Annual Report 2018

ORIX

ORIX Leasing Pakistan Limited

Annual Report 2018

ORIX

ORIX Leasing Pakistan Limited

Contents

Vision and Mission

VISION

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

MISSION

A corporate culture and environment that attracts and fosters the best available talent, inspires trust of customers, promotes innovation in products and services, creates value for all stakeholders, and is inclusive of support to the less privileged by improving their access to finance.

Core Values

OWNERSHIP

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

CUSTOMER FOCUS

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

INNOVATION

We seek continuous improvement and encourage creativity.

INTEGRITY

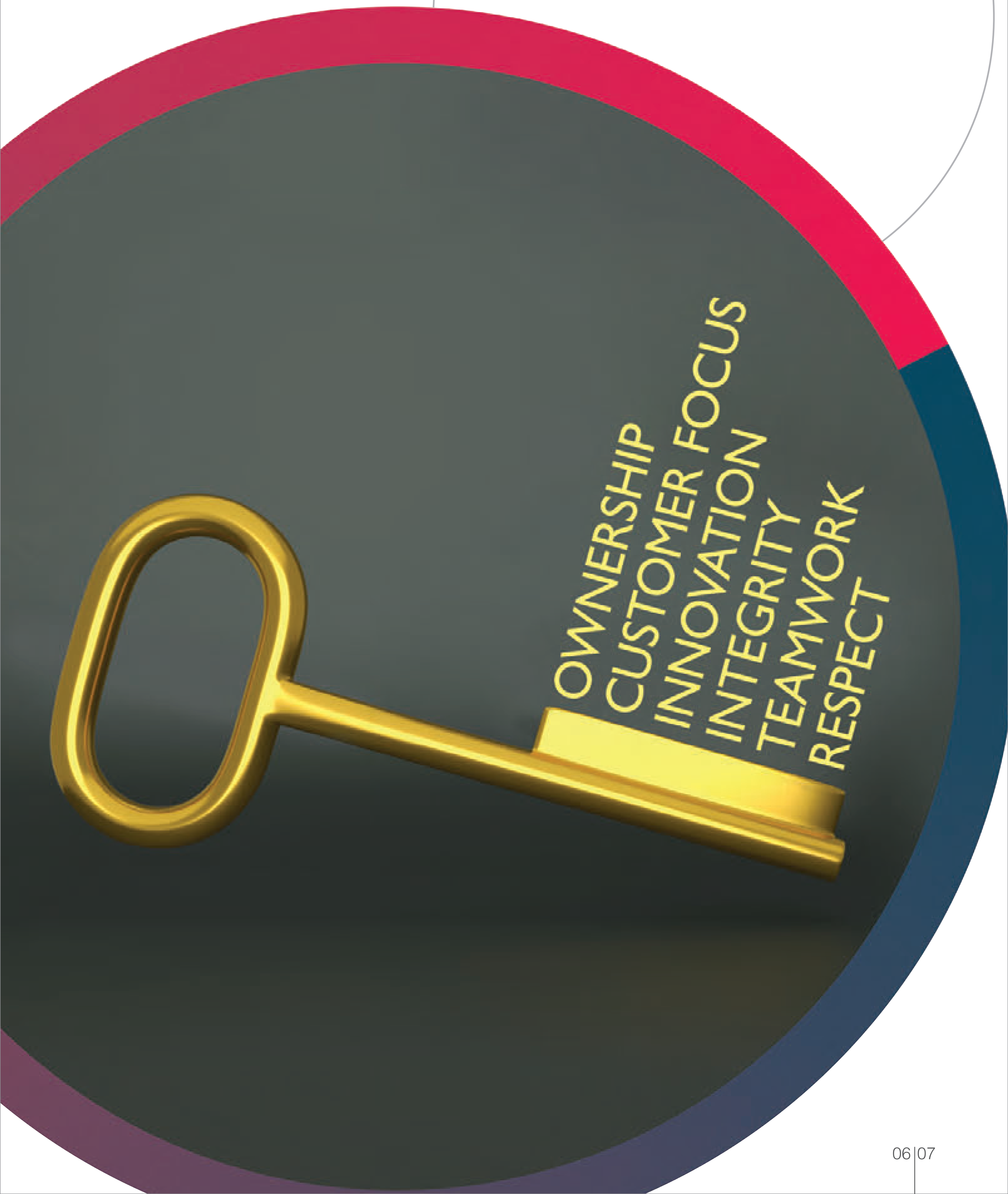
We promote honesty and fairness in all our actions.

TEAMWORK

We work together to create synergies.

RESPECT

We respect each others' feelings and opinions.


OWNERSHIP
CUSTOMER FOCUS
INNOVATION
INTEGRITY
TEAMWORK
RESPECT

Strategic Objectives

- Enhance ORIX brand image in the market as a leading diverse non-banking financial institution with strong brand loyalty.
- To be a role model for the industry with high standards of governance and risk assessment framework.
- To be recognized as making meaningful contributions to the economy and the society with a focus on micro and middle-tier segments.
- Maintain the highest credit ratings in the non-banking financial sector of Pakistan to provide maximum security to our depositors and lenders.
- Meet varying and diverse demands of customers through innovation and differentiation in our products.
- Take personalized customer service to the next level through a highly trained and multi-skilled work force.
- To become an employer of choice by creating a fair and conducive work environment that fosters growth and rewards talent.
- To bring transparency and control in all spheres of business and operations by introducing well-defined policies and procedures and training staff accordingly.
- Identify and capitalize on opportunities for generating sustainable sources of income to secure the future interests of all stakeholders.
- To maximize return to shareholders 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 applicable to and laid down by the Company. Our code of conduct sets out the fundamental standards to be followed by employees in their everyday actions. The Company has adopted the following code of conduct principles:

- Acting in the best interests of the Company by ensuring that personal interests do not influence decision-making ability.
- Protecting OLP's proprietary and sensitive information by maintaining the highest level of confidentiality, both within and outside the Company.
- Compliance with applicable laws, rules and regulations in letter and spirit.
- Adherence to the highest standards of integrity and ethical business conduct.
- Maintaining a conducive working environment by treating each other with respect, fairness and dignity.
- Exercising due care and acting within the scope of one's own authority.
- Maintaining a respectful and reverential attitude toward customers and conduct ourselves at all times to meet customers' needs.
- Considering values that serve to support and advance societal interests and harmony and conducting our business activities in a manner that promotes harmony with social and environmental issues.
- Committing to a secure and safe work environment and striving to maintain uninterrupted business continuity.
- Reporting the discovery of any illegal or unethical conduct and prohibiting any reprisal against or unfavorable treatment of OLP personnel who come forward in good faith to report issues.

Timeline

1986
Incorporation of Orient Leasing Pakistan (Private) Limited

1987
Commencement of Business by introducing Corporate Lease. Status changed to Public Limited Company

1989
Name changed to ORIX Leasing Pakistan Limited

1992
Consumer Auto Lease product Launched

1993
Launch of Certificates of Deposit product

Opening of First Overseas Joint Venture in Oman

1997
Opening of Joint Venture company in Egypt

2000
Launch of Operating Lease business

2001
Opening of Joint Venture company in Saudi Arabia

2002
Opening of Joint Venture company in UAE

2003
Launch of Micro Finance & Agri Lease Finance Product

2005
Investment in a joint venture leasing company in Kazakhstan

2008
Launch of Commercial Vehicle Leasing Product

2011
Establishment of Islamic Finance Division

2016
Acquisition of Standard Chartered Leasing, Standard Chartered Modaraba and Standard Chartered Services of Pakistan (Private) Limited

2018
Change of License from Leasing to Investment Financial Services

Launch of Crane Rental Business

Company Profile

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

OLP is headquartered in Karachi and has 38 branches situated in 35 cities. Its major shareholder is ORIX Corporation (ORIX) having 49.6% shareholding. Established in 1964, ORIX is one of Japan's leading integrated financial services groups with operations in 38 countries worldwide. The group has experience of 54 years of operations and has a total asset base of Yen (¥) 11,425 billion and equity of ¥ 2,798 billion as at March 31, 2018, which equates to US$ 107 billion and US$ 26 billion respectively.

OLP offers value-added financial products and innovative customized services to a wide array of customers throughout Pakistan. The blend of international experience and local expertise acquired over the last 32 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 helped grow numerous small and medium businesses into larger enterprises and created thousands of jobs both directly and indirectly. Today, OLP is the largest SME focused Non-Banking Finance Company in Pakistan.


ORIX

Parent, Subsidiaries and Associates

ORIX Corporation

ORIX Corporation (ORIX) was set up in Japan in 1964 as a leasing company. The scope of ORIX's business today has widened considerably from the starting point of leasing, to include lending, investment, life insurance, banking, asset management, automobile, real estate, and environment and energy-related business. It has grown into a unique global company unlike any other, with nearly 32,000 employees, shareholders' equity of US$ 26 billion and operations spanning over 38 countries and regions around the globe. It is listed on the Tokyo and New York Stock Exchanges.

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

Subsidiaries and Associates

The international activities of ORIX Leasing Pakistan Limited (OLP) started in 1993 with the formation of the first joint venture leasing company in Oman. Since then, associates were also established in Saudi Arabia, Egypt, UAE and Kazakhstan. OLP exited from Kazakhstan in 2016 and Oman in 2018, whereas investment in UAE is no longer classified as an associate. In 2016, OLP expanded its local footprint through acquisition of 100% shareholding of Standard Chartered Services of Pakistan (Private) Limited (now renamed ORIX Services Pakistan (Private) Limited), which is the Management Company of Standard Chartered Modaraba (now renamed ORIX Modaraba). As of June 30, 2018, the Company's subsidiaries and associated companies comprised of:

Company	Relation	Established/ Acquired	OLP's Holding %
ORIX Services Pakistan (Private) Limited	Subsidiary	2016	100%
ORIX Modaraba	Subsidiary	2016	20%
Saudi ORIX Leasing Company	Associate	2001	2.5%
ORIX Leasing Egypt SAE	Associate	1997	23%

Parent, Subsidiaries and Associated Companies Addresses

PARENT COMPANY

ORIX Corporation

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

SUBSIDIARIES

ORIX Services Pakistan (Private) Limited

Office 601, 6th Floor,
Syedna Tahir Saifuddin Memorial Trust Building
Civil Lines, Beaumont Road,
Karachi, Pakistan
Tel: (021) 35930000

ORIX Modaraba

Office 601, 6th Floor,
Syedna Tahir Saifuddin
Memorial Trust Building
Civil Lines, Beaumont Road,
Karachi, Pakistan
Tel: (021) 35930000
www.orixmodaraba.com

ASSOCIATED COMPANIES

Saudi ORIX Leasing Company

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

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

Company Information

Board of Directors

Mr. Khalid Aziz Mirza
Chairman and Independent Non-Executive Director

Mr. Nasim Hyder
Independent Non-Executive Director

Mr. Naveed Kamran Baloch
Independent Non-Executive Director

Ms. Aminah Zahid Zaheer
Independent Non-Executive Director

Mr. Harukazu Yamaguchi
Non-Executive Director

Mr. Kiyokazu Ishinabe
Non-Executive Director

Mr. Takashi Nakayama
Non-Executive Director

Mr. Ikuo Nakamura
Non-Executive Director

Mr. Shaheen Amin
Chief Executive Officer and Executive Director

Audit Committee

Mr. Nasim Hyder
Chairman

Ms. Aminah Zahid Zaheer
Member

Mr. Kiyokazu Ishinabe
Member

Credit Committee

Mr. Shaheen Amin
Member

Mr. Arshad Abbas
Member

Mr. Ramon Alfrey
Member

Mr. Hiralal Bharvani
Member

Mian Faysal Riaz
Member

Mr. M. Kashif Yaqoob
Member

Human Resource, Nomination and Remuneration Committee

Mr. Khalid Aziz Mirza
Chairman

Mr. Naveed Kamran Baloch
Member

Mr. Ikuo Nakamura
Member

Deputy Chief Executive Officer

Mr. Arshad Abbas

Chief Financial Officer

Ms. Maryam Aziz

Company Secretary

Dr. Fakhara Rizwan

Head of Internal Audit and Secretary to Audit Committee

Ms. Effat Assad

Head of Compliance

Mr. Rashid Ahmed

The Management Team

Mr. Ramon Alfrey
Group General Manager - Planning and Strategy

Mian Faysal Riaz
Group General Manager - North

Mr. Hiralal Bharvani
Head - Risk Management

Mr. M. Ayub Khan
Head - Special Assets Management

Mr. M. Kashif Yaqoob
Head - Operating Lease and New Businesses

Mr. Imtiaz Ahmad Chaudhary
Head - Corporate Division

Mr. Tahir Ali Shah
Head - Commercial Vehicle Division

Mr. Khawar Sultan
Head - Consumer Auto Division

Mr. Shakeel Akhtar Qureshi
Head - Micro Finance Division

Mr. Hamood Ahmed
Head - Business Control

Mr. Mirza Iqbal Nasir
Head - Information Systems

Lt Col (Retd) Saad Saeed Ahmed
Head - Administration

Shariah Advisor

Al Hamd Shariah Advisory Services (Private) Limited

Credit Rating By The Pakistan Credit Rating Agency

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

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road, Karachi-75530

Legal Advisors

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

Registrar and Share Transfer Office

THK Associates (Private) Limited
1st Floor 40-C, Block-6 P.E.C.H.S.,
Karachi-74500

Banks and Lending Institutions

Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
HabibMetro Bank Limited
JS Bank Limited
Karandaaz Pakistan
MCB Bank Limited
MUFG Bank, Ltd
National Bank of Pakistan
PAIR Investment Company Limited
Pak Oman Investment Company Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Khyber
United Bank Limited

Registered Office

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

Head Office

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

Board of Directors

Mr. Khalid Aziz Mirza
Chairman and Independent Non-Executive Director

Mr. Nasim Hyder
Independent Non-Executive Director

Mr. Naveed Kamran Baloch
Independent Non-Executive Director

Ms. Aminah Zahid Zaheer
Independent Non-Executive Director

Mr. Harukazu Yamaguchi
Non-Executive Director

Mr. Kiyokazu Ishinabe
Non-Executive Director

Mr. Takashi Nakayama
Non-Executive Director

Mr. Ikuo Nakamura
Non-Executive Director

Mr. Shaheen Amin
Chief Executive Officer & Executive Director

Management Team

Standing from (left to right):

Lt Col (Retd) Saad Saeed Ahmed

Mr. Kamran Ahmed

Mr. Hamood Ahmed

Mian Faisal Riaz

Mr. Rashid Ahmed

Mr. Arshad Abbas

Mr. Hiralal Bharwani

Mr. Kashif Yaqoob

Mr. Tahir Ali Shah

Mr. Khawar Sultan

Sitting from (left to right):

Mr. Ayub Khan

Ms. Effat Assad

Dr. Fakhara Rizwan

Mr. Shaheen Amin

Ms. Maryam Aziz

Mr. Ramon Alfrey

Mr. Jamal Dar

Staff Engagement

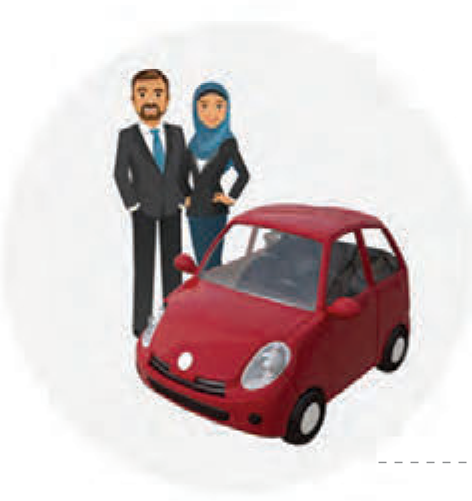

ORIX
ORIX

Corporate Lease

OLP believes in adding value to business enterprises by providing innovative, flexible and cost effective financial solutions to acquire capital assets, commercial vehicles and cars.

Operating Lease

Construction equipment packaged with maintenance and operation is the latest addition to our operating lease portfolio, which serves our clients' short and long term equipment requirements.



Commercial Vehicle Lease

Commercial Vehicle division offers superior integrated financial services for small and large sized commercial vehicles for logistics and passenger transportation across the Country.

Answers, Custom Fit.

"Excellence in pioneering creative and flexible financial services for a diverse market"

Certificates of Deposit

A variety of deposit schemes with competitive returns and exceptional service are offered to suit the needs of diverse individual and corporate customers.

Micro Finance

Providing access to finance to the underprivileged segment for poverty alleviation.

Consumer Auto

With highly personalized and well-tailored services in a competitive market, Consumer Auto continues to add to its large family of satisfied customers, who enjoy the privilege of driving their dream cars.

Chairman's Message

This has been another good year for your Company, which achieved several milestones and out-performed expectations in challenging times. OLP's after tax profit crossed Rs. 1 billion for the first time in the Company's history. It was able to achieve this with the continued confidence and belief reposed in the Company's abilities by its Shareholders through a Rights Issue which increased the Company's equity by Rs. 2 billion. A number of business decisions were taken to maximize shareholder value, including the decision to exit from Oman ORIX Leasing Company, which contributed to the record profit for the year and also provided significant cash inflows.

Your Company remains a dominant player in Pakistan's NBFI sector and has strong brand recognition in the market. Over the past three years the Company achieved strong average growth of 36% in profits and 13% in disbursements. OLP's success is based on an in-depth understanding of the dynamics of the Country's SME sector and knowing how best to leverage the skillset developed over the past thirty years to effectively service SMEs. Although many challenges were faced this year in the form of increased competition in the financial sector and uncertain economic environment, OLP was able to grow a quality portfolio using prudent risk assessment processes, which would remain our benchmark for future growth.

OLP's business model, however, faces headwinds in the light of commoditization of the funding business resulting in an evolving competitive environment with small to medium commercial banks increasingly encroaching in the SME sector. It is therefore necessary for OLP to accept the changing winds and critically review and modify its business model to ensure that its value proposition is economically relevant and commercially desirable. Recognizing the fact that there will be pressure on revenue growth in future, the Company is working on a number of strategies to keep its products relevant and competitive through innovation and differentiation and provide a larger bouquet of financial solutions to its clients. A major area of focus would be the development of sources of non-balance sheet based revenues which would improve the return on assets.

To ensure that the Company is in the best position to achieve its objectives, OLP has set high standards of governance framework; this year the number of independent directors on the Board was increased to four, each bringing diversity of knowledge, experience and skills necessary for tackling issues on multiple fronts. The Company functions through a number of internal management committees comprising of experienced personnel responsible for monitoring and executing Board decisions.

I would like to acknowledge the contributions made by the Board members and employees in the success of the Company. Going forward, the key focus of the Board will be to take OLP to the next level by capitalizing on its achievements, learning from its experiences and banking on the opportunities. The role of OLP's dedicated and loyal staff will be vital in this transformation. I would like to thank the regulators for their support, especially the Securities and Exchange Commission of Pakistan, which has recognized the contribution made by OLP to the development of the SME sector. The Investment Finance Services license issued by SECP will open new doors for sustainable growth of the Company in the years to come. Together with the strengthened capital base, your Company possesses the key drivers to take its momentum forward and maximize shareholder value.

Khalid Aziz Mirza
Chairman Board of Directors

میں اضافہ زیرِ دباؤ رہے گا، کمپنی، اپنے پراڈکٹس کو جدت (Innovation) اور تفرق (Differentiation) کے ذریعے بدلتے حالات سے ہم آہنگ اور مسابقت کو برقرار رکھنے کے لائحہ عمل پر کام کر رہی ہے اور اپنے صارفین کو زیادہ مالیاتی مصنوعات پیش کرنے پر کام کیا جا رہا ہے۔ اس سلسلے میں ایک بڑا حصہ، جس پر کام کیا جا رہا ہے، وہ ہے آمدنی کے حصول کے لیے وسائل پیدا کرنا، جس سے اثاثہ جات پر منافع بہتر بنانے میں مدد ملے گی۔

اس بات کو یقینی بنانے کے لیے کہ کمپنی اپنے مقاصد کے حصول کے لیے بہترین پوزیشن میں رہے، اوریکس لیزنگ پاکستان نے گورننس فریم ورک کے اعلیٰ معیارات مقرر کیے ہیں؛ زیرِ جائزہ سال کے دوران بورڈ پر آزاد ڈائریکٹرز کی تعداد بڑھا کر 4 کر دی گئی ہے، ان میں سے ہر ڈائریکٹر مختلف جہتوں میں درپیش مسائل سے نمٹنے کے لیے متنوع علم، تجربہ اور مہارت رکھتا ہے۔ کمپنی، بورڈ کے فیصلوں پر عمل درآمد اور ان کی نگرانی کے لیے تجربہ کار افراد پر مشتمل متعدد اندرونی انتظامی کمیٹیوں کے ذریعے کام کرتی ہے۔

میں کمپنی کی کامیابی میں بورڈ اراکین اور ملازمین کے کردار کو تسلیم کرتے ہوئے انھیں سراہنا چاہوں گا۔ مستقبل میں بورڈ، کمپنی کی کامیابیوں سے استفادہ کرتے، تجربے سے سیکھتے اور مواقع سے فائدہ اُٹھاتے ہوئے، اوریکس لیزنگ پاکستان کو اگلی منزل پر لے جائے گا۔ اس تبدیلی میں اوریکس لیزنگ پاکستان کے سرگرم اور لگن کے جذبے سے سرشار ملازمین کا کردار اہم ہوگا۔ میں ضابط (ریگولیٹر) خصوصاً سیکیورٹیز اینڈ ایکس چینج کمیشن آف پاکستان (ایس ای سی پی) کا ان کی بھرپور معاونت کے باعث شکریہ ادا کرنا چاہوں گا، جس نے چھوٹے اور درمیانے درجے کی صنعتوں کے شعبے کے فروغ کے لیے اوریکس لیزنگ پاکستان کے کردار کو تسلیم کیا۔ ایس ای سی پی کی جانب سے جاری کیا گیا انویسٹمنٹ فائنانس سروسز کا لائسنس، آنے والے برسوں میں کمپنی کی پائیدار ترقی کے لیے نئے مواقع پیدا کرے گا۔ بہتر سرمایے کے ساتھ، آپ کی کمپنی وہ تمام اہم خصوصیات رکھتی ہے، جو اسے آگے بڑھنے کا تحرک فراہم کرنے کے ساتھ ساتھ سرمایہ کی قدر میں اضافے کا باعث بھی بنیں گی۔

K. Mirza

خالد عزیز مرزا

چیئرمین بورڈ آف ڈائریکٹرز

چیئرمین کا پیغام

زیرِ جائزہ سال، آپ کی کمپنی کے لیے ایک اوراچھا سال ثابت ہوا، جس میں کمپنی نے کئی سنگِ میل عبور کیے اورمشکل حالات میں توقعات سے بڑھ کر کارکردگی دِکھائی۔ اوریکس لیزنگ پاکستان نے، کمپنی کی تاریخ میں پہلی بار 1 ارب روپے سے زائد بعدازمحصول (ٹیکس) منافع حاصل کیا۔ کمپنی یہ سب، سرمایہ داروں (شیئر ہولڈرز) کے غیرمتزلزل اعتماد کے باعث حاصل کر پائی اورحقِ حصص (رائٹ شیئرز) کا اجراء کیا گیا، جس سے کمپنی کی ایکویٹی میں 2 ارب روپے اضافہ ہوا۔ عمان اوریکس لیزنگ سے اخراج سمیت، سرمایہ کی قدر بڑھانے کے لیے کئی کاروباری فیصلے لیے گئے، جن کے باعث، زیرِ جائزہ سال کے دوران کمپنی کا منافع بلندترین سطح تک جا پہنچا اور کمپنی کو قابلِ ذکر نقد بہاؤ (کیش فلو) بھی حاصل ہوا۔

پاکستان کے غیر بینکاری مالیاتی اداروں کے شعبے میں آپ کی کمپنی سب سے نمایاں ہے اور مارکیٹ میں اس کا نام ایک مضبوط شناخت رکھتا ہے۔ گزشتہ 3 برسوں کے دوران، کمپنی کے منافع میں اوسطاً 36 فیصد اور قرضوں کی فراہمی میں 13 فیصد اضافہ ہوا ہے۔ اوریکس لیزنگ پاکستان کی کامیابی اس راز میں پنہاں ہے کہ ہم پاکستان کے چھوٹے اور درمیانے درجے کی صنعتوں کے شعبے کے قوتِ عمل کو گہرائی سے سمجھتے اور گزشتہ 30 سال کے دوران اس شعبے کو بہتر خدمات فراہم کرنے کے لیے جو مہارتیں حاصل کی ہیں، انھیں استعمال کرنا جانتے ہیں۔ اگرچہ، زیرِ جائزہ سال کے دوران، مالیاتی شعبے میں بڑھتی ہوئی مسابقت اور غیر یقینی معاشی صورتِ حال کی شکل میں کئی مشکلات کا سامنا رہا، اوریکس لیزنگ پاکستان، رِسک جانچنے کے محتاط اور ذہانت مندانہ طریقوں کو اپناتے ہوئے معیاری پورٹ فولیو بڑھانے میں کامیاب رہی، جو کہ مستقبل میں ترقی حاصل کرنے کے لیے بھی ہمارا معیار رہیں گے۔

البتہ، چھوٹے اور درمیانے درجے کی صنعتوں کے شعبے میں چھوٹے اور درمیانے درجے کے تجارتی بینکوں کے بڑھتے ہوئے کردار کے پیشِ نظر، اُبھرتے ہوئے مسابقتی منظرنامے میں، فنڈنگ بزنس کی کموڈٹائزیشن سے اوریکس لیزنگ پاکستان کے بزنس ماڈل کو مقابلہ درپیش ہے۔ اس لیے اوریکس لیزنگ پاکستان کے لیے یہ ضروری ہے کہ وہ بدلتے ماحول کو تسلیم کرتے ہوئے اپنے بزنس ماڈل میں ضروری تبدیلیاں لے آئے، تاکہ وہ خود کو معاشی طور پر مفید اور تجارتی لحاظ سے موزوں رکھنے کو یقینی بنا سکے۔ اس بات کو تسلیم کرتے ہوئے کہ مستقبل میں آمدنی

Directors' Report

The Directors of ORIX Leasing Pakistan Limited (OLP / the Company) are pleased to present the thirty second annual report together with the Unconsolidated Financial Statements for the year ended June 30, 2018.

The Company

OLP was established in July 1986 as a joint venture between ORIX Corporation, Japan (ORIX) and local investors. The Company was established as a SME focused Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 under a leasing license issued by the Securities and Exchange Commission of Pakistan (SECP). During the current year, the Company changed its license from 'leasing' to 'investment finance services', thereby allowing it to provide a full range of financial solutions to its clients.

OLP's main focus remains the SME sector of Pakistan, where it has created a niche market over the last 30 years. Individuals and micro enterprises also represent a significant part of the Company's portfolio. OLP holds investments in leasing-focused associated companies in the Middle East and North Africa region and has ORIX Services Pakistan (Pvt.) Ltd and ORIX Modaraba as its subsidiaries in Pakistan.

Financial Information

Financial results of the Company are summarized below:

	2018	2017
	Rupees	
Profit before taxation	1,719,753,685	1,158,009,963
Taxation	340,130,650	316,765,918
Profit for the year after taxation	1,379,623,035	841,244,045
Appropriations: transfer to statutory reserve	275,924,607	42,062,202
		(Restated)
Earnings per share – basic and diluted	10.11	9.42

Dividend

The Directors are pleased to recommend a cash dividend of 30% and bonus shares of 20% for the year ended June 30, 2018 (2017: cash dividend of 30%).

Overview of the Economy

After steady growth in the past few years, Pakistan's economy is facing headwinds in the form of twin deficits of external account and fiscal budget. The economy grew by 5.8% in FY2018, its highest growth in the past 13 years. However, this growth came amid widening deficits; current account deficit increased by 43% to US$ 18 billion during FY2018 as compared to US$ 12.6 billion in FY2017, representing 5.7% of GDP in FY2018 (FY2017: 4.1%); the budget deficit is estimated to have increased to Rs. 2.5 trillion in the FY2018 as compared to Rs. 1.84 trillion in FY2017, representing 7.1% of GDP (FY2017: 5.8%). With the current challenges, economic growth is expected to come down to 5% in FY2019.

To counter the increasing import bill, which is causing a surge in current account deficit, State Bank of Pakistan (SBP) took a number of steps including currency depreciation and import restrictions. The currency has been depreciated by 22% since December 2017. After maintaining the policy rate at 5.75% for four years, the SBP increased the discount rates in quick succession from January 2018 and it now stands at 7.5%. The combined effect of these measures was that the Consumer Price Index (CPI) inflation increased to 5.8% YoY in July 2018 and is expected to increase further going forward considering the currency depreciation and higher oil prices.

On the positive side, large scale manufacturing, with the growth rate of 6%, played an important role in this year's economic performance while agriculture and services sectors also showed healthy growth. A number of development projects are being implemented under China-Pakistan Economic Corridor (CPEC), including 15 energy projects. CPEC projects will continue to provide impetus to the economy. The import bill will also come down with the completion of some projects as these projects attracted large machinery imports during their construction phase. With a largely young population, the Country's consumer demand will also remain high including the auto sector, providing opportunities for further growth.

Business sentiments improved with the conclusion of general elections and smooth transfer of power in July 2018. The Country's stock market showed positive trend and the rupee strengthened against US Dollar immediately after the election results, evidencing the expectation of business community from the new Government. The new Government has a challenging task of brining the economy back on track and their initial austerity measures and their continuation of CPEC policy, with more transparency, will enhance the confidence and bring stability in the economy.

Business Review

The business environment in the Country remained challenging during the year as the political uncertainty took its toll on overall business sentiments. The cost of doing business has risen and OLP continued to face stiff competition from banks in its target SME sector. Despite these challenges, the Company achieved its highest disbursements of Rs. 17.2 billion during the year; a 15% increase over last year's volumes of Rs. 15 billion.

OLP's main business segment of Finance Lease for Corporate clients showed growth in disbursements of 14%, while growth in vehicle financing, which benefited from a boom in the auto sector, was 19%. Increased competition slowed growth in commercial vehicles business, though it still constituted 34% of the total volumes for the year. Leasing / financing of Commercial vehicles, saloon cars and plant & machinery for corporate entities and saloon cars for individuals continue to be the main asset classes financed / leased by the Company.

The Company's portfolio remained well-diversified over different sectors of the economy. As at June 30, 2018, retail auto lease and loans for Individuals remain the largest sector at 20.48% followed by Goods transport sector at 20.15%. Over 70% of the portfolio was represented by commercial vehicles and saloon cars, which are secured assets due to their good secondary market values. In line with its strategy for increasing outreach, OLP opened 3 new branches in Vehari, Kohat and Taxila. The total number of branches has now reached 38 in 35 locations, including 12 branches of Micro Finance. Branches are making healthy contribution to business generation for the Company.

Last year the Company had slowed business in microfinance in order to focus on strengthening processes and systems of the division. In the current year, micro business was gradually increased and business volume at Rs. 742 million registered growth of 26% over the previous year. This segment caters to financing for entrepreneurs belonging to lower income section of society to make them self-sufficient and improve their living standards. Majority of this segment comprises of financing provided to small groups of women. During the year, OLP provided financing to 18,719 individuals as compared to 16,548 last year.

The Company's Operating Lease segment, which comprised primarily of generators, had been facing a downturn for the past few years. As part of its continuing strategy to divest under-performing assets, OLP sold part of its inventory of diesel and gas generators while the remaining generators were leased under Ijarah Finance, which would ensure a steady stream of rentals in the future. The Company took strides in diversifying its operating lease business to those assets with higher demand in current economic environment. In the first phase, mobile cranes have been acquired, and the Company would be involved in full spectrum of operations for these cranes; from deployment to maintenance. OLP is exploring other opportunities to create a niche in the construction equipment rental market by offering high quality equipment and services.

The year remained challenging for the overseas ventures due to the economic downturn on account of geo-political situation prevailing in GCC economies, especially in the SME sector, where business of OLP's associated companies is concentrated. During the year, OLP sold its investment in Oman ORIX Leasing Company SAOG (OOL), which created significant windfall gains for the Company. Negotiations are also ongoing for the sale of its 23% stake in ORIX Leasing Egypt (OLE).

ORIX Modaraba (ORIXM), a subsidiary acquired in 2016, continued to expand its Islamic Financing portfolio with 23% growth in total assets in FY2018. With new disbursements of Rs. 3,742 million for the current year (2017: Rs. 3,305 million), total assets reached Rs. 6,953 million as of June 30, 2018 from Rs. 5,962 million at the end of last year. ORIXM earned a profit of Rs. 120 million for FY 2018 (2017: Rs. 128 million) and declared a dividend of 25% for the year.

Financial Performance

For the first time in its history, OLP managed to break the Rs. 1 billion barrier and achieved net profit of Rs. 1.38 billion for the year, 64% higher than profit of Rs. 841 million earned in FY2017. This profit was realized on the back of a one-time gain of Rs. 677 million, before tax, on sale of OLP's investment in OOL. Earnings per share of Rs. 10.11 was achieved for FY2018 on a higher capital base as compared to Rs. 9.42 in FY2017.

Revenue

Total revenues amounted to Rs. 4,472 million for the year, 11% higher than the revenue of Rs. 4,031 million earned in FY2017. Income from finance lease and term finance increased by 5% and 17% respectively; in line with healthy growth in the respective portfolios. Income from operating lease was however 34% lower on account of the disposal and realignment of the inventory. Overall income from core activities increased by 1%, while income from other sources including overseas associates increased by 67%.

The bulk of the revenues were generated from finance lease at Rs. 2.5 billion (2017: Rs. 2.4 billion) which contributed 57% (2017: 60%) of total revenue while share of income from term finance at Rs. 634 million (2017: Rs. 543 million) increased by 14% (2017; 13%). On the back of strong disbursements, the finance lease portfolio has grown by 7% over the year to Rs. 18.84 billion (2017: Rs. 17.67 billion) and the loans and finances portfolio has increased to Rs. 4.85 billion (2017: Rs. 3.99 billion); showing growth of 22%. This included microfinance portfolio which increased by 18% to Rs. 508 million from Rs. 430 million last year.

Revenue from operating lease continued to decline and amounted to Rs. 313 million in the current year as compared to Rs. 474 million in 2017. In view of reduction in demand for power generators, OLP sold part of the inventory of these generators while the remaining were leased out under Ijarah Finance agreement. As a result, the total assets under operating lease and Ijarah finance decreased by 22% to Rs. 761 million (2017: Rs. 976 million) with a corresponding decrease in income and related direct cost. Other assets are gradually being added to the operating lease inventory to provide more sustainable sources of revenue for the Company. Accordingly, 6 mobile cranes costing Rs. 143 million were acquired in June 2018.

Other income of Rs. 896 million (2017: Rs. 367 million) showed substantial growth due to the gain on sale of OOL shares. OOL was a lucrative investment that had generated good returns in the past. However, with the proposed merger of OOL into another leasing company, OLP's control over the merged entity would have been significantly diluted and therefore, the Company accepted the offer of 1.2 times over book value of OOL shares. The transaction generated inflows of Rs. 1.7 billion and net gain on sale, including exchange gain, of Rs. 677 million. Other income also included an impairment loss of Rs. 50 million, which was recorded against the investment in Al Hail ORIX Finance (AHO). The company has not recovered from a financial crisis which impacted the UAE economy, especially the SME segment in which AHO operates, and its operations are expected to remain under pressure in the near future.

Share of profit from associated companies was 57% lower at Rs. 99 million in FY2018 as compared to Rs. 229 million last year. This is primarily due to OLP stopping recognition of its share in OOL's profit from January 2018 onward in anticipation of sale of the Company's investment in OOL. Saudi ORIX Leasing Company (SOLC) contributed Rs. 28 million this year as compared to Rs. 21 million last year. ORIX Leasing Egypt (OLE) is operating in a challenging economy and its profits declined this year. Management intends to divest its holding in OLE and accordingly the investment has been classified as 'held for sale' and no profit would be accrued thereon until the disposal is complete.

Expenses

Total expenses for the year, excluding provision for lease, loans and other losses, were Rs. 2,734 million, 7% lower than expenses of Rs. 2,955 million incurred in 2017. The decrease was mainly on account of lower finance cost.

Finance cost for the year reduced to Rs. 1,390 million from Rs. 1,586 million last year, a decrease of 12% in direct correlation with the movement in total borrowings, which witnessed a decline of 12% from Rs. 19.4 billion as of June 30, 2017 to Rs. 17 billion by the end of the current financial year. The rights issue generated funds of Rs. 2 billion in August 2017 while proceeds from sale of shares of OOL of Rs. 1.7 billion were received in April 2018. These proceeds reduced the total funding requirements of the Company and consequently, the finance cost for the year. While borrowing cost started to rise towards the last quarter of the financial year, the Company was able to negotiate lower margins on its floating rate loans, which also had a positive impact on finance cost.

Administrative and general expenses amounted to Rs. 1,094 million (2017: Rs. 966 million), an increase of 13% from last year. Staff cost, which represents 70% of the total expenses, increased by 21% to Rs. 763 million (2017: Rs. 632 million) due to increase in staff numbers and revision in compensation structure to reduce the incidence of staff turnover caused by banks poaching our experienced staff. The expenses also included the impact of expansion in branch network which added to infrastructure related costs.

Direct cost decreased by 38% to Rs. 250 million (2017: Rs. 402 million) during the current year, in line with the decrease in operating lease assets and related income. Reduction was primarily due to disposal of OLP's generator rental fleet.

Overdue receivables remained under control during the year and as a result a charge for provision for potential lease and loan losses of Rs. 18 million was recorded, which is less than 0.1% of the related lease and loan portfolio, as compared to the reversal in provision of Rs. 23 million in FY2017. The accumulated provision for potential lease and other loan losses of Rs. 1.38 billion provides 105% cover against all accounts overdue by 90 days or more. In future, the Company intends to adopt a provisioning model based on statistical data where historical overdue trends and loss ratios are considered. This will result in a more objective and impartial provisioning charge.

Last year, other reversals of Rs. 58.5 million were made which included a reversal of Rs. 66.5 million on account of workers' welfare fund, which was a one-off adjustment. This year's reversal amounted to Rs. 0.16 million.

Tax charge of Rs. 340 million was made in FY2018 under normal tax regime as compared to Rs. 317 million in FY2017, which was made under provisions of Alternate Corporate Tax.

Risk Management

OLP's nature of business exposes it to different types of risks. Risk management is an essential aspect of the Company's operations as the means of identifying, assessing, managing and controlling potential events to provide reasonable assurance of achievement of OLP's objectives. The Board of Directors is responsible for establishing and monitoring risk management framework and various sub-committees of the Board and management are involved in ensuring effective implementation of the risk management policies. The Company undergoes a process of continuously assessing and revising its risk management policies in line with changing market dynamics. This is performed by the Risk Management Department, which is also responsible for monitoring and reporting on areas of concern on an ongoing basis. The Board has approved policies for major areas of OLP's operations, which identify the risks inherent in those operations and stipulate the strategies to complete the tasks in a controlled environment.

An independent Internal Audit function, which reports directly to the Audit Committee of the Board, has aligned its activities with the Company's objectives and related risks and is therefore able to give valuable input in effectiveness of implementation of policies and whether risks are being properly managed or not.

Each department also continuously revisits its internal policies and standard operating procedures, to ensure that identified risks within that function are appropriately updated and mitigated through effective implementation of internal controls.

Major risks to which the Company is exposed to are as follows:

Credit Risk

Credit risk is the risk of loss due to a borrowers' failure to fulfill their financial commitments. Being in the lending business, this is the biggest risk OLP is exposed to and extra efforts are made to bring this risk within a risk appetite acceptable to the Board.

Accordingly, the Company has a Board approved Credit Risk Policy which provides guidelines for dealing with creditworthy clients. This policy is continuously reviewed to incorporate the latest developments in the economy or any particular industry and best industry practices, particularly changing risk dynamics. A credit approval authority matrix has also been approved by the Board to delegate the approval of credit to senior staff members up to certain limits on the basis of soundness of their judgment. Above those limits, credit is reviewed by an independent Risk Management department and approved by the Credit Committee. Post-disbursement reviews by the Risk Management Department ensure that delegated approval limits are being used appropriately and all credit, regardless of size, has been approved in compliance with the Credit Policy of the Company. Rigorous credit approval process is followed at all levels, and high standards of due diligence and credit screening are maintained to ensure quality of asset portfolio. Continuous training is also provided to marketing and credit staff to strengthen their understanding of the credit risk policies and guidelines.

The Board has also set exposures limits against each counterparty, sector and asset class. As a result, OLP maintains a well-diversified portfolio with no material concentrations of risk to any single party or sector; maximum exposure against a single group is 0.75% of total portfolio and 2.4% of OLP's equity while maximum exposure to a single sector is 20.5%.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due or is unable to arrange sufficient funds to meet its financial commitments. The overall responsibility of managing liquidity risk lies with the Asset Liability Management Committee (ALCO). The Board has approved an Asset Liability Management Policy supplemented by detailed Terms of Reference of ALCO, which sets out the risk appetite within which ALCO should function.

ALCO meets at least every month to review the impact of changing economic and market conditions on the Company's profitability, liquidity and fund management position. It also monitors ALM ratios, current and future cash flow position and devises strategy for appropriate funding mix between options in hand to maintain adequate diversity in the funding sources.

Being a deposit taking entity, OLP is also required to maintain statutory liquidity requirement (SLR), which is monitored on daily basis to ensure that appropriate levels of liquid securities are held for compliance with statutory requirements at all times.

Market Risk

Market risk is the risk that the value of market sensitive assets and liabilities may fluctuate due to the movement in market factors. OLP is exposed to market risk mainly in the form of movement in interest rates affecting its debt obligations and leases and loans receivables, whereas the Company has a policy not to assume any unhedged foreign currency position.

Major portion of OLP's debt is based on benchmark rates and hence exposed to fluctuation in these rates. The Company limits this risk by closely monitoring changes in market interest rates and devising and applying appropriate rate management policies to ensure that a suitable spread is maintained which provides a cushion against sharp fluctuations in rates. The Company also aims to substantially match the interest rate profile (fixed and variable) of lease and loan portfolio with that of financial obligations and keeps the mismatch within acceptable limits.

The Company is exposed to currency risk due to its strategic investments in foreign associates, which is realized only on any change in holding of those investments. The currency exposure also arises if any debt obligation is taken in foreign currency. As a policy, OLP does not take any such borrowings without having cross currency swap to fully cover against the movement in foreign currency.

Operational Risk

Operational risk is the risk of loss due to operational failures like failure of internal processes, human errors or fraud, system malfunctions and failures due to external events. It also includes non-compliance with the local laws and regulations. This would have significant implications for the Company because when controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications and/ or lead to financial loss.

Due to the size of OLP operations and its geographical expansion, OLP is exposed to a number of operational risks. To minimize these risks internal policies and controls are regularly reviewed and strengthened and adherence to these policies are ensured. OLP has a disaster recovery plan for any external event, accident or natural disaster, causing disruption to its operations, which is periodically reviewed and tested. New and existing staff is provided orientation and training on Company's Code of Conduct, Anti-money laundering and Anti-fraud and Whistleblowing Policies for prevention of fraud and unethical practices.

Regular checks by the Internal Audit and Compliance functions help in monitoring the implementation of approved policies and related preventative internal controls.

Internal Controls and Compliance

Numerous improvements in the governance structure, policies and procedures over the last few years have strengthened OLP's internal control system. Policies and procedures are continuously reviewed for gaps and updated for regulatory and other changes in business processes. A number of internal management committees are responsible for ensuring compliance with these policies.

The Internal Audit department reports independently to the Audit Committee regularly on compliance with critical policies and procedures and recommends on amendments to these policies in line with the industry best practices. Monitoring of audit issues and their subsequent closure is an essential part of audit activity and maintains the effectiveness of internal audit. The Audit Committee and the Board also take full responsibility for ensuring that audit issues are value-added and resolved in the best interests of the Company.

A Compliance function also works independently and reports to the Audit Committee. The Company is exposed to the risk of money laundering and terrorist financing. The Compliance function ensures that all relevant laws and regulations are fully complied with in this respect and know your customer (KYC) and due diligence procedures are accordingly updated. It monitors all the regulatory reporting and also assesses the impact of any new law or regulation on the Company's business.

Funding and Liquidity

The Company has a sound funding profile and strong market credibility which is reflected in the commitments from financial institutions and the pricing offered by them. The Company's funding position was strengthened during the year with the issuance of rights shares at a premium of 250% over face value, which took the equity from Rs. 4,466 million at the end of last year to Rs. 7,249 million as of June 30, 2018. Capital adequacy ratio improved substantially and gearing has reduced from 4.67 in 2017 to 2.3 in 2018. As a result, total debt reduced by 12% to Rs. 17 billion (2017: Rs. 19.4 billion). New term loans of Rs. 2.7 billion (2017: Rs. 4.8 billion) were arranged from various financial institutions during the year.

The Certificate of Deposits (COD) portfolio declined by 12% to Rs. 5.3 billion as compared to Rs. 6 billion as of June 30, 2017 and represent 31% of the total debt of the Company. The Company plans to introduce more products and tap previously untouched segments of the market to raise funds from more varied sources. This shall be done to maintain a good mix of bank borrowing and CODs in its total funding portfolio. Rates shall also be increased in line with the market.

The Company is well-positioned to meet its present and future funding needs and was successful in renegotiating lower margins with lenders. In the present rising interest rate scenario, this would limit the adverse effect on finance cost which is expected in the next financial year.

Corporate Governance

OLP takes pride in maintaining high standard of corporate governance through established policies, controls and structures to inform, direct, manage and monitor the activities of the Company toward the achievement of its objectives. Authorities and responsibilities are clearly and completely defined and it is ensured that the policies and procedures are understood throughout the organization. OLP is fully compliant with the regulatory framework in which it operates.

There are 4 independent directors on the Board, including 1 female director, out of 9 Board members. An independent director assuming the position of Chairman of the Board of Directors ensures transparency and accountability in the Company's operations. Independent Directors also head the Audit Committee and the Board Human Resource, Nomination and Remuneration Committee.

A number of Management Committees further enhances the governance process throughout the organization. These consist of Management Committee, Credit Committee, Asset Liability Management Committee, FATCA and CRS Steering Committee and IT Steering Committee. Senior staff members are part of Management Committees and bring their vast experience in making strategies, business planning and in operations. All important decisions of the Company are taken either by the Committees or the Board of Directors.

Corporate Social Responsibility

Being a responsible corporate citizen, OLP always endeavors to fulfill its responsibilities towards the society in which it operates. OLP is in most parts of the Country and makes efforts to contribute towards the betterment of those areas, either through its Micro Finance division or direct contributions to the institutions working for the improvement of society. The contributions are mostly made in the field of healthcare, education and poverty alleviation and are made after required due diligence.

Since its operations started in 2004, OLP's Micro Finance division has provided financing to over 198,000 individuals and helped them to be self-sufficient and improved their living standards. The loans are provided to low income entrepreneurs in different urban and rural areas of Pakistan, particularly, women entrepreneurs.

The Company is also aware of the responsible use of energy to reduce its carbon foot prints. Efforts are made to reduce energy consumption through efficient use of electricity. To promote the use of renewable energy, the Company has installed solar panels in Head Office to reduce the consumption of electricity from the main grid.

People

OLP considers employees as its most crucial assets and attributes the success achieved by the Company to its dedicated, loyal and hardworking staff. OLP believes in creating a sense of ownership among its staff and promotes innovation and teamwork to achieve its objectives – these are some of the Company's Core Values.

OLP's staff is well trained for its niche market and has a key role to play in the future success of the Company, which is why it invests heavily in the training and development of its staff, both internally and externally through a dedicated Human Resource Department. HR also organizes a number of staff engagement activities to boost morale and create a harmonious working environment, which is conducive to a productive and content work force.

The Board's Human Resource, Nomination and Remuneration Committee focuses on developing strategies related to human resource and ensures that staff training & development and remuneration framework remains at the core of the Company's strategy. The Board places on record its appreciation for the contribution made by the employees for the success of the Company in achieving new heights in a challenging environment.

Business Ethics

At OLP, we believe in working with high degree of integrity, honesty and social responsibility; the core of Company's philosophy. The Company's Core Values embody this philosophy and were approved by the Board of Directors along with the Code of Conduct and Ethics Policy, which provides guidance to the employees to conduct themselves with the highest level of ethical business standards in dealing with customers, stakeholders and fellow employees. The policy ensures that all relevant Government laws and regulations are adhered to and employees show professionalism in all their conducts. The Company has a zero tolerance policy for violations with its Code of Conduct. The Anti-fraud and Whistleblowing policies encourage the reporting of fraud or misconduct and related procedures ensure that all reported cases are handled in a fair and transparent manner.

Awards and Recognition

OLP's strong performance has been recognized on a number of different forums during the year:

- OLP received the Management Association of Pakistan (MAP) 33rd Corporate Excellence Award in the leasing sector for the third year in a row. MAP Corporate Excellence Awards recognize and honour companies showing outstanding performance. To date, OLP has received six awards and five certificates of corporate excellence from MAP.
- The NBFI and Modaraba Association of Pakistan awarded OLP the best NBFI Award this year.
- The Federation of Pakistan Chamber of Commerce & Industry (FPCCI) also awarded achievement award for 2018 to OLP in the Financial Services category for the fifth consecutive year.

Future Outlook

With the completion of election process and formation of new Government, the political stability is expected to bring positive sentiments back in the Pakistan economy. The Company is cautiously optimistic about the growth in business on the back of overall growth in economy. At the same time, it is cognizant of the fact that innovation and differentiation is key to survival in an increasingly bank-dominated segment. As the new Government has shown its full commitment towards the CPEC projects, the impact of these projects in the future economic growth of the Country will remain vital. The Company will remain focused towards the SME sector, which is the backbone of any economy, and hence will play its part in the development of this sector. OLP will focus on diversifying its business into related segments and look for opportunities of non-balance sheet based sources of revenue for more sustainable sources of income in the ever challenging financial market.

Board of Directors and Board Committees

The composition of Board of Directors and its sub-committees are given in the Statement of Compliance on page 56.

Evaluation of the Performance of the Board:

OLP has a formal process of evaluation of the performance of the Board of Directors and its committees. This evaluation is carried out on an annual basis either in-house or through external independent consultants. The Board members make full efforts to attend all Board Meetings and fully participate in the proceedings of the meetings. The Board ensures that the industry best practices are adopted by the Company and the Board in all its functions.

In this process of evaluation, the evaluation proformas are circulated to the Board members who send their replies to the Company Secretary while keeping the whole process confidential. The responses are compiled by the Company Secretary and the results are shared in the Board Meeting and the areas of improvements are highlighted.

Board's Remuneration Policy

The Company has an approved Remuneration Policy for the Board of Directors which provides a formal mechanism for fixing the remuneration of individual directors of the Company, for attending the Board and its committee meetings. As per the Policy, Independent Non-Executive Directors are eligible for remuneration for attending the Board and its committees' meetings. The Non-Executive Directors are reimbursed for the expenses incurred for attending the meetings.

Threshold for the Term "Executive"

In compliance with rule 5.6.1(a) and (d) of PSX Regulations in respect of dissemination of price-sensitive information relating to the business and mandatory disclosure to PSX on buying and selling of shares by Directors, CEO, substantial shareholders and executives, the Board has set the following threshold for the term "Executive":

- Chief Executive Officer
- Deputy Chief Executive Officer
- Chief Financial Officer
- Company Secretary
- Head of Internal Audit
- All Departmental Heads

Directors' Declaration

1. The financial statements prepared by the Management of ORIX Leasing Pakistan Limited present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

2. Proper books of accounts of the Company have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

4. International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure has been adequately disclosed and explained.

5. The system of internal control is sound in design and has been effectively implemented and monitored.

6. There is no reason to doubt 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, 2018 are stated within the Directors' Report.

8. Key operating and financial data for the last six years in summarized form is given on page no.64.

9. There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2018 except for those disclosed in the financial statements.

10. The value of investments of the recognized provident fund as at June 30, 2018 was Rs. 401.7 million (un-audited) and as at June 30, 2017 was Rs. 371.1 million (audited).

    The value of investments of the Company's recognized gratuity fund as at June 30, 2018 was Rs. 176.2 million (un-audited) and as at June 30, 2017 was Rs. 151.6 million (audited).

