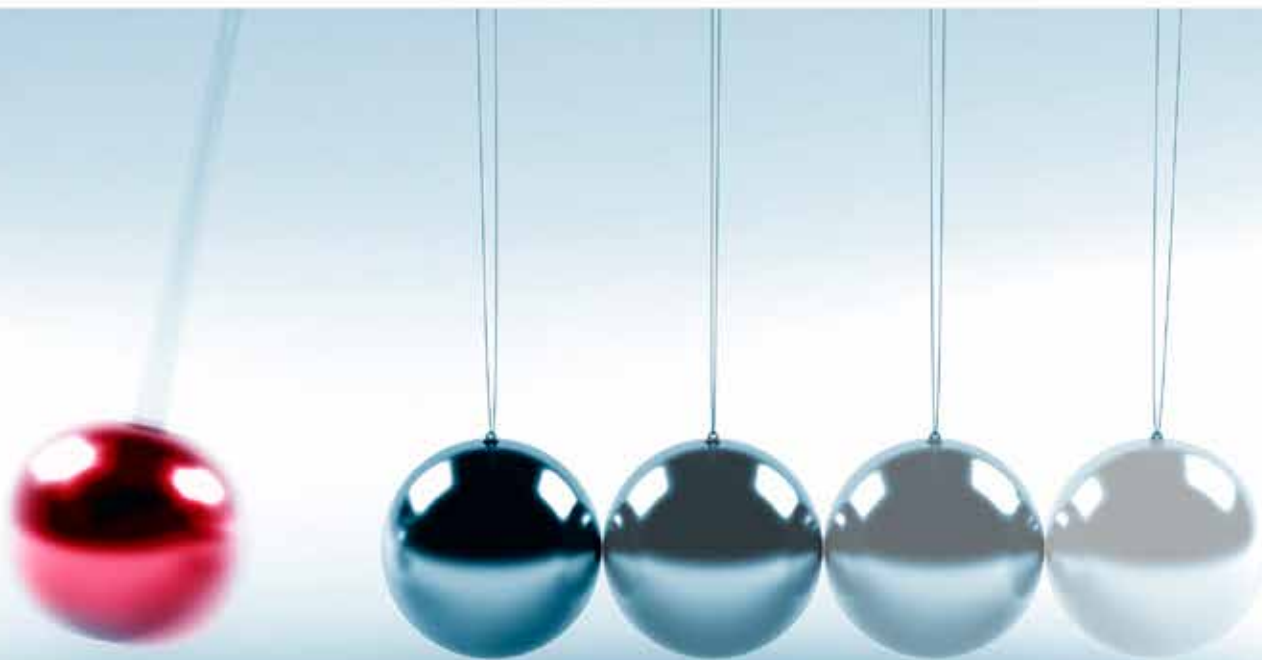


ORIX LEASING PAKISTAN LIMITED



The Momentum Continues

Annual Report 2014 of ORIX Leasing Pakistan Limited



The Momentum Continues

As the nation's pioneer leasing company, ORIX Leasing Pakistan Limited has grown to become a paragon of unprecedented success and excellence during the last half decade.

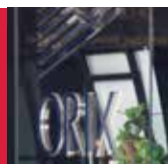
With increased businesses onboard, the company persists in growing at an escalating rate – delivering great results and systematic solutions to various ventures across the country.

The momentum continues for ORIX Leasing Pakistan Limited, which has combined its unbound creativity and relentless will to create opportunities for local businesses to flourish and boost the economy.

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Vision

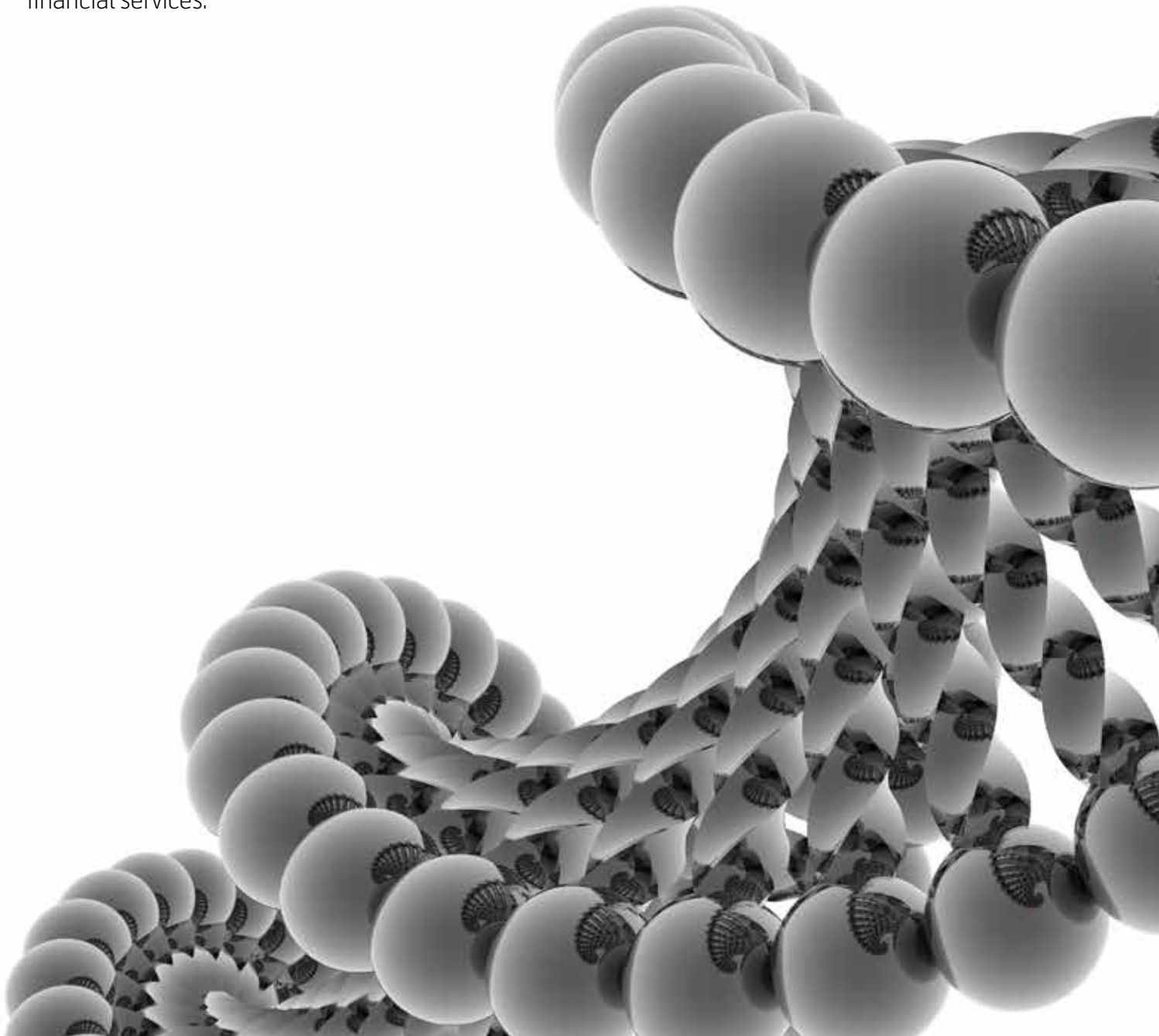
ORIX aims to maximize shareholders' value by drawing on its extensive array of specialized capabilities to continuously provide our customers with value added financial solutions.

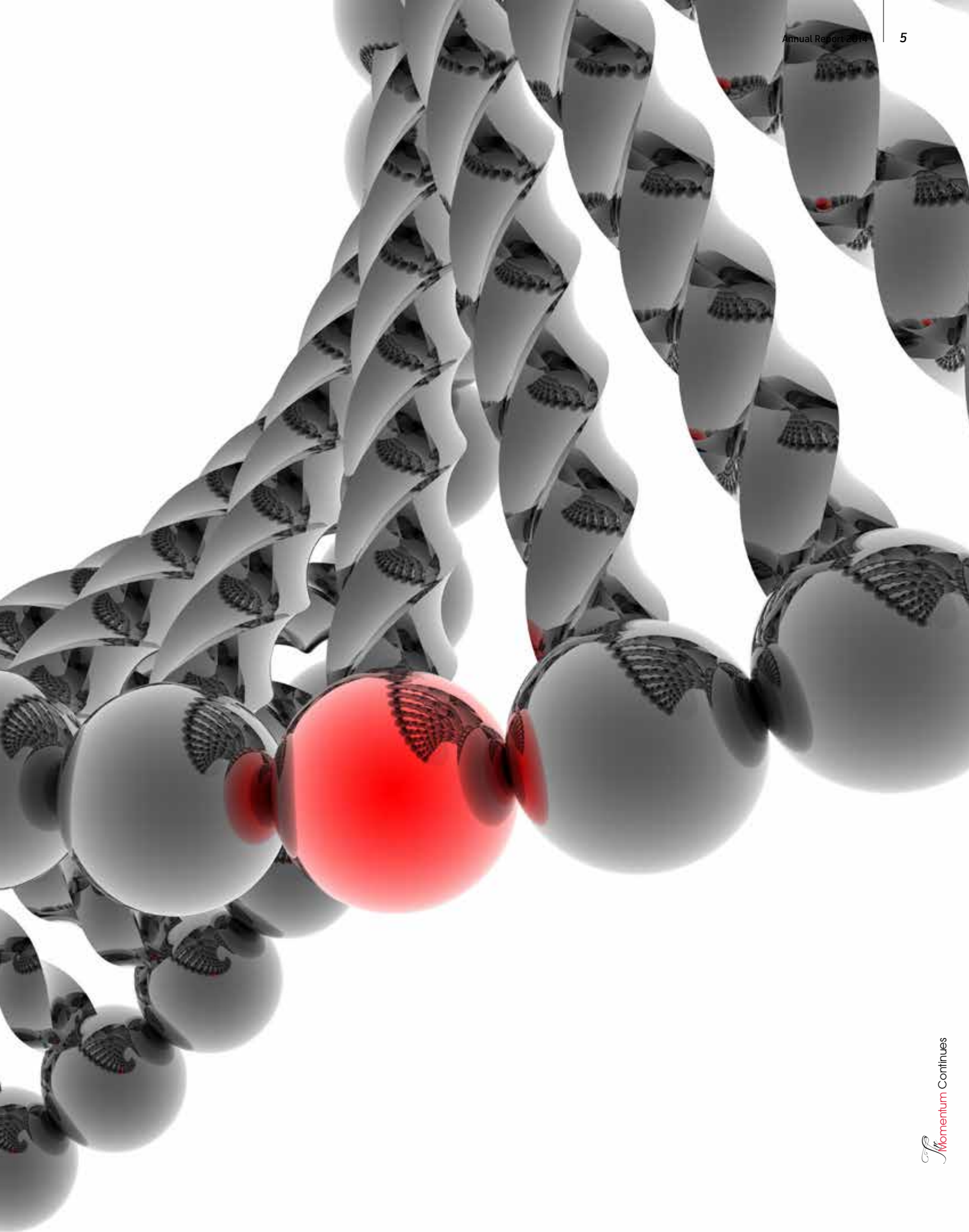




Mission

- ORIX seeks to progress through its domestic and international presence by constantly anticipating emerging trends and offering 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 fulfill the needs of our customers by consistently increasing our value to them as an efficient source of financial services.
- ORIX makes every effort to enhance superior professional competencies by creating a culture that fosters openness and innovation, promotes individual growth and rewards performance.
- ORIX contributes to society through participation in poverty alleviation programmes, provision of financial assistance at a grassroots level and assistance to charitable causes.





Strategic Objectives



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

Code of Business Ethics



IT IS VITAL TO THE FINANCIAL SUCCESS OF OLP THAT WE CONDUCT OUR BUSINESS IN COMPLIANCE WITH THE RULES AND REGULATIONS LAID DOWN BY THE COMPANY. THE CODE OF CONDUCT SETS OUT THE FUNDAMENTAL STANDARDS TO BE FOLLOWED BY EMPLOYEES IN THEIR EVERYDAY ACTIONS.

The Company has adopted the following code of conduct principles.

- Avoid any conflict of interest between the Directors/ Employees of the Company or its associated undertakings.
- Adhere to the highest standards of ethical business conduct.
- Comply with applicable governmental laws, rules and regulations in letter and spirit.
- Maintain the highest level of confidentiality within and outside OLP.
- Maintain proper and fair relationship with Government bodies, Stakeholders, Customers and Employees.
- Maintain transparent and sound management by providing full disclosure to the public.
- Encourage reporting of unethical conduct / violation.
- Treat employees with dignity and respect.



Company Profile

ORIX Leasing Pakistan Limited (“OLP”) was established in July 1986 as a joint venture between ORIX Corporation, Japan and local investors. OLP commenced commercial operations in January 1987 and is listed on all three stock exchanges in Pakistan.

It is headquartered in Karachi and has 32 branches situated in 27 cities. OLP’s major shareholder is ORIX Corporation of Japan (ORIX) having 49.6% shareholding. Established in 1964, ORIX is one of Japan’s leading integrated

financial services groups with operations in 36 countries worldwide. This year the group completed 50 years of operations and has a total asset base of US\$ 88 billion and equity of US\$ 20.4 billion as at March 31, 2014.

OLP offers cost effective value-added financial products and innovative customized services to a wide array of customers throughout the Country. The blend of international experience and local expertise acquired over the last 28



years provides OLP a distinctive competitive edge. OLP takes pride in the fact that it has played a major role towards the economic development of the Country by supporting the Small and Medium Enterprises (SME) Sector and in doing so, has created thousands of jobs both directly and indirectly. It has helped grow numerous small businesses into medium sized enterprises. Today, OLP is one of the most prominent Non-Banking Finance Companies in Pakistan with presence across the Country

and a large network of individual and corporate customers.

OLP has strategic investments and board representations in five associated overseas joint venture leasing companies. In addition to management support and technical assistance provided by OLP to these associated companies, four overseas associates are headed by Chief Executives on secondment from OLP.

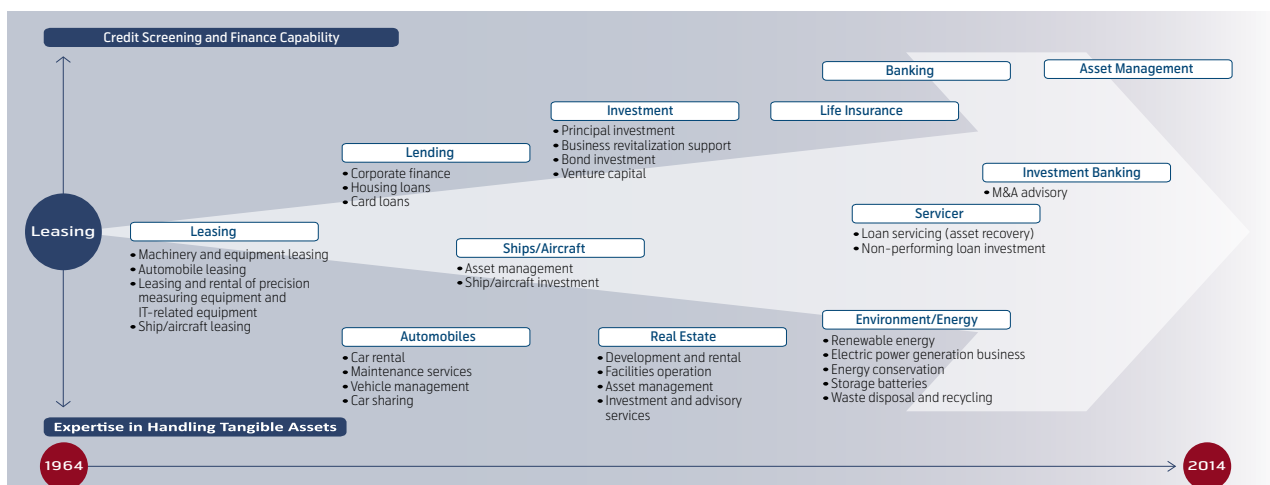
ORIX Corporation



ORIX Corporation is one of the largest non-bank financial services groups in Japan, providing innovative value added products and services to both corporate and retail customers. It is listed on both the Tokyo and New York Stock Exchanges, with operations in 36 countries across the world and diversified over a wide range of products.



ORIX has a record of sustained growth over last five decades 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	Amount in million US\$	
	March 31, 2014	March 31, 2013
Total Revenues	13,036	11,331
Profit before Income Taxes and Discontinued Operations	2,757	1,835
Total Equity	20,357	17,943
Total Assets	88,121	89,736



Associated Companies

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's) overseas associates are:

Associate	Established
 Oman ORIX Leasing Company SAOG (OOLC)	1993
 ORIX Leasing Egypt SAE (OLE)	1997
 Saudi ORIX Leasing Company (SOLC)	2001
 Al Hail ORIX Finance PSC (Formely:MAF ORIX Finance PJSC, UAE)	2002
 SK Leasing Kazakhstan (SKL)	2005

OLP has equity investment and board representation in all its associates. It provides them technical assistance and management support. Overseas associates provide lease financing for equipment and vehicles, focusing mainly on 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	Profit for the Year Dec 31, 2013		Total Assets as at Dec 31, 2013		Profit for the Half Year June 30, 2014	
			LCY in 000s	Rs. in '000	LCY in 000s	Rs. in '000	LCY in 000s	Rs. in '000
OOLC	11.64%	RO	3,688	1,010,660	114,315	31,284,106	2,029	543,529
OLE	23.00%	LE	5,869	89,267	399,543	6,051,878	3,261	48,165
SOLC	2.50%	SR	100,202	2,817,680	1,841,687	51,733,909	58,243	1,601,683
Al Hail ORIX	3.00%	AED	26,072	748,788	621,203	17,817,096	15,464	433,456
SKL	10.00%	KZT	160,344	107,430	2,094,780	1,162,266	163,796	99,916

Corporate Information

Board of Directors

Mr. Kunwar Idris
Independent Chairman

Mr. Harukazu Yamaguchi
Non Executive Director

Mr. Humayun Murad
Non Executive Director

Mr. Shahid Usman
Independent Non Executive Director

Mr. Shaheen Amin
Non Executive Director

Mr. Kazuhito Inoue
Non Executive Director

Mr. M. Raeesuddin Paracha
Independent Non Executive Director

Mr. Teizoon Kisat
Chief Executive

Audit Committee

Mr. Shahid Usman
Chairman

Mr. Humayun Murad
Member

Mr. Shaheen Amin
Member

Mr. Kazuhito Inoue
Member

Credit Committee

Mr. Shaheen Amin
Member

Mr. Teizoon Kisat
Member

Mr. Ramon Alfrey
Member

Mr. Amjad Iqbal
Member

Human Resource and Remuneration Committee

Mr. Shaheen Amin
Chairman

Mr. Harukazu Yamaguchi
Member

Mr. Kazuhito Inoue
Member

Mr. Teizoon Kisat
Member

Chief Financial Officer

Mr. Ramon Alfrey

Company Secretary

Ms. Effat Assad

Head of Internal Audit & Secretary to Audit Committee

Ms. Maryam Aziz

Head of Credit

Mr. Amjad Iqbal

Senior Management

Mr. Arshad Abbas
General Manager - Commercial Vehicle Division

Mian Faisal Riaz
General Manager - Corporate Lease

Mr. Hiralal Bharvani
General Manager - Treasury

Mr. Ayub Khan
General Manager - Special Assets Management

Mr. Irfan Ahmed
General Manager & Branch Controller (Northern Region)

Ms. Aseya Qasim
General Manager - Micro Finance / Agri Lease

Mr. M. Ismail Khan
Head - Business Control

Mr. Shakir Vasi
Head - Operating Lease

Mr. Asad Ali Sheikh
Head - Islamic Finance

Mr. Mohsin Siraj
Head - Law Division

Mr. Abid Hamid
Senior Manager, e-Business

Mr. M. Moizuddin
Head - Information Systems

Ms. Iffat Hina
Head - Human Resource

Shariah Advisor

Mufti Ibrahim Essa

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

Credit Rating by the Pakistan Credit Rating Agency

Long term entity rating	AA+
Short term entity rating	A1+

Banks and lending Institutions

AlBaraka Bank (Pakistan) Limited

Allied Bank Limited

Askari Bank Limited

Bank Alfalah Limited

Bank Islami Pakistan Limited

Citibank Japan Limited

Citibank N.A.

ECO Trade & Development Bank, Turkey

Faysal Bank Limited

Habib Bank Limited-Islamic Banking

Habib Metropolitan Bank Limited

HSBC Bank Middle East Limited

ING Bank Limited, Japan Branch

JS Bank Limited

National Bank of Pakistan

NIB Bank Limited

Pak-Brunei Investment Company Limited

Pak China Investment Company Limited

Pakistan Poverty Alleviation Fund

Standard Chartered Bank (Pakistan) Limited

Standard Chartered Sadiq

The Bank of Punjab

The Bank of Tokyo - Mitsubishi UFJ, Limited

United Bank Limited

Auditors

A.F. Ferguson & Company
Chartered Accountants
State Life Building No. 1-C,
I.I Chundrigar Road, P.O Box 4716,
Karachi-74000, Pakistan

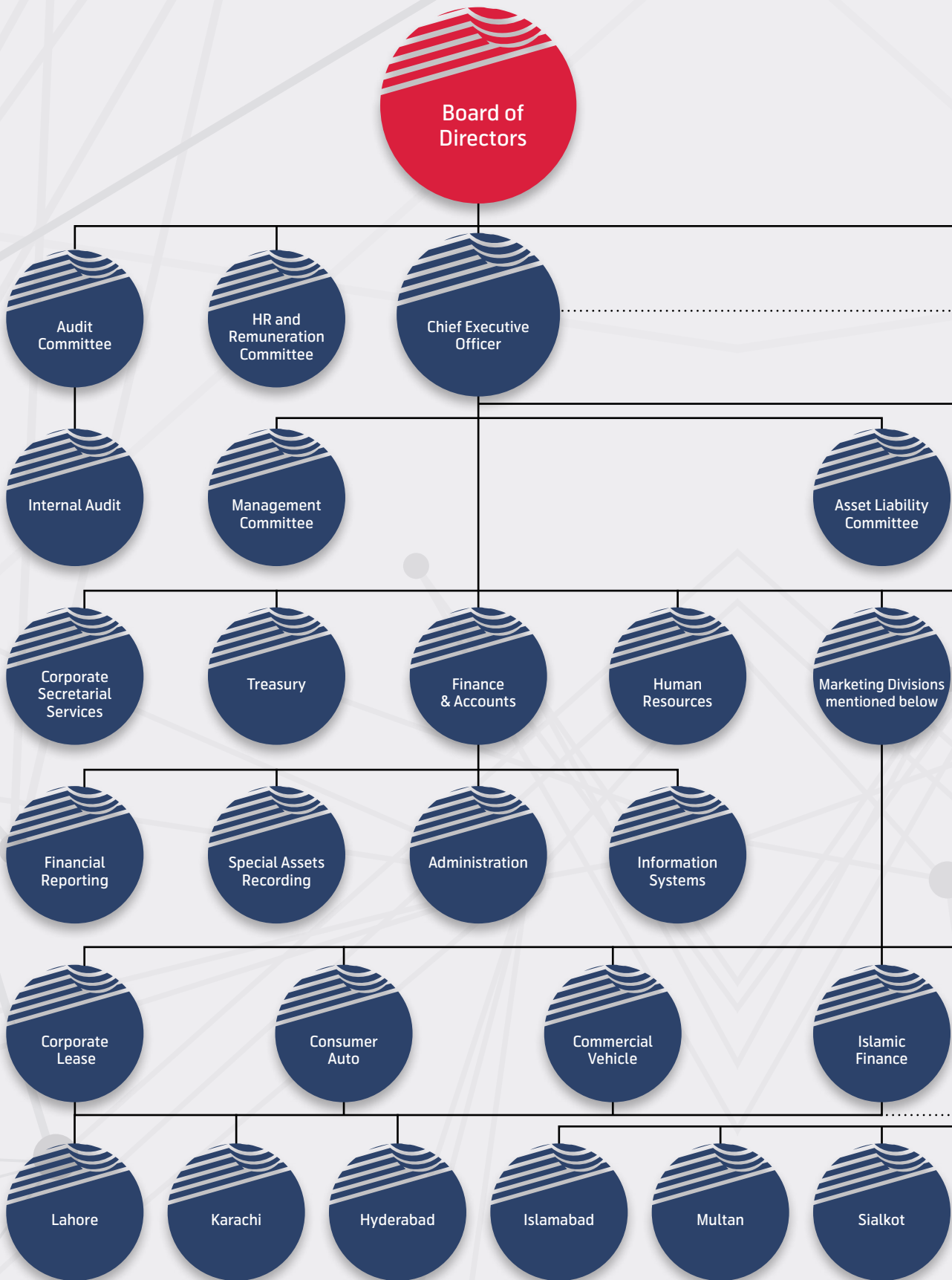
Legal Advisors

M/s Mansoor Ahmad Khan & Co.
M/s Walker Martineau & Saleem

Registrar and Share Transfer Office

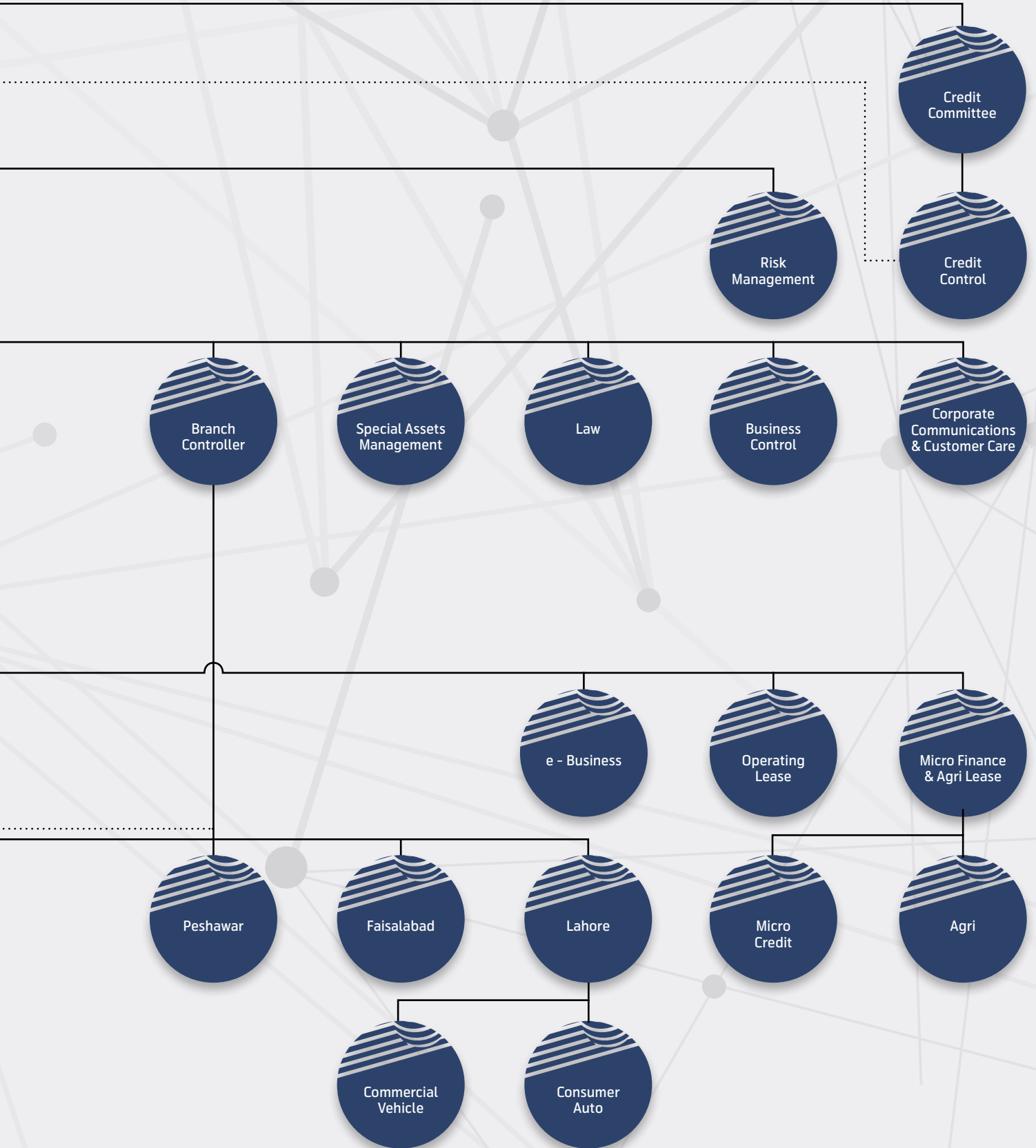
THK Associates (Private) Limited
Ground Floor, State Life Building No. 3
Dr. Ziauddin Ahmed Road,
Karachi - 75530





Note: All the marketing and non-marketing departments are at par in reporting level. The mapping at different levels is due to space constraint and does not in any way, affect their reporting levels in the hierarchy of the Company.

