid Usman	20,500			
Mr. Humayun Murad	155,109			
Mr. Teizoon Kisat	66,210			
Mrs. Khalida Idris w/o Mr. Kunwar Idris	8,302			
		8	254,617	0.31
Executives		29	185,941	0.23
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	9,893,381	12.06
Foreign Investors		12	14,337,404	17.47
Others		15	762,932	0.93
<b>Total</b>		<b>4,657</b>	<b>82,052,930</b>	<b>100.00</b>

# ORIX Group Directory

## OPERATIONS IN JAPAN (As of June 30, 2011)

Principal Business	Established (Acquired)	Direct / indirect Investment
<b>● Corporate Financial Services</b>		
ORIX Corporation		
Domestic Sales Administrative Head Quarters		Leasing, Lending, Other Financial Services
ORIX Eco Services Corporation		Waste Recycling Consultation, Environmental Management Support Services
Momiji Lease Corporation	Apr. 1998	100%
NS Lease Co., Ltd.	(Mar. 2002)	95%
ORIX Environmental Resource Management Corporation	(Jul. 2002)	100%
ORIX Tokushima Corporation	Sep. 2002	100%
ORIX Electric Power Corporation	(Oct. 2005)	95%
Tsukuba Lease Corporation	May. 2010	86%
Ubiteq, INC	(Jun. 2010)	95%
ORIX Ubiteq, INC	(Jul.2010)	61%
<b>● Maintenance Leasing</b>		
ORIX Auto Corporation		Automobile Leasing, Rentals Car Sharing and Sales of Used Automobiles
ORIX Rentec Corporation	Jun. 1973	100%
ORIX Rentec (Singapore) Pte. Limited (Singapore)	Sep. 1976	100%
ORIX Rentec (Malaysia) Sdn. Bhd. (Malaysia)	Oct. 1995	100%
ORIX Rentec (Korea) Corporation (South Korea)	Jan.1997	100%
ORIX Rentec (Tianjin) Corporation (China)	Apr. 2001	100%
ORIX Rentec (Tianjin) Corporation (China)	Aug. 2004	100%
<b>● Real Estate</b>		
ORIX Corporation		Development and Rentals of Commercial Real Estate, Condominium
Real Estate Business Headquarters		Development and Sales Real Estate Finance
BlueWave Corporation	Aug. 1991	100%
ORIX Interior Corporation		Real Estate Rentals, Manufacture & Sale of Interior Furnishings, Interior Design & Installation, Driving School Management
ORIX Real Estate Corporation	Oct. 1998	100%
ORIX Asset Management Corporation	Mar. 1999	100%
ORIX Golf Management LLC	Sep. 2000	100%
ORIX Living Corporation	(Nov. 2004)	100%
ORIX Real Estate Investment Advisors Corporation	Apr. 2005	75%
ORIX Real Estate Investment Advisors Corporation	Apr. 2007	100%
<b>● Investment Banking</b>		
ORIX Corporation		Principal Investment, Commercial Real Estate Asset Securitization
Investment Banking Headquarters		Principal Investment, Commercial Real Estate Asset Securitization
ORIX Capital Corporation	Oct. 1983	100%
ORIX Investment Corporation	Jan. 1990	100%
ORIX Asset Management & Loan Services Corporation	Apr. 1999	100%
ORIX M&A Solutions Corporation	Apr. 1999	100%
ORIX Loan Business Center Corporation	Feb. 2003	100%
ORIX Loan Business Center Corporation	May.2009	100%
ORIX Wholesale Securities Corporation	Feb.2010	100%
<b>● Retail</b>		
ORIX Credit Corporation		Consumer Finance Services
ORIX Life Insurance Corporation	Jun. 1979	49%
ORIX Life Insurance Corporation	Apr. 1991	100%
ORIX Trust and Banking Corporation*	(Apr. 1998)	100%

Principal Business	Established (Acquired)	Direct / indirect Investment
<b>● ORIX Headquarter Functions (Not Included in Segment Financial Information)</b>		
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 Business Support Corporation	Business Support Services	Apr. 2007 100%

\* Company name will change to "ORIX Bank" from October 1, 2011

\*\* ORIX Aquarium Corporation was added to the Real Estate segment as a Group company from April 2011

## OVERSEAS OPERATIONS (As of June 30, 2011)

Country	Principal Business	Established (Acquired)	Direct / indirect Investment
<b>ORIX Corporation</b>			
Global Business and Alternative Investment Headquarters*	Japan	Administration of Overseas Activities Ship-Related Services, Aircraft-Related Services, Alternative Investment	
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%
Houlihan Lokey Howard & Zukin	USA	Investment Banking	(Jan. 2006) 54%
RED Capital Group	USA	Loan Servicing	(May 2010) 83%
Mainer Investment Group LLC	USA	Fund Operation and Management	(Dec. 2010) 59%
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%
ETHOZ Group Ltd.	Singapore	Automobile Leasing & Rentals, Leasing	Sep. 1981 45%
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%
ORIX Assets Management Sdn. Bhd.	Malaysia	NPL Investment	Jan. 2008 100%
PT. ORIX Indonesia Finance	Indonesia	Leasing, Automobile Leasing	Apr. 1975 85%
ORIX METRO Leasing and Finance Corporation	Philippines	Leasing, Automobile Leasing, Lending	Jun. 1977 40%
ORIX Auto Leasing Philippines Corporation	Philippines	Automobile Leasing	Sep. 1989 40%
Thai ORIX Leasing Co., Ltd.	Thailand	Leasing	Jun. 1978 97%
Indochina Capital Corporation	Vietnam	Fund Operation and Management, Real Estate Development Finance Arrangement, Advisory Services	(Nov. 2010) 25%
Lanka ORIX Leasing Company PLC.	Sri Lanka	Leasing, Automobile Leasing, Hire Purchase, Lending	Mar. 1980 30%
ORIX Taiwan Corporation	Taiwan	Leasing, Hire Purchase, Insurance Brokerage, Precision Measuring & IT-Related Equipment Rentals	Sep. 1982 95%
ORIX Auto Leasing Taiwan Corporation	Taiwan	Automobile Leasing & Rentals	Mar. 1998 100%