11. During the year, the Company had issued Right shares. Following major Shareholder, Directors and Executives subscribed to the right shares of the Company:

Name	Designation	Nature of Transaction	Number of Shares
MAJOR SHAREHOLDER			
ORIX Corporation	Shareholder	Subscribed to Right Shares	28,321,519
DIRECTORS			
Mr. Shahid Usman*	Independent Director	Subscribed to Right Shares	114,268
Mr. Naveed Kamran Baloch	Independent Non-Executive Director	Subscribed to Right Shares	100,000
Mr. Harukazu Yamaguchi	Non- Executive Director	Subscribed to Right Shares	400
Mr. Hiroshi Nishio	Non- Executive Director	Subscribed to Right Shares	400

Name	Designation	Nature of Transaction	Number of Shares
EXECUTIVES			
Mr. Arshad Abbas	Deputy Chief Executive Officer	Subscribed to Right Shares	25,000
Ms. Maryam Aziz	Chief Financial Officer	Subscribed to Right Shares	25,363
Ms. Effat Assad	Head of Internal Audit	Subscribed to Right Shares	48,564
Mr. Ramon Alfrey	Executive Officer	Subscribed to Right Shares	28,193
Mr. Mohammad Ayub Khan	Executive Officer	Subscribed to Right Shares	5,696
Mian Faysal Riaz	Executive Officer	Subscribed to Right Shares	25,000
Mr. Tahir Ali Shah	Executive Officer	Subscribed to Right Shares	10,000
Mr. Muhammad Kashif Yaqoob	Executive Officer	Subscribed to Right Shares	50,000
Mr. Hiralal Bharvani	Executive Officer	Subscribed to Right Shares	40,000
Mr. Imtiaz Ahmad Chaudhry	Executive Officer	Subscribed to Right Shares	10,348
Mr. Khawar Sultan	Executive Officer	Subscribed to Right Shares	25,000

* Term of Directorship ended on October 23, 2017.

Following is the details of trade in shares carried out by the Company's Directors and Executives, during the year:

Name	Designation	Nature of Transaction	Number of Shares
DIRECTOR			
Mr. Khalid Aziz Mirza	Chairman and Independent Director	Shares Transfer received	500
EXECUTIVES			
Mr. Shaheen Amin	Chief Executive Officer	Shares Acquired	50,500
Mr. Ramon Alfrey	Executive Officer	Shares Transferred	500
Mr. Ramon Alfrey	Executive Officer	Shares Sold	500
Mr. Tahir Ali Shah	Executive Officer	Shares Sold	10,000
Mr. Khawar Sultan	Executive Officer	Shares Sold	25,000

12. During the year, a director has acquired certification of Director Education awarded by the Pakistan Institute of Corporate Governance. At the close of the financial year, 4 out of 9 Directors have certification under the Directors Training Program that meets the requirements of the Code of Corporate Governance.

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

Board of Directors' Meeting

The members of the Company elected new board comprised of nine (09) Directors, in 31st Annual General Meeting of the Company, held on 19th October 2017, for the term of three years commencing from October 23, 2017. The attendance at the meetings of the Board of Directors is given below:

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Khalid Aziz Mirza	6	Mr. Naveed Kamran Baloch	4
Mr. Nasim Hyder [1]	3	Mr. Harukazu Yamaguchi (Non-resident)	2
Ms. Aminah Zahid Zaheer [1]	3	Mr. Kiyokazu Ishinabe (Non-resident)	4
Mr. Shahid Usman [2]	3	Mr. Hideaki Yokoyama [5] (Non-resident)	6
Mr. Hiroshi Nishio [3] (Non-resident)	4	Mr. Takashi Nakayama [6] (Non-resident)	0
Mr. Ikuo Nakamura [4] (Non-resident)	2	Mr. Shaheen Amin	6

[1] Term of Directorship commenced from October 23, 2017.
[2] Term of Directorship ended on October 23, 2017.
[3} Resigned as Director on March 05, 2018.
[4] Appointed as Director on March 15, 2018.
[5] Resigned as Director on July 26, 2018
[6] Appointed as Director on August 10, 2018.

On request, leave of absence was granted to the Directors who could not attend the Board meetings.

Audit Committee Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Nasim Hyder [1]	4	Mr. Hideaki Yokoyama (Non-resident) [3]	6
Ms. Aminah Zahid Zaheer [1]	4	Mr. Kiyokazu Ishinabe (Non-resident)	5
Mr. Shahid Usman [2]	2		

[1] Appointed as Member on October 23, 2017.
[2] Term of Directorship ended on October 23, 2017.
[3] Resigned as Director on July 26, 2018

Human Resource Nomination and Remuneration Committee Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Khalid Aziz Mirza [1]	2	Mr. Hideaki Yokoyama [3] (Non-resident)	3
Mr. Naveed Kamran Baloch [1]	2	Mr. Ikuo Nakamura [4] (Non-resident)	0
Mr. Hiroshi Nishio [2] (Non-resident)	2	Mr. Shaheen Amin [5]	2

[1] Appointed as Member on October 23, 2017.
[2] Resigned as Director on March 05, 2018.
[3] Resigned as Director on July 26, 2018.
[4] Appointed as Member on August 27, 2018.
[5] Term of Directorship ended on October 23, 2017.

Board Changes

- In 31st Annual General Meeting of the Company held on October 19, 2017, the members of the Company elected a new board comprising of nine (09) Directors for the term of three years commencing from October 23, 2017.
- Term of Directorship of Mr. Shahid Usman ended on October 23, 2017.
- Mr. Hiroshi Nishio resigned as Director on March 05, 2018 and Mr. Ikuo Nakamura was appointed as Director on March 15, 2018.
- Mr. Hideaki Yokoyama resigned as Director on July 26, 2018 and Mr. Takashi Nakayama was appointed as Director on August 10, 2018.

The Board of Directors places on record its appreciation for services rendered by Mr. Shahid Usman, Mr. Hiroshi Nishio and Mr. Hideaki Yokoyama. Further, the Board welcomes Mr. Ikuo Nakamura and Mr. Takashi Nakayama as Directors on the Board.

Credit Rating

The Pakistan Credit Rating Agency Limited (PACRA) maintained the Company's long term rating of AA+ (Double A plus) and short term rating of A1+ (A one plus) on August 16, 2018. These are among the highest ratings in the Non-Banking Financial Sector. As per PACRA standards, these ratings denote the lowest expectation of credit risk emanating from a strong capacity for timely repayment of financial commitments.

Major Shareholder

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

Auditors

M/s KPMG Taseer Hadi & Co., Chartered Accountants were appointed as auditors for the year ended June 30, 2018. The Board of Directors endorses the recommendation of the Audit Committee for the appointment of M/s KPMG Taseer Hadi & Co., Chartered Accountants, as auditors of the Company for the year ending June 30, 2019.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2018 is given on page 221.

Acknowledgement

The Board would like to thank the regulatory authorities for their continued support and guidance. We would like to express our appreciation to the bankers, business partners and all stakeholders for their support and cooperation in the success of the Company. We also thank our valued customers and depositors for their continued trust and confidence.

On behalf of the Board

Shaheen Amin
Chief Executive Officer
September 14, 2018

Khalid Aziz Mirza
Chairman Board of Directors

بورڈ میں تبدیلیاں:

- کمپنی کے اراکین نے 19 اکتوبر 2017 کو ہونے والے 31ویں سالانہ اجلاس عام میں 9 ڈائریکٹرز پر مشتمل نئے بورڈ کو 3 سال کی مدت کے لیے منتخب کیا، جس کا آغاز 23 اکتوبر 2017 سے ہوتا ہے۔
- جناب شاہد عثمان کی ڈائریکٹرشپ کا دورانیہ 23 اکتوبر 2017 کو اختتام پذیر ہوا۔
- جناب ہیروشی نیشیو نے بطور ڈائریکٹر 5 مارچ 2018 کو استعفیٰ دیا اور جناب اکیونا کا مورا کو 15 مارچ 2018 کو ڈائریکٹر مقرر کیا گیا۔
- جناب ہیڈیاکی یوکویاما نے بطور ڈائریکٹر 26 جولائی 2018 کو استعفیٰ دیا اور جناب تکاشی ناکایاما کو 10 اگست 2018 کو ڈائریکٹر مقرر کیا گیا۔

بورڈ جناب شاہد عثمان، جناب ہیروشی نیشیو اور جناب ہیڈیاکی یوکویاما کی خدمات کو سراہتا ہے۔ مزید برآں، جناب اکیونا کا مورا اور جناب تاکاشی ناکایاما کو بورڈ پر خوش آمدید کہتا ہے۔

کریڈٹ ریٹنگ:

16 اگست 2018 کو پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کی طویل المدت درجہ بندی +AA (ڈبل A پلس) اور قلیل المدت درجہ بندی +A1 (A وَن پلس) برقرار رکھی۔ یہ غیر بینکاری مالیاتی شعبے کی بلند ترین درجہ بندیوں میں شمار ہوتی ہیں۔ پاکرا کے معیارات کے مطابق، مالیاتی وعدوں کی بروقت ادائیگی کی صلاحیت رکھنے کے باعث، یہ درجہ بندیاں کریڈٹ رِسک کی کم ترین سطح کی غمازی کرتی ہیں۔

بڑے شیئر ہولڈرز:

اوریکس کارپوریشن، جاپان اور اس کے نامزد کردہ کمپنی کے 49.57 فیصد حصص کے مالک ہیں۔

آڈیٹرز:

میسرز کے پی ایم جی (KPMG) تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو 30 جون 2018 کو ختم ہونے والی مالی سال کے لیے آڈیٹرز مقرر کیا گیا تھا۔ بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی کی تجویز کو قبول کرتے ہوئے میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو 30 جون 2019 میں ختم ہونے والے مالی سال تک کمپنی کا آڈیٹرز مقرر کرتے ہیں۔

شیئر ہولڈنگ کے طرز:

30 جون 2018 کو شیئر ہولڈنگ کے طرز اس رپورٹ کے صفحہ نمبر 221 پر درج ہے۔

اعتراف:

بورڈ، انضباطی اداروں کا، ان کی مسلسل معاونت اور رہنمائی پر شکریہ ادا کرنا چاہتا ہے۔ ہم بینکاروں، اپنے کاروباری ساتھیوں اور تمام اسٹیک ہولڈرز کو، کمپنی کی کامیابی میں معاونت اور تعاون پر سراہتے ہیں۔ ہم اپنے معزز صارفین اور کھاتے داروں کے، مسلسل اعتماد اور بھروسہ رکھنے پر بھی مشکور ہیں۔

بورڈ کی جانب سے

شاہین امین
چیف ایگزیکٹو آفیسر
14 ستمبر 2018

خالد عزیز مرزا
چیئرمین بورڈ آف ڈائریکٹرز

ڈائریکٹر کا نام	اجلاسوں میں شرکت	ڈائریکٹر کا نام	اجلاسوں میں شرکت
جناب خالد عزیز مرزا	6	جناب نوید کامران بلوچ	4
جناب نسیم حیدر [1]	3	جناب ہاروکازو یاما گوچی (غیر مقامی)	2
محترمہ آمنہ زاہد ظہیر [1]	3	جناب کیوکازو ایشی نابی (غیر مقامی)	4
جناب شاہد عثمان [2]	3	جناب ہیڈیا کی یوکویاما (غیر مقامی) [5]	6
جناب ہیروشی نیشیو (غیر مقامی) [3]	4	جناب تاکاشی ناکایاما (غیر مقامی) [6]	0
جناب اکیونا کامورا (غیر مقامی) [4]	2	جناب شاہین امین	6

[1] ڈائریکٹرشپ کے دورانیہ کا آغاز 23 اکتوبر 2017

[2] ڈائریکٹرشپ کے دورانیہ کا اختتام 23 اکتوبر 2017

[3] بطور ڈائریکٹر مستعفی ہوئے 5 مارچ 2018

[4] بطور ڈائریکٹر تقرری ہوئی 15 مارچ 2018

[5] بطور ڈائریکٹر مستعفی ہوئے 26 جولائی 2018

[6] بطور ڈائریکٹر تقرری ہوئی 10 اگست 2018

جو ڈائریکٹرز بورڈ اجلاسوں میں شرکت نہ کرسکے، ان کی چھٹی کی درخواست منظور کرلی گئی۔

آڈٹ کمیٹی کا اجلاس

ڈائریکٹر کا نام	اجلاسوں میں شرکت	ڈائریکٹر کا نام	اجلاسوں میں شرکت
جناب نسیم حیدر [1]	4	جناب ہیڈیا کی یوکویاما (غیر مقامی) [3]	6
محترمہ آمنہ زاہد ظہیر [1]	4	جناب کیوکازو ایشی نابی غیر مقامی)	5
جناب شاہد عثمان [2]	2		

[1] بطور رکن تقرری ہوئی بتاریخ 23 اکتوبر 2017

[2] بطور رکن مدت دورانیہ مکمل ہوا بتاریخ 23 اکتوبر 2017

[3] بطور رکن مستعفی ہوئے بتاریخ 26 جولائی 2018

ہیومن ریسورس، نامنیشن اینڈ ریمیونیریشن کمیٹی کے اجلاس

ڈائریکٹر کا نام	اجلاسوں میں شرکت	ڈائریکٹر کا نام	اجلاسوں میں شرکت
جناب خالد عزیز مرزا [1]	2	جناب ہیڈیا کی یوکویاما (غیر مقامی) [3]	3
جناب نوید کامران بلوچ	2	جناب اکیونا کامورا (غیر مقامی) [4]	0
جناب ہیروشی نیشیو (غیر مقامی) [2]	2	جناب شاہین امین [5]	2

[1] بطور رکن تقرری ہوئی بتاریخ 23 اکتوبر 2017

[2] بطور رکن مستعفی ہوئے بتاریخ 5 مارچ 2018

[3] بطور رکن مستعفی ہوئے بتاریخ 26 جولائی 2018

[4] بطور رکن تقرری ہوئی بتاریخ 27 اگست 2018

[5] بطور رکن مستعفی ہوئے 23 اکتوبر 2017

ڈائریکٹرز

جناب شاہد عثمان*	آزاد ڈائریکٹر	حق حصص کو تسلیم کیا	114,268
جناب نوید کامران بلوچ	آزاد نان ایگزیکٹو ڈائریکٹر	حق حصص کو تسلیم کیا	100,000
جناب ہاروکازو یاما گوچی	نان ایگزیکٹو ڈائریکٹر	حق حصص کو تسلیم کیا	400
جناب ہیروشی نیشیو	نان ایگزیکٹو ڈائریکٹر	حق حصص کو تسلیم کیا	400

ایگزیکٹوز

جناب ارشد عباس	ڈپٹی چیف ایگزیکٹو آفیسر	حق حصص کو تسلیم کیا	25,000
محترمہ مریم عزیز	چیف فائنانشل آفیسر	حق حصص کو تسلیم کیا	25,363
محترمہ عفت اسد	ہیڈ آف انٹرنل آڈٹ	حق حصص کو تسلیم کیا	48,564
جناب ریمن الفری	ایگزیکٹو آفیسر	حق حصص کو تسلیم کیا	28,193
جناب محمد ایوب خان	ایگزیکٹو آفیسر	حق حصص کو تسلیم کیا	5,696
جناب میاں فیصل ریاض	ایگزیکٹو آفیسر	حق حصص کو تسلیم کیا	25,000
جناب طاہر علی شاہ	ایگزیکٹو آفیسر	حق حصص کو تسلیم کیا	10,000
جناب محمد کاشف یعقوب	ایگزیکٹو آفیسر	حق حصص کو تسلیم کیا	50,000
جناب ہیرالال بھروانی	ایگزیکٹو آفیسر	حق حصص کو تسلیم کیا	40,000
جناب امتیاز احمد چوہدری	ایگزیکٹو آفیسر	حق حصص کو تسلیم کیا	10,348
جناب خاور سلطان	ایگزیکٹو آفیسر	حق حصص کو تسلیم کیا	25,000

*ڈائریکٹرشپ کی میعاد 23 اکتوبر 2017 کو ختم ہوئی۔

سال کے دوران کمپنی کے ڈائریکٹرز اور ایگزیکٹوز کی جانب سے کمپنی کے حصص میں درج ذیل لین دین کی گئی۔

نام	عہدہ	لین دین کی نوعیت	حصص کی تعداد

ڈائریکٹر

جناب خالد عزیز مرزا	چیئرمین/آزاد ڈائریکٹر	منتقلی کے ذریعے حصص کی وصولی	500

ایگزیکٹوز

جناب شاہین امین	چیف ایگزیکٹو آفیسر	حصص کی خریداری	50,500
جناب ریمن الفری	ایگزیکٹو آفیسر	حصص کی منتقلی	500
جناب طاہر علی شاہ	ایگزیکٹو آفیسر	حصص کی فروخت	10,000
جناب خاور سلطان	ایگزیکٹو آفیسر	حصص کی فروخت	25,000

12. سال کے دوران، ایک ڈائریکٹر نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس کی جانب سے ڈائریکٹر ایجوکیشن کی سند حاصل کی۔ مالی سال کے اختتام پر، 9 میں سے 4 ڈائریکٹرز، ڈائریکٹرز ٹریننگ پروگرام کی سند رکھتے ہیں، جو کہ کارپوریٹ گورننس کے ضابطہ کار کے مطابق ضروری ہے۔
13. سال کے دوران، بورڈ آف ڈائریکٹرز کے 6 اجلاس، آڈٹ کمیٹی کے 6 جبکہ بورڈ کی ہیومن ریسورس، نامینیشن اینڈ ریمیونریشن کمیٹی کے چار اجلاس منعقد ہوئے۔ جو ڈائریکٹرز اجلاس میں شریک نہ ہو سکے، وہ ہر لمحہ کمپنی کی ترقی اور بورڈ اجلاسوں کی کارروائی سے باخبر رہے۔

بورڈ آف ڈائریکٹرز کے اجلاس

کمپنی کے اراکین نے 19 اکتوبر 2017 کو ہونے والے 31 ویں سالانہ اجلاس عام میں 9 ڈائریکٹرز پر مشتمل نئے بورڈ کو 3 سال کی مدت کے لیے منتخب کیا، جس کا آغاز 23 اکتوبر 2017 سے ہوتا ہے۔ بورڈ آف ڈائریکٹرز کے اجلاسوں میں شرکت کی تفصیل درج ذیل ہے:

ایگزیکٹیو کی اصطلاح:

پاکستان اسٹاک ایکسچینج کے قوانین 5.6.1(a) اور (d) کے مطابق ، جو کہ حساس معلومات کی ایس ای سی پی اور پاکستان اسٹاک ایکسچینج کو فراہمی کے متعلق ہے اور ڈایئریکٹرز ، سی ای او، قابل ذکر حصص یافتگان اور ایگزیکٹیو کی حصص کی خرید و فروخت کے متعلق ہے، بورڈ آف ڈایئریکٹرز نے ایگزیکٹیو کی اصطلاح کے لیے مندرجہ ذیل حد رکھی ہے۔

- چیف ایگزیکٹیو آفیسر
- ڈپٹی چیف ایگزیکٹیو آفیسر
- چیف فائنینشل آفیسر
- کمپنی سیکریٹری
- ہیڈ آف انٹرنل آڈٹ
- آل ڈپارٹمینٹل ہیڈز

ڈائریکٹرز کا ڈیکلیریشن

1. اوریکس لیزنگ پاکستان لمیٹڈ کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشواروں میں کمپنی کے معاملات، آپریشنز کے نتائج، رقوم کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف اور مکمل طور پر پیش کیا گیا ہے۔
2. کمپنی کے حسابات کے لیے کھاتوں کو با قاعدہ اور درست طور پر مرتب کیا گیا ہے۔
3. مالیاتی گوشواروں کی تیاری میں ہر جگہ حسابات کی پالیسی کو دُرست طور پر استعمال کیا گیا ہے اور حسابات کے تخمینے کے سلسلے میں مناسب ترین اور دانشمندانہ فیصلے کیے گئے ہیں۔
4. مالیاتی گوشوارے، پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بنیاد پر تیار کیے گئے ہیں اور ان سے کسی بھی انحراف کو مناسب طور پر ظاہر اور واضح کیا گیا ہے۔
5. اندرونی کنٹرول کے نظام کی تشکیل بہت مضبوط ہے اور اس کا نفاذ اور نگرانی مؤثر طور پر کی جارہی ہے۔
6. کوئی وجہ نہیں ہے کہ کمپنی کی موجودہ حیثیت میں کام جاری رکھنے کی اہلیت اور صلاحیت پر کوئی شک وشبہ کیا جائے۔
7. 30 جون 2018 کو ختم ہونے والے مالی سال کے دوران کمپنی کے انتظامی نتائج میں کسی بامعنی انحراف کی تفصیلات ڈائریکٹرز کی رپورٹ میں شامل ہیں۔
8. گزشتہ 6 سال کی بنیادی اور اہم انتظامی و مالیاتی معلومات مختصراً اس رپورٹ کے صفحہ نمبر 64 پر درج ہیں۔
9. 30 جون 2018 کو ڈیوٹیز، محصولات، لیویز اور چارجز کی مد میں کوئی رقم واجب الادا نہیں ہے، ماسوائے اس مالیاتی گوشوارے میں درج ادائیگیوں کے۔
10. تسلیم شدہ پراویڈنٹ فنڈ کی سرمایہ کاری کی مالیت 30 جون 2018 کو 40 کروڑ 17 لاکھ روپے (غیر آڈٹ شدہ) رہی، جو کہ 30 جون 2017 کو 37 کروڑ 11 لاکھ روپے (آڈٹ شدہ) تھی۔

کمپنی کے تسلیم شدہ گریجویٹی فنڈ کی سرمایہ کاری کی قدر 30 جون 2018 کو 17 کروڑ 62 لاکھ روپے (غیر آڈٹ شدہ) رہی، جو کہ 30 جون 2017 کو 15 کروڑ 16 لاکھ روپے (آڈٹ شدہ) تھی۔

11. زیرِ جائزہ سال کے دوران، کمپنی نے حق حصص کا اجراء کیا۔ درج ذیل قابلِ ذکر حصص یافتگان، ڈائریکٹرز اور ایگزیکٹوز نے حق حصص تسلیم کیے:

نام	عہدہ	لین دین کی نوعیت	حصص کی تعداد
قابل ذکر حصص یافتگان (Substantial Shareholders)			
اوریکس کارپوریشن	قابلِ ذکر شیئر ہولڈر	حق حصص کو تسلیم کیا	28,321,519

کاروباری اخلاقیات:

ہم، اوریکس لیزنگ پاکستان میں کاروبار انتہائی دیانت، ایمانداری اور سماجی ذمہ داری کے ساتھ کرنے پر یقین رکھتے ہیں، جو کہ ہماری کمپنی کا بنیادی فلسفہ بھی ہے۔ کمپنی کے بنیادی اقدار، اس فلسفے کا مجسم ہیں اور ضابطہ اخلاق اور اخلاقیات پالیسی کے ساتھ یہ بھی بورڈ سے منظور شدہ ہیں، جو عملے کو صارفین، شراکت داروں اور ساتھی عملے سے اعلیٰ ترین معیار کی کاروباری اخلاقیات کے ساتھ پیش آنے کے لیے رہنمائی فراہم کرتا ہے۔ اس پالیسی کے ذریعے یقینی بنایا جاتا ہے کہ تمام متعلقہ حکومتی قوانین اور ضوابط کا پر عمل درآمد کیا جارہا ہے اور عملے کے افراد اپنی لین دین میں پیشہ ورانہ اقدار کا خیال رکھتے ہیں۔ ضابطہ اخلاق کی خلاف ورزی کرنے پر کمپنی صفر برداشت کی حکمت عملی رکھتی ہے۔ انسداد دھوکہ دہی (اینٹی فراڈ) اور وِسل بلوئنگ پالیسیوں کے ذریعے دھوکہ دہی اور غیر اخلاقی کاروباری رویوں اور اس سے متعلق ضابطہ کار کی رپورٹنگ کرکے انھیں غیر جانبدارانہ اور شفاف انداز میں نمٹانے کی حوصلہ افزائی کی جاتی ہے۔

ایوارڈز اور اعزازات:

زیر جائزہ سال کے دوران، اوریکس لیزنگ پاکستان کی شاندار کارکردگی کا اعتراف متعدد بار اور مختلف فورمز پر کیا گیا۔

- اوریکس لیزنگ ماکستان نے، لیزنگ سیکٹر میں مسلسل تیسرے سال، مینجمنٹ ایسوسی ایشن آف پاکستان (MAP) کا 33واں کارپوریٹ ایکسی لینس ایوارڈ حاصل کیا۔ MAP کارپوریٹ ایکسی لینس ایوارڈ غیر معمولی کارکردگی کا مظاہرہ کرنے والی کمپنیوں کے اعتراف اور اعزاز میں دیا جاتا ہے۔ کمپنی نے آج تک MAP سے 6 تمغے اور 5 سند برائے کارپوریٹ ایسی لینگس حاصل کیے ہیں۔
- این بی ایف آئی اور مضاربہ ایسوسی ایشن آف پاکستان نے اوریکس لیزنگ پاکستان کو اس سال کے بہترین این بی ایف آئی ایوارڈ سے نوازا۔
- وفاق ایوانہائے صنعت وتجارت (FPCCI) نے مالیاتی خدمات کے زمرے میں، اوریکس لیزنگ پاکستان کو، مسلسل 5ویں سال اچیومنٹ ایوارڈ برائے 2018 سے نوازا۔

مستقبل کا منظر نامہ:

عام انتخاب کا عمل مکمل ہونے اور نئی حکومت کی تشکیل کے بعد سیاسی استحکام کے پیش نظر توقع ہے کہ پاکستان کی معیشت میں مثبت رجحان پیدا ہوگا۔ کمپنی، مجموعی معیشت میں نمو کی بنیاد پر اپنے کاروبار میں ترقی سے متعلق محتاط انداز میں پر امید ہے۔ بیک وقت، کمپنی کو اس بات کا بھی ادراک ہے کہ ایک ایسا شعبہ، جس میں بینکوں کا کردار مسلسل بڑھ رہا ہے، کمپنی کو اپنا وجود برقرار رکھنے کے لیے اختراع اور تفرق (Innovation & Differentiation) پر کام کرنا ہوگا۔ جیسا کہ نئی حکومت نے سی پیک کے منصوبوں کو مکمل طور پر جاری رکھنے کے عزم کا اعادہ کیا ہے، مستقبل میں ملکی معاشی ترقی میں ان کا کردار اہم رہے گا۔ کمپنی اپنی توجہ چھوٹے اور درمیانے درجے کی صنعتوں کے شعبے پر مرتکز رکھے گی، جو کہ کسی بھی معیشت کی ریڑھ کی ہڈی ہوتی ہے اور اس طرح کمپنی اس شعبے کی ترقی میں اپنا کردار ادا کرے گی۔ اوریکس لیزنگ پاکستان اپنے کاروبار میں تنوع پیدا کرنے کے لیے، اس شعبے سے وابستہ دیگر شعبے میں بھی جائے گی اور مشکل مالیاتی منڈی میں آمدنی کے زیادہ پائیدار ذرائع پیدا کرنے کے لیے نان۔ بیلنس شیٹ مواقع پر توجہ دے گی۔

بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیاں:

بورڈ آف ڈائریکٹر اور ان کی سب کمیٹیوں کی تشکیل کی تفصیلات صفحہ نمبر 56 پر اسٹیٹمنٹ آف کمپلائنس میں دی گئی ہیں۔

بورڈ کی کارکردگی کا جائزہ:

اوریکس لیزنگ پاکستان میں بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لینے کے لیے ایک باقاعدہ طریقہ کار موجود ہے۔ یہ جائزہ سالانہ بنیاد پر ادارے میں اندرونی طور پر یا بیرونی خودمختار کنسلٹنٹس کے ذریعے لیا جاتا ہے۔ بورڈ اراکین، بورڈ کے تمام اجلاس اور ان میں ہونے والی کارروائی میں مکمل طور پر شامل رہنے کی پوری کوشش کرتے ہیں۔ بورڈ اس بات کو یقینی بناتا ہے کہ کمپنی اور بورڈ، تمام امور میں، صنعت میں رائج بہترین کاروباری طور طریقوں کو اختیار کرتے ہیں۔

کارکردگی کا جائزہ لینے کے اس عمل کے تحت، بورڈ اراکین کو 'ایویلیوایشن پروفارما' فراہم کیے جاتے ہیں، جو اس تمام عمل کو خفیہ رکھتے ہوئے، اپنے جوابات کمپنی سیکریٹری کو بھیجتے ہیں۔ کمپنی سیکریٹری، تمام جوابات کو جمع کرکے، اس کے نتائج بورڈ اجلاس میں پیش کرتی ہے اور جن شعبوں میں بہتری کی گنجائش ہوتی ہے، ان کی نشاندہی کی جاتی ہے۔

بورڈ کی مشاہرہ پالیسی:

کمپنی کی ایک منظور شدہ مشاہرہ کی حکمت عملی (Remuneration Policy) موجود ہے، جو بورڈ اور کمیٹی اجلاسوں میں شرکت کرنے کے لیے انفرادی ڈائریکٹرز کے مشاہرہ کا باقاعدہ طریقہ کار فراہم کرتی ہے۔ پالیسی کے تحت، آزاد نان ایگزیکٹو ڈائریکٹرز، بورڈ اور اس کی کمیٹی اجلاس میں شرکت پر مشاہرہ حاصل کرنے کے اہل ہیں۔ نان ایگزیکٹو ڈائریکٹرز کے اجلاسوں میں شرکت پر جو اخراجات آتے ہیں، ان کی ادائیگی انھیں کی جاتی ہے۔

کمپنی اپنی حالیہ اور مستقبل کی سرمایے کی ضرورت پوری کرنے کے لیے بہترین پوزیشن میں ہے اور مالیاتی اداروں کے ساتھ مذاکرات میں شرح میں کمی کروانے میں بھی کامیاب رہ چکی ہے۔ یہ شرح سود میں اضافے کے موجودہ منظر نامہ میں قرضہ جات کی لاگت کے منفی اثرات کو محدود کرے گا، جو کہ آئندہ مالی سال میں متوقع ہے۔

کارپوریٹ گورننس:

اوریکس لیزنگ پاکستان اس بات پر فخر کرتی ہے کہ اس نے اپنے مقاصد کے حصول کے لیے اپنی سرگرمیوں سے باخبر رکھنے، ہدایت دینے، انتظام کرنے اور نگرانی کے لیے مستحکم حکمت عملی، کنٹرولز اور مضبوط ڈھانچے کے ذریعے کارپوریٹ گورننس کا اعلیٰ معیار برقرار رکھا ہوا ہے۔ اختیارات اور ذمہ داریاں واضح طور پر بیان کردہ ہیں اور اس بات کو یقینی بنایا گیا ہے کہ پالیسیوں اور ضابطہ کار کو پورے ادارے میں سمجھا جاتا ہے۔ اوریکس لیزنگ پاکستان، جن قوانین کے تحت کام کرتی ہے، ان پر مکمل طور پر عمل درآمد کرتی ہے۔

بورڈ کے 9 میں سے 4 آزاد اراکین ہیں، اس میں ایک خاتون ڈائریکٹر بھی شامل ہیں۔ ایک آزاد ڈائریکٹر بورڈ میں چیئرمین کے عہدے پر فائز ہیں، جو کمپنی کے آپریشن میں شفافیت اور احتساب کے عمل کو یقینی بناتے ہیں۔ آزاد ڈائریکٹر آڈٹ کمیٹی، انسانی وسائل و نامزدگی اور مشاہرہ کمیٹی کے سربراہ بھی ہیں۔

متعدد مینجمنٹ کمیٹیاں کام کررہی ہیں، جو پورے ادارے میں گورننس کو مزید بہتر بناتی ہیں۔ ان میں مینجمنٹ کمیٹی، کریڈٹ کمیٹی، ایسیٹ لائبلیٹی مینجمنٹ کمیٹی، FATCA اور CRS اسٹیرنگ کمیٹی اور آئی ٹی اسٹیرنگ کمیٹی شامل ہیں۔ عملے کے سینئر اراکین، ان مینجمنٹ کمیٹیوں کا حصہ ہیں اور آپریشنز کے لیے لائحہ عمل اور کاروباری منصوبہ بندی میں اپنا وسیع تجربہ بروئے کار لاتے ہیں۔ کمپنی کے تمام اہم فیصلے یا تو کمیٹیاں کرتی ہیں یا پھر بورڈ آف ڈائریکٹرز کرتے ہیں۔

اجتماعی سماجی ذمہ داری:

ایک ذمہ دار کارپوریٹ ادارہ ہونے کے ناطے، اوریکس لیزنگ پاکستان کی ہمیشہ یہ کوشش رہی ہے کہ وہ جس معاشرے میں کاروبار کررہی ہے، اس کی ذمہ داریاں بھی نبھائے۔ اوریکس لیزنگ پاکستان، ملک کے کئی علاقوں میں کام کررہی ہے، اور اپنے مائکروفنانس شعبے کے ذریعے یا سماجی بہبود اور بہتری کے لیے کام کرنے والے اداروں کی براہِ راست مالی معاونت کے ذریعے، ان علاقوں کی بہتری میں اپنا کردار ادا کرتی ہے۔ یہ مالی معاونت زیادہ تر صحت، تعلیم اور تخفیف غربت کے شعبوں میں دی جاتی ہے اور اس کے لیے متعلقہ اداروں کا تفصیلی جائزہ لیا جاتا ہے۔

2004 میں کام کے آغاز سے، اوریکس لیزنگ پاکستان کے مائکروفنانس ڈویژن نے 1 لاکھ 98 ہزار سے زائد افراد کو سرمایہ فراہم کیا ہے اور انھیں خودکفیل اور ان کا معیار زندگی بہتر بنانے میں مدد فراہم کی ہے۔ یہ قرضہ جات ملک کے مختلف دیہی اور شہری علاقوں میں کم آمدنی والے کاروباری افراد خصوصاً کاروباری خواتین کو فراہم کیے گئے ہیں۔
کمپنی کاربن اخراج کو کم کرنے کے لیے، توانائی کے ذمہ دارانہ استعمال پر بھی عمل پیرا ہے۔ کوشش کی جاتی ہے کہ بجلی کا استعمال مؤثر انداز میں کرتے ہوئے توانائی کی کھپت میں کمی لائی جائے۔ قابل تجدید توانائی کے استعمال کے فروغ کے لیے، کمپنی نے اپنے صدر دفتر میں سولر پینل نصب کیے ہیں، تاکہ قومی گرڈ سے بجلی کی کھپت کو کم کیا جاسکے۔

افراد:

اوریکس لیزنگ پاکستان، افراد کو اپنا سب سے قیمتی اثاثہ تصور کرتی ہے اور کمپنی کی کامیابی پُرعزم، وفادار اور محنتی افراد کے مرہونِ منت سمجھتی ہے۔ اوریکس لیزنگ پاکستان اپنے عملے میں ملکیت کا تصور اُبھارنے میں یقین رکھتی ہے اور کمپنی کے بنیادی مقاصد کے حصول کے لیے اختراع اور ٹیم ورک کو فروغ دیتی ہے، جو کہ کمپنی کے بنیادی اقدار بھی ہیں۔

اوریکس لیزنگ پاکستان کا عملہ، جس مارکیٹ میں کاروبار کرتا ہے، وہاں کام کرنے کے لیے پوری طرح تربیت یافتہ ہے اور مستقبل میں کمپنی کی کامیابی میں ان کا کردار اہم ہوگا، یہی وجہ ہے کہ کمپنی اپنے پُرعزم ہیومن ریسورس کے شعبے کے ذریعے اندرونی اور بیرونی تربیت اور ترقی میں بھاری سرمایہ کاری کرتی ہے۔ ہیومن ریسورس کا شعبہ، عملے کا حوصلہ بڑھانے اور کام کے لیے سازگار ماحول پیدا کرنے کے لیے کئی پروگرامز کا انعقاد بھی کرتا ہے، جو عملے کو پیداواری اور مطمئن رکھنے کے لیے ضروری ہوتے ہیں۔

بورڈ کی ہیومن ریسورس، نامینیشن اینڈ ریمونیریشن کمیٹیاں انسانی وسائل کی ترقی سے متعلق لائحہ عمل بنانے پر مرتکز رہتی ہیں اور وہ اس بات کو یقینی بناتی ہیں کہ عملے کی تربیت و ترقی اور مشاہرے کے ڈھانچے کو کمپنی کے مجموعی کاروباری لائحہ عمل میں بنیادی حیثیت حاصل رہے۔

مشکل حالات میں کمپنی کے لیے کامیابی کی نئی بلندیاں چھونے میں عملے کے کردار کی تعریف کو بورڈ ریکارڈ پر لاتا ہے۔

آپریشنل رِسک:

آپریشنل رسک وہ نقصان ہوتا ہے جو آپریشنل ناکامی؛ جیسے کسی اندرونی طریقہ، انسانی غلطی یا دھوکہ دہی، بیرونی واقعات کے باعث نظام کے ناکارہ اور ناکام ہونے کے باعث ہوتا ہے۔ اس میں مقامی قوانین اور ضوابط پر عمل درآمد نہ کرنے کا خطرہ بھی شامل ہوتا ہے۔ یہ کمپنی پر نمایاں اثرات مرتب کرسکتا ہے، کیونکہ جب کنٹرول کے نظام کارکردگی دکھانے میں ناکام ہوجائیں، اس طرح کے آپریشنل رسک کمپنی کی ساکھ کو نقصان پہنچاسکتے ہیں، قانونی یا انضباطی (ریگولیٹری) پیچیدگیاں پیدا کرسکتے ہیں اور/ یا مالی نقصان کا باعث بن سکتے ہیں۔

اوریکس لیزنگ پاکستان کے آپریشنز کے حجم اور جغرافیائی پھیلاؤ کے باعث، کمپنی کو متعدد عملیاتی رسک کا سامنا ہے۔ ان خطروں کو محدود یا کم کرنے کے لیے اندرونی پالیسیوں اور کنٹرول کے نظام کا باقاعدگی سے جائزہ لیا جاتا ہے، انھیں مزید مضبوط بنایا جاتا ہے اور ان پالیسیوں پر عمل درآمد کو یقینی بنایا جاتا ہے۔ کوئی بھی بیرونی واقعہ، حادثہ یا قدرتی مصیبت، جو کمپنی کے آپریشنز میں تعطل پیدا کردے، ان کا مقابلہ کرنے کے لیے اوریکس لیزنگ پاکستان نے ایک ڈیزاسٹر ریکوری پلان بھی بنایا ہوا ہے، جس کا وقتاً فوقتاً جائزہ لیا جاتا ہے اور اسے پرکھا جاتا ہے۔ نئے اور موجودہ عملے کو، دھوکہ دہی اور غیر اخلاقی حرکتوں سے محفوظ رکھنے کے لیے کمپنی کے ضابطہ اخلاق، اینٹی منی لانڈرنگ اور اینٹی فراڈ اور وِسل بلوئنگ پالیسیوں سے متعلق واقفیت اور تربیت فراہم کی جاتی ہے۔

انٹرنل آڈٹ اور کمپلائنس ڈیپارٹمنٹ کی جانب سے باقاعدہ طور پر جانچ پڑتال کے باعث، منظور شدہ پالیسیوں اور اس سے متعلقہ احتیاطی یا انسدادی اندرونی نظام پر عمل درآمد کی صورتحال کی نگرانی میں مدد ملتی ہے۔

اندرونی کنٹرول اور عمل درآمد:

گزشتہ چند برسوں کے دوران، گورننس کے نظام، حکمت عملی اور طریقہ کار میں متعدد اصلاحات نے اوریکس لیزنگ پاکستان کے اندرونی کنٹرول کے نظام کو مضبوط بنادیا ہے۔ انضباطی اور کاروبار کرنے کے طریقہ کار میں موجود کسی بھی ممکنہ خلا یا نقائص کو جدید بنانے اور ان کی درستگی کرنے کے لیے حکمت عملیوں اور ضابطہ کار کو مسلسل زیر جائزہ رکھا جاتا ہے۔ ان حکمت عملیوں پر عمل درآمد کو یقینی بنانے کے لیے کئی اندرونی انتظامی کمیٹیوں کو ذمہ داری دی گئی ہے۔

انٹرنل آڈٹ ڈیپارٹمنٹ، نازک حکمت عملی اور ضابطہ کار پر عمل درآمد کی رپورٹ، آزادانہ طور پر باقاعدگی سے آڈٹ کمیٹی کو پیش کرتا ہے اور انڈسٹری کے بہترین ضوابط کے پیش نظر، ان حکمت عملیوں میں ترامیم تجویز کرتا ہے۔ آڈٹ معاملات کی نگرانی اور بعدازاں ان کو اختتام تک لے جانا، آڈٹ کے عمل کا لازمی جزو ہے اور اندرونی آڈٹ کے تاثر کو برقرار رکھتی ہے۔ آڈٹ کمیٹی اور بورڈ اس بات کی بھی مکمل ذمہ داری لیتا ہے کہ کمپنی کے بہترین مفاد میں آڈٹ معاملات کو بہتر بنایا اور انھیں حل کیا جائے۔

کمپلائنس فنکشن بھی خودمختار طور پر کام کرتا ہے اور آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ کمپنی منی لانڈرنگ اور دہشت گردوں کی مالی معاونت کے خطرے سے بھی دوچار رہتی ہے۔ کمپلائنس فنکشن، یقینی بناتا ہے کہ اس سلسلے میں تمام متعلقہ قوانین اور ضابطہ کار پر مکمل عمل کیا جارہا ہے اور صارفین کو جاننے اور مطلوبہ احتیاط کے ضوابط کو اسی کے مطابق اپ ڈیٹ کیا جاتا ہے۔ یہ، تمام انضباطی رپورٹنگ کی نگرانی کرنے کے علاوہ کسی بھی نئے قانون یا ضابطہ کار کے کمپنی کے کاروبار پر اثر کا جائزہ بھی لیتا ہے۔

فنڈز کی فراہمی اور سیالیت:

سرمایہ حاصل کرنے کے لیے کمپنی کا پروفائل معقول اور مارکیٹ ساکھ بہت مضبوط ہے، جس کا اندازہ مالیاتی اداروں کی جانب سے کئے گئے وعدے اور ان کی جانب سے قیمت کی پیش کش سے ہوتا ہے۔ زیر جائزہ سال کے دوران، کمپنی کے سرمایے کی صورتحال، فیس ویلیو پر 250 فیصد پریمیم کے ساتھ حق حصص کے اجراء کے بعد مزید مضبوط ہوگئی ہے، جس کے بعد 30 جون 2018 کو کمپنی کی ایکویٹی بڑھ کر 7ارب 24 کروڑ 90لاکھ روپے ہوگئی ہے، جو کہ گزشتہ مالی سال کے اختتام پر 4ارب 14 کروڑ 90 لاکھ روپے تھی۔ کیپٹل ایڈیکویسی ریشو میں نمایاں اضافہ ہوا اور مالی سال 2018 میں گیئرنگ کم ہوکر 2.3 رہ گئی، جو مالی سال 2017 میں 4.67 تھی۔ نتیجتاً، مجموعی قرضہ 12 فیصد کمی کے بعد 17ارب روپے رہ گیا (مالی سال 2017 میں 19ارب 40 کروڑ روپے)۔ سال کے دوران، مختلف مالیاتی اداروں سے 2ارب 70 کروڑ روپے کے نئے محدود مدت کے قرضہ جات (ٹرم لون) حاصل کیے گئے (2017 میں 4ارب 80 کروڑ روپے)۔

سرٹیفکیٹ آف ڈپوزٹ کا پورٹ فولیو 12 فیصد کمی کے بعد 5ارب 27 کروڑ 50لاکھ روپے رہا، جو مالی سال 2017 میں 6ارب 27لاکھ روپے تھا، یہ کمپنی کے مجموعی قرض کا 31فی صد بنتا ہے۔ کمپنی مزید پراڈکٹس متعارف کرانے کا منصوبہ رکھتی ہے اور متنوع ذرائع سے سرمایہ حاصل کرنے کے لیے مارکیٹ کے ان حصوں میں جانا چاہتی ہے، جہاں پہلے موجود نہیں تھی۔ اس کا مقصد مختلف بینکوں سے حاصل کیے گئے سرمایے اور صارف قرضہ جات کی لاگت میں توازن قائم کرنا ہے۔ مارکیٹ کی صورت حال کے مطابق، شرح میں اضافہ بھی کیا جائے گا۔

منظوری دے رکھی ہے۔ ان حدود سے اوپر، قرض جاری کرنے کا جائزہ خود مختار رِسک مینجمنٹ شعبہ لیتا ہے اور منظوری کریڈٹ کمیٹی دیتی ہے۔ قرض اجراء کے بعد، رسک مینجمنٹ شعبہ کے جائزے اس بات کو یقینی بناتے ہیں کہ قرضوں کے لیے متعین کردہ حدود کا مناسب خیال کیا جارہا ہے اور تمام قرضے، اپنے حجم کے قطع نظر، کمپنی کی کریڈٹ پالیسی کے مطابق منظور کیے جارہے ہیں۔ تمام سطح پر قرض منظوری کے لیے جانچ پڑتال کے سخت نظام کی پیروی کی جاتی ہے اور اثاثہ جات کے پورٹ فولیو کے معیار کو برقرار رکھنے کے لیے کریڈٹ اسکریننگ اور مطلوبہ احتیاط کے اعلیٰ معیارات کو برقرار رکھا جاتا ہے۔ کریڈٹ رسک پالیسیوں اور رہنما اصولوں کو بہتر طور پر سمجھنے کے لیے مارکیٹنگ اور کریڈٹ کے عملے کو مسلسل تربیت بھی فراہم کی جاتی ہے۔

بورڈ نے ہر شریک پارٹی، شعبے اور اثاثہ جات کے لیے قرض کی حد بھی مقرر کی ہے۔ نتیجتاً، اوریکس لیزنگ پاکستان کے پورٹ فولیو میں تنوع پیدا کیا گیا ہے اور کسی واحد پارٹی یا شعبے میں رسک کو مرتکز نہیں کیا؛ کوئی ایک گروپ جسے مجموعی پورٹ فولیو کا سب سے بڑا حصہ دیا گیا ہے، وہ پورٹ فولیو کا 0.75 فیصد اور کمپنی کی ایکویٹی کا 2.4 فیصد ہے، جبکہ کسی ایک سیکٹر جسے سب سے زیادہ قرض دیا گیا ہے وہ 20.5 فیصد ہے۔

سیالیت رِسک:

سیالیت کا رسک اس رسک کو کہتے ہیں جس میں کمپنی مقررہ وقت پر اپنی مالی ذمہ داریاں پوری کرنے کے قابل نہ رہے یا وہ اپنے مالیاتی وعدے پورے کرنے کے لیے درکار فنڈز حاصل نہ کرسکے۔ سیالیت کے رسک کی انتظامات مجموعی طور پر ایسیٹ لائبلیٹی مینجمنٹ کمیٹی (ALCO) کے ذمہ ہے۔ بورڈ نے ایک ایسیٹ لائبلیٹی مینجمنٹ پالیسی کی منظوری دی ہے، جبکہ ALCO کی تفصیلی شرائط وضوابط بھی موثر ہیں، جن کی روشنی میں رسک کے حجم کا تعین کیا جاتا ہے، جن کے اندر رہتے ہوئے ALCO کام کرسکتی ہے۔ بدلتی معاشی اور مارکیٹ صورتحال کا کمپنی کے منافع، سیالیت اور فنڈ مینجمنٹ پر اثر جانچنے کے لیے ایسیٹ لائبلیٹی مینجمنٹ کمیٹی (ALCO) کا اجلاس کم از کم ہر مہینے ہوتا ہے۔ یہ کمیٹی ایسیٹ لائبلیٹی مینجمنٹ کی شرح، حال اور مستقبل میں نقد بہاؤ کی صورتحال کا جائزہ اور فنڈنگ کے وسائل میں ضروری تنوع کو برقرار رکھنے کے لیے دستیاب اختیارات میں سے مختلف وسائل سے مناسب طریقے سے سرمایہ حاصل کرنے کا لائحہ عمل تیار کرتی ہے۔

ایک ڈپازٹ حاصل کرنے والے ادارے کے طور پر، اوریکس لیزنگ پاکستان، سیالیت کی قانونی طلب (SLR) کو برقرار رکھنے کا پابند ہے، جس کی نگرانی روزانہ کی بنیاد پر کی جاتی ہے، تاکہ کسی بھی وقت قانونی تقاضوں کو پورا کرنے کے لیے سیال سیکیورٹیز کی مناسب سطح کو برقرار رکھنا یقینی بنایا جاسکے۔

مارکیٹ رِسک:

مارکیٹ رسک وہ رسک ہے کہ جس میں مارکیٹ فیکٹرز میں تحرک پیدا ہونے سے اثاثہ جات اور قرضہ جات میں اُتار چڑھاؤ کی کیفیت پیدا ہوجائے۔ اوریکس لیزنگ پاکستان، شرح سود میں آنے والے تحرک سے پیدا ہونے والے خطرے سے دوچار رہتی ہے، جو قرضوں کی ادائیگی، لیزز اور قابل وصول قرضہ جات پر اثر انداز ہوتا ہے، جبکہ پالیسی کے تحت کمپنی کسی بھی ایسے غیر ملکی زرمبادلہ کی ذمہ داری نہیں سنبھالتی، جس میں رسک کو کم یا محدود کرنے کا انتظام نہ ہو۔

اوریکس لیزنگ پاکستان کے قرضوں کا ایک بڑا حصہ معیارِ شرح کی بنیاد پر حاصل شدہ ہے، جس کی وجہ سے کمپنی، شرح میں اُتار چڑھاؤ کے خطرے سے دوچار رہتی ہے۔ تاہم، کمپنی اس خطرے کو محدود رکھنے کے لیے شرح سود میں ہونے والے ردوبدل پر گہری نظر رکھتے ہوئے ایسی ریٹ مینجمنٹ پالیسیاں بناتی اور لاگو کرتی ہے، جن کی مدد سے اثاثہ جات اور قرضہ جات میں مناسب فرق کو یقینی بنایا جاتا ہے، جو شرح سود میں تیز رفتار تبدیلیوں کے خلاف سہارا فراہم کرتا ہے۔

کمپنی، لیز اور قرضہ جات کے پورٹ فولیو پر شرح سود کے پروفائل (مستقل اور غیر مستقل) اور واجب الادا قرضہ جات کی شرح سود کو انتہائی معقول حد تک یکساں سطح پر لانے پر کام کرتی ہے، تاکہ یہ فرق قابل قبول حدود کے اندر رہے۔

غیر ملکی ایسوسی ایٹس میں اسٹریٹیجک سرمایہ کاری کے باعث کمپنی کو کرنسی رسک کا سامنا رہتا ہے، تاہم اس کے عملی اثرات صرف اس وقت محسوس کیے جاتے ہیں، جب ان سرمایہ کاریوں کی ملکیت تبدیل ہوتی ہے۔ غیر ملکی زرمبادلہ میں قرض حاصل کرنے کی صورت میں بھی کرنسی رسک پیدا ہوتا ہے۔ پالیسی کے مطابق، کمپنی، غیر ملکی کرنسی میں قرضہ کے حصول میں کرنسی کی شرح تبادلہ میں اُتار چڑھاؤ کے خطرے کو محدود کرنے کے لیے کرنسی کے تبادلے کا طریقہ اختیار کیے بغیر ایسا کوئی قرضہ نہیں لیتی۔

زیر جائزہ سال کے دوران، آپریٹنگ لیز اثاثہ جات اور اس سے متعلقہ آمدنی میں کمی کے تناسب سے براہِ راست لاگت 38 فیصد کم ہو کر 25 کروڑ روپے ہوگئی (مالی سال 2017 میں 40 کروڑ 20 لاکھ روپے)۔ لاگت میں کمی کی بنیادی وجہ اوریکس لیزنگ پاکستان کے جنریٹرز کا فروخت کیا جانا تھا۔

زیر جائزہ سال کے دوران، زائد المیعاد وصولیاں قابو میں رہیں جس کی وجہ سے لیز اور قرضوں پر ممکنہ عدم وصولی کے باعث ہونے والے نقصان کا ازالہ کرنے کے لیے 1 کروڑ 80 لاکھ روپے مختص کئے گئے، جو کہ متعلقہ لیز اور قرض پورٹ فولیو کے 0.1 فیصد سے بھی کم ہے، جبکہ مالی سال 2017 میں اس مد میں مختص رقم میں 2 کروڑ 30 لاکھ روپے کمی کی گئی تھی۔ مجموعی پرووِیژن برائے زائد المیعاد لیز اور قرضہ جات کی رقم 1 ارب 38 کروڑ روپے ہے جو کہ 90 روز یا اس سے زائد المیعاد لیز اور قرضہ جات کے مقابلے میں 105 فیصد ہے۔ مستقبل میں، کمپنی ایک ایسے پرووِیژننگ ماڈل کو اختیار کرنے کا ارادہ رکھتی ہے، جس کے تحت شماریاتی اعداد و شمار کی بنیاد پر تاریخی زائد المیعاد رجحانات اور نقصان کی شرح کو زیرِ غور لایا جائے گا۔ اس کی مدد سے، پرووِیژننگ کے لیے رقم مختص کرنے کا عمل زیادہ با مقصد اور غیر جانبدار بنایا جاسکے گا۔