Organogram





Human Resource Development

The Company's (OPL) true source of competitive advantage and sustainable growth lies in the quality of its people. Our ability to create high performing teams in a culture of inclusiveness, professionalism and excellence is what drives our success. The Company is proud to have a highly experienced, dedicated and professionally qualified team which has provided a strong foundation. Our employees are driven to make a difference and over the years they've shaped a Company committed to creating an enduring impact for the people they serve.

TALENT ACQUISITION

OPL is committed to identify, induct, and engage diverse talent from across Pakistan. We not only recruit experienced talent but also provide opportunities to potential young graduates eager to make their mark. The Company hires high potential individuals through a transparent and competitive process, while maintaining its resolve to be an equal opportunity employer. We provide an encouraging environment that welcomes innovative thinking, appreciates excellence, rewards achievement and empowers people to perform to the best of their abilities.

BUILDING CAPABILITY

The training and development function at OPL supports the Company's strategic goals by building a motivated,

engaged and high performing workforce. Learning & Development opportunities are offered to employees throughout the Company and for which both internal and external trainings are emphasized based on training needs.

Reinforcing the importance of conduct within the culture has also been a key focus at OPL. Learning focuses on supporting our revived Code of Conduct, raising our people's understanding and enhancing their ability to use good judgment and fostering greater personal accountability.

In addition, OPL offers extensive overseas opportunities to encourage and retain high potential individuals and enrich their job scope. These assignments help individuals to advance in their careers, explore new business trends, develop multiple skills and broaden their horizons.



PERFORMANCE RECOGNITION & REWARD

OPL values its human capital and continuously strives to keep its employees motivated. In order to reward high performing individuals and business units/zones, an annual event is organized where these employees and business units are appropriately recognized for their contribution. These initiatives help a great deal in making employees feel appreciated and also facilitates the achievement of their personal and professional goals.





SENIOR MANAGEMENT DEVELOPMENT

OPL has continued to strengthen its leadership capabilities. Every year we nominate Senior Management for global Leaders' Program organized by ORIX Corporation Japan. This forum helps individuals understand the importance of effective leadership and identify non conventional strategies to manage diverse teams in various situations.





EMPLOYEE ENGAGEMENT INITIATIVES

To maintain the morale of the employees, Human Resources Department conducts various engagement activities such as Annual Award Distribution Ceremony, Annual Lunch, Sports Gala and Eid get together. These initiatives help a great deal in making employees feel appreciated and also facilitates them in achieving their personal and professional goals. Hajj ballot is another employee engagement activity that OLP conducts every year and takes the privilege of sending two of its staff members for Holy Pilgrimage.

EXECUTIVE ORIENTATION PROGRAM

OLP's Marketing staff from various Zones and Branches is invited to attend an orientation program at Head Office – Karachi, where they meet all the concerned Divisional

Heads and other Executives. This not only improves internal communication, but also provides them with an opportunity to develop confidence and gain first hand understanding of various functions performed at Head Office.

CORPORATE COMMUNICATIONS

Corporate Communication is an important element in imparting information within the organization. OLP's internal publication 'REACH' provides a means to stay connected with employees at all levels of corporate structure.

Product Portfolio



CORPORATE LEASE

Whether you are running a small family business or a huge industrial complex, we understand your needs. The need of every small, medium and large business and industry is to have a stable and dependable source of financial sustenance for stability and growth. Innovative and specially designed ORIX Corporate Lease Products are meant to ideally meet your business requirements with unmatched ease.



AUTO LEASE

Get ORIX AUTO LEASE. Choose your dream car and drive away in style with no worries attached. A car financing scheme tailor-made for individuals to own the car of their desire with the convenience of easy processing and prompt service. Walk in to drive your very own car, it's easy and fast.



COMMERCIAL VEHICLE LEASE

ORIX COMMERCIAL VEHICLE LEASE is a dream come true for transporters. It's as simple and as smooth as any transporter would have ever wished to be. Trucks, prime movers, long vehicles, etc., we finance them all. Our documentation and procedures are simple and rental plans custom built for individual needs.



MICRO CREDIT

A countless number of dreams and aspirations of people stuck at the weak end of prosperity fizzle out due to poverty. An unknown number of promising entrepreneurs lose their way to success and prosperity due to lack of financial resources. We have been endeavoring to change this. We have been helping our compatriots to break free from the shackles of poverty by extending them easy financing to initiate their very own small scale businesses or expand their existing ones. Our micro financing enables them to buy machines/equipments ranging from sewing machines to rickshaws and/beyond, as well as raw material or miscellaneous supplies. We are particularly pleased of our efforts in assisting women entrepreneurs who usually find it more difficult to secure financing.



OPERATING LEASE

Life and business both need power to move on. Our specialized OPERATING LEASE DIVISION ensures your life and business receive uninterrupted power supply by providing the most competitive and reliable power generating packages with a wide range of equipment choices and complete maintenance and operation services. So enjoy and benefit from the comfort and advantage of uninterrupted power for your life and business to move on uninterrupted.



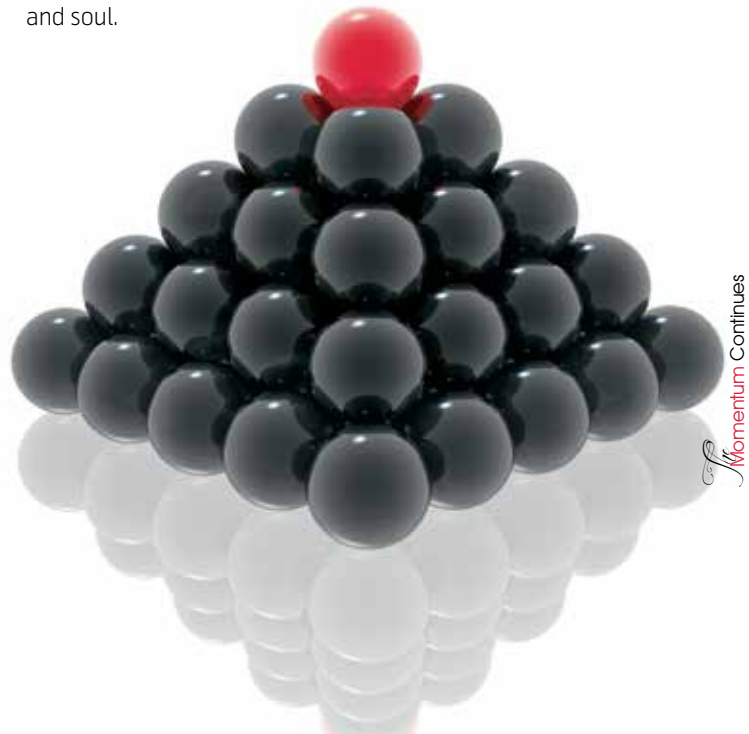
E-BUSINESS

Be it a debit or credit card transaction or be it any other loyalty, discount, prepaid or payment solution; ORIX e-Business Division provides state of the art, turn-key transaction processing solutions to financial institutions, banks and corporate entities enabling them to offer a host of creative and innovative services to their customers. The ORIX Network is Pakistan's first and largest third-party transaction processing network covering over 200 towns and cities across Pakistan with around 8,000 POS Terminals processing a million transactions monthly. Every day, every hour; transactions are being performed by users through the ORIX Network at grocery stores, retail shops, restaurants, hotels, fuel stations, hospitals, pharmacies and payment counters.



ISLAMIC FINANCE

Our Islamic Finance Division offers Ijarah and Diminishing Musharakah as its core products to the rapidly growing clientele of Shariah compliant financial products. Carefully developed with the sensitivities of the relevant customer segment in mind our Shariah compliant products meet the Islamic financing requirements of our customers to the satisfaction of their heart and soul.



ORIX Certificate of Deposit

For any business to operate in a competitive market, trustworthiness is the key to success. It is precisely this attribute that has enabled us to form a long lasting relationship with our retail deposit holders. We make it our business to enhance value for our customers and provide them highly competitive profit options on their investments.

Service, security and stability are the hallmarks of ORIX Certificates of Deposit (CODs). Competitive returns, reliable service and our commitment provide the investors peace of mind throughout their investment tenure with ORIX.

Another value added service provided to our investors, is complementary accidental hospitalization and accidental life insurance cover for its investors.



Accidental Life Insurance



Accidental Hospitalization Insurance

ORIX CODs offer flexible investment options with maturity terms ranging from 30 days to ten years and profit payments can be periodic or accumulated till maturity. Innovation and value addition are regular made to our deposit scheme to provide our investors best value for their money.



- Tenure ranges from 30 days to one year with profit paid monthly or on maturity
- Keep the funds liquid yet get good returns
- Encashable after 30 days of investment date without any penalty

- Tenure ranges from 2 to 10 years, profit and principal to be paid on maturity
- Get the benefit of compounding

- Tenure 5 years with profit rates increasing every year
- Incremental monthly return to curtail impact of inflation

- Tenure ranges from 1 to 5 Years with semi-annual return
- Market based return plus a spread based on tenure

- Tenure ranges from 1 year to 5 years
- Get monthly returns to cover your monthly expenses

- Tenure 7 years with profit payments on monthly basis
- Product specially designed for senior citizens and widows
- Monthly return over a long period of time.



Our AA+ Long term entity rating and A1+ short term entity rating from PACRA is an endorsement of our financial stability.

Directors Profile



Mr. Kunwar Idris
Independent Chairman

Mr. Idris holds a masters degree in Political Science from the Punjab University and a Diploma in Public Administration from Cambridge University, UK. He joined the Civil Services of Pakistan in 1957 and served in various capacities for 37 years among others, as Transport Secretary, Home Secretary and Chief Secretary of Sindh. Mr. Idris retired as Secretary, Federal Ministry of Petroleum & Natural Resources. He has also served as Chief Executive of Pakistan Automobile Corporation and Bankers Equity.



Mr. Harukazu Yamaguchi
Non Executive Director

Mr. Yamaguchi graduated from Hosei University, Japan in 1987 and joined ORIX Corporation in 1990. Mr. Yamaguchi has served in various senior positions within ORIX Corporation, Japan and abroad. Currently he is serving as Executive Vice President, Global Business and Alternative Investment Headquarter in Japan. He also serves as Director on the Boards of other overseas ORIX Group Companies.



Mr. Humayun Murad
Non Executive Director

Mr. Murad is an FCA from the Institute of Chartered Accountants of England and Wales. He carries professional experience of four decades in Pakistan and UK mainly in the financial sector. Mr. Murad joined OLP in 1986 as Deputy Managing Director and took over as Managing Director in 1989, a position he served until December 31, 2010. In 2007 he was awarded Sitara-e-Imtiaz by the Government of Pakistan for services to Pakistan's leasing industry. Mr. Murad is currently serving as CEO of ORIX Corporation's operations in Middle East, North Africa and CIS.

He is serving as a Director on the Boards of ORIX Group companies; OLP, OPP (Pvt.) Ltd. and Al Hail ORIX Finance PSC,UAE. He is also a Director on the Boards of Samba Bank Limited [Pakistan], Pak Oman Asset Management Company Limited and Habib Exchange Co.LLC,UAE.



Mr. Shahid Usman
Independent Non Executive Director

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



Mr. Shaheen Amin
Non Executive Director

Mr. Amin joined OLP in December 1986 and after serving in various capacities was appointed Deputy Managing Director in January, 1992. Mr. Amin was appointed the founding General Manager of Oman ORIX Leasing Company SAOG in 1993 and was appointed the founding General Manager of Saudi ORIX Leasing Company in the year 2000. Mr. Amin has an MBA from Booth School of Business, University of Chicago and an Executive MS in Risk Management from Stern School, New York University.

Mr. Amin also serves on the Board of ORIX Group affiliated companies in MENA



Mr. Kazuhito Inoue
Non Executive Director

A graduate of Waseda University, Mr. Inoue joined ORIX Corporation in 1989 and has served at various senior level positions in ORIX Group Companies in Japan, UK, USA and UAE. Mr. Inoue is currently serving as Deputy Representative, ORIX Corporation, Representative Office in Dubai, UAE. He also holds directorships in ORIX Group Companies in the Middle East, North Africa and CIS.



Mr. M. Raeesuddin Paracha
Independent Non Executive Director

Mr. M. Raeesuddin Paracha is presently Executive Director in State Life Insurance Corporation of Pakistan and is also on the Board of public & private sector companies as share holders representative. He got a Master's Degree in Statistics from University of Karachi in the year 1979. Subsequently, he cleared the competitive examination in the year 1982. He is also certified by Executive Development Institute, National School of Public Policy, Lahore for completing the Executive Programme on "Improving Government Performance in 2011.

He has formerly held the positions of Senior Joint Secretary, Ministry of Law & Justice and Ministry of Textile Industries, Government of Pakistan, Chairman, Provincial Election Authority Sindh, Secretary, Provincial Public Safety & Police Complaints Commission, Secretary, Housing & Town Planning Sindh, Executive District Officer, Enterprise & Investment Promotion, Executive District Officer, CW, Administrator, Municipal Corporation Karachi. In addition he has also held various administrative assignments in Provincial Government of Sindh.



Mr. Teizoon Kijat
Chief Executive

Mr. Teizoon Kijat is a fellow member of the Institute of Chartered Accountants of Pakistan. After completing his education and professional training in 1983, he started his career in a premier accounting firm of Pakistan. Later he joined a reputed audit practice firm in Saudi Arabia. Mr. Kijat has been associated with the leasing sector since 1995. He served different leasing companies in Pakistan until 2000 when he joined ORIX Leasing Pakistan Limited (OLP). Mr. Kijat assumed the office of Managing Director and Chief Executive Officer of ORIX Leasing Pakistan Limited on 1st January, 2011. Mr. Kijat also represent OLP on the Board of Oman ORIX Leasing Company SAOG, ORIX Leasing Egypt SAE and OPP (Private) Limited.



“ I am pleased to report that the Company achieved an important milestone in the Financial Year 2014 by recording the highest ever profit before taxes of Rs. 640 million and highest ever profit after tax of Rs. 516 million. Earnings per share increased by 52.6% to Rs. 6.29 from Rs. 4.12 last year enabling the Directors to propose a dividend of 35%, a 59% increase over last year. ”

Mr. Teizoon Kisat
Chief Executive

Chief Executive's Review

The confidence of all our stakeholders and unparalleled local understanding and experience and the exceptional skill set of our people all played a pivotal role in achieving the outstanding results.

PROVIDING FINANCE WHERE IT IS REQUIRED

Business volumes increased by 22% to Rs. 11 billion. This was part of our strategy to accelerate the growth momentum achieved in fiscal year 2013. Substantial business was generated from smaller cities and towns where business is concentrated in small and medium sector which is the Company's niche market.

We believe that small and medium enterprises in smaller cities and towns have huge potential for contributing to growth of the Country's economy. However, mitigating the risk of taking credit exposures in this segment of business is not an easy task. It requires in depth understanding of business and effective monitoring in the absence of authentic documented information about entities. Our experience in this segment and application of strong credit and risk management policies ensures sustainability of profitable operations.

On the funding side, we have managed to reduce average borrowing cost by diversifying sources of funding. Having built a sizable portfolio of retail deposits, the Company has reduced reliance on institutional borrowings which enabled it to negotiate better rates from banks. Over eighty percent of retail deposits are long term mitigating the risk of mismatch.

The non performing portfolio of the Company has decreased significantly as management continued to focus on recoveries and took initiatives for settlement of non performing portfolio. Going forward, non performing portfolio is expected to remain low as the Company has strengthened risk management and remains focused on maintaining high quality asset portfolio. Further, the Company is well placed to absorb future losses, if any, as the coverage ratio of overdues, over 90 days, is 100%.

FINANCIAL STRENGTH THAT SUPPORTS FUTURE GROWTH

Shareholders' Equity

Shareholders' equity has increased to Rs. 2.983 billion due to steady growth in profit and a stable dividend and profit retention policy.

Return on Equity (ROE)

The Company achieved an ROE of 18.53% which reflects a sharp increase in profits for the third consecutive year.

Return on Assets (ROA)

ROA has increased to 2.83% from 1.95% due to improved portfolio quality, higher contribution to profit from Associated companies, control over borrowing costs and improved performance of the non margin business of operating lease.

Assets

The Asset base increased marginally by 5.93%. Strong recovery efforts and close monitoring of overdues resulted in strong internal cash flows and a marginal increase in assets despite substantially higher business volume.

Liquidity

The Company has unutilized credit lines of Rs. 1,929 million at the time of writing this report. In view of Company's recent performance, financial institutions and international lending agencies have shown an interest in providing funding to the Company at very competitive rates.

ASSET LIABILITY MANAGEMENT

The Company has largely matched maturity of its borrowings with maturity of its leases. New borrowings from financial institutions are for longer periods, ranging from 3 – 5 years, whereas the average tenor of leases is 38 months.

On behalf of team OLP, I extend my heartiest gratitude to the Chairman and Board of Directors of OLP for their vision, foresight and guidance in achieving 2014 results. I would also like to thank the SECP and other regulatory bodies for their continued support, our shareholders for their trust and belief in us, and my colleagues for their dedicated efforts, teamwork and passion in translating our goals for 2014 into reality.

Report of the Directors

The Directors of ORIX Leasing Pakistan Limited (OLP) are pleased to present the Twenty Eighth Annual Report together with audited financial statements of the Company for the year ended June 30, 2014.

THE COMPANY

OLP was established in 1986 as one of the pioneers of leasing business in Pakistan. 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).

OLP's traditional business continues to be equipment and vehicle leasing. While this remains the core business, the Company has added several other products to meet the needs of its growing customer base. The Company has also diversified geographically, and has played a key role in establishing joint venture companies in the Middle East, North Africa and Central Asia and provides management personnel to its associated companies.

FINANCIAL INFORMATION

The financial results of the Company are summarized below:

	2014	2013 Restated
Rupees		
Profit before taxation	640,100,513	414,450,572
Less: Taxation	123,987,252	76,500,000
Profit after taxation	516,113,261	337,950,572
Earnings per share - basic and diluted	6.29	4.12
Appropriations: Transfer to statutory reserve.	103,100,000	68,000,000

DIVIDEND

In view of Company's performance in fiscal year 2014, the Directors are pleased to recommend a cash dividend of 35% for the year ended June 30, 2014 (2013: 22%). Profit retained will be utilized to sustain further growth and maximize shareholder value.

OVERVIEW OF THE ECONOMY

Pakistan's economy is exhibiting signs of a recovery. Along with improvement in agricultural sector, the large scale manufacturing sector has shown good results. As a result, GDP grew by 4.1% in FY14 as compared to 3.6% last year. Average consumer price inflation (8.6%) remained in single digit for the second consecutive year. Further, improved inflows of foreign exchange under Pakistan Development Fund, issuance of Eurobonds, sale of licenses of 3G/4G spectrum and workers' remittances brought about stability in foreign exchange position. The stock market has also shown robust growth during current financial year breaking all past records. Granting of GSP plus status to Pakistani

textile industry will boost textile exports to EU countries, adding strength to the largest industrial sector of the Country.

Major challenges facing the economy include power and gas shortage, law and order problem and large fiscal deficit. Recent political instability also had a negative impact on the economy and may cause significant damage as transport sector and small and medium size factories in some cities had to shut down due to disruption in supply chain.

FINANCIAL PERFORMANCE

In fiscal 2014, the Company earned net profit of Rs. 516.1 million which is the highest ever profit earned in the Company's 28 year history. Current year's profit is also 52.7% higher than net profit of Rs. 338.0 million recorded last year. The resultant earning per share of Rs. 6.29 is one of the best in the NBF sector. Recognizing the Company's performance market capitalization as at 30th June, 2014

went up by 85% to Rs. 2.78 billion from Rs 1.50 billion in 2013.

Key factors that contributed to our impressive results are highlighted below:

- A network of branches with wide coverage across the Country.
- Strong ties with small and medium enterprises.
- Multiple products and services.
- Diversified funding sources.
- Strong credit and risk management policies.
- Tight control over overdues.
- Experienced management team.

BUSINESS REVIEW

Continuing on the momentum built over the past few years, all business segments of the Company performed well and contributed to profitability. Overall disbursements recorded an impressive growth of 22%, increasing to Rs. 11.1 billion compared to Rs. 9.1 billion recorded in 2013.

Saloon cars and commercial vehicles continued to be the major leased assets. Contribution of vehicles and machinery/equipment in overall disbursements stood at 73 % and 27% respectively. In line with prudent risk management practices, the portfolio was kept well diversified with highest single sector exposure at 21.8% in transport sector followed by 11.0% in services sector. With coverage of over 100 cities and towns from branches in 25 cities, the lease portfolio is geographically well diversified, which mitigates the risk of concentration.

Higher business volumes were achieved due to impressive growth in corporate and commercial vehicle leases. Consumer auto lease disbursements were flat primarily due to cautious selection of customers and increased competition from commercial banks.

New assets of Rs. 352 million were added in operating lease segments of rental and e-business. The Company, being a one stop service provider, utilized services of local business partners to provide multiple innovative products to a large number of customers including multinational and local companies.

As our contribution to society, lending was provided to micro entrepreneurs from eleven specially dedicated branches. We disbursed Rs. 503 million to micro customers during

the year and over 19,900 customers, mainly women, are currently availing our facilities.

Operating lease and microfinance businesses operate independently as segments. However, they have the advantage of synergies and support of a strong branch network across the Country.

Overseas business segments consist of investment in associated concerns in Oman, Egypt, Saudi Arabia, UAE and Kazakhstan. Profits increased significantly in Oman, Saudi Arabia and UAE operations while profit from Egypt was flat mainly because of unsettled conditions there. In view of uncertain operating environment, investment in SK Leasing, Kazakhstan was impaired by Rs. 16 million and no profit/loss was recorded. The Company intends to dispose of its investment in OPP (Private) Limited as its business is not compatible with our core business.

REVENUE

Finance Lease Segment:

Finance lease is OLP's core business product since inception of the Company in 1986. Stable revenue stream was maintained as the Company accelerated pace of disbursements despite challenges faced by the economy.

Revenue from finance lease rose by 3.7% to Rs. 1.97 billion. Although lease volume grew strongly by 22%, the modest growth in lease revenue is a reflection of lease rates as a consequence of the low and stable interest rate scenario.

Vehicle Finance / Loans / Micro Finance Segments:

Mark up income on vehicle finance / loans and micro finance was 12.4% higher at Rs. 445.5 million compared to Rs. 396.2 million in the previous year. With increasing demand of high value vehicles, we offer tailored made solutions to individuals and corporate customers. Our micro finance portfolio is also growing steadily.

Operating Lease Segment:

Generator Rentals:

Revenue grew by 4.3% from Rs. 554.7 million in previous year to Rs. 578.8 million. Utilisation of gas generators was affected by shortage of gas in Punjab during the winter months. Demand picked up in the second half due to improved gas supply and increase in demand from corporate customers. The Company has an established reputation for reliable and economical uninterrupted power supply.

Report of the Directors

e-Business:

e-Business segment also showed steady growth of 11.2% with its revenue increasing to Rs. 266.8 million in 2014 from Rs. 239.9 million in 2013. This division provides a card processing platform for debit / credit cards and loyalty cards. During the year 27 million transactions through 3.5 million cards were processed on 8,000 point of sales terminals owned by the Company and installed in over 200 cities and towns.

Ijarah Finance:

This business is still in formative stage, however, revenue increased to Rs. 107.0 million from Rs. 55.5 million last year.

Other Income

Other operating income was recorded at Rs. 224.2 million compared to Rs. 248.7 million in 2013, a reduction of 9.8%. Returns on investments, deposits and government securities were 3.1% lower at Rs. 111.6 million (June 2013: Rs.115.2 million). Income from other activities was 15.6% lower at Rs. 112.6 million (June 2013: Rs. 133.5 million). Previous year's income included an unusually high gain on disposal of fixed assets of Rs. 40.0 million as compared to Rs. 17.6 million in the current year which contributed to lower income this year.

ASSOCIATED COMPANIES:

The Company's share in profit of associated companies increased by 35% to Rs. 223 million (2013: Rs. 165 million). Significant increase in earnings were reported by OMAN ORIX Rs. 124 million (2013: Rs. 99 million), Saudi ORIX Rs. 58 million (2013: Rs. 46 million) and Al Hail ORIX (UAE) Rs. 26 million (2013: Rs. 18 million). ORIX Leasing Egypt was steady at Rs. 20 million (2013: Rs. 19 million).

SK Leasing in Kazakhstan which started in 2005 has suffered due to non availability of credit. Though SK Leasing reported a profit of Rs. 167 million and subsequently declared a dividend 12.33%, the Company has not recorded its share of profit in view of uncertainties regarding its future business and due to significant impediments in repatriation of capital/investment. OLP has impaired its entire investment in SK Leasing, Kazakhstan, except for Rs. 8.6 million which were received subsequent to the year end in the form of dividend.

FINANCIAL EXPENSES

Financial expenses at Rs. 1.66 billion (2013: Rs. 1.65 billion) were almost at the same level as last year despite

higher borrowings. This was possible due to better cash management, tight control over liquidity and a decrease in borrowing rates. During the year, the Company successfully replaced its bank credit facilities with new borrowings at lower rates showing Banks' strong trust and confidence in the Company.