Country	Principal Business	Established (Acquired)	Direct / indirect Investment
ORIX Taiwan Asset Management Company	Taiwan	NPL Investment, Loan Servicing	Oct. 2004 95%
ORIX Leasing Pakistan Limited	Pakistan	Leasing, Automobile Leasing	Jul. 1986 50%
ORIX Australia Corporation Limited	Australia	Automobile Leasing & Truck Rentals	Jul. 1986 100%
ORIX Aviation Systems Limited	Ireland	Aircraft Leasing, Asset Management Aircraft-Related Services	Mar. 1991 100%
ORIX New Zealand Limited	New Zealand	Leasing, Automobile Leasing & Rentals	Dec. 1988 100%
INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED	India	Automobile Leasing	(Mar. 1993) 24%
ORIX Auto Infrastructure Services Limited	India	Commercialization of Infrastructure Projects, Investment Banking, Corporate Finance	Mar. 1995 42%
Oman ORIX Leasing Company SAOG	Oman	Automobile Leasing, Hire Purchase, Factoring	Aug. 1994 18%
ORIX Polska S.A.	Poland	Leasing, Automobile Leasing, Hire Purchase, Lending	Oct. 1995 100%
ORIX Leasing Egypt SAE	Egypt	Leasing, Automobile Leasing	Jun. 1997 34%
Saudi ORIX Leasing Company	Saudi Arabia	Leasing, Automobile Leasing	Jan. 2001 29%
MAF ORIX Finance PJSC	UAE	Leasing, Automobile Leasing, Hire Purchase, Lending	Apr. 2002 38%
ORIX Capital Korea Corporation	South Korea	Software engineering & System Management	Feb. 2004 100%
ORIX Private Equity Korea Corporation	South Korea	Equity Investment	Mar. 2010 100%
SK Leasing JSC	Kazakhstan	Leasing	(Jun. 2005) 40%

\* ORIX Corporation Global Business and Alternative Investment Headquarter as well as ORIX Maritime Corporation and ORIX Aircraft Corporation are based in Japan, but are engaged in business activities centered on the Asia, Oceania and Europe regions.



**ORIX CORPORATION**

4-1-23, Shiba, Minato-ku,  
Tokyo 108-0014, Japan  
Tel: 81-3-5419-5042  
Fax: 81-3-5419-5901

**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) 24565610, 24567940  
www.omanorix.com

**ORIX Leasing Egypt SAE**

5th Floor, Cairo Center Building  
2, Abd El Kader Hamza Street  
Garden City, Cairo 11461, Egypt  
Tel: (202) 27922757-9  
Fax: (202) 27922760  
www.orix-egypt.com

**Saudi Orix Leasing Company**

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

**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  
www.maforix.ae

**SK Leasing JSC**

(Formerly BTA Orix Leasing JSC)  
5th Floor, 38, Tulebaev Street  
Almaty,  
Republic of Kazakhstan  
Tel: 7(3272) 507979, 7(727) 2507979  
Fax: 7(3272) 718545, 7(727) 3130748  
www.leasing.kz

**Joint Venture in Pakistan**

**OPP (Private) Limited**

(Formerly Orix Properties Pakistan (Private) Ltd.)  
42, E/1, Gulberg III  
Lahore  
Tel: (042) 35777820-1, 35777820-21  
Fax: (042) 35777819  
www.orixproperties.com

**Korangi Office**

**Head Office**  
Plot No 16, Sector 24,  
Korangi Industrial Area, Karachi  
Tel: 021-35144028-40  
Fax: 021-35144002, 35144020

**UAN:** 111-24-24-24  
**E-mail:** olp@orixpakistan.com  
**Website:** www.orixpakistan.com

**Islamic Chamber Building**

**Registered Office**  
Plot No ST-2/A,  
Block 9, KDA Scheme No 5,  
Clifton, Karachi.  
Tel: 021-35303560-64  
Fax: 021-35303571

**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

**Lahore**

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

**Shad Bagh**

27-Shad Bagh, Lahore.  
Tel: 042-37613511  
Cell: 0323-4293204

**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

**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

**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

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 Fifth Annual General Meeting of the Company to be held on October 22, 2011 and at any adjournment thereof.

Signature this \_\_\_\_\_ (day) \_\_\_\_\_ (date, month) \_\_\_\_\_ Year 2011

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.