گزشتہ سال، دیگر پرووِیژن میں، 5 کروڑ 85 لاکھ روپے کی کمی کی گئی تھی، جس میں 6 کروڑ 65 لاکھ روپے کی کمی بھی شامل تھی، جو کہ ایک بار کی دُرستگی (ایڈجسٹمنٹ) تھی۔ اس سال کم کی جانے والی رقم کی مالیت 1 لاکھ 60 ہزار روپے ہے۔

محصولات کی ادائیگی کی مد میں مالی سال 2018 میں 34 کروڑ روپے مختص کیے گئے، جبکہ مالی سال 2017 میں 31 کروڑ 70 لاکھ روپے مختص کیے گئے تھے، یہ رقم الٹرنیٹ کارپوریٹ ٹیکس کی پرووِیژن کے تحت مختص کی گئی تھی۔

رِسک مینجمنٹ:

اوریکس لیزنگ پاکستان، جس نوعیت کے کاروبار میں ہے، اس میں رِسک کا عنصر شامل رہتا ہے۔ رسک مینجمنٹ، کمپنی کے آپریشنز کا ایک اہم پہلو ہے، جس کے ذریعے رِسک مینجمنٹ فریم ورک کی تشکیل اور نگرانی بورڈ آف ڈائریکٹرز کی ذمہ داری ہے اور رِسک مینجمنٹ پالیسیوں پر مؤثر عمل درآمد کو یقینی بنانے کے لیے بورڈ اور مینجمنٹ کی کئی ذیلی کمیٹیاں کام کرتی ہیں۔ کمپنی، بدلتے مارکیٹ رجحانات کے مطابق، اپنی رِسک مینجمنٹ پالیسیوں کو جانچنے اور از سرِ نو جائزہ لینے کے عمل کو جاری رکھتی ہے۔ اس ذمہ داری کی انجام دہی رسک مینجمنٹ ڈیپارٹمنٹ کرتا ہے، جو جاری بنیادوں پر قابلِ تشویش شعبوں کی مانیٹرنگ اور رپورٹنگ کا بھی ذمہ دار ہے۔ بورڈ نے اوریکس لیزنگ پاکستان کے آپریشنز کے اہم شعبوں میں پالیسی کی منظوری دے رکھی ہے، جن کی مدد سے ان شعبوں کے عملیات میں موروثی رسک کی نشاندہی کی جاتی ہے اور کنٹرولڈ ماحول میں مختلف کاموں کو مکمل کرنے کی حکمت عملی ترتیب دی جاتی ہے۔

ایک خودمختار انٹرنل آڈٹ کا شعبہ، جو براہِ راست بورڈ کی آڈٹ کمیٹی کو رپورٹ کرتا ہے، اس نے اپنی سرگرمیوں کو کمپنی کے مقاصد اور اس سے جڑے مختلف رِسک کے ساتھ ہم آہنگ کر رکھا ہے۔ انٹرنل آڈٹ، پالیسیوں کے مؤثر عمل درآمد سے متعلق مفید مشورے فراہم کرنے کے علاوہ اس بات پر بھی نظر رکھتا ہے کہ رِسک پر مناسب انداز میں نظر رکھی جا رہی ہے۔

ہر شعبہ، اپنی اندرونی پالیسیوں اور کام کرنے کے معیاری طریقوں کا مسلسل جائزہ لیتا رہتا ہے، تاکہ اس شعبے کو درپیش رِسک کی مناسب طور پر نشاندہی کر کے اندرونی کنٹرول نظام پر مؤثر عمل درآمد کے ذریعے انھیں کم کر سکے۔

کمپنی کو درپیش بڑے رِسک کی تفصیل درج ذیل ہے:

کریڈٹ رِسک:

کریڈٹ رِسک سے مراد وہ نقصان ہے جب قرض دہندہ مقررہ وقت پر اپنی مالی ذمہ داری پوری کرنے سے قاصر ہو جائے، جب وہ واجب الادا ہو۔ قرض دینے کے کاروبار سے وابستہ ہونے کی وجہ سے یہ اوریکس لیزنگ پاکستان کو درپیش سب سے بڑا رسک ہے اور اس سلسلے میں کچھ اس طرح اضافی کوششیں کی جاتی ہیں کہ رِسک کے حجم کو اس حد تک رکھا جاسکے، جو بورڈ کے لیے قابلِ قبول ہو۔

اسی مناسبت سے، کمپنی کے بورڈ نے کریڈٹ رِسک پالیسی کی منظوری دی ہے، جو اچھی ساکھ رکھنے والے صارفین کے ساتھ لین دین کے رہنما اصولوں پر مشتمل ہے۔ یہ پالیسی، مسلسل زیرِ جائزہ رہتی ہے، تاکہ معیشت یا مخصوص صنعت میں آنے والی تازہ ترین تبدیلیوں خصوصاً رِسک کے اندازوں پر نظر رکھتے ہوئے پالیسیوں کو اس کے مطابق بدلا جاسکے۔ عملے کے سینئر اہلکاروں کو، جانچنے اور فیصلہ سازی کی سالمیت کی بنیاد پر ایک خاص حد تک قرض منظور کرنے کے لیے بورڈ نے کریڈٹ پالیسی اتھارٹی کے قواعد کی

آمدنی کا ایک بڑا حصہ 2 ارب 50 کروڑ روپے فائنانس لیز سے حاصل کیا گیا (2017 میں 2 ارب 40 کروڑ روپے)، جس کا مجموعی آمدنی میں حصہ 57 فیصد (2017 میں 60 فیصد) رہا۔ ٹرم فائنانس سے آمدنی 63 کروڑ 40 لاکھ روپے رہی (2017 میں 54 کروڑ 30 لاکھ روپے) اور حصہ بڑھ کر 14 فیصد ہو گیا جو 2017 میں 13 فیصد تھا۔ قرضوں کے اجراء میں خاطر خواہ اضافے کے باعث، زیرِ جائزہ سال کے دوران، فائنانس لیز کا پورٹ فولیو 7 فیصد اضافے کے ساتھ 18 ارب 84 کروڑ روپے ہو گیا (2017 میں 17 ارب 67 کروڑ روپے) اور فائنانس پورٹ فولیو 22 فیصد اضافے کے ساتھ 4 ارب 85 کروڑ روپے ہو گیا (2017 میں 3 ارب 99 کروڑ روپے)۔ اس میں مائکرو فائنانس پورٹ فولیو بھی شامل ہے، جو گزشتہ سال کے 43 کروڑ روپے کے مقابلے میں 18 فیصد اضافے کے ساتھ 50 کروڑ 80 لاکھ روپے ہو گیا۔

آپریٹنگ لیز سے آمدنی میں کمی کا رجحان جاری رہا اور زیرِ جائزہ سال میں یہ آمدنی 31 کروڑ 30 لاکھ روپے ہو گئی، جو مالی سال 2017 میں 47 کروڑ 70 لاکھ روپے رہی تھی۔ بجلی پیدا کرنے والے جنریٹرز کی طلب میں کمی کے پیشِ نظر، اوریکس لیزنگ پاکستان نے اپنے کچھ جنریٹرز فروخت کر دیے، جبکہ دیگر کو اجارہ فائنانس معاہدے کے تحت لیز پر دے دیا۔ نتیجتاً، آپریٹنگ لیز اور اجارہ فائنانس کے تحت اثاثوں کی مالیت 22 فیصد کم ہو کر 76 کروڑ 10 لاکھ روپے رہ گئی (مالی سال 2017 میں 97 کروڑ 60 لاکھ روپے)، اس طرح اسی مناسبت سے آمدنی اور دیگر براہ راست لاگت میں بھی کمی آئی۔ کمپنی کے لیے آمدنی کے پائیدار وسائل پیدا کرنے کے مقصد کے تحت دوسرے اثاثوں کو آپریٹنگ لیز انوینٹری میں بتدریج شامل کیا جا رہا ہے۔ اسی بناء پر، جون 2018 میں 14 کروڑ 30 لاکھ روپے مالیت کے 6 موبائل کرین حاصل کیے گئے ہیں۔

عمان اوریکس لیزنگ کے حصص فروخت کرنے کے باعث دیگر آمدنی میں خاطر خواہ اضافہ ہوا اور یہ 89 کروڑ 70 لاکھ روپے رہی (مالی سال 2017 میں 36 کروڑ 70 لاکھ روپے)۔ عمان اوریکس لیزنگ ایک منافع بخش سرمایہ کاری رہی، جو ماضی میں اچھا منافع دیتی رہی۔ البتہ، عمان اوریکس لیزنگ کے ایک اور لیزنگ کمپنی میں انضمام کے باعث، ضم شدہ کمپنی پر اوریکس لیزنگ پاکستان کے کم کنٹرول کے پیشِ نظر، کمپنی نے عمان اوریکس لیزنگ کے حصص کی بک ویلیو پر 1.2 گُنا کی پیشکش کو قبول کر لیا۔ اس لین دین کے باعث کمپنی کو 1 ارب 70 کروڑ روپے نقد حاصل ہوا بشمول 67 کروڑ 70 لاکھ روپے ایکسچینج منافع حاصل ہوا۔ دیگر آمدنی میں 5 کروڑ روپے کا خسارہ بھی شامل ہے، جو الخلیل اوریکس فائنانس (AHO) میں سرمایہ کاری کے باعث ہوا۔ کمپنی، متحدہ عرب امارات کی معیشت، خصوصاً چھوٹے اور درمیانے درجے کی صنعتوں کے کاروبار میں آنے والے مالیاتی بحران سے نہیں سنبھل پائی، جس میں یہ کام کرتی ہے اور مستقبل قریب میں بھی اس کا کاروبار دباؤ پر رہنے کا امکان ہے۔

مالی سال 2018 میں، ایسوسی ایٹ کمپنیوں سے حاصل ہونے والے منافع کا حصہ 9 کروڑ 90 لاکھ روپے کے ساتھ کم ہو کر 57 فیصد ہو گیا، جو کہ گزشتہ مالی سال 22 کروڑ 90 لاکھ روپے رہا تھا۔ اس کی بنیادی وجہ، عمان اوریکس لیزنگ میں اپنے حصص کی متوقع فروخت کی بناء پر، اوریکس لیزنگ پاکستان کا جنوری 2018 سے اس کے منافع کو شامل نہ کرنا تھا۔ سعودی اوریکس لیزنگ کمپنی (SOLC) میں 33 فیصد بہتری دیکھی گئی، البتہ اوریکس لیزنگ مصر (OLE) ایک مشکل معاشی ماحول میں کاروبار کر رہی ہے اور اس کے منافع میں کمی کا رجحان جاری ہے۔ انتظامیہ اوریکس لیزنگ مصر میں اپنے حصص فروخت کرنے کا ارادہ رکھتی ہے اور اسی مناسبت سے اس سرمایہ کاری کو ہیلڈ فار سیل کے تحت ظاہر کیا گیا ہے اور ان حصص کی فروخت تک، ان سے حاصل ہونے والے منافع کو مالیاتی کھاتوں میں ظاہر نہیں کیا جائے گا۔

اخراجات:

زیرِ جائزہ سال کے لیے مجموعی اخراجات، علاوہ لیز، قرضہ جات اور دیگر نقصانات کے لیے مختص رقم پروویژن 2 ارب 73 کروڑ 40 لاکھ روپے رہے، جو مالی سال 2017 میں ہونے والے 2 ارب 95 کروڑ 50 لاکھ روپے کے اخراجات سے 7 فیصد کم ہیں۔ اخراجات میں کمی بنیادی طور پر قرضے کی لاگت (فائنانس کاسٹ) میں کمی کے باعث ہوئی۔

سال کے دوران قرضہ جات پر لاگت کم ہو کر 1 ارب 39 کروڑ روپے رہی، جو گزشتہ مالی سال میں 1 ارب 58 کروڑ 60 لاکھ روپے تھی، اس طرح ایک سال میں قرضوں کی لاگت میں 12 فیصد کمی ہوئی۔ یہ کمی مجموعی قرضوں کے حجم میں تبدیلی کے عین مطابق ہے، جو کہ 30 جون 2017 کو 19 ارب 40 کروڑ روپے تھا، جو مالی سال 2018 کے اختتام پر 12 فیصد کم ہو کر 17 ارب روپے رہ گیا۔ اگست 2017 میں حقِ حصص کے اجراء سے 2 ارب روپے کی رقم حاصل ہوئی جبکہ اپریل 2018 میں عمان اوریکس لیزنگ میں حصص کی فروخت سے 1 ارب 70 کروڑ روپے حاصل ہوئے۔ ان ذرائع سے حاصل ہونے والی رقم کے باعث کمپنی کو درکار سرمایے کی ضرورت میں کمی آئی، نتیجتاً قرضوں کی لاگت بھی کم رہی۔ ہر چند کہ، مالی سال کی آخری سہ ماہی میں قرضوں کی لاگت پھر سے بڑھنا شروع ہوئی، کمپنی فلوٹنگ ریٹ پر حاصل شدہ قرضوں پر گفت و شنید کے ذریعے شرح کم کروانے میں کامیاب رہی، جس کا بھی قرضوں کی لاگت پر مثبت اثر دیکھا گیا۔

انتظامی اور عمومی اخراجات کی مالیت 1 ارب 9 کروڑ 40 لاکھ روپے رہی، (مالی سال 2017 میں 96 کروڑ 60 لاکھ روپے)، جو گزشتہ سال کے مقابلے میں 13 فیصد زیادہ ہے۔ عملے کے اخراجات، جس کا مجموعی اخراجات میں حصہ 70 فیصد ہے، 21 فیصد اضافے کے ساتھ 76 کروڑ 30 لاکھ روپے ہو گئے (مالی سال 2017 میں 63 کروڑ 20 لاکھ روپے)۔ اخراجات، عملے کی تعداد میں اضافے اور بینکوں کی جانب سے پیش کش کے باعث عملے کے نوکری چھوڑ کر جانے کے رجحان کی روک تھام کے لیے معاوضے کی تشکیل میں ردوبدل کے باعث بڑھے۔ اخراجات میں برانچ نیٹ ورک میں توسیع بھی شامل ہے، جس کی وجہ سے بنیادی ڈھانچوں سے جڑے اخراجات بڑھ گئے۔

گزشتہ سال کمپنی نے مائکروفائنانس شعبے میں کاروبار کو کم کردیا تھا، جس کا مقصد اس شعبے کے عمل اور انتظام کو پہلے سے زیادہ مضبوط بنانا تھا۔ زیر جائزہ سال کے دوران، مائکروفائنانس کے کاروبار میں بتدریج اضافہ کیا گیا اور اس شعبے میں 74 کروڑ 20 لاکھ روپے مالیت کے قرضے دیے گئے، جو گزشتہ سال کے مقابلے میں 26 فیصد زیادہ ہیں۔ مائکروفائنانس کا شعبہ کم آمدنی والے طبقہ سے تعلق رکھنے والے کاروباری افراد کی مالیاتی ضروریات کو پورا کرتا ہے تاکہ انھیں خودکفیل بنا کر ان کے معیار زندگی کو بلند کیا جاسکے۔ اس شعبے میں دی جانے والی زیادہ تر مالی معاونت خواتین کے چھوٹے گروپوں کو فراہم کی گئی ہے۔ زیر جائزہ سال کے دوران، اوریکس لیزنگ پاکستان نے 18,719 افراد کو قرضے فراہم کیے، جبکہ گزشتہ سال 16,548 افراد کو فراہم کیے گئے تھے۔

کمپنی کا آپریٹنگ لیز کاروبار، جو کہ بنیادی طور پر جنریٹرز پر مشتمل تھا، گزشتہ چند برسوں کے دوران مندی سے دوچار رہا۔ اچھی کارکردگی کا مظاہرہ نہ کرنے والے اثاثہ جات سے سرمایہ کاری نکالنے کی حکمت عملی کے تحت، اوریکس لیزنگ پاکستان نے انوینٹری میں موجود ڈیزل اور گیس جنریٹرز میں سے کچھ کو فروخت کردیا، جبکہ کچھ جنریٹرز اِجارہ فائنانس کے تحت لیز پر دے دیے گئے، جن سے مستقبل میں کرایے کی مد میں اچھی آمدنی کا حصول یقینی ہوگا۔ کمپنی نے کوشش کی ہے کہ اپنے آپریٹنگ لیز کے کاروبار کو متنوع کیا جائے اور ایسے اثاثہ جات حاصل کیے جائیں، جن کی موجودہ معاشی صورتحال میں زیادہ کھپت پائی جاتی ہے۔ پہلے مرحلے میں، موبائل کرین حاصل کیے گئے ہیں، اور کمپنی انھیں کام میں لانے سے لے کر مرمت تک، تمام آپریشنز خود سنبھالے گی۔ اوریکس لیزنگ پاکستان، اعلیٰ معیار کے آلات اور خدمات کی فراہمی کے ذریعے، تعمیراتی آلات کرایہ پر فراہم کرنے کی مارکیٹ میں مواقع کا جائزہ لے رہی ہے۔

گلف کوآپریشن کونسل (GCC) کے رکن ممالک، جہاں اوریکس لیزنگ پاکستان کی ایسوسی ایٹ کمپنیوں کا کاروبار زیادہ ہے، وہاں جغرافیائی سیاسی حالات اور خصوصاً چھوٹے اور درمیانے درجے کی صنعتوں میں پیدا شدہ معاشی بحران کی وجہ سے غیر ملکی وینچرز کے لحاظ سے زیر جائزہ سال کافی مشکل رہا۔ زیر جائزہ سال کے دوران، اوریکس لیزنگ پاکستان نے عمان اوریکس لیزنگ کمپنی (OOL) میں اپنی سرمایہ کاری کو فروخت کردیا، جس کے باعث کمپنی کو بڑی آمدنی حاصل ہوئی۔ اوریکس لیزنگ مصر (OLE) میں بھی 23 فیصد حصص کی فروخت کے لیے بھی مذاکرات جاری ہیں۔

2016 میں خریدی گئی ذیلی کمپنی اوریکس مضاربہ (ORIXM) نے 2018 میں مجموعی اثاثہ جات میں 23 فیصد اضافے کے ساتھ اپنی اسلامک فائنانسنگ پورٹ فولیو میں توسیع کا سلسلہ جاری رکھا۔ زیرِ جائزہ سال کے دوران 3 ارب 74 کروڑ 20 لاکھ روپے مالیت کے نئے قرضوں کے اجراء کے ساتھ (2017 میں 3 ارب 30 کروڑ 50 لاکھ روپے مالیت کے قرضوں کا اجراء کیا گیا) 30 جون 2018 کو مجموعی اثاثے بڑھ کر 6 ارب 95 کروڑ 30 لاکھ روپے ہوگئے، جو گزشتہ سال کے اختتام پر 5 ارب 96 کروڑ 20 لاکھ روپے مالیت کے تھے۔ مالی سال 2018 میں اوریکس مضاربہ نے 12 کروڑ روپے منافع کمایا (مالی سال 2017 میں 12 کروڑ 80 لاکھ روپے تھا) اور پورے سال کے لیے 25 فیصد ڈیویڈنڈ کا اعلان کیا۔

مالیاتی کارکردگی

اپنی تاریخ میں پہلی بار، اوریکس لیزنگ پاکستان 1 ارب روپے کا سنگ میل عبور کرنے میں کامیاب رہی اور زیر جائزہ سال میں 1 ارب 30 کروڑ 80 لاکھ روپے کا خالص منافع حاصل کیا، جو 2017 میں حاصل ہونے والے 84 کروڑ 10 لاکھ روپے منافع کے مقابلے میں 64 فیصد زیادہ ہے۔ اس منافع کی ایک اہم وجہ 67 کروڑ 70 لاکھ روپے کی ایک بار حاصل ہونے والی قبل از محصول آمدنی تھی، جو اوریکس لیزنگ پاکستان نے عمان اوریکس لیزنگ میں اپنی سرمایہ کاری فروخت کرکے حاصل کی۔ زیادہ سرمایے کے باعث مالی سال 2018 میں 10.11 روپے فی حصص آمدنی حاصل کی گئی، جو مالی سال 2017 میں 9.42 روپے فی حصص رہی تھی۔

آمدنی:

زیر جائزہ سال کے دوران آمدنی 4 ارب 47 کروڑ 20 لاکھ روپے رہی، جو مالی سال 2017 میں حاصل شدہ 4 ارب 3 کروڑ 10 لاکھ روپے سے 11 فیصد زیادہ ہے۔ متعلقہ پورٹ فولیو میں اضافے کے باعث، فائنانس لیز اور ٹرم فائنانس سے آمدنی میں بالترتیب 5 فیصد اور 17 فیصد اضافہ ہوا۔ البتہ، انوینٹری فروخت کرنے اور کاروباری سمت بدلنے کے باعث آپریٹنگ لیز سے منافع میں 34 فیصد کمی واقع ہوئی۔ بنیادی کاروباری سرگرمیوں سے آمدنی میں ایک فیصد جبکہ دیگر وسائل بشمول سمندر پار ایسوسی ایٹس سے آمدنی 67 فیصد زیادہ رہی۔

معیشت کا عمومی جائزہ:

گزشتہ چند برسوں کے دوران مستحکم معاشی نمو کے بعد، پاکستان کی معیشت کو چند مسائل کا سامنا ہے اور اسے بیرونی کھاتوں اور مالی بجٹ کے میدان میں دُہرے خسارے کا سامنا ہے۔ مالی سال 2018 میں پاکستان کی معاشی نمو کی شرح 5.8 فیصد رہی، جو گزشتہ 13 برسوں میں بلند ترین شرح نمو ہے۔ البتہ، یہ معاشی شرح نمو، بڑھتے ہوئے خسارے کے ساتھ آئی؛ مالی سال 2018 میں رواں کھاتوں کا خسارہ 43 فیصد اضافے کے ساتھ 18 ارب امریکی ڈالر ہو گیا، جو مالی سال 2017 میں 12 ارب 60 کروڑ ڈالر تھا، مالی سال 2018 میں یہ خسارہ مجموعی ملکی معیشت کا 5.7 فیصد بنتا ہے (مالی سال 2017 میں 4.1 فیصد تھا)؛ اسی طرح مالی سال 2018 میں بجٹ خسارے کا تخمینہ بڑھ کر 2.5 ٹریلین روپے ہے (جو مالی سال 2017 میں 1.84 ٹریلین روپے تھا)۔ مالی سال 2018 کا یہ خسارہ مجموعی ملکی معیشت کا 7.1 فیصد بنتا ہے، جو کہ گزشتہ مالی سال یعنی 2017 میں 5.8 فیصد تھا۔ موجودہ مشکل صورتحال کے پیشِ نظر، مالی سال 2019 میں معاشی نمو کی شرح 5 فیصد سے نیچے گرنے کی توقع ہے۔

بڑھتے ہوئے درآمدی بل پر قابو پانے کے لیے، جو کہ رواں کھاتے کے خسارے میں بڑے اضافے کی وجہ بن رہا ہے، اسٹیٹ بینک آف پاکستان نے، متعدد اقدامات لیے، جن میں روپے کی قدر میں کمی اور درآمدات میں رکاوٹ پیدا کرنا شامل ہے۔ دسمبر 2017 سے روپے کی قدر میں 22 فیصد کمی کی جا چکی ہے۔ چار سال تک پالیسی کی شرح یعنی بنیادی شرح سود کو 5.75 فیصد پر برقرار رکھنے کے بعد، جنوری 2018 سے اسٹیٹ بینک آف پاکستان اس میں تیزی سے اضافہ کر کے اسے 7.5 فیصد پر لے آیا ہے۔ ان اقدامات کا مجموعی اثر یہ ہوا کہ جولائی 2018 میں سالانہ بنیاد پر کنزیومر پرائس انڈیکس کے ذریعے متعین کی جانے والی مہنگائی کی شرح بڑھ کر 5.8 فیصد ہو گئی اور خدشہ ہے کہ روپے کی قدر میں مزید کمی اور تیل کی قیمتوں میں اضافے کے باعث، مہنگائی کی شرح مزید بڑھے گی۔

مثبت پہلو پر روشنی ڈالی جائے تو، بڑے پیمانے کی صنعت (لارج اسکیل مینوفیکچرنگ) نے 6 فیصد کی شرح نمو کے ساتھ اس سال کی معاشی کارکردگی میں اہم کردار ادا کیا، جبکہ زراعت اور خدمات کے شعبے نے بھی صحت مند شرح نمو دکھائی۔ چین پاکستان اقتصادی راہداری (CPEC) کے تحت متعدد منصوبوں پر عمل جاری ہے، جن میں 15 توانائی کے منصوبے بھی شامل ہیں۔ سی پیک کے منصوبے، ملکی معیشت کو تحرک فراہم کرتے رہیں گے۔ ان میں سے، کچھ منصوبوں کی تکمیل کے ساتھ، درآمدی بل میں بھی کمی آئے گی، کیونکہ تعمیراتی مراحل کے دوران، ان منصوبوں کے لیے بڑے پیمانے پر مشینری درآمد کی گئی تھی۔ بڑی تعداد میں نوجوان آبادی کی موجودگی کے باعث، بشمول آٹو سیکٹر، صارف کھپت میں اضافہ رہے گا، جس سے معاشی نمو کے مواقع پیدا ہونگے۔

جولائی 2018 میں عام انتخابات کے انعقاد اور اقتدار کی بلا رکاوٹ منتقلی کے بعد کاروباری رجحان میں بہتری آئی ہے۔ ملکی اسٹاک مارکیٹ میں مثبت رجحان دیکھا گیا، انتخابات کے فوری بعد امریکی ڈالر کے مقابلے میں روپے کی قدر میں اضافہ ہوا، جس سے اندازہ ہوتا ہے کہ کاروباری طبقہ نئی حکومت سے توقعات رکھتا ہے۔ نئی حکومت کو ملکی معیشت کو دُرست ڈگر پر واپس لانے جیسی مشکل صورتحال کا سامنا ہے۔ اس کے ساتھ ہی، کفایت شعاری کے ابتدائی اقدامات، زیادہ شفافیت کے ساتھ سی پیک پالیسی کو جاری رکھنے جیسے اقدامات کرنے ہیں، جن سے اعتماد میں اضافہ ہوگا اور معیشت میں استحکام آئے گا۔

کاروبار کا جائزہ:

زیر جائزہ سال کے دوران ملک کا کاروباری ماحول مشکل رہا، اور سیاسی غیر یقینی مجموعی کاروباری رجحان پر اثر انداز ہوئی۔ کاروبار کرنے کی لاگت بڑھ گئی ہے اور اوریکس لیزنگ پاکستان کو چھوٹے اور درمیانے درجے کی صنعتوں کے شعبے میں بینکوں سے سخت مسابقت کا سامنا برقرار رہا۔ ان مشکلات کے باوجود، کمپنی نے ایک سال میں 17 ارب 20 کروڑ روپے کے سب سے زیادہ قرضے دینے کا ریکارڈ حاصل کیا، جو گزشتہ سال کے 15 ارب روپے کے مقابلے میں 15 فی صد زیادہ ہیں۔

اوریکس لیزنگ پاکستان نے اپنے کاروبار کے بنیادی شعبے جو کہ صارفین کے لیے فائنانس لیز کا ہے، وہاں قرضوں کے اجراء میں 14 فیصد اضافہ کیا۔ جبکہ گاڑیوں کی فائنانسنگ میں 19 فیصد اضافہ ہوا۔ بڑھتی مسابقت کے باعث، تجارتی گاڑیوں کے کاروبار کی نمو میں کمی آئی، البتہ سالانہ حجم میں اس کا حصہ اب بھی 34 فیصد رہا۔ کارپوریٹ اداروں کے لیے تجارتی گاڑیاں، سیلون گاڑیاں اور پلانٹ اور مشینری، اور انفرادی طور پر سیلون گاڑیاں اہم اثاثے رہے، جن کے لیے کمپنی نے قرضہ جات فراہم کیے۔

کمپنی کا پورٹ فولیو معیشت کے مختلف شعبوں میں پھیلا ہوا ہے۔ 30 جون 2018 تک، 20.48 فیصد کے ساتھ، ریٹیل آٹو لیز اور انفرادی قرضوں کے شعبے کا مجموعی پورٹ فولیو میں سب سے بڑا حصہ رہا۔ 20.15 فیصد کے ساتھ گڈز ٹرانسپورٹ کا شعبہ دوسرے نمبر پر رہے۔ پورٹ فولیو میں مجموعی طور پر 70 فیصد سے زائد حصہ تجارتی گاڑیوں اور سیلون گاڑیوں کا ہے، جنھیں استعمال شدہ گاڑیوں کی مارکیٹ میں اچھی قیمت رکھنے کے باعث انتہائی محفوظ اثاثے سمجھا جاتا ہے۔ صارفین تک اپنی پہنچ بڑھانے کی حکمت عملی کے تحت اوریکس لیزنگ پاکستان نے وہاڑی، کوہاٹ اور ٹیکسلا میں تین نئی شاخیں کھولیں۔ اس طرح اب، کل شاخوں کی تعداد 35 مقامات پر 38 تک جا پہنچی ہے، جن میں مائکرو فائنانس کی 12 شاخیں بھی شامل ہیں۔ کمپنی کے کاروبار کو بڑھانے میں یہ شاخیں بہت اہم کردار ادا کر رہی ہیں۔

ڈائریکٹرز کی رپورٹ

اوریکس لیزنگ پاکستان لمیٹڈ (اوایل پی/ دی کمپنی) کے ڈائریکٹرز بمسرت کمپنی کی 32 ویں سالانہ رپورٹ مع غیر اشتمال شدہ مالیاتی گوشوارے برائے اختتامِ سال 30 جون 2018 پیش کرتے ہیں۔

کمپنی:

اوریکس لیزنگ پاکستان کا قیام 1986ء میں اوریکس کارپوریشن، جاپان (اوریکس) اور مقامی سرمایہ کاروں کے اشتراک سے عمل میں آیا۔ کمپنی کا قیام، سیکیورٹیز اینڈ ایکس چینج کمیشن آف پاکستان (SECP) کے نان بینکنگ فائنانس کمپنیز (NBFC) (اسٹیبلشمنٹ اینڈ ریگولیشن) قوانین 2003 کے مطابق، لیزنگ لائسنس کے تحت عمل میں آیا۔ کمپنی خصوصی طور پر چھوٹے اور درمیانے درجے کی صنعتوں کے ساتھ کام کرنے والی نان بینکنگ فائنانس کمپنی (NBFC) ہے۔ زیرِ جائزہ سال کے دوران، کمپنی کے لائسنس کو لیزنگ سے انویسٹ منٹ فائنانس سروسز میں تبدیل کیا گیا، جس کے نتیجے میں، کمپنی کو اپنے صارفین کو مکمل مالیاتی خدمات فراہم کرنے کی اجازت مل گئی ہے۔

اوریکس لیزنگ پاکستان کی توجہ کا مرکز چھوٹے اور درمیانے درجے کی صنعتوں کا شعبہ رہا ہے، جہاں گزشتہ 30 برسوں کے دوران اس نے اپنے لیے ایک خاص جگہ بنائی ہے۔ کمپنی کے صارفین میں انفرادی اور چھوٹے کاروباری اداروں کا بھی قابلِ ذکر حصہ ہے۔ اوریکس لیزنگ مشرق وسطیٰ اور شمالی افریقی خطے میں لیزنگ کے شعبے میں کام کرنے والی ایسوسی ایٹ کمپنیوں میں بھی سرمایہ کاری کر چکی ہے۔ پاکستان میں اوریکس سروسز پاکستان (پرائیویٹ) لمیٹڈ اور اوریکس مضاربہ اس کی ذیلی کمپنیاں ہیں۔

مالیاتی معلومات:

مالیاتی نتائج کا خلاصہ درج ذیل ہے۔

تفصیلات	2018	2017
	-------------روپے میں	----------------
قبل از محصول (ٹیکس) منافع	1,719,753,685	1,158,009,963
محصولات (ٹیکس)	340,130,650	316,765,918
قبل از محصول (ٹیکس) منافع	1,719,753,685	1,158,009,963
محصولات (ٹیکس)	340,130,650	316,765,918
بعد از محصول (ٹیکس) سال کا منافع	1,379,623,035	841 244 045
		ری۔ اسٹیٹڈ
فی شیئر آمدنی۔ بنیادی اور رقیق شدہ	10.11	9.42
قانونی ریزرو میں منتقلی	275,924,607	42,062,202

ڈیویڈنڈ

ڈائریکٹرز بمسرت 30 جون 2018 کو ختم ہونے والے سال کے لیے 30 فیصد کی شرح سے کیش ڈیویڈنڈ اور 20 فیصد کی شرح سے انعامی حصص دینے کی سفارش کرتے ہیں۔ (2017 میں کیش ڈیویڈنڈ 30 فیصد)۔

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2017

For the year ended June 30, 2018

ORIX Leasing Pakistan Limited (hereinafter referred to as the Company) has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are Nine (9) as per the following:
   a. Male: Eight (8)
   b. Female: One (1)

2. The composition of the Board is as follows:

Independent Directors	Mr. Khalid Aziz Mirza Mr. Nasim Hyder Mr. Naveed Kamran Baloch Ms. Aminah Zahid Zaheer
Non-Executive Directors	Mr. Harukazu Yamaguchi Mr. Kiyokazu Ishinabe Mr. Hideaki Yokoyama Mr. Ikuo Nakamura
Executive Director	Mr. Shaheen Amin

3. The directors have confirmed that none of them is serving as a director in more than five listed companies, including ORIX Leasing Pakistan Limited (excluding the listed subsidiaries of listed holding companies where applicable).

4. 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.

5. 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.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board or shareholders, as empowered by the relevant provisions of the Companies Act 2017 and these Regulations.

7. The Board's meetings were presided over by the Chairman. The Board has complied with the requirements of Companies Act 2017 and the Regulations with respect to frequency, recording and circulation of minutes of meetings of the Board.

8. The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Companies Act 2017 and the Regulations.

9. During the year, Directors' Training program was arranged for a female Independent Non-Executive Director and one female executive. To date, the Company has arranged Directors' Training for six Executives of the Company, including three female Executives.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed its committees comprising of members given below:

Name of Committees	Name of members and Chairman	
Audit Committee	Mr. Nasim Hyder Ms. Aminah Zahid Zaheer Mr. Hideaki Yokoyama Mr. Kiyokazu Ishinabe	Chairman Member Member Member
Human Resource, Nomination and Remuneration Committee	Mr. Khalid Aziz Mirza Mr. Naveed Kamran Baloch Mr. Hideaki Yokoyama	Chairman Member Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the respective committees for compliance.

14. The frequency of meetings of the committees was as follows:

    a) Six meetings of the Board Audit Committee (at least one in each quarter)

    b) Four meetings of the Board Human Resource, Nomination and Remuneration Committee (one in each quarter)

15. The Board has set up an effective internal audit function, with suitably qualified and experienced personnel for the purpose who are conversant with the policies and procedures of the Company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), and registered with the Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company, and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act 2017, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

SHAHEEN AMIN
Chief Executive Officer

KHALID AZIZ MIRZA
Chairman

Notice of Annual General Meeting

Notice is hereby given that the Thirty-Second Annual General Meeting (the AGM) of ORIX Leasing Pakistan Limited ("the Company") will be held on Tuesday, October 23, 2018 at 10:00 a.m. at the Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Karachi, to transact the following business:

Ordinary Business

1. To receive, consider and adopt Audited Financial Statements of the Company for the year ended June 30, 2018, the report of the Auditors thereon and the report of the Directors.

2. To consider and approve dividend for the year ended June 30, 2018, in cash at PKR 3/- per share of PKR 10, i.e. 30%, as recommended by the Board of Directors.

3. To appoint auditors of the Company for the financial year 2018-19 and fix their remuneration. The present auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, have offered themselves for reappointment.

Special Business

4. To approve the issue of bonus shares in the ratio of 1 share for every 5 shares held (20%) as recommended by the Board of Directors. The Bonus Issue of PKR 278,424,840/- by way of issue of 27,842,484 fully paid bonus shares of PKR 10 each to be capitalized out of the Share Premium Account by passing the following ordinary resolution:

   RESOLVED THAT a sum of PKR 278,424,840/- be capitalized from the Share Premium Account for issuance of 27,842,484 ordinary shares of PKR. 10/- each and allotted as fully paid-up bonus shares to the Members of the Company, who are registered in the books of the Company as at the close of business on October 15, 2018, in the proportion of 1 share for every 5 shares held.

   FURTHER RESOLVED THAT Bonus shares shall rank pari passu in every respect with existing ordinary shares of the Company except that the proposed bonus shares shall not be entitled for final cash dividend for the year ended June 30, 2018.

   FURTHER RESOLVED THAT in the event of any Member holding shares which are not an exact multiple of 5, the Board of Directors be and are hereby authorized to consolidate all such fractions of bonus shares and sell the same on Pakistan Stock Exchange and the sale proceeds thereof shall be donated as deemed appropriate by the Board.

   FURTHER RESOLVED THAT the Chief Executive Officer and Company Secretary be and are hereby jointly and/or severally authorized to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary or required for issue, allotment and distribution of bonus shares.

5. To consider and, if deemed appropriate, approve the amendments in the Company's Memorandum of Association, as recommended by the Board of Directors. For this purpose, it is proposed to consider and, if thought fit, to pass the following resolutions as special resolutions, with or without modifications:

   RESOLVED THAT, Clause III of the Company's Memorandum of Association shall be deleted in its entirety and replaced with the following clause:

   (i) The principle line of business of the Company shall be to carry on all businesses permitted by the Securities and Exchange Commission of Pakistan (the Commission), for investment finance services in accordance with all applicable laws, rules and regulations, in particular the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (as may be amended from time to time), and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (as may be amended from time to time) subject to the terms and conditions specified by the Commission from time to time.

(ii) Except for the business mentioned in Clause III (ii) hereunder, the Company shall engage in all the lawful businesses and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto.

(iii) Notwithstanding anything contained in the foregoing sub-clauses of this clause, nothing contained herein shall be construed as empowering the Company to undertake or indulge in the business of a Banking Company, Modaraba Management Company, Insurance Company, Securities Broker or any other business restricted under any law for the time being in force or as may be specified by the Commission.

(iv) It is hereby undertaken that the Company shall not:

(a) engage in any of the business mentioned in Clause III (iii) of the Memorandum of Association or any unlawful operation;

(b) launch multi-level marketing (MLM), Pyramid and Ponzi Schemes, or other related activities/businesses or any lottery business; and

(c) engaged in any of the permissible business unless the requisite approval, permission, consent or license is obtained from competent authority as may be required under any law for the time being in force.

FURTHER RESOLVED THAT the Chief Executive Officer and the Company Secretary of the Company be and are hereby jointly and severally authorized and empowered to do or cause to do all acts, deeds and things that may be necessary or required from time to time to complete all necessary legal and corporate formalities to give effect to this resolution; subject to any change required therein by the Commission.

6. To consider and, if deemed appropriate, approve amendments in the Company's Articles of Association, as recommended by the Board of Directors. For this purpose, it is proposed to consider and, if thought fit, to pass the following resolutions as special resolutions, with or without modifications:

RESOLVED THAT the Company's Articles of Association be and are hereby altered by excluding/deleting Clause 62 and Clause 79 (e) of the Articles of Association.

FURTHER RESOLVED THAT the Company's Articles of Association shall be amended to incorporate the requisite changes of revised governing laws, including the Companies Act, 2017.

FURTHER RESOLVED THAT the Chief Executive Officer and the Company Secretary of the Company be and are hereby jointly and severally authorized and empowered to do or cause to do all acts, deeds and things that may be necessary or required from time to time to complete all necessary legal and corporate formalities to give effect to this resolution; subject to any change required therein by the Commission.

7. To consider any other business with consent of the Chair.

A statement under the Section 134 (3) of the Companies Act, 2017, pertaining to the special business is a part of this notice.

Karachi
Tuesday, October 2, 2018

By order of the Board
Dr. Fakhara Rizwan
Company Secretary

NOTES

1. BOOK CLOSURE

1.1 The Member's Register of the Company's Members shall remain closed from October 16, 2018 to October 23, 2018 (both days inclusive). Transfers in good order, received at the office of the Company's Share Registrar before close of the business on October 15, 2018, will be treated in time for the purpose of attending the AGM and entitlement of cash dividend and the bonus shares. Address of the Company's Share Registrar is as follows:

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

1.2 All Shareholders are entitled to attend, speak and vote at the AGM. A Shareholder may appoint a proxy to attend, speak and vote on behalf of the Shareholder. The proxy needs to be a Member of the Company. Proxies in order to be effective must be received at the office of the Company's Share Registrar not less than 48 hours before the AGM.

1.3 The Shareholders and their proxies are required to produce their Computerized National Identity Card (CNIC) or passport for identification purpose at the time of attending the AGM. The form of proxy must be submitted to the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of the CNIC or the passport of the beneficial owner and the proxy. In case of corporate entity, the Board of Directors' resolution or power of attorney with specimen signature of the nominee shall be produced at the time of AGM. The Proxy Form is available on Company's website (www.orixpakistan.com).

1.4 Members are requested to intimate any change in address immediately to the Company's Share Registrar.

1.5 The Financial Statements for the year ended June 30, 2018 along with the Auditors and Directors Report are available on Company's website (www.orixpakistan.com).

1.6 CDC account holders shall also follow the guidelines mentioned hereunder, as laid down by the Securities and Exchange Commission of Pakistan (SECP).

2. SUBMISSION OF COPIES OF CNICS / NTN

The Company with reference to SRO 779(1) 2011 dated August 18, 2001 and SRO 831(1)/2012 dated July 5, 2012, has made several requests through advertisements in Urdu and English newspapers having circulation throughout the country, and Share Registrar of the Company has also sent letters to the Shareholders wo have not yet provided valid copies of their CNIC, requesting them to provide their CNICs. As per the Companies (Distribution of Dividends) Regulations, 2017, CNIC number of the shareholders is mandatory for the payment of cash dividend and in the absence of such information, the Company would be constrained to withhold dividend payment. Accordingly, the Members who have not yet submitted copy of their valid CNIC/NTN (in case of corporate entities) are again requested to submit the same to the Company's Share Registrar, with Member's folio number mentioned thereon. It may be noted that in case of non-receipt of the copy of CNIC, the Company would be constrained to withhold dividend payment.

3. PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE

In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into the bank account designated by the entitled shareholder. Therefore, the physical dividend warrants will not be issued to the Shareholders. In order to receive dividend into respective banks accounts, the Shareholders are requested (if not already provided) to fill in the Dividend Mandate Form for Electronic Credit of Cash

Dividend, available on the Company's website and send the duly signed form, along with a copy of CNIC to the Company's Share Registrar in case of physical shares. In case shares are held in CDC/Brokerage House, Dividend Mandate Form must be directly submitted to CDC investor account services/respective participant accounts. In case of non-receipt of information, the Company will be obliged to withhold payment of dividend to such shareholders.

4. DEDUCTION OF INCOME TAX FROM DIVIDEND UNDER THE SECTION 150 OF THE INCOME TAX ORDINANCE 2001

4.1 Pursuant to the provisions of the Finance Act 2018 effective July 2018, the rate of deduction of income tax from dividend payments has been revised as follows:

i. Rate of tax deduction for filers of income tax return -15%
ii. Rate of tax deduction for non-filers of income tax return -20%

Shareholders whose names are not entered into Active Tax-payers List (ATL) available on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL. Otherwise, the tax on their cash dividend will be deducted @ 20% instead of 15%.

4.2 Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to the Company's Share Registrar by the first day of the book closure.

4.3 Withholding tax will be determined separately on "Filer/Non-filer" status of principal shareholder as well as joint-holders(s) based on their shareholding proportions. In this regard, the Shareholders who hold the Company's shares jointly are requested to provide shareholding proportions or principal shareholder and joint-holder(s) in respect of shares held by them (if not already provided) to the Company's Share Registrar in writing, within 10 days of this notice. Otherwise, it will be assumed that the shares are equally held by the principal shareholder and joint-holder(s).

4.4 The Corporate Shareholders having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate physical shareholders are requested to send a copy of their NTN certificate to the Company's Share Registrar. The Shareholders while sending NTN or NTN certificates, as the case may be, must quote the company's name and their respective folio numbers.

5. VIDEO CONFERENCE FACILITY

In pursuance to the SECP's circular No. 10/2014, dated May 21, 2014 and the Section 134(1)(b) of the Companies Act 2017, the Members can also avail video conference facility at places other than Karachi (since the AGM is scheduled to be held in Karachi); provided that the Company shall receive consent from members holding in aggregate 10% or more shareholding, residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the AGM. The Company will arrange a video conference facility in the city subject to availability of such facility in that city. In this regard, Members are requested to send duly signed Form of Video Conference Facility, available on Company's website to the Company's Share Registrar.

6. AVAILABILITY OF ANNUAL AUDITED FINANCIAL STATEMENTS

The Audited Financial Statements of the Company for the year ended June 30, 2018 have been made available on the Company's website (http://www.orixpakistan.com) in addition to the Annual and Quarterly Financial Statements. Further, in accordance with SRO 470(1)/2016 dated May 31, 2018, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with all other conditions, the Company has obtained shareholders' approval in its Annual General Meeting held on October 19, 2017. Accordingly, the Annual Report of the Company for the year ended June 30, 2018 is dispatched to the Shareholders in the form of CD. However, if a Shareholder, in addition, requests for hard copy of the Annual Audited Financial Statements, the same shall be provided free of cost within seven working days of receipt of such request. For the

Shareholders' convenience, a 'Standard Request Form for Provision of Annual Audited Financial Accounts' has also been made available on the Company's website.

7. UNCLAIMED DIVIDEND/SHARES

Pursuant to Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it becomes due and payable shall vest with the Federal Government after compliance of procedures prescribed under the Companies Act, 2017. Section 244(1)(a) of the Act requires the Company to give a 90 days' notice to the Members to file their claims with the Company. Further, SECP vide Direction No. 16 of 2017, issued on July 7, 2017 directed all listed companies to issue such notices to the members and submit statements of unclaimed shares or dividend or any other instrument which remain unclaimed or unpaid for a period of three years from the date it is due and payable as of May 30, 2017. Accordingly, the Company issued notices to the Shareholders and submitted statements of unclaimed shares or dividend or any other instrument with SECP.

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

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting of the Company.

AGENDA ITEM 4: Bonus Shares

The Board of Directors recommends that the members of the Company approve issue of bonus shares in the proportion of 1 share for every 5 shares held by members i.e. 20% by capitalization of PKR 278,424,840/- from Share Premium Account. The proposed bonus shares shall not be entitled for final cash dividend for the year ended June 30, 2018.

The Directors are interested in the business to the extent of their entitlement of bonus shares as shareholders only.

AGENDA ITEM 5: Amendment in Memorandum of Association

The Board of Directors recommends amendment in Clause III of the Memorandum of Association to bring the Company's Memorandum of Association in line with the revised format provided by the SECP under the Companies Act, 2017. In accordance with Section 32 of the Companies Act, 2017, approval of the shareholders in a General Meeting is required by way of a special resolution to alter the Company's Memorandum of Association.

The Directors of the Company have no personal interest in the business except in their capacity as shareholders of the Company to the extent of their respective shareholding.

AGENDA ITEM 6: Amendment in Articles of Association

The Board of Directors recommends deletion of Articles 62 and 79 (e) of the Company's Articles of Association for reasons detailed below. In addition, it is proposed to incorporate the requisite changes of revised governing laws, including the Companies Act, 2017 in the Articles of Association. In accordance with Section 38 of the Companies Act, 2017, approval of the shareholders in a General Meeting is required by way of a special resolution to alter the Company's Articles of Association.

Article #		Rationale for deletion
62	The qualification of an elected Director, in addition to his being a Member, where required, shall be his holding shares of the nominal value of Rs. 5,000.00 at least in his own name, but a Director representing the interest of a Member or Members holding shares of the nominal value of Rs. 5,000.00 at least shall require no such share qualification. A Director shall not be qualified as representing the interest of a Member or Members holding shares of the requisite value unless he is appointed as such representative by the Member or Members concerned by notice in writing addressed to the Company specifying the shares of the requisite value appropriated for qualifying such Director. Shares thus appropriated for qualifying a Director shall not, while he continues to be such representatives, be appropriated for qualifying any other Director. A Director shall acquire his shares qualification within two months from the effective date of his appointment.	Section 159 (3) of the Companies Act, 2017 explicitly states that only members of the Company can contest an election of the office. Aforementioned section is reproduced here: “any member who seeks to contest an election to the office of director shall, whether he is a retiring director or otherwise, file with the company, not later than fourteen days before the date of the meeting at which elections are to be held, a notice of his intention to offer himself for election as a director.” Since the law requires a director to be a member of the company, the condition of qualification shares is additional and unwarranted.
79 (e)	A Director shall ipso facto cease to hold office if he fails to obtain within two months from the effective date of his appointment or at any time thereafter ceases to hold, the share qualification necessary for his appointment.	In accordance with the Section 159 (3) of the Companies Act 2017, only those individuals can contest election of the directors who are members of the company; therefore, the clause under discussion becomes irrelevant.

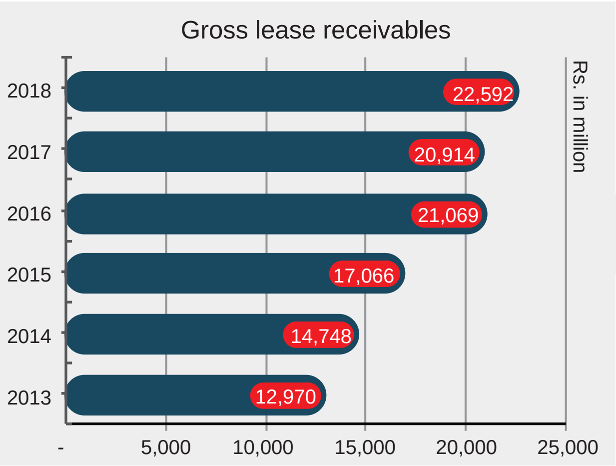
Further, changes in the Articles of Association of the Company are proposed to incorporate the changes required by revised governing laws, including the Companies Act, 2017. Detailed information on the proposed changes will be available for inspection of members at the Company's Head Office, (ORIX Building, Plot No. 16, Sector no. 24, Korangi Industrial Area, Karachi) on working days in office hours between 3 October 2018 and 22 October 2018. In addition, details of proposed changes will be available for inspection of members at the Annual General Meeting of Shareholders to be held on October 23, 2018.

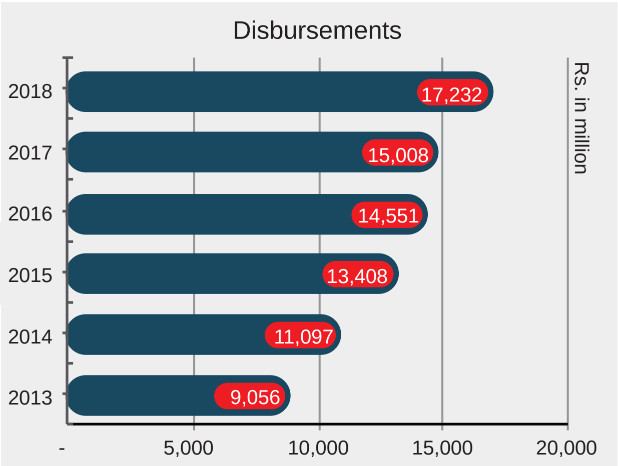
The Directors of the Company have no personal interest in the business except in their capacity as shareholders of the Company to the extent of their respective shareholding.