ADMINISTRATIVE & GENERAL EXPENSES

Administrative and general expenses marginally increased by 3.4% from Rs. 730.1 million in 2013 to Rs. 755.2 million in 2014. Major items were revision in salaries and allowances of staff due to inflation, increase in rent and utilities and office repairs and maintenance. Advertising expenses reduced by Rs. 15.5 million and legal and professional charges decreased by Rs. 4.3 million as the Company preferred out of Court settlement with defaulting customers instead of filing cases against them.

DIRECT COST OF LEASE

Direct cost of leases which mainly represents maintenance, insurance and depreciation on operating lease and Ijara assets was recorded at Rs. 582.3 million compared to Rs. 504.4 million in 2013. Major increase was due to depreciation on Ijara assets.

ALLOWANCE FOR POTENTIAL LOSSES

The Company follows a conservative policy of providing for possible future losses. An amount of Rs. 136.9 million was provided to further strengthen the provisions (2013: Rs. 207.7 million). All nonperforming loans and leases over 90 days are fully provided although these are not necessarily irrecoverable.

RISK MANAGEMENT

Risk is inherent in the Company's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. Business risks arising out of changes in the environment, technology, industry and political climate are monitored through the Company's strategic planning process. Other risks are managed under the policy framework set by the Board of Directors which is supervised on an ongoing basis by the Audit and Management Committees. An Asset Liability Committee (ALCO) has been formulated specifically to implement and monitor compliance with these policies and ensure that risk management techniques are being applied effectively.

The main risks facing the Company are summarized below:

Credit Risk

Credit risk refers to the failure of a borrower to fulfill its financial obligations as and when they fall due. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept by individual counterparties, industry concentrations and type of assets, and by monitoring exposures in relation to such limits.

Adherence to credit policies formulated and approved by the Board of Directors is monitored by a separate Credit Department, which is responsible for overseeing the Company's credit risk and independently analyzing customers' creditworthiness. Credit guidelines are continuously reviewed and amended in line with changing business and market dynamics.

With its focus on small and medium sized business the Company's credit risk is diversified over a large number of clients. No single party represents more than 5% of gross exposure to financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Asset Liability Management Policy limits this risk by applying appropriate maturity mismatch limits and liquidity ratios and such limits are monitored by the ALCO. Other measures include management of diversified funding sources and monitoring of future cash flows and liquidity on a daily basis to identify funding needs and take corrective measures. A liquidity contingency plan is also in place to ensure the existence of alternate funding strategies. Appropriate levels of liquid securities are also held for compliance with statutory requirements and ensure availability of surplus funds when required.

Market risk

Market risk comprises of interest rate and currency risk arising from changes in interest and exchange rates that would affect future cash flows or the fair values of financial instruments. The Company limits interest rate risk by substantially matching the interest rate profile of receivables with financial obligations and keeps the mismatch within acceptable limits. Interest rate and currency swaps are used to hedge against the risk of both interest rate and currency fluctuations. As a policy the Company carries no open currency risk.

Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Company is able to manage the risks and reduce these to an acceptable level. Internal controls have been strengthened considerably and include effective segregation of duties, access rights, authorization and reconciliation procedures and insurance against various risks. Anti-Fraud and Whistle-blowing policies have been put in place. A separate Risk Management function has also been set up to strengthen the process.

Internal Control and Compliance

The Management is responsible for maintaining a sound system of internal controls to ensure efficiency and effectiveness of operations, compliance with legal requirements and reliability of financial reporting. These controls encompass the policies and procedures approved by the Board of Directors. Their effectiveness is verified by an independent Internal Audit Department that reports directly to the Audit Committee. This ensures that existing procedures and policies are reviewed on a constant basis and improved from time to time wherever required. Due consideration is given to the observations made by internal audit, which are promptly reviewed and measures taken by the Board, Audit Committee and Management for rectification and strengthening of internal control system.

In addition, Inter departmental audit, post disbursement credit audit and compliance reviews are carried out to ensure compliance with relevant rules and regulations.

FUNDING

The Company has diversified borrowing sources and has been careful not to rely heavily on any one source of borrowing. Reliance on borrowings from banks and financial institutions was reduced from Rs. 8.2 billion in 2013 to Rs. 7.6 billion in 2014. Borrowings from banks and financial institutions accounted for 54.7 % (2013: 59.6%) of total borrowings.

The Certificates of Deposit portfolio showed an increase of 12.5% from Rs. 5.6 billion in 2013 to Rs. 6.3 billion in 2014. Over 80% of our retail deposits portfolio is long term which helps in managing the risk of maturity mismatch.

Report of the Directors

The Company has built a sound financial base by securing a large proportion of long term funding and has sufficient funding in place to meet its future business requirements.

CORPORATE GOVERNANCE

To develop highest standards of Corporate Governance that exceed the requirement of the Code of Corporate Governance, OLP has established sound and transparent corporate governance system. The Board is chaired by an independent Director and an independent Director is heading the Audit Committee. The Credit Committee appointed by the Board includes a Non Executive Director and three executives who have collective leasing expertise of over 90 years.

The Management Committee comprises of Divisional Heads with vast experience in their relevant fields. In addition, the Management Committee is also involved in making strategies, business planning, and development of new products. Important decisions relating to Investment, business process review, compensation and information technology are taken by Investment committee, Business process review committee, Human resource review panel and Information technology steering committee respectively.

CORPORATE SOCIAL RESPONSIBILITY

OLP takes pride in being a responsible corporate which supports various social causes. Whenever any unfortunate natural calamity hits the Country, OLP and its staff actively try to help the affected. Likewise, it has supported many initiatives aimed at the welfare and betterment of the underprivileged as well as the physically disabled members of society. Donations are made every year by the Company in the areas of health, education and poverty alleviation.

Our microfinance business is a key example of our efforts towards social development. With 11 specially dedicated branches spread across Punjab, we are providing microfinance services to thousands of low-income bracket individuals on group lending basis using the Grameen Bank model. We advance close to Rs. 50 million per month to hundreds of customers under our various microfinance products. An innovative step of introducing e-collections for microfinance customers has been taken which will help to improve customer service, provide financial inclusion to the disadvantaged rural masses and help the Company in controlling its administrative costs.

ENERGY CONSERVATION MEASURES

As a responsible corporate citizen, OLP is cognizant of the energy shortage that the Country is facing and has taken steps to conserve energy. These include use of energy savers and LED lights in the office building. Besides, the Company has also converted two branches to solar power. More branches will be converted to renewable energy sources. In addition, OLP has also started exploring the possibility of leasing of solar equipment in the Punjab province where shortage of power is more acute.

PEOPLE

The Company recognizes human resource as its strongest and most valuable asset. We seek to create a culture in which all employees take ownership of work and utilize their talent and expertise. Our Human Resources Division helps in developing employees' careers by arranging in-house as well as external training programs covering both soft skills as well as technical skills for employees at all levels. To carry out in-house training sessions, we have established Learning Centres equipped with all necessary training tools.

During the year, staff spent over 400 hours in training and development activities. Senior executives also participated in exposure visits arranged by ORIX Corporation, Japan under their future leadership program.

BUSINESS ETHICS

OLP's Code of Conduct provides a clear framework within which employees of the Company are expected to conduct themselves. The Code is designed to ensure adherence to the highest standards of ethical business conduct and compliance with applicable governmental laws, rules and regulations. It requires employees to work proficiently and with due diligence in all business activities, maintain the highest level of confidentiality within and outside OLP and exercise fairness, equity and courtesy in dealing with all customers, employees and other stakeholders.

OLP's Code of Conduct provides guidance for dealing with ethical issues, and direction on how to report on unethical conduct. Every employee of the Company has a responsibility to understand and comply fully with the Code and all other policies of the Company. The employees must perform their duties according to the spirit of this Code.

CUSTOMER SERVICE

Service excellence is the hallmark of OLP's operation. A well established after sales system is the major reason

given by our customers for maintaining their long standing relationship with the Company. Our excellent service standards based on rapid response and quick turnaround have been acknowledged by our customers whether in finance lease, vehicle financing or retail deposits. A well established Customer care department assists internal and external customers in resolving long standing complaints and issues and ensures that highest customer service standards are maintained.

AWARDS AND RECOGNITION

The NBF and Modaraba Association of Pakistan recognized the performance and contribution of the Company in NBF sector and awarded Best Performance Award for the year 2012-13.

Subsequent to the year end, on September 8, 2014, the Company received FPCCI achievement award in Banking and Financial Services category for its contribution towards development of leasing sector and financing for SME's.

FUTURE OUTLOOK

Our success has been built on a strong corporate foundation and initiatives taken over a period of 28 years. Building on the extraordinary growth momentum in profits achieved during the past few years, OLP is fully geared to take advantage of new business opportunities.

We will continue to focus on developing new sources of revenue to achieve sustainable growth in fiscal 2015 and beyond. Drawing on our broad range of experience in providing value added financial services, OLP will work to achieve the position of front runner in NBFC sector. With a highly experienced and motivated team, Country wide branch network and a strong foundation, the Company is fully prepared to meet the challenges of the future.

DIRECTORS' DECLARATION

1. The financial statements prepared by the management of ORIX Leasing Pakistan Limited present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

4. International 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. Details of significant deviations in the Company's operating results during the year ended June 30, 2014 are stated in the Directors' Report.
8. Key operating and financial data for the last six years in summarized form is given at page No. 40.
9. The value of investments of the recognized provident fund as at June 30, 2014 was Rs. 297.2 million (un-audited) and as at June 30, 2013 was Rs. 270.4 million (audited). The value of investments of the Company's recognized gratuity fund as at June 30, 2014 was Rs. 127.9 million (un-audited) and as at June 30, 2013 was Rs. 89.5 million (audited).
10. No trading in shares of the Company was carried out by the Directors, Executives and their spouses and minor children during the year.
11. A Director acquired certification of "Corporate Governance Leadership Skills Programme" conducted by the Pakistan Institute of Corporate Governance. At the close of the financial year, 4 out of 8 Directors meet the requirements of the Code of Corporate Governance with respect to Directors training and the remaining Directors will complete the required training in the time allowed by the Code.
12. During the year five meetings of the Board of Directors, seven meetings of the Audit Committee and three meetings of Human Resource and Remuneration Committee were held. The Directors, who were unable to attend the meetings, constantly followed the progress of the Company and proceedings of the Board.

Report of the Directors

BOARD OF DIRECTORS MEETINGS

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Kunwar Idris	5	Mr. Harukazu Yamaguchi (Non Resident)	2
Mr. Shahid Usman	5	Mr. Humayun Murad (Non Resident)	3
Mr. Shahid Aziz Siddiqui *	1	Mr. Shaheen Amin (Non Resident)	4
Mr. Alamuddin Bullo **	2	Mr. Kazuhito Inoue (Non Resident)	4
Mr. M. Raeesuddin Paracha ***	0	Mr. Teizoon Kisat	5

* Resigned on September 25, 2013

** Appointed on September 25, 2013 and resigned on April 24, 2014

*** Appointed on June 10, 2014

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

AUDIT COMMITTEE MEETINGS

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Shahid Usman	7	Mr. Shaheen Amin (Non Resident)	6
Mr. Shahid Aziz Siddiqui *	2	Mr. Kazuhito Inoue (Non Resident)	6
Mr. Alamuddin Bullo **	2	Mr. Humayun Murad***	0

* Resigned on September 25, 2013

** Appointed on September 25, 2013 and resigned on April 24, 2014

*** Appointed on April 24, 2014

HUMAN RESOURCE AND REMUNERATION COMMITTEE MEETINGS

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Shahid Aziz Siddiqui *	2	Mr. Kazuhito Inoue (Non Resident)	3
Mr. Teizoon Kisat	2	Mr. Shaheen Amin (Non Resident) **	1
Mr. Alamuddin Bullo***	0	Mr. Harukazu Yamaguchi (Non Resident) ****	

* Resigned on September 25, 2013

** Appointed on September 25, 2013

*** Appointed on September 25, 2013 and resigned on April 24, 2014

**** Appointed on April 24, 2014

BOARD CHANGES

Mr. Shahid Aziz Siddiqui, nominee of State Life Insurance Corporation of Pakistan (SLIC) resigned as Director and Mr. Alamuddin Bullo was appointed as Nominee director of SLIC on September 25, 2013.

Mr. Alamuddin Bullo resigned on April 24, 2014 and Mr. M. Raeesuddin Paracha was appointed as Nominee Director of SLIC on June 10, 2014.

CREDIT RATING

During the current financial year, The Pakistan Credit Rating Agency Limited (PACRA) maintained the Company's long term rating of AA+ (Double A plus) and short term rating of A1plus (A One plus). These are among the highest ratings in the Non-Banking Financial Sector. As per PACRA standards, these ratings denote the lowest expectation of credit risk emanating from a strong capacity for timely repayment of financial commitments.

PARENT COMPANY

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

AUDITORS

M/s. A.F. Ferguson & Co., Chartered Accountants were appointed as auditors for the year ended June 30, 2014. The Audit Committee recommends appointment of M/s A. F. Ferguson as auditors for the year ending 30th June, 2015.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2014 is attached at page no. 109 and 110.

ACKNOWLEDGEMENT

The Board greatly appreciates the support and cooperation of the regulatory authorities, bankers, business partners and all stake holders who are helping and contributing towards the continued growth of the Company and looks forward to their support and advice in the future. The Board also thanks our valued customers who have trust in the Company and continue to provide their support in ensuring its progress. The Company is also truly proud of its executives and staff for their loyalty, commitment, dedication and passionate efforts.

On Behalf of the Board



Teizoon Kijat
Chief Executive

September 20, 2014

Statement of Compliance with the Code of Corporate Governance for the year ended June 30 ,2014

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No 35 of 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:

Independent Directors

1. Mr. Kunwar Idris
2. Mr. Shahid Usman
3. Mr. M. Raeesuddin Paracha

Non-Executive Directors

1. Mr. Harukazu Yamaguchi
2. Mr. Humayun Murad
3. Mr. Shaheen Amin
4. Mr. Kazuhito Inoue

Executive Director

1. Mr. Teizoon Kijat

The independent directors meet the criteria of independence under clause i (b) of the CCG

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
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 on the board which were duly filled.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. A Director acquired certification of Director Education awarded by the Pakistan Institute of Corporate Governance.
10. A self evaluation of the Board and its Committees' was carried out as required by the CCG.
11. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

Statement of Compliance

with the Code of Corporate Governance

for the year ended June 30 ,2014

12. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the CCG.
16. The Board has formed an Audit Committee, it comprises of four members, of whom three are non-executive Directors and the Chairman of the committee is an independent director.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the Committee for compliance.
18. The Board has formed a Human Resource and Remuneration Committee. It comprises of four Members, of whom three are non-executive directors and the chairman of the committee is a non-executive director.
19. The board has set up an effective internal audit function. The Head of Internal Control reports directly to the Audit Committee.
20. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partner are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Notice of Annual General Meeting



Notice is hereby given that the Twenty-Eighth Annual General Meeting of ORIX Leasing Pakistan Limited will be held at The Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi, on Tuesday, October 21, 2014 at 03:00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements together with the Directors' and Auditors' Report for the year ended June 30, 2014.
2. To approve the payment of cash dividend to the shareholders at the rate of Rs. 3.5 per share of Rs. 10 each for the year ended June 30, 2014.
3. To appoint Auditors and fix their remuneration. The present Auditors, Messrs A.F.Ferguson & 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, 2014 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
- 2) Mr. Harukazu Yamaguchi
- 3) Mr. Humayun Murad
- 4) Mr. Shaheen Amin
- 5) Mr. Shahid Usman
- 6) Mr. Kazuhito Inoue
- 7) Mr. M. Raeesuddin Paracha
- 8) Mr. Teizoon Kisat

SPECIAL BUSINESS

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

BY ORDER OF THE BOARD

Effat Assad

Company Secretary

Karachi: September 20, 2014

Notes:

1. The Register of Members of the Company shall remain closed from October 14, 2014 to October 21, 2014 (both days inclusive). Transfers received in order at our registrars, Messrs. THK Associates (Private) Limited, Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi at the close of business on October 13, 2014, will be treated in time for the purpose of attending the meeting and payment of dividend.
2. Any person who seeks to contest an election for the office of Director, shall whether he/she is a retiring Director or otherwise, file with the Company at its registered office not later than fourteen days before the date of the meeting (i) a notice of his/her intention to offer himself/herself for election as a Director, (ii) a declaration on the matters required by the Code of Corporate Governance, (iii) a consent on Form 28 and (iv) a copy of computerized national identity card (CNIC) or passport copy in case of a non resident.
3. A Member entitled to attend and vote at the General Meeting of Members is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a Member of the Company.
4. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a 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.
5. 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.

6. In accordance with the notification of the Securities and Exchange Commission of Pakistan, SRO 779(I) 2011 dated August 18, 2011 and SRO 831(1)/2012 dated July 5, 2012 dividend warrants should bear CNIC numbers of the registered member or the authorized person, except in case of minor(s) and corporate members.

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

7. In order to make process of payment of cash dividend more efficient, SECP vide circular No. 8(4) SM/CDC 2008 dated April 05, 2013 has issued instructions so that the shareholders can get their dividend credited in their respective bank accounts electronically without any delay. The shareholders may therefore authorize the Company to credit the dividend directly to their bank account for all future dividends declared by the Company. Accordingly all non CDC shareholders are requested to send their bank account details to the Company's Share Registrar at the address given above. Shareholders who hold shares with Participant / Central Depository Company of Pakistan Limited (CDC) accounts

are advised to provide the mandate to the concerned Stock Broker / CDC.

8. Through the Finance Act, 2014, enhanced rate of withholding tax has been prescribed in the Income Tax Ordinance, 2001, (Ordinance) for certain provisions including withholding of tax from dividend under section 150 of the Ordinance. For this purpose, the terms 'filer' and 'non-filer' have been defined. A 'filer' is a taxpayer, whose name appears in the Active Taxpayers List (ATL) issued by Federal Board of Revenue (FBR), from time to time whereas 'non-filer' is a person other than a 'filer'. FBR has uploaded an ATL on its website, which can be accessed at <http://fbr.gov.pk>.

At the time of dividend distribution, the Company, being a withholding agent, would check each shareholder's status on the ATL and, if the shareholder's name does not appear on the ATL, the increased rate of withholding tax at 15 per cent would be applied, in accordance with the law. In the instance of a 'filer' as defined above, withholding tax rate of ten percent (10%) will remain applicable.

In view of the above, all shareholders are advised to immediately check their status on ATL and may, if required, take necessary action for inclusion of their name in the ATL. The Company, as per law, shall apply fifteen per cent (15%) rate of withholding tax if the shareholder's name, with relevant details, does not appear on the ATL available on the FBR website on the first day of book closure.

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

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

ITEM No. 5 OF AGENDA – Remuneration of Chief Executive

Shareholders' approval is required for the holding of office for profit of the Chief Executive and his 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 for payment of remuneration not exceeding Rs. 32.0 million for the year ending June 30, 2015 (2014: Rs. 25.9 million), together with other benefits in accordance with rules of the Company.”

The Chief Executive is interested to the extent of the remuneration payable to him.

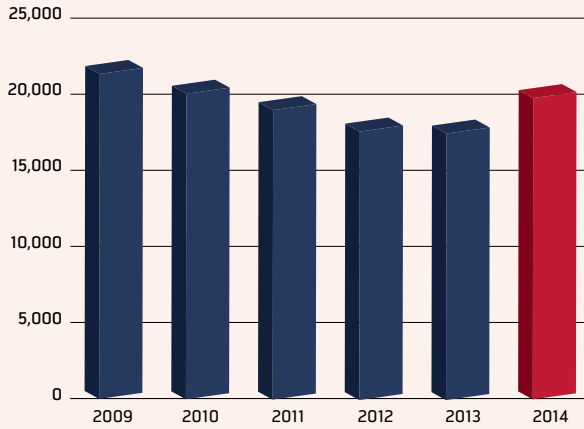
Six Years' Financial Summary

Rupees in million

	2014	2013	2012	2011	2010	2009
Operating Results						
Total Disbursement	11,097	9,056	7,844	8,058	8,428	6,251
Revenues	3,820	3,560	3,346	3,183	3,700	3,491
Lease revenue	2,927	2,750	2,731	2,758	2,699	2,983
Financial charges	1,658	1,654	1,868	1,796	2,064	2,570
Provision and impairment	184	257	199	213	523	324
Profit/(loss) before tax	640	414	275	227	126	(429)
Profit/(loss) after tax	516	338	202	145	104	(467)
Proposed Dividend	287	181	123	82	-	-
Balance Sheet						
Gross lease receivables	20,611	18,233	18,368	19,802	20,906	22,229
Fixed assets	1,767	1,560	1,357	1,268	1,091	1,138
Investment in associated undertakings	1,701	1,711	1,567	1,283	1,221	1,644
Total assets	24,449	23,127	22,028	21,802	23,779	27,323
Total borrowing	13,940	13,807	13,178	12,957	14,812	17,558
Long term debts	7,074	8,578	6,484	6,563	8,827	12,991
Total liabilities	21,385	20,456	19,580	19,555	21,763	25,245
Shareholders' equity	2,983	2,589	2,363	2,161	2,016	2,078
PERFORMANCE INDICATORS FOR THE CURRENT AND PAST FIVE YEARS						
Profitability						
Profit / (loss) before tax over revenue	16.76%	11.63%	8.21%	7.10%	3.35%	(12.17%)
Gross spread	34.26%	30.94%	22.13%	22.55%	11.60%	3.97%
Return on equity	18.53%	13.63%	8.93%	6.93%	5.10%	(20.00%)
Return on assets	2.83%	1.95%	1.20%	0.80%	0.50%	(2.20%)
Income / expense ratio	1.28	1.23	1.17	1.16	1.23	0.98
Liquidity						
Current ratio	1.18	1.47	1.15	1.15	1.37	1.9
Cash to Current Liabilities	0.01	0.03	0.04	0.03	0.02	0.09
Investment / Market						
Price to book ratio	0.93	0.58	0.38	0.21	0.21	0.31
Dividend yield	10.31%	12.05%	13.80%	17.90%	-	-
Dividend payout	55.64%	53.63%	60.90%	56.70%	-	-
Earning per share (Rs.)	6.29	4.12	2.46	1.76	1.27	(5.85)
Price earning ratio	5.40	4.44	4.41	3.16	4.12	(1.37)
Market Value per Share (Rs.)	33.94	18.25	10.86	5.57	5.23	8.00
Proposed dividend	35.00%	22.00%	15.00%	10.00%	-	-
Capital Structure						
Debt / Equity ratio	4.55	5.12	5.30	5.76	7.35	8.45
Book Value per share (Rs.)	36.35	31.55	28.79	26.33	24.57	26.01
Interest Cover ratio	1.50	1.41	1.20	1.25	1.34	0.97