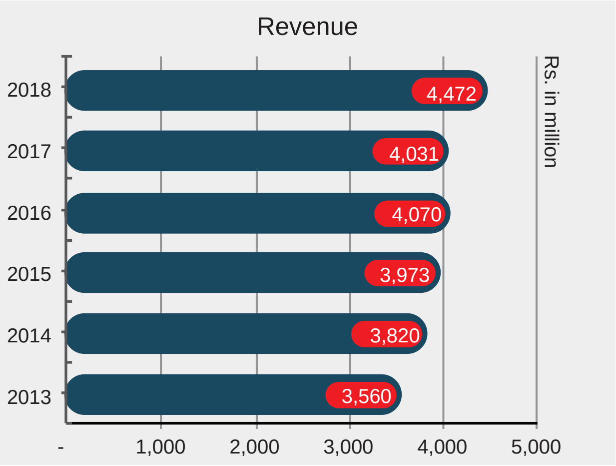
Six Years' Financial Summary

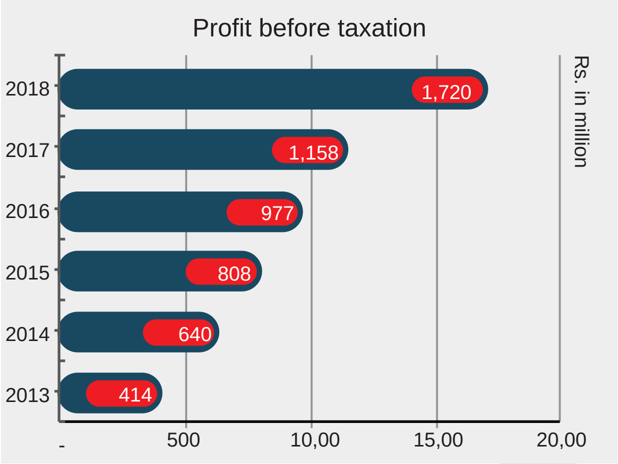
	2018	2017	2016 (Restated)	2015	2014	2013
Operating Results (Rupees in million)						
Total Disbursement	17,232	15,008	14,551	13,408	11,097	9,056
Revenues	4,472	4,031	4,070	3,973	3,820	3,560
Lease revenue	2,844	2,891	2,859	2,925	2,927	2,750
Financial charges	1,390	1,586	1,666	1,728	1,658	1,654
Provisions / (reversals)	18	(82)	175	162	184	257
Profit before taxation from continuing operations	1,720	1,158	977	808	640	414
Profit after taxation from continuing operations	1,380	841	760	628	516	337
Profit / (Loss) after taxation from discontinued operations	-	-	(13)	43	-	-
Profit for the year after taxation	1,380	841	747	671	516	337
Proposed Dividend	696*	418	369	369	287	181
Statement of Financial Position (Rupees in million)						
Gross lease receivables	22,592	20,914	21,069	17,066	14,748	12,970
Fixed assets	1,304	1,533	1,765	1,762	1,767	1,560
Investment in associated undertakings	672	1,972	2,266	2,176	1,701	1,711
Total Assets	26,699	26,096	26,900	21,513	18,585	17,865
Total Borrowing	17,050	19,371	20,780	16,280	13,940	13,807
Long term debts	9,022	10,708	12,036	9,825	7,074	8,578
Total Liabilities	19,450	21,629	22,723	17,964	15,521	15,193
Shareholders' equity	7,249	4,466	4,177	3,549	3,064	2,672
PERFORMANCE INDICATORS FOR THE CURRENT AND PAST FIVE YEARS						
Profitabilty						
Profit before tax over revenue	38.46%	28.73%	24.00%	20.34%	16.76%	11.63%
Gross spread	61.18%	48.25%	43.88%	40.64%	34.26%	30.93%
Return on equity	23.55%	19.47%	19.34%	20.29%	18.00%	13.20%
Return on assets	5.23%	3.17%	3.09%	3.35%	2.83%	1.95%
Income / expense ratio	1.64	1.36	1.39	1.25	1.28	1.23
Liquidity						
Current ratio	1.39	1.27	1.38	1.42	1.22	1.59
Cash to Current Liabilities	0.05	0.03	0.03	0.02	0.01	0.04
Investment / Market						
Price to book ratio	0.83	0.74	0.97	1.43	0.91	0.56
Dividend yeild	11.50%	7.45%	9.10%	7.29%	10.31%	12.05%
Dividend payout	50.43%	49.70%	49.45%	55.03%	55.61%	53.63%
Earning per share (Rs.)	10.11	9.42	9.10	8.18	6.29	4.11
Price earning ratio	4.30	4.27	5.43	7.55	5.40	4.44
Market Value per Share (Rs.)	43.47	40.25	49.43	61.72	33.94	18.25
Proposed dividend	50.00%*	30.00%	45.00%	45.00%	35.00%	22.00%
Capital Structure						
Debt / Equity ratio	2.35	4.34	4.98	4.59	4.55	5.17
Book Value per share (Rs.)	52.07	54.41	50.88	43.25	37.34	32.56
Interest Cover ratio	2.25	1.68	1.69	1.59	1.50	1.41

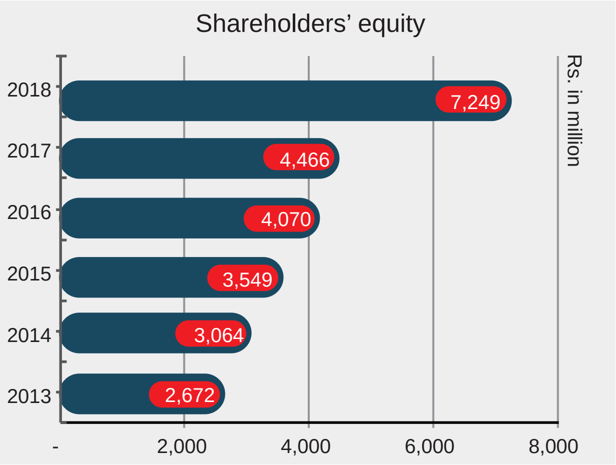
*Includes cash and bonus

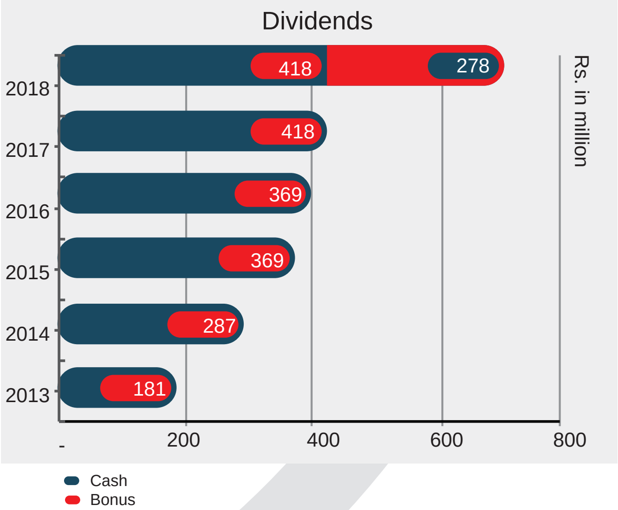

Gross lease receivables
2018
2017
2016
2015
2014
2013
22,592
20,914
21,069
17,066
14,748
12,970
-
5,000
10,000
15,000
20,000
25,000
Rs. in million


Disbursements
2018
2017
2016
2015
2014
2013
17,232
15,008
14,551
13,408
11,097
9,056
-
5,000
10,000
15,000
20,000
Rs. in million


Revenue
2018
2017
2016
2015
2014
2013
4,472
4,031
4,070
3,973
3,820
3,560
-
1,000
2,000
3,000
4,000
5,000
Rs. in million


Profit before taxation
2018
2017
2016
2015
2014
2013
1,720
1,158
977
808
640
414
-
500
10,00
15,00
20,00
Rs. in million


Shareholders' equity
2018
2017
2016
2015
2014
2013
7,249
4,466
4,070
3,549
3,064
2,672
-
2,000
4,000
6,000
8,000
Rs. in million


Dividends
2018
2017
2016
2015
2014
2013
418
278
418
369
369
287
181
-
200
400
600
800
Rs. in million
Cash
Bonus

Six Years' Vertical Analysis

STATEMENT OF FINANCIAL POSITION	2018		2017 (Restated)		2016 (Restated)		2015 (Restated)		2014 (Restated)		2013 (Restated)	
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
ASSETS												
Non-current assets												
Fixed assets	1,304	4.88%	1,533	5.87%	1,765	6.56%	1,762	8.19%	1,767	9.51%	1,560	8.73%
Intangible assets	20	0.07%	12	0.05%	12	0.04%	9	0.04%	11	0.06%	34	0.19%
Net investment in finance leases	8,594	32.19%	7,517	28.81%	7,416	27.57%	6,118	28.44%	4,852	26.11%	4,256	23.82%
Investment in subsidiaries	322	1.21%	322	1.23%	322	1.20%	-	0.00%	-	0.00%	-	0.00%
Investment in associated undertakings	672	2.52%	1,972	7.56%	2,266	8.42%	2,176	10.11%	1,701	9.15%	1,711	9.58%
Long term investments	293	1.10%	339	1.30%	84	0.31%	14	0.07%	14	0.08%	14	0.08%
Long term finances and loans	1,965	7.36%	1,531	5.87%	1,286	4.78%	879	4.09%	741	3.99%	844	4.72%
Long term deposits	12	0.04%	12	0.05%	11	0.04%	10	0.05%	10	0.05%	14	0.08%
	13,182	49.37%	13,238	50.73%	13,162	48.93%	10,968	50.98%	9,096	48.94%	8,433	47.20%
Current assets												
Short term finances	243	0.91%	149	0.57%	286	1.06%	407	1.89%	308	1.66%	243	1.36%
Accrued return on investments and term finances	69	0.26%	56	0.21%	98	0.36%	75	0.35%	68	0.37%	35	0.20%
Current maturity of non-current assets	11,574	43.35%	11,166	42.79%	11,449	42.56%	8,400	39.05%	7,530	40.52%	6,859	38.39%
Short term investments	773	2.90%	914	3.50%	1,219	4.53%	1,106	5.14%	1,088	5.85%	1,600	8.96%
Advances and prepayments	33	0.12%	39	0.15%	44	0.16%	47	0.22%	48	0.26%	52	0.29%
Other receivables	44	0.16%	55	0.21%	100	0.37%	75	0.35%	132	0.71%	312	1.75%
Cash and bank balances	500	1.87%	342	1.31%	333	1.24%	173	0.80%	100	0.54%	231	1.29%
Taxation - net	-	0.00%	47	0.18%	62	0.23%	171	0.79%	126	0.68%	87	0.49%
Assets classified as held for sale	281	1.05%	90	0.34%	147	0.55%	91	0.42%	89	0.48%	13	0.07%
	13,517	50.63%	12,858	49.27%	13,738	51.07%	10,545	49.02%	9,489	51.06%	9,432	52.80%
Total assets	26,699	100.00%	26,096	100.00%	26,900	100.00%	21,513	100.00%	18,585	100.00%	17,865	100.00%
EQUITY AND LIABILITIES												
Share capital and reserves	7,249	27.15%	4,466	17.11%	4,177	15.53%	3,549	16.50%	3,064	16.49%	2,672	14.96%
Non-current liabilities												
Long term finances	5,797	21.71%	6,707	25.70%	6,148	22.86%	4,708	21.88%	3,147	16.93%	3,323	18.60%
Long term loans	-	0.00%	-	0.00%	-	0.00%	-	0.00%	280	1.51%	914	5.12%
Long term certificates of deposit	3,225	12.08%	4,000	15.33%	5,888	21.89%	5,117	23.79%	3,647	19.62%	4,341	24.30%
Deferred taxation	481	1.80%	585	2.24%	476	1.77%	454	2.11%	395	2.13%	353	1.98%
Other long term liabilities	203	0.76%	214	0.82%	259	0.96%	268	1.25%	248	1.33%	296	1.66%
Defined benefit obligation - staff gratuity	20	0.07%	17	0.07%	1	0.00%	1	0.00%	4	0.02%	29	0.16%
	9,726	36.43%	11,523	44.16%	12,772	47.48%	10,548	49.03%	7,721	41.54%	9,256	51.81%
Current liabilities												
Trade and other payables	1,017	3.81%	1,092	4.18%	794	2.95%	634	2.95%	475	2.56%	406	2.27%
Accrued interest on term loans, term finance, certificates of deposit	242	0.91%	333	1.28%	396	1.47%	319	1.48%	453	2.44%	297	1.66%
Unpaid Dividend	208	0.78%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Unclaimed dividend	20	0.07%	19	0.07%	17	0.06%	7	0.03%	6	0.03%	5	0.03%
Short term borrowings	2,355	8.82%	2,449	9.38%	1,909	7.10%	884	4.11%	695	3.74%	936	5.24%
Short term certificates of deposit	1,048	3.92%	1,111	4.26%	2,073	7.71%	944	4.39%	1,019	5.48%	1,070	5.99%
Taxation net	209	0.78%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Current maturity of non-current liabilities	4,625	17.32%	5,103	19.55%	4,762	17.70%	4,628	21.51%	5,152	27.72%	3,223	18.04%
	9,724	36.42%	10,107	38.73%	9,951	36.99%	7,416	34.47%	7,800	41.97%	5,937	33.23%
Total equity and liabilities	26,699	100.00%	26,096	100.00%	26,900	100.00%	21,513	100.00%	18,585	100.00%	17,865	100.00%

PROFIT OR LOSS	2018		2017		2016 (Restated)		2015		2014		2013	
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
INCOME												
Income from operations												
Finance lease	2,531	56.60%	2,417	59.96%	2,324	57.09%	2,261	56.92%	1,974	51.69%	1,900	53.37%
Operating lease	313	7.00%	474	11.76%	535	13.14%	664	16.71%	953	24.94%	850	23.88%
Mark-up on term finance	633	14.15%	543	13.47%	507	12.45%	462	11.62%	446	11.66%	396	11.13%
	3,477	77.75%	3,434	85.20%	3,366	82.68%	3,387	85.25%	3,373	88.29%	3,146	88.38%
Income from other activities												
Other income - net	896	20.04%	368	9.12%	471	11.57%	311	7.82%	224	5.87%	249	6.98%
Share of profit of equity accounted undertakings	99	2.21%	229	5.68%	234	5.75%	275	6.93%	223	5.84%	165	4.64%
	995	22.25%	597	14.80%	705	17.32%	586	14.75%	447	11.71%	414	11.62%
	4,472	100.00%	4,031	100.00%	4,071	100.00%	3,973	100.00%	3,820	100.00%	3,560	100.00%
EXPENSES												
Finance costs	1,390	31.08%	1,586	39.34%	1,666	40.92%	1,728	43.49%	1,658	43.41%	1,654	46.46%
Administrative and general expenses	1,094	24.46%	966	23.97%	857	21.05%	785	19.76%	755	19.77%	730	20.51%
Direct cost	250	5.59%	403	10.00%	395	9.70%	491	12.35%	582	15.24%	504	14.17%
	2,734	61.14%	2,955	73.31%	2,918	71.68%	3,003	75.59%	2,996	78.43%	2,889	81.14%
Profit before Provisions and Taxation	1,738	38.86%	1,076	26.70%	1,152	28.30%	970	24.41%	824	21.57%	672	18.86%
Provisions and impairment												
Allowance for potential lease and loan losses	18	0.40%	(23)	-0.57%	215	5.28%	122	3.06%	137	3.58%	208	5.83%
Other provisions / (Reversals) - net	-	0.00%	(59)	-1.46%	(40)	-0.97%	40	1.01%	47	1.23%	49	1.39%
Impairment on available-for-sale securities	-	0.00%	-	0.00%		0.00%	-	0.00%	-	0.00%	-	0.00%
	18	0.40%	(82)	-2.03%	175	4.31%	162	4.07%	184	4.81%	257	7.22%
Profit before tax from continuing operations	1,720	38.46%	1,158	28.73%	977	23.99%	808	20.34%	640	16.76%	414	11.64%
Taxation	340	7.60%	317	7.86%	217	5.32%	180	4.54%	124	3.25%	77	2.15%
Profit after taxation from continuing operations	1,380	30.86%	841	20.87%	760	18.67%	628	15.80%	516	13.51%	338	9.49%
DISCONTINUED OPERATIONS												
Loss after taxation from discontinued operations	-	0.00%	-	0.00%	(13)	-0.32%	43	1.08%	-	0%	-	0%
Profit for the year after taxation	1,380	30.86%	841	20.87%	747	18.35%	671	16.89%	516	13.51%	338	9.49%

Six Years' Horizontal Analysis

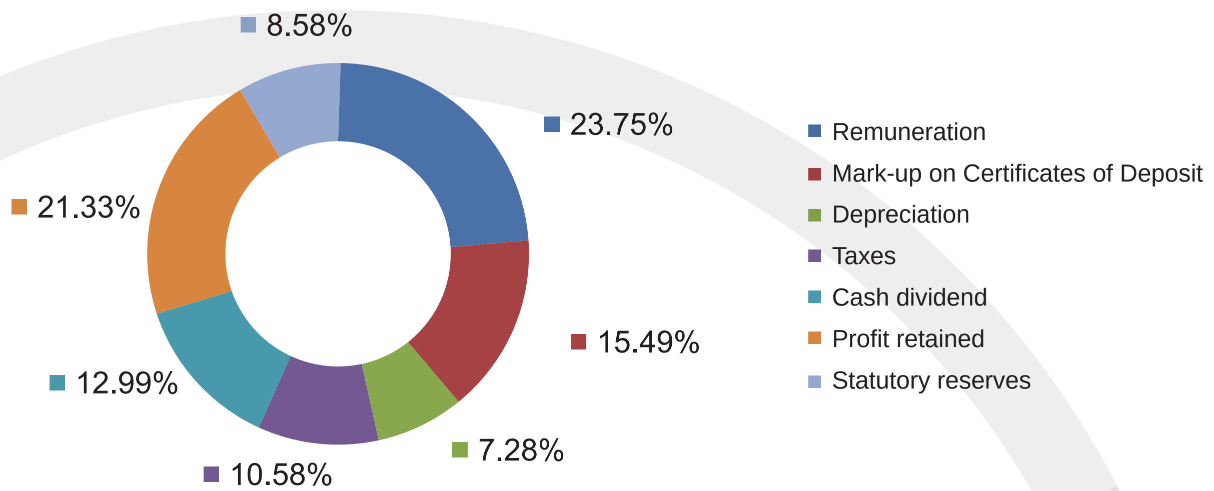
STATEMENT OF FINANCIAL POSITION	18 vs 17		17 vs 16		16 vs 15		15 vs 14		14 vs 13		13 vs 12	
	2018	%	2017 Restated	%	2016 Restated	%	2015 Restated	%	2014 Restated	%	2013 Restated	%
ASSETS												
Non-current assets												
Fixed assets	1,304	-14.94%	1,533	-13.14%	1,765	0.17%	1,762	-0.28%	1,767	13.27%	1,560	14.96%
Intangible assets	20	66.67%	12	0.00%	12	33.33%	9	-18.18%	11	-67.65%	34	-61.36%
Net investment in finance leases	8,594	14.33%	7,517	1.36%	7,416	21.22%	6,118	26.09%	4,852	14.00%	4,256	-0.70%
Investment in subsidiaries	322	0.00%	322	0.00%	322	100.00%	-	-	-	-	-	-
Investment in associated undertakings	672	-65.92%	1,972	-12.97%	2,266	4.14%	2,176	27.92%	1,701	-0.58%	1,711	9.12%
Long term investments	293	-13.57%	339	303.57%	84	500.00%	14	0.00%	14	0.00%	14	-22.22%
Long term finances and loans	1,965	28.35%	1,531	19.05%	1,286	46.30%	879	18.62%	741	-12.20%	844	11.49%
Long term deposits	12	0.00%	12	9.09%	11	10.00%	10	0.00%	10	-28.57%	14	0.00%
	13,182	-0.42%	13,238	0.58%	13,162	20.00%	10,968	20.58%	9,096	7.86%	8,433	4.27%
Current assets												
Short term finances	243	63.09%	149	-47.90%	286	-29.73%	407	32.14%	308	26.75%	243	6.58%
Accrued return on investments and term finances	69	23.21%	56	-42.86%	98	30.67%	75	10.29%	68	94.29%	35	118.75%
Current maturity of non-current assets	11,574	3.65%	11,166	-2.47%	11,449	36.30%	8,400	11.55%	7,530	9.78%	6,859	2.01%
Short term investments	773	-15.43%	914	-25.02%	1,219	10.22%	1,106	1.65%	1,088	-32.00%	1,600	116.80%
Advances and prepayments	33	-15.38%	39	-11.36%	44	-6.38%	47	-2.08%	48	-7.69%	52	-49.51%
Other receivables	44	-20.00%	55	-45.00%	100	33.33%	75	-43.18%	132	-57.69%	312	-36.97%
Cash and bank balances	500	46.20%	342	2.70%	333	92.49%	173	73.00%	100	-56.71%	231	-31.25%
Taxation - net	-	-100.00%	47	-24.19%	62	-63.74%	171	35.71%	126	44.83%	87	77.55%
Assets classified as held for sale	281	212.22%	90	-38.78%	147	61.54%	91	2.25%	89	584.62%	13	0.00%
	13,517	5.13%	12,858	-6.41%	13,738	30.28%	10,545	11.13%	9,489	0.60%	9,432	8.39%
Total assets	26,699	2.31%	26,096	-2.99%	26,900	25.04%	21,513	15.75%	18,585	4.03%	17,865	6.40%
EQUITY AND LIABILITIES												
Share capital and reserves	7,249	62.32%	4,466	6.92%	4,177	17.70%	3,549	15.83%	3,064	14.67%	2,672	9.15%
Non-current liabilities												
Long term finances	5,797	-13.57%	6,707	9.09%	6,148	30.59%	4,708	49.60%	3,147	-5.30%	3,323	46.13%
Long term loans	-	0.00%	-	0.00%	-	0.00%	-	-100.00%	280	-69.37%	914	-52.84%
Long term certificates of deposit	3,225	-19.38%	4,000	-32.07%	5,888	15.07%	5,117	40.31%	3,647	-15.99%	4,341	90.98%
Deferred taxation	481	-17.78%	585	22.90%	476	4.85%	454	14.94%	395	11.90%	353	24.30%
Other long term liabilities	203	-5.14%	214	-17.37%	259	-3.36%	268	8.06%	248	-16.22%	296	35.78%
Defined benefit obligation - staff gratuity	20	17.65%	17	1600.00%	1	0.00%	1	-75.00%	4	-86.21%	29	52.63%
	9,726	-15.59%	11,523	-9.78%	12,772	21.08%	10,548	36.61%	7,721	-16.58%	9,256	32.12%
Current liabilities												
Trade and other payables	1,017	-6.87%	1,092	37.53%	794	25.24%	634	33.47%	475	17.00%	406	29.71%
Accrued interest on term loans, term finance, certificates of deposit	242	-27.33%	333	-15.91%	396	24.14%	319	-29.58%	453	52.53%	297	-8.62%
Unpaid Dividend	208	100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	-
Unclaimed dividend	20	5.26%	19	11.76%	17	142.86%	7	16.67%	6	20.00%	5	25%
Short term borrowings	2,355	-3.84%	2,449	28.29%	1,909	115.95%	884	27.19%	695	-25.75%	936	-1.16%
Short term certificates of deposit	1,048	-5.69%	1,111	-46.41%	2,073	119.60%	944	-7.36%	1,019	-4.77%	1,070	11.81%
Taxation net	209	100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Current maturity of non-current liabilities	4,625	-9.36%	5,103	7.16%	4,762	2.90%	4,628	-10.17%	5,152	59.85%	3,223	-32.71%
	9,724	-3.79%	10,107	1.57%	9,951	34.18%	7,416	-4.92%	7,800	31.38%	5,937	-19.07%
Total equity and liabilities	26,699	2.31%	26,096	-2.99%	26,900	25.04%	21,513	15.75%	18,585	4.03%	17,865	6.40%

PROFIT OR LOSS	18 vs 17		17 vs 16		16 vs 15		15 vs 14		14 vs 13		13 vs 12	
	2018	%	2017	%	2016 Restated	%	2015	%	2014	%	2013	%
INCOME												
Income from operations												
Finance lease	2,531	4.72%	2,417	4.00%	2,324	2.77%	2,261	14.53%	1,974	3.91%	1,900	-5.62%
Operating lease	313	-33.97%	474	-11.40%	535	-19.43%	664	-30.30%	953	12.07%	850	18.51%
Mark-up on term finance	633	16.57%	543	7.10%	507	9.80%	462	3.65%	446	12.42%	396	69.40%
	3,477	1.25%	3,434	2.02%	3,366	-0.62%	3,387	0.43%	3,373	7.19%	3,146	6.14%
Income from other activities												
Other income - net	896	143.48%	368	-21.87%	471	51.58%	311	38.56%	224	-9.82%	249	-4.84%
Share of profit of equity accounted undertakings	99	-56.77%	229	-2.14%	234	-14.95%	275	23.37%	223	35.03%	165	33.60%
	995	66.67%	597	-15.32%	705	20.33%	586	30.99%	447	8.08%	414	7.51%
	4,472	10.94%	4,031	-0.98%	4,071	2.47%	3,973	4.01%	3,820	7.29%	3,560	6.30%
EXPENSES												
Finance costs	1,390	-12.36%	1,586	-4.80%	1,666	-3.57%	1,728	4.18%	1,658	0.25%	1,654	-11.45%
Administrative and general expenses	1,094	13.25%	966	12.72%	857	9.18%	785	3.94%	755	3.44%	730	24.71%
Direct cost	250	-37.97%	403	2.03%	395	-19.48%	491	-15.76%	582	15.44%	504	20.33%
	2,734	-7.48%	2,955	1.27%	2,918	-2.84%	3,003	0.24%	2,996	3.71%	2,889	0.56%
Profit before Provisions and Taxation	1,738	61.52%	1,076	-6.60%	1,152	18.79%	970	17.70%	824	22.69%	672	40.88%
Provisions and impairment												
Allowance for potential lease and loan losses	18	-178.26%	(23)	-110.70%	215	76.70%	122	-11.11%	137	-34.08%	208	10.22%
Other (reversal) / provisions-net	-	-100.00%	(59)	47.50%	(40)	-0.02%	40	-14.78%	47	-5.05%	49	374.34%
Impairment on available-for-sale securities	-	0.00%	-	0.00%	-	0.00%	-	0.00%	0	0.00%	0	-100.00%
	18	-121.95%	(82)	-146.86%	175	8.25%	162	-12.05%	184	-28.50%	257	27.39%
Profit before taxation from continuing operations	1,720	48.53%	1,158	18.53%	977	20.90%	808	26.24%	640	54.45%	414	50.78%
Taxation	340	7.26%	317	46.08%	217	20.43%	180	45.33%	124	62.07%	77	4.79%
Profit after taxation from continuing operations	1,380	69.09%	841	10.66%	760	21.04%	628	21.66%	516	52.72%	338	67.42%
DISCONTINUED OPERATIONS												
Loss after taxation from discontinued operations	-	-	-	-100.00%	(13)	-69.77%	43	100.00%	0	0%	0	0%
Profit for the year after taxation	1,380	69.09%	841	12.58%	747	11.34%	671	29.99%	516	52.72%	338	67.42%

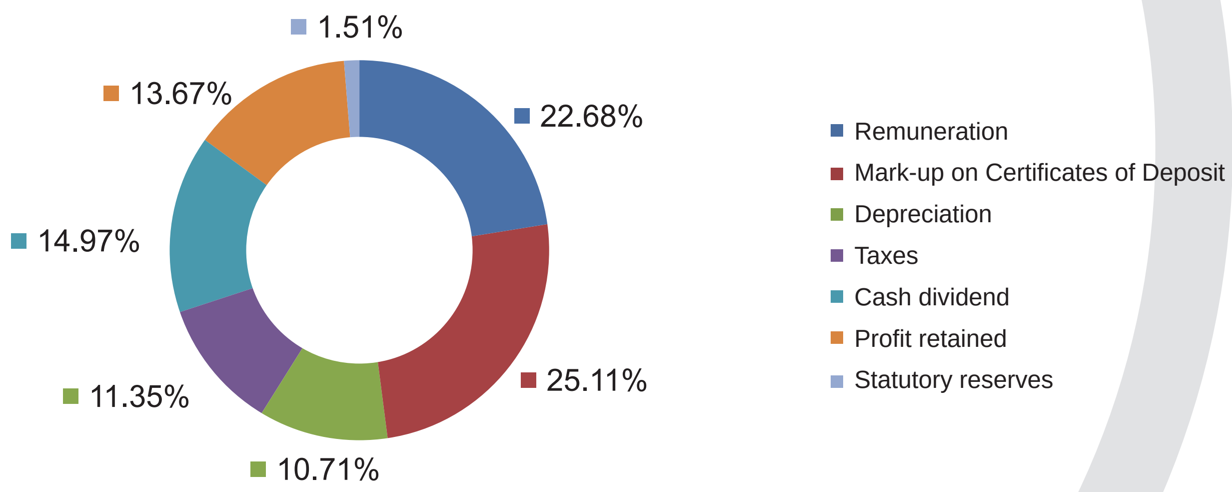
Statement of Value Addition

	2018	%	2017	%
Revenues from operations	**3,459,298,622**		3,515,950,056	
Other income	**895,715,239**		367,520,280	
Share of profit of associates	**98,672,824**		229,142,246	
	4,453,686,685		4,112,612,582	
Financial cost	**891,727,517**		885,152,897	
Direct cost	**346,090,321**		437,156,273	
	1,237,817,838		1,322,309,170	
Value Added	**3,215,868,847**		2,790,303,412	
Distributed as follows:				
Remuneration	**763,768,072**	23.75%	632,760,145	22.68%
Mark-up on Certificates of Deposit	**498,281,542**	15.49%	700,735,284	25.11%
Depreciation	**234,065,548**	7.28%	298,798,020	10.71%
Taxes	**340,130,650**	10.58%	316,765,918	11.35%
Cash dividend	**417,637,257**	12.99%	417,637,257	14.97%
Profit retained	**686,061,171**	21.33%	381,544,586	13.67%
Statutory reserves	**275,924,607**	8.58%	42,062,202	1.51%
	3,215,868,847	100%	2,790,303,412	100%

Distribution of Value Addition - 2018



Distribution of Value Addition - 2017



Shariah Advisor's Report

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

- Ijarah, and
- Diminishing Musharakah

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

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

Shariah Compliance:

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

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

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

Mufti Muhammad Ibrahim Essa
Shariah Advisor

Date: September 12, 2018

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530, Pakistan
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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of ORIX Leasing Pakistan Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of ORIX Leasing Pakistan Limited ("the Company") for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

KPMG Taseer Hadi & Co

KPMG Taseer Hadi & Co.
Chartered Accountants

Dated: September 14, 2018
Karachi

KPMG Taseer Hadi & Co.
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INDEPENDENT AUDITORS' REPORT

To the members of ORIX Leasing Pakistan Limited
Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **ORIX Leasing Pakistan Limited** ("the Company"), which comprise the unconsolidated statement of financial position as at 30 June 2018, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	**Impairment allowance for potential Lease and Loan losses**	
	Refer to notes 8, 12, 13 and 40 to the unconsolidated financial statements and the accounting policy in notes 4.4, 4.5, 4.10 and 4.14 to the unconsolidated financial statements. The Company's portfolios for net investment in finance lease, long-term finances and loans and short-term finances amounts to Rs. 18.84 billion, Rs. 4.47 billion and Rs. 0.37 billion having provision of Rs. 0.92 billion, Rs. 0.26 billion and Rs. 0.13 billion respectively. We identified the impairment allowance for potential lease and loan losses as a key audit matter due to the inherent uncertainty and judgment used by the management in determining impairment allowance.	Our audit procedures included: We tested the design and operation of manual and automated controls over the individual impairment provision including: • The accuracy of the data used for credit grading and approval of credit facilities. • The ongoing monitoring and identification of lease and loans displaying indicators of impairment and whether they are migrating, on a timely basis, to watch list or to non performing including the generation of days past due reports. We performed a sample of credit reviews on individually significant lease and loan customers where impairment indicators had been identified by management. We obtained the management's assessment of the recoverability of these exposures (including individual provisions calculations) and challenged whether individual impairment provisions, or lack of, were appropriate. For a sample of lease and loan customers credit grade A+ to B+ not identified as displaying indicators of impairment by management, challenged this assessment by reviewing the historical performance of the customers and formed our own view whether any impairment indicators were present. We have also evaluated the management's compliance with the applicable Prudential Regulations.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Other information comprises the information included in the Annual Report but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;
c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matters

The unconsolidated financial statements of the Company for the year ended 30 June 2017 was audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon dated 18 September 2017.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Taufiq.

KPMG Taseer

KPMG Taseer Hadi & Co.
Chartered Accountants

Dated: September 26, 2018
Karachi

Unconsolidated Statement of Financial Position

As at June 30, 2018

	Note	2018	2017 (Restated)	2016 (Restated)
ASSETS		--------------------Rupees	--------------------	
Non-current assets				
Fixed assets	6	1,304,316,890	1,532,753,426	1,765,366,925
Intangible assets	7	20,033,707	12,185,643	11,725,852
Net investment in finance lease	8	18,840,807,660	17,667,230,684	17,838,673,359
Current maturity	15	(9,322,608,857)	(9,226,214,842)	(9,475,252,096)
Allowance for potential lease losses	40	(924,124,734)	(924,332,946)	(947,366,692)
		(10,246,733,591)	(10,150,547,788)	(10,422,618,788)
		8,594,074,069	7,516,682,896	7,416,054,571
Investment in subsidiaries	9	322,374,294	322,374,294	322,374,294
Investment in associated undertakings	10	672,208,880	1,972,102,566	2,266,192,717
Long-term investments	11	292,535,415	339,360,200	84,318,373
Long-term finances and loans	12	1,965,471,010	1,530,709,462	1,285,876,450
Long-term deposits		12,138,660	11,603,660	11,361,208
		13,183,152,925	13,237,772,147	13,163,270,390
Current assets				
Short-term finances	13	242,846,690	149,435,904	285,650,013
Accrued return on investments and term finance	14	68,675,213	55,947,908	97,973,744
Current maturity of non-current assets	15	11,574,051,254	11,165,848,015	11,448,366,779
Short-term investments	16	772,588,069	913,881,825	1,218,977,146
Advances and prepayments	17	32,639,776	39,337,154	43,023,535
Other receivables	18	44,253,635	54,641,473	99,726,197
Cash and bank balances	19	499,815,713	341,884,442	333,494,394
Taxation - net		-	47,263,477	62,128,298
		13,234,870,350	12,768,240,198	13,589,340,106
Assets classified as held for sale	20	280,731,455	89,595,014	147,482,703
Total assets		26,698,754,730	26,095,607,359	26,900,093,199
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorised share capital 350,000,000 (2017: 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	21	1,392,124,190	820,827,940	820,827,940
Capital reserves		3,428,393,164	1,746,174,742	1,709,737,878
Revenue reserves		2,428,362,235	1,899,442,263	1,646,145,960
		7,248,879,589	4,466,444,945	4,176,711,778
Non-current liabilities				
Long-term finances	23	5,796,539,928	6,707,294,236	6,147,989,443
Long-term certificates of deposit	24	3,225,368,617	4,000,332,697	5,888,172,666
Deferred taxation	25	480,597,549	584,742,190	476,449,984
Other long-term liabilities	26	202,558,668	214,038,190	258,983,005
Defined benefit obligation	27	19,969,684	16,514,020	1,463,232
		9,725,034,446	11,522,921,333	12,773,058,330
Current liabilities				
Trade and other payables	28	1,016,839,484	1,091,104,314	793,835,654
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	29	242,329,587	332,570,990	396,034,085
Unpaid dividend		208,224,070	-	-
Unclaimed dividend		20,317,978	19,258,216	16,689,149
Short-term borrowings	30	2,355,358,951	2,448,686,564	1,908,924,254
Short-term certificates of deposit	31	1,047,782,107	1,111,266,011	2,073,044,036
Taxation - net		208,752,552	-	-
Current maturity of non-current liabilities	32	4,625,235,966	5,103,354,986	4,761,795,913
		9,724,840,695	10,106,241,081	9,950,323,091
Total equity and liabilities		26,698,754,730	26,095,607,359	26,900,093,199
Contingencies and commitments	33			

The annexed notes 1 to 58 form an integral part of these unconsolidated financial statements.

Shaheen Amin
Chief Executive Officer

Khalid Aziz Mirza
Chairman

Maryam Aziz
Chief Financial Officer

Unconsolidated Statement of Profit or Loss

For the year ended June 30, 2018

	Note	2018	2017
		----- Rupees -----	
INCOME			
Income from operations			
Finance leases		2,531,120,058	2,416,994,401
Operating leases	34	312,867,196	474,221,025
Mark-up on term finance		633,583,905	543,065,105
		3,477,571,159	3,434,280,531
Income from other activities			
Other income - net	35	895,715,239	367,520,280
Share of profit of equity accounted undertakings	36	98,672,824	229,142,246
		994,388,063	596,662,526
		4,471,959,222	4,030,943,057
EXPENSES			
Finance cost	37	1,390,009,059	1,585,888,181
Administrative and general expenses	38	1,094,161,651	966,310,428
Direct cost	39	249,762,290	402,404,010
		2,733,933,000	2,954,602,619
Profit before provision and taxation		1,738,026,222	1,076,340,438
Provision / (reversal) for potential lease and other loan losses - net	40	18,431,706	(23,143,953)
Other reversals - net	41	(159,169)	(58,525,572)
		18,272,537	(81,669,525)
Profit before taxation		1,719,753,685	1,158,009,963
Taxation	43	340,130,650	316,765,918
Profit for the year after taxation		1,379,623,035	841,244,045

	Note	2018	2017 (Restated)
		----- Rupees -----	
Earnings per share - basic and diluted	54	10.11	9.42

The annexed notes 1 to 58 form an integral part of these unconsolidated financial statements.

Shaheen Amin
Chief Executive Officer

Khalid Aziz Mirza
Chairman

Maryam Aziz
Chief Financial Officer

Unconsolidated Statement of Comprehensive Income

For the year ended June 30, 2018

	2018	2017
	Rupees	
Profit for the year after taxation	1,379,623,035	841,244,045
Other comprehensive income		
Items that may be subsequently reclassified in profit or loss		
Exchange gain / (loss) arising on translation of foreign associates - net of deferred tax	143,148,279	(112,225,402)
Reclassification of foreign currency translation on discontinuation of equity accounting - net of deferred tax	(269,550,790)	(52,518,966)
	(126,402,511)	(164,744,368)
Net unrealised gain / (loss) due to changes in fair value of financial assets classified as available-for-sale	5,401,250	(6,562,294)
	(121,001,261)	(171,306,662)
Items that will not be subsequently reclassified in profit or loss		
Remeasurement of defined benefit obligation - staff gratuity	(24,923,888)	(11,559,815)
Total comprehensive income for the year	1,233,697,886	658,377,568

The annexed notes 1 to 58 form an integral part of these unconsolidated financial statements.

Shaheen Amin
Chief Executive Officer

Khalid Aziz Mirza
Chairman

Maryam Aziz
Chief Financial Officer

Unconsolidated Statement of Cash Flow

For the year ended June 30, 2018

	Note	2018	2017 (Restated)
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	44	2,555,326,784	2,579,020,888
(Increase) / decrease in operating assets			
Investment in finance lease - net		(1,183,162,696)	171,442,675
Long-term finances and loans - net		(769,964,641)	(553,392,193)
Short-term finances		(94,022,997)	130,615,981
Long-term deposits		(535,000)	(242,452)
Advances and prepayments		6,697,378	3,686,381
Other receivables		(32,018,125)	78,781,991
		(2,073,006,081)	(169,107,617)
(Decrease) / increase in operating liabilities			
Interest / mark-up paid		(927,373,885)	(869,642,485)
Payment against staff retirement benefits		(32,899,060)	(13,468,020)
Profit paid on certificates of deposit		(551,833,211)	(808,278,272)
Trade and other payables		(74,239,830)	370,793,209
		(1,586,345,986)	(1,320,595,568)
Net cash (used in) / generated from operating activities before income tax		(1,104,025,283)	1,089,317,703
Payment of Sindh Workers' Welfare Fund		(25,000)	(7,020,630)
Income tax paid		(150,654,040)	(140,097,512)
Net cash (used in) / generated from operating activities		(1,254,704,323)	942,199,561
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions made to intangible assets		(17,826,560)	(6,960,878)
Capital expenditure incurred - Fixed assets for own use		(48,625,060)	(50,036,635)
Capital expenditure incurred - operating lease assets		(161,735,180)	(26,455,654)
Capital expenditure incurred - ijarah finance		-	(23,882,500)
Proceeds from disposal of assets - own use		9,563,177	38,730,790
Proceeds from sale of operating lease assets		209,052,129	-
Proceeds from sale of ijarah finance assets		7,827,749	5,329,193
Instalment against consideration on sale of e-business		10,666,670	16,000,005
Investments - net		161,085,308	645,802,123
Proceeds from disposal of asset classified as held for sale		1,723,740,840	46,378,154
Dividend received		22,999,439	110,024,840
Interest received		52,166,816	103,431,707
Net cash generated from investing activities		1,968,915,328	858,361,145
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term finances		2,700,000,000	4,800,000,000
Proceeds from right issue - net		1,985,245,504	-
Short-term borrowings - net		(945,000,000)	490,284,118
Certificates of deposit (redeemed) / issued - net		(751,983,667)	(3,736,035,119)
Repayment of long-term finances		(4,187,860,533)	(3,029,094,343)
Dividend paid		(208,353,425)	(366,803,506)
Net cash used in financing activities		(1,407,952,121)	(1,841,648,850)
Net decrease in cash and cash equivalents		(693,741,116)	(41,088,144)
Cash and cash equivalents at beginning of the year		(516,802,122)	(475,713,978)
Cash and cash equivalents at end of the year	45	(1,210,543,238)	(516,802,122)

The annexed notes 1 to 58 form an integral part of these unconsolidated financial statements.

Shaheen Amin
Chief Executive Officer

Khalid Aziz Mirza
Chairman

Maryam Aziz
Chief Financial Officer

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2018

	Issued, subscribed and paid-up capital	Capital reserves: Share premium	Capital reserves: Statutory reserve	Revenue reserves: Surplus on revaluation of leasehold land and office building (Note 22)	Revenue reserves: Unappropriated profit	Revenue reserves: Unrealised (losses) / gains on remeasurement of financial assets	Revenue reserves: Foreign currency translation reserve	Total shareholders equity
	Rupees							
Balance as at July 1, 2016 - as previously reported	820,827,940	449,686,099	937,045,177	-	1,303,123,454	2,027,483	340,995,023	3,853,705,176
Impact of change in accounting policy - net of tax	-	-	-	323,006,602	-	-	-	323,006,602
Balance as at July 1, 2016 (Restated)	820,827,940	449,686,099	937,045,177	323,006,602	1,303,123,454	2,027,483	340,995,023	4,176,711,778
Profit for the year after taxation	-	-	-	-	841,244,045	-	-	841,244,045
Other comprehensive loss	-	-	-	-	(11,559,815)	(6,562,294)	(164,744,368)	(182,866,477)
Total comprehensive income for the year ended June 30, 2017	-	-	-	-	829,684,230	(6,562,294)	(164,744,368)	658,377,568
Transactions with owner recorded directly in equity								
Cash dividend @ Rs.4.50 per ordinary share of Rs. 10.00 each for the year ended June 30, 2016	-	-	-	-	(369,372,573)	-	-	(369,372,573)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	(5,625,338)	6,353,510	-	-	728,172
Transfer to statutory reserve	-	-	42,062,202	-	(42,062,202)	-	-	-
Balance as at June 30, 2017 (Restated)	820,827,940	449,686,099	979,107,379	317,381,264	1,727,726,419	(4,534,811)	176,250,655	4,466,444,945
Balance as at July 1, 2017 - as previously reported	820,827,940	449,686,099	979,107,379	-	1,727,726,419	(4,534,811)	176,250,655	4,149,063,681
Impact of change in accounting policy - net of tax	-	-	-	317,381,264	-	-	-	317,381,264
Balance as at July 1, 2017 (Restated)	820,827,940	449,686,099	979,107,379	317,381,264	1,727,726,419	(4,534,811)	176,250,655	4,466,444,945
Impact of adoption of IFRS 9 by associate - net of tax	-	-	-	-	(18,871,489)	-	-	(18,871,489)
Right shares issued during the year	571,296,250	-	-	-	-	-	-	571,296,250
Premium on Right shares during the year - net	-	1,413,949,254	-	-	-	-	-	1,413,949,254
Profit for the year after taxation	-	-	-	-	1,379,623,035	-	-	1,379,623,035
Other comprehensive income / (loss)	-	-	-	-	(24,923,888)	5,401,250	(126,402,511)	(145,925,149)
Total comprehensive income for the year ended June 30, 2018	-	-	-	-	1,354,699,147	5,401,250	(126,402,511)	1,233,697,886
Transactions with owner recorded directly in equity								
Cash dividend @ Rs.3.00 per ordinary share of Rs. 10.00 each for the year ended June 30, 2017	-	-	-	-	(417,637,257)	-	-	(417,637,257)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	(7,655,439)	7,655,439	-	-	-
Transfer to statutory reserve	-	-	275,924,607	-	(275,924,607)	-	-	-
Balance as at June 30, 2018	1,392,124,190	1,863,635,353	1,255,031,986	309,725,825	2,377,647,652	866,439	49,848,144	7,248,879,589

The annexed notes 1 to 58 form an integral part of these unconsolidated financial statements.

Shaheen Amin
Chief Executive Officer

Khalid Aziz Mirza
Chairman

Maryam Aziz
Chief Financial Officer

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2018

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 repealed Companies Ordinance, 1984 and was converted into a public limited company on December 23, 1987. The Company is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at Islamic Chamber of Commerce Building, Clifton, Karachi. The Company is licensed to carry out Investment Finance Services as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP).

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long-term rating of AA+ and a short-term rating of A1+ to the Company on August 16, 2018.

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

- Disposal of Oman ORIX Leasing Company SAOG (note 10.1.1)
- ORIX Leasing Egypt SAE reclassified from “Investment in associated undertaking” to "Held for sale" (note 10.1.3)
- Due to the first time application of financial reporting requirements under the Companies Act 2017 (the Act) including disclosure and presentation requirements of the fourth schedule of the Act, some of the amounts reported for the previous period have been reclassified as detailed in note 5.1 and note 56 to these unconsolidated financial statements.
- Reclassification of Security Deposit (note 5.2)
- Issue of Right shares (note 21.2)

3 BASIS OF PREPARATION

3.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan, which comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the ICAP as are notified under the Companies Act, 2017, the requirements of Companies Act, 2017, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. In case the requirements differ, the provisions of and directives issued under the NBFC Rules, the NBFC Regulations, the Companies Act, 2017 and the directives issued by the SECP prevail.

3.2 Basis of measurement

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

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

3.3 Functional and presentation currency

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

3.4 Critical accounting estimates and judgments

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

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

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

(a) determination of the residual values and useful lives of fixed assets (notes 4.2 and 6);
(b) allowance for potential lease and other loan losses (notes 4.5 and 40);
(c) classification, valuation and impairment of financial assets (note 4.10);
(d) recognition of taxation and deferred tax (notes 4.18 and 43);
(e) accounting for defined benefit obligation (notes 4.19 and 27);
(f) employees compensated absences (note 4.20 and 38.1); and
(g) impairment of non-financial assets (note 4.9).

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

Amendments to IAS 7, ‘Statement of Cash Flows’ introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of IASB's Disclosure Initiative, which continues to explore how financial statement disclosures can be improved. In the first year of adoption, comparative information need not be provided. The relevant disclosures have been made in these unconsolidated financial statements.

The Companies Act, 2017 (the Act) has introduced certain changes with regard to preparation and presentation of annual financial statements of the Company. These changes include change in respect of recognition criteria of revaluation of fixed assets as more fully explained in note 5. Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the elimination of duplicate disclosures with the IFRS disclosure requirements; and incorporation of significant additional disclosures which have been included in these unconsolidated financial statements.

3.6 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There were certain new amendments to the approved accounting standards which became effective during the year ended June 30, 2018 but are considered not to be relevant or have any significant effect on the Company's financial reporting and are, therefore, not disclosed in these unconsolidated financial statements.

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

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 1, 2018:

IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after July 1, 2018 and January 1, 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments.

IFRS 16 'Leases' (effective for annual period beginning on or after January 1, 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

Others Standards, Interpretations or Amendments	**Effective date (accounting period beginning on or after)**
- IFRS 15 "Revenue from contracts with customers"	July 1, 2018
- IFRS 2 "Share-based Payment Transactions"	July 1, 2018
- IAS 40 "Investment Property"	July 1, 2018
- IAS 28 "Investments in Associates and Joint Ventures"	January 1, 2019
- IAS 19 "Employee Benefits'- Plan"	January 1, 2019
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	July 1, 2018
- IFRIC 23 "Uncertainty over Income Tax Treatment"	January 1, 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycle	
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement	January 1, 2019
- IAS 23 Borrowing Costs	January 1, 2019
- IAS 12 Income Taxes	January 1, 2019

The above standards, interpretations and amendments are mandatory for the Company's accounting periods beginning on or after July 1, 2018 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Business combination

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

4.2 Fixed assets

Own use and on Operating lease

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Cost incurred to replace a component of an item of fixed asset is capitalised and the asset so replaced is retired from use. Cost incurred on overhaul of generators is depreciated over the enhanced useful lives of these generators. All other repairs and maintenance expenditure are charged to the profit or loss during the period in which these are incurred.

Depreciation is charged using the straight line method over the estimated useful lives of assets, at the rates specified in notes 6.1, 6.2 and 6.3 to these unconsolidated financial statements. Cranes under operating lease assets are depreciated at the rates specified in notes 6.2. Residual values are taken into consideration in case of vehicles and cranes under operating lease. The carrying value of leasehold land is amortised over its lease term. Depreciation on additions is charged from the month in which the assets are available for use. No depreciation is charged in the month of disposal.

During the year the Company changed its accounting policy in respect of the accounting and presentation of revaluation of fixed assets. Previously, the Company's accounting policy was in accordance with the provisions of the repealed Companies Ordinance, 1984. Those provisions and resultant previous policy of the Company was not aligned with the accounting treatment and presentation of revaluation of fixed assets as prescribed in IAS 16 'Property, Plant and Equipment'. As required by the Companies Act, 2017, the Company has changed the accounting policy to bring it in conformity with the accounting treatment and presentation of revaluation of fixed assets as specified in IAS 16 'Property, Plant and Equipment'. The detailed information and impact of this change in policy is provided in note 5 to these unconsolidated financial statements.

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

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

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

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

Capital work-in-progress is stated at cost less impairment loss, if any and consists of expenditure incurred (including any borrowing cost, if applicable) and advances made in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

Ijarah assets

Rental from Ijarah arrangements are recognised in the profit or loss 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 finance on a straight line basis at the rates specified in note 6.3.

4.3 Intangible assets

Intangible assets having definite lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

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

Amortisation is charged using the straight-line method over the estimated useful lives of the assets at the rates specified in note 7.1. Amortisation on additions is charged from the month in which the assets are available for use. No amortisation is charged in the month of disposal. The residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Gains / losses on disposal of intangible assets, if any, are taken to the profit or loss in the period in which these arise.

4.4 Net investment in finance lease

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

4.5 Allowance for potential lease and other loan losses

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

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

4.6 Assets classified as held for sale

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

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

4.7 Investment in subsidiaries

Investment in subsidiaries is initially recognised at cost. At subsequent reporting dates, the recoverable amount is estimated to determine the extent of impairment loss, if any, and carrying amount of the investment is adjusted accordingly.

4.8 Investment in associated undertakings

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

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

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

When the investment in associated undertaking is disposed off, all amounts previously recognised in 'other comprehensive income' in relation to that investment are reclassified to the profit or loss.

4.9 Impairment of non-financial assets

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

4.10 Financial assets

4.10.1 Classification, initial recognition and subsequent measurement

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

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

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

b) Loans and receivables

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

c) Held-to-maturity

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

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

d) Available-for-sale

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

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

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

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

4.10.2 Impairment

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

a) Held-to-maturity

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

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 or loss.

b) Available-for-sale

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

4.10.3 Derecognition

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

4.11 Financial liabilities

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

4.12 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to offset 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 accounting and reporting standards as applicable in Pakistan.

4.13 Derivative financial instruments and hedging activities

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

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

The Company designates certain derivatives as either:

(a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

(b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

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

(a) Fair value hedge

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

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 or loss. 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 or loss.

4.14 Long-term finances and loans

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

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

4.15 Certificates of Deposit

Profit on Certificates of Deposit (CODs) issued by the Company is recognised using the effective interest method.