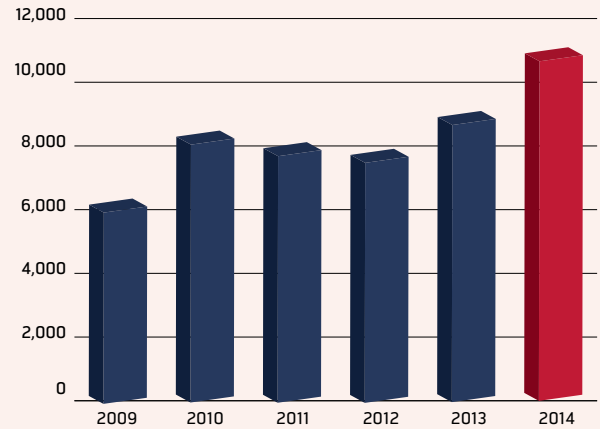
Gross Lease Receivable

Rs. in million



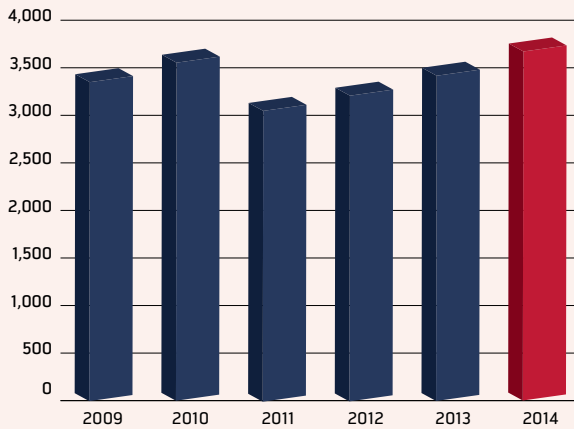
Disbursements

Rs. in million



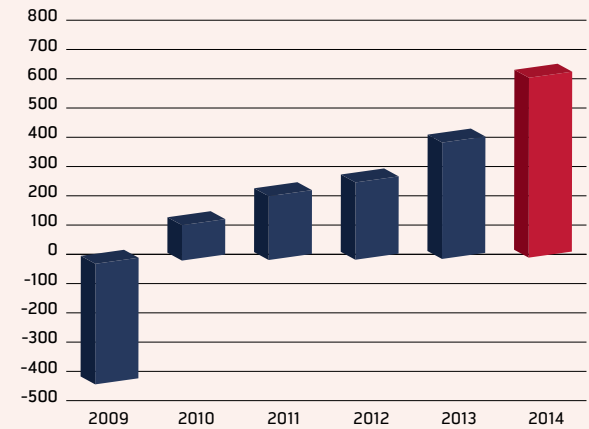
Revenue

Rs. in million



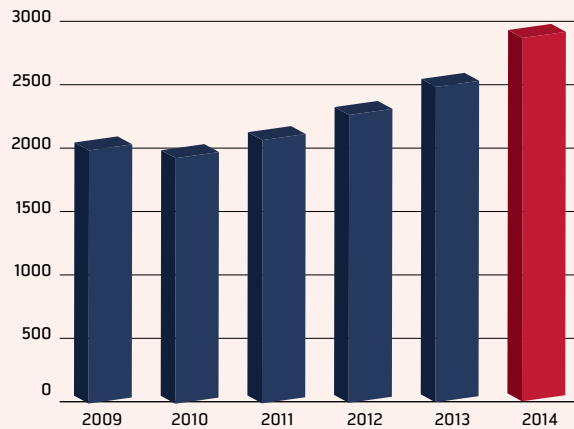
Profit before Tax

Rs. in million



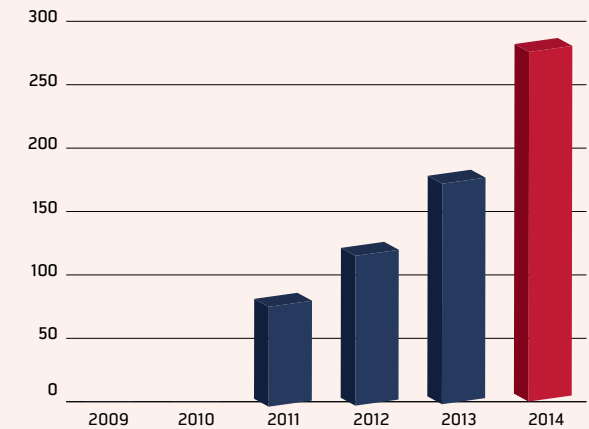
Shareholders' Equity

Rs. in million



Dividends

Rs. in million



Six Years' Vertical Analysis

Statement of Financial Position/Profit and Loss

Rupees in million

STATEMENT OF FINANCIAL POSITION	2014		Restated				2011		2010		2009	
	Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees	%
ASSETS												
Non-current assets												
Property, plant and equipment	1,767	7.23%	1,560	6.75%	1,357	6.16%	1,268	5.82%	1,091	4.59%	1,138	4.16%
Intangible assets	11	0.04%	34	0.15%	88	0.40%	79	0.36%	65	0.27%	65	0.24%
Net investment in finance leases	9,336	38.18%	8,079	34.93%	7,871	35.73%	9,110	41.78%	9,130	38.40%	9,828	35.97%
Investment in associated undertakings	1,701	6.96%	1,711	7.40%	1,568	7.12%	1,284	5.89%	1,221	5.13%	1,644	6.02%
Long term investments	14	0.06%	14	0.06%	18	0.08%	200	0.92%	205	0.86%	194	0.71%
Long term finances and loans	741	3.03%	844	3.65%	757	3.44%	284	1.30%	194	0.82%	582	2.13%
Long term deposits	10	0.04%	14	0.06%	14	0.06%	14	0.07%	13	0.05%	15	0.06%
	13,580	55.54%	12,255	52.99%	11,672	52.99%	12,238	56.13%	11,918	50.12%	13,466	49.28%
Current assets												
Short term finances	308	1.26%	243	1.05%	228	1.04%	244	1.12%	320	1.35%	460	1.68%
Accrued return on investments and term finances	70	0.29%	35	0.15%	16	0.07%	4	0.02%	15	0.06%	54	0.20%
Current maturity of non-current assets	8,910	36.44%	8,299	35.88%	8,378	38.03%	7,800	35.78%	9,011	37.90%	9,791	35.83%
Short term investments	1,088	4.45%	1,600	6.92%	738	3.35%	358	1.64%	1,216	5.12%	1,467	5.37%
Advances and prepayments	48	0.20%	52	0.22%	103	0.47%	67	0.31%	66	0.28%	73	0.27%
Other receivables	130	0.53%	313	1.35%	495	2.25%	800	3.67%	1,072	4.51%	1,218	4.46%
Cash and bank balances	100	0.41%	231	1.00%	336	1.53%	242	1.11%	131	0.55%	629	2.30%
Taxation - net	126	0.52%	87	0.38%	49	0.22%	33	0.15%	5	0.02%	107	0.39%
Assets classified as held for sale	89	0.36%	13	0.06%	13	0.06%	15	0.07%	25	0.10%	60	0.22%
	10,869	44.46%	10,872	47.01%	10,356	47.01%	9,564	43.87%	11,861	49.88%	13,858	50.72%
Total assets	24,449	100.00%	23,127	100.00%	22,028	100.00%	21,802	100.00%	23,779	100.00%	27,323	100.00%
EQUITY AND LIABILITIES												
Share capital and reserves												
Share capital and reserves	2,983	12.20%	2,589	11.19%	2,363	10.73%	2,160	9.91%	2,016	8.48%	2,078	7.60%
Surplus on revaluation of leasehold land and office building	81	0.33%	83	0.36%	85	0.39%	87	0.40%	-	0.00%	-	0.00%
Non-current liabilities												
Long term finances	3,147	12.87%	3,323	14.37%	2,274	10.32%	3,165	14.52%	4,543	19.11%	8,101	29.65%
Long term loans	280	1.15%	914	3.95%	1,938	8.80%	2,173	9.96%	3,186	13.40%	3,865	14.14%
Long term certificates of deposit	3,647	14.92%	4,341	18.77%	2,273	10.32%	1,226	5.62%	1,098	4.62%	1,026	3.75%
Long term deposits	4,484	18.34%	3,824	16.53%	3,586	16.28%	4,308	19.76%	4,016	16.89%	4,598	16.83%
Deferred taxation	395	1.62%	353	1.53%	284	1.29%	222	1.02%	120	0.50%	217	0.80%
Other long term liabilities	248	1.01%	296	1.28%	218	0.99%	162	0.74%	137	0.58%	105	0.38%
Post-employment benefits	4	0.02%	29	0.13%	19	0.09%	-	0.00%	-	0.00%	-	0.00%
	12,205	49.92%	13,080	56.56%	10,591	48.08%	11,256	51.63%	13,100	55.09%	17,912	65.56%
Current liabilities												
Trade and other payables	480	1.96%	411	1.78%	317	1.44%	255	1.17%	255	1.07%	257	0.94%
Accrued interest on loans, term finances and CODs	454	1.86%	297	1.28%	325	1.48%	447	2.05%	580	2.44%	777	2.84%
Short term borrowings	695	2.84%	936	4.05%	947	4.30%	1,109	5.09%	623	2.62%	713	2.61%
Short term certificates of deposit	1,019	4.17%	1,070	4.63%	957	4.34%	738	3.38%	756	3.18%	584	2.14%
Current maturity of non-current liabilities	6,532	26.72%	4,662	20.16%	6,444	29.25%	5,751	26.38%	6,449	27.12%	5,002	18.31%
	9,179	37.55%	7,376	31.89%	8,989	40.81%	8,299	38.06%	8,662	36.43%	7,333	26.84%
Total equity and liabilities	24,449	100.00%	23,127	100.00%	22,028	100.00%	21,802	100.00%	23,779	100.00%	27,323	100.00%
PROFIT AND LOSS												
INCOME												
Income from operations												
Finance lease	1,974	51.69%	1,900	53.37%	2,013	60.11%	2,110	66.13%	2,073	55.18%	2,394	67.93%
Operating lease	953	24.94%	850	23.88%	717	21.41%	649	20.34%	626	16.66%	590	16.73%
Mark-up on term / factoring finance	446	11.66%	396	11.13%	234	6.98%	139	4.35%	143	3.82%	194	5.51%
	3,373	88.29%	3,146	88.38%	2,964	88.51%	2,897	90.82%	2,843	75.66%	3,177	90.18%
Income from other operating activities												
Other income - net	224	5.87%	249	6.98%	261	7.80%	189	5.92%	395	10.52%	254	7.20%
Share of profit of equity accounted undertakings	223	5.84%	165	4.64%	124	3.69%	104	3.26%	143	3.80%	92	2.62%
Gain on sales of investment in associated undertaking	-	0.00%	-	0.00%	-	0.00%	-	0.00%	376	10.02%	-	0.00%
	447	11.71%	414	11.62%	385	11.49%	293	9.18%	915	24.34%	346	9.82%
	3,820	100.00%	3,560	100.00%	3,349	100%	3,190	100%	3,757	100%	3,524	100%
EXPENSES												
Finance costs	1,658	43.41%	1,654	46.46%	1,868	55.77%	1,796	56.29%	2,064	54.94%	2,570	72.94%
Administrative and general expenses	755	19.77%	730	20.51%	585	17.48%	549	17.20%	600	15.96%	652	18.49%
Direct cost of leases	582	15.24%	504	14.17%	419	12.52%	400	12.53%	387	10.30%	374	10.62%
	2,996	78.43%	2,889	81.14%	2,873	85.77%	2,744	86.01%	3,051	81.21%	3,596	102.05%
Profit before Provisions, Impairment & Taxes	824	21.57%	672	18.86%	477	14.23%	446	13.99%	706	18.79%	(72)	-2.05%
Provisions and impairment												
Allowance for potential lease and loan losses	137	3.58%	208	5.83%	188	5.62%	205	6.43%	510	13.57%	320	9.08%
Other provisions	47	1.23%	49	1.39%	10	0.31%	8	0.24%	14	0.36%	4	0.11%
Impairment on available for sale securities	-	0.00%	-	0.00%	3	0.09%	7	0.22%	57	1.51%	32	0.92%
	184	4.81%	257	7.22%	202	6.03%	220	6.89%	580	15.44%	356	10.11%
Profit / (loss) before tax	640	16.76%	414	11.64%	275	8.21%	227	7.10%	126	3.35%	(429)	-12.17%
Taxation	124	3.25%	77	2.15%	73	2.18%	82	2.57%	21	0.57%	38	1.09%
Profit / (loss) for the year	516	13.51%	338	9.49%	202	6.03%	145	4.54%	104	2.78%	(467)	-13.26%

Six Years' Horizontal Analysis

Statement of Financial Position/Profit and Loss

Rupees in million

STATEMENT OF FINANCIAL POSITION	14 vs 13		Restated				11 vs 10		10 vs 09		09 vs 08	
	2014	%	2013	%	2012	%	2011	%	2010	%	2009	%
ASSETS												
Non-current assets												
Property, plant and equipment	1,767	13.25%	1,560	14.96%	1,357	6.99%	1,268	16.24%	1,091	-4.09%	1,138	36.67%
Intangible assets	11	-67.66%	34	-61.59%	88	10.93%	79	22.10%	65	0.00%	65	100.00%
Net investment in finance leases	9,336	15.56%	8,079	2.64%	7,871	-13.60%	9,110	-0.23%	9,130	-7.10%	9,828	-25.37%
Investment in associated undertakings	1,701	-0.56%	1,711	9.10%	1,568	22.14%	1,284	5.16%	1,221	-25.76%	1,644	19.31%
Long term investments	14	1.61%	14	-22.40%	18	-91.16%	200	-2.66%	205	5.70%	194	754.70%
Long term finances and loans	741	-12.16%	844	11.45%	757	166.76%	284	46.29%	194	-66.64%	582	26.86%
Long term deposits	10	-29.37%	14	4.38%	14	-2.90%	14	12.40%	13	-17.75%	15	5.05%
	13,580	10.81%	12,255	4.99%	11,672	-4.63%	12,238	2.68%	11,918	-11.49%	13,466	-15.18%
Current assets												
Short term finances	308	26.37%	243	6.59%	228	-6.38%	244	-23.81%	320	-30.39%	460	28.74%
Accrued return on investments and term finances	70	100.68%	35	124.68%	16	287.80%	4	-72.67%	15	-72.69%	54	90.92%
Current maturity of non-current assets	8,910	7.37%	8,299	-0.94%	8,378	7.41%	7,800	-13.44%	9,011	-7.96%	9,791	-4.46%
Short term investments	1,088	-31.98%	1,600	116.85%	738	105.89%	358	-70.55%	1,216	-17.10%	1,467	461.06%
Advances and prepayments	48	-8.09%	52	-49.60%	103	54.15%	67	2.03%	66	-10.05%	73	-29.25%
Other receivables	130	-58.52%	313	-36.70%	495	-38.12%	800	-25.39%	1,072	-11.94%	1,218	85.07%
Cash and bank balances	100	-56.43%	231	-31.44%	336	38.84%	242	85.05%	131	-79.18%	629	202.99%
Taxation - net	126	45.42%	87	76.80%	49	48.35%	33	611.49%	5	-95.66%	107	100.00%
Assets classified as held for sale	89	582.78%	13	-0.47%	13	-15.32%	15	-37.07%	25	-58.70%	60	21.28%
	10,869	-0.03%	10,872	4.99%	10,356	8.28%	9,564	-19.36%	11,861	-14.41%	13,858	16.07%
Total assets	24,449	5.71%	23,127	4.99%	22,028	1.04%	21,802	-8.31%	23,779	-12.97%	27,323	-1.77%
EQUITY AND LIABILITIES												
Equity												
Share capital and reserves	2,983	15.23%	2,589	9.57%	2,363	9.35%	2,161	7.16%	2,016	-2.96%	2,078	-20.20%
Surplus on revaluation of leasehold land and office building	81	-2.37%	83	-2.31%	85	-2.26%	87	100.00%	-	-	-	-
Non-current liabilities												
Long term finances	3,147	-5.30%	3,323	46.15%	2,274	-28.17%	3,165	-30.33%	4,543	-43.92%	8,101	-18.29%
Long term loans	280	-69.33%	914	-52.85%	1,938	-10.79%	2,173	-31.81%	3,186	-17.56%	3,865	7.27%
Long term certificates of deposit	3,647	-15.99%	4,341	91.04%	2,273	85.39%	1,226	11.67%	1,098	7.04%	1,026	11.54%
Long term deposits	4,484	17.27%	3,824	6.64%	3,586	-16.77%	4,308	7.27%	4,016	-12.66%	4,598	-11.49%
Deferred taxation	395	12.00%	353	24.10%	284	28.14%	222	84.87%	120	-44.82%	217	-28.50%
Other long term liabilities	248	-16.34%	296	35.88%	218	34.14%	162	18.57%	137	30.35%	105	48.78%
Post-employment benefits	4	-86.52%	29	53.15%	19	100.00%	-	0.00%	-	0.00%	-	0.00%
	12,205	-6.69%	13,080	23.50%	10,591	-5.91%	11,256	-14.08%	13,100	-26.86%	17,912	-11.53%
Current liabilities												
Trade and other payables	480	16.97%	411	29.47%	317	24.57%	255	-0.20%	255	-0.88%	257	24.74%
Accrued interest on loans, term finances and CODs	454	52.82%	297	-8.65%	325	-27.23%	447	-22.95%	580	-25.38%	777	39.51%
Short term borrowings	695	-25.78%	936	-1.14%	947	-14.61%	1,109	78.04%	623	-12.65%	713	12,505.81%
Short term certificates of deposit	1,019	-4.76%	1,070	11.85%	957	29.68%	738	-2.36%	756	29.44%	584	1,255.28%
Current maturity of non-current liabilities	6,532	40.10%	4,662	-27.65%	6,444	12.05%	5,751	-10.83%	6,449	28.93%	5,002	20.82%
Taxation net	0	-	0	-	0	0	-	-	-	-	-	-100.00%
	9,179	24.46%	7,376	-17.95%	8,989	8.32%	8,299	-4.20%	8,662	18.13%	7,333	47.69%
Total equity and liabilities	24,449	5.71%	23,127	4.99%	22,028	1.04%	21,802	-8.31%	23,779	-12.97%	27,323	-1.77%

PROFIT AND LOSS	14 vs 13		Restated				11 vs 10		10 vs 09		09 vs 08	
	2014	%	2013	%	2012	%	2011	%	2010	%	2009	%
INCOME												
Income from operations												
Finance lease	1,974	3.91%	1,900	-5.62%	2,013	-4.56%	2,110	1.74%	2,073	-13.38%	2,394	-1.06%
Operating lease	953	12.07%	850	18.51%	717	10.55%	649	3.67%	626	6.14%	590	10.12%
Mark-up on term / factoring finance	446	12.42%	396	69.40%	234	68.46%	139	-3.22%	143	-26.13%	194	28.86%
	3,373	7.19%	3,146	6.14%	2,964	2.32%	2,897	1.92%	2,843	-10.53%	3,177	2.32%
Income from other operating activities												
Other income - net	224	-9.82%	249	-4.84%	261	38.41%	189	-52.25%	395	55.75%	254	-12.28%
Share of profit of equity accounted undertakings	223	35.03%	165	33.60%	124	18.88%	104	-27.13%	143	54.76%	92	56.65%
Gain on sale of investment in associated undertaking	0	0.00%	0	0.00%	-	-	-	-100.00%	376	100.00%	-	-
	447	8.08%	414	7.51%	385	31.47%	293	-67.98%	915	164.28%	346	-0.63%
Total Income	3,820	7.29%	3,560	6.30%	3,349	5.00%	3,190	-15.10%	3,757	6.64%	3,524	2.02%
EXPENSES												
Finance costs	1,658	0.25%	1,654	-11.45%	1,868	4.04%	1,796	-13.02%	2,064	-19.67%	2,570	20.47%
Administrative and general expenses	755	3.44%	730	24.71%	585	6.71%	549	-8.52%	600	-7.95%	652	26.06%
Direct cost of leases	582	15.44%	504	20.33%	419	4.92%	400	3.25%	387	3.37%	374	9.04%
	2,996	3.71%	2,889	0.56%	2,873	4.70%	2,744	-10.08%	3,051	-15.15%	3,596	20.12%
Profit / (Loss) before provision, impairment and taxes	824	22.69%	672	40.88%	477	6.82%	446	-36.80%	706	1075.50%	(72)	-115.73%
Provisions and impairment												
Allowance for potential lease and loan losses	137	-34.08%	208	10.22%	188	-8.19%	205	-59.75%	510	59.33%	320	204.23%
Other provisions	47	-5.05%	49	374.34%	10	37.12%	8	-44.02%	14	238.38%	4	100.00%
Impairment on available for sale securities	0	0.00%	0	-100.00%	3	-56.45%	7	-87.92%	57	75.56%	32	837.03%
Total Provision & Impairment	184	-28.50%	257	27.39%	202	-8.13%	220	-62.14%	580	62.82%	356	228.04%
Profit / (Loss) before tax	640	54.45%	414	50.78%	275	21.31%	227	79.89%	126	129.38%	(429)	-221.93%
Taxation	124	62.07%	77	4.79%	73	-10.88%	82	281.48%	21	-44.06%	38	-54.84%
Profit / (loss) for the year	516	52.72%	338	67.42%	202	39.53%	145	38.46%	104	122.37%	(467)	-275.20%

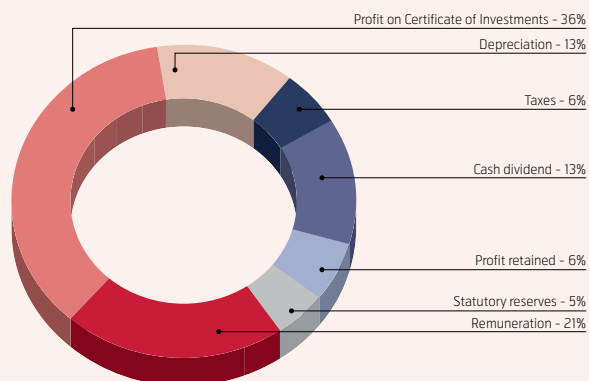
Statement of Value Addition

	2014	2013 (Restated)
Revenues from operations - Net	3,188,790,839	2,889,400,009
Other income	224,245,569	248,673,066
Share of profit of associates	223,019,793	165,164,479
	3,636,056,201	3,303,237,554
Financial cost	873,975,799	1,053,343,076
Direct cost of leases and services	609,509,224	579,274,836
	1,483,485,023	1,632,617,912
Value Added	2,152,571,178	1,670,619,642

Distribution of Value Addition	2014	%	2013	%
Distributed as follows:				
Remuneration	451,221,610	21%	425,959,860	25%
Profit on Certificate of Deposits	784,403,341	36%	600,883,409	36%
Depreciation	276,845,714	13%	229,325,801	14%
Taxes	123,987,252	6%	76,500,000	5%
Cash dividend	287,185,255	13%	180,516,446	11%
Profit retained	125,828,006	6%	89,434,126	5%
Statutory reserves	103,100,000	5%	68,000,000	4%
	2,152,571,178	100%	1,670,619,642	100%

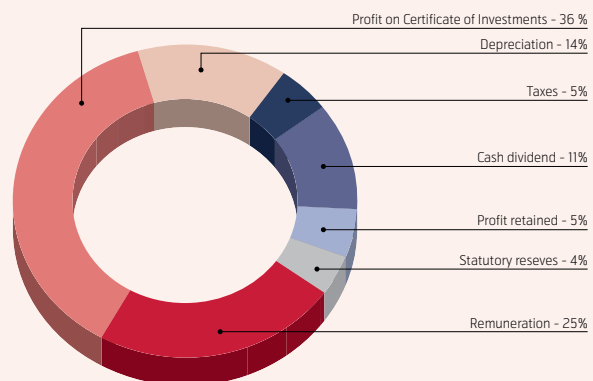
Distribution of Value Addition 2014

Percentage



Distribution of Value Addition 2013

Percentage





Financial Performance

For the year ended June 30, 2014



Shariah Advisor's Report

For the year ended June 30, 2014



ORIX Leasing Pakistan Limited (OLP) established Islamic Finance Division (IFD) on 1st April 2011. OLP-IFD, with the consultation of undersigned, developed and executed initially the following two Shariah Complaint products:

- Ijarah, and
- Diminishing Musharakah

By the grace of Allah, the year under review, was the third year of Islamic financing at ORIX Leasing Pakistan Limited. During the last year concluded, OLP-IFD executed the transactions of Ijarah and Diminishing Musharakah amounting to Rupees 176.469 Million.

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

Shariah Compliance:

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

Islamic Finance Training:

Human resource is the key determinant in ensuring the success and growth of any business and its products. The training and educating the employees can reduce the risk of non-compliance significantly. At OLP-IFD undersigned has conducted various training sessions on different aspects and products of Islamic Finance which were widely attended by staff of OLP which augers well for the growth of Islamic Finance at OLP.

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

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

Mufti Ibrahim Essa
Shariah Advisor
ORIX Leasing Pakistan Limited



Review Report to the Members on the Statement of Compliance with the Best Practices of the Code of Corporate Governance



A. F. FERGUSON & CO.

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** for the year ended June 30, 2014 to comply with the requirements of Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange 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 and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

Regulation (x) of Listing Regulation No. 35 notified by the Karachi Stock Exchange (Guarantee) Limited requires 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 prices 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 the above requirements to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2014.

A handwritten signature in black ink, appearing to read 'A. Ferguson', written over a light blue horizontal line.

Chartered Accountants

Dated: September 23, 2014

Karachi

Auditors' Report to the Members

For the year ended June 30, 2014



A. F. FERGUSON & CO.

We have audited the annexed balance sheet of **ORIX Leasing Pakistan Limited** (the Company) as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the changes as stated in note 2.5.1 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, 2014 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

A handwritten signature in black ink, appearing to read 'Rashid A. Jafer', written in a cursive style.

Chartered Accountants

Engagement Partner: Rashid A. Jafer

Dated: September 23, 2014

Karachi

Balance Sheet

As at June 30, 2014

	Note	2014	2013 (Restated)	2012 (Restated)
Rupees				
ASSETS				
Non-current assets				
Property, plant and equipment	4	1,766,703,090	1,559,985,177	1,356,922,314
Intangible assets	5	10,894,523	33,689,025	87,700,657
Net investment in finance lease	6	17,774,664,986	16,004,363,515	16,031,535,710
Current maturity	12	(7,679,925,643)	(7,158,500,149)	(7,445,530,037)
Allowance for potential lease losses	38	(759,020,567)	(766,942,528)	(714,915,974)
		(8,438,946,210)	(7,925,442,677)	(8,160,446,011)
		9,335,718,776	8,078,920,838	7,871,089,699
Investment in associated undertakings	7	1,701,150,417	1,710,670,971	1,567,993,170
Long term investments	8	13,906,241	13,685,902	17,635,570
Long term finances and loans	9	741,206,025	843,841,604	757,129,221
Long term deposits		10,149,703	14,370,914	13,767,914
		13,579,728,775	12,255,164,431	11,672,238,545
Current assets				
Short term finances	10	307,676,931	243,467,253	228,422,241
Accrued return on investments and term finance	11	70,024,984	34,893,304	15,530,539
Current maturity of non-current assets	12	8,909,826,715	8,298,580,090	8,377,662,787
Short term investments	13	1,087,935,861	1,599,527,840	737,619,471
Advances and prepayments	14	47,758,782	51,961,265	103,089,324
Other receivables	15	129,968,517	313,334,784	495,006,915
Cash and bank balances	16	100,483,822	230,606,639	336,372,619
Taxation - net		126,314,272	86,860,265	49,129,572
Assets classified as held for sale	17	88,995,488	13,034,272	13,096,354
		10,868,985,372	10,872,265,712	10,355,929,822
Total assets		24,448,714,147	23,127,430,143	22,028,168,367
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorised share capital				
350,000,000 (2013: 350,000,000) Ordinary shares of Rs. 10 each		3,500,000,000	3,500,000,000	3,500,000,000
Issued, subscribed and paid-up capital	18	820,529,300	820,529,300	820,529,300
Reserves		2,162,290,834	1,768,130,143	1,542,099,100
		2,982,820,134	2,588,659,443	2,362,628,400
Surplus on revaluation of leasehold land and office building	19	81,109,116	83,076,917	85,044,713
Non-current liabilities				
Long term finances	20	3,146,602,029	3,322,835,992	2,273,603,118
Long term loans	21	280,306,798	913,949,711	1,938,186,558
Long term certificates of deposit	22	3,647,417,555	4,341,478,968	2,272,541,812
Long term deposits	23	4,484,318,085	3,823,977,715	3,585,739,883
Deferred taxation	24	395,139,051	352,807,148	284,302,452
Other long term liabilities	25	247,588,070	295,940,013	217,796,463
Post-employment benefits	36.2.2	3,919,447	29,085,769	18,991,113
		12,205,291,035	13,080,075,316	10,591,161,399
Current liabilities				
Trade and other payables	26	480,190,971	410,525,639	317,086,396
Accrued interest / mark-up on loans, finances and certificates of deposit	27	453,729,354	296,900,558	325,030,248
Short term borrowings	28	694,635,094	935,948,593	946,741,568
Short term certificates of deposit	29	1,019,234,608	1,070,219,108	956,842,830
Current maturity of non-current liabilities	30	6,531,703,835	4,662,024,569	6,443,632,813
		9,179,493,862	7,375,618,467	8,989,333,855
Total equity and liabilities		24,448,714,147	23,127,430,143	22,028,168,367
Contingencies and commitments	31			

The annexed notes 1 to 52 form an integral part of these financial statements.


Teizoon Kisat
 Chief Executive


Humayun Murad
 Director

Profit and Loss Account

For the year ended June 30, 2014

	Note	2014	2013 (Restated)
		Rupees	
INCOME			
Income from operations			
Finance lease		1,974,465,857	1,900,146,644
Operating lease	32	952,631,523	850,049,101
Mark-up on term finance		445,502,751	396,283,507
		3,372,600,131	3,146,479,252
Income from other activities			
Other income - net	33	224,245,569	248,673,066
Share of profit of equity accounted undertakings	34	223,019,793	165,164,479
		447,265,362	413,837,545
		3,819,865,493	3,560,316,797
EXPENSES			
Finance cost	35	1,658,379,140	1,654,226,485
Administrative and general expenses	36	755,240,976	730,125,193
Direct cost of lease	37	582,335,572	504,435,304
		2,995,955,688	2,888,786,982
Profit before provision and taxation			
		823,909,805	671,529,815
Allowance for potential lease and other loan losses - net	38	136,880,218	207,655,934
Other provisions - net	39	46,929,074	49,423,309
		183,809,292	257,079,243
Profit before tax			
		640,100,513	414,450,572
Taxation	43	123,987,252	76,500,000
Profit for the year			
		516,113,261	337,950,572
Earnings per share - basic and diluted			
	49	6.29	4.12

The annexed notes 1 to 52 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, 2014

	Note	2014	2013 (Restated)
Rupees			
Profit for the year		516,113,261	337,950,572
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange difference arising on translation of foreign associates - net of deferred tax		(25,571,167)	29,929,992
Unrealised gain due to change in fair value of available for sale securities - net		2,081,805	3,414,584
Unrealised gain due to sale of available for sale securities transferred to profit or loss account		-	(3,651,381)
		2,081,805	(236,797)
		(23,489,362)	29,693,195
Items that will not be reclassified to profit and loss			
Net gain / (loss) on cash flow hedging instruments		83,779,535	(10,995,262)
Remeasurements of defined benefit plan	36.2.4	(4,753,683)	(10,565,448)
		79,025,852	(21,560,710)
Total comprehensive income for the year		571,649,751	346,083,057

The annexed notes 1 to 52 form an integral part of these financial statements.



Teizoon Kisat
Chief Executive



Humayun Murad
Director

Cash Flow Statement

For the year ended June 30, 2014

	Note	2014	2013
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	44	2,420,818,677	2,243,620,022
(Increase) / decrease in operating assets			
Investment in finance lease - net		(1,891,026,053)	(79,670,803)
Long term finances and loans - net		2,738,651	(315,819,516)
Short term finances		(78,211,478)	(39,247,880)
Long term deposits		4,221,211	(603,000)
Advances and prepayments		4,202,483	51,128,059
Other receivables		(4,071,380)	10,775,349
		(1,962,146,566)	(373,437,791)
Increase / (decrease) in operating liabilities			
Deposits from lessees - net		601,053,803	24,012,333
Mark-up paid		(924,561,368)	(1,085,025,003)
Payment against staff retirement benefits		(42,459,161)	(11,809,803)
Profit paid on certificates of deposit		(597,574,676)	(477,877,430)
Trade and other payables		55,316,611	69,118,432
		(908,224,791)	(1,481,581,471)
Net cash (used in)/generated from operating activities before income tax		(449,552,680)	388,600,760
Income tax paid		(110,948,172)	(55,730,693)
Net cash (used in) / generated from operating activities		(560,500,852)	332,870,067
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred - own use and intangible assets		(43,158,509)	(55,606,189)
Proceeds from disposal of assets - own use		16,663,022	24,701,390
Capital expenditure incurred - operating lease assets		(373,171,487)	(304,579,177)
Capital expenditure incurred - Ijarah finance		(123,172,000)	(125,124,500)
Proceeds from sale of operating lease assets		30,849,978	60,831,000
Proceeds from sale of Ijarah finance assets		32,552,632	5,109,225
Investments - net		538,045,512	(809,866,245)
Dividend received		95,041,620	71,873,506
Interest received		84,806,364	102,461,026
Net cash generated from / (used in) investing activities		258,457,132	(1,030,199,964)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term loans		2,778,367,080	3,322,149,646
Short term borrowings - net		(650,000,000)	(100,000,000)
Certificates of deposit issued - net		728,177,953	2,164,061,139
Repayment of long term loans and finances		(2,913,642,906)	(4,761,671,737)
Dividend paid		(179,667,725)	(122,182,156)
Net cash (used in) / generated from financing activities		(236,765,598)	502,356,892
Net decrease in cash and cash equivalents		(538,809,318)	(194,973,005)
Cash and cash equivalents at beginning of the year		(55,341,954)	139,631,051
Cash and cash equivalents at end of the year	45	(594,151,272)	(55,341,954)

The annexed notes 1 to 52 form an integral part of these financial statements.



Teizoon Kisat
Chief Executive



Humayun Murad
Director

Statement of Changes in Equity

For the year ended June 30, 2014

	Issued, subscribed and paid-up capital	Capital Reserves		Revenue Reserves				Total shareholders equity	
		Share premium	Statutory reserve	General reserve	Unappropriated profit/ (accumulated losses)	Unrealised (losses)/gains on investment	Hedging reserve		Foreign currency translation reserve
Rupees									
Balance as at July 1, 2012	820,529,300	448,603,499	694,900,000	210,000,000	41,964,798	7,893,733	(130,874,826)	283,148,508	2,376,165,012
Effect of retrospective change in accounting policy with respect to accounting for remeasurement (note 2.5.1)	-	-	-	-	(13,536,612)	-	-	-	(13,536,612)
Balance as at July 1, 2012 - restated	820,529,300	448,603,499	694,900,000	210,000,000	28,428,186	7,893,733	(130,874,826)	283,148,508	2,362,628,400
Total comprehensive income for the year ended June 30, 2013									
Profit for the year - restated	-	-	-	-	337,950,572	-	-	-	337,950,572
Other comprehensive income									
Exchange difference arising on translation of foreign associates - net of deferred tax	-	-	-	-	-	-	-	29,929,992	29,929,992
Unrealised gain due to change in fair value of available for sale securities - net	-	-	-	-	-	3,414,584	-	-	3,414,584
Unrealised gain due to sale of available for sale securities transferred to profit and loss account	-	-	-	-	-	(3,651,381)	-	-	(3,651,381)
Net loss on hedging instruments	-	-	-	-	-	-	(10,995,262)	-	(10,995,262)
Re-measurement of post employment benefit obligations - (note 2.5.1)	-	-	-	-	(10,565,448)	-	-	-	(10,565,448)
	-	-	-	-	(10,565,448)	(236,797)	(10,995,262)	29,929,992	8,132,485
Transactions with owner recorded directly in equity-distribution									
Cash dividend @ Re.1.50 per ordinary share of Rs. 10.00 each declared on September 20, 2012	-	-	-	-	(123,079,395)	-	-	-	(123,079,395)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	3,027,381	-	-	-	3,027,381
Transfer to statutory reserve	-	-	68,000,000	-	(68,000,000)	-	-	-	-
Transfer to unappropriated profit	-	-	-	(210,000,000)	210,000,000	-	-	-	-
Balance as at June 30, 2013	820,529,300	448,603,499	762,900,000	-	377,761,296	7,656,936	(141,870,088)	313,078,500	2,588,659,443
Total comprehensive income for the year ended June 30, 2014									
Profit for the year	-	-	-	-	516,113,261	-	-	-	516,113,261
Other comprehensive income									
Exchange difference arising on translation of foreign associates - net of deferred tax	-	-	-	-	-	-	-	(25,571,167)	(25,571,167)
Unrealised gain due to change in fair value of available for sale securities - net	-	-	-	-	-	2,081,805	-	-	2,081,805
Net gain on hedging instruments	-	-	-	-	-	-	83,779,535	-	83,779,535
Re-measurement of post employment benefit obligations - (note 2.5.1)	-	-	-	-	(4,753,683)	-	-	-	(4,753,683)
	-	-	-	-	(4,753,683)	2,081,805	83,779,535	(25,571,167)	55,536,490
Transactions with owner recorded directly in equity-distribution									
Cash dividend @ Re.2.20 per ordinary share of Rs. 10.00 each declared on September 25, 2013	-	-	-	-	(180,516,446)	-	-	-	(180,516,446)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	3,027,386	-	-	-	3,027,386
Transfer to statutory reserve	-	-	103,100,000	-	(103,100,000)	-	-	-	-
Balance as at June 30, 2014	820,529,300	448,603,499	866,000,000	-	608,531,814	9,738,741	(58,090,553)	287,507,333	2,982,820,134

The annexed notes 1 to 52 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, 2014

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 (NBFC Rules) issued by the Securities and Exchange Commission of Pakistan (SECP).

- 1.1 Pakistan Credit Rating Agency Limited (PACRA) has assigned long term rating of AA+ and short term rating of A1+ to the Company vide its press release dated January 7, 2014.

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. The approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the provisions of and directives issued under NBFC Rules, the NBFC Regulations, the Companies Ordinance and the directives issued by SECP prevail.

2.2 Basis of measurement

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

- Leasehold land and office building are stated at revalued amounts.
- 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.
- Financial assets classified as held to maturity are carried at amortised cost.
- Non current assets classified as held for sale are valued at lower of cost and fair value.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupee.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, 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.

Notes to the Financial Statements

For the year ended June 30, 2014

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

- (a) determining the residual values and useful lives of property, plant and equipment (Note 3.1);
- (b) allowance for potential lease and other loan losses (Note 3.4);
- (c) classification of financial assets (Note 3.6);
- (d) valuation of derivatives (Note 3.11);
- (e) provisions (Note 3.15);
- (f) recognition of taxation and deferred tax (Note 3.17);
- (g) accounting for post employment benefits (Note 3.20);
- (h) employees compensated absences (Note 3.21); and
- (i) impairment (Note 3.22).

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

2.5.1 Changes in accounting policies

- a) IAS 19 (Revised) 'Employee benefits' which became effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which these occur. During the year the Company has changed its accounting policy to comply with the changes made in IAS 19. Previously, actuarial gains and losses were recognised by the Company in the profit and loss account over the future expected average remaining working lives of the employees to the extent of the greater of 10% of the present value of defined benefit obligation at that date and 10% of the fair value of plan assets at that date.

The change in accounting policy has been accounted for retrospectively in accordance with the transitional provisions of the standard and the comparative figures have been restated as per the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. The Company's financial statements are affected to the extent of "remeasurements" relating to prior years. The effects of above changes have been summarised below:

	2014	2013	2012
	Rupees		
Impact on Statement of Financial Position			
Increase in Payable to defined benefit plan	4,753,683	10,565,448	13,536,612
Decrease in unappropriated profit	(4,753,683)	(10,565,448)	(13,536,612)
Impact on Statement of Changes in Equity			
Increase / (decrease) in unappropriated profit			
- Impact on reported retained earnings	-	(10,097,254)	(13,536,612)
- Impact for the year	(4,753,683)	-	-

Notes to the Financial Statements

For the year ended June 30, 2014

	2014	2013
	Rupees	
Impact on Profit and Loss Account		
Decrease in administrative and general expenses	—	(468,194)
Impact on Statement of Comprehensive Income		
Decrease in Other Comprehensive Income	(4,753,683)	(10,565,448)

There is no impact of this change on the cash flow statement for the current or prior year. The Company's policy for Employee Benefits (note 3.21) and disclosure relating to Defined Benefit Plan (note 36.2) have been amended to comply with the requirement of IAS 19 (revised).

- b) IAS 1 'Presentation of Financial Statements' (Amendment). The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either as required by IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' or voluntarily. When an entity produces an additional balance sheet as required by IAS 8, the balance sheet should be as at the date of the beginning of the preceding period, i.e. the opening position. No notes are required to support this balance sheet. In light of this amendment and with the change in accounting policy with respect to accounting for remeasurement gains / (losses) on defined benefit plan, a third balance sheet has been presented during the current year stating restated balances.

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

There are certain other new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2013 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.6 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

There are certain new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2014 but are considered not to be relevant or do not have any material effect on the Company's operations and are, therefore, not detailed in these financial statements.

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, unless otherwise specified.

3.1 Property, plant and equipment

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

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

Notes to the Financial Statements

For the year ended June 30, 2014

Depreciation is charged using the straight line method over its estimated useful life, at the rates specified in note 4.1, 4.2 and 4.3 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 carrying value of leasehold land is amortised over its lease term. Depreciation on additions is charged from the month the assets are available for use. No depreciation is charged in the month of disposal.

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

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

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

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

The assets residual values, useful lives and methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Ijarah assets

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

3.2 Intangible assets

Intangible assets having definite lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged as disclosed in note 5.2 applying the straight-line method over the useful lives of the assets. Amortisation is charged from the month in which the asset is available for use, while no amortisation is charged for the month in which the asset is disposed of. The residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

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

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

3.3 Net investment in finance lease

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

Notes to the Financial Statements

For the year ended June 30, 2014

3.4 Allowance for potential lease and other loan losses

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

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

3.5 Assets classified as held for sale

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

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

3.6 Financial assets

The company classifies its financial assets into the following categories:

- at fair value through profit or loss
- loans and receivables
- held-to-maturity
- available-for-sale

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial asset at the time of initial recognition.

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

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

b) Loans and receivables

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

Notes to the Financial Statements

For the year ended June 30, 2014

c) Held-to-maturity

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

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired. Premiums and discounts on held-to-maturity investments are amortised using the effective interest rate method and taken to profit and loss.

d) Available-for-sale

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

All financial assets classified as 'available-for-sale' are initially recognised at cost, being the fair value of the consideration given including acquisition charges.

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

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

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

3.6.1 Impairment

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

a) Held-to-maturity

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

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

b) Available-for-sale

If any evidence for impairment exists, the cumulative loss (measured as the difference between the acquisition cost and current fair value, less any impairment loss on that investment previously recognised in the profit and loss account) that had been recognised in other comprehensive income shall be reclassified from equity to the profit and loss account as a reclassification adjustment even though the investment has not been derecognised.

Notes to the Financial Statements

For the year ended June 30, 2014

3.7 Financial instruments

All 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 3.9).

3.8 Offsetting of financial assets and financial liabilities

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

3.9 Regular way Contracts

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

3.10 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.

3.11 Derivative financial instruments and hedging activities

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

The 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.

Notes to the Financial Statements

For the year ended June 30, 2014

The Company designates certain derivatives as either:

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

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, 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 derivatives that are designated and qualify as fair value hedges are recognised in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss attributable to the hedged risk is recognised in profit or loss and 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 hedge is recognised in equity through other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

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

3.12 Long term finances and loans

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

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

3.13 Foreign currency transactions

Foreign currency transactions are translated into Pakistan rupees at exchange rates prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the 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 through other comprehensive income. Non-monetary items that are measured in terms of historical cost

Notes to the Financial Statements

For the year ended June 30, 2014

in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

3.14 Certificates of Deposit

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

3.15 Provisions

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

3.16 Proposed dividend and transfer between reserves

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

3.17 Taxation

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

Current

Provision for current taxation is based on taxable income for the year. Tax charge for the current year is determined in accordance with the prevailing laws for taxation. The charge for the current tax is calculated using tax rates enacted or substantively enacted at the balance sheet date. The charge for the current tax also includes adjustments relating to prior years, if necessary, arising from assessments finalised during the year.

Deferred

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

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

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

Notes to the Financial Statements

For the year ended June 30, 2014

3.18 Revenue recognition

Finance leases

The Company follows the 'financing method' in accounting for recognition of finance lease. The total unearned finance income i.e. the excess of aggregate instalment contract receivables plus residual value over the cost of the leased asset is deferred and then amortised over the term of the lease, so as to produce a systematic return on the net investment in finance leases. Initial direct costs are deferred and amortised over the lease term as a yield adjustment.

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

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

Operating lease income

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

Ijarah rental income

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

Return on investments

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

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

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

Factoring income

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

Loans and finances

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

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

Others

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

3.19 Cash and cash equivalents

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

Notes to the Financial Statements

For the year ended June 30, 2014

3.20 Staff retirement benefits

(a) Defined contribution plan

The Company operates a recognised contributory Provident Fund Scheme (the Fund) for all its permanent employees who have completed the minimum qualifying period of six months service. The Fund is administered by a Board of trustees. Equal monthly contributions to the Fund are made both by the Company and by the employees, at the rate of 10% of basic salary.

(b) Defined benefit plan

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

The amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur as explained in note 2.5.1.

3.21 Employees compensated absences

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

3.22 Impairment

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

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	2014	2013
		Rupees	
Fixed assets - own use	4.1	388,821,912	406,076,491
Fixed assets - on operating lease	4.2	1,231,865,683	1,023,414,404
Fixed assets - Ijarah finance	4.3	146,015,495	130,494,282
		1,766,703,090	1,559,985,177

Notes to the Financial Statements

For the year ended June 30, 2014

4.1 Fixed assets - own use

Description	2014							
	Cost / Revalued Amount			Accumulated depreciation/ impairment losses			Net book value	
	As at July 1, 2013	Additions/ (disposals)/ (write-off)	As at June 30, 2014	As at July 1, 2013	Charge for the year/(on disposals) / (writeoff)	As at June 30, 2014	As at June 30, 2014	Rate/ years
	Rupees							
Leasehold land	152,412,237	-	152,412,237	6,800,557	1,640,160	8,440,717	143,971,520	77 & 99 years
Office building	112,148,494	485,550	112,634,044	19,003,937	5,884,224	24,888,161	87,745,883	5%
Stock Exchange rooms	15,700,000	-	15,700,000	7,700,000	-	7,700,000	8,000,000	Indefinite life
Leasehold improvements	115,515,859	221,872	84,893,755	79,924,359	11,637,507	60,717,890	24,175,865	15%
		(30,843,976)			(30,843,976)			
Furniture, fittings and office equipments	69,234,558	12,351,794	76,764,387	50,190,048	7,178,574	53,553,836	23,210,551	15% - 25%
		(4,821,965)			(3,814,786)			
Vehicles	144,962,755	24,054,621	145,371,425	46,349,682	18,426,600	50,788,214	94,583,211	20%
		(23,645,951)			(13,988,068)			
Computers and accessories	30,206,367	4,564,872	32,677,356	24,135,196	3,501,161	25,542,474	7,134,882	33%
		(2,093,883)			(2,093,883)			
	640,180,270	41,678,709	620,453,204	234,103,779	48,268,226	231,631,292	388,821,912	
		(30,561,799)			(19,896,737)			
		(30,843,976)			(30,843,976)			

Description	2013							
	Cost / Revalued Amount			Accumulated depreciation/ impairment losses			Net book value	
	As at July 1, 2012	Additions/ (disposals)/ transfers	As at June 30, 2013	As at July 1, 2012	Charge for the year/(on disposals) / transfer / impairment	As at June 30, 2013	As at June 30, 2013	Rate/ years
	Rupees							
Leasehold land	152,412,237	-	152,412,237	5,160,397	1,640,160	6,800,557	145,611,680	77 & 99 years
Office building	112,148,494	-	112,148,494	13,147,086	5,856,851	19,003,937	93,144,557	5%
Stock Exchange rooms	15,700,000	-	15,700,000	-	7,700,000	7,700,000	8,000,000	Indefinite life
Leasehold improvements	113,767,898	1,747,961	115,515,859	67,368,569	12,555,790	79,924,359	35,591,500	15%
Furniture, fittings and office equipments	89,754,111	4,081,692	69,234,558	64,255,506	10,105,191	50,190,048	19,044,510	15% - 25%
		(27,057,869)			(25,301,831)			
		2,456,624 *			1,131,182 *			
Vehicles	140,233,596	41,472,005	144,962,755	50,307,649	18,449,169	46,349,682	98,613,073	20%
		(35,913,846)			(22,255,584)			
		(829,000)**			(151,552)**			
Computers and accessories	27,831,245	5,512,026	30,206,367	25,678,362	1,535,557	24,135,196	6,071,171	33%
		(3,136,904)			(3,078,723)			
	651,847,581	52,813,684	640,180,270	225,917,569	50,142,718	234,103,779	406,076,491	
		(66,108,619)			(50,636,138)			
		2,456,624 *			1,131,182 *			
		(829,000)**			(151,552)**			
					7,700,000			

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

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

4.1.1 The latest revaluation of leasehold land and office building was carried out under market value basis by an independent professional valuer on June 30, 2011. The revaluation was carried out by M/s. SURVAL, resulting in a surplus of Rs. 133.86 million over their book values. This has been carried to surplus on revaluation of leasehold land and office building.

Notes to the Financial Statements

For the year ended June 30, 2014

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

	2014		
	Cost	Accumulated depreciation	Book value
Rupees			
Leasehold land	54,399,300	5,361,780	49,037,520
Office building	76,296,030	18,845,003	57,451,027
	130,695,330	24,206,783	106,488,547

	2013		
	Cost	Accumulated depreciation	Book value
Rupees			
Leasehold land	54,399,300	4,747,932	49,651,368
Office building	76,296,030	14,995,500	61,300,530
	130,695,330	19,743,432	110,951,898

4.1.2 Included in cost of fixed assets - own use are fully depreciated items which are still in use aggregating to Rs. 67.14 million (2013: Rs. 74.31 million).

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyers
Rupees						
Furniture, fittings and office equipments	965,000	699,625	265,375	325,000	Through Tender	Mr. Nisar Khan
	125,000	14,063	110,937	110,937	Company Policy	Mr. Qamarul Islam, Executive
	125,000	26,563	98,437	98,437	Company Policy	Mr. Mujahid Ali Mirza, Executive
Book value not exceeding Rs. 50,000 each	3,606,965	3,074,535	532,430	900,067	Various	Various
	4,821,965	3,814,786	1,007,179	1,434,441		
Vehicles						Mr. Muhammad Masoom
	1,330,000	475,475	854,525	1,200,000	Company policy	Qasim Warsi, Executive
	1,394,500	906,425	488,075	840,000	Company policy	Mr. Imtiaz Ali, Executive
	1,213,950	794,051	419,899	758,100	Company policy	Mr. Muhammad Ikram, Executive
	650,000	639,167	10,833	300,000	Company policy	Mr. Mutiullah Khan, Executive
	1,716,000	910,910	805,090	1,300,000	Company policy	Mr. Qamarul Islam, Executive

Notes to the Financial Statements

For the year ended June 30, 2014

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyers
	Rupees					
	1,802,000	1,381,234	420,766	1,000,000	Company policy	Mr. Asim Shafique, Executive
	1,199,000	779,350	419,650	735,000	Company policy	Mr. Abid Hameed, Executive
	764,000	300,825	463,175	710,000	Company policy	Mr. Syed Sajid Hameed, Employee
	658,000	102,342	555,658	630,000	Company policy	Mr. Mushtaq Ahmed, Employee
	669,000	535,200	133,800	191,079	Company policy	Mr. Muhammad Asif, Employee
	687,001	552,451	134,550	135,300	Company policy	Mr. Muhammad Nasir Khan, Employee
	707,000	568,826	138,174	141,171	Company policy	Mr. Mansoor Anwer, Employee
	709,000	567,200	141,800	141,800	Company policy	Mr. Sohail Akbar, Employee
	687,000	553,200	133,800	133,800	Company policy	Mr. Raheel Safdar, Employee
	689,000	551,200	137,800	160,304	Company Policy	Mr. Shahzad Ali Choudhary, Employee
	637,000	95,550	541,450	637,000	Insurance claim	EFU Insurance Company Limited
	1,789,500	375,795	1,413,705	1,650,000	Insurance claim	EFU Insurance Company Limited
	819,000	423,150	395,850	750,000	Insurance claim	EFU Insurance Company Limited
	657,000	82,125	574,875	640,000	Insurance claim	EFU Insurance Company Limited
	379,000	208,450	170,550	250,000	Through tender	Mr. Zahid Mahmood
	379,000	208,450	170,550	266,200	Through tender	Mr. Azhar Ali Khan
	1,774,000	672,642	1,101,358	1,600,000	Through tender	Mr. Mohammad Ahsan Amjad
Book value not exceeding Rs. 50,000 each	2,336,000	2,304,050	31,950	867,774	Various	Various
	23,645,951	13,988,068	9,657,883	15,037,528		
Computers and accessories						
Book value not exceeding Rs. 50,000 each	2,093,883	2,093,883	-	191,053	Various	Various
	2,093,883	2,093,883	-	191,053		
	30,561,799	19,896,737	10,665,062	16,663,022		

Notes to the Financial Statements

For the year ended June 30, 2014

4.2 Fixed assets - on operating lease

Description	2014							
	Cost / Revalued Amount			Accumulated depreciation			Net book value	
	As at July 1, 2013	Additions/ (disposals)/ transfer	As at June 30, 2014	As at July 1, 2013	Charge for the year/ (on disposal)/ (on transfer)	As at June 30, 2014	As at June 30, 2014	Rate
	Rupees							
Generators	1,448,291,094	318,332,257 21,000,000 * (67,714,261)	1,719,909,090	463,802,549	122,970,630 - (45,681,576)	541,091,603	1,178,817,487	number of hours / 16%
Communication equipment	444,690,694	32,399,230 (85,500,003)	391,589,921	411,750,961	17,844,791 (85,390,753)	344,204,999	47,384,922	15% - 20%
Vehicles	6,843,000	1,440,000	8,283,000	856,874	1,762,852	2,619,726	5,663,274	15%
	1,899,824,788	352,171,487 21,000,000 * (153,214,264)	2,119,782,011	876,410,384	142,578,273 - (131,072,329)	887,916,328	1,231,865,683	

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

Description	2013							
	Cost / Revalued Amount			Accumulated depreciation			Net book value	
	As at July 1, 2012	Additions/ (disposals)/ transfer	As at June 30, 2013	As at July 1, 2012	Charge for the year/ (on disposal)	As at June 30, 2013	As at June 30, 2013	Rate
	Rupees							
Generators	1,279,313,039	265,917,512 17,500,000 * (111,982,833) (2,456,624) **	1,448,291,094	434,635,508	112,600,036 - (82,301,813) (1,131,182) **	463,802,549	984,488,545	number of hours / 16%
Compressors and machinery	8,033,534	- (8,033,534)	-	8,033,534	- (8,033,534)	-	-	15% - 20%
Communication equipment	430,372,029	14,318,665	444,690,694	392,527,841	19,223,120	411,750,961	32,939,733	15% - 20%
Vehicles	220,003	6,843,000 (220,003)	6,843,000	110,001	856,874 (110,001)	856,874	5,986,126	15%
	1,717,938,605	287,079,177 17,500,000 * (120,236,370) (2,456,624) **	1,899,824,788	835,306,884	132,680,030 (90,445,348) (1,131,182) *	876,410,384	1,023,414,404	

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

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

Notes to the Financial Statements

For the year ended June 30, 2014

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
Rupees						
Generators	800,000	720,000	80,000	101,767	Negotiation	Rajab Ali Contractor
	3,675,000	831,524	2,843,476	3,617,168	Negotiation	Rajab Ali Contractor
	2,605,670	2,019,524	586,146	745,633	Negotiation	Rajab Ali Contractor
	5,958,305	3,205,985	2,752,320	3,501,209	Negotiation	Rajab Ali Contractor
	5,300,000	4,124,990	1,175,010	1,494,723	Negotiation	Rajab Ali Contractor
	310,000	263,500	46,500	59,152	Negotiation	Rajab Ali Contractor
	295,000	250,750	44,250	56,290	Negotiation	Rajab Ali Contractor
	229,700	148,061	81,639	103,853	Negotiation	Rajab Ali Contractor
	319,735	206,096	113,639	144,560	Negotiation	Rajab Ali Contractor
	850,000	735,760	114,240	533,897	Negotiation	Hotel Sky Towers (Private) Limited
	100,000	64,458	35,542	166,103	Negotiation	Hotel Sky Towers (Private) Limited
	5,773,266	1,879,800	3,893,466	3,893,466	Negotiation	Orient Energy Systems (Private) Limited
	9,934,300	8,694,161	1,240,139	1,902,525	Negotiation	Sarfaraz and Brothers
	3,980,000	2,897,241	1,082,759	1,661,085	Negotiation	Sarfaraz and Brothers
	6,607,915	5,218,931	1,388,984	2,130,871	Negotiation	Sarfaraz and Brothers
	6,637,915	5,378,370	1,259,545	1,932,295	Negotiation	Sarfaraz and Brothers
	8,500,000	5,103,700	3,396,300	5,210,340	Negotiation	Sarfaraz and Brothers
	4,600,000	2,981,329	1,618,671	2,483,239	Negotiation	Sarfaraz and Brothers
	328,635	235,111	93,524	143,477	Negotiation	Sarfaraz and Brothers
	328,635	232,783	95,852	147,048	Negotiation	Sarfaraz and Brothers
	322,140	273,819	48,321	74,130	Negotiation	Sarfaraz and Brothers
	258,045	215,683	42,362	64,989	Negotiation	Sarfaraz and Brothers
	67,714,261	45,681,576	22,032,685	30,167,820		
UPS	285,000	175,750	109,250	119,658	Negotiation	EMBA
	285,000	175,750	109,250	119,658		
Communication Equipment						
Book Value not exceeding Rs. 50,000	85,215,003	85,215,003	-	562,500	Various	Various
	85,215,003	85,215,003	-	562,500		
	153,214,264	131,072,329	22,141,935	30,849,978		

Notes to the Financial Statements

For the year ended June 30, 2014

4.2.2 Included in cost of fixed assets - operating lease are fully depreciated items which are still in use aggregating to Rs. 356.65 million (2013: Rs. 470.1 million).