4.16 Provisions

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

4.17 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arise from past events, but it is not probable that an outflow of resources embodying benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.18 Taxation

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

Current

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

Deferred

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

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

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

4.19 Staff retirement benefits

(a) Defined contribution plan

The Company operates a recognised contributory Provident Fund Scheme (the Fund) for all its permanent employees who have completed the minimum qualifying period in accordance with the HR policy. 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 minimum qualifying period of three years of service under the scheme. The scheme is administered by a Board of Trustees and contributions therein are made in accordance with the actuarial recommendations. The valuation in this regard is carried out at each reporting date, using the Projected Unit Credit Method for the valuation of the scheme.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income when these occur with no subsequent transfer through the profit or loss.

4.20 Employees compensated absences

The Company provides for unavailed compensated absences for all its permanent employees on the basis of actuarial advice under the Projected Unit Credit Method. Increase or decrease in long-term compensated absences due to remeasurement are recognised in the profit or loss immediately.

4.21 Foreign currency transactions

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

4.22 Revenue recognition

Finance leases

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

Revenue recognition from finance leases is suspended when rent is past due by ninety days or more.

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

Operating lease income

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

Ijarah lease income

Rental income from Ijarah arrangement is recognised on accrual basis.

Return on investments

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

Return on deposits is recognised using the effective interest 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 recognised in the period in which it arises.

Finances and loans

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

Income recognition on finances and loans is suspended when it is past due by ninety days or more and sixty days in case of micro finance.

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

Others

Other income is recognised on a receipt basis.

4.23 Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.24 Proposed dividend and transfer between reserves

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

4.25 Cash and cash equivalents

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

4.26 Segment reporting

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

5 CHANGE IN ACCOUNTING POLICY

5.1 Effective May 30, 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the Companies Ordinance, 1984 (the repealed Ordinance). Section 235 of the repealed Ordinance relating to presentation and accounting treatment of surplus arising on revaluation of fixed assets has not been carried forward in the Act. The Company had been applying this treatment which was not in accordance with the requirement of IAS 16 'Property, Plant and Equipment'. Further, the surplus on revaluation of fixed assets was shown as a separate item below equity, in accordance with the presentation requirement of the repealed Ordinance. During the current year, the accounting policy and presentation requirement relating to revaluation of fixed assets have been changed in conformity with the requirements of IAS 16 as explained in note 4.2 to these unconsolidated financial statements. Further, the revaluation surplus on fixed assets is now presented in the Statement of Financial Position and Statement of Changes in Equity as a capital reserve.

5.2 During the year, the Company changed its policy for classification of security deposits received from lessees under finance lease contract as these are adjustable against residual value at the expiry of the lease period. Previously, security deposits were disclosed under 'Long-term liabilities' as 'Long-term deposits'. In order to align the presentation of these financial statements with the group and to achieve better presentation in accordance with the offsetting requirements of IAS 32 – 'Financial Instruments – Presentation', security deposits have been netted off from net investment in finances lease as explained in note 4.4 and 8 to these unconsolidated financial statements.

5.3 In accordance with the requirements of IAS 8 'Accounting policies, estimates and errors', the above explained changes in accounting policy have been accounted for retrospectively, with the restatement of the comparative information. As a result, a third Statement of Financial Position as at the beginning of the preceding period is presented.

Retrospective impact of change in accounting policy

	As at July 1, 2016			As at June 30, 2017		
	As previously reported on June 30, 2016	Adjustments increase/ (decrease)	As restated on July 1, 2016	As previously reported on June 30, 2017	Adjustments increase/ (decrease)	As restated on June 30, 2017
	Rupees					
Capital reserves	-	323,006,602	323,006,602	-	317,381,264	317,381,264
Surplus on revaluation of leasehold land and office building (below equity)	323,006,602	(323,006,602)	-	317,381,264	(317,381,264)	-
Net investment in finance lease	26,271,915,580	(8,433,242,221)	17,838,673,359	26,148,183,877	(8,480,953,193)	17,667,230,684
Long term deposits	6,128,429,912	(6,128,429,912)	-	5,617,086,802	(5,617,086,802)	-
Current maturity of non-current liabilities	7,066,608,222	(2,304,812,309)	4,761,795,913	7,967,221,377	(2,863,866,391)	5,103,354,986
	39,789,960,316	(16,866,484,442)	22,923,475,874	40,049,873,320	(16,961,906,386)	23,087,966,934

There was no change in the reported amount of profit or loss and other comprehensive income. There was no impact as a result of the retrospective application of change in accounting policy on basic and diluted earnings per share for the year ended June 30, 2017 and June 30, 2018.

6 FIXED ASSETS

	Note	**2018**	2017
		Rupees	
Own use	6.1	543,588,108	556,924,789
Operating lease	6.2	142,772,436	906,131,561
Ijarah finance	6.3	617,956,346	69,697,076
		1,304,316,890	1,532,753,426

6.1 Fixed assets- own use

	2018							
	Cost / revalued amount			Accumulated depreciation			Net book value	
Description	As at July 1, 2017	Additions / (disposals) / transfers* / write-off**/ reclassification***	As at June 30, 2018	As at July 1, 2017	Charge for the year / (disposals) / transfers* / write-off** / reclassification ***	As at June 30, 2018	As at June 30, 2018	Rate / Number of years
	Rupees							
Leasehold land	344,450,000	-	344,450,000	4,540,128	5,702,864	10,242,992	334,207,008	77 & 99 years
Office building	87,796,647	-	87,796,647	6,308,737	7,198,433	13,507,170	74,289,477	7.8%
Stock Exchange room	10,500,000	-	10,500,000	5,000,000	-	5,000,000	5,500,000	Indefinite life
Leasehold improvements	102,869,646	2,862,647	105,561,500	77,050,985	12,177,699	89,057,891	16,503,609	15% - 33%
		(170,793)			(170,793)			
Furniture, fittings and office equipment	117,187,445	11,772,038	118,951,089	73,182,341	14,451,898	78,206,775	40,744,314	15% - 20%
		(2,133,219)			(1,552,289)			
		(7,875,175) ***			(7,875,175) ***			
Vehicles	88,821,821	13,746,900	84,186,487	37,383,346	7,296,693	34,815,655	49,370,832	4-5 years
		(18,288,314)			(9,792,467)			
		(93,920) **			(71,917) **			
Computers and accessories	39,200,194	9,990,118	56,088,875	30,435,427	6,020,444	43,369,364	12,719,511	33%
		(2,048,547)			(2,033,617)			
		1,071,935 *			1,071,935 *			
		7,875,175 ***			7,875,175 ***			
Capital work-in-progress	-	10,253,357	10,253,357	-	-	-	10,253,357	-
	790,825,753	**48,625,060**	**817,787,955**	**233,900,964**	**52,848,031**	**274,199,847**	**543,588,108**	
		(22,640,873)			**(13,549,166)**			
		1,071,935 *			**1,071,935 ***			
		(93,920) **			**(71,917) ****			

*Represents assets transferred from intangible assets to computers and accessories
**Represents assets written-off during the year
***Represents assets reclassified from furniture, fittings and office equipment to computers and accessories.

Description	Cost / revalued amount: As at July 1, 2016	Cost / revalued amount: Additions / (disposals) / transfers* / write-off**	Cost / revalued amount: As at June 30, 2017	Accumulated depreciation: As at July 1, 2016	Accumulated depreciation: Charge for the year / (disposals) / transfers* / write-off**	Accumulated depreciation: As at June 30, 2017	Net book value: As at June 30, 2017	Rate / Number of years
	2017							
	Rupees							
Leasehold land	344,450,000	-	344,450,000	-	4,540,128	4,540,128	339,909,872	77 & 99 years
Office building	87,796,647	-	87,796,647	-	6,308,737	6,308,737	81,487,910	7.8%
Stock Exchange room	10,500,000	-	10,500,000	5,000,000	-	5,000,000	5,500,000	Indefinite life
Leasehold improvements	80,493,240	22,417,406 (41,000)	102,869,646	62,987,412	14,104,573 (41,000)	77,050,985	25,818,661	15% - 33%
Furniture, fittings and office equipment	104,132,760	16,625,672 (2,524,695) (1,046,292) **	117,187,445	60,310,585	15,679,056 (1,762,883) (1,044,417) **	73,182,341	44,005,104	15% - 20%
Vehicles	142,836,963	5,204,000 1,440,000 * (58,285,473) (2,373,669) **	88,821,821	50,571,904	11,640,698 864,002 * (24,090,027) (1,603,231) **	37,383,346	51,438,475	4-5 years
Computers and accessories	33,681,837	5,789,557 (271,200)	39,200,194	25,732,683	4,973,944 (271,200)	30,435,427	8,764,767	33%
	803,891,447	50,036,635 1,440,000 * (61,122,368) (3,419,961) **	790,825,753	204,602,584	57,247,136 864,002 * (26,165,110) (2,647,648) **	233,900,964	556,924,789	

*Represents assets transferred from operating lease assets to own use assets
**Represents assets written-off during the year.

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

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

	2018		
	Cost	Accumulated depreciation	Net book value
	Rupees		
Leasehold land	54,399,300	7,817,192	46,582,108
Office building	76,781,580	34,371,829	42,409,751
	131,180,880	42,189,021	88,991,859

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

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2018

6.1.2 Included in cost of fixed assets- own use are fully depreciated items which are still in use aggregating to Rs.166.48 million (2017: Rs. 141.05 million).

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyers
	----------Rupees----------						
Book value not exceeding Rs. 50,000 each							
Leasehold improvements	170,793	170,793	-	6	6	Negotiation	Mr. Liaquat Ali
Furniture, fittings and office equipment	2,133,219	1,552,289	580,930	591,614	10,684	Negotiation	Various
Vehicles	181,185	146,186	34,999	59,003	24,004	Negotiation	Various
Computers and accessories	2,048,547	2,033,617	14,930	73,550	58,620	Negotiation	Various
	4,533,744	3,902,885	630,859	724,173	93,314		
Book value exceeding Rs. 50,000 each							
Vehicles							
	2,102,000	1,261,200	840,800	840,800	-	Company policy	*Mr Arshad Abbas, Employee
	1,899,000	1,234,350	664,650	1,002,323	337,673	Company policy	*Mr Ramon Alfrey, Employee
	1,846,200	1,107,720	738,480	738,480	-	Company policy	*Mr Imtiaz Ahmed Chaudhary, Employee
	1,827,500	1,096,500	731,000	731,000	-	Company policy	Mr Shafiq ur Rehman, Employee
	1,627,500	553,350	1,074,150	1,074,150	-	Company policy	Mr Latafat Anwer, Employee
	1,627,500	537,075	1,090,425	1,090,425	-	Company policy	Mr Amir Iqbal Saifi, Employee
	1,537,500	922,500	615,000	615,000	-	Company policy	Mr Muhammad Wasif Butt, Employee
	1,507,000	904,200	602,800	602,800	-	Company policy	Mr Sarosh Khushbakth, Employee
	1,005,000	603,000	402,000	402,000	-	Company policy	Mr Rukhsar Khan, Employee
	683,000	230,512	452,488	452,488	-	Company policy	Mr Muhammad Usman, Employee
	683,000	196,362	486,638	486,638	-	Company policy	Mr Muhammad Yaseen, Employee
	657,000	394,200	262,800	262,800	-	Company policy	Mr Abdullah Ishaq, Employee
	657,000	394,200	262,800	262,800	-	Company policy	Ms Gul Shahzadi, Employee
	344,000	189,200	154,800	187,300	32,500	Negotiation	Mr Javed Hashim
	103,929	21,912	82,017	90,000	7,983	Insurance claim	M/s Adamjee Insurance Company
	18,107,129	9,646,281	8,460,848	8,839,004	378,156		
Write-offs during the year							
Vehicles	93,920	71,917	22,003	-			
	22,734,793	13,621,083	9,113,710	9,563,177			

*This represents disposals made to Key Management Personnel

6.1.4 Particulars of Company's immovable Fixed assets- own use are as follows;

Particulars	Location	Area
Head Office Building	Plot no.16 sector 24, Korangi Industrial Area, Karachi	44,893 Sq. feet
Office Building	Plot no.49 sector 24, Korangi Industrial Area, Karachi	4,477 Sq. feet
Leasehold Land	Plot no.16 sector 24, Korangi Industrial Area, Karachi	6,667 Sq. Yds.
Leasehold Land	Plot no.49 sector 24, Korangi Industrial Area, Karachi	2,222 Sq. Yds.

6.1.5 The fair value of Land and Buildings as at June 30, 2016 approximated to Rs.346 million.

6.1.6 The depreciation expense for the year has been charged to administrative and general expenses.

6.2 Fixed assets - on operating lease

	2018							
	Cost			Accumulated depreciation			Net book value	
Description	As at July 1, 2017	Additions / (disposals) / transfers*	As at June 30, 2018	As at July 1, 2017	Charge for the year / (disposals) / transfers*	As at June 30, 2018	As at June 30, 2018	Rate / Number of years
	---Rupees---							
Generators	1,666,967,058	18,185,182	-	803,698,922	73,751,106	-	-	Actual / Minimum
		(328,393,146)			(136,616,869)			number of hours
		(1,356,759,094)*			(740,833,159)*			
Generator accessories	141,092,966	-	-	98,229,541	5,137,732	-	-	10% - 15%
		(14,177,903)			(8,146,651)			
		(126,915,063)*			(95,220,622)*			
Cranes	-	143,549,998	143,549,998	-	777,562	777,562	142,772,436	10 years
	1,808,060,024	**161,735,180**	**143,549,998**	**901,928,463**	**79,666,400**	**777,562**	**142,772,436**	
		(342,571,049)			**(144,763,520)**			
		(1,483,674,157)*			**(836,053,781)***			

*Represents assets transferred to ijarah finance.

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

*Represents assets transferred to own use.
**Represents assets written-off.
***Represents assets transferred from generators to generator accessories.

6.2.1 Operating lease assets disposed off during the year are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyers
	---Rupees---						
Book value exceeding Rs. 50,000 each							
Generators and Generator accessories	342,571,049	144,763,520	197,807,529	209,052,129	11,244,600	Negotiation	M/s. Orient Rental Modaraba

6.2.2 The depreciation expense for the year has been charged to direct cost.

6.3 Fixed assets - ijarah finance

2018

Description	Cost			Accumulated depreciation			Net book value		Rate
	As at July 1, 2017	Transfers * / (disposals)	As at June 30, 2018	As at July 1, 2017	Charge for the year / (on disposals)	As at June 30, 2018	As at June 30, 2018		Rate
	-----Rupees-----								
Machinery and generators	149,594,000	647,620,376 *	764,564,376	109,633,010	76,788,744 *	157,993,976	606,570,400		Underlying lease term
		(32,650,000)			(28,427,778)				
Vehicles	69,438,800	-	41,309,960	39,702,714	14,783,877	29,924,014	11,385,946		Underlying lease term
		(28,128,840)			(24,562,577)				
	219,032,800	647,620,376	805,874,336	149,335,724	91,572,621	187,917,990	617,956,346		
		(60,778,840)			(52,990,355)				

* Represents assets transferred from operating lease to ijarah finance.

2017

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

6.3.1 Details of Fixed assets - ijarah finance disposed off during the year are as follows:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyers
	-----Rupees-----						
Book value not exceeding Rs. 50,000 each							
Machinery and generators	23,150,000	23,150,000	-	-	-	As per contract terms	Various
Vehicles	18,944,300	18,944,300	-	-	-	As per contract terms	Various
	42,094,300	42,094,300	-	-	-		
Book value exceeding Rs. 50,000 each							
Machinery and generators	9,500,000	5,277,778	4,222,222	4,281,896	59,674	Negotiation	M/s Sayeed International
Vehicles	1,025,000	797,222	227,778	149,455	(78,323)	Negotiation	Mr. Muhammad Imran
	1,800,500	1,150,319	650,181	498,136	(152,045)	Negotiation	Mr. Abdul Karee
	1,512,000	819,000	693,000	794,577	101,577	Negotiation	Mr. Adnan Mehmood
	2,400,000	1,560,000	840,000	961,373	121,373	Negotiation	Mr. Aamir Azam
	2,447,040	1,291,736	1,155,304	1,142,312	(12,992)	Negotiation	Mr. Imran Ehsan
	9,184,540	5,618,277	3,566,263	3,545,853	(20,410)		
	60,778,840	52,990,355	7,788,485	7,827,749	39,264		

6.3.2 The depreciation expense for the year has been charged to direct cost.

7 INTANGIBLE ASSETS

	Note	2018	2017
		Rupees	
Computer software and license	7.1	20,033,707	12,185,643

7.1 Following is a statement of intangible assets:

2018

Description	Cost			Accumulated depreciation			Net book value	Rate
	As at July 1, 2017	Additions / (Transfers)*	As at June 30, 2018	As at July 1, 2017	Charge for the year / (Transfers)*	As at June 30, 2018	As at June 30, 2018	
	Rupees							
Computer software and license	62,071,214	17,826,560 (1,071,935)*	78,825,839	49,885,571	9,978,496 (1,071,935)*	58,792,132	20,033,707	33%
	62,071,214	17,826,560 (1,071,935)*	78,825,839	49,885,571	9,978,496 (1,071,935)*	58,792,132	20,033,707	

* Represents asset transferred from intangibles to computers and accessories

2017

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

7.2 Included in cost of intangible assets are fully amortised items which are still in use aggregating to Rs. 42.37 million (2017: Rs. 39.05 million).

7.3 No intangible assets were disposed off during the year.

7.4 The amortisation expense for the year has been charged to administrative and general expenses.

8 NET INVESTMENT IN FINANCE LEASE

	Note	2018	2017 (Restated)
		Rupees	
Instalment contract receivables		22,573,597,326	20,900,257,843
Residual value		8,661,544,481	8,495,061,038
Less: Adjustable security deposit	8.1	8,642,760,086	8,480,953,193
	8.2	22,592,381,721	20,914,365,688
Less: Unearned finance income		3,751,574,061	3,247,135,004
		18,840,807,660	17,667,230,684

8.1 Security deposit is received from the lessees under finance lease contract which is adjustable at the expiry of the lease period.

8.2 Details of investment in finance lease

	Gross investment in finance lease		Present value of investment in finance lease	
	2018	2017 (Restated)	**2018**	2017 (Restated)
	Rupees			
Less than one year	11,329,421,879	11,177,407,438	9,322,608,857	9,226,214,842
One to five years	11,262,959,842	9,736,958,250	9,518,198,803	8,441,015,842
	22,592,381,721	20,914,365,688	18,840,807,660	17,667,230,684

8.3 The Company's implicit rate of return on leases ranges from 7.70% to 24.00% (2017: 8.17% and 24.00%) per annum. These are secured against leased assets and security deposits averaging 21% (2017: upto 21.00%) of the cost of leased assets and personal guarantees.

8.4 Based on the NBFC Regulations, the aggregate amount of income suspended as at June 30, 2018 amounted to Rs. 869.14 million (2017: Rs. 838.59 million).

8.5 Lease rentals received during the year aggregate to Rs. 12,066 million (2017: Rs. 11,675 million).

9 INVESTMENT IN SUBSIDIARIES

	Note	**2018**	2017
		Rupees	
- ORIX Services Pakistan (Private) Limited (OSPPL)	9.1	182,430,262	182,430,262
- ORIX Modaraba	9.2	139,944,032	139,944,032
		322,374,294	322,374,294

9.1 On June 20, 2016, the Company acquired 100% shareholding (4,450,000 shares) in Standard Chartered Services of Pakistan (Private) Limited (SCSPL), a management company managing Standard Chartered Modaraba (SCM). SCSPL, became a subsidiary of the Company as at the aforementioned date and was renamed to ORIX Services Pakistan (Private) Limited. The Company continues to hold 100% shares in ORIX Services Pakistan (Private) Limited till date.

The Chief Executive Officer of OSPPL is Mr. Raheel Ahmed Qamar. The Company is incorporated in Karachi, Pakistan. The latest available Financial Statements, which are prepared on going concern basis, have been audited by A.F Fergusons, Chartered Accountants and they have expressed an unqualified opinion.

9.2 On June 21, 2016, the Company acquired 10% certificate holding (4,538,353 certificates) in Standard Chartered Modaraba (SCM, the Modaraba) which was being managed by SCSPL as the Modaraba management company. Since the Company had acquired 100% shareholding in the management company as mentioned in note 9.1 above, the investment in SCM has been accounted for as an investment in subsidiary in view of the control which the Company exercises through the fully owned management company and an aggregate holding of 20% in the certificates of Modaraba by the Company and OSPPL. The Modaraba has been renamed as ORIX Modaraba.

The Chief Executive Officer of ORIX Modaraba is Mr. Raheel Ahmed Qamar.

		Note	2018	2017
10	**INVESTMENT IN ASSOCIATED UNDERTAKINGS**		Rupees	
	Related parties			
	Investment in associated undertakings	10.1	672,208,880	1,972,102,566

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

2018	2017		Note	2018	2017
(Number of Shares)				Rupees	
		Quoted			
-	30,392,901	Oman ORIX Leasing Company SAOG	10.1.1	-	1,251,617,039
		Unquoted			
1,375,000	1,375,000	Saudi ORIX Leasing Company	10.1.2	672,208,880	581,492,972
-	920,000	ORIX Leasing Egypt SAE	10.1.3	-	138,992,555
				672,208,880	1,972,102,566

10.1.1 During the year the shareholders of Oman ORIX Leasing Company SAOG (OOLC) in a meeting held on December 13, 2017 approved a scheme of merger of OOLC with and into National Finance Company SAOG (NFC), Oman. As per the proposed scheme of merger, the shareholders of OOLC could exercise option to either accept shares in NFC at a swap ratio of 1:1 or receive a cash payment equivalent to 1.2 times of book value per share of OOLC as at December 31, 2017, subject to merger being approved by shareholders and the regulators. The shareholders of the Company, in the Extraordinary General Meeting held on January 18, 2018, unanimously passed a resolution to accept the option to receive a cash payment equivalent to 1.2 times book value per share as at December 31, 2017 against 30,392,901 shares of OOLC held by the Company representing shareholding of 11.64%. Accordingly, no share of profit from OOLC was recorded subsequent to December 31, 2017. Capital gain on this divestment amounted to Rs. 329 million. In addition, the related exchange translation reserve amounting to Rs. 347.8 million has been reclassified from equity to unconsolidated profit or loss as other income (note 35).

10.1.2 The Company holds 2.5% ownership interest in Saudi ORIX Leasing Company (SOLC). The Chief Executive Officer of SOLC is Mr. Bader Alswailem. The Company was incorporated in Riyadh, Kingdom of Saudi Arabia. The latest available Financial Statements, which are prepared on going concern basis, have been audited by Price Waterhouse Coopers Chartered Accountants and they have expressed an unqualified opinion.

During the year SOLC has recorded the impact of adoption of IFRS 9 in its opening retained earnings and presented it in Statement of Changes in Equity. The Company has taken this impact in unconsolidated statement of changes in equity.

10.1.3 The Company holds 23% ownership interest in ORIX Leasing Egypt SAE (OLE). Management intends divestment of the Company's investment in OLE, subject to necessary regulatory approvals. Accordingly, the investment is no longer accounted for under the equity method of accounting and has been classified as 'Held for sale' as at June 30, 2018 in accordance with the requirements of IFRS 5 "Non-current Assets held for sale and Discontinued Operations".

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For the year ended June 30, 2018

The Chief Executive Officer of OLE is Mr. Aijaz A. Butt. The Company was incorporated in Cairo, Egypt. The latest available Financial Statements, which are prepared on going concern basis, have been audited by KPMG Hazem Hassan Public Accountants & Consultants and they have expressed an unqualified opinion.

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

Name	As at June 30			For the period July 01 to June 30		
	Date of financial year end	Total assets	Total liabilities	Revenues	Profit / (loss)	Interest held
		---------- Rupees ----------				
2018						
Unquoted						
Saudi ORIX Leasing Company	31 December	39,987,897,417	13,215,748,624	3,358,780,537	1,426,120,220	2.50%
2017						
Quoted						
Oman ORIX Leasing Company SAOG	31 December	52,858,403,903	42,107,250,382	5,405,478,464	1,615,303,616	11.64%
Unquoted						
Saudi ORIX Leasing Company	31 December	40,207,752,565	16,948,033,685	3,608,456,434	1,066,718,554	2.50%
ORIX Leasing Egypt SAE	31 December	5,205,213,349	4,600,897,893	888,686,818	86,028,413	23.00%

10.1.5 Movement of investment in associated undertaking is as follows:

2018

	Note	Oman ORIX Leasing Company SAOG	Saudi ORIX Leasing Company	Al Hail ORIX Finance PSC	ORIX Leasing Egypt SAE	Total
		----------Rupees----------				
Balance at the beginning of the year		1,251,617,039	581,492,972	-	138,992,555	1,972,102,566
Share of profit for the year	36	54,127,397	28,522,406	-	16,023,021	98,672,824
Dividends received during the year		-	(10,323,898)	-	-	(10,323,898)
Exchange gain		70,429,182	96,634,319	-	17,027,461	184,090,962
Impact of adoption of IFRS 9		-	(24,116,919)	-	-	(24,116,919)
Disposal	10.1.1	(1,376,173,618)	-	-	-	(1,376,173,618)
Reclassified to held for sale	10.1.3	-	-	-	(172,043,037)	(172,043,037)
		-	672,208,880	-	-	672,208,880

2017

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

11 LONG-TERM INVESTMENTS

	Note	2018	2017
		Rupees	
Held-to-maturity			
Pakistan Investment Bonds (PIBs)	11.1	63,354,946	81,125,356
Available-for-sale (AFS)			
Al Hail ORIX Finance PSC	11.2	279,097,858	279,097,858
Less: Unrealised loss on remeasurement of financial asset classified as available-for-sale		-	(5,911,133)
Less: Impairment		(49,917,389)	-
		229,180,469	273,186,725
Less: Current maturity	15	-	14,951,881
		292,535,415	339,360,200

11.1 This represents investments made as required under Regulation 14(4)(g) of the NBFC Regulations, 2008 to maintain liquidity against certificates of deposit. These carry coupon rate of 12.00% (2017: 9.60% to 12.00%) per annum and are due to mature on September 3, 2019.

11.2 The Company reassessed the fair value of its investment in Al Hail ORIX Finance PSC as at June 30, 2018. Management has assessed that there are objective indications of impairment that would have an impact on the estimated future value of the investment. Accordingly, the difference of Rs. 49.9 million between the carrying value and fair value determined on the basis of Discounted Cash Flow method as at June 30, 2018 has been recognised in the unconsolidated profit or loss.

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

	2018	2017
	Rupees	
Investment in associate reclassified to available-for-sale financial assets	279,097,858	284,249,975
Less: Loss on de-recognition of investment in associate	-	(5,152,117)
Fair value at initial recognition of available-for-sale financial asset	279,097,858	279,097,858
Less: Unrealised loss on remeasurement of financial asset classified as available-for-sale	-	(5,911,133)
Less: Impairment	(49,917,389)	-
	229,180,469	273,186,725

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For the year ended June 30, 2018

12 LONG-TERM FINANCES AND LOANS

	Note	2018	2017 (Restated)
		Rupees	
Considered good			
Loans to key management personnel, other executives and employees			
Key management personnel - related parties	12.2 & 12.6	28,128,602	22,096,771
Other executives		35,767,268	28,361,208
Other employees		89,092,732	50,652,091
	12.1 & 12.6	152,988,602	101,110,070
Others			
Vehicle finance - secured	12.3	3,772,139,094	3,038,216,332
Micro finance	12.4	259,579,949	277,157,774
Musharakah finance - secured	12.5	33,503,695	39,905,435
Agri finance - secured	12.7	-	388,876
		4,065,222,738	3,355,668,417
		4,218,211,340	3,456,778,487
Considered doubtful			
Others			
Term finance - secured		187,058,867	195,008,867
Vehicle finance - secured		43,865,836	36,964,811
Micro finance		9,001,851	1,918,894
Musharakah finance - secured		590,322	-
Agri finance - secured		14,626,656	15,076,327
		255,143,532	248,968,899
Less: Allowance for potential loan losses		(255,143,532)	(248,968,899)
		-	-
Less: General provision against agri and micro finance loans	12.8	(1,297,933)	(1,387,733)
		4,216,913,407	3,455,390,754
Less: current maturity			
Key management personnel, other executives and employees		33,249,959	28,538,728
Others		2,218,192,438	1,896,142,564
	15	2,251,442,397	1,924,681,292
		1,965,471,010	1,530,709,462

12.1 Movement in loans to key management personnel and other executives

	2018	2017
Opening balance	50,457,979	48,675,502
Disbursements	47,000,862	19,424,096
Repayments	(33,562,971)	(17,641,619)
	63,895,870	50,457,979

12.2 Loans to Key Management Personnel

Names	Maximum amount outstanding	Provisions / (write-off)	2018	2017
	--------Rupees--------			
Mr. Kashif Yaqoob	1,387,447	-	-	1,425,199
Mr. Amjad Iqbal	6,787,700	-	-	7,031,327
Mian Faysal Riaz	875,000	-	351,984	-
Mr. Khawar Sultan	1,058,847	-	820,427	1,089,910
Mr. Ramon Alfrey	2,105,155	-	1,428,323	2,164,416
Mr. Tahir Ali Shah	2,163,981	-	1,694,397	1,810,054
Mr. Hira Lal Bharvani	2,400,000	-	2,357,234	-
Mr. Mohammad Ayub Khan	4,618,883	-	2,911,348	4,713,627
Mr. Imtiaz Ahmad Chaudhary	7,937,531	-	7,835,370	3,862,238
Ms. Fakhara Rizwan	11,730,304	-	10,729,519	-
		-	28,128,602	22,096,771

Loans to Key Management Personnel include house loan, vehicle loan and personal loan.

12.3 This represents vehicle financing facility provided to individual and corporate customers on mark-up basis. The mark-up on these finances ranges from 10.51% to 22.00% (2017: 8.41% to 23.00%) per annum. These finances are repayable within a period of 1.5 years to 5 years (2017: 2 years to 5 years) and are secured against charge over vehicles and personal guarantees.

12.4 This represents long-term micro finance offered to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 28.00% to 35.78% (2017: 23.93% to 35.78%) per annum. These are secured against personal guarantees of community organisations and are repayable within a period of 1.5 years (2017: 1.5 years).

12.5 This represents musharakah facilities provided to customers. The mark-up on these finances ranges from 11.35% to 17.00% (2017: 11.35% to 19.00%) per annum. The facilities have a repayment term of 2 to 3 years (2017: 2 to 4 years) and are secured by assets subject to musharakah agreement.

12.6 This represents loans given to staff in accordance with the terms of the Company's HR policy and includes house loans which are repayable within a period of 20 years or retirement date whichever is earlier. House loans are secured against equitable mortgage on the property by deposit of title documents of the property with the Company and carry mark-up of 4.00% (2017: 4.00%) per annum. Loans to Key Management Personnel, Executives and other employees (other than house loans) carry mark-up rates ranging from 7.50% to 15.00% (2017: 7.50% to 15.00%) per annum. These are secured against retirement benefits and are repayable within a period of five years.

Maximum amount outstanding at the end of any month during the year against loans to key management personnel and executives was Rs. 61.90 million (2017: Rs. 83.22 million).

12.7 This represents long-term finance offered to farmers on mark-up basis. The rate of return on these loans ranges from 15.00% to 28.00% (2017: 15.00% to 28.00%) per annum. These loans are repayable within a period of 1.5 year to 3 years (2017: 1.5 years to 3 years) and are secured against title documents of immovable property.

12.8 As per Regulation 25(A) of the NBFC Regulations, NBFCs with micro finance portfolio are required to maintain a general provision equivalent to 0.5% of the net outstanding micro finance portfolio (finance net of specific provisions).

13 SHORT-TERM FINANCES

	Note	2018	2017
		Rupees	
Considered good			
Micro finance	13.1	230,221,123	142,865,215
Term finance - secured	13.2	13,776,689	6,099,995
Agri finance - secured	13.3	-	1,190,990
		243,997,812	150,156,200
Considered doubtful			
Micro finance		9,098,053	8,267,703
Term finance - secured		113,882,696	115,407,326
Agri finance - secured		4,982,337	5,631,303
		127,963,086	129,306,332
Less: Allowance for potential losses		(127,963,086)	(129,306,332)
		-	-
Less: General provision against agri and micro finance loans	12.7	(1,151,122)	(720,296)
		242,846,690	149,435,904

13.1 This represents short-term micro finance offered to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 19.71% to 35.08% (2017: 19.75% to 37.73%) per annum. These are secured against personal guarantees of community organisations and are repayable within twelve months.

13.2 This represents term finance facilities provided to customers of Certificates of Deposit (CODs) on mark-up basis. The mark-up on these finances ranges from 9.25% to 13.00% (2017: 8.50% to 13.50%) per annum. These finances are recoverable between one and twelve months and are secured against lien over the respective CODs with a minimum security margin of 25% over the principal value of the COD.

13.3 This represents short-term finance offered to farmers on mark-up basis. The rate of return on these loans ranges from 17.00% to 20.00% (2017: 17.00% to 25.00%) per annum. These are repayable within twelve months (2017: twelve months) and are secured against title documents of immovable property.

14 ACCRUED RETURN ON INVESTMENTS AND TERM FINANCE

	2018	2017
	Rupees	
Investments	2,396,324	3,659,963
Term finance	66,278,889	52,287,945
	68,675,213	55,947,908

15 CURRENT MATURITY OF NON-CURRENT ASSETS

	Note	2018	2017 (Restated)
		Rupees	
Current maturity of			
Net investment in finance lease	8.2	9,322,608,857	9,226,214,842
Long-term investments	11	-	14,951,881
Long-term finances and loans	12	2,251,442,397	1,924,681,292
		11,574,051,254	11,165,848,015

16 SHORT-TERM INVESTMENTS

	Note	2018	2017 (Restated)
		Rupees	
At fair value through profit and loss			
Treasury bills	16.1	758,747,378	883,506,965
Term finance certificates	16.2	7,500,000	8,000,527
		766,247,378	891,507,492
Available-for-sale			
Pakistan Investment Bonds (PIBs)		-	16,083,680
Ordinary shares - unlisted	16.3	13,840,691	14,291,180
		13,840,691	30,374,860
Less: Allowance for potential losses	40.2	7,500,000	8,000,527
		772,588,069	913,881,825

16.1 This represents investments made as required under Regulation 14(4)(g) of the NBFC Regulations to maintain liquidity against certificates of deposit. These are redeemable within a period of 3 months (2017: 12 months) from the reporting date, carrying yield ranging from 6.20% to 6.26% (2017: 5.98% to 5.99%) per annum due at maturity.

16.2 This represents investment in unlisted Term Finance Certificates (TFCs) which has been fully provided.

16.3 This includes shares of LSE Financial Services Limited (formerly Lahore Stock Exchange Limited). The Company holds 843,975 number of shares with a face value of Rs.10 each. These include 506,385 (60% shares) which are required to be held separately in a blocked account with the Central Depository Company of Pakistan Limited to restrict the sale of these shares by the members. However, the rights to receive dividend, bonus shares, right shares and the proceeds of sale of these shares are vested with members while the voting rights attached to these shares are suspended. In the absence of an active market, these shares have been carried at face value of Rs. 10 each.

17 ADVANCES AND PREPAYMENTS

	Note	2018	2017
		Rupees	
Advances - unsecured		10,182,452	11,308,771
Prepayments			
Prepaid insurance on own assets		952,347	1,516,825
Rent		10,687,012	9,584,254
Others		10,817,965	16,927,304
		22,457,324	28,028,383
		32,639,776	39,337,154

18 OTHER RECEIVABLES

	Note	2018	2017
Considered good			
Operating lease rentals receivable		-	23,951,584
Ijarah rentals receivable		18,741,285	2,570,382
Receivable against sale of e-business		-	10,666,670
Others		25,512,350	17,452,837
		44,253,635	54,641,473
Considered doubtful			
Operating lease rentals receivable		11,137,036	13,108,247
Ijarah rentals receivable		18,825,188	17,238,875
Receivable from equity brokerage customers		32,989,328	33,091,328
Others		3,699,037	14,138,099
		66,650,589	77,576,549
Less: Allowance for potential losses	40.2	66,650,589	77,576,549
		44,253,635	54,641,473

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19 CASH AND BANK BALANCES

	Note	2018	2017
		Rupees	
Cash in hand		1,408,449	1,309,355
Balances with banks in:			
- Current accounts		472,708,113	297,605,441
- Deposit accounts	19.1	25,699,151	42,969,646
		498,407,264	340,575,087
		499,815,713	341,884,442

19.1 These carry expected profits rates ranging from 2.40% to 5.75% (2017: 2.46% to 5.25%).

20 ASSETS CLASSIFIED AS HELD FOR SALE

	Note	2018	2017
		Rupees	
Repossessed assets	20.1	20,934,019	1,840,615
Investment in associated undertaking			
- OPP (Private) Limited	20.2	87,754,399	87,754,399
- ORIX Leasing Egypt SAE	10.1.3	172,043,037	-
		280,731,455	89,595,014

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

20.2 The Company intends to divest its investment in OPP (Private) Limited, subject to necessary regulatory approvals.

21 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		Note	2018	2017
(Number of Shares)				Rupees	
		Ordinary shares of Rs. 10 each			
106,485,517	49,355,892	Fully paid in cash	21.2	1,064,855,170	493,558,920
30,544,364	30,544,364	Fully paid bonus shares		305,443,640	305,443,640
2,182,538	2,182,538	Fully paid shares against amalgamation		21,825,380	21,825,380
139,212,419	82,082,794			1,392,124,190	820,827,940

21.1 As at June 30, 2018, ORIX Corporation, Japan and its nominees held 69,016,283 (2017: 40,693,564) ordinary shares equivalent to 49.58% (2017: 49.58%) of the total shareholding.

21.2 During the year, the Company issued 57,129,625 right shares at Rs. 35 per ordinary share, including a premium of Rs. 25 per ordinary share.

Reconciliation between ordinary shares in issue at the beginning and end of the year is as follows:

	2018	2017
	(Number of Shares)	
As at beginning of the year	82,082,794	82,082,794
Issue of right shares during the year	57,129,625	-
As at end of the year	139,212,419	82,082,794

22 SURPLUS ON REVALUATION OF LEASEHOLD LAND AND OFFICE BUILDING - NET OF TAX

	Note	2018	2017
		Rupees	
Opening balance		327,952,986	334,306,496
Adjustment in respect of incremental depreciation transferred to retained earnings		(9,197,203)	(6,353,510)
		318,755,783	327,952,986
Opening balance of deferred tax liability		(10,571,722)	(11,299,894)
Effect of change in tax rate		311,380	-
Adjustment on transfer of incremental depreciation to unappropriated profit		1,230,384	728,172
	25	(9,029,958)	(10,571,722)
		309,725,825	317,381,264

23 LONG-TERM FINANCES

	Note	2018	2017
Secured			
Long-term finances utilised under mark-up arrangements - financial institutions	23.1	9,430,482,365	10,917,512,348
Less: Unamortised transaction cost		11,495,788	23,188,126
Less: Current maturity	32	3,622,446,649	4,187,029,986
		3,633,942,437	4,210,218,112
		5,796,539,928	6,707,294,236

23.1 The Company has unutilised long term finance facilities of Rs. 2,000 million as at June 30, 2018 (2017: Nil). These finances have been obtained for financing of operations and are secured by hypothecation of leased assets, related lease receivables, financing receivables and operating lease assets. The mark-up rates thereon range from 6.46% to 8.07% (2017: 6.88% to 7.40%) per annum. These finances are repayable within a period of 18 to 60 months (2017: 18 to 60 months).

24 LONG-TERM CERTIFICATES OF DEPOSIT

	Note	2018	2017
		Rupees	
Unsecured			
Certificates of deposit	24.1	4,228,157,934	4,916,657,697
Less: Current maturity	32	1,002,789,317	916,325,000
		3,225,368,617	4,000,332,697

24.1 These certificates of deposit have been obtained for financing of operations and issued at expected rates of return ranging from 6.40% to 12.50% (2017: 6.15% to 12.50%) per annum and issued for terms ranging from 2 years to 10 years (2017: 2 years to 10 years).

25 DEFERRED TAXATION

	Note	2018	2017
		Rupees	
The deferred tax liability is attributable to the following items:			
- Accelerated tax depreciation		742,503,803	675,177,515
- Surplus on revaluation of office building	22	9,029,958	10,571,722
- Unamortised transaction costs relating to long term finances and loans		3,333,778	6,956,438
- Unrealised gain on investments		869,380	2,168,908
- Share of profit of equity accounted undertakings		126,171,617	334,645,138
- Allowance for potential lease, loan and other losses		(401,310,987)	(416,278,103)
- Tax losses		-	(23,545,222)
- Post employment benefits		-	(4,954,206)
		480,597,549	584,742,190

25.1 The movement in deferred tax during the year is as follows;

	Note	2018	2017
Opening		584,742,190	476,449,984
(Reversal) / charge to profit or loss for the year	43	(66,539,419)	161,803,585
Reversal in other comprehensive income for the year		(37,605,222)	(53,511,379)
Closing		480,597,549	584,742,190

26 OTHER LONG-TERM LIABILITIES

	Note	2018	2017
Profit on certificates of deposit	26.1	202,558,668	214,038,190

26.1 This represents accrued profit on Certificates of Deposit payable on maturity.

27 DEFINED BENEFIT OBLIGATION - STAFF GRATUITY

27.1 General description

The Company operates a funded gratuity scheme which was established under the provisions of the Trust Deed dated July 1, 2004 for its permanent staff who have completed the minimum qualifying period of three years of service under the scheme. The funded scheme is administered by the Board of Trustees in accordance with the provisions of the Trust Deed. Contributions therein are made in accordance with actuarial recommendations. The most recent valuation in this regard was carried out as at June 30, 2018, using the Projected Unit Credit Method.

27.2 Principal actuarial assumptions

	2018	2017
- Discount rate	9.00%	7.75%
- Expected rate of increase in salary for first year	12.00%	7.75%
- Expected rate of increase in salary for second year and onwards	9.00%	7.75%
- Expected rate of return on plan assets	9.00%	7.75%
- Average service years	10.55	11.46

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

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2018

27.3 The amount recognised in the Statement of Financial Position is as follows:

	Note	**2018**	2017
		Rupees	
Present value of defined benefit obligation	27.4	197,700,484	170,252,664
Fair value of plan assets	27.4	(177,730,800)	(153,738,644)
		19,969,684	16,514,020

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

2018

	Present value of defined benefit obligation	Fair value of plan assets	Net liability
	Rupees		
At July 1	170,252,664	(153,738,644)	16,514,020
Current service cost	15,162,956	-	15,162,956
Interest expense / (income)	13,476,663	(12,254,580)	1,222,083
	198,892,283	(165,993,224)	32,899,059
Remeasurements:			
- Interest on plan assets, excluding amounts included in interest expense	-	623,703	623,703
- Experience losses	19,345,982	-	19,345,982
	19,345,982	623,703	19,969,685
	218,238,265	(165,369,521)	52,868,744
Contributions made	-	(32,899,060)	(32,899,060)
Benefits paid	(19,553,003)	20,392,206	839,203
Benefits payable to outgoing member(s)	(984,778)	145,575	(839,203)
At June 30	197,700,484	(177,730,800)	19,969,684

2017

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

27.5 The amount recognised in the profit or loss is as follows:

	2018	2017
	Rupees	
Current service cost	15,162,956	12,894,574
Interest expense/ (income)	1,222,083	(889,788)
	16,385,039	12,004,786

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

27.7 Plan assets consist of the following:

	2018		2017	
	(Rupees)	%	(Rupees)	%
Government securities	171,465,991	96.48%	146,422,434	95.24%
Cash and bank balances and others	6,264,809	3.52%	7,316,210	4.76%
	177,730,800	100.00%	153,738,644	100.00%

27.8 Historical results

	2018	2017	2016	2015	2014
	(Rupees)				
Present value of defined benefit obligation	197,700,484	170,252,664	156,681,763	161,024,331	135,189,600
Fair value of plan assets	(177,730,800)	(153,738,644)	(155,218,531)	(160,175,134)	(131,270,153)
Deficit	19,969,684	16,514,020	1,463,232	849,197	3,919,447
Remeasurements of plan liabilities	19,345,982	9,530,886	2,990,578	720,795	495,591
Remeasurements of plan assets	623,703	6,983,136	(1,238,531)	(586,481)	4,258,092

27.9 Actual return on plan assets during the year amounted to Rs. 11.630 million.

27.10 Based on the actuarial advice, the Company intends to charge an amount of approximately Rs. 20.576 million in respect of gratuity fund in the financial statements for the year ending June 30, 2019.

27.11 The Fund is exposed to a number of risks, the most significant of which are detailed below:

Mortality risk	This is the risk that the actual mortality experience is different from what was initially expected. The effect depends on the beneficiaries' service / age distribution and the benefit.
Investment risk	This is the risk of investments underperforming and not being sufficient to meet liabilities. However, the trustees of the fund have a practice to invest the amounts in government securities that are secured.
Final salary risk	This is the risk that the final salary at the time of cessation of service is greater than expectation. Since the benefit is calculated on the basis of final salary, the benefit amount increases proportionately. In order to minimise the risk the actuary of the Company uses past pattern which provides basis to form a reliable estimate.
Withdrawal risk	This is the risk that withdrawals may be higher or lower than actuarial assumptions. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit. The Company ensures the avalibility of sufficient liquid funds in the gratuity fund and makes regular contributions to minimise the risk.

27.12 The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is as follows:

	Change in assumption	Increase in assumption	Decrease in assumption
		Impact on defined benefit obligation	
		Rupees	
Discount rate	1.0%	182,161,675	213,423,252
Salary growth rate	1.0%	212,288,866	182,876,646

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised in the Statement of Financial Position.

27.13 The distribution of timing of payment of benefits is as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to Year 10
Defined benefit obligation	17,518,709	28,077,641	17,635,186	8,925,986	36,027,144	180,011,207

27.14 The weighted average duration of the defined benefit obligation is 7.91 years.

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

28 TRADE AND OTHER PAYABLES

	2018	2017 (Restated)
	Rupees	
Creditors	721,314,278	778,354,628
Accrued liabilities	156,746,558	154,032,114
Other liabilities		
Advance from customers against finance lease and ijarah finance	15,850,868	14,981,737
Sales tax payable	1,440,183	20,994,416
Federal Excise Duty payable	2,742,445	1,631,783
Insurance payable	59,184,842	65,476,741
Provision for Sindh Workers' Welfare Fund	9,975,000	10,000,000
Payable to minority shareholders of SCLL	14,988,515	15,242,507
Others	34,596,795	30,390,388
	138,778,648	158,717,572
	1,016,839,484	1,091,104,314

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

	Note	2018	2017
		Rupees	
Interest / mark-up / profit on			
Long-term finances		110,956,187	132,151,718
Short-term borrowings		17,062,147	44,035,872
Certificates of deposit		114,311,253	156,383,400
		242,329,587	332,570,990

30 SHORT-TERM BORROWINGS

	Note	2018	2017
From banking companies			
Running finance arrangements - secured	30.1	1,710,358,951	858,686,564
Short term loans - secured	30.2	645,000,000	1,590,000,000
		2,355,358,951	2,448,686,564

30.1 This represents short-term running finance facilities available from commercial banks for financing of operations with limits aggregating to Rs. 2,950 million (sub-limits of which amounting to Rs 245 million have been utilised as a short-term loans) as at June 30, 2018 (2017: Rs. 2,300 million). These facilities have been obtained for financing of day to day operations. The rate of mark-up ranges from 7.03% to 7.93% (2017: 6.77% to 7.61%) on a daily product basis. These are secured by hypothecation of leased assets, related lease receivables and financing receivables.

30.2 These represent short-term loans from financial institutions for periods ranging from 1 week to 6 month and carrying mark-up at rates ranging from 6.70% to 7.52% (2017: 6.61% to 6.73%) per annum. These are secured by hypothecation of leased assets, related lease receivables and financing receivables.

31 SHORT-TERM CERTIFICATES OF DEPOSIT

	Note	2018	2017
		Rupees	
Unsecured			
Short-term certificates of deposit	31.1	962,685,118	983,589,858
Payable to holders of matured certificates of deposit		85,096,989	127,676,153
		1,047,782,107	1,111,266,011

31.1 These represent short-term certificates of deposit obtained for financing of operations, issued at expected rates of profit, ranging from 6% to 6.25% (2017: 5.35% to 6.25%) per annum for a term upto 12 months (2017: 12 months).

32 CURRENT MATURITY OF NON-CURRENT LIABILITIES

	Note	2018	2017 (Restated)
		Rupees	
Current maturity of:			
Long-term finances	23	3,622,446,649	4,187,029,986
Long-term certificates of deposit	24	1,002,789,317	916,325,000
		4,625,235,966	5,103,354,986

33 CONTINGENCIES AND COMMITMENTS

33.1 The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order in July 18, 2014 under section 122(5A) of the Income Tax Ordinance 2001 (the Ordinance) for tax year 2010 and created a demand of Rs. 167 million by disallowing capital loss on sale of shares and certain other matters. The Company preferred an appeal against the amended assessment order passed by the ACIR before the Commissioner Inland Revenue (Appeals) (CIR-A). The CIR-A disposed of the appeal with minor relief to the Company. The Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the Company by the CIR-A which is pending for adjudication.

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

33.2 During the year 2017, the Deputy Commissioner Inland Revenue (DCIR) amended the orders for the tax years 2011 and 2014 creating an aggregate demand of Rs. 126.2 million, mainly on account of difference in determination of minimum tax liability under section 113 of the Ordinance. The Company's appeal against these amended orders before the CIR-A was maintained and is currently pending adjudication before the ATIR. The Company has obtained stay against recovery of demand from the Sindh High Court (SHC) until adjudication of appeal by ATIR.

Based on the merits of the case, Management considers that decision will be made in the Company's favour and, hence, no provision has been recorded in these unconsolidated financial statements.

33.3 The assessments of Standard Chartered Leasing Limited (SCLL) - amalgamated entity, for the years 1998-99 to 2002-03 were finalised by the tax officer whereby lease key money amounting to Rs. 239 million has been added to income. In appeals with the ATIR, the addition was upheld. SCLL filed rectification application before ATIR that certain arguments advanced at the time of hearing of appeals were not considered while framing the order. The ATIR vide appellate order dated February 27, 2008 has recalled its original appellate order for all these years and referred the case to the Chairman ATIR to constitute a larger bench for rehearing / decision of the case.

No provision has been made in these unconsolidated financial statements in this respect as Management is of the view that the same will be allowed.

33.4 During the year 2016, the Company received a show cause notice from the Sindh Revenue Board (SRB) as to why Sindh Provincial Sales Tax (SPST) amounting to Rs. 426 million for rentals of generators on operating lease for the years ended June 30, 2012, 2013, 2014, 2015, should not be recovered from the Company. Further, the Company received another show cause notice from SRB during April 2018 on the same grounds whereas the Company was alleged to have not paid sales tax amounting to Rs. 73.6 million during the year ended June 30, 2016.

The Company's tax advisor is of the opinion that sales tax liability framed through above referred show cause notices on renting out of generators is unlawful for the reason that SRB has no legislative competence or authority to levy SPST thereon. This opinion is based on the petition and subsequent interim relief granted to the Company by Sindh High Court (SHC) for levy of SPST on renting of generators. The SHC had stayed the demand of sales tax on renting of generators while restricting SRB from taking any coercive measures against the Company until further orders of SHC.

33.5 During the year 2017, the Company received show cause notice from SRB for short payment of SPST of Rs. 5.4 million against supplies made to a local vendor in September 2015. Additional Commissioner SRB Karachi confirmed the said liability through Order No. 125 of 2017 dated May 15, 2017 which was also challenged by the Company by filing an appeal before Commissioner Appeals SRB Karachi.

Based on the merit of the case, Management considers that decision will be made in the Company's favour and, hence, no provision has been recorded in these unconsolidated financial statements.

33.6 During the year, the Company received a notice from SRB regarding non-payment of stamp duty on purchase orders amounting to Rs. 12.6 million. The Company's legal advisor is of the opinion that application of stamp duty on purchase orders is unlawful. The Company filed a petition before the SHC challenging the levy of stamp duty on purchase orders. The SHC has passed ad-interim stay order restricting SRB from taking any coercive measures against the Company until further orders of SHC.