4.3 Fixed assets - Ijarah finance

Description	2014							
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2013	Additions/ (disposals)	As at June 30, 2014	As at July 1, 2013	Charge for the year/ (on disposals)	As at June 30, 2014	As at June 30, 2014	Rate

Rupees

Machinery & Generators	63,622,000	89,015,000 (30,385,000)	122,252,000	12,744,685	34,396,771 (12,258,889)	34,882,567	87,369,433	Underlying lease term
Vehicles	112,545,580	34,157,000 (18,280,000)	128,422,580	32,928,613	43,564,572 (6,716,667)	69,776,518	58,646,062	Underlying lease term
	176,167,580	123,172,000 (48,665,000)	250,674,580	45,673,298	77,961,343 (18,975,556)	104,659,085	146,015,495	

Description	2013							
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2012	Additions/ (disposals)	As at June 30, 2013	As at July 1, 2012	Charge for the year/ (on disposals)	As at June 30, 2013	As at June 30, 2013	Rate

Rupees

Machinery & Generators.	17,723,000	45,899,000	63,622,000	3,175,967	9,568,718	12,744,685	50,877,315	Underlying lease term
Vehicles	39,554,080	79,225,500 (6,234,000)	112,545,580	5,740,532	28,643,748 (1,455,667)	32,928,613	79,616,967	Underlying lease term
	57,277,080	125,124,500 (6,234,000)	176,167,580	8,916,499	38,212,466 (1,455,667)	45,673,298	130,494,282	

5 INTANGIBLE ASSETS

	Note	2014	2013
		Rupees	
Trading Right Entitlement Certificate (TREC) - KSEL	5.1	15,000,000	15,000,000
Trading Right Entitlement Certificate (TREC) - LSEL	5.1	1,236,430	1,236,430
		16,236,430	16,236,430
Less: Provision for diminution in value of TREC		16,236,430	-
Computer software and license	5.2	10,894,523	17,452,595
		10,894,523	33,689,025

5.1 These represent Trading Right Entitlement Certificates (TRECs) received from Karachi Stock Exchange Limited (KSEL) and Lahore Stock Exchange Limited (LSEL) in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualisation and Integration) Act, 2012 (The Act). The Company has also received shares of KSEL and LSEL after completion of demutualisation process (refer note. 13.5) which have been recorded at face value of Rs. 10 each amounting to Rs. 48.51 million.

Notes to the Financial Statements

For the year ended June 30, 2014

5.2 Computer software and license

Description	2014							
	Cost			Accumulated amortization			Net book value	
	As at July 1, 2013	Additions	As at June 30, 2014	As at July 1, 2013	Charge for the year	As at June 30, 2014	As at June 30, 2014	Rate
	Rupees							
Computer software and license	82,350,780	1,479,800	83,830,580	64,898,185	8,037,872	72,936,057	10,894,523	36-80 months
	82,350,780	1,479,800	83,830,580	64,898,185	8,037,872	72,936,057	10,894,523	

Description	2013							
	Cost			Accumulated amortization			Net book value	
	As at July 1, 2012	Additions	As at June 30, 2013	As at July 1, 2012	Charge for the year	As at June 30, 2013	As at June 30, 2013	Rate
	Rupees							
Computer software and license	79,558,275	2,792,505	82,350,780	56,607,598	8,290,587	64,898,185	17,452,595	36-80 months
	79,558,275	2,792,505	82,350,780	56,607,598	8,290,587	64,898,185	17,452,595	

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

	Note	2014	2013
		Rupees	
Administrative and general expenses	36	4,273,192	4,478,502
Direct cost of leases	37	3,764,680	3,812,085
		8,037,872	8,290,587

6 NET INVESTMENT IN FINANCE LEASE

	Note	2014	2013
		Rupees	
Installment contract receivables		14,737,639,373	12,932,215,986
Residual value		5,871,678,313	5,291,044,053
Initial direct costs		2,170,847	9,284,305
	6.1	20,611,488,533	18,232,544,344
Less: Unearned finance income		2,836,823,547	2,228,180,829
		17,774,664,986	16,004,363,515

Notes to the Financial Statements

For the year ended June 30, 2014

6.1 Details of investment in finance lease

	Gross investments in finance lease		Present value of investment in finance lease	
	2014	2013	2014	2013
	Rupees			
Less than one year	9,228,479,570	8,522,128,636	7,679,925,643	7,158,500,149
One to five years	11,331,049,556	9,710,415,708	10,052,156,127	8,845,863,366
Over five years	51,959,407	-	42,583,216	-
	20,611,488,533	18,232,544,344	17,774,664,986	16,004,363,515

6.2 The Company's implicit rate of return on leases ranges between 14.50% and 26.00% (2013: 14.00% and 26.00%) per annum. These are secured against leased assets and security deposits generally upto 23.00% (2013: upto 20.00%) of the cost of leased assets, in case of finance leases and hypothecation of assets in case of installment contracts.

6.3 Based on the NBFC Regulations, the aggregate net exposures in finance leases against which income suspension is required amounted to Rs. 759 million (2013: Rs. 894 million).

6.4 Lease rentals received during the year aggregate to Rs. 7,576 million (2013: Rs. 7,269 million).

7 INVESTMENT IN ASSOCIATED UNDERTAKINGS

	Note	2014	2013
		Rupees	
Related parties			
Investment in equity accounted undertakings	7.1	1,701,150,417	1,710,670,971

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

	2014	2013	Note	2014	2013
	Number of shares			Rupees	
Quoted					
Oman ORIX Leasing Company SAOG	27,281,501	25,982,382	7.1.3, 7.1.4 & 42.1.1	892,968,834	834,418,590
				892,968,834	834,418,590
Unquoted					
Saudi ORIX Leasing Company	850,000	850,000		376,243,669	324,173,770
Al Hail ORIX Finance PSC (formerly MAF ORIX Finance PJSC)	45,000	45,000		166,184,980	176,949,554
ORIX Leasing Egypt SAE	920,000	920,000		257,152,943	245,257,707
OPP (Private) Limited	13,500,000	13,500,000	17.2	-	92,450,784
SK Leasing JSC	8,750	8,750		25,043,645	37,420,566
Less: Impairment			7.1.1	16,443,654	-
				8,599,991	37,420,566
				808,181,583	876,252,381
				1,701,150,417	1,710,670,971

Notes to the Financial Statements

For the year ended June 30, 2014

7.1.1 This represents impairment booked during the year amounting to Rs. 16.44 million (note 39).

7.1.2 Oman ORIX Leasing Company SAOG, Saudi ORIX Leasing Company, Al Hail ORIX Finance PSC, SK Leasing JSC and ORIX Leasing Egypt SAE are accounted for as equity accounted undertakings due to the significant influence of the Company.

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

	2014	2013
	Rupees	
Oman ORIX Leasing Company SAOG	1,027,765,026	1,007,262,290

7.1.4 Includes 1,333 shares at Riyal Omani (R.O.) 0.1/- each (2013: 1,270 shares at (R.O.) 0.1/- each) held in the name of a Director in the investee company. The aggregate carrying value of these shares is Rs. 0.044 million (2013: Rs. 0.041 million).

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

Name	Date of financial year end	As at June 30, 2014		For the period ended July 1 to June 30, 2014		Interest held
		Total assets	Total liabilities	Revenues	Profit/(loss)	
2014						
Rupees						
Quoted						
Oman ORIX Leasing Company SAOG	31 December	33,542,565,549	25,873,622,120	3,309,412,451	1,066,460,160	11.64%
Unquoted						
Saudi ORIX Leasing Company	31 December	54,012,527,205	38,719,324,534	6,396,620,228	3,037,213,007	2.50%
Al Hail ORIX Finance PSC (formerly MAF ORIX Finance PJSC)	31 December	22,478,048,704	16,941,327,253	2,181,629,046	850,728,472	3.00%
SK Leasing JSC - note 34.1	31 December	1,418,675,586	388,037,844	248,948,780	166,979,295	10.00%
ORIX Leasing Egypt SAE	31 December	7,634,541,937	6,516,680,737	974,432,528	85,103,829	23.00%
2013						
Rupees						
Quoted						
Oman ORIX Leasing Company SAOG	31 December	26,528,415,744	19,362,326,127	2,474,517,320	848,157,413	11.64%
Unquoted						
Saudi ORIX Leasing Company	31 December	46,582,818,067	33,560,638,222	4,369,155,939	2,410,716,550	2.50%
Al Hail ORIX Finance PSC (formerly MAF ORIX Finance PJSC)	31 December	12,963,706,265	7,068,138,577	1,316,676,754	622,279,127	3.00%
SK Leasing JSC	31 December	1,183,968,486	259,957,094	187,454,074	(77,152,975)	10.00%
ORIX Leasing Egypt SAE	31 December	7,677,838,129	6,611,669,759	875,166,092	82,899,790	23.00%
OPP (Private) Limited	30 June	365,495,023	160,048,835	81,253,319	(20,979,797)	45.00%

7.1.6 The Company has board representation in all associated companies. It also provides them technical assistance.

Notes to the Financial Statements

For the year ended June 30, 2014

8 LONG TERM INVESTMENTS

	Note	2014	2013
		Rupees	
Held-to-maturity investments			
Pakistan investment bonds (PIBs)	8.1	13,906,241	13,685,902
Term finance certificates (TFCs)			
- Unlisted	8.2	3,265,627	3,265,627
		171,171,868	16,951,529
Less: Provision for potential losses on investments	38.2	3,265,627	3,265,627
		13,906,241	13,685,902

8.1 This investment has 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. This is redeemable within a period of 3 years (2013: 4 years) from the balance sheet date, carrying coupon rate of 9.60% (2013: 9.60%) per annum due half yearly from the date of issue.

8.2 This represents investment made by the Company in unlisted Term Finance Certificates (TFCs). The exposure against these TFCs amounting to Rs. 3.27 million has been fully provided.

9 LONG TERM FINANCES AND LOANS

	Note	2014	2013
		Rupees	
Considered good			
Related parties - secured			
Executives	9.1 & 9.3	60,297,919	59,996,481
Others			
Agri finance - secured	9.2	26,105,139	17,501,583
Employees - secured	9.3	39,408,537	36,956,235
Micro finance	9.4	13,806,662	10,370,094
Musharakah finance - secured	9.5	53,633,223	35,427,509
Term finance - secured	9.6	25,059,101	23,474,925
Vehicle finance - secured	9.7	1,752,796,516	1,775,329,270
		1,910,809,178	1,899,059,616
		1,971,107,097	1,959,056,097
Considered doubtful			
Others			
Agri finance - secured		13,786,368	29,481,727
Micro finance		473,357	1,705,349
Term finance - secured		200,722,729	260,462,551
Vehicle finance - secured		11,452,306	9,850,451
		226,434,760	301,500,078
Less: Allowance for potential loan losses	38.1	226,434,760	276,634,630
		-	24,865,448
Less: Current maturity			
Related parties		21,958,183	21,321,193
Others		1,207,942,889	1,118,758,748
	12	1,229,901,072	1,140,079,941
		741,206,025	843,841,604

Notes to the Financial Statements

For the year ended June 30, 2014

9.1 Reconciliation of outstanding amount of loans to Executives

	2014	2013
	Rupees	
Opening balance	59,996,481	63,789,686
Disbursements	11,352,982	2,700,000
Repayments	(11,051,544)	(6,493,205)
	60,297,919	59,996,481

9.2 This represents long term finance offered to farmers on mark-up basis. The rate of return on these loans ranges between 15.00% and 28.00% (2013: 12.00% and 28.00%) per annum. These loans are repayable within a period of 1 year to 3 years (2013: 1 year to 3 years) and are secured against title documents of immovable property and hypothecation of personal assets.

9.3 This includes 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% (2013: 5.00%) per annum. Loans to Executives and other employees (other than housing loan) carry mark-up rates upto 15.00% (2013: upto 14.00%) per annum, secured against their retirement benefits and are repayable within a period of five years.

Maximum amount outstanding at the end of any month during the year against loans to Executives was Rs. 66.38 million (2013: Rs. 66.49 million).

9.4 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 32% and 36% (2013: 18.00% and 37.00%) per annum. These are secured against personal guarantees of community organisations and are repayable within a period of 1.5 years (2013: 1.5 years).

9.5 This represents musharakah facilities provided to customers. The rate of return on these finances ranges between 14.60% and 22.00% (2013: 19.00% and 21.00%) per annum. The facilities have a repayment term of 3 to 4 years (2013: 3 years) and are secured by assets subject to musharakah agreement.

9.6 This represents term finance facility provided to customers on mark-up basis. The mark-up on these finances ranges between 15% to 20% (2013: 15.00% to 21.00%) per annum. These finances are repayable within a period of 2 year to 5 years (2013: 2 year to 5 years) and are secured against charge over fixed assets, trade receivables, lien on certificate of investments, personal guarantees of directors and hypothecation of stocks.

9.7 This represents vehicle financing facility provided to customers on markup basis. The mark-up on these finances ranges between 14.70% and 25.00% (2013: 14% and 26%) per annum. These finances are repayable within a period of 2 years to 5 years (2013: 2 years to 5 years) and are secured against charge over vehicles and personal guarantee of individuals.

Notes to the Financial Statements

For the year ended June 30, 2014

10 SHORT TERM FINANCES

	Note	2014	2013
		Rupees	
Considered good			
Agri finance - secured	10.1	1,177,330	1,579,892
Micro finance	10.2	286,671,503	207,105,411
Term finance - secured	10.3	19,828,098	4,923,773
		307,676,931	213,609,076
Considered doubtful			
Agri finance - secured		13,809,974	20,214,377
Factoring finance		9,925,107	9,925,107
Micro finance		3,868,392	14,534,387
Term finance - secured		125,032,257	137,352,869
		152,635,730	182,026,740
Less: Allowance for potential losses	38.1	152,635,730	152,168,563
		-	29,858,177
		307,676,931	243,467,253

- 10.1** This represents short term finance offered to farmers on mark-up basis. The mark-up on these loans ranges between 13.00% and 28.00% (2013: 13.00% and 28.00%) per annum. These are secured against title documents of immovable property and hypothecation of personal assets and are recoverable within twelve months.
- 10.2** This represents short term micro loans offered to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges between 21% and 38% (2013: 18.00% and 38.00%) per annum. These are secured against personal guarantees of community organisations and are recoverable within twelve months.
- 10.3** 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 13.50% and 18.00% (2013: 14.00% and 23.00%) per annum. These finances are recoverable between one and twelve months and are secured against charge over fixed assets, trade receivables, hypothecation of stocks and lien over certificates of deposit.

11 ACCRUED RETURN ON INVESTMENTS AND TERM FINANCE

	2014	2013
	Rupees	
Investments	28,584,109	3,443,646
Term finance	41,440,875	31,449,658
	70,024,984	34,893,304

12 CURRENT MATURITY OF NON-CURRENT ASSETS

	Note	2014	2013
		Rupees	
Current maturity of:			
Net investment in finance lease	6.1	7,679,925,643	7,158,500,149
Long term finances and loans	9	1,229,901,072	1,140,079,941
		8,909,826,715	8,298,580,090

Notes to the Financial Statements

For the year ended June 30, 2014

13 SHORT TERM INVESTMENTS

	Note	2014	2013
		Rupees	
Held-to-maturity investments			
Treasury bills	13.1	–	829,035,024
Certificates of deposit	13.2	2,135,606	3,562,610
At fair value through profit and loss			
Treasury bills	13.1	392,145,186	–
Term finance certificates	13.3	29,150,837	41,619,843
Units of open ended mutual funds		22,951,280	–
Units of closed end mutual funds		31,481,769	61,424,240
		475,729,072	103,044,083
Available-for-sale			
Pakistan investment bonds (PIBs)	13.4	546,092,416	–
Ordinary shares	13.5	56,661,084	58,306,359
Units of open ended mutual funds		16,248,870	–
Units of closed end mutual funds		704,419	15,046,747
		619,706,789	73,353,106
Loan and receivables			
Term Deposit Receipts		–	600,000,000
Fund placements	13.6	1,007,179	1,680,175
Less: Allowance for potential losses	38.2	10,642,785	11,147,158
		1,087,935,861	1,599,527,840

- 13.1** 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 12 months (2013: 6 months) from the balance sheet date, carrying profit rate upto 9.99% (2013: 9.35%) per annum due at maturity.
- 13.2** This represents investments in short term certificates of deposit for a period of 1 year (2013: 1 year) which has been fully provided by the Company.
- 13.3** This represents investments made by the Company in Term Finance Certificates (TFCs). These investments carry mark-up upto 6 month KIBOR + 2.4% (2013: upto 6 month KIBOR + 2.4%).
- 13.4** This represents investments made as required under Regulation 14(4)(i) of the NBFC Regulations to maintain liquidity against certificates of deposit. These are highly liquid and can be sold in secondary market at any time. These carry yield ranging from 11.8% to 11.96% (2013: Nil).
- 13.5** These include shares of Karachi Stock Exchange Limited (KSEL) and Lahore Stock Exchange Limited (LSEL) received by the Company in pursuance of Stock Exchanges (Corporatisation, Demutualisation and Integration) Act, 2012 (The Act). The total number of shares received by the Company are 4,851,357 with a face value of Rs. 10 each. These include 2,910,814 (60% shares) which are required to be held in separate Central Depository Company (CDC) blocked account to restrict the sale of these shares by the members, whereas, stock exchanges will dispose of these shares under the Act. However, the proceeds of these shares and right to dividend / bonus is vested with members while the voting rights attached to these shares are suspended.

In the absence of an active market, these shares have been carried at face value of Rs. 10 each.

- 13.6** This represents placements of Rs. 1.0 million (2013: Rs. 1.6 million) which has been fully provided.

Notes to the Financial Statements

For the year ended June 30, 2014

14 ADVANCES AND PREPAYMENTS

	2014	2013
	Rupees	
Advances - unsecured	28,667,408	30,717,113
Prepayments		
Insurance		
- leased assets	3,063,007	2,984,122
- own assets	1,100,026	335,571
Rent	6,554,299	10,690,180
Others	8,374,042	7,234,279
	19,091,374	21,244,152
	47,758,782	51,961,265

15 OTHER RECEIVABLES

	Note	2014	2013
		Rupees	
Considered good			
Operating lease rentals receivable		73,701,268	85,632,352
Fair value of hedging instrument		51,722,892	214,568,679
Others		260,709	634,018
		125,684,869	300,835,049
Considered doubtful			
Operating lease rentals receivable		7,574,294	9,553,758
Receivable from equity brokerage customers		47,142,607	52,125,867
		54,716,901	61,679,625
Less: Allowance for potential losses	38.2	50,433,253	49,179,890
		129,968,517	313,334,784

16 CASH AND BANK BALANCES

	Note	2014	2013
		Rupees	
Cash in hand		1,356,482	1,542,808
With banks on:			
- Current accounts		40,690,330	56,311,265
- Deposit accounts	16.1	58,437,010	172,752,566
		99,127,340	229,063,831
		100,483,822	230,606,639

16.1 These carry markup rates ranging from 6.25% to 8.00% (2013: 6.00% to 9.00%).

17 ASSETS CLASSIFIED AS HELD FOR SALE

	Note	2014	2013
		Rupees	
Repossession assets	17.1	1,241,089	13,034,272
Investment in associated undertaking	17.2	87,754,399	-
		88,995,488	13,034,272

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

Notes to the Financial Statements

For the year ended June 30, 2014

17.2 The management intends divestment of the Company's investment in OPP (Private) Limited, subject to necessary regulatory approvals.

18 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014		2013	
Number of shares		Rupees	
		Ordinary shares of Rs. 10/- each	
49,355,892	49,355,892	Fully paid in cash	493,558,920
30,544,364	30,544,364	Fully paid bonus shares	305,443,640
		Fully paid shares against amalgamation	
2,152,674	2,152,674		21,526,740
82,052,930	82,052,930		820,529,300

18.1 As at June 30, 2014, ORIX Corporation, Japan and its nominees held 40,693,564 (2013: 40,693,564) ordinary shares equivalent to 49.59% (2013: 49.59%) of the total shareholding.

19 SURPLUS ON REVALUATION OF LEASEHOLD LAND AND OFFICE BUILDING

Note	2014	2013
	Rupees	
	127,810,638	130,838,019
	(3,027,386)	(3,027,381)
	124,783,252	127,810,638
	(44,733,721)	(45,793,306)
	1,059,585	1,059,585
24	(43,674,136)	(44,733,721)
	81,109,116	83,076,917

20 LONG TERM FINANCES - secured

Note	2014	2013
	Rupees	
	5,788,433,398	4,693,289,651
	-	400,000,000
	5,788,433,398	5,093,289,651
Less: Unamortised transaction cost in respect of		
	11,853,207	15,064,026
	-	1,222,966
	11,853,207	16,286,992
Less: Current maturity		
	2,629,978,162	1,354,166,667
	-	400,000,000
30	2,629,978,162	1,754,166,667
	2,641,831,369	1,770,453,659
	3,146,602,029	3,322,835,992

Notes to the Financial Statements

For the year ended June 30, 2014

- 20.1** These finances have been obtained for financing of lease operations and are secured by hypothecation of leased assets, related lease receivables and operating lease assets. The mark-up rate thereon ranges between 11.15% to 14.10% (2013: 10.33% to 14.10%) per annum. These finances are repayable within a period of 18 to 60 months (2013: 36 to 48 months).

21 LONG TERM LOANS

Name of lending institution	Note	Commencement of repayment	Mode of loan Repayment	Rate %	2014	2013
Rupees						
Secured						
International Finance Corporation		Jul 15, 2008	11 equal semi annual instalments after 24 months grace period	US\$ six month LIBOR+1.5%	-	153,696,655
Citibank Japan Limited, Syndicated loan	21.1	Jan 31, 2008	14 equal semi annual instalments	US\$ six month LIBOR+0.675%	352,678,586	1,065,544,271
Pakistan Poverty Alleviation Fund (PPAF)		Mar 28, 2012	8 quarterly instalments	KIBOR-2.0%	-	24,348,348
Pakistan Poverty Alleviation Fund (PPAF)	21.2	Jun 28, 2013	11 quarterly instalments	KIBOR+1.50%	241,363,500	123,701,500
Unsecured						
ECO Trade & Development Bank	21.3	Jan 7, 2013	7 equal semi annual instalments	US\$ six month LIBOR+1.50%	564,285,800	852,435,428
Total long term loans					1,158,327,886	2,219,726,202
Less: Unamortised transaction cost					1,836,122	9,521,997
Less: Current maturity					876,184,966	1,296,254,494
					280,306,798	913,949,711

- 21.1** This represents a syndicated foreign currency facility of US\$ 50 million obtained by the Company from Citibank Japan Limited and ING Bank N.V. Tokyo. The loan is supported by an Overseas United Loan Insurance issued by Nippon Export and 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.

- 21.2** Loans from PPAF have been obtained to finance small scale and micro enterprises. These loans are secured against hypothecation of book debts and receivable created out of PPAF financing.

- 21.3** This is a foreign currency facility of US\$ 10 million and is hedged by a cross currency interest rate swap with a financial institution.

Notes to the Financial Statements

For the year ended June 30, 2014

22	LONG TERM CERTIFICATES OF DEPOSIT - unsecured	Note	2014	2013
			Rupees	
	Certificates of deposit	22.1	5,292,933,903	4,513,771,450
	Less: Current maturity	30	1,645,516,348	172,292,482
			3,647,417,555	4,341,478,968

22.1 These represent long term certificates of deposit, issued at expected rates of profit, ranging between 10.00% and 15.50% (2013: 10.00% and 16.00%) per annum. These certificates of deposit have been issued for terms ranging between 2 years and 10 years (2013: 2 years and 10 years).

23	LONG TERM DEPOSITS	Note	2014	2013
			Rupees	
	Security deposit on finance lease	23.1	5,863,317,444	5,262,263,641
	Less: Repayable / adjustable within 12 months	30	1,380,024,359	1,439,310,926
			4,483,293,085	3,822,952,715
	Others		1,025,000	1,025,000
			4,484,318,085	3,823,977,715

23.1 These represent deposits received from lessees under finance lease contracts, adjustable at the expiry of the lease periods.

24	DEFERRED TAXATION	Note	2014	2013
			Rupees	
	The deferred tax liability is attributable to the following items:			
	- Accelerated tax depreciation		1,111,784,038	1,252,749,035
	- Surplus on revaluation of leasehold land and office building	19	43,674,136	44,733,721
	- Unamortised transaction costs relating to long term finances and loans		4,791,265	9,033,146
	- Unrealised gain on investment		158,389	6,162,898
	- Share of profit of associates		258,755,243	261,254,389
	- Allowance for potential loan losses		(149,690,844)	(177,241,210)
	- Tax losses		(838,231,082)	(984,441,136)
	- Capital loss		(36,102,094)	(59,443,695)
			395,139,051	352,807,148

25	OTHER LONG TERM LIABILITIES	Note	2014	2013
			Rupees	
	Profit on certificates of deposit	25.1	247,588,070	295,940,013

25.1 This represent profit on Certificates of Deposit payable on maturity.

Notes to the Financial Statements

For the year ended June 30, 2014

26 TRADE AND OTHER PAYABLES

	Note	2014	2013 (Restated)
		Rupees	
Creditors		276,352,506	256,520,934
Accrued liabilities		76,621,845	60,423,898
Other liabilities			
Advance from customers against finance lease and Ijarah finance		36,214,766	29,208,880
Insurance payable		40,437,540	33,359,660
Unclaimed dividend		5,547,270	4,698,549
Grant from donors	26.1	1,295,498	1,295,498
Worker's Welfare Fund	39	33,500,000	20,000,000
Others		10,221,546	5,018,220
		127,216,620	93,580,807
		480,190,971	410,525,639

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

	2014	2013
		Rupees
Opening balance	1,295,498	1,504,848
Amount charged during the year	-	(209,350)
Closing balance	1,295,498	1,295,498

27 ACCRUED INTEREST / MARK-UP ON LOANS, FINANCES AND CERTIFICATES OF DEPOSIT

	2014	2013
		Rupees
Interest / mark-up / profit on		
Long term finances	141,967,047	140,288,748
Long term loans	49,400,083	90,796,862
Short term borrowings	14,241,877	4,523,266
Certificates of deposit	248,120,347	61,291,682
	453,729,354	296,900,558

28 SHORT TERM BORROWINGS

	Note	2014	2013
		Rupees	
From Banking Companies			
Under mark-up arrangements - secured	28.1	694,635,094	285,948,593
Short term loans - secured	28.2	-	650,000,000
		694,635,094	935,948,593

28.1 The short term running finance facilities available from commercial banks amounted to Rs. 1,625 million at June 30, 2014 (2013: Rs. 1,175 million). The rate of mark-up ranges between 11.14% and 11.67% (2013: 10.79% and 11.41%) on a daily product basis. These are secured by hypothecation of leased assets and related lease receivables.