33.7 Leases committed but not executed at the reporting date amounted to Rs. 55.94 million (2017: Rs. 44.78 million).

33.8 Commitments relating to capital expenditure at the reporting date amounted to Rs. 11.27 million (2017: Rs. Nil).

34 INCOME FROM OPERATING LEASE

	Note	2018	2017
		Rupees	
Generators		198,132,809	376,072,828
Ijarah finance		114,734,387	98,148,197
		312,867,196	474,221,025

35 OTHER INCOME - NET

	Note	2018	2017
Income from financial assets			
Return on investments and deposits		1,619,913	2,283,888
Interest income on government securities		52,804,983	70,261,736
Dividend income		12,675,541	15,852,388
Capital gain on sale of investments - net		329,362,893	297,857
Unrealised loss on remeasurement of financial assets at fair value through profit or loss - net		(236,938)	(553,926)
Impairment on investments		(49,917,389)	(7,463,390)
		346,309,003	80,678,553
Income from other than financial assets			
Other fees and income		96,730,903	141,595,271
Unrealised exchange gain transferred from other comprehensive income on cessation of equity accounting for associated undertaking	10.1.1	347,807,471	67,766,408
Gain on disposal of asset classified as 'held for sale'		-	5,839,116
Documentation fee		41,098,964	35,756,020
Write-off in respect of fixed assets for own use		(22,003)	(772,313)
Gain on disposal of fixed assets		11,755,334	4,140,941
Gain on sale of leased assets		33,399,112	32,466,231
Other exchange gains - net		18,636,455	50,053
		549,406,236	286,841,727
		895,715,239	367,520,280

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36 SHARE OF PROFIT OF EQUITY ACCOUNTED UNDERTAKINGS

Names of associates	2018 Associates' profit after tax	2018 Share of associates' profit after tax	2017 Associates' profit after tax	2017 Share of associates' profit after tax
Quoted				
Oman ORIX Leasing Company SAOG	464,944,105	54,127,397	1,615,303,616	188,021,341
Un-quoted				
Saudi ORIX Leasing Company	1,426,120,220	28,522,406	1,066,718,554	21,334,370
ORIX Leasing Egypt SAE	69,665,302	16,023,021	86,028,413	19,786,535
	1,495,785,522	44,545,427	1,152,746,967	41,120,905
	1,960,729,627	98,672,824	2,768,050,583	229,142,246

37 FINANCE COST

	Note	2018 Rupees	2017 Rupees
Interest / mark-up / profit on:			
- Long-term finances		729,254,647	666,475,358
- Long-term loans		-	1,181,878
- Short-term borrowings		122,778,705	175,428,887
- Certificates of deposit		498,281,542	700,735,284
Amortisation of transaction cost		12,522,888	16,375,334
Bank charges and commission		27,171,277	25,691,440
		1,390,009,059	1,585,888,181

38 ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2018	2017
Salaries, allowances, welfare and training	38.1	763,768,072	632,760,145
Rent and utilities		90,489,303	82,038,821
Travelling		5,922,563	8,547,290
Vehicle running and maintenance		11,448,774	21,124,351
Insurance on operating assets		5,788,600	8,044,491
Legal and professional charges		38,594,990	36,811,678
Communication		20,442,506	19,588,606
Subscriptions		2,944,659	2,503,613
Auditors' remuneration	38.2	5,155,211	7,325,000
Advertising		8,906,948	4,520,567
Printing and stationery		11,978,001	14,788,590
Depreciation	6.1	52,848,031	57,247,136
Amortisation	7.1	9,978,496	6,501,087
Office repairs and maintenance of equipment		46,054,021	46,291,309
Donations	38.3	9,970,000	5,835,000
Office general expenses		9,871,476	12,382,744
		1,094,161,651	966,310,428

38.1 This includes expenses in relation to the following employee benefits:

	Note	2018	2017
		Rupees	
Defined benefit plan - gratuity fund	27.5	16,385,039	12,004,786
Defined contribution plan - provident fund		26,121,397	23,119,841
Compensated absences		4,708,622	3,019,929
		47,215,058	38,144,556

38.2 Auditors' remuneration

	2018	2017
Annual audit fee	1,700,000	1,700,000
Half yearly review fee	300,000	300,000
Other services and certifications	2,410,000	4,430,000
Sales tax on audit fee and other services	352,800	499,800
Out of pocket expenses	392,411	395,200
	5,155,211	7,325,000

38.3 Donations above Rs. 500,000

	2018	2017
The Citizen Foundation	2,400,000	2,200,000
The Layton Rahmatullah Benevolent Trust (LRBT)	1,250,000	-
The Indus Hospital	750,000	-
Family Educational Services Foundation	720,000	-
IBP School of Special Education	600,000	-
	5,720,000	2,200,000

During the current year, donation amounting to Rs. 1.25 million was given to LRBT in which one of the directors of the Company is also a director.

39 DIRECT COST

	Note	2018	2017
		Rupees	
Court fee, stamp duty and others		11,461,386	16,250,742
Operating lease and ijarah finance			
Maintenance and insurance cost		67,061,883	151,103,471
Depreciation - operating lease assets	6.2	79,666,400	152,148,210
Depreciation - ijarah finance	6.3	91,572,621	82,901,587
		238,300,904	386,153,268
		249,762,290	402,404,010

40 ALLOWANCE FOR POTENTIAL LEASE AND OTHER LOAN LOSSES

	2018				
	Finance leases	Finances and loans	Sub-total	Operating lease, investments and other receivables	Total
	Rupees				
Balance at beginning of the year	924,332,946	380,383,260	1,304,716,206	85,577,076	1,390,293,282
Provision / (reversal) made during the year	9,377,508	9,054,198	18,431,706	(159,169)	18,272,537
Write-offs	(9,585,720)	(3,881,785)	(13,467,505)	(11,267,318)	(24,734,823)
	924,124,734	385,555,673	1,309,680,407	74,150,589	1,383,830,996

	2017				
	Finance leases	Finances and loans	Sub-total	Operating lease, investments and other receivables	Total
	Rupees				
Balance at beginning of the year	947,366,692	380,493,467	1,327,860,159	77,598,729	1,405,458,888
Provision / (reversal) made during the year	(23,033,746)	(110,207)	(23,143,953)	7,978,347	(15,165,606)
Write-offs	-	-	-	-	-
	924,332,946	380,383,260	1,304,716,206	85,577,076	1,390,293,282

40.1 Provision against finances and loans

	Note	2018	2017
		Rupees	
Long-term finances and loans	12	256,441,465	250,356,632
Short-term finances and loans	13	129,114,208	130,026,628
		385,555,673	380,383,260

40.2 Provision against other receivables and investments

	Note	2018	2017
Other receivables	18	66,650,589	77,576,549
Short-term investments	16	7,500,000	8,000,527
		74,150,589	85,577,076

41 OTHER (REVERSALS) / PROVISIONS - NET

	2018	2017
Operating lease, investments and other receivables		
(Reversal) / provision against other receivables	(159,169)	9,680,225
Reversal of provision against potential losses on investments	-	(1,701,878)
	(159,169)	7,978,347
Others		
Reversal of provision against Workers' Welfare Fund	-	(66,503,919)
	(159,169)	(58,525,572)

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2018		
	Chief Executive	Executives	Total
	Rupees		
Managerial remuneration and other perquisites	30,937,805	166,090,496	197,028,301
House rent and utilities	8,090,235	41,935,256	50,025,491
Retirement benefits	3,631,405	20,635,091	24,266,496
	42,659,445	228,660,843	271,320,288
Number of persons	1	37	38

	2017 (Restated)		
	Chief Executive	Executives	Total
	Rupees		
Managerial remuneration and other perquisites	22,546,890	130,831,197	153,378,087
House rent and utilities	6,996,960	34,872,787	41,869,747
Retirement benefits	2,676,171	14,177,278	16,853,449
	32,220,021	179,881,262	212,101,283
Number of persons	1	32	33

42.1 Executives denote employees, other than the Chief Executive and Directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

42.2 The Chief Executive and certain Executives are also provided with Company maintained cars and other benefits in accordance with their entitlement as per Company policy.

42.3 The aggregate amount charged in these unconsolidated financial statements for meeting fees paid to 5 non-executive directors amounts to Rs. 3.3 million (2017: 4 non-executive directors Rs. 2.10 million). This includes fee paid to the Chairman of the Board of Directors amounting to Rs. 0.8 million (2017: Rs. 0.5 million).

43 TAXATION

	Note	2018	2017
		Rupees	
Current tax - for the year	43.1	563,359,341	198,013,302
Current tax - for prior year		(156,689,272)	(43,050,969)
Deferred		(66,539,419)	161,803,585
		340,130,650	316,765,918

43.1 Super tax

The Finance Act, 2015 had levied a one-time super tax at the rate of 3 percent of the taxable income for companies having taxable income of above Rs. 500 million. This clause has been extended in the Finance Act, 2017 and an amount of Rs. 52.1 million has been recognised in this respect in the current tax charge.

43.2 Effective tax rate reconciliation

Relationship between income tax expense and accounting profit

	2018 (Effective tax rate)	2018 Rupees
Profit before taxation		1,719,753,685
Tax at enacted tax rate	30%	515,926,106
Tax effect of income subject to final tax regime	-0.11%	(1,901,331)
Tax effect of income subject to lower tax rate	-3.44%	(59,194,498)
Effect of change in tax rate on opening deferred tax	-1.02%	(17,598,504)
Super Tax	3.03%	52,134,550
Prior year	-9.11%	(156,689,272)
Tax effect of rebates/credits	-0.10%	(1,680,000)
Others	0.53%	9,133,599
	19.8%	340,130,650

43.2.1 Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented for the year ended June 30, 2017. Provision for the year ended June 30, 2017 had been made under the provisions of Alternate Corporate Tax under section 113C of the Income Tax Ordinance, 2001.

43.3 The Company computes tax based on the generally accepted interpretations of the tax laws to ensures that the sufficient provision for the purposes of taxation is available which can be analysed as follows:

	2017	2016	2015
		Rupees	
Income tax provision for the year (as per accounts)	154,962,333	192,852,818	97,191,463
Income tax as per tax return / assessment	144,893,492	101,413,731	102,317,298

43.4 Current status of pending tax assessments

Tax Year 1999 to 2000

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

Tax Year 2010 to 2017

Under Section 114 of the Income Tax Ordinance 2001, the Company has filed the returns of income for tax years 2010 to 2017. The said returns were taken to be assessment orders passed by the Commissioner Inland Revenue on the day the said returns were filed other than tax year 2010, 2011 and 2014.

Tax Year 2010-2011 and 2014

Details of the assessment made by the Additional Commissioner Inland Revenue are provided in note 33.1 and 33.2.

43.5 The Finance Act, 2018 has introduced an amendment in section 5(A) of the Income Tax Ordinance, 2001 whereby undistributed profits for the year are subject to tax at the rate of 5% of the accounting profit before tax for every public company, other than a scheduled bank or a modaraba and the minimum distribution for the levy of this tax has been reduced from 40% to 20% and for this purpose, bonus shares will not be considered as part of distribution. The amendment is applicable for tax year 2018 and onwards.

44 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	Note	2018	2017
		Rupees	
Profit before taxation		1,719,753,685	1,158,009,963
Adjustments for			
Depreciation	6.1, 6.2 & 6.3	224,087,052	292,296,933
Amortisation	7.1	9,978,496	6,501,087
Amortisation of transaction cost	37	12,522,888	16,375,334
Provision / (reversal) for potential lease and other loan losses - net	40	18,431,706	(23,143,953)
Reversal for potential losses on investments	41	-	(1,701,878)
Reversal of provision for Workers' Welfare Fund	41	-	(66,503,919)
(Reversal) / provision against other receivables	41	(159,169)	9,680,225
Gain on disposal of assets classified as held for sale	35	-	(5,839,116)
Capital gain on sale of investments - net	35	(329,362,893)	-
Impairment on investment	35	49,917,389	-
Share of profit of equity accounted undertakings	36	(98,672,824)	(229,142,246)
Other exchange gain - net	35	(18,636,455)	(50,053)
Charge for defined benefit plan - gratuity fund	38.1	16,385,039	12,004,786
Fixed assets written-off	35	22,003	772,313
Unrealised loss on remeasurement of financial assets at fair value through profit or loss - net	35	236,938	553,926
Finance cost including bank charges	37	879,204,629	868,777,563
Mark-up on certificates of deposit	37	498,281,542	700,735,284
Dividend income	35	(12,675,541)	(15,852,388)
Unrealised exchange gain transferred from other comprehensive income	35	(347,807,471)	(67,766,408)
Return on investments and deposits	35	(1,619,913)	(2,283,888)
Interest income on government securities	35	(52,804,983)	(70,261,736)
Gain on disposal of fixed assets	35	(11,755,334)	(4,140,941)
		835,573,099	1,421,010,925
		2,555,326,784	2,579,020,888

45 CASH AND CASH EQUIVALENTS

	Note	2018	2017
Cash at bank	19	498,407,264	340,575,087
Cash in hand	19	1,408,449	1,309,355
Short-term running finance facilities	30	(1,710,358,951)	(858,686,564)
		(1,210,543,238)	(516,802,122)

45.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

2018

	Short term loans	Certificate of Deposit	Logn term finances	Dividend payable	Share capital	Share Premium	Total
	Rupees						
Balance as at July 01, 2017	1,590,000,000	6,027,923,708	10,917,512,348	19,258,216	820,827,940	449,686,099	19,825,208,311
Changes from financing cash flows							
Repayment	(945,000,000)	(838,447,984)	(4,187,029,983)	-	-	-	(5,970,477,967)
Proceeds received	-	86,464,317	2,700,000,000	-	571,296,250	1,413,949,254	4,771,709,821
Dividend paid	-	-	-	(208,353,425)	-	-	(208,353,425)
Total changes from financing activities	(945,000,000)	(751,983,667)	(1,487,029,983)	(208,353,425)	571,296,250	1,413,949,254	(1,407,121,571)
Other changes							
Dividend Declared	-	-	-	417,637,257	-	-	417,637,257
Total other changes	-	-	-	417,637,257	-	-	417,637,257
Balance as at June 30, 2018	645,000,000	5,275,940,041	9,430,482,365	228,542,048	1,392,124,190	1,863,635,353	18,835,723,997

46 SEGMENT INFORMATION

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

46.1 Segment analysis is given below:

	2018				
	Finance leases	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	Total
	Rupees				
Segment revenues	2,660,598,689	650,425,346	315,003,802	845,931,385	4,471,959,222
Finance cost	903,677,074	201,774,286	30,403,037	254,154,662	1,390,009,059
Administrative and general expenses	852,799,793	197,178,348	44,183,510	-	1,094,161,651
Direct cost of leases	16,047,593	2,036,012	231,678,685	-	249,762,290
Provisions/(reversal)-net	9,377,505	9,054,201	(384,901)	225,732	18,272,537
Segment results	878,696,724	240,382,499	9,123,471	591,550,991	1,719,753,685
Provision for taxation					(340,130,650)
Profit for the year					1,379,623,035
Other information					
Segment assets	17,937,616,945	4,373,050,384	758,029,178	2,321,900,419	25,390,596,926
Unallocated assets					1,308,157,804
Total assets					26,698,754,730
Segment liabilities	316,525,966	147,152,407	34,327,800	-	498,006,173
Unallocated liabilities					18,951,868,968
Total liabilities					19,449,875,141
Capital expenditure	-	-	809,355,556	-	809,355,556
Depreciation	-	-	171,239,021	-	171,239,021
Unallocated					
Capital expenditure - fixed assets for own use	-	-	-	-	48,625,060
Additions made to intangible assets	-	-	-	-	17,826,560
Unallocated depreciation and amortisation	-	-	-	-	63,748,223

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2018

	2017 (Restated)				
	Finance leases	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	Total
	Rupees				
Segment revenues	2,570,920,217	558,401,466	477,764,520	423,856,854	4,030,943,057
Finance cost	1,016,811,828	215,107,120	58,710,218	295,259,015	1,585,888,181
Administrative and general expenses	762,509,220	157,352,683	46,448,525	-	966,310,428
Direct cost of leases	12,803,017	2,708,485	386,892,508	-	402,404,010
Provisions/(reversal)-net	(23,033,746)	(110,207)	(2,738,810)	10,717,157	(15,165,606)
Segment result	801,829,898	183,343,385	(11,547,921)	117,880,682	1,091,506,044
Provision for Workers' Welfare Fund					66,503,919
Provision for taxation					(316,765,918)
Profit for the year					841,244,045
Other information					
Segment assets	16,744,738,353	3,556,004,533	999,780,218	3,654,085,128	24,954,608,232
Unallocated assets					1,140,999,127
Total assets					26,095,607,359
Segment liabilities	601,765,282	15,645,843	53,586,913	-	670,998,038
Unallocated liabilities					20,958,164,376
Total liabilities					21,629,162,414
Capital expenditure	-	-	50,338,154	-	50,338,154
Depreciation	-	-	235,049,797	-	235,049,797
Unallocated					
Capital expenditure - Fixed assets for own use	-	-	-	-	50,036,635
Additions made to intangible assets	-	-	-	-	6,960,878
Unallocated depreciation and amortisation	-	-	-	-	63,748,223

46.2 Segment by class of business

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

	2018		2017 (Restated)	
Sectors	(Rupees)	%	(Rupees)	%
Individuals	4,820,149,865	20.48%	4,126,952,835	19.15%
Goods Transport	4,740,871,137	20.15%	4,108,128,205	19.06%
Services	1,907,087,491	8.10%	1,904,593,616	8.84%
Public Transport	1,570,527,680	6.67%	1,605,153,378	7.45%
Distributor	1,519,178,219	6.46%	1,652,537,102	7.67%
Fuel & Energy	1,352,051,032	5.75%	1,076,486,007	4.99%
Trading	1,332,369,167	5.66%	1,216,987,839	5.65%
Textile & Allied	1,284,416,112	5.46%	1,172,027,531	5.44%
Construction	881,305,564	3.74%	778,891,150	3.61%
Miscellaneous	689,538,826	2.93%	716,197,233	3.32%
Glass, Ceramics & Plastic	521,436,290	2.22%	497,429,821	2.31%
Food & Allied	515,916,421	2.19%	361,014,584	1.68%
Chemical & Pharmaceutical	434,683,756	1.85%	430,677,502	2.00%
Steel & Engineering	429,027,723	1.82%	603,899,626	2.80%
Sugar	406,921,582	1.73%	285,133,026	1.32%
Natural Resource And Farming	373,696,503	1.59%	326,523,147	1.52%
Paper, Board & Printing	368,115,805	1.56%	347,084,273	1.61%
Automotive Industry	258,004,797	1.10%	241,725,026	1.12%
Cables, Electric And Electronic Goods	127,836,858	0.54%	99,888,631	0.46%
	23,533,134,828	100.00%	21,551,330,532	100.00%

	2018	2017 (Restated)
	Rupees	
Net investment in finance leases	18,840,807,660	17,667,230,684
Other finances and loans	4,692,327,168	3,884,099,848
	23,533,134,828	21,551,330,532

46.3 Segment by sector

The Company's net investment in finance lease and other finances and loans includes exposure to private sector of Rs. 23,533 million (2017: Rs. 21,551 million).

46.4 Geographical segment analysis

The Company's operations are restricted to Pakistan only.

47 TRANSACTIONS WITH RELATED PARTIES

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

The Company in the normal course of business carries out transactions with various related parties. These transactions are executed substantially on the same terms as those prevailing at the time of comparable transactions with unrelated parties and do not involve more than a normal risk. Amounts due from and due to related parties are disclosed in the relevant notes.

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

	Note	2018	2017
		Rupees	
ORIX Corporation, Japan - Parent Company - 49.58% Holding			
Dividend paid		-	183,113,276
Oman ORIX Leasing Company SAOG - Associate / common directorship - 11.64% ownership			
Dividend received		-	70,827,351
Attendance fee for meeting of the Board of Directors		6,330,639	5,496,564
ORIX Leasing Egypt SAE - Associate / common directorship 23% ownership			
Dividend received		-	17,918,608
Saudi ORIX Leasing Company - Associate / common directorship 2.5% ownership			
Dividend received		10,323,898	5,426,493
Technical assistance fee received		922,323	1,552,048
BOD attendance fee		3,077,695	4,299,561
ORIX Modaraba - subsidiary - 10% ownership			
Dividend received		12,253,553	15,430,400
State Life Insurance Corporation of Pakistan - Common directorship			
Dividend paid		-	19,399,059
Insurance premium and rent expense		3,741,634	14,911,666
Sui Northern Gas Pipelines Limited - Common directorship			
Utilities bills payment		-	32,117
ORIX Leasing Pakistan Limited - Employees Provident Fund (OLP-EPF)			
Contribution made		26,121,397	23,119,841
ORIX Leasing Pakistan Limited - Staff Gratuity Fund (OLP-SGF)			
Contribution made	27.4	32,899,060	13,468,020
The Layton Rahmatullah Benevolent Trust - common directorship			
Charity paid		-	1,279,788
Donation		1,250,000	-

	Note	2018	2017
Other related party transactions during the year		Rupees	
Directors and key management personnel			
Compensation of directors and key management personnel			
Director fees paid		3,300,000	2,100,000
Short-term employee benefits		140,463,247	149,152,748
Retirement benefits		16,446,880	13,283,136
Total compensation to directors and key management personnel		160,210,127	164,535,884
Proceeds from sale of vehicles		2,581,603	2,965,190
Loans disbursed		19,220,413	15,324,095
Interest paid		1,449,690	2,448,564
Principal repaid		12,964,833	16,001,420
Issuance of certificates of deposit		2,856,410	23,284,061
Redemption of certificates of deposit		10,416,385	52,131,537
Cost allocated to ORIX Modaraba		698,750	-
Amount of profit paid		631,845	6,114,315

47.2 The balances with related parties as at year end:

	Note	2018	2017
Investment in subsidiaries	9	322,374,294	322,374,294
Investment in associated undertakings	10	672,208,880	1,972,102,566
Long-term investment - Al Hail ORIX Finance PSC	11	229,180,469	273,186,725
Investment in associated undertaking - held for sale			
- OPP (Private) Limited	20	87,754,399	87,754,399
- ORIX Leasing Egypt SAE	20	172,043,037	-
Certificates of deposit held		4,210,000	17,244,975
Accrued profit on certificates of deposit		28,940	928,672
Outstanding loans to Key Management Personnel		28,128,602	36,740,537
Defined benefit payable to ORIX Leasing Pakistan Limited - Staff Gratuity Fund		19,969,684	16,514,020
Receivable from Saudi ORIX Leasing Company - Associate		53,837	-
Unpaid dividend to ORIX Corporation, Japan - Parent Company		207,040,074	-
Receivable from ORIX Corporation, Japan - Parent Company		37,260	-
Rent payable to State Life Insurance Corporation of Pakistan		-	291,489

48 STAFF STRENGTH

	2018	2017
	(Number of Staff)	
Staff strength at the end of the year	515	463
Average number of employees*	488	446

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

49 PROVIDENT FUND RELATED DISCLOSURES

The Company operates a Staff Provident Fund for its employees. The following information is based on the financial statements of the Fund as at June 30, 2018 (unaudited) and 2017 (audited):

	2018 Unaudited	2017 Audited
	Rupees	
Size of the Fund - total assets	404,060,992	378,882,105
Fair value of investments	401,706,869	371,134,374
	Percentage	
Percentage of investments made	99%	98%

The cost of the above investments amounted to Rs. 390.18 million (2017: Rs. 358.30 million).

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

	Unaudited 2018	Audited 2017	Unaudited 2018	Audited 2017
	Percentage		Rupees	
Cash and bank deposits	1.10%	2.19%	4,404,224	8,131,101
Government securities				
- Treasury Bills	87.40%	57.86%	351,018,637	214,048,800
- National Savings Certificates	4.80%	4.48%	19,187,294	17,842,521
- Pakistan Investment Bonds	6.70%	35.47%	27,096,714	131,111,952
	100.00%	100.00%	401,706,869	371,134,374

The investments of the provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

50 FINANCIAL INSTRUMENTS BY CATEGORY

	2018				
	Loans and receivables	Held-to-maturity	At fair value through profit and loss	Available-for-sale	Total
	Rupees				
ASSETS					
Net investment in finance lease	17,916,682,926	-	-	-	17,916,682,926
Long-term investments	-	63,354,946	-	229,180,469	292,535,415
Term finances and loans	4,459,760,097	-	-	-	4,459,760,097
Accrued return on investments and term finance	68,675,213	-	-	-	68,675,213
Short-term investments	-	-	758,747,378	13,840,691	772,588,069
Other receivables	44,253,635	-	-	-	44,253,635
Cash and bank balances	499,815,713	-	-	-	499,815,713
	22,989,187,584	63,354,946	758,747,378	243,021,160	24,054,311,068

	2018		
	At fair value through profit and loss	At amortised cost	Total
	Rupees		
LIABILITIES			
Term finances	-	9,430,482,365	9,430,482,365
Certificates of deposit	-	5,275,940,041	5,275,940,041
Other long-term liabilities	-	202,558,668	202,558,668
Trade and other payables	-	907,328,168	907,328,168
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	242,329,587	242,329,587
Unpaid dividend	-	208,224,070	208,224,070
Unclaimed dividend	-	20,317,978	20,317,978
Short-term borrowings	-	2,355,358,951	2,355,358,951
	-	18,642,539,828	18,642,539,828

	2017 (Restated)				
	Loans and receivables	Held-to-maturity	At fair value through profit and loss	Available-for-sale	Total
	Rupees				
ASSETS					
Net investment in finance lease	16,742,897,738	-	-	-	16,742,897,738
Long-term investments	-	81,125,356	-	279,097,858	360,223,214
Term finances and loans	3,604,826,658	-	-	-	3,604,826,658
Accrued return on investments and term finance	55,947,908	-	-	-	55,947,908
Short-term investments	-	-	883,506,965	30,374,860	913,881,825
Other receivables	54,641,473	-	-	-	54,641,473
Cash and bank balances	341,884,442	-	-	-	341,884,442
	20,800,198,219	81,125,356	883,506,965	309,472,718	22,074,303,258

	2017 (Restated)		
	At fair value through profit and loss	At amortised cost	Total
	Rupees		
LIABILITIES			
Long-term finances	-	10,917,512,348	10,917,512,348
Certificates of deposit	-	6,027,923,708	6,027,923,708
Other long-term liabilities	-	214,038,190	214,038,190
Trade and other payables	-	1,024,238,162	1,024,238,162
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	332,570,990	332,570,990
Unpaid dividend	-	-	-
Unclaimed dividend	-	19,258,216	19,258,216
Short-term borrowings	-	2,448,686,564	2,448,686,564
	-	20,984,228,178	20,984,228,178

51 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

51.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises three types of risks: currency risk, yield / interest rate risk and other price risk.

51.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk in Saudi Riyal, UAE Dirhams and Egyptian Pound on account of its foreign currency bank account, long-term investments and investments in associated undertakings. The Company's exposure to foreign currency transactions is as follows:

	2018	2017
	Rupees	
Foreign currency bank account	3,411,151	2,998,104
Long-term investments	229,180,469	273,186,725
Investment in associated undertakings	672,208,880	1,972,102,566
Assets classified as held for sale	172,043,037	-

As at June 30, 2018, if the Pakistani Rupee had strengthened / weakened by 10% against these currencies the carrying value would have been higher / lower by an amount of Rs. 107.5 million (2017: Rs. 224.829 million).

51.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's floating interest rates long-term debt obligations and financial assets. Financial assets and financial liabilities include balances of Rs. 23,224 million (2017: Rs. 21,371 million) and Rs.17,062 million (2017: Rs. 19,266 million) respectively, which are subject to interest rate risk. The maturity analysis and interest rate profile of the Company's significant interest bearing financial instruments are as follows:

	2018							
		Exposed to yield / interest rate risk						
	Effective yield / profit rate %	Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Not exposed to yield / profit rate risk
	----Rupees----							
On-balance sheet financial instruments								
Financial assets								
Net investment in finance lease	7.7% - 24.00%	17,916,682,926	740,981,703	1,521,916,812	6,020,436,629	9,633,347,782	-	-
Long-term investments	9.60% - 12.00%	292,535,415	-	-	-	63,354,946	-	229,180,469
Term finances and loans	4.00% - 37.73%	4,459,760,097	241,198,826	407,563,875	1,587,491,360	2,169,319,832	54,186,204	-
Accrued return on investments and term finance		68,675,213	-	-	-	-	-	68,675,213
Short-term investments	6.20% - 6.26%	772,588,069	520,178,927	238,568,451	-	-	-	13,840,691
Other receivables		44,253,635	-	-	-	-	-	44,253,635
Investment in subsidiaries		322,374,294	-	-	-	-	-	322,374,294
Investment in associated undertakings		672,208,880	-	-	-	-	-	672,208,880
Cash and bank balances	2.40%-5.75%	499,815,713	25,699,151	-	-	-	-	474,116,562
Total		25,048,894,242	1,528,058,607	2,168,049,138	7,607,927,989	11,866,022,560	54,186,204	1,824,649,744
Financial Liabilities								
Long-term finances	6.46% - 8.07%	9,430,482,365	432,142,857	941,666,666	2,248,637,126	5,808,035,716	-	-
Certificates of deposit	6.40% - 12.15%	5,275,940,041	230,215,429	259,435,059	1,560,920,936	3,090,428,578	134,940,039	-
Other long-term liabilities		202,558,668	-	-	-	-	-	202,558,668
Trade and other payables		907,328,168	-	-	-	-	-	907,328,168
Accrued interest / mark-up on loans, finances and certificates of deposit		242,329,587	-	-	-	-	-	242,329,587
Unpaid dividend		208,224,070	-	-	-	-	-	208,224,070
Unclaimed dividend		20,317,978	-	-	-	-	-	20,317,978
Short-term borrowings	7.03% - 7.93%	2,355,358,951	1,710,358,951	145,000,000	500,000,000	-	-	-
Total		18,642,539,828	2,372,717,237	1,346,101,725	4,309,558,062	8,898,464,294	134,940,039	1,580,758,471
On-balance sheet gap (a)		6,406,354,414	(844,658,630)	821,947,413	3,298,369,927	2,967,558,266	(80,753,835)	243,891,273
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		6,406,354,414	(844,658,630)	821,947,413	3,298,369,927	2,967,558,266	(80,753,835)	
Cumulative interest rate sensitivity gap		6,406,354,414	5,561,695,784	6,383,643,196	9,682,013,123	12,649,571,390	12,568,817,555	

	2017 (Restated)							
		Exposed to yield / interest rate risk						
	Effective yield / profit rate %	Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Not exposed to yield / profit rate risk
	-----Rupees-----							
On-balance sheet financial instruments								
Financial assets								
Net investment in finance lease	8.17% - 24.00%	16,742,897,738	513,841,015	1,524,447,173	5,983,835,240	8,720,774,310	-	-
Long-term investments	9.60% - 12.00%	354,312,081	-	14,951,881	-	66,173,475	-	273,186,725
Term finances and loans	5.00% - 37.73%	3,604,826,658	397,716,222	459,084,427	1,217,316,547	1,530,709,462	-	-
Accrued return on investments and term finance		55,947,908	-	-	-	-	-	55,947,908
Short-term investments	5.98% - 11.25%	913,881,825	86,016,051	813,574,594	-	-	-	14,291,180
Other receivables		54,641,473	-	-	-	-	-	54,641,473
Investment in subsidiaries		322,374,294	-	-	-	-	-	322,374,294
Investment in associated undertakings		1,972,102,566	-	-	-	-	-	1,972,102,566
Cash and bank balances	2.46% - 5.25%	341,884,442	42,969,646	-	-	-	-	298,914,796
Total		24,362,868,985	1,040,542,934	2,812,058,075	7,201,151,787	10,317,657,247	-	2,991,458,942
Financial liabilities								
Long-term finances	6.88% - 7.40%	10,917,512,348	473,809,524	1,141,666,666	2,571,553,796	6,730,482,362	-	-
Certificates of deposit	5.35% - 12.50%	6,027,923,708	183,667,181	197,068,431	1,519,179,246	3,456,799,858	543,532,839	127,676,153
Other long-term liabilities		214,038,190	-	-	-	-	-	214,038,190
Trade and other payables		1,043,496,378	-	-	-	-	-	1,043,496,378
Accrued interest / mark-up on loans, finances and certificates of deposit		332,570,990	-	-	-	-	-	332,570,990
Unpaid dividend		-	-	-	-	-	-	-
Unclaimed dividend		19,258,216	-	-	-	-	-	19,258,216
Short-term borrowings	6.61% - 7.61%	2,448,686,564	2,158,686,564	290,000,000	-	-	-	-
Total		21,003,486,394	2,816,163,269	1,628,735,097	4,090,733,042	10,187,282,220	543,532,839	1,737,039,927
On-balance sheet gap		3,359,382,591	(1,775,620,335)	1,183,322,978	3,110,418,745	130,375,027	(543,532,839)	1,254,419,015
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		3,359,382,591	(1,775,620,335)	1,183,322,978	3,110,418,745	130,375,027	(543,532,839)	
Cumulative interest rate sensitivity gap		3,359,382,591	1,583,762,256	2,767,085,234	5,877,503,979	6,007,879,006	5,464,346,167	

a) Sensitivity analysis for variable rate financial instruments

The Company has extended KIBOR based short-term and long-term leases and finances to various counter parties that expose the Company to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax for the year ended June 30, 2018 would have been lower / higher by Rs. 146.58 million (2017: Rs.183.5 million).

Furthermore, the Company also has KIBOR based financial liabilities in Pakistani Rupees representing short-term running finance arrangements, short-term and long-term finances obtained from various financial institutions and certificates of deposit which expose the Company to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax for the year ended June 30, 2018 would have been lower / higher by Rs.111.4 million (2017: Rs.122.0 million).

Presently, the Company does not hold any variable rate financial instrument carried at 'fair value through profit or loss' and is not exposed to cash flow interest rate risk except for balances in certain saving accounts. The interest rate of these bank accounts ranges from 2.40% to 5.75% (2017: 2.46% to 5.25%) per annum.

b) Sensitivity analysis for fixed rate financial instruments

As at June 30, 2018, the Company holds market treasury bills and Pakistan Investment Bonds which are classified as 'financial assets at fair value through profit or loss' and 'available for sale' respectively, exposing the Company to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Markets Association of Pakistan for market treasury bills and Pakistan Investment Bonds with all other variables held constant, the net income for the year and net assets of the Company would have been higher / lower by Rs. 0.5 million (2017: Rs.1.05 million).

51.1.3 Other price risk

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

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

51.2 Credit risk

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

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

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. As at June 30, 2018, out of the total financial assets of Rs. 25,049 million (2017: Rs. 24,363 million) the assets which were subject to credit risk amounted to Rs. 24,225 million (2017: Rs. 23,381 million). Significant concentration of the Company's risk assets by class of business, industry sector and geographical region is set out in note 46.

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

	2018	2017 (Restated)
	Rupees	
Net investment in finance lease	17,916,682,926	16,742,897,738
Long-term investments	229,180,469	273,186,725
Term finances and loans	4,459,760,097	3,604,826,658
Accrued return on investments and term finance	68,675,213	55,947,908
Short-term investments	13,840,691	14,291,180
Other receivables	44,253,635	54,641,473
Investment in subsidiaries	322,374,294	322,374,294
Investment in associated undertakings	672,208,880	1,972,102,566
Bank balances	498,407,264	340,575,087
	24,225,383,469	23,380,843,629

The Company controls the credit quality of receivables through diversification of activities to avoid undue concentration of risks with individuals, groups or specific industry segments. For such purpose, the Company has established exposure limits for single lessees and industrial sectors. The Company has an effective rental monitoring system which allows it to evaluate customers' credit worthiness and identify potential problem accounts. An allowance for potential lease, instalment and other loan losses is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on lease and other loan portfolios that can be reasonably anticipated. The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history.

The carrying value of non performing receivables are as follows:

	2018			
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	Total
	Rupees			
Within 90 days	54,982,473	8,526,225	2,073,188	65,581,886
91 - 180 days	139,547,197	13,802,936	480,221	153,830,354
181-365 days	51,728,588	8,609,661	2,009,199	62,347,448
Over 1 year	677,866,476	354,616,851	69,587,981	1,102,071,308
	924,124,734	385,555,673	74,150,589	1,383,830,996
Less: General and specific provision	924,124,734	385,555,673	74,150,589	1,383,830,996
Net of provision	-	-	-	-
Coverage ratio	100.00%	100.00%	100.00%	100.00%

	2017			
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	Total
	Rupees			
Within 90 days	85,745,801	128,563	-	85,874,364
91 - 180 days	59,965,085	11,660,447	2,933,832	74,559,364
181-365 days	49,534,686	7,177,373	10,174,414	66,886,473
Over 1 Year	729,087,374	361,416,877	72,468,830	1,162,973,081
	924,332,946	380,383,260	85,577,076	1,390,293,282
Less: General and specific provision	924,332,946	380,383,260	85,577,076	1,390,293,282
Net of provision	-	-	-	-
Coverage ratio	100.00%	100.00%	100.00%	100.00%

The Company has made provisions keeping in view the time based criteria prescribed under the NBFC Regulations. The Company has also made additional provisions of Rs. 278.54 million (2017: Rs. 272.60 million) using subjective criteria, in view of the prevailing economic conditions. The Company holds provision of Rs.1,383.8 million (2017: Rs.1,390 million) against these non performing receivables.

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

The analysis below summarises the credit rating quality of the Company's bank balances as at June 30, 2018:

Bank balances	2018	2017
	Rupees	
AAA	434,447,565	282,812,215
AA+	3,281,832	20,414,387
AA	24,042,332	5,120,863
AA-	32,180,144	28,446,995
A+	4,178,345	3,057,380
A	67,556	66,106
A-	-	355,211
State Bank of Pakistan	209,490	301,930
	498,407,264	340,575,087

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

51.3 Liquidity risk

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

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

	2018				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	Rupees				
Long-term finances	9,430,482,365	10,611,314,572	1,585,725,525	2,647,529,066	6,378,059,981
Certificates of deposit	5,275,940,041	6,622,417,490	635,648,908	1,833,014,808	4,153,753,774
Trade and other payables	986,830,988	986,830,988	986,830,988	-	-
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	444,888,255	444,888,255	178,444,037	50,027,946	216,416,272
Unpaid Dividend	208,224,070	208,224,070	208,224,070	-	-
Unclaimed dividend	20,317,978	20,317,978	20,317,978	-	-
Short-term borrowings	2,355,358,951	2,378,798,842	2,378,798,842	-	-
	18,722,042,648	21,272,792,195	5,993,990,348	4,530,571,820	10,748,230,027

	2017 (Restated)				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	Rupees				
Long-term finances	10,917,512,348	12,226,410,121	1,866,187,071	3,000,564,130	7,359,658,920
Certificates of deposit	6,027,923,708	7,824,141,103	631,373,275	1,926,337,615	5,266,430,213
Trade and other payables	1,043,496,378	1,043,496,378	1,043,496,378	-	-
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	546,609,180	546,609,180	190,201,228	118,946,660	237,461,292
Unpaid Dividend	-	-	-	-	-
Unclaimed dividend	19,258,216	19,258,216	19,258,216	-	-
Short-term borrowings	2,448,686,564	2,483,333,057	2,483,333,057	-	-
	21,003,486,394	24,143,248,055	6,233,849,225	5,045,848,405	12,863,550,425

52 FAIR VALUE MEASUREMENT

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

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

As at June 30, 2018 the Company has financial assets classified as "at fair value through profit or loss" and "available-for-sale" which are carried at fair values. The investments in associates are accounted for using the equity method while the subsidiaries have been kept at cost. The fair value of net investments in finance lease, long-term loans and finances and other receivables, long-term certificates of deposit and other payables are approximately equal to their carrying values. The provision for impairment of finance lease and long-term loans and finances and other receivables has been calculated in accordance with the Company’s provisioning policy and the requirements of the NBFC Regulations, 2008.

In the opinion of the management, the fair value of the remaining assets and liabilities are not considered to be significantly different from their carrying values since these are short-term in nature or are periodically repriced.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3: inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows).

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

RECURRING FAIR VALUE MEASUREMENTS	2018			
	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets				
Available-for-sale financial assets				
Al-Hail ORIX Finance PSC	-	-	229,180,469	229,180,469
Ordinary shares-unlisted	-	-	13,840,691	13,840,691
Financial assets at fair value through profit or loss				
Treasury bills (T-Bills)	-	758,747,378	-	758,747,378
Non-financial assets				
Fixed assets (Leasehold land & building)	-	-	408,496,485	408,496,485
Total	-	758,747,378	651,517,645	1,410,265,023

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

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

53 CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to its shareholders or issue new shares.

As required under the NBFC Regulations, every Investment finance company involved in deposit taking shall maintain a capital adequacy ratio of 8% for the first two years after the amendment coming into force and 10% thereafter. The Company has maintained and complied with the minimum equity requirement during the current year.

54 EARNINGS PER SHARE - basic and diluted

	2018	2017
	Rupees	
Profit for the year after taxation	1,379,623,035	841,244,045
Weighted average number of ordinary shares (Restated)	136,477,359	89,297,574
Earnings per share - basic and diluted (Restated)	10.11	9.42

54.1 Diluted earnings per share has not been presented separately as the Company does not have any convertible instruments in issue at June 30, 2018 and June 30, 2017 which would have any effect on the earnings per share if the option to convert is exercised.

55 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on September 14, 2018 proposed a final dividend of Rs. 3.00 per share (2017: Rs 3.00 per share) for the year ended June 30, 2018, amounting to Rs. 417,637,257 (2017: Rs. 417,637,257) and proposed bonus issue in the ratio of 1 share for every 5 shares held of Rs. 278,424,840 (2017: Nil). This appropriation will be approved by the members of the Company at the Annual General Meeting to be held on October 23, 2018. The unconsolidated financial statements for the year ended June 30, 2018 do not include the effect of the appropriation which will be accounted for in the financial statements of the Company for the year ending June 30, 2019.

56 CORRESPONDING FIGURES

The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Following major reclassifications have been made during the year other than disclosed elsewhere in these unconsolidated financial statements.

Description	Reclassified from	Reclassified to	2017 (Rupees)
Reserves	Reserves	Capital reserves	1,428,793,478
		Revenue reserves	1,899,442,263
Unpaid dividend	Trade and other payables	Unpaid dividend	-
Unclaimed dividend	Trade and other payables	Unclaimed dividend	19,258,216

57 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on September 14, 2018 by the Board of Directors of the Company.

58 GENERAL

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

Shaheen Amin
Chief Executive Officer

Khalid Aziz Mirza
Chairman

Maryam Aziz
Chief Financial Officer

Directors' Report on Consolidated Financial Statements

The Directors of ORIX Leasing Pakistan Limited (OLPL) are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended June 30, 2018. The Group comprises of:

- ORIX Leasing Pakistan Limited (OLPL) -The Holding Company;
- ORIX Modaraba (ORIXM) - Subsidiary Company; and
- ORIX Services Pakistan (Private) Limited (OSP) - Subsidiary Company

The Directors' Report giving commentary on the performance of OLPL for the year ended June 30, 2018 has been presented separately on page 30, which contains the business review, operational performance, future prospects and other requisite information on the Holding Company. The contents of the said report shall be read along with this report and shall form an integral part of the Director's Report in terms of section 227 of the Companies Act, 2017 and the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 issued by the Securities and Exchange Commission of Pakistan.

Group Results

The consolidated financial results of the Group are summarized below

	2018	2017
	Rupees	
Profit before taxation	1,792,231,530	1,246,280,710
Taxation	343,170,019	322,015,135
Profit for the year after taxation	1,449,061,511	924,265,575
Profit attributable to Equity shareholders of the Holding Company	1,371,298,724	821,672,924
Profit attributable to Non-controlling interest	77,762,786	102,592,651
Appropriation: transfer to statutory reserve	275,924,607	42,062,202
		(Restated)
Earnings Per Share: basic and diluted	10.05	9.20

Pattern of Shareholding:

The pattern of shareholding and related information as at June 30, 2018 is presented on page 221.

Financial and Operational Performance Based on Consolidated Financial Statements

The consolidated profit after tax of the Group for the year ended June 30, 2018 was Rs. 1,449 million (2017: Rs. 924 million) with EPS of Rs. 10.05 (2017: Rs. 9.20). Profit of ORIXM amounted to Rs. 120.30 million (2017: Rs. 128.24 million) and loss from OSP amounted to Rs. 3.26 million (2017: loss of Rs. 2.07 million). Minority interest accounts for 80% of ORIXM's equity. As such, Rs. 77.7 million (2017: Rs. 102.59 million) out of ORIXM's profit is attributable to non-controlling interest. For the current year, ORIXM has declared a dividend of Rs. 2.5 (2017: Rs. 2.7) per certificate.

On behalf of the Board.

Shaheen Amin
Chief Executive Officer
September 14, 2018

Khalid Aziz Mirza
Chairman Board of Directors

شیئر ہولڈنگ کا طرز:

شیئر ہولڈنگ کا طرز اور متعلقہ معلومات بمطابق 30 جون 2018 صفحہ نمبر 221 پر پیش کی گئی ہیں۔

اشتمالی مالیاتی گوشواروں پر مبنی مالیاتی اور عملیاتی کارکردگی:

گروپ کا اشتمالی منافع بعداز محصول (ٹیکس) برائے اختتامِ سال 30 جون 2018، 1 ارب 44 کروڑ 90 لاکھ روپے (2017 میں 92 کروڑ 40 لاکھ روپے) اور فی حصص آمدنی 10.05 روپے (2017 میں 9.20 روپے) رہی، اوریکس مضاربہ سے 12 کروڑ 3 لاکھ روپے منافع حاصل ہوا (2017 میں 12 کروڑ 82 لاکھ 40 ہزار روپے)، جبکہ اوریکس سروسز پاکستان میں 32 لاکھ 60 ہزار روپے نقصان ہوا (2017 میں 20 لاکھ 70 ہزار روپے نقصان)۔ اوریکس مضاربہ میں 80 فیصدا یکویٹی اقلیتی حصص یافتگان کی ہے۔ اس طرح، اوریکس مضاربہ کے منافع میں 7 کروڑ 77 لاکھ روپے (2017 میں 10 کروڑ 25 لاکھ 90 ہزار روپے) اقلیتی حصص یافتگان کا حصہ ہے۔ سال کے لیے اوریکس مضاربہ نے فی سند 2.5 روپے نقد منافع (ڈیویڈنڈ) دینے کا اعلان کیا ہے (2017 میں 2.7 روپے)۔

بورڈ کی جانب سے

شاہین امین
چیف ایگزیکٹو آفیسر
14 ستمبر 2018

خالد عزیز مرزا
چیئرمین بورڈ آف ڈائریکٹر

ڈائریکٹرز کی رپورٹ برائے اشتمالی مالیاتی گوشوارے

اوریکس لیزنگ پاکستان لمیٹڈ (اوایل پی) کے ڈائریکٹرز بمسرت اپنی رپورٹ معہ گروپ کے آڈٹ شدہ اشتمالی مالیاتی گوشوارے برائے اختتام سال 30 جون 2018 پیش کرتے ہیں۔ گروپ میں شامل ہیں:

-	اوریکس لیزنگ پاکستان لمیٹڈ (OLP)	ہولڈنگ کمپنی
-	اوریکس مضاربہ (ORIXM)	ذیلی کمپنی، اور
-	اوریکس سروسز پاکستان (پرائیویٹ) لمیٹڈ (OSP)	ذیلی کمپنی

اختتام سال 30 جون 2018 کے لیے اوریکس لیزنگ پاکستان لمیٹڈ (اوایل پی) کی کارکردگی کا احاطہ کرتی ڈائریکٹرز رپورٹ صفحہ نمبر 30 پر پیش کی گئی ہے، جس میں کاروبار کا جائزہ، عملیاتی کارکردگی، مستقبل کے امکانات اور ہولڈنگ کمپنی سے متعلق دیگر اہم معلومات شامل ہے۔ مذکورہ بالا رپورٹ کے مندرجات کو اس رپورٹ کے ساتھ پڑھا جائے، جو کمپنیز ایکٹ 2017 کے سیکشن 227 اور سیکیورٹیز اینڈ ایکس چینج کمیشن آف پاکستان کی جانب سے جاری کردہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کے قوائد و ضوابط 2017 کی رو سے ڈائریکٹرز کی رپورٹ کا لازمی حصہ ہونگے۔

گروپ کے نتائج:

گروپ کے اشتمالی مالیاتی نتائج مختصراً درج ذیل ہیں:

	2018	2017
	---روپے---	
قبل از محصول (ٹیکس) منافع	**1,792,231,530**	1,246,280,710
محصولات (ٹیکس)	**343,170,019**	322,015,135
بعد از محصول (ٹیکس) سال کا منافع	**1,449,061,511**	924,265,575
ہولڈنگ کمپنی کے ایکویٹی شیئر ہولڈرز کے لیے منافع	**1,371,298,724**	821,672,924
اقلیتی شیئر ہولڈرز کے لیے منافع	**77,762,786**	102,592,651
تخصیص: قانونی ریزرو میں منتقلی	**275,924,607**	42,062,202
		(ری اسٹیٹڈ)
فی شیئر آمدنی۔ بنیادی اور رقیق شدہ	**10.05**	9.20

Consolidated Vertical Analysis

STATEMENT OF FINANCIAL POSITION	2018		2017(Restated)		2016(Restated)	
	Rs. in million	%	Rs. in million	%	Rs. in million	%
ASSETS						
Non-current assets						
Fixed assets	5,154	15.41%	6,007	18.84%	5,434	16.97%
Intangible assets	96	0.29%	102	0.32%	121	0.38%
Net investment in finance lease	8,594	25.70%	7,517	23.57%	7,416	23.17%
Investment in associated undertakings	672	2.01%	1,972	6.18%	2,266	7.08%
Long term investments	307	0.92%	356	1.12%	98	0.30%
Long term finances and loans	3,895	11.65%	2,426	7.61%	2,315	7.23%
Long term deposits	12	0.04%	13	0.04%	11	0.03%
	18,730	56.02%	18,393	57.68%	17,661	55.17%
Current assets						
Short term finances	243	0.73%	149	0.47%	286	0.89%
Accrued return on investments and term finances	83	0.25%	60	0.19%	106	0.33%
Current maturity of non-current assets	12,139	36.30%	11,268	35.34%	11,618	36.29%
Short term investments	773	2.31%	914	2.87%	1,219	3.81%
Advances and prepayments	106	0.32%	57	0.18%	75	0.23%
Other receivables	156	0.47%	164	0.51%	211	0.66%
Cash and bank balances	925	2.77%	728	2.28%	613	1.91%
Taxation - net	-	0.00%	65	0.20%	75	0.23%
Net investment in Ijarah finance	0.4	0.00%	0.4	0.00%	-	0.00%
Assets classified as held for sale	281	0.84%	89	0.28%	148	0.46%
	14,706	43.98%	13,494	42.32%	14,351	44.83%
Total assets	33,436	100.00%	31,887	100.00%	32,012	100.00%
EQUITY AND LIABILITIES						
Share capital and reserves						
Total equity attributable to equity holder of the Holding Company	7,222	21.60%	4,450	13.96%	4,176	13.05%
Non-controlling interest	982	2.94%	1,002	3.14%	1,023	3.20%
Non-current liabilities						
Long term finances	6,834	20.44%	7,454	23.38%	6,298	19.67%
Long term certificates of deposit	3,225	9.65%	4,000	12.54%	5,888	18.39%
Long term deposits	554	1.66%	597	1.87%	464	1.45%
Deferred taxation	481	1.44%	585	1.83%	476	1.49%
Other long term liabilities	203	0.61%	214	0.67%	260	0.81%
Defined benefit obligation - staff gratuity	20	0.06%	17	0.05%	2	0.01%
Redeemable capital	8	0.02%	0	0.00%	683	2.13%
	11,325	33.87%	12,867	40.35%	14,071	43.96%
Current liabilities						
Trade and other payables	1,239	3.71%	1,295	4.06%	1,059	3.31%
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	284	0.85%	361	1.13%	440	1.37%
Unpaid dividend	208	0.62%	-	0.00%	-	0.00%
Unclaimed dividend	71	0.21%	65	0.20%	17	0.00%
Short-term borrowings	2,355	7.04%	2,449	7.68%	1,918	5.99%
Short-term certificates of deposit	1,048	3.13%	1,111	3.48%	2,073	6.48%
Current maturity of non-current liabilities	8,511	25.45%	8,287	25.99%	7,235	22.60%
Taxation - net	191	0.57%	-	0.00%	-	0.00%
	13,907	41.59%	13,568	42.55%	12,742	39.80%
Total equity and liabilities	33,436	100.00%	31,887	100.00%	32,012	100.00%