Notes to the Financial Statements

For the year ended June 30, 2014

28.2 This represents amounts drawn against a short term facility of Rs. 1 billion from a financial institution. The facility is available to the Company for periods ranging between 1 month to 3 months on roll-over basis for a period of one year and carries mark-up at the rate of KIBOR + 1.25% (2013: KIBOR + 1.25%). The loan is secured by hypothecation of specific lease-assets.

29 SHORT TERM CERTIFICATES OF DEPOSIT - unsecured

	Note	2014	2013
Rupees			
Certificates of deposits - unsecured	29.1	1,019,234,608	1,070,219,108

29.1 These represent short term certificates of deposit issued at expected rates of profit, ranging between 8.5% and 11.39% (2013: 8.75% and 11.00%) per annum for terms of 1 to 12 months (2013: 1 to 12 months).

30 CURRENT MATURITY OF NON-CURRENT LIABILITIES

	Note	2014	2013
Rupees			
Current maturity of			
Long term finances	20	2,629,978,162	1,754,166,667
Long term loans	21	876,184,966	1,296,254,494
Long term certificates of deposit	22	1,645,516,348	172,292,482
Long term deposits	23	1,380,024,359	1,439,310,926
		6,531,703,835	4,662,024,569

31 CONTINGENCIES AND COMMITMENTS

31.1 In November 2011, the Company received a show cause notice from Large Taxpayers Unit of the Federal Board of Revenue (FBR) Karachi as to why Federal Excise Duty (FED) on mark-up and other income for the years ended June 30, 2008, 2009 and 2010 amounting to Rs. 1,126 million along with applicable penalty and default surcharge should not be recovered from the Company. The Company's legal advisor is of the opinion that charging of FED on mark-up based income is unlawful and the Company has filed a suit before the Honourable High Court of Sindh challenging levy of FED on mark-up income. The Honourable High Court of Sindh has passed an order suspending the operation of the said notice until the next hearing and no hearing has taken place since then. Management, based on the merit of the case, consider that decision will be in the Company's favour hence no provision has been made in this regard.

31.2 The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order under section 122(5A) of the Income Tax Ordinance 2001(the Ordinance), dated July 25, 2013 for the tax year 2010 and created a demand of Rs. 313 million. Certain discrepancies were observed in the amended order, against which rectification application is pending for adjudication.

The Company preferred an appeal against the amended assessment order dated July 25, 2013 passed by of the ACIR before the Commissioner Inland Revenue (Appeals) (CIR-A). The CIR-A vide order dated March 17th 2014, disposed off the appeal with certain amendments and directed the ACIR to pass revised amended assessment Order. The Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on the issues which were decided against the Company by the CIR-A which is pending for adjudication.

The ACIR on the direction of CIR-A vide order dated March 17th 2014, passed revised amended assessment order dated July 18th, 2014 under section 122(5A) / 124 of the Ordinance reducing the tax demand to Rs. 167 million. However, the ACIR has not accepted certain issues in the revised assessment order on which the Company has also filed an appeal before CIR-A which is pending for adjudication.

Notes to the Financial Statements

For the year ended June 30, 2014

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

Based on the merit of the case, management is confident that the decision will be in the Company's favour therefore no provision has been made in the books.

31.3 Leasing and ijarah contracts committed but not executed at the balance sheet date amounted to Rs. 11 million (2013: Rs. 31.2 million).

32 INCOME FROM OPERATING LEASE

	2014	2013
	Rupees	
Communication Equipments	266,787,890	239,852,817
Generators and Vehicles	578,841,036	554,683,384
Islamic Finance	107,002,597	55,512,900
	952,631,523	850,049,101

33 OTHER INCOME - NET

	Note	2014	2013
		Rupees	
From financial assets			
Return on investments and deposits		13,493,052	21,445,744
Interest income on government securities		20,352,219	68,579,503
Dividend income		3,044,898	4,099,428
Capital gain on sale of investment		68,937,032	8,653,228
Unrealised gain on remeasurement of financial assets "at fair value through profit and loss"		5,770,291	12,430,878
Gain on fair value hedging instruments	33.1	22,238,542	125,933,028
Exchange loss on long term borrowings	33.2	(22,238,542)	(125,933,028)
		111,597,492	115,208,781
From assets other than financial assets			
Other fees and income		40,711,789	43,879,871
Exchange (loss) / gain on dividend received		(1,672,802)	2,379,714
Documentation fee		29,733,641	23,087,571
Gain on disposal of fixed assets		17,569,191	39,922,331
Gain on sale of leased assets		25,964,794	24,069,013
Other exchange gain - net		341,464	125,785
		112,648,077	133,464,285
		224,245,569	248,673,066

33.1 This represents unrealised gains on cross currency swap transactions entered with commercial banks (note 21.1 and 21.3).

33.2 This represents loss on account of revaluation of long term foreign currency loans (note 21.1 and 21.3) which have been hedged by the Company through cross currency swaps.

Notes to the Financial Statements

For the year ended June 30, 2014

34 SHARE OF PROFIT OF EQUITY ACCOUNTED UNDERTAKINGS

Name of associates	Note	2014		2013	
		Associates profit /(loss) after tax	Share of associates profit/(loss) after tax	Associates profit /(loss) after tax	Share of associates profit/(loss) after tax
Rupees					
Quoted					
Oman ORIX Leasing Company SAOG		1,066,460,160	124,154,092	848,157,413	98,739,942
Un-Quoted					
Saudi ORIX Leasing Company		3,037,213,007	58,466,350	2,410,716,550	45,845,475
Al Hail ORIX Finance PSC (formerly MAF ORIX Finance PJSC)		850,728,472	25,521,854	622,279,127	18,668,374
SK Leasing JSC	34.1	166,979,295	-	(77,152,975)	(7,715,298)
ORIX Leasing Egypt SAE		85,103,829	19,573,881	82,899,790	19,066,947
OPP (Private) Limited	17.2	(10,436,409)	(4,696,384)	(20,979,797)	(9,440,961)
		4,129,588,194	98,865,701	3,017,762,695	66,424,537
		5,196,048,354	223,019,793	3,865,920,108	165,164,479

34.1 The Company has suspended recognising share of profit on the said investment due to significant impediments in repatriation of capital / investment.

35 FINANCE COST

	2014	2013
Rupees		
Interest / mark-up on		
- Long term finances	616,604,346	609,344,464
- Long term loans	144,186,940	265,688,347
- Short term borrowings	64,099,866	122,632,949
- Certificates of deposit	784,403,341	600,883,409
Amortisation of transaction costs	27,766,243	41,310,191
Bank charges and commission	21,318,404	14,367,125
	1,658,379,140	1,654,226,485

Notes to the Financial Statements

For the year ended June 30, 2014

36 ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2014	2013 (Restated)
Rupees			
Salaries, allowances, welfare and training	36.1	451,221,610	425,959,860
Rent and utilities		85,470,739	78,683,873
Travelling		11,258,432	10,535,437
Vehicle running and maintenance		42,630,135	40,074,748
Insurance on operating assets		8,283,105	8,105,916
Legal and professional charges		19,921,035	24,171,986
Communication		22,838,720	21,373,122
Subscriptions		1,994,505	1,852,388
Auditors' remuneration	36.3	1,836,000	4,114,700
Advertising		7,531,917	23,074,359
Printing and stationery		8,034,162	7,190,699
Depreciation	4.1	48,268,226	50,142,718
Amortisation	5.3	4,273,192	4,478,502
Office repairs and maintenance of equipment		30,626,229	22,364,341
Donations	36.4	4,134,870	1,673,000
Office general expenses		6,918,099	6,329,544
		755,240,976	730,125,193
36.1 Includes following employee benefits			
Defined benefit plan - gratuity fund	36.2.5	12,539,156	11,339,011
Defined contributory plan - provident fund		18,580,821	17,060,357
Compensated absences		6,400,014	3,650,000
		37,519,991	32,049,368

36.2 DEFINED BENEFIT PLAN - STAFF RETIREMENT GRATUITY

36.2.1 General description

The Company operates a funded gratuity scheme which was established under the provision of the trust deed dated July 1, 2004 for its permanent staff who have completed the qualifying period under the scheme. The funded scheme is administered by the Board of Trustees in accordance with the provisions of the Trust Deed. Contributions therein are made in accordance with actuarial recommendations. The most recent valuation in this regard was carried out as at June 30, 2014, using the Projected Unit Credit Method for valuation of the scheme.

The disclosures made in notes 36.2.2 to 36.2.11 are based on the information included in the actuarial report of the Company as of June 30, 2014.

Notes to the Financial Statements

For the year ended June 30, 2014

36.2.2 The amounts recognised in the balance sheet are as follows:

	Note	2014	2013 (Restated)
Rupees			
Present value of defined benefit obligation	36.2.4	135,189,600	119,719,825
Fair value of any plan assets	36.2.4	(131,270,153)	(90,634,056)
		3,919,447	29,085,769

36.2.3 Plan assets consist of the following:

	2014		2013	
	Rupees	%	Rupees	%
Government Securities	116,187,388	88.51%	71,229,304	78.59%
Debt Securities - Listed	6,799,886	5.18%	13,223,509	14.59%
Mutual Funds	1,996,150	1.52%	1,803,618	1.99%
Shares of listed companies	250,000	0.19%	317,219	0.35%
Term deposits and cash and bank balances	6,036,729	4.60%	4,060,406	4.48%
	131,270,153	100.00%	90,634,056	100.00%

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

	2014		
	Present value of obligation	Fair value of plan assets	Total
Rupees			
At July 1 (Restated)	119,719,825	(90,634,056)	29,085,769
Current service cost	11,596,414	-	11,596,414
Interest expense / (income)	13,744,382	(12,801,640)	942,742
	145,060,621	(103,435,696)	41,624,925
Remeasurements:			
- Interest on plan assets, excluding amount included in interest expense / (income)	-	4,258,092	4,258,092
- Experience losses	495,591	-	495,591
	495,591	4,258,092	4,753,683
	145,556,212	(99,177,604)	46,378,608
Contribution	-	(42,459,161)	(42,459,161)
Benefit payments	(10,366,612)	10,366,612	-
At June 30	135,189,600	(131,270,153)	3,919,447

Notes to the Financial Statements

For the year ended June 30, 2014

	2013		
	Present value of obligation	Fair value of plan assets	Total
Rupees			
At July 1 (Restated)	107,274,477	(88,283,364)	18,991,113
Current service cost	10,563,557	-	10,563,557
Interest expense / (income)	12,548,987	(11,773,533)	775,454
	130,387,021	(100,056,897)	30,330,124
Remeasurements:			
- Interest on plan assets, excluding amounts included in interest expense / (income)	-	7,467,483	7,467,483
- Loss from change in demographic assumptions	922,951	-	922,951
- Experience losses	2,175,014	-	2,175,014
	3,097,965	7,467,483	10,565,448
	133,484,986	(92,589,414)	40,895,572
Contribution	-	(11,809,803)	(11,809,803)
Benefit payments	(13,765,161)	13,765,161	-
At June 30 (Restated)	119,719,825	(90,634,056)	29,085,769

36.2.5 Charge for defined benefit plan

	2014	2013 (Restated)
Rupees		
Current service cost	11,596,414	10,563,557
Net return cost	942,742	775,454
	12,539,156	11,339,011

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

	2014	2013
36.2.6 Principal actuarial assumptions		
- Discount rate	13%	12%
- Expected rate of increase in salary	13%	12%
- Expected rate of return on plan assets	13%	12%
- Average working life of employees	36 years	36 years

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

36.2.8 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Notes to the Financial Statements

For the year ended June 30, 2014

36.2.12 Through its defined benefit gratuity plan, the Fund is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Fund believes that due to long-term nature of the plan liabilities and the strength of the Company's support, the current investment strategy manages this risk adequately.
Changes in bond yields	A decrease in corporate bond yields will increase plan liabilities.
Inflation risk	The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. However, the Fund manages plan assets to off set inflationary impacts.
Life expectancy / Withdrawal rate	The majority of the plans' obligations are to provide benefits on severance with the Company or on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

36.3 Auditors' remuneration

	2014	2013
	Rupees	
Annual audit fee	910,000	910,000
Fee for special certification including half yearly review fee	490,000	490,000
Tax and other services	286,000	2,614,700
Out of pocket expenses	150,000	100,000
	1,863,000	4,114,700

36.4 Directors or their spouse have no interest in any of the donee other than Marie Adelaide Leprocy Centre where a Director of the Company, Mr. Humayun Murad, is acting as a board member. The amount of donation made to the Centre is Rs. 250,000 (2013: Rs. 250,000).

37 DIRECT COST OF LEASE

	Note	2014	2013
		Rupees	
Court fee, stamp duty and others		8,102,541	9,521,791
Operating lease			
Maintenance and insurance		349,928,735	320,208,932
Depreciation - operating lease assets	4.2	142,578,273	132,680,030
Depreciation - Ijarah Finance	4.3	77,961,343	38,212,466
Amortisation of intangible assets	5.3	3,764,680	3,812,085
		574,233,031	494,913,513
		582,335,572	504,435,304

Notes to the Financial Statements

For the year ended June 30, 2014

38 ALLOWANCE FOR POTENTIAL LEASE AND OTHER LOAN LOSSES

	2014				
	Finance leases	Finance and loans	Sub total	Operating lease, investments and other receivables	Total
	Rupees				
Balance at beginning of the year	766,942,528	428,803,193	1,195,745,721	63,592,675	1,259,338,396
Provision made during the year	112,802,621	24,077,597	136,880,218	33,429,074	170,309,292
Write offs	(120,724,582)	(73,810,300)	(194,534,882)	-	(194,534,882)
	759,020,567	379,070,490	1,138,091,057	97,021,749	1,235,112,806

	2013				
	Finance leases	Finance and loans	Sub total	Operating lease, investments and other receivables	Total
	Rupees				
Balance at beginning of the year	714,915,974	460,330,596	1,175,246,570	41,869,366	1,217,115,936
Provision made during the year	162,293,124	45,362,810	207,655,934	21,723,309	229,379,243
Write offs	(110,266,570)	(76,890,213)	(187,156,783)	-	(187,156,783)
	766,942,528	428,803,193	1,195,745,721	63,592,675	1,259,338,396

38.1 Provision against finances and loans

	Note	2014	2013
		Rupees	
Long term finances and loans	9	226,434,760	276,634,630
Short term finances and loans	10	152,635,730	152,168,563
		379,070,490	428,803,193

38.2 Provision against other receivables, investments and intangible

	Note	2014	2013
		Rupees	
Impairment on equity accounted undertaking	39	16,443,654	-
Other receivables	15	50,433,253	49,179,890
Short term investments	13	10,642,785	11,147,158
Trading Right Entitlement Certificate (TREC)	5	16,236,430	-
Long term investments	8	3,265,627	3,265,627
		97,021,749	63,592,675

Notes to the Financial Statements

For the year ended June 30, 2014

39 OTHER PROVISIONS - NET

	Note	2014	2013
		Rupees	
Operating lease, investments, other receivables and intangibles			
Provision for diminution in value of TREC		16,236,430	-
Provision for other receivable		1,253,363	14,678,310
(Reversal) / provision for potential losses on investments		(504,373)	7,044,999
Impairment on equity accounted undertaking		16,443,654	-
		33,429,074	21,723,309
Others			
Provision for workers welfare fund	26	13,500,000	20,000,000
Impairment on stock exchange rooms		-	7,700,000
		46,929,074	49,423,309

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2014		
	Chief Executive	Executive	Total
Rupees			
Managerial remuneration and allowances	18,237,000	136,849,267	155,086,267
House rent and utilities	5,268,000	43,474,680	48,742,680
Retirement benefits	2,383,981	17,972,841	20,356,822
	25,888,981	198,296,788	224,185,769
Number of persons	1	83	84

	2013		
	Chief Executive	Executive	Total
Rupees			
Managerial remuneration and allowances	14,340,000	114,943,968	129,283,968
House rent and utilities	4,560,000	38,522,377	43,082,377
Retirement benefits	2,608,037	16,360,134	18,968,171
	21,508,037	169,826,479	191,334,516
Number of persons	1	75	76

- 40.1** Executives means employees, other than the Chief Executive and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.
- 40.2** The Chief Executive and certain Executives are also provided with Company owned and maintained cars and other benefits in accordance with their entitlement as per Company policy.
- 40.3** Aggregate amount charged in these financial statements includes meeting fees paid to 3 non-executive directors amounting to Rs. 1,625,000 (2013: 3 non-executive Directors Rs. 1,450,000).
- 40.4** Aggregate amount charged in these financial statements includes fee paid to Chairman of the Board of Directors amounting to Rs. 1.2 million (2013: Rs. 1.2 million). The Chairman is also provided with a Company owned car.

Notes to the Financial Statements

For the year ended June 30, 2014

41 SEGMENT INFORMATION

The Company has two primary reporting segments namely, 'Finance lease' and 'Operating lease', based on the nature of business and the related risks and returns associated with these segments. The finance lease operations are primarily for long term leases of movable assets to corporate entities and individuals, while under operating lease, the Company provides assets on short term rentals. Investment Financial Services represents ORIX Investment Bank Limited's assets and liabilities and related profit and loss expenses after amalgamation with ORIX Leasing Pakistan Limited. Segment results for the Company's Micro Finance operation are also disclosed separately. Other operations, which are not deemed by management to be sufficiently significant to disclose as separate items and do not fall in to the above segment categories, are reported under "Investment in associates, loans and others".

Segment analysis for the year ended June 30, 2014

	Finance lease	Operating lease	Investment in associates, loans and others	Leasing business total	Micro finance	Investment financial services	Total
Rupees							
Segment revenues	1,974,465,857	952,631,523	563,364,774	3,490,462,154	94,894,019	11,489,527	3,596,845,700
Share of profit of equity accounted undertakings	-	-	223,019,793	223,019,793	-	-	223,019,793
Total segment revenue	1,974,465,857	952,631,523	786,384,567	3,713,481,947	94,894,019	11,489,527	3,819,865,493
Administrative and general expenses	255,407,208	72,957,147	1,534,898	329,899,253	43,327,984	4,403,460	377,630,697
Direct cost of leases	8,102,541	574,233,031	-	582,335,572	-	-	582,335,572
Allowance for potential lease, installment and other loan losses - net	112,802,621	-	27,151,153	139,953,774	441,444	(3,515,000)	136,880,218
Other Provisions - net	-	-	15,312,065	15,312,065	-	18,117,009	33,429,074
Segment result	1,598,153,487	305,441,345	742,386,451	2,645,981,283	51,124,591	(7,515,942)	2,689,589,932
Provision for workers welfare fund				(13,500,000)	-	-	(13,500,000)
Unallocated expenses				(377,610,279)	-	-	(377,610,279)
Result from operating activities				2,254,871,004	51,124,591	(7,515,942)	2,298,479,653
Finance cost				(1,609,807,039)	(29,160,655)	(19,411,446)	(1,658,379,140)
Provision for taxation				(123,987,252)	-	-	(123,987,252)
Profit for the year				521,076,713	21,963,936	(26,927,388)	516,113,261
Other information							
Segment assets	17,015,644,419	1,386,715,716	2,944,578,283	21,346,938,418	300,478,165	139,469,682	21,786,886,265
Investment in equity accounted undertakings	-	-	1,701,150,417	1,701,150,417	-	-	1,701,150,417
Assets classified as held for sale	1,241,089	-	87,754,399	88,995,488	-	-	88,995,488
Unallocated assets				871,681,977	-	-	871,681,977
Total assets				24,008,766,300	300,478,165	139,469,682	24,448,714,147
Segment liabilities	5,863,317,444	-	-	5,863,317,444	241,363,500	139,469,682	6,244,150,626
Unallocated liabilities				15,140,634,271	-	-	15,140,634,271
Total liabilities				21,003,951,715	241,363,500	139,469,682	21,384,784,897
Capital expenditure	-	496,343,487	-	496,343,487	1,864,154	-	498,207,641
Depreciation	-	224,304,296	-	224,304,296	1,606,746	-	225,911,042
Unallocated							
Capital expenditure	-	-	-	41,294,355	-	-	41,294,355
Depreciation	-	-	-	50,934,672	-	-	50,934,672

Notes to the Financial Statements

For the year ended June 30, 2014

Segment analysis for the year ended June 30, 2013

	Finance lease	Operating lease	Investment in associates, loans and others	Leasing business total	Micro finance	Investment financial services	Total
Rupees							
Segment revenues	1,900,146,644	850,049,101	559,843,075	3,310,038,820	66,451,160	18,662,338	3,395,152,318
Share of profit of equity accounted undertakings	-	-	165,164,479	165,164,479	-	-	165,164,479
Total segment revenue	1,900,146,644	850,049,101	725,007,554	3,475,203,299	66,451,160	18,662,338	3,560,316,797
Administrative and general expenses	219,695,416	71,204,431	2,888,825	293,788,672	35,670,452	3,731,705	333,190,829
Direct cost of leases	9,521,791	494,913,513	-	504,435,304	-	-	504,435,304
Allowance for potential lease, installment and other loan losses - net	162,293,124	-	29,347,865	191,640,989	14,618,796	1,396,149	207,655,934
Other Provisions - net	-	500,000	2,044,999	2,544,999	-	26,878,310	29,423,309
Segment result	1,508,636,313	283,431,157	690,725,865	2,482,793,335	16,161,912	(13,343,826)	2,485,611,421
Provision for workers welfare fund				(20,000,000)	-	-	(20,000,000)
Unallocated expenses				(396,934,364)	-	-	(396,934,364)
Result from operating activities				2,065,858,971	16,161,912	(13,343,826)	2,068,677,057
Finance cost				(1,608,036,216)	(15,489,969)	(30,700,300)	(1,654,226,485)
Provision for taxation				(76,500,000)	-	-	(76,500,000)
Profit for the year - Restated				381,322,755	671,943	(44,044,126)	337,950,572
Other information							
Segment assets	15,237,420,987	1,153,908,686	3,502,419,174	19,893,748,847	233,715,241	186,334,985	20,313,799,073
Investment in equity accounted undertakings	-	-	1,710,670,971	1,710,670,971	-	-	1,710,670,971
Assets classified as held for sale	13,034,272	-	-	13,034,272	-	-	13,034,272
Unallocated assets				1,089,925,827	-	-	1,089,925,827
Total assets				22,707,379,917	233,715,241	186,334,985	23,127,430,143
Segment liabilities	5,262,263,641	-	-	5,262,263,641	148,049,848	186,334,985	5,596,648,474
Unallocated liabilities				14,859,045,309	-	-	14,859,045,309
Total liabilities				20,121,308,950	148,049,848	186,334,985	20,455,693,783
Capital expenditure	-	429,703,677	-	429,703,677	3,020,638	-	432,724,315
Depreciation	-	174,704,581	-	174,704,581	1,499,538	-	176,204,119
Unallocated							
Capital expenditure	-	-	-	52,585,551	-	-	52,585,551
Depreciation	-	-	-	53,121,682	-	-	53,121,682

Notes to the Financial Statements

For the year ended June 30, 2014

42 TRANSACTIONS WITH RELATED PARTIES

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

The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are disclosed in the relevant notes.

42.1 Terms and conditions of transactions with related parties

The transactions with the related parties are executed substantially on the same terms, as those prevailing at the time of comparable transactions with unrelated parties and do not involve more than a normal risk. Outstanding balances, if any, are disclosed in the respective notes. Other material transactions with related parties are given below:

	Note	2014	2013
		Rupees	
ORIX Corporation, Japan			
Parent Company			
Dividend paid		89,522,046	61,037,759
Oman ORIX Leasing Company SAOG			
Associate / common directorship			
Dividend received	42.1.1	51,703,852	64,484,816
Consultancy fee received		12,122,720	15,120,946
BOD attendance fee		3,204,351	3,032,404
Al Hail ORIX Finance PSC (formerly MAF ORIX Finance PJSC)			
Associate / common directorship			
Dividend received		34,460,969	-
Saudi ORIX Leasing Company			
Associate / common directorship			
Dividend received		1,360,290	3,289,262
Consultancy fee received		641,095	1,082,058
BOD attendance fee		3,706,476	3,734,403
OPP (Private) Limited			
Associate / common directorship			
Rent paid for serviced apartment		87,695	370,190
SK Leasing JSC			
Associate / common directorship			
Dividend received		4,471,611	-
State life Insurance Corporation of Pakistan			
Common directorship			
Rent and premium payment		8,752,501	17,545,592

Notes to the Financial Statements

For the year ended June 30, 2014

	Note	2014	2013
		Rupees	
Hino Pak Motors Limited			
Common directorship Purchases made	42.1.2	-	481,516,138
National Bank of Pakistan			
Common directorship Loan principal repayment	42.1.2	-	187,500,000
Loan interest paid		-	54,076,439
Sui Southern Gas Company Limited			
Common directorship Utilities bills payment	42.1.2	-	4,220
Sui Northern Gas Company Limited			
Common directorship Utilities bills payment		46,590	80,710
Related Parties			
Issuance of certificates of deposit		4,448,000	15,608,592
Redemption of certificates of deposit		500,000	3,550,000
Amount of profit paid		2,229,954	868,161
ORIX Leasing Pakistan Limited - Employees Provident Fund (OLP-EPF)			
TFC principal repayment		6,480,000	22,308,573
TFC interest paid		474,173	2,974,038
Contribution made		18,584,154	17,060,357
ORIX Leasing Pakistan Limited - Staff Gratuity Fund (OLP-SGF)			
TFC principal repayment		3,280,000	3,280,000
TFC interest paid		240,013	668,472
Contribution made		42,459,161	11,809,803
Balances			
Certificates of deposit held - Related parties		20,066,592	19,618,592
Accrued profit on certificates of deposit - Related parties		436,233	940,532
Loan outstanding - National Bank of Pakistan	42.1.2	-	281,250,000
Accrued mark-up - National Bank of Pakistan	42.1.2	-	3,384,856
ORIX Leasing Pakistan Limited - Employee Provident Fund investment in OLP's Term Finance Certificate		-	6,480,000

Notes to the Financial Statements

For the year ended June 30, 2014

	Note	2014	2013 (Restated)
Rupees			
ORIX Leasing Pakistan Limited - Employee Provident Fund accrued mark-up on OLP's Term Finance Certificate		-	5,981
ORIX Leasing Pakistan Limited - Staff Gratuity Fund investment in OLP's Term Finance Certificate		-	3,280,000
ORIX Leasing Pakistan Limited - Staff Gratuity Fund accrued mark-up on OLP's Term Finance Certificate		-	3,081
Loan to key management personnel outstanding		510,925	985,041
Defined benefit payable to ORIX Leasing Pakistan Limited - Staff Gratuity Fund		3,919,447	29,085,769

42.1.1 Beside cash dividend as mentioned above, the Company also received 1,299,119 bonus shares at the rate of 5% (2013: Nil).

42.1.2 As at the balance sheet date, Hino Pak Motors Limited, National Bank of Pakistan and Sui Southern Gas Company Limited are no longer related parties due to change in the composition of their Board of Directors.