PROFIT OR LOSS	2018		2017(Restated)		2016	
	Rs. in million	%	Rs. in million	%	Rs. in million	%
INCOME						
Income from operations						
Finance leases	2,531	38.91%	2,417	40.51%	2,324	56.48%
Operating leases	2,117	32.55%	2,254	37.78%	574	13.95%
Mark-up on term finance	769	11.82%	642	10.76%	510	12.39%
	5,417	83.29%	5,313	89.05%	3,408	82.82%
Income from other activities						
Other income - net	989	15.21%	424	7.11%	473	11.49%
Share of profit of equity accounted undertakings	98	1.51%	229	3.84%	234	5.69%
	1,087	16.71%	653	10.95%	707	17.18%
Total Income	6,504	100.00%	5,966	100.00%	4,115	100.00%
EXPENSES						
Finance costs	1,636	25.15%	1,790	30.00%	1,674	40.68%
Administrative and general expenses	1,262	19.40%	1,124	18.84%	863	20.97%
Direct cost	1,783	27.41%	1,905	31.93%	427	10.38%
	4,681	71.97%	4,819	80.77%	2,964	72.03%
Profit before provision and taxation	1,823	28.03%	1,147	19.23%	1,151	27.97%
Provisions and impairment						
Provision / (Reversal) for potential lease and other loan losses - net	20	0.31%	(23)	-0.39%	215	5.22%
Other (reversal) / provisions-net	11	0.17%	(76)	-1.27%	(40)	-0.97%
	31	0.48%	(99)	-1.66%	175	4.25%
Profit before taxation from continuing operations	1,792	27.55%	1,246	20.89%	976	23.72%
Taxation	343	5.27%	322	5.40%	217	5.27%
Profit after taxation from continuing operations	1,449	22.28%	924	15.49%	759	18.44%
DISCONTINUED OPERATIONS						
(Loss) / profit after taxation from discontinued operations	-	0.00%	-	0.00%	(13)	-0.32%
Profit for the year after taxation	1,449	22.28%	924	15.49%	746	18.13%

Consolidated Horizontal Analysis

STATEMENT OF FINANCIAL POSITION	2018	18 vs 17	2017(Restated)	17 vs 16	2016(Restated)	16 vs 15
	Rs. in million	%	Rs. in million	%	Rs. in million	%
ASSETS						
Non-current assets						
Fixed assets	5,154	-14.20%	6,007	10.54%	5,434	208.43%
Intangible assets	96	-5.88%	102	-15.70%	121	1301.85%
Net investment in finance lease	8,594	14.33%	7,517	1.36%	7,416	62.96%
Investment in associated undertakings	672	-65.92%	1,972	-12.97%	2,266	4.12%
Long term investments	307	-13.76%	356	263.27%	98	580.34%
Long term finances and loans	3,895	60.55%	2,426	4.79%	2,315	163.29%
Long term deposits	12	-7.69%	13	18.18%	11	9.47%
	18,730	1.83%	18,393	4.14%	17,661	87.86%
Current assets						
Short term finances	243	63.09%	149	-47.90%	286	-29.79%
Accrued return on investments and term finances	83	38.33%	60	-43.40%	106	41.74%
Current maturity of non-current assets	12,139	7.73%	11,268	-3.01%	11,618	16.58%
Short term investments	773	-15.43%	914	-25.02%	1,219	10.22%
Advances and prepayments	106	85.96%	57	-24.00%	75	59.62%
Other receivables	156	-4.88%	164	-22.27%	211	183.17%
Cash and bank balances	925	27.06%	728	18.76%	613	253.75%
Taxation - net	-	-100.00%	65	-13.33%	75	-56.14%
Net investment in Ijarah finance	0.4	0.00%	0.4	100.00%	-	0.00%
Assets classified as held for sale	281	215.73%	89	-39.86%	148	62.10%
	14,706	8.98%	13,494	-5.97%	14,351	18.49%
Total assets	33,436	4.86%	31,887	-0.39%	32,012	48.81%
EQUITY AND LIABILITIES						
Share capital and reserves						
Total equity attributable to equity holder of the Holding Company	7,222	62.29%	4,450	6.56%	4,176	17.67%
Non-controlling interest	982	-2.00%	1,002	-2.05%	1,023	100.00%
Non-current liabilities						
Long term finances	6,834	-8.32%	7,454	18.36%	6,298	33.78%
Long term certificates of deposit	3,225	-19.38%	4,000	-32.07%	5,888	15.07%
Long term deposits	554	-7.20%	597	28.66%	464	100.00%
Deferred taxation	481	-17.78%	585	22.90%	476	4.91%
Other long term liabilities	203	-5.14%	214	-17.69%	260	-3.07%
Defined benefit obligation - staff gratuity	20	17.65%	17	750.00%	2	135.52%
Redeemable capital	8	100.00%	0	-100.00%	683	100.00%
	11,325	-11.98%	12,867	-8.56%	14,071	33.40%
Current liabilities						
Trade and other payables	1,239	-4.32%	1,295	22.29%	1,059	65.18%
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	284	-21.33%	361	-17.95%	440	37.94%
Unpaid dividend	208	100.00%	-	0.00%	-	0.00%
Unclaimed dividend	71	9.23%	65	282.35%	17	100.00%
Short-term borrowings	2,355	-3.84%	2,449	27.62%	1,918	117.01%
Short-term certificates of deposit	1,048	-5.67%	1,111	-46.41%	2,073	119.52%
Current maturity of non-current liabilities	8,511	2.70%	8,287	14.54%	7,235	56.34%
Taxation - net	191	100.00%	-	0.00%	-	0.00%
	13,907	2.50%	13,568	6.48%	12,742	71.81%
Total equity and liabilities	33,436	4.86%	31,887	-0.39%	32,012	48.80%

PROFIT OR LOSS	2018	18 vs 17	2017(Restated)	17 vs 16	2016	16 vs 15
	Rs. in million	%	Rs. in million	%	Rs. in million	%
INCOME						
Income from operations						
Finance leases	2,531	4.72%	2,417	4.00%	2,324	2.77%
Operating leases	2,117	-6.08%	2,254	292.68%	574	-13.55%
Mark-up on term finance	769	19.78%	642	25.88%	510	10.45%
	5,417	1.96%	5,313	55.90%	3,408	0.62%
Income from other activities						
Other income - net	989	133.25%	424	-10.36%	473	52.22%
Share of profit of equity accounted undertakings	98	-57.21%	229	-2.14%	234	-14.95%
	1,087	66.46%	653	-7.64%	707	20.67%
Total Income	6,504	9.02%	5,966	44.98%	4,115	3.57%
EXPENSES						
Finance costs	1,636	-8.55%	1,790	30.00%	1,674	-3.11%
Administrative and general expenses	1,262	12.28%	1,124	30.24%	863	9.94%
Direct cost	1,783	-6.40%	1,905	346.14%	427	-12.96%
	4,681	-2.86%	4,819	62.58%	2,964	-1.31%
Profit before provision and taxation	1,823	58.94%	1,147	-0.35%	1,151	18.69%
Provisions and impairment						
Provision / (Reversal) for potential leas and other loan losses - net	20	-186.96%	(23)	-110.70%	215	76.70%
Other (reversals) / provisions-net	11	-114.47%	(76)	90.00%	(40)	-200.02%
	31	-131.31%	(99)	-156.57%	175	8.25%
Profit before taxation from continuing operations	1,792	43.82%	1,246	27.66%	976	20.78%
Taxation	343	6.52%	322	48.39%	217	20.43%
Profit after taxation from continuing operations	1,449	56.82%	924	21.74%	759	20.88%
DISCONTINUED OPERATIONS						
Loss after taxation from discontinued operations	-	-	-	100.00%	(13)	-130.23%
Profit for the year after taxation	1,449	56.82%	924	23.86%	746	11.19%

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530, Pakistan
+92 (21) 35685847, Fax +92 (21)35685095

INDEPENDENT AUDITORS' REPORT

To the members of ORIX Leasing Pakistan Limited

Opinion

We have audited the annexed consolidated financial statements of **ORIX Leasing Pakistan Limited** and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matter are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	**Impairment allowance for potential Lease and Loan losses**	
S. No.	**Key audit matter**	**How the matter was addressed in our audit**
	Refer to notes 8, 11, 12, 17 and 41 to the consolidated financial statements and the accounting policies in notes 4.6, 4.7, 4.11 and 4.15 to the consolidated financial statements. The Group's portfolios for net investment in finance lease, long-term finances and loans, short-term finances and Ijarah rentals receivable amounts to Rs. 18.84 billion, Rs. 6.97 billion, Rs. 0.37 billion and Rs. 0.15 billion having provision of Rs. 0.92 billion, Rs. 0.26 billion, Rs. 0.13 billion and Rs. 0.02 billion respectively. We identified the impairment allowance for potential lease and loan losses as a key audit matter due to the inherent uncertainty and judgment used by the management in determining impairment allowance.	Our audit procedures included: We tested the design and operation of manual and automated controls over the individual impairment provision including: • The accuracy of the data used for credit grading and approval of credit facilities. • The ongoing monitoring and identification of lease and loans displaying indicators of impairment and whether they are migrating, on a timely basis, to watch list or to non performing including generation of days past due reports. We performed a sample of credit reviews on individually significant lease and loan customers where impairment indicators had been identified by management. We obtained management's assessment of the recoverability of these exposures (including individual provisions calculations) and challenged whether individual impairment provisions, or lack of, were appropriate. For a sample of lease and loan customers credit grades A+ to B+ not identified as displaying indicators of impairment by management, challenged this assessment by reviewing the historical performance of the customers and formed our own view whether any impairment indicators were present. We have also evaluated the management's compliance with the applicable Prudential Regulations.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The Other Information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are herefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The consolidated financial statements of the Group for the year ended 30 June 2017 was audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon dated 18 September 2017.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Taufiq.

KPMG Taseer Hadi & Co.
Chartered Accountants

Dated: September 26, 2018
Karachi

Consolidated Statement of Financial position

As at June 30, 2018

	Note	2018	2017 (Restated)	2016 (Restated)
ASSETS		----------------------------	Rupees	----------------------------
Non-current assets				
Fixed assets	6	5,153,413,882	6,006,608,126	5,434,316,971
Intangible assets	7	96,193,782	101,669,050	120,734,528
Net investment in finance lease	8	18,840,807,660	17,667,230,684	17,838,673,359
Current maturity	14	(9,322,608,857)	(9,226,214,842)	(9,475,252,096)
Allowance for potential lease losses	41	(924,124,734)	(924,332,946)	(947,366,692)
		(10,246,733,591)	(10,150,547,788)	(10,422,618,788)
		8,594,074,069	7,516,682,896	7,416,054,571
Investment in associated undertakings	9	672,208,880	1,972,102,566	2,266,192,717
Long-term investments	10	307,453,115	356,275,680	97,478,673
Long-term finances and loans	11	3,894,555,609	2,425,986,184	2,315,113,997
Long-term deposits		12,138,660	13,201,410	11,361,208
		18,730,037,997	18,392,525,912	17,661,252,665
Current assets				
Short-term finances	12	242,846,690	149,435,904	285,650,013
Accrued return on investments and term finance	13	83,360,712	59,856,053	105,673,893
Current maturity of non-current assets	14	12,138,619,740	11,267,933,427	11,618,165,715
Short-term investments	15	772,588,069	913,881,825	1,218,977,146
Advances and prepayments	16	105,867,225	56,665,824	75,310,426
Other receivables	17	156,302,114	164,194,817	210,815,563
Cash and bank balances	18	924,936,908	727,661,262	613,400,045
Taxation - net		-	64,842,192	74,921,494
Net investment in ijarah finance		370,000	370,000	370,000
		14,424,891,458	13,404,841,304	14,203,284,295
Assets classified as held for sale	19	280,731,455	89,595,014	147,482,703
Total assets		33,435,660,910	31,886,962,230	32,012,019,663
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorised share capital 350,000,000 (2017: 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	20	1,392,124,190	820,827,940	820,827,940
Capital reserves		3,428,393,164	1,746,174,742	1,709,737,878
Revenue reserves		2,401,831,721	1,883,233,840	1,645,753,478
Total equity attributable to equity holder of the Holding Company		7,222,349,075	4,450,236,522	4,176,319,296
Non-controlling interest		982,061,399	1,002,327,037	1,023,177,588
		8,204,410,474	5,452,563,559	5,199,496,884
Non-current liabilities				
Long-term finances	22	6,833,920,736	7,454,294,236	6,297,989,443
Long-term certificates of deposit	23	3,225,368,617	4,000,332,697	5,888,172,666
Long-term deposits	24	553,806,134	597,408,179	463,776,888
Deferred taxation	25	480,597,549	584,742,190	476,449,984
Other long-term liabilities	26	202,558,668	214,038,190	258,983,005
Defined benefit obligation - staff gratuity	27	19,969,684	16,514,020	1,463,232
Redeemable capital	28	8,200,000	200,000	683,280,000
		11,324,421,388	12,867,529,512	14,070,115,218
Current liabilities				
Trade and other payables	29	1,238,831,800	1,294,600,326	1,059,053,675
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	30	283,728,568	360,713,437	440,256,946
Unpaid dividend		208,224,070	-	-
Unclaimed dividend		70,843,967	64,753,244	16,689,149
Short-term borrowings	31	2,355,358,951	2,448,686,564	1,918,586,604
Short-term certificates of deposit	32	1,047,782,107	1,111,266,011	2,073,044,036
Taxation - net		191,098,782	-	-
Current maturity of non-current liabilities	33	8,510,960,803	8,286,849,577	7,234,777,151
		13,906,829,048	13,566,869,159	12,742,407,561
Total equity and liabilities		33,435,660,910	31,886,962,230	32,012,019,663
Contingencies and commitments	34			

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

Shaheen Amin
Chief Executive Officer

Khalid Aziz Mirza
Chairman

Maryam Aziz
Chief Financial Officer

Consolidated Statement of Profit or Loss

For the year ended June 30, 2018

	Note	2018	2017
INCOME		Rupees	
Income from operations			
Finance leases		2,531,120,058	2,416,994,401
Operating leases	35	2,116,973,552	2,253,983,574
Mark-up on term finance		769,440,127	641,521,213
		5,417,533,737	5,312,499,188
Income from other activities			
Other income - net	36	988,654,173	424,347,741
Share of profit of equity accounted undertakings	37	98,672,824	229,142,246
		1,087,326,997	653,489,987
		6,504,860,734	5,965,989,175
EXPENSES			
Finance cost	38	1,635,942,561	1,789,465,788
Administrative and general expenses	39	1,261,805,388	1,123,923,826
Direct cost	40	1,783,498,293	1,905,384,273
		4,681,246,242	4,818,773,887
Profit before provision and taxation		1,823,614,492	1,147,215,288
Provision / (reversal) for potential lease and other loan losses - net	41	19,917,108	(23,143,953)
Other provisions / (reversals) - net	42	11,465,854	(75,921,469)
		31,382,962	(99,065,422)
Profit before taxation		1,792,231,530	1,246,280,710
Taxation	44	343,170,019	322,015,135
Profit for the year after taxation		1,449,061,511	924,265,575
Profit for the year after taxation attributable to:			
Equity shareholders of the Holding Company		1,371,298,724	821,672,924
Non-controlling interest		77,762,787	102,592,651
		1,449,061,511	924,265,575

	Note	2018	2017 (Restated)
		Rupees	
Earnings per share - basic and diluted	55	10.05	9.20

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

Shaheen Amin
Chief Executive Officer

Khalid Aziz Mirza
Chairman

Maryam Aziz
Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2018

	2018	2017
	Rupees	
Profit for the year after taxation attributable to:		
Equity shareholders of the Holding Company	1,371,298,724	821,672,924
Non-controlling interest	77,762,787	102,592,651
	1,449,061,511	924,265,575
Other comprehensive income		
Items that may be subsequently reclassified in profit or loss		
Exchange gain / (loss) arising on translation of foreign associates - net of deferred tax	143,148,279	(112,225,402)
Reclassification of foreign currency translation on discontinuation of equity accounting - net of deferred tax	(269,550,790)	(52,518,966)
	(126,402,511)	(164,744,368)
Net unrealised gain / (loss) due to changes in fair value of financial assets classified as available-for-sale	3,403,470	(2,807,114)
	(122,999,041)	(167,551,482)
Items that will not be subsequently reclassified in profit or loss		
Remeasurement of defined benefit obligation - staff gratuity	(24,923,888)	(11,559,815)
Total comprehensive income for the year	1,301,138,582	745,154,278
Total comprehensive income for the year attributable to:		
Equity shareholders of the Holding Company	1,223,375,795	642,561,627
Non-controlling interest	77,762,787	102,592,651
	1,301,138,582	745,154,278

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

Shaheen Amin
Chief Executive Officer

Khalid Aziz Mirza
Chairman

Maryam Aziz
Chief Financial Officer

Consolidated Statement of Cash Flow

For the year ended June 30, 2018

	Note	2018	2017 (Restated)
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	45	4,360,385,054	4,328,076,641
(Increase) / decrease in operating assets			
Investment in finance lease - net		(1,183,162,696)	171,442,675
Long-term finances and loans - net		(1,545,606,732)	(351,717,844)
Short-term finances		(94,022,997)	130,615,981
Long-term deposits		(535,000)	(242,452)
Advances and prepayments		(59,527,802)	21,516,115
Other receivables		(38,856,371)	96,680,854
		(2,921,711,598)	68,295,329
(Decrease) / increase in operating liabilities			
Deposits from ijarah finance - net		(108,726,319)	172,465,473
Interest / mark-up paid		(1,160,050,853)	(1,060,067,458)
Payment against staff retirement benefits		(32,899,060)	(13,468,020)
Profit paid on certificates of deposit		(551,833,211)	(956,611,297)
Trade and other payables		(59,997,635)	313,378,324
		(1,913,507,078)	(1,544,302,978)
Net cash (used in) / generated from operating activities before income tax		(474,833,622)	2,852,068,992
Payment of Sindh Workers' Welfare Fund		(25,000)	(7,020,630)
Income tax paid		(153,768,464)	(143,791,540)
Net cash (used in) / generated from operating activities		(628,627,086)	2,701,256,822
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions made to intangible assets		(17,826,560)	(6,960,878)
Capital expenditure incurred - fixed assets for own use		(51,504,846)	(50,411,635)
Capital expenditure incurred - operating lease assets		(161,735,180)	(26,455,654)
Capital expenditure incurred - ijarah finance		(2,537,301,416)	(2,905,993,379)
Proceeds from disposal of assets - own use		9,563,177	39,783,290
Proceeds from sale of operating lease assets		209,052,129	-
Proceeds from sale of Ijarah finance assets		987,313,729	627,991,205
Instalment against consideration on sale of e-business		10,666,670	16,000,005
Investments - net		161,085,308	645,802,123
Proceeds from disposal of asset classified as held for sale		1,723,740,840	46,378,154
Dividend received		36,161,992	126,364,240
Interest received		64,735,865	116,740,761
Net cash generated from / (used in) from investing activities		433,951,708	(1,370,761,768)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term finances		3,765,735,328	4,800,000,000
Proceeds from right issue - net		1,985,245,504	-
Short-term borrowings - net		(945,000,000)	490,284,118
Certificates of deposit redeemed - net		(751,983,667)	(3,736,035,119)
Repayment of long-term finances		(4,187,860,533)	(2,443,495,172)
Dividend paid		(325,857,995)	(366,803,506)
Net cash used in from financing activities		(459,721,363)	(1,256,049,679)
Net increase in cash and cash equivalents		(654,396,741)	74,445,375
Cash and cash equivalents at beginning of the year		(131,025,302)	(205,470,677)
Cash and cash equivalents at end of the year	46	(785,422,043)	(131,025,302)

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

Shaheen Amin	Khalid Aziz Mirza	Maryam Aziz
Chief Executive Officer	Chairman	Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended June 30, 2018

	Attributable to equity shareholders of the Holding Company									
		Capital Reserves			Revenue Reserves					
	Issued, subscribed and paid-up capital	Share premium	Statutory reserve	Surplus on revaluation of leasehold land and office building (Note 21)	Un appropriated profit	Unrealised (losses) / gains on investment	Foreign currency translation reserve	Sub total	Non-controlling Interest	Total
	Rupees									
Balance as at July 1, 2016 - as previously reported	820,827,940	449,686,099	937,045,177	-	1,302,466,352	2,292,103	340,995,023	3,853,312,694	1,023,177,588	4,876,490,282
Impact of change in accounting policy - net of tax	-	-	-	323,006,602	-	-	-	323,006,602	-	323,006,602
Balance as at July 1, 2016 (Restated)	820,827,940	449,686,099	937,045,177	323,006,602	1,302,466,352	2,292,103	340,995,023	4,176,319,296	1,023,177,588	5,199,496,884
Profit for the year after taxation	-	-	-	-	821,672,924	-	-	821,672,924	102,592,651	924,265,575
Other comprehensive loss	-	-	-	-	(11,559,815)	(2,807,114)	(164,744,368)	(179,111,297)	-	(179,111,297)
Total comprehensive income for the year ended June 30, 2017	-	-	-	-	810,113,109	(2,807,114)	(164,744,368)	642,561,627	102,592,651	745,154,278
Transactions with owners recorded directly in equity										
Cash dividend @ Rs.4.50 per ordinary share of Rs. 10.00 each for the year ended June 30, 2016	-	-	-	-	(369,372,573)	-	-	(369,372,573)	-	(369,372,573)
Profit distribution for the year ended June 30, 2016 @ Rs. 3.40 per certificate	-	-	-	-	-	-	-	-	(123,443,202)	(123,443,202)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	(5,625,338)	6,353,510	-	-	728,172	-	728,172
Transfer to statutory reserve	-	-	42,062,202	-	(42,062,202)	-	-	-	-	-
Balance as at June 30, 2017(Restated)	820,827,940	449,686,099	979,107,379	317,381,264	1,707,498,196	(515,011)	176,250,655	4,450,236,522	1,002,327,037	5,452,563,559
Balance as at July 1, 2017 - as previously reported	820,827,940	449,686,099	979,107,379	-	1,707,498,196	(515,011)	176,250,655	4,132,855,258	1,002,327,037	5,135,182,295
Impact of change in accounting policy - net of tax	-	-	-	317,381,264	-	-	-	317,381,264	-	317,381,264
Balance as at July 1, 2017 (Restated)	820,827,940	449,686,099	979,107,379	317,381,264	1,707,498,196	(515,011)	176,250,655	4,450,236,522	1,002,327,037	5,452,563,559
Impact of adoption of IFRS 9 by associate - net of tax	-	-	-	-	(18,871,489)	-	-	(18,871,489)	-	(18,871,489)
Right shares issued during the year	571,296,250	-	-	-	-	-	-	571,296,250	-	571,296,250
Premium on Right shares during the year - net	-	1,413,949,254	-	-	-	-	-	1,413,949,254	-	1,413,949,254
Profit for the year after taxation	-	-	-	-	1,371,298,724	-	-	1,371,298,724	77,762,787	1,449,061,511
Other comprehensive loss	-	-	-	-	(24,923,888)	3,403,470	(126,402,511)	(147,922,929)	-	(147,922,929)
Total comprehensive income for the year ended June 30, 2018	-	-	-	-	1,346,374,836	3,403,470	(126,402,511)	1,223,375,795	77,762,787	1,301,138,582
Transactions with owners recorded directly in equity										
Cash dividend @ Rs. 3.00 per ordinary share of Rs. 10.00 each for the year ended June 30, 2017	-	-	-	-	(417,637,257)	-	-	(417,637,257)	-	(417,637,257)
Profit distribution for the year ended June 30, 2017 @ Rs. 2.70 per certificate	-	-	-	-	-	-	-	-	(98,028,425)	(98,028,425)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	(7,655,439)	7,655,439	-	-	-	-	-
Transfer to statutory reserve	-	-	275,924,607	-	(275,924,607)	-	-	-	-	-
Balance as at June 30, 2018	1,392,124,190	1,863,635,353	1,255,031,986	309,725,825	2,349,095,118	2,888,459	49,848,144	7,222,349,075	982,061,399	8,204,410,474

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

Shaheen Amin	Khalid Aziz Mirza	Maryam Aziz
Chief Executive Officer	Chairman	Chief Financial Officer

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2018

1 LEGAL STATUS AND OPERATIONS

The "Group" consists of:

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

1.1 Holding company

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long-term rating of AA+ and a short-term rating of A1+ to the Holding Company on August 16, 2018.

1.2 Subsidiary companies

1.2.1 ORIX Services Pakistan (Private) Limited - 100% effective holding

ORIX Services Pakistan (Private) Limited ("the Management Company") was incorporated as a private limited company on February 25, 1957 under the then applicable Companies Act, 1913 (now Companies Act, 2017). Subsequently, it was registered as a Modaraba Company with the Registrar of Modaraba Companies and Modarabas under the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980.

The principal activity of the Management Company is to engage in the business of floatation of Modarabas and to function as a Modaraba Company within the meaning of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980. Presently, the Company manages only ORIX Modaraba. The registered office of the Management Company is situated at 6th Floor, Syedna Tahir Saif-ud-din Trust Building, Beaumont Road, Civil Lines, Karachi, Pakistan.

On June 20, 2016, the Holding Company acquired 100% shareholding (4,450,000 shares) of the Management Company. The Holding Company continues to hold 100% shares in ORIX Services Pakistan (Private) Limited till date.

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

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

The Modaraba is a perpetual Modaraba and is primarily engaged in leasing / ijarah of plant, machinery, motor vehicles (both commercial and private) and computer equipment, etc. The Modaraba may also invest in commercial and industrial ventures suitable for the Modaraba. The Modaraba is listed on the

Pakistan Stock Exchange Limited and has been assigned a long-term rating of AA and a short-term rating of A1+ by the Pakistan Credit Rating Agency Limited on April 19, 2018.

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

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

- Disposal of Oman ORIX Leasing Company SAOG (note 9.1.1)
- ORIX Leasing Egypt SAE reclassified from “Investment in associated undertaking” to "Held for sale" (note 9.1.3)
- Due to the first time application of financial reporting requirements under the Companies Act 2017 (the Act) including disclosure and presentation requirements of the fourth schedule of the Act, some of the amounts reported for the previous period have been reclassified as detailed in note 4 and note 58 to these consolidated financial statements.
- Reclassification of security deposit (note 8)
- Issue of Right share (note 20.2)

3 BASIS OF PREPARATION

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan, which comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the ICAP as are notified under the Companies Act, 2017, the requirements of Companies Act, 2017, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. In case the requirements differ, the provisions of and directives issued under the NBFC Rules, the NBFC Regulations, the Companies Act, 2017 and the directives issued by the SECP prevail.

3.2 Basis of measurement

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

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

3.3 Functional and presentation currency

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

3.4 Critical accounting estimates and judgments

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

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

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

(a) determination of the residual values and useful lives of Fixed assets (notes 4.4 and 6);
(b) determination of amortisation rates for intangible assets (notes 4.5 and 7);
(c) allowance for potential lease and other loan losses (notes 4.7 and 41);
(d) classification, valuation and impairment of financial assets (note 4.11);
(e) recognition for taxation and deferred tax (notes 4.20 and 44);
(f) accounting for defined benefit obligation (notes 4.21 and 27);
(g) employees compensated absences (note 4.22 and 39.1); and
(h) impairment of non-financial assets (notes 4.10).

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

Amendments to IAS 7, 'Statement of Cash Flows' introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of IASB's Disclosure Initiative, which continues to explore how financial statement disclosures can be improved. In the first year of adoption, comparative information need not be provided. The relevant disclosures have been made in these consolidated financial statements.

The Companies Act, 2017 (the Act) has introduced certain changes with regard to preparation and presentation of annual financial statements of the Company. These changes include change in respect of recognition criteria of revaluation of fixed assets as more fully explained in note 5. Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the elimination of duplicate disclosures with the IFRS disclosure requirements; and incorporation of significant additional disclosures which have been included in these consolidated financial statements.

3.6 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There were certain new amendments to the approved accounting standards which became effective during the year ended June 30, 2018 but are considered not to be relevant or have any significant effect on the Company's financial reporting and are, therefore, not disclosed in these consolidated financial statements.

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

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 1, 2018:

IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after July 1, 2018 and January 1, 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments.

IFRS 16 'Leases' (effective for annual period beginning on or after January 1, 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating. The Group is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

Others Standards, Interpretations or Amendments	**Effective date (accounting period beginning on or after)**
- IFRS 15 "Revenue from contracts with customers"	July 1, 2018
- IFRS 2 "Share-based Payment Transactions"	July 1, 2018
- IAS 40 "Investment Property"	July 1, 2018
- IAS 28 "Investments in Associates and Joint Ventures"	January 1, 2019
- IAS 19 "Employee Benefits'- Plan"	January 1, 2019
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	July 1, 2018
- IFRIC 23 "Uncertainty over Income Tax Treatment"	January 1, 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycle	
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement	January 1, 2019
- IAS 23 Borrowing Costs	January 1, 2019
- IAS 12 Income Taxes	January 1, 2019

The above standards, interpretations and amendments are mandatory for the Company's accounting periods beginning on or after July 1, 2018 but are considered not to be relevant or will not have any significant effect on the group's operations and are, therefore, not detailed in these consolidated financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Basis of consolidation

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

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

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

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

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

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

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

4.2 Business combination

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

4.3 Goodwill

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

4.4 Fixed assets

Own use and on Operating lease

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Cost incurred to replace a component of an item of fixed asset is capitalised and the asset so replaced is retired from use. Cost incurred on overhaul of generators is depreciated over the enhanced useful lives of these generators. All other repairs and maintenance expenditure are charged to the profit or loss during the period in which these are incurred.

Depreciation is charged using the straight line method over the estimated useful lives of assets, at the rates specified in notes 6.1, 6.2 and 6.3 to these consolidated financial statements. Cranes under operating lease assets are depreciated at the rates specified in notes 6.2. Residual values are taken into consideration in case of vehicles and cranes under operating lease. The carrying value of leasehold land is amortised over its lease term. Depreciation on additions is charged from the month in which the assets are available for use. No depreciation is charged in the month of disposal.

During the year the Group changed its accounting policy in respect of the accounting and presentation of revaluation of fixed assets. Previously, the Group's accounting policy was in accordance with the provisions of the repealed Companies Ordinance, 1984. Those provisions and resultant previous policy of the Group was not aligned with the accounting treatment and presentation of revaluation of fixed assets as prescribed in IAS 16 'Property, Plant and Equipment'. As required by the Companies Act, 2017, the Group has changed the accounting policy to bring it in conformity with the accounting treatment and presentation of revaluation of fixed assets as specified in IAS 16 'Property, Plant and Equipment'. The detailed information and impact of this change in policy is provided in note 5 to these consolidated financial statements.

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

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

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

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

Capital work-in-progress is stated at cost less impairment loss, if any and consists of expenditure incurred (including any borrowing cost, if applicable) and advances made in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

Ijarah assets

Rental from Ijarah arrangements are recognised in the profit or loss 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 finance on a straight line basis at the rates specified in note 6.3.

4.5 Intangible assets

Intangible assets having definite lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

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

Amortisation is charged using the straight-line method over the estimated useful lives of the assets at the rates specified in note 7.1. Amortisation on additions is charged from the month in which the assets are available for use. No amortisation is charged in the month of disposal. The residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Gains / losses on disposal of intangible assets, if any, are taken to the profit or loss in the period in which these arise.

4.6 Net investment in finance lease

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

4.7 Allowance for potential lease and other loan losses

Holding Company

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

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

The Modaraba

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

4.8 Assets classified as held for sale

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

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

4.9 Investment in associated undertakings

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

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

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

When the investment in associated undertaking is disposed off, all amounts previously recognised in 'other comprehensive income' in relation to that investment are reclassified to the profit or loss.

4.10 Impairment of non-financial assets

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

4.11 Financial assets

4.11.1 Classification, initial recognition and subsequent measurement

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

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

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

b) Loans and receivables

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

c) Held-to-maturity

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

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

d) Available-for-sale

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

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

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

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

4.11.2 Impairment

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

a) Held-to-maturity

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

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 or loss.

b) Available-for-sale

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

4.11.3 Derecognition

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

4.12 Financial liabilities

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

4.13 Offsetting of financial assets and financial liabilities

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

4.14 Derivative financial instruments and hedging activities

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

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

The Group designates certain derivatives as either:

(a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

(b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

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

(a) Fair value hedge

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

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

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 or loss. 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 or loss.

4.15 Long-term finances and loans

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

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

4.16 Certificates of Deposit

Profit on Certificates of Deposit (CODs) issued by the Group is recognised using the effective interest method.

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4.17 Redeemable capital

The Modaraba offers only one deposit product, “Certificates of Musharika (COM)” under a scheme duly approved by the Securities and Exchange Commission of Pakistan vide its letter no.7(04) Reg-Mod/95-449 dated April 4, 1995. The Scheme of COM has been formulated under the parameters laid down for this purpose by the Securities and Exchange Commission of Pakistan (“SECP”) in its “Guidelines for Issue of Certificates of Musharika for Modarabas” (the “Guidelines”) issued on September 7, 1994.

As per the requirements of the Guidelines, the scheme of COM is based on the concept of “Musharika”. Hence, it is classified as redeemable capital The salient features of the COM are as follows:

- This is a return based certificate wherein a deposit is placed with the Modaraba for a definite period of time.
- Total profits after charging all expenses, provisions/impairments and Management Company's remuneration of the Modaraba are shared by the COM holders and the Modaraba in accordance with ratio declared by the Modaraba and accepted by the COM holders. In the absence of such declaration, the total profits shall be shared between the COM holders and the Modaraba in proportion to their contribution in the Funds.
- The amount of profit allocated to the COM holders shall be shared among different categories/tiers of the COM holders on the basis of predetermined weightages announced by the Modaraba at the beginning of each quarter.
- In the event of loss, such loss shall be shared between the COM holders and the Modaraba in proportion to their respective funds.

4.18 Provisions

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

4.19 Contingent liabilities

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arise from past events, but it is not probable that an outflow of resources embodying benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.20 Taxation

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

Current

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

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

Deferred

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

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

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

4.21 Staff retirement benefits

(a) Defined contribution plans

Operated by the Holding Company

The Holding Company operates a recognised contributory Provident Fund Scheme (the Fund) for all its permanent employees who have completed the minimum qualifying period in accordance with the HR policy. The Fund is administered by a Board of Trustees. Equal monthly contributions to the Fund are made both by the Holding Company and by the employees at the rate of 10% of basic salary.

Operated by the Modaraba

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

Obligation for contribution to defined contribution plans are recognised as an employee benefit expense in the profit or loss when these are due.

(b) Defined benefit plan

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income when these occur with no subsequent recycling through the profit or loss.

4.22 Employees compensated absences

The Group provides for unavailed compensated absences for all its permanent employees on the basis of actuarial advice under the Projected Unit Credit Method. Increase or decrease in long-term compensated absences due to remeasurement are recognised in the profit or loss immediately.

4.23 Foreign currency transactions

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

4.24 Revenue recognition

Finance leases

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

Revenue recognition from finance leases is suspended when rent is past due by ninety days or more.

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

Operating lease income

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

Ijarah lease income

Rental income from ijarah is recognised on accrual basis.

Return on investments

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

Return on deposits is recognised using the effective interest method.

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

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

Finances and loans

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

Income recognition on finances and loans by Holding Company is suspended when it is past due by ninety days or more and sixty days in case of micro finance.

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

Diminishing Musharika

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

Others

Other income is recognised on a receipt basis.

4.25 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.26 Proposed dividend and transfer between reserves

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

4.27 Cash and cash equivalents

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

4.28 Segment reporting

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

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For the year ended June 30, 2018

5 CHANGE IN ACCOUNTING POLICY

5.1 Effective May 30, 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the Companies Ordinance, 1984 (the repealed Ordinance). Section 235 of the repealed Ordinance relating to presentation and accounting treatment of surplus arising on revaluation of fixed assets has not been carried forward in the Act. The Group had been applying this treatment which was not in accordance with the requirement of IAS 16 'Property, Plant and Equipment'. Further, the surplus on revaluation of fixed assets was shown as a separate item below equity, in accordance with the presentation requirement of the repealed Ordinance. During the current year, the accounting policy and presentation requirement relating to revaluation of fixed assets have been changed in conformity with the requirements of IAS 16 as explained in note 4.4 to these consolidated financial statements. Further, the revaluation surplus on fixed assets is now presented in the Statement of Financial Position and Statement of Changes in Equity as a capital reserve.

5.2 During the year, the Holding Company changed its policy for classification of security deposits received from lessees under finance lease contract as these are adjustable against residual value at the expiry of the lease period. Previously, security deposits were disclosed under ‘Long-term liabilities’ as ‘Long-term deposits’. In order to align the presentation of these financial statements with the group and to achieve better presentation in accordance with the offsetting requirements of IAS 32 – ‘Financial Instruments – Presentation’, security deposits have been netted off from net investment in finances lease as explained in note 4.6 and 8 to these consolidated financial statements.

5.3 In accordance with the requirements of IAS 8 'Accounting policies, estimates and errors', the above explained changes in accounting policy have been accounted for retrospectively, with the restatement of the comparative information. As a result, a third Statement of Financial Position as at the beginning of the preceding period is presented.

Retrospective impact of change in accounting policy

	As at July 1, 2016			As at June 30, 2017		
	As previously reported on June 30, 2016	Adjustments increase/ (decrease)	As restated on July 1, 2016	As previously reported on June 30, 2017	Adjustments increase/ (decrease)	As restated on June 30, 2017
	Rupees					
Capital reserves	-	323,006,602	323,006,602	-	317,381,264	317,381,264
Surplus on revaluation of leasehold land and office building (below equity)	323,006,602	(323,006,602)	-	317,381,264	(317,381,264)	-
Net investment in finance lease	26,271,915,580	(8,433,242,221)	17,838,673,359	26,148,183,877	(8,480,953,193)	17,667,230,684
Long term deposits	6,592,206,800	(6,128,429,912)	463,776,888	6,214,494,981	(5,617,086,802)	597,408,179
Current maturity of non-current liabilities	9,539,589,460	(2,304,812,309)	7,234,777,151	11,150,715,968	(2,863,866,391)	8,286,849,577
	42,726,718,442	(16,866,484,442)	25,860,234,000	43,830,776,090	(16,961,906,386)	26,868,869,704

There was no change in the reported amount of profit or loss and other comprehensive income. There was no impact as a result of the retrospective application of change in accounting policy on basic and diluted earnings per share for the year ended June 30, 2017 and June 30, 2018.

	Note	2018	2017
		Rupees	
6 FIXED ASSETS			
Own use	6.1	559,929,904	579,764,751
Operating lease	6.2	142,772,436	906,131,561
Ijarah finance	6.3	4,450,711,542	4,520,711,814
		5,153,413,882	6,006,608,126

6.1 Fixed assets - own use

	2018							
	Cost / revalued amount			Accumulated depreciation			Net book value	
Description	As at July 1, 2017	Additions / (disposals) / transfers* / write-off**/ reclassification ***	As at June 30, 2018	As at July 1, 2017	Charge for the year / (disposals) / transfers* / write-off** / reclassification ***	As at June 30, 2018	As at June 30, 2018	Rate / Number of years
	Rupees							
Leasehold land	344,450,000	-	344,450,000	4,540,128	5,702,864	10,242,992	334,207,008	77 & 99 years
Office building	87,796,647	-	87,796,647	6,308,737	7,198,433	13,507,170	74,289,477	7.80%
Stock Exchange room	10,500,000	-	10,500,000	5,000,000	-	5,000,000	5,500,000	Indefinite life
Leasehold improvements	114,079,654	2,862,647	116,771,508	79,293,005	14,606,554	93,728,766	23,042,742	15% - 33%
		(170,793)			(170,793)			
Furniture, fittings and office equipment	125,783,681	12,018,738	127,794,025	73,279,451	20,592,129	84,444,116	43,349,909	20% - 33.33%
		(2,133,219)			(1,552,289)			
		(7,875,175)***			(7,875,175)***			
Vehicles	88,821,837	16,341,200	86,780,803	37,383,362	8,066,773	35,585,751	51,195,052	4-5 years
		(18,288,314)			(9,792,467)			
		(93,920)**			(71,917)**			
Computers and accessories	46,472,854	9,990,118	63,361,535	32,335,239	6,020,444	45,269,176	18,092,359	33%
		(2,048,547)			(2,033,617)			
		1,071,935*			1,071,935 *			
		7,875,175***			7,875,175 ***			
Capital work-in-progress	-	10,253,357	10,253,357	-	-	-	10,253,357	-
	817,904,673	**51,466,060**	**847,707,875**	**238,139,922**	**62,187,197**	**287,777,971**	**559,929,904**	
		(22,640,873)			**(13,549,166)**			
		1,071,935*			**1,071,935***			
		(93,920)**			**(71,917)****			

*Represents assets transferred from intangible assets to computers and accessories

**Represents assets written-off during the year

***Represents assets reclassified from furniture, fittings and office equipment to computers and accessories.

Description	2017							
	Cost / revalued amount			Accumulated depreciation			Net book value	
	As at July 1, 2016	Additions / (disposals) / transfers* / write-off**	As at June 30, 2017	As at July 1, 2016	Charge for the year / (disposals) / transfers* / write-off**	As at June 30, 2017	As at June 30, 2017	Rate / Number of years
	Rupees							
Leasehold land	344,450,000	-	344,450,000	-	4,540,128	4,540,128	339,909,872	77 & 99 years
Office building	87,796,647	-	87,796,647	-	6,308,737	6,308,737	81,487,910	7.80%
Stock Exchange room	10,500,000	-	10,500,000	5,000,000	-	5,000,000	5,500,000	Indefinite life
Leasehold improvements	91,703,248	22,417,406 (41,000)	114,079,654	63,174,247	16,159,758 (41,000)	79,293,005	34,786,649	15% - 33%
Furniture, fittings and office equipment	112,728,996	16,625,672 (2,524,695) (1,046,292) **	125,783,681	58,095,696	17,991,055 (1,762,883) (1,044,417)**	73,279,451	52,504,230	20% - 33.33%
Vehicles	142,836,979	5,204,000 1,440,000 * (58,285,473) (2,373,669) **	88,821,837	50,571,920	11,640,698 864,002 * (24,090,027) (1,603,231)**	37,383,362	51,438,475	4-5 years
Computers and accessories	40,579,497	6,164,557 (271,200)	46,472,854	23,560,447	9,045,992 (271,200)	32,335,239	14,137,615	20% - 33.33%
	830,595,367	50,411,635 (61,122,368) 1,440,000 * (3,419,961) **	817,904,673	200,402,310	65,686,368 (26,165,110) 864,002 * (2,647,648)**	238,139,922	579,764,751	

* Represents assets transferred from operating lease assets to own use assets
** Represents assets written-off during the year.

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

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

	2018		
	Cost	Accumulated depreciation	Net book value
	Rupees		
Leasehold land	54,399,300	7,817,192	46,582,108
Office building	76,781,580	34,371,829	42,409,751
	131,180,880	42,189,021	88,991,859

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

6.1.2 Included in cost of fixed assets - own use are fully depreciated items which are still in use aggregating to Rs. 168.79 million (2017: Rs.143.36 million).

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyers
	-------	-------	Rupees	-------	-------		
Book value not exceeding Rs. 50,000 each							
Leasehold improvements	170,793	170,793	-	6	6	Negotiation	Mr. Liaquat Ali
Furniture, fittings and office equipment	2,133,219	1,552,289	580,930	591,614	10,684	Negotiation	Various
Vehicles	181,185	146,186	34,999	59,003	24,004	Negotiation	Various
Computers and accessories	2,048,547	2,033,617	14,930	73,550	58,620	Negotiation	Various
	4,533,744	3,902,885	630,859	724,173	93,314		
Book value exceeding Rs. 50,000 each							
Vehicles							
	2,102,000	1,261,200	840,800	840,800	-	Company policy	*Mr. Arshad Abbas, Employee
	1,899,000	1,234,350	664,650	1,002,323	337,673	Company policy	*Mr. Ramon Alfrey, Employee
	1,846,200	1,107,720	738,480	738,480	-	Company policy	*Mr. Imtiaz Ahmed Chaudhary, Employee
	1,827,500	1,096,500	731,000	731,000	-	Company policy	Mr. Shafiq ur Rehman, Employee
	1,627,500	553,350	1,074,150	1,074,150	-	Company policy	Mr. Latafat Anwer, Employee
	1,627,500	537,075	1,090,425	1,090,425	-	Company policy	Mr. Amir Iqbal Saifi, Employee
	1,537,500	922,500	615,000	615,000	-	Company policy	Mr. Muhammad Wasif Butt, Employee
	1,507,000	904,200	602,800	602,800	-	Company policy	Mr. Sarosh Khushbakth, Employee
	1,005,000	603,000	402,000	402,000	-	Company policy	Mr. Rukhsar Khan, Employee
	683,000	230,512	452,488	452,488	-	Company policy	Mr. Muhammad Usman, Employee
	683,000	196,362	486,638	486,638	-	Company policy	Mr. Muhammad Yaseen, Employee
	657,000	394,200	262,800	262,800	-	Company policy	Mr. Abdullah Ishaq, Employee
	657,000	394,200	262,800	262,800	-	Company policy	Ms. Gul Shahzadi, Employee
	344,000	189,200	154,800	187,300	32,500	Negotiation	Mr. Javed Hashim
	103,929	21,912	82,017	90,000	7,983	Insurance claim	M/s Adamjee Insurance Company
	18,107,129	9,646,281	8,460,848	8,839,004	378,156		
Write-offs during the period							
Vehicles	93,920	71,917	22,003	-			
	22,734,793	13,621,083	9,113,710	9,563,177			

* This represents disposals made to Key Management Personnel

6.1.4 Particulars of Holding Company's immovable fixed assets - own use are as follows;

Particulars	Location	Area
Head Office Building	Plot no.16 sector 24, Korangi Industrial Area, Karachi	44,893 Sq. feet
Office Building	Plot no.49 sector 24, Korangi Industrial Area, Karachi	4,477 Sq. feet
Leasehold Land	Plot no.16 sector 24, Korangi Industrial Area, Karachi	6,667 Sq. Yds.
Leasehold Land	Plot no.49 sector 24, Korangi Industrial Area, Karachi	2,222 Sq. Yds.

6.1.5 The fair value of Land and Buildings as at June 30, 2016 approximated to Rs.346 million.

6.1.6 The depreciation expense for the year has been charged to administrative and general expenses.

Notes to and Forming Part of The Consolidated Financial Statements
For the year ended June 30, 2018

6.2 Fixed assets - on operating lease

	2018							
	Cost			Accumulated depreciation			Net book value	
Description	As at July 1, 2017	Additions / (disposals) / transfers*	As at June 30, 2018	As at July 1, 2017	Charge / (disposals) / transfers*	As at June 30, 2018	As at June 30, 2018	Rate / Number of years
	---Rupees---							
Generators	1,666,967,058	18,185,182	-	803,698,922	73,751,552	-	-	Actual / minimum number of hours
		(328,393,146)			(136,616,869)			
		(1,356,759,094) *			(740,833,605) *			
Generator accessories	141,092,966	-	-	98,229,541	5,137,286	-	-	10% - 15%
		(14,177,903)			(8,146,651)			
		(126,915,063) *			(95,220,176) *			
Cranes	-	143,549,998	143,549,998	-	777,562	777,562	142,772,436	10 years
	1,808,060,024	161,735,180	143,549,998	901,928,463	79,666,400	777,562	142,772,436	
		(342,571,049)			(144,763,520)			
		(1,483,674,157) *			(836,053,781) *			

*Represents assets transferred to ijarah finance.

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

* Represents assets transferred to own use.

** Represents assets written-off.

*** Represents assets transferred from generators to generator accessories.

6.2.1 Operating lease assets disposed off during the year are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyers
	---Rupees---						
Book value exceeding Rs. 50,000 each							
Generators and Generator accessories	342,571,049	144,763,520	197,807,529	209,052,129	11,244,600	Negotiation	M/s. Orient Rental Modaraba

6.2.2 The depreciation expense for the year has been charged to direct cost.

6.3 Fixed assets - Ijarah finance

	2018							
	Cost			Accumulated depreciation			Net book value	
Description	As at July 1, 2017	Additions / (disposals) Transfers** / write-off***	As at June 30, 2018	As at July 1, 2017	Charge for the year / (on disposals) /Transfers / write-off	As at June 30, 2018	As at June 30, 2018	Rate
	---Rupees---							
Machinery and Generators	2,778,044,947	1,248,940,847	2,610,968,878	646,990,230	788,485,377	152,533,282	2,458,435,596	Underlying lease term
		(1,359,671,737)			(929,655,794)			
		647,620,376 *			-			
		(703,965,555) **			(353,286,531) **			
Vehicles	3,096,691,315	1,288,360,569	2,429,844,799	707,034,218	824,537,533	437,568,853	1,992,275,946	Underlying lease term
		(1,277,597,901)			(755,871,344)			
		(677,146,200) **			(338,131,554) **			
		(462,984) ***			-			
	5,874,736,262	2,537,301,416	5,040,813,677	1,354,024,448	1,613,022,910	590,102,135	4,450,711,542	
		(2,637,269,638)			(1,685,527,138)			
		647,620,376 *			-			
		(1,381,111,755) **			(691,418,085) **			
		(462,984) ***			-			

* Represents assets transferred from operating lease to Ijarah finance.

** Represents assets transferred from Ijarah finance to Diminishing Musharika.

*** Represents assets written-off during the year.

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

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyers
	---Rupees---						
Book value not exceeding Rs. 50,000 each							
Machinery and generators	23,150,000	23,150,000	-	-	-	As per contract terms	Various
Vehicles	18,944,300	18,944,300	-	-	-	As per contract terms	Various
	42,094,300	42,094,300	-	-	-		
Book value not exceeding Rs. 50,000 each							
Machinery and generators	9,500,000	5,277,778	4,222,222	4,281,896	59,674	As per contract terms	M/s Sayeed International
	1,327,021,737	901,228,016	425,793,721	536,447,260	110,653,539	As per contract terms	Various
	1,336,521,737	906,505,794	430,015,943	540,729,156	110,713,213		
Vehicles	1,249,469,061	731,308,767	518,160,294	443,038,720	(75,121,574)	As per contract terms	Various
	1,025,000	797,222	227,778	149,455	(78,323)	Negotiation	Mr. Muhammad Imran
	1,800,500	1,150,319	650,181	498,136	(152,045)	Negotiation	Mr. Abdul Karee
	1,512,000	819,000	693,000	794,577	101,577	Negotiation	Mr. Adnan Mehmood
	2,400,000	1,560,000	840,000	961,373	121,373	Negotiation	Mr. Aamir Azam
	2,447,040	1,291,736	1,155,304	1,142,312	(12,992)	Negotiation	Mr. Imran Ehsan
	1,258,653,601	736,927,044	521,726,557	446,584,573	(75,141,984)		
	2,637,269,638	1,685,527,138	951,742,500	987,313,729	35,571,229		

6.3.2 The depreciation expense for the year has been charged to direct cost.

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7 INTANGIBLE ASSETS

	Note	2018	2017
		Rupees	
Computer software and license	7.1	21,036,478	14,226,031
Goodwill		13,728,733	13,728,733
Customer relationship for Ijarah	7.1 & 7.5	61,428,571	73,714,286
		96,193,782	101,669,050

7.1 Following is a statement of intangible assets:

2018

Description	Cost			Accumulated amortisation			Net book value	Rate / Number of years
	As at July 1, 2017	Additions / (transfers)*	As at June 30, 2018	As at July 1, 2017	Charge for the year / (transfers)*	As at June 30, 2018	As at June 30, 2018	
	Rupees							
Computer software and license	70,313,474	17,865,346	87,106,885	56,087,443	11,054,899	66,070,407	21,036,478	33%
		(1,071,935)*			(1,071,935)*			
Customer relationship for Ijarah	86,000,000	-	86,000,000	12,285,714	12,285,714	24,571,429	61,428,571	7 years
	156,313,474	17,865,346	173,106,885	68,373,157	23,340,613	90,641,836	82,465,049	
		(1,071,935)*			(1,071,935)*			

*Represents asset transferred from intangibles to computers and accessories

2017

Description	Cost			Accumulated amortisation			Net book value	Rate / Number of years
	As at July 1, 2016	Additions / (disposals)	As at June 30, 2017	As at July 1, 2016	Charge for the year / (disposals)	As at June 30, 2017	As at June 30, 2017	
	Rupees							
Computer software	63,352,596	6,960,878	70,313,474	42,346,801	13,740,642	56,087,443	14,226,031	33%
Customer relationship for Ijarah	86,000,000	-	86,000,000	-	12,285,714	12,285,714	73,714,286	7 years
	149,352,596	6,960,878	156,313,474	42,346,801	26,026,356	68,373,157	87,940,317	

7.2 Included in cost of intangible assets are fully amortised items which are still in use aggregating to Rs. 69.38 million (2017: Rs. 66.06 million).