42.2 The Company is a party to Technical Assistance Agreements with its foreign associates, under which the Company renders certain technical services to these foreign associates.

42.3 Compensation of key management personnel

	2014	2013
Rupees		
Short term employee benefits	31,523,000	25,692,900
Retirement benefits	3,418,714	3,110,927
Total compensation to key management personnel	34,941,714	28,803,827
Loan disbursement to key management personnel	-	1,425,000
Interest paid by key management personnel	57,801	91,954
Principal repaid by key management personnel	474,111	439,958

43 TAXATION

	2014	2013
Rupees		
Current tax charge for the year	71,494,165	18,000,000
Deferred	52,493,087	58,500,000
	123,987,252	76,500,000

43.1 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 Alternate Corporate Tax under Section 113C of the Income Tax Ordinance, 2001.

Notes to the Financial Statements

For the year ended June 30, 2014

43.2 Current status of pending tax assessments

Tax Year 1999 to 2000

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

Tax Year 2008 to 2013

Under Section 114 of the Income Tax Ordinance 2001, the Company has filed the returns of income for tax years 2008 to 2013. The said returns were taken to be assessment orders passed by the Commissioner Inland Revenue on the day the said returns were filed.

Tax Year 2009-2010

Details of the assessment made by the Additional Commissioner Inland Revenue are provided in note 31.2.

44 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	Note	2014	2013 (Restated)
Rupees			
Profit before taxation		640,100,513	414,450,572
Adjustments for			
Depreciation	4.1, 4.2 & 4.3	268,807,842	221,035,214
Amortisation	5.2	8,037,872	8,290,587
Amortisation of transaction cost	35	27,766,243	41,310,191
Provision for potential lease and other loan losses - net	38	136,880,218	207,655,934
Impairment on stock exchange rooms	4.1	-	7,700,000
(Reversal) / provision for potential losses on investments	39	(504,373)	7,044,999
Provision for workers welfare fund	39	13,500,000	20,000,000
Provision for other receivable	39	1,253,363	14,678,310
Provision for diminution in value of TREC	39	16,236,430	-
Impairment on equity accounted undertaking	39	16,443,654	-
Share of profit of equity accounted undertakings	34	(223,019,793)	(165,164,479)
Gain on hedging instruments	33	(22,238,542)	(125,933,028)
Exchange loss on long term borrowings	33	22,238,542	125,933,028
Other exchange gain - net	33	(341,464)	(125,785)
Provision for staff retirement benefits	36.1	12,539,156	11,339,011
Unrealised gain on remeasurement of financial assets at fair value through profit or loss	33	(5,770,291)	(12,430,878)
Finance cost	35	846,209,556	1,012,032,885
Profit on certificates of deposit	35	784,403,341	600,883,409
Dividend income	33	(3,044,898)	(4,099,428)
Exchange loss / (gain) on dividend received	33	1,672,802	(2,379,714)
Capital gain on sale of investments	33	(68,937,032)	(8,653,228)
Return on investments and deposits	33	(13,493,052)	(21,445,744)
Interest income on government securities	33	(20,352,219)	(68,579,503)
Gain on disposal of fixed assets	33	(17,569,191)	(39,922,331)
		1,780,718,164	1,829,169,450
		2,420,818,677	2,243,620,022

Notes to the Financial Statements

For the year ended June 30, 2014

45 CASH AND CASH EQUIVALENTS

	Note	2014	2013 (Restated)
Rupees			
Cash at bank	16	99,127,340	229,063,831
Cash in hand	16	1,356,482	1,542,808
Short - term running finance facilities	28	(694,635,094)	(285,948,593)
		(594,151,272)	(55,341,954)

46 STAFF STRENGTH

	2014	2013
Number of Staff		
Company's staff strength at the end of the year	442	437
Average number of employees*	444	434

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

47 PROVIDENT FUND RELATED DISCLOSURES

The Company operates a Staff provident fund for its employees. The following information is based on financial statements of the Fund as at June 30, 2014 (unaudited) and 2013 (audited):

	2014 Un-audited	2013 Audited
Rupees		
Size of the Fund - Total assets	300,196,103	270,664,738
Fair value of investments	297,196,103	270,288,856
Percentage		
Percentage of investments made	99%	100%

The cost of the above investments amounted to Rs. 289.82 million (2013: Rs 263.91 million).

Notes to the Financial Statements

For the year ended June 30, 2014

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

	Un-audited		Audited	
	2014		2013	
	Rupees	Percentage	Rupees	Percentage
Cash and Bank deposits	7,056,524	2.37%	7,961,489	2.95%
Government securities				
- Treasury Bills	29,778,760	10.02%	212,209,108	78.51%
- National Savings Certificate	128,500,000	43.24%	33,000,000	12.21%
- Pakistan Investment Bonds	120,894,378	40.68%	-	0.00%
Debt securities - listed	4,911,953	1.65%	12,199,835	4.46%
Mutual funds - listed	6,054,488	2.04%	5,048,750	1.87%
	297,196,103	100.00%	270,419,182	100.00%

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

48 FINANCIAL RISK MANAGEMENT

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

48.1 Market Risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

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

Notes to the Financial Statements

For the year ended June 30, 2014

48.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company incurs currency risk on borrowing in foreign currency and investment in overseas associates that are entered in a currency other than Pakistan Rupees. The Company uses cross currency swaps to hedge its currency risk on its foreign currency borrowings. The Company's exposure to foreign currency transactions are as follows:

	2014	2013
	Rupees	
Long term loans	916,964,386	2,071,676,354
Foreign currency bank account	2,975,626	2,684,901
Investment in associated undertakings	1,701,150,417	1,618,220,187
Accrued interest on long term financing	44,613,434	89,793,442

The Company has hedged interest rate risk and foreign currency risk on long term loans with financial institutions. Had there been no hedge arrangements, profit / loss for the year would have been lower by Rs. 22 million (2013: lower by Rs. 136 million).

Sensitivity analysis

The Company has major currency risk in US Dollar, at reporting date, if the PKR had strengthened / weakened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year, in the absence of an effective hedge on its foreign currency loans, would have been higher / lower by the amount of Rs. 74 million (2013: Rs. 54 million) mainly as a result of net foreign exchange gain / loss on translation of foreign currency bank account, investment in associated undertakings 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.

48.1.2 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates and variable financial assets. Financial assets and financial liabilities includes balances of Rs.5,490 million (2013: Rs.5,864 million) and Rs. 5,338 million (2013: Rs. 5,543 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 or loss. But the Company does designate derivatives (cross currency interest rate swap) as a hedging instrument under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would affect profit and loss account.

An increase / decrease of 100 basis points in interest rate would have increased or decreased profit by Rs. 1.5 million (2013: Rs.3.2 million).

Notes to the Financial Statements

For the year ended June 30, 2014

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

48.1.3 Other Price Risk

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

Other price risk arises 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.

Sensitivity analysis

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

	2014	2013
	Rupees	
Effect on profit and loss	5,443,305	6,431,914
Effect on equity	1,741,996	1,454,790
Effect on investments	7,185,301	7,886,704

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

48.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The risk is generally limited to principal amounts and accrued profit thereon if any. The Company has established procedures to manage credit exposure including credit 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. 24,449 million (2013: Rs. 23,127 million) the assets which were subject to credit risk amounted to Rs. 20,956 million (2013: Rs. 20,086 million). Significant concentrations of the Company's risk assets by industry sector and geographical region are set out in notes 48.2.1 to 48.2.3.

Notes to the Financial Statements

For the year ended June 30, 2014

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

	2014	2013
	Rupees	
Net investment in finance lease	17,774,664,986	16,004,363,515
Long term finances and loans	2,197,541,857	2,260,556,175
Short term finances	460,312,661	395,635,816
Long term investments	3,265,627	3,265,627
Accrued return on investments and term finance	70,024,984	34,893,304
Short term investments	160,341,044	781,639,974
Other receivables	180,401,770	362,514,674
Long term deposits	10,149,703	14,370,914
Bank balances	99,127,340	229,063,831
	20,955,829,972	20,086,303,830

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, installment and other loan losses is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on lease, 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 receivables which are past due are as under:

	2014			
	Finance lease (net of security Deposit)	Finance & loan	Investments & other receivables	Total
	Rupees			
90 - 180 days	49,018,000	2,410,353	3,246,329	54,674,682
181-365 days	25,371,000	2,475,066	3,134,729	30,980,795
Over 1 Year	684,631,567	374,185,071	94,924,339	1,153,740,977
	759,020,567	379,070,490	101,305,397	1,239,396,454
Less: Provision	759,020,567	379,070,490	97,021,749	1,235,112,806
Net of Provision	-	-	4,283,648	4,283,648
Coverage Ratio	100.0%	100.0%	95.8%	99.7%

	2013			
	Finance lease (net of security Deposit)	Finance & loan	Investments & other receivables	Total
	Rupees			
90 - 180 days	55,081,319	-	6,682,485	61,763,804
181-365 days	62,880,997	5,582,691	1,511,241	69,974,929
Over 1 Year	776,439,639	477,944,147	66,228,684	1,320,612,470
	894,401,955	483,526,838	74,422,410	1,452,351,203
Less: Provision	766,942,528	428,803,193	63,592,675	1,259,338,396
Net of Provision	127,459,427	54,723,645	10,829,735	193,012,807
Coverage Ratio	85.7%	88.7%	85.4%	86.7%

Notes to the Financial Statements

For the year ended June 30, 2014

The Company has made appropriate provisions in respect of these past due. The provisions have been made keeping in view the time based criteria of the NBFC Regulations. In addition, the Company has also maintained additional provisions of Rs 117.436 million on a prudent basis, in view of the prevailing economic conditions.

The Company has adequate provision of Rs. 1,235 million (2013: Rs. 1,259 million) against these past dues.

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

The analysis below summarises the credit rating quality of the Company's net financial assets as at June 30, 2014:

	2014	2013
	Rupees	
Bank balances		
AAA	39,990,163	43,294,208
AA+	48,876,473	53,185,124
AA	126,630	122,299
AA-	385,671	83,317
A+	300,949	127,857,583
A	8,789,407	3,795,752
A-	341,610	313,299
A2	316,437	776
A3	-	411,473
	99,127,340	229,063,831
Term Deposit Receipt		
A1+	-	400,000,000
A1	-	200,000,000
Term Finance Certificates - listed		
AA+	18,651,788	25,993,170
AA	2,498,522	7,563,329
Unrated	500,527	2,158,971
Mutual Funds		
AM2	21,844,186	19,281,121
AM2-	17,355,964	25,003,678
AM3-	32,186,188	32,186,188

Notes to the Financial Statements

For the year ended June 30, 2014

48.2.1 Segment by class of business

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

Sector	2014		2013	
	Rupees	%	Rupees	%
Individuals (auto lease)	4,462,280,959	21.95%	4,396,110,149	23.68%
Transport and communication	4,441,616,044	21.84%	3,487,268,997	18.79%
Services	2,250,585,061	11.07%	1,974,761,497	10.64%
Miscellaneous	1,717,500,790	8.45%	1,890,301,773	10.18%
Textile and allied	1,534,466,020	7.55%	1,525,362,620	8.22%
Fuel and energy	964,578,173	4.74%	930,955,758	5.01%
Food and allied	859,618,701	4.23%	662,425,563	3.57%
Trading	1,031,707,862	5.07%	823,509,074	4.43%
Steel and engineering	875,777,314	4.31%	779,465,679	4.20%
Construction	477,843,669	2.35%	428,542,803	2.31%
Chemical and pharmaceutical	480,567,011	2.36%	607,159,774	3.27%
Paper, board and printing	540,760,815	2.66%	474,739,441	2.56%
Cement	128,576,902	0.63%	107,822,433	0.58%
Sugar	468,814,668	2.31%	349,525,046	1.88%
Manufacturers of consumer goods	98,119,059	0.48%	125,652,183	0.68%
	20,332,813,048	100.00%	18,563,602,790	100.00%

	2014	2013
	Rupees	
Net investment in finance leases	17,774,664,986	16,004,363,515
Other advances	2,558,148,062	2,559,239,275
	20,332,813,048	18,563,602,790

48.2.2 Segment by sector

The Company's net investment in finance lease include exposure to Government / Public sector amounted to Rs. 45.74 million (2013: Rs. 37.7 million) and the balance Rs. 17,728 million (2013: Rs. 15,933 million) represents exposure to private sector.

48.2.3 Geographical segment analysis

The Company's operations are restricted to Pakistan only.

48.3 Liquidity Risk

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

Notes to the Financial Statements

For the year ended June 30, 2014

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

	2014				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and up to one year	More than one year
	Rupees				
Long term finances	5,788,433,398	6,516,099,297	924,024,913	2,201,452,765	3,390,621,619
Long term loans	1,158,327,886	1,209,491,322	649,353,281	269,695,299	290,442,742
Certificates of deposit	6,312,168,511	8,170,631,378	298,566,822	2,546,315,171	5,325,749,385
Trade and other payables	403,633,437	403,633,437	403,633,437	-	-
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	701,317,424	701,317,424	325,807,377	127,921,977	247,588,070
Short term borrowings	694,635,094	696,775,423	696,775,423	-	-
	15,058,515,750	17,697,948,281	3,298,161,253	5,145,385,212	9,254,401,816

	2013				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and up to one year	More than one year
	Rupees				
Long term finances	5,093,289,651	5,827,781,071	465,134,344	1,659,894,039	3,702,752,688
Long term loans	2,219,726,202	2,316,610,025	741,836,248	643,002,202	931,771,575
Certificates of deposit	5,583,990,558	7,474,729,122	189,237,591	1,126,111,450	6,159,380,081
Trade and other payables	355,322,712	355,322,712	355,322,712	-	-
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	592,840,572	592,840,572	234,618,906	62,281,653	295,940,013
Short term borrowings	935,948,593	947,306,093	947,306,093	-	-
	14,781,118,288	17,514,589,595	2,933,455,894	3,491,289,344	11,089,844,357

48.4 Fair values of financial assets and liabilities

The table below analyses 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).

Notes to the Financial Statements

For the year ended June 30, 2014

	Level - 1	Level - 2	Level - 3	Total
	Rupees			
At fair value through profit or loss	436,747,303	38,981,769	-	475,729,072
Available for sale investments	562,807,959	704,419	56,194,411	619,706,789
	999,555,262	39,686,188	56,194,411	1,095,435,861

	2014 Rupees
The reconciliation of items classified in Level 3 is as follows:	
Opening balance as at July 01,	58,113,570
Unrealised gain	(1,919,159)
Closing balance as at June 30,	56,194,411

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

48.5 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.

As required under NBFC Regulations, every leasing company shall maintain minimum equity requirement of Rs. 700 millions at all times. The Company has maintained and complied with the minimum equity requirement during the current year.

49 EARNINGS PER SHARE - basic and diluted

	2014	2013 (Restated)
	Rupees	
Profit for the year	516,113,261	337,950,572
Weighted average number of ordinary shares	82,052,930	82,052,930
Earnings per share - basic and diluted	6.29	4.12

49.1 Diluted earnings per share has not been presented separately as the Company does not have any convertible instruments in issue at June 30, 2014 and June 30, 2013 which would have any effect on the earnings per share if the option to convert is exercised.

Notes to the Financial Statements

For the year ended June 30, 2014

50 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 20, 2014 proposed a final dividend of Rs. 3.50 per share for the year ended June 30, 2014 (2013: Rs. 2.2 per share) , amounting to Rs. 287,185,255 (2013: Rs. 180,516,446) for approval of members at the Annual General Meeting to be held on October 21, 2014. The financial statements for the year ended June 30, 2014 do not include the effect of proposed dividend which will be accounted for in the financial statements for the year ending June 30, 2015.

51 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant reclassifications were made during the year except for the following:

Description	Reclassified from	Classified to	Amount in Rupess
Accrued profit on certificates of deposit payable after twelve months	Accrued interest / mark-up on loans, term finances and certificate of deposits	Other long term liabilities	295,940,013
Post-employment benefits	Trade and other payables	Post-employment benefits	29,085,769
Insurance payable	Net investment in finance lease	Trade and other payables	33,359,660

52 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 20, 2014 by the Board of Directors of the Company.



Teizoon Kisat
Chief Executive



Humayun Murad
Director

Pattern of Shareholdings

As at June 30, 2014

NO. OF SHAREHOLDERS	FROM	TO	SHARES HELD	PERCENTAGE
1809	1	100	53,399	0.07%
772	101	500	195,835	0.24%
283	501	1000	219,521	0.27%
463	1001	5000	1,115,357	1.36%
110	5001	10000	845,049	1.03%
64	10001	15000	787,207	0.96%
36	15001	20000	668,669	0.81%
22	20001	25000	512,382	0.62%
20	25001	30000	585,199	0.71%
7	30001	35000	232,409	0.28%
12	35001	40000	463,989	0.57%
5	40001	45000	216,597	0.26%
3	45001	50000	150,000	0.18%
5	50001	55000	258,211	0.31%
1	55001	60000	60,000	0.07%
1	60001	65000	62,835	0.08%
3	65001	70000	200,810	0.24%
4	70001	75000	293,181	0.36%
2	75001	80000	154,029	0.19%
5	80001	85000	419,241	0.51%
1	85001	90000	90,000	0.11%
3	95001	100000	300,000	0.37%
1	100001	105000	101,179	0.12%
3	105001	110000	320,856	0.39%
1	115001	120000	116,500	0.14%
2	120001	125000	246,500	0.30%
1	135001	140000	136,523	0.17%
1	145001	150000	150,000	0.18%
1	150001	155000	150,084	0.18%
2	155001	160000	314,500	0.38%
2	170001	175000	347,625	0.42%
1	175001	180000	180,000	0.22%
2	190001	195000	389,500	0.47%
2	195001	200000	400,000	0.49%
1	200001	205000	201,000	0.25%
1	210001	215000	211,172	0.26%
1	245001	250000	250,000	0.30%
1	255001	260000	260,000	0.32%
1	265001	270000	265,457	0.32%
5	295001	300000	1,500,000	1.83%
1	335001	340000	340,000	0.41%
1	345001	350000	350,000	0.43%
2	360001	365000	725,323	0.88%
1	390001	395000	391,790	0.48%
1	405001	410000	407,562	0.50%
1	435001	440000	439,367	0.54%
1	505001	510000	506,747	0.62%
1	540001	545000	542,000	0.66%
1	595001	600000	595,547	0.73%
1	665001	670000	670,000	0.82%
1	770001	775000	775,000	0.94%
1	1010001	1015000	1,015,000	1.24%
1	1340001	1345000	1,340,022	1.63%
1	1685001	1690000	1,689,793	2.06%
1	1945001	1950000	1,949,080	2.38%
1	4235001	4240000	4,237,290	5.16%
1	4310001	4315000	4,310,902	5.25%
1	7650001	7655000	7,650,852	9.32%
1	40690001	40695000	40,691,839	49.59%
3680			82,052,930	100.00%

Pattern of Shareholdings

As at June 30, 2014

Categories of Shareholders	Number of Shares Held	Category wise Number of Shareholders	Category wise Shares held	Percentage
Individuals	-	3,526	14,662,904	17.87%
Investment Companies	-	5	40,392	0.05%
Joint Stock Companies	-	31	1,552,339	1.89%

Directors, Chief Executive Officer and their Spouse and Minor Children

Mr. Kunwar Idris	2,771			
Mr. Harukazu Yamaguchi	575			
Mr. Humayun Murad	155,109			
Mr. Shahid Usman	20,500			
Mr. Shaheen Amin	575			
Mr. Kazuhito Inoue	575			
Mr. Teizoon Kisat	66,210			
Mrs. Khalida Idris w/o Mr. Kunwar Idris	8,302			
		8	254,617	0.31%
Executives		17	34,861	0.04%
Associated Companies, Undertakings and Related Parties				
ORIX Corporation		1	40,691,839	49.59%
Public Sector Companies and Corporations		-	-	0%
Banks, DFIs, NBFCs, Insurance Companies Takaful, Modarabas and Pension Funds		12	9,255,553	11.28%
Foreign Investors		56	15,019,352	18.30%
Others		24	541,073	0.66%
Total		3,680	82,052,930	100.00%

Additional Information

Shareholders holding five percent or more voting rights

Aberdeen Asian Smaller Companies Investment Trust PLC	4,237,290	5.16%
State Life Insurance Corporation of Pakistan	4,310,902	5.25%
Majid Al Futtaim Trust LLC	7,650,852	9.32%
ORIX Corporation	40,691,839	49.59%
	56,890,883	69.33%

Parent & Associated Companies Addresses

ORIX CORPORATION – Parent Company

Tokyo Headquarters, World Trade Center Building
 2-4-1 Hamamatsu-cho
 Minato-ku, Tokyo 105-6135, Japan
 Tel: (81)-3-3435-3145
 Fax: (81)-3-3435-3163
www.orix.co.jp

Associated Companies – Overseas Joint Ventures

Oman ORIX Leasing Company SAOG

2nd & 3rd Floor, Rumaila 106, Watayah,
 P.O.Box 106, Postal code 118, Muscat
 Sultanate of Oman
 Tel: (968) 24661900
 Fax: (968) 24565610, 24567940
www.omanorix.com

ORIX Leasing Egypt SAE

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

Saudi ORIX Leasing Company

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

Al Hail ORIX Finance PSC

(Formerly MAF ORIX Finance PJSC)
 Office No. 403, Emaar Square Bldg. 6,
 Burj Khalifa, Dubai-UAE
 Tel: (971) 43691600
 Fax: (971) 44310623
www.alhailorix.ae

SK Leasing JSC

136 Dostyk Ave,
 Almaty, 050051, ("RFCA" BC, 8th Floor)
 Republic of Kazakhstan
 Tel: 8 (727) 3130757, 7(727) 2507979
 Fax: 7(727) 3130748
www.leasing.kz

Offices in Pakistan

Korangi Office

Head Office

ORIX Building, Plot No.16, Sector No.24,
Korangi Industrial Area, Karachi
Tel: 021- 3514 4029-40
Fax: 021- 3514 4002, 3514 4020
UAN: 111 24 24 24
E-mail: olp@orixpakistan.com
Website: www.orixpakistan.com

Registered Office

Islamic Chamber of Commerce Building,
Ground Floor,
ST-2/A, Block-9, KDA Scheme No.5, Clifton,
Karachi
Tel : 021-3530 3560-64
Fax: 021-3530 3571

E-Business Division

Baharia Complex IV, 6th Floor Block-B,
Choudhary Khaliq-uz-Zaman Road, Clifton,
Karachi
UAN: 111-767-657
Tel: 021-35147861-66

Hyderabad

First Floor, State Life Building,
Thandi Sarak, Hyderabad.
Tel: 022-2784143, 2720397
Fax: 022-2785388

Lahore Zone

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

Shad Bagh

House No. 3, Street # 2,
Main Street Dilshad Park
Opposite Wasa Colony,
Shad Bagh, Lahore.
Tel: 042-37613511

Sharaqpur

Main Lahore Jaranwala Road,
Opposite Government Pilot High School
Sharaqpur Sharif, District Sheikhpura
Cell: 0307-4635510
Tel: 056-2590021

Batapur/Jallo More

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

Chunian

W-1-370/26, Shop RH,
Cantt Road, Chunian.
Tel: 049-4311132

Kot Abdul Malik

11-K.M. Lahore, Main Sheikhpura Road,
Near Punjab Bank, Kot Abdul Malik, Distt.
Sheikhpura
Tel: 042-37919722

Renala Khurd

Ghalla Mindi, Opp. Zaka Hospital,
Renala Khurd, Distt. Okara
Tel: 044-2635185

Pattoki

Faisal Colony Road, Near Post Office Pattoki
Tel: 049-4422064 .

Manga Mandi

Main Multan Road, Madina Market,
Kalma Chowk, Manga Mandi
Tel: 042-35383864

Faisalabad Zone

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, 3740091
Fax: 048-3729522

Sahiwal

Stadium Road Branch,

Five Ways Chowk,
Stadium Road, Sahiwal
Tel: 040-4227613-4
Fax: 040-4227615

Sahiwal Micro Finance

Main Circular Road, Opposite Kashmiri Gate
Sahiwal District, Sargodha.
Cell: 0300-6534505

Jhang

Church Road,
Near Government Girls Collage Chowk,
Tel: 047-7650421-2
Fax: 047-7650423

Bhalwal

First Floor, Rehmat Plaza, Mandir Road,
Block No. 3, Bhalwal. District Sargodha
Tel: 048-6644448

Sialkot Zone

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

Gujrat

Office No.1, First Floor, Empire Centre,
Opp. Small Industrial Estate Gate No, 1,
G.T. Road, Gujrat
Tel: 053-3515282, 3536953
Fax: 053-3536854

Gujranwala

76-ABC, Block - P, Trust Plaza,
G.T. Road, Gujranwala.
Tel: 055-3731021-22
Fax: 055-3250599

Islamabad Zone

Ground Floor, Phase 1,
State Life Building No. 5,
Nizamuddin Road,
Blue Area, Islamabad.
Tel: 051-2822800-1, 2821706,
2821748, 2821960
Fax: 051-2821917

Rawalpindi

Plot # 7-D, 55 & 55A,
2nd Floor, Green Building,
Haider Road, Saddar, Rawalpindi
Tel: 051-5120070, 5562855, 5898364
Fax: 051-5120071

Mirpur A.K.

1st Floor, Jarral Plaza,
63/F, Sector F-1,
Kotli Road, Mirpur, A.K.
Tel: 05827- 434368, 451219
Fax: 05827-432216

Chakwal

Ground Floor, Opposite Sadar Police Station
Talagang Road Chakwal.
Tel: 0543-543523-4, 602049
Fax: 0543-602048

Multan Zone

Ground Floor, Trust Plaza, LMQ Road, Multan.
Tel: 061- 4518431-3, 4518435-6
Fax: 061-4580321

Rahim Yar Khan

20-21, Ground Floor, City Centre Plaza,
Shahi Road, Rahim Yar Khan.
Tel: 068- 588565, 5887617-8
Fax: 068-5887610

Bahawalpur

Ground Floor, Near Cantonment Office Board,
Ahmed Pur East Road, Bahawalpur
Tel: 062-9255382, 9255494

Peshawar Zone

Ground Floor, State Life Building
The Mall, Peshawar.
Tel: 091- 5278647, 5279789, 5285541,
5285520
Fax: 091-5273389

Abbottabad

Yousaf Jamal Plaza, Near HBL
Mansehra Road, Abbottabad.
Tel: 0992-343888, 343188
Fax: 0992-340370

Mingora

Shop No. 7. Ground Floor, Shahzad Plaza
Saidu Road, Makan Bagh
Mingora Sawat
Cell: 0300-5749249

Sillanwali

Chaudhary Akhter Market, 46 ADA Road,
Sillanwali, District Sargodha
Tel: 048-6532666

Form of Proxy

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 Eight Annual General Meeting of the Company to be held on October 21, 2014 and at any adjournment thereof.

Signature this _____ Year 2014
(day) (date, month)

Signature of Member : _____

Folio Number : _____

Number of shares held : _____

Please affix
revenue stamp

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.