7.3 No intangible assets were disposed off during the year.

7.4 The amortisation expense for the year has been charged to administrative and general expenses.

7.5 Customer relationship for ijarah comprises of Ijarah portfolio relationships which are recognised at the time of acquisition of ORIX Modaraba. Customer relationship arises from disbursements expected to be made to existing Ijarah customers. These ijarah represent a more beneficial investment than alternate financing in the market. The customer relationship implies that the economic life of ijarah portfolio is longer than its contractual life.

8 NET INVESTMENT IN FINANCE LEASE

	Note	2018	2017 (Restated)
		Rupees	
Instalment contract receivables		22,573,597,326	20,900,257,843
Residual value		8,661,544,481	8,495,061,038
Less: Adjustable security deposit	8.1	8,642,760,086	8,480,953,193
	8.2	22,592,381,721	20,914,365,688
Less: Unearned finance income		3,751,574,061	3,247,135,004
		18,840,807,660	17,667,230,684

8.1 Security deposit is received from the lessees under finance lease contract which is adjustable at the expiry of the lease period.

8.2 Details of investment in finance lease

	Gross investment in finance lease		Present value of investment in finance lease	
	2018	2017 (Restated)	2018	2017 (Restated)
	Rupees			
Less than one year	11,329,421,879	11,177,407,438	9,322,608,857	9,226,214,842
One to five years	11,262,959,842	9,736,958,250	9,518,198,803	8,441,015,842
	22,592,381,721	20,914,365,688	18,840,807,660	17,667,230,684

8.3 The Holding Company's implicit rate of return on leases ranges from 7.70% to 24.00% (2017: 8.17% and 24.00%) per annum. These are secured against leased assets and security deposits averaging 21.00% (2017: upto 21.00%) of the cost of leased assets and personal guarantees.

8.4 Based on the NBFC Regulations, the aggregate amount of income suspended as at June 30, 2018 amounted to Rs. 869.14 million (2017: Rs. 838.59 million).

8.5 Lease rentals received during the year aggregate to Rs. 12,066 million (2017: Rs. 11,675 million).

9 INVESTMENT IN ASSOCIATED UNDERTAKINGS

	Note	2018	2017
		Rupees	
Related parties			
Investment in equity accounted undertakings	9.1	672,208,880	1,972,102,566

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

2018 (Number of Shares)	2017 (Number of Shares)		Note	2018 Rupees	2017 Rupees
		Quoted			
-	30,392,901	Oman ORIX Leasing Company SAOG	9.1.1	-	1,251,617,039
		Unquoted			
1,375,000	1,375,000	Saudi ORIX Leasing Company	9.1.2	672,208,880	581,492,972
-	920,000	ORIX Leasing Egypt SAE	9.1.3	-	138,992,555
				672,208,880	1,972,102,566

9.1.1 During the year the shareholders of Oman ORIX Leasing Company SAOG (OOLC) in a meeting held on December 13, 2017 approved a scheme of merger of OOLC with and into National Finance Company SAOG (NFC), Oman. As per the proposed scheme of merger, the shareholders of OOLC could exercise option to either accept shares in NFC at a swap ratio of 1:1 or receive a cash payment equivalent to 1.2 times of book value per share of OOLC as at December 31, 2017, subject to merger being approved by shareholders and the regulators. The shareholders of the Holding Company, in the Extraordinary General Meeting held on January 18, 2018, unanimously passed a resolution to accept the option to receive a cash payment equivalent to 1.2 times book value per share as at December 31, 2017 against 30,392,901 shares of OOLC held by the Holding Company representing shareholding of 11.64%. Accordingly, no share of profit from OOLC was recorded subsequent to December 31, 2017. Capital gain on this divestment amounted to Rs. 329 million. In addition, the related exchange translation reserve amounting to Rs. 347.8 million has been reclassified from equity to consolidated profit or loss as other income (note 36).

9.1.2 The Holding Company holds 2.5% ownership interest in Saudi ORIX Leasing Company (SOLC). The Chief Executive Officer of SOLC is Mr. Bader Alswailem. The Company was incorporated in Riyadh, Kingdom of Saudi Arabia. The latest available Financial Statements, which are prepared on going concern basis, have been audited by Price Waterhouse Coopers Chartered Accountants and they have expressed an unqualified opinion.

During the year SOLC has recorded the impact of adoption of IFRS 9 in its opening retained earnings and presented it in Statement of Changes in Equity. The Holding Company has taken this impact in consolidated statement of changes in equity.

9.1.3 The Holding Company holds 23% ownership interest in ORIX Leasing Egypt SAE (OLE). Management intends divestment of the Company's investment in OLE, subject to necessary regulatory approvals. Accordingly, the investment is no longer accounted for under the equity method of accounting and has been classified as 'Held for sale' as at June 30, 2018 in accordance with the requirements of IFRS 5 "Non-current Assets held for sale and Discontinued Operations".

The Chief Executive Officer of OLE is Mr. Aijaz A. Butt. The Company was incorporated in Cairo, Egypt. The latest available Financial Statements, which are prepared on going concern basis, have been audited by KPMG Hazem Hassan Public Accountants & Consultants and they have expressed an unqualified opinion.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2018

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

Name	As at June 30			For the period July 01 to June 30		
	Date of financial year end	Total assets	Total liabilities	Revenues	Profit / (loss)	Interest held
		---------- Rupees ----------				
2018						
Unquoted						
Saudi ORIX Leasing Company	31 December	39,987,897,417	13,215,748,624	3,358,780,537	1,426,120,220	2.50%
2017						
Quoted						
Oman ORIX Leasing Company SAOG	31 December	52,858,403,903	42,107,250,382	5,405,478,464	1,615,303,616	11.64%
Unquoted						
Saudi ORIX Leasing Company	31 December	40,207,752,565	16,948,033,685	3,608,456,434	1,066,718,554	2.50%
ORIX Leasing Egypt SAE	31 December	5,205,213,349	4,600,897,893	888,686,818	86,028,413	23.00%

9.1.5 Movement of investment in associates is as follows:

Name	Note	2018				
		Oman ORIX Leasing Company SAOG	Saudi ORIX Leasing Company	Al Hail ORIX Finance PSC	ORIX Leasing Egypt SAE	Total
		---------- Rupees ----------				
Balance at the beginning of the year		1,251,617,039	581,492,972	-	138,992,555	1,972,102,566
Share of profit for the year	37	54,127,397	28,522,406	-	16,023,021	98,672,824
Dividends received during the year		-	(10,323,898)	-	-	(10,323,898)
Exchange gain		70,429,182	96,634,319	-	17,027,461	184,090,962
Impact of adoption of IFRS 9	9.1.2	-	(24,116,919)	-	-	(24,116,919)
Disposal	9.1.3	(1,376,173,618)	-	-	-	(1,376,173,618)
Reclassified to held for sale		-	-	-	(172,043,037)	(172,043,037)
Balance at the end of the year		-	672,208,880	-	-	672,208,880

	Note	2017				
		Oman ORIX Leasing Company SAOG	Saudi ORIX Leasing Company	Al Hail ORIX Finance PSC	ORIX Leasing Egypt SAE	Total
		---------- Rupees ----------				
Balance at the beginning of the year		1,138,382,265	572,953,631	284,249,975	270,606,846	2,266,192,717
Share of profit for the year	37	188,021,341	21,334,370	-	19,786,535	229,142,246
Share of other comprehensive loss for the year		-	(993,763)	-	-	(993,763)
Dividend received during the year		(70,827,351)	(5,426,493)	-	(17,918,608)	(94,172,452)
Exchange loss		(3,959,216)	(6,374,773)	-	(133,482,218)	(143,816,207)
Reclassified to long-term investments		-	-	(284,249,975)	-	(284,249,975)
Balance at the end of the year		1,251,617,039	581,492,972	-	138,992,555	1,972,102,566

10 LONG-TERM INVESTMENTS

	Note	2018	2017
		Rupees	
Held-to-maturity investments			
Pakistan Investment Bonds (PIBs)	10.1	63,354,946	81,125,356
Investment in sukuk certificates	10.2	57,701,835	57,701,835
Less: Provision for potential losses on investments	41.2	57,701,835	57,701,835
		-	-
		63,354,946	81,125,356
Available-for-sale (AFS)			
Units of collective investment scheme			
National Investment (Unit) Trust 202,000 (2017: 202,000) units of Rs. 10 each Cost Rs. 1,363,500 (2017: Rs. 1,363,500)		14,917,700	16,915,480
Al-Hail ORIX Finance PSC	10.3	279,097,858	279,097,858
Less: Unrealised loss on remeasurement of financial asset classified as available-for-sale		-	(5,911,133)
Less: Impairment		(49,917,389)	-
		229,180,469	273,186,725
		307,453,115	371,227,561
Less: Current maturity	14	-	14,951,881
		307,453,115	356,275,680

10.1 This represents investments made as required under Regulation 14(4)(g) of the NBFC Regulations, 2008 to maintain liquidity against certificates of deposit. These carry coupon rate of 12.00% (2017: 9.60% to 12.00%) per annum and are due to mature on September 3, 2019.

10.2 This represents investment by the Modaraba in unlisted sukuk certificates which have been fully provided.

10.3 The Holding Company reassessed the fair value of its investment in Al Hail ORIX Finance PSC as at June 30, 2018. Management has assessed that there are objective indications of impairment that would have an impact on the estimated future value of the investment. Accordingly, the difference of Rs. 49.9 million between the carrying value and fair value determined on the basis of Discounted Cash Flow method as at June 30, 2018 has been recognised in the consolidated profit or loss.

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

	Note	2018	2017
		Rupees	
Investment in associate reclassified to available-for-sale financial assets		279,097,858	284,249,975
Less: Loss on de-recognition of investment in associate		-	(5,152,117)
Fair value at initial recognition of available-for-sale financial asset		279,097,858	279,097,858
Less: Unrealised loss on remeasurement of financial asset classified as available-for-sale		-	(5,911,133)
Less: Impairment	10.3	(49,917,389)	-
		229,180,469	273,186,725

11 LONG-TERM FINANCES AND LOANS

	Note	2018	2017 (Restated)
		Rupees	
Considered good			
Loans to key management personnel, other executives and employees			
Key management personnel - related parties		77,893,785	90,750,192
Other executives		64,771,057	57,857,926
Other employees		89,092,732	50,652,091
	11.1 & 11.6	231,757,574	199,260,209
Others			
Vehicle finance - secured	11.3	3,772,139,094	3,038,216,332
Musharakah finance - secured	11.4	2,448,387,808	939,117,430
Micro finance	11.5	259,579,949	277,157,774
Agri finance - secured	11.7	-	388,876
		6,480,106,851	4,254,880,412
		6,711,864,425	4,454,140,621
Considered doubtful			
Others			
Term finance - secured		188,854,467	195,008,867
Vehicle finance - secured		43,865,836	36,964,811
Musharakah finance - secured		590,322	310,198
Micro finance		9,001,851	1,918,894
Agri finance - secured		14,626,656	15,076,327
		256,939,132	249,279,097
Less: Allowance for potential loan losses	41.1	256,939,132	249,279,097
		-	-
Less: General provision against agri and micro finance loans	11.8	(1,297,933)	(1,387,733)
		6,710,566,492	4,452,752,888
Less: Current maturity			
Key Management Personnel, other executives and employees		33,249,959	34,023,662
Others		2,782,760,924	1,992,743,042
	14	2,816,010,883	2,026,766,704
		3,894,555,609	2,425,986,184

Notes to and Forming Part of The Consolidated Financial Statements

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11.1 Movement in loans to key management personnel and other executives

	2018	2017 (Restated)
	Rupees	
Opening balance	148,608,118	105,832,981
Disbursements	56,203,184	69,017,116
Repayments	(46,546,448)	(26,241,979)
Transfer from Staff to Others	(15,600,012)	-
	142,664,842	148,608,118

11.2 Loans to Key Management Personnel

Name	Maximum Aggregate Balance during the year	Provisions/ (write-off)	2018	2017
	Rupees			
Mr. Kashif Yaqoob	1,387,447	-	-	1,425,199
Mr. Amjad Iqbal	6,787,700	-	-	7,031,327
Mian Faysal Riaz	875,000	-	351,984	-
Mr. Khawar Sultan	1,058,847	-	820,427	1,089,910
Mr. Ramon Alfrey	2,105,155	-	1,428,323	2,164,416
Mr. Tahir Ali Shah	2,163,981	-	1,694,397	1,810,054
Mr. Hira Lal Bharvani	2,400,000	-	2,357,234	-
Mr. Mohammad Ayub Khan	4,618,883	-	2,911,348	4,713,627
Mr. Imtiaz Ahmad Chaudhary	7,937,531	-	7,835,370	3,862,238
Ms. Fakhara Rizwan	11,730,304	-	10,729,519	-
Mr. Muhammad Siddique	15,354,208	-	14,488,816	14,696,571
Mr. Mohammad Arif Daya	7,573,458	-	6,655,975	7,255,659
Mr. Nadir Shah	7,426,041	-	6,351,079	6,873,171
Mr. Muhammad Asim Javed	17,780,226	-	17,119,335	17,645,970
Mr. Salwat Ahmad	10,917	-	-	-
Ms. Farhat Ansari	6,004,182	-	5,149,978	5,948,837
Mr. Muhammad Ahsan Ilyas	3,886,406	-	-	-
Syed Haris Ali	7,848,343	-	-	7,685,405
Mr. Salman Muslim	8,690,320	-	-	8,547,808
		-	77,893,785	90,750,192

Loans to Key Management Personnel include house loan, vehicle loan and personal loan.

11.3 This represents vehicle financing facility provided to individual and corporate customers on mark-up basis. The mark-up on these finances ranges from 10.51% to 22.00% (2017: 8.41% to 23.00%) per annum. These finances are repayable within a period of 1.5 years to 5 years (2016: 2 years to 5 years) and are secured against charge over vehicles and personal guarantees.

11.4 This represents musharakah facilities provided to customers. The mark-up on these finances ranges from 11.35% to 17.00% (2017: 11.35% to 19.00%) per annum. The facilities have a repayment term of 2 to 3 years (2017: 2 to 4 years) and are secured by assets subject to musharakah agreement.

11.5 This represents long-term micro finance offered to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 28.00% to 35.78% (2017: 23.93% to 35.78%) per annum. These are secured against personal guarantees of community organisations and are repayable within a period of 1.5 years (2017: 1.5 years).

11.6 This represents loans given to staff in accordance with the terms of the Group's Compensation policy and includes house loans which are repayable within a period of 20 years or retirement date whichever is earlier. House loans are secured against equitable mortgage on the property by deposit of title documents of the property with the Group and carry mark-up of 4.00% (2017: 4.00%) per annum. Loans to Key Management Personnel, Executives and other employees (other than house loans) carry mark-up rates ranging from 7.50% to 15.00% (2017: 7.50% to 15.00%) per annum. These are secured against retirement benefits and are repayable within a period of five years.

Maximum amount outstanding at the end of any month during the year against loans to key management personnel and executives was Rs. 140.67 million (2017: Rs. 181.90 million).

11.7 This represents long-term finance offered to farmers on mark-up basis. The rate of return on these loans ranges from 15.00% to 28.00% (2017: 15.00% to 28.00%) per annum. These loans are repayable within a period of 1.5 year to 3 years (2017: 1.5 years to 3 years) and are secured against title documents of immovable property.

11.8 As per Regulation 25(A) of the NBFC Regulations, NBFCs with micro finance portfolio are required to maintain a general provision equivalent to 0.5% of the net outstanding micro finance portfolio (finance net of specific provisions).

12 SHORT-TERM FINANCES

	Note	2018	2017
		Rupees	
Considered good			
Micro finance	12.1	230,221,123	142,865,215
Term finance - secured	12.2	13,776,689	6,099,995
Agri finance - secured	12.3	-	1,190,990
		243,997,812	150,156,200
Considered doubtful			
Micro finance		9,098,053	8,267,703
Term finance - secured		113,882,696	115,407,326
Agri finance - secured		4,982,337	5,631,303
		127,963,086	129,306,332
Less: Allowance for potential losses	41.1	127,963,086	129,306,332
		-	-
Less: General provision against agri and micro finance loans	11.8	(1,151,122)	(720,296)
		242,846,690	149,435,904

12.1 This represents short-term micro finance offered to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 19.71% to 35.08% (2017: 19.75% to 37.73%) per annum. These are secured against personal guarantees of community organisations and are repayable within twelve months.

12.2 This represents term finance facilities provided to customers of Certificates of Deposit (CODs) on mark-up basis. The mark-up on these finances ranges from 9.25% to 13.00% (2017: 8.50% to 13.50%) per annum. These finances are recoverable between one and twelve months and are secured against lien over the respective CODs with a minimum security margin of 25% over the principal value of the COD.

12.3 This represents short-term finance offered to farmers on mark-up basis. The rate of return on these loans ranges from 17.00% to 20.00% (2017: 17.00% to 25.00%) per annum. These are repayable within twelve months (2017: twelve months) and are secured against title documents of immovable property.

13 ACCRUED RETURN ON INVESTMENTS AND TERM FINANCE

	Note	2018	2017
		Rupees	
Investments		2,396,324	3,659,963
Term finance		80,964,388	56,196,090
		83,360,712	59,856,053

14 CURRENT MATURITY OF NON-CURRENT ASSETS

	Note	2018	2017 (Restated)
		Rupees	
Current maturity of:			
Net investment in finance lease	8.2	9,322,608,857	9,226,214,842
Long-term investments	10	-	14,951,881
Long-term finances and loans	11	2,816,010,883	2,026,766,704
		12,138,619,740	11,267,933,427

15 SHORT-TERM INVESTMENTS

	Note	2018	2017
		Rupees	
At fair value through profit and loss			
Treasury bills	15.1	758,747,378	883,506,965
Term finance certificates	15.2	7,500,000	8,000,527
		766,247,378	891,507,492
Available-for-sale			
Pakistan investment bond (PIBs)		-	16,083,680
Ordinary shares - unlisted	15.3	13,840,691	14,291,180
		13,840,691	30,374,860
Less: Allowance for potential losses	41.2	7,500,000	8,000,527
		772,588,069	913,881,825

15.1 This represents investments made as required under Regulation 14(4)(g) of the NBFC Regulations to maintain liquidity against certificates of deposit. These are redeemable within a period of 3 months (2017: 12 months) from the reporting date, carrying yield ranging from 6.20% to 6.26% (2017: 5.98% to 5.99%) per annum due at maturity.

15.2 This represents investment in unlisted Term Finance Certificates (TFCs) which has been fully provided.

15.3 This includes shares of LSE Financial Services Limited (formerly Lahore Stock Exchange Limited). The Holding Company holds 843,975 number of shares with a face value of Rs.10 each. These include 506,385 (60% shares) which are required to be held separately in a blocked account with the Central Depository Company of Pakistan Limited to restrict the sale of these shares by the members. However, the rights to receive dividend, bonus shares, right shares and the proceeds of sale of these shares are vested with members while the voting rights attached to these shares are suspended. In the absence of an active market, these shares have been carried at face value of Rs. 10 each.

16 ADVANCES AND PREPAYMENTS

	Note	2018	2017
		Rupees	
Advances - unsecured		67,830,060	14,993,765
Prepayments			
Prepaid insurance on leased assets		1,066,478	1,608,133
Rent		10,687,012	10,091,056
Others		26,283,675	29,972,870
		38,037,165	41,672,059
		105,867,225	56,665,824

17 OTHER RECEIVABLES

	Note	2018	2017
Considered good			
Operating lease rentals receivable		-	23,951,584
Ijarah rentals receivable		126,861,337	110,760,117
Receivable against sale of e-business		-	10,666,670
Others		29,440,777	18,816,446
		156,302,114	164,194,817
Considered doubtful			
Operating lease rentals receivable		11,137,036	13,108,247
Ijarah rentals receivable		20,531,119	12,036,876
Receivable from equity brokerage customers		32,989,328	33,091,328
Others		3,859,037	14,298,099
		68,516,520	72,534,550
Less: Allowance for potential losses	41.2	68,516,520	72,534,550
		156,302,114	164,194,817

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18 CASH AND BANK BALANCES

	Note	2018	2017
		Rupees	
Cash in hand		1,421,649	1,347,888
Balances with banks in:			
- Current accounts		495,927,106	297,749,182
- Deposit accounts	18.1 & 18.2	427,588,153	428,564,192
		923,515,259	726,313,374
		924,936,908	727,661,262

18.1 These carry expected profits rates ranging from 2.40% to 5.75% (2017: 2.46% to 5.25%).

18.2 These include balances amounting to Rs. 385.85 million which have been maintained in order for the Modaraba to comply with the guidelines issued by the SECP with respect to the maintenance of the prescribed liquidity against its Certificates of Musharika. These deposit accounts are under profit and loss sharing arrangements, permissible under Shariah and carry profit rates ranging between 2.48% - 6.20 % per annum.

19 ASSETS CLASSIFIED AS HELD FOR SALE

	Note	2018	2017
		Rupees	
Repossessed assets	19.1	20,934,019	1,840,615
Investment in associated undertaking			
- OPP (Private) Limited	19.2	87,754,399	87,754,399
- ORIX Leasing Egypt SAE	9.1.3	172,043,037	-
		280,731,455	89,595,014

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

19.2 The Holding Company intends to divest its investment in OPP (Private) Limited, subject to necessary regulatory approvals.

20 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		2018	2017
(Number of Shares)			Rupees	
		Ordinary shares of Rs. 10 each		
106,485,517	49,355,892	Fully paid in cash	1,064,855,170	493,558,920
30,544,364	30,544,364	Fully paid bonus shares	305,443,640	305,443,640
2,182,538	2,182,538	Fully paid shares against amalgamation	21,825,380	21,825,380
139,212,419	82,082,794		1,392,124,190	820,827,940

20.1 As at June 30, 2018, ORIX Corporation, Japan and its nominees held 69,016,283 (2017: 40,693,564) ordinary shares equivalent to 49.58% (2017: 49.58%) of the total shareholding.

20.2 During the year, the Holding Company issued 57,129,625 right shares at Rs. 35 per ordinary share, including a premium of Rs. 25 per ordinary share.

Reconciliation between ordinary shares in issue at the beginning and end of the year is as follows:

	2018	2017
	(Number of Shares)	
As at beginning of the year	82,082,794	82,082,794
Issue of right shares during the year	57,129,625	-
As at end of the year	139,212,419	82,082,794

21 SURPLUS ON REVALUATION OF LEASEHOLD LAND AND OFFICE BUILDING - NET OF TAXATION

	Note	2018	2017
		Rupees	
Opening balance		327,952,986	334,306,496
Revaluation surplus arising during the year		-	-
Adjustment in respect of incremental depreciation transferred to retained earnings		(9,197,203)	(6,353,510)
		318,755,783	327,952,986
Opening balance of deferred tax liability		(10,571,722)	(11,299,894)
Effect of change in tax rate		311,380	-
Adjustment on transfer of incremental depreciation to retained earnings		1,230,384	728,172
	25	(9,029,958)	(10,571,722)
		309,725,825	317,381,264

22 LONG-TERM FINANCES - secured

	Note	2018	2017
Long-term finances utilised under mark-up arrangements - financial institutions	22.1 & 22.2	11,066,852,693	11,864,512,348
Less: Unamortised transaction cost		11,495,788	23,188,126
Less: Current maturity	33	4,221,436,169	4,387,029,986
		4,232,931,957	4,410,218,112
		6,833,920,736	7,454,294,236

22.1 The Holding Company has unutilized long term finance facilities of Rs. 2,000 million as at June 30, 2018 (2017: Nil). These finances have been obtained for financing of operations and are secured by hypothecation of leased assets, related lease receivables, financing receivables and operating lease assets. The mark-up rates thereon range from 6.46% to 8.07% (2017: 6.88% to 7.40%) per annum. These finances are repayable within a period of 18 to 60 months (2017: 18 to 60 months).

22.2 This also includes Musharika term finance various banks amounting to Rs. 1,636.37 million (2017: Rs.947 million). These carry profit ranging from 6.29% to 7.43% (2017: 6.16% to 6.75%).These finances are repayable within a period of 60 months (2017: 36 months).

23 LONG-TERM CERTIFICATES OF DEPOSIT

	Note	2018	2017
		Rupees	
Unsecured			
Certificates of deposit	23.1	4,228,157,934	4,916,657,697
Less: Current maturity	33	1,002,789,317	916,325,000
		3,225,368,617	4,000,332,697

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23.1 These certificates of deposit have been obtained for financing of operations of Holding Company and issued at expected rates of return ranging from 6.40% to 12.50% (2017: 6.15% to 12.50%) per annum and issued for terms ranging from 2 years to 10 years (2017: 2 years to 10 years).

24 LONG-TERM DEPOSITS

	Note	2018	2017 (Restated)
		Rupees	
Security deposit on finance lease and ijarah contracts		721,626,451	830,352,770
Less: Current maturity	33	167,820,317	232,944,591
		553,806,134	597,408,179

24.1 This represents amounts received under Ijarah finance repayable / adjustable at the expiry of the lease period

25 DEFERRED TAXATION

	Note	2018	2017
		Rupees	
The deferred tax liability is attributable to the following items:			
- Accelerated tax depreciation		742,503,803	397,877,632
- Surplus on revaluation of office building	21	9,029,958	10,571,722
- Unamortised transaction costs relating to long term finances and loans		3,333,778	6,956,438
- Unrealised gain on investments		869,380	2,168,908
- Share of profit of equity accounted undertakings		126,171,617	334,645,138
- Allowance for potential lease, loan and other losses		(401,310,987)	(138,978,220)
- Tax losses		-	(23,545,222)
- Post employment benefits		-	(4,954,206)
		480,597,549	584,742,190

25.1 The movement in deferred tax during the year is as follows;

	Note	2018	2017
Opening		584,742,190	476,449,984
(Reversal) / Charge to profit or loss for the year	44	(66,539,419)	161,803,585
Reversal in other comprehensive income for the year		(37,605,222)	(53,511,379)
Closing		480,597,549	584,742,190

26 OTHER LONG-TERM LIABILITIES

	Note	2018	2017
Profit on certificates of deposit	26.1	202,558,668	214,038,190

26.1 This represents accrued profit on Certificates of Deposit payable on maturity.

27 DEFINED BENEFIT OBLIGATION - STAFF GRATUITY

27.1 General description

The Holding Company operates a funded gratuity scheme which was established under the provision of the trust deed dated July 1, 2004 for its permanent staff who have completed the minimum qualifying period of three years of service under the scheme. The funded scheme is administered by the Board of Trustees in accordance with the provisions of the Trust Deed. Contributions therein are made in accordance with actuarial recommendations. The most recent valuation in this regard was carried out as at June 30, 2017, using the Projected Unit Credit Method.

The disclosures made in notes 27.2 to 27.14 are based on the information included in the actuarial valuation report of the Holding Company as of June 30, 2018.

27.2 Principal actuarial assumptions

	2018	2017
- Discount rate	9.00%	7.75%
- Expected rate of increase in salary for first year	12.00%	7.75%
- Expected rate of increase in salary for second year and onwards	9.00%	7.75%
- Expected rate of return on plan assets	9.00%	7.75%
- Average service years	10.55	11.46

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

27.3 The amount recognised in the Statement of Financial Position is as follows:

	Note	2018	2017
		Rupees	
Present value of defined benefit obligation	27.4	197,700,484	170,252,664
Fair value of plan assets	27.4	(177,730,800)	(153,738,644)
		19,969,684	16,514,020

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

	2018		
	Present value of defined benefit obligation	Fair value of plan assets	Net liability
		Rupees	
At July 1	170,252,664	(153,738,644)	16,514,020
Current service cost	15,162,956	-	15,162,956
Interest expense / (income)	13,476,663	(12,254,580)	1,222,083
	198,892,283	(165,993,224)	32,899,059
Remeasurements:			
- Interest on plan assets, excluding amounts included in interest expense	-	623,703	623,703
- Experience losses	19,345,982	-	19,345,982
	19,345,982	623,703	19,969,685
	218,238,265	(165,369,521)	52,868,744
Contributions made	-	(32,899,060)	(32,899,060)
Benefits paid	(19,553,003)	20,392,206	839,203
Benefits payable to outgoing member(s)	(984,778)	145,575	(839,203)
At June 30	197,700,484	(177,730,800)	19,969,684

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For the year ended June 30, 2018

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

27.5 The amount recognised in statement of profit or loss is as follows:

	2018	2017
	Rupees	
Current service cost	15,162,956	12,894,574
Interest expense/ (income)	1,222,083	(889,788)
	16,385,039	12,004,786

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

27.7 Plan assets consist of the following:

	2018		2017	
	(Rupees)	%	(Rupees)	%
Government securities	171,465,991	96.48%	146,422,434	95.24%
Cash and bank balances and others	6,264,809	3.52%	7,316,210	4.76%
	177,730,800	100.00%	153,738,644	100.00%

27.8 **Historical results**

	2018	2017	2016	2015	2014
	(Rupees)				
Present value of defined benefit obligation	197,700,484	170,252,664	156,681,763	161,024,331	135,189,600
Fair value of plan assets	(177,730,800)	(153,738,644)	(155,218,531)	(160,175,134)	(131,270,153)
Deficit	19,969,684	16,514,020	1,463,232	849,197	3,919,447
Remeasurements of plan liabilities	19,345,982	9,530,886	2,990,578	720,795	495,591
Remeasurements of plan assets	623,703	6,983,136	(1,238,531)	(586,481)	4,258,092

27.9 Actual return on plan assets during the year amounted to Rs 11.630 million.

27.10 Based on the actuarial advice, the Holding Company intends to charge an amount of approximately Rs. 20.576 million in respect of gratuity fund in the financial statements for the year ending June 30, 2019.

27.11 The Fund is exposed to a number of risks, the most significant of which are detailed below:

Mortality risk	This is the risk that the actual mortality experience is different from what was initially expected. The effect depends on the beneficiaries' service / age distribution and the benefit.
Investment risk	This is the risk of investments underperforming and not being sufficient to meet liabilities. However, the trustees of the fund have a practice to invest the amounts in government securities that are secured.
Final salary risk	This is the risk that the final salary at the time of cessation of service is greater than expectation. Since the benefit is calculated on the basis of final salary, the benefit amount increases proportionately. In order to minimise the risk the actuary of the Holding Company uses past pattern which provides basis to form a reliable estimate.
Withdrawal risk	This is the risk that withdrawals may be higher or lower than actuarial assumptions. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit. The Holding Company ensures the availability of sufficient liquid funds in the gratuity fund and makes regular contributions to minimise the risk.

27.12 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees	
Discount rate	1.0%	182,161,675	213,423,252
Salary growth rate	1.0%	212,288,866	182,876,646

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised in the Statement of Financial Position.

27.13 The distribution of timing of payment of benefits is as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to Year 10
Defined benefit obligation	17,518,709	28,077,641	17,635,186	8,925,986	36,027,144	180,011,207

27.14 The weighted average duration of the defined benefit obligation is 7.91 years.

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

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28 REDEEMABLE CAPITAL - PARTICIPATORY AND UNSECURED

	Note	2018	2017
		Rupees	
Certificates of Musharika (COM)	28.1	3,127,115,000	2,750,750,000
Less: Current portion of redeemable capital	33	(3,118,915,000)	(2,750,550,000)
		8,200,000	200,000

28.1 These carry estimated share of profit payable ranging between Re. 0.1438 to Re. 0.1882 (2017: Re. 0.1438 to Re. 0.1726) per thousand per day and are due to mature latest by 15 May 2021 (2017:18 October 2018).

This includes COM issued to Key Management Personal of Modaraba amounting to Rs.0.5 million (2017: Rs.1 million).

28.2 During the year profit allocated to different categories / tiers of the COM holders ranges from Re. 0.196 to Re. 0.1882 (2017: Re. 0.0411 to Re. 0.1726) per thousand per day.

29 TRADE AND OTHER PAYABLES

	Note	2018	2017 (Restated)
		Rupees	
Creditors		853,849,286	862,694,008
Accrued liabilities		177,181,507	171,447,161
Other liabilities			
Advance from customers against finance lease and ijarah finance		25,425,370	54,837,776
Sales tax payable	29.1	16,797,012	34,552,175
Federal Excise Duty payable		2,742,445	1,631,783
Insurance payable		59,184,842	65,476,741
Provision for Sindh Worker's Welfare Fund		27,042,825	24,612,786
Payable to minority shareholders of SCLL		14,988,515	15,242,507
Others		61,619,998	64,105,389
		207,801,007	260,459,157
		1,238,831,800	1,294,600,326

29.1 This includes provision for services sales tax on management fee of Rs.15.36 million (2017: Rs. 13.56 million). Pursuant to Order number SRB-COM-I/AC-V/Mgt/SCSOP/5878/2012 of the Sindh Revenue Board (SRB) dated April 22, 2013, the Modaraba has recorded a provision in respect of Sindh sales tax on Management Company's remuneration at applicable rates with effect from November 1, 2011. The Management Company has filed an appeal before the Appellate Tribunal SRB against this order. The Appellate Tribunal SRB through its order dated February 19, 2016 allowed the appeal and set aside the order-in-original and order-in-appeal and remanded back the case to the assessing officer for re-assessment. Thereafter, on April 8, 2016, the assessing officer issued a fresh notice to the Management Company. Against the notice, the Management Company has filed an appeal before the Honorable Sindh High Court. As an interim relief, the Court vide its Order dated October 13, 2016 has stopped the assessing authorities to pass any final order till the culmination of its proceedings. The case is pending to date.

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

	Note	**2018**	2017
		------Rupees------	
Interest / mark-up / profit on			
Long-term finances		126,332,069	135,392,860
Redeemable capital		26,023,099	24,901,305
Short-term borrowings		17,062,147	44,035,872
Certificates of deposit		114,311,253	156,383,400
		283,728,568	360,713,437

31 SHORT-TERM BORROWINGS

	Note	2018	2017
From banking companies			
Running finance arrangements - secured	31.1	1,710,358,951	858,686,564
Short-term loans - secured	31.2	645,000,000	1,590,000,000
		2,355,358,951	2,448,686,564

31.1 This represents short-term running finance facilities of the Holding Company available from commercial banks for finances of operations with limits aggregating to Rs. 2,950 million (sub-limits of which amounting to Rs. 245 million have been utilised as a short-term loans) as at June 30, 2018 (2017: Rs. 2,300 million). These facilities have been obtained for financing of day to day operations The rate of mark-up ranges from 7.03% to 7.93% (2017: 6.75% to 7.85%) on a daily product basis. These are secured by hypothecation of leased assets, related lease receivables and financing receivables.

31.2 These represent short-term loans from financial institutions for periods ranging from 1 week to 6 months and carrying mark-up at rates ranging from 6.70% to 7.52% (2017: 6.61% to 6.73%) per annum. These are secured by hypothecation of leased assets, related lease receivables and financing receivables.

32 SHORT-TERM CERTIFICATES OF DEPOSIT

	Note	**2018**	2017
		------Rupees------	
Unsecured			
Short-term certificates of deposit	32.1	962,685,118	983,589,858
Payable to holders of matured certificates of deposits		85,096,989	127,676,153
		1,047,782,107	1,111,266,011

32.1 These represent short-term certificates of deposit obtained for financing of operations, issued at expected rates of profit, ranging from 6% to 6.25% (2017: 5.35% to 6.25%) per annum for a term upto 12 months (2017: 12 months).

33 CURRENT MATURITY OF NON-CURRENT LIABILITIES

	Note	2018	2017
		Rupees	
Current maturity of:			
Long-term finances	22	4,221,436,169	4,387,029,986
Long-term certificates of deposit	23	1,002,789,317	916,325,000
Long-term deposits	24	167,820,317	232,944,591
Current portion of redeemable capital	28	3,118,915,000	2,750,550,000
		8,510,960,803	8,286,849,577

34 CONTINGENCIES AND COMMITMENTS

34.1 The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order in July 18, 2014 under section 122(5A) of the Income Tax Ordinance 2001 (the Ordinance) for tax year 2010 and created a demand of Rs. 167 million by disallowing capital loss on sale of shares and certain other matters. The Holding Company preferred an appeal against the amended assessment order passed by the ACIR before the Commissioner Inland Revenue (Appeals) (CIR-A). The CIR-A disposed of the appeal with minor relief to the Company. The Holding Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the Company by the CIR-A which is pending for adjudication.

Based on the merit of the case, Management is confident that the decision will be in the Holding Company’s favour, hence, no provision has been recorded in these consolidated financial statements.

34.2 During the year 2017, the Deputy Commissioner Inland Revenue (DCIR) amended the orders for the tax years 2011 and 2014 creating an aggregate demand of Rs. 126.2 million, mainly on account of difference in determination of minimum tax liability under section 113 of the Ordinance. The Holding Company's appeal against these amended orders before the CIR-A was maintained and is currently pending adjudication before the ATIR. The Holding Company has obtained stay against recovery of demand from the Sindh High Court (SHC) until adjudication of appeal by ATIR.

Based on the merits of the case, Management considers that decision will be made in the Holding Company’s favour and, hence, no provision has been recorded in these consolidated financial statements.

34.3 The assessments of Standard Chartered Leasing Limited (SCLL) - amalgamated entity, for the years 1998-99 to 2002-03 were finalised by the tax officer whereby lease key money amounting to Rs. 239 million has been added to income. In appeals with the ATIR, the addition was upheld. SCLL filed rectification application before ATIR that certain arguments advanced at the time of hearing of appeals were not considered while framing the order. The ATIR vide appellate order dated February 27, 2008 has recalled its original appellate order for all these years and referred the case to the Chairman ATIR to constitute a larger bench for rehearing / decision of the case.

No provision has been made in these consolidated financial statements in this respect as Management is of the view that the same will be allowed.

34.4 During the year 2016, the Holding Company received a show cause notice from the Sindh Revenue Board (SRB) as to why Sindh Provincial Sales Tax (SPST) amounting to Rs. 426 million for rentals of generators on operating lease for the years ended June 30, 2012, 2013, 2014, 2015, should not be recovered from the Holding Company. Further, the Holding Company received another show cause notice from SRB during April 2018 on the same grounds whereas the Holding Company was alleged to have not paid sales tax amounting to Rs. 73.6 million during the year ended June 30, 2016.

The Holding Company’s tax advisor is of the opinion that sales tax liability framed through above referred show cause notices on renting out of generators is unlawful for the reason that SRB has no legislative competence or authority to levy SPST thereon. This opinion is based on the petition and subsequent interim relief granted to the Holding Company by Sindh High Court (SHC) for levy of SPST on renting of generators. The SHC had stayed the demand of sales tax on renting of generators while restricting SRB from taking any coercive measures against the Holding Company until further orders of SHC.

34.5 During the year 2017, the Holding Company received show cause notice from SRB for short payment of SPST of Rs. 5.4 million against supplies made to a local vendor in September 2015. Additional Commissioner SRB Karachi confirmed the said liability through Order No. 125 of 2017 dated May 15, 2017 which was also challenged by the Holding Company by filing an appeal before Commissioner Appeals SRB Karachi.

Based on the merit of the case, Management considers that decision will be made in the Holding Company's favour and hence, no provision has been recorded in these consolidated financial statements.

34.6 During the year, the Holding Company received a notice from SRB regarding non-payment of stamp duty on purchase orders amounting to Rs. 12.6 million. The Holding Company's legal advisor is of the opinion that application of stamp duty on purchase orders is unlawful. The Holding Company filed a petition before the SHC challenging the levy of stamp duty on purchase orders. The SHC has passed ad-interim stay order restricting SRB from taking any coercive measures against the Company until further orders of SHC.

34.7 Leases committed but not executed at the reporting date amounted to Rs. 55.94 million (2017: Rs. 44.78 million).

34.8 Commitments relating to capital expenditure at the reporting date amounted to Rs. 11.27 million (2017: Rs. Nil).

34.9 The Deputy Commissioner Inland Revenue (ACIR) has issued an amended order to the Modaraba Management Company and has created a demand of Workers' Welfare Fund (WWF) amounting to Rs 48,367 under section 221 of the Income Tax Ordinance, 2001 with respect to tax year 2013. Against the order, the Modaraba Management Company has not filed an appeal as the financial impact is nominal.

34.10 The Modaraba has issued letters of comfort to various commercial banks on behalf of its customers. These aggregate to Rs. 186.78 million (2017 : Rs. 65.78 million) as at the year end.

35 INCOME FROM OPERATING LEASE

	Note	2018	2017
		Rupees	
Generators		198,132,809	376,072,828
Ijarah finance		1,918,840,743	1,877,910,746
		2,116,973,552	2,253,983,574

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36 OTHER INCOME - NET

	Note	2018	2017
		Rupees	
Income from financial assets			
Return on investments and deposits		15,606,983	15,509,111
Interest income on government securities		52,804,983	70,261,736
Dividend income		1,330,988	1,330,987
Capital gain on sale of investments - net		329,362,893	297,857
Unrealised (loss) / gain on remeasurement of financial assets at fair value through profit or loss - net		(236,938)	(553,926)
Impairment on Investment		(49,917,389)	(7,463,390)
		348,951,520	79,382,375
Income from other than financial assets			
Other fees and income		97,063,566	142,094,359
Unrealised exchange gain transferred from other comprehensive income on cessation of equity accounting for associated undertaking	9.1.2	347,807,471	67,766,408
Gain on disposal of asset classified as 'held for sale'		-	5,839,116
Documentation fee		63,090,161	48,113,503
Write-off in respect of fixed assets for own use		(22,003)	(772,313)
Gain on disposal of fixed assets		47,287,300	49,492,873
Gain on sale of leased assets		33,399,112	32,381,367
Gain on transfer of Ijarah assets to Dimishing Musharika		32,440,591	-
Other exchange gain / (loss) - net		18,636,455	50,053
		639,702,653	344,965,366
		988,654,173	424,347,741

37 SHARE OF PROFIT OF EQUITY ACCOUNTED UNDERTAKINGS

Name of Associates	2018		2017	
	Associates' profit after tax	Share of associates' profit after tax	Associates' profit after tax	Share of associates' profit after tax
Quoted				
Oman ORIX Leasing Company SAOG	464,944,105	54,127,397	1,615,303,616	188,021,341
Un-quoted				
Saudi ORIX Leasing Company	1,426,120,220	28,522,406	1,066,718,554	21,334,370
ORIX Leasing Egypt SAE	69,665,302	16,023,021	86,028,413	19,786,535
	1,495,785,522	44,545,427	1,152,746,967	41,120,905
	1,960,729,627	98,672,824	2,768,050,583	229,142,246

38 FINANCE COST

	2018	2017
	Rupees	
Interest / mark-up / profit on:		
- Long-term finances	729,254,647	666,475,358
- Redeemable Capital	158,376,150	157,810,192
- Long-term loans	-	1,181,878
- Musharika finance arrangements	71,665,221	16,534,367
- Short-term borrowings	122,778,705	175,428,887
- Certificates of deposit	498,281,542	700,735,284
Amortisation of transaction costs	12,522,888	16,375,334
Bank charges and commission	43,063,408	54,924,488
	1,635,942,561	1,789,465,788

39 ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2018	2017
		Rupees	
Salaries, allowances, welfare and training	39.1	884,843,920	740,633,447
Rent and utilities		97,432,602	88,308,224
Travelling		5,922,563	8,547,290
Vehicle running and maintenance		11,448,774	21,124,351
Insurance on operating assets		6,033,189	8,271,615
Legal and professional charges		44,060,581	42,382,078
Communication		25,558,954	23,128,736
Subscriptions		4,258,483	3,557,940
Auditors' remuneration	39.2	6,327,101	8,484,875
Advertising		10,572,288	5,937,372
Printing and stationery		13,932,117	17,018,277
Depreciation	6.1	62,187,197	65,686,368
Amortisation	7.1	11,054,899	13,740,642
Office repairs and maintenance of equipment		52,610,525	53,899,755
Donations	39.3	9,970,000	5,835,000
Office general expenses		15,592,195	17,367,856
		1,261,805,388	1,123,923,826

39.1 This includes expenses in relation to the following employee benefits:

	Note	2018	2017
Defined benefit plan - gratuity fund	27.5	16,385,039	12,004,786
Defined contribution plan - gratuity fund		3,101,000	2,531,845
Defined contribution plan - provident fund		29,848,397	26,170,479
Compensated absences		4,708,622	3,019,929
		54,043,058	43,727,039

39.2 Auditors' remuneration

	2018	2017
Annual audit fee including consolidation	1,700,000	1,700,000
Fee for special certification including half yearly review fee	300,000	300,000
Other services and certifications	2,410,000	4,430,000
Sales tax on audit fee and other services	352,800	499,800
Out of pocket expenses	392,411	395,200
	5,155,211	7,325,000
Subsidiaries	1,171,890	1,159,875
	6,327,101	8,484,875

39.3 Donations above Rs. 500,000

	2018	2017
The Citizen Foundation	2,400,000	2,200,000
The Layton Rahmatullah Benevolent Trust (LRBT)	1,250,000	-
The Indus Hospital	750,000	-
Family Educational Services Foundation	720,000	-
IBP School of Special Education	600,000	-
	5,720,000	2,200,000

During the current year, donation amounting to Rs. 1.25 million was given to LRBT in which one of the directors of the Holding Company is also a director.

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40 DIRECT COST

	Note	2018	2017
		Rupees	
Court fee, stamp duty and others		11,461,386	16,250,742
Operating lease and Ijarah finance			
Maintenance and insurance		67,061,883	151,103,471
Depreciation - operating lease assets	6.2	79,666,400	152,148,210
Depreciation - ijarah finance	6.3	1,613,022,910	1,573,596,136
Amortization	7.1	12,285,714	12,285,714
		1,772,036,907	1,889,133,531
		1,783,498,293	1,905,384,273

41 ALLOWANCE FOR POTENTIAL LEASE AND OTHER LOAN LOSSES

2018

	Finance leases	Finances and loans	Sub-total	Operating lease, investments and other	Total
	Rupees				
Balance at beginning of the year	924,332,946	380,693,458	1,305,026,404	138,236,912	1,443,263,316
Provision / (reversal) made during the year	9,377,508	10,539,600	19,917,108	6,748,761	26,665,869
Write-offs	(9,585,720)	(3,881,785)	(13,467,505)	(11,267,318)	(24,734,823)
	924,124,734	387,351,273	1,311,476,007	133,718,355	1,445,194,362

2017

	Finance leases	Finances and loans	Sub-total	Operating lease, investments and other	Total
Balance at beginning of the year	947,366,692	380,803,665	1,328,170,357	141,845,929	1,470,016,286
Provision / (reversal) made during the year	(23,033,746)	(110,207)	(23,143,953)	(3,609,017)	(26,752,970)
Write-offs	-	-	-	-	-
	924,332,946	380,693,458	1,305,026,404	138,236,912	1,443,263,316

41.1 Provision against finances and loans

	Note	2018	2017
		Rupees	
Long-term finances and loans	11	(258,237,065)	250,666,830
Short-term finances and loans	12	(129,114,208)	130,026,628
		(387,351,273)	380,693,458

41.2 Provision against other receivables and investments

	Note	2018	2017 (Restated)
		Rupees	
Other receivables	17	68,516,520	72,534,550
Short-term investments	15	7,500,000	8,000,527
Long-term investments	10	57,701,835	57,701,835
		133,718,355	138,236,912

42 OTHER PROVISIONS / (REVERSALS) - NET

	Note	2018	2017
		Rupees	
Operating lease, investments and other receivables			
Provision / (reversals) against other receivables		6,748,761	(1,907,139)
Reversal of provision against potential losses on investments		-	(1,701,878)
		6,748,761	(3,609,017)
Others			
Provision / (reversal) against Workers' Welfare Fund		2,455,039	(74,079,982)
Provision for services sales tax on Management Company's remuneration	29.1	1,799,070	1,767,530
Impairment on assets under Ijarah arrangements		462,984	-
		11,465,854	(75,921,469)

43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

2018

	Chief Executive of the Holding Company	Chief Executive of the Management Company	Executives	Total
	Rupees			
Managerial remuneration and allowances	30,937,805	21,593,647	206,114,394	258,645,846
House rent and utilities	8,090,235	-	49,199,844	57,290,079
Retirement benefits	3,631,405	-	23,964,092	27,595,497
	42,659,445	21,593,647	279,278,330	343,531,422
Number of persons	1	1	46	48

2017(Restated)

	Chief Executive of the Holding Company	Chief Executive of the Management Company	Executives	Total
	Rupees			
Managerial remuneration and allowances	22,546,890	20,828,468	165,117,014	208,492,372
House rent and utilities	6,996,960	-	40,853,049	47,850,009
Retirement benefits	2,676,171	-	16,917,749	19,593,920
	32,220,021	20,828,468	222,887,812	275,936,301
Number of persons	1	1	40	42

43.1 Executives denote employees, other than the Chief Executive Officer and Directors of the Holding Company, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

43.2 The Chief Executive and certain executives are also provided with Company maintained cars and other benefits in accordance with their entitlement as per Company policy.

43.3 Aggregate amount charged in these consolidated financial statements includes meeting fees paid to 4 non-executive directors of the Holding Company amounting to Rs. 3.3 million (2017: 4 non-executive Directors Rs. 2.1 million). This includes fee paid to the Chairman of the Board of Directors of the Holding Company amounting to Rs. 0.8 million (2017: Rs. 0.5 million).

44 TAXATION

	2018	2017
	Rupees	
Current tax - for the year	566,398,710	201,650,819
Current tax - for prior years	(156,689,272)	(41,439,269)
Deferred	(66,539,419)	161,803,585
	343,170,019	322,015,135

44.1 Super tax

The Finance Act, 2015 had levied a one-time super tax at the rate of 3 percent of the taxable income for companies having taxable income of above Rs. 500 million. This clause has been extended in the Finance Act, 2017 and an amount of Rs. 52.1 million has been recognised in this respect in the current tax charge.

44.2 Effective tax rate reconciliation

Relationship between income tax expense and accounting profit

	2018 (Effective tax rate %)	2018 Rupees
Profit attributable to Shareholder's of Holding Company		1,714,468,743
Tax at enacted tax rate	30%	514,340,623
Tax effect of income subject to final tax regime	-0.11%	(1,901,331)
Tax effect of income subject to lower tax rate	-3.45%	(59,194,498)
Effect of change in tax rate on opening deferred tax	-1.03%	(17,598,504)
Super Tax	3.04%	52,134,550
Prior year	-9.14%	(156,689,272)
Tax effect of rebates/credits	-0.10%	(1,680,000)
Others	0.80%	13,758,451
	20.0%	343,170,019

44.2.1 Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented for the year ended June 30, 2017. Provision for the year ended June 30, 2017 had been made under the provisions of Alternate Corporate Tax under section 113C of the Income Tax Ordinance, 2001.

44.3 The Holding Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purposes of taxation is available which can be analysed as follows:

	2017	2016	2015
	Rupees		
Income tax provision for the year (as per accounts)	160,211,550	192,852,818	97,191,463
Income tax as per tax return / assessment	144,893,492	101,413,731	102,317,298

44.4 Current status of pending tax assessments

Tax Year 1999 to 2000

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

Tax Year 2010 to 2017

Under Section 114 of the Income Tax Ordinance 2001, the Holding Company has filed the returns of income for tax years 2010 to 2017. The said returns were taken to be assessment orders passed by the Commissioner Inland Revenue on the day the said returns were filed other than tax year 2010, 2011 & 2014.

Tax Year 2010-2011 and 2014

Details of the assessment made by the Additional Commissioner Inland Revenue are provided in note 34.

44.5 The Finance Act, 2018 has introduced an amendment in section 5(A) of the Income Tax Ordinance, 2001 whereby tax on undistributed profits for the year are subject to tax at the rate of 5% of the accounting profit before tax for every public company, other than a scheduled bank or a modaraba and the minimum distribution for the levy of this tax has been reduced from 40% to 20% and for this purpose, bonus shares will not be considered as part of distribution. The amendment is applicable for tax year 2018 and onwards.

In case of ORIX Modaraba provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. The income of non-trading Modarabas is exempt from tax provided that not less than 90% of their profits for the year as reduced by amount transferred to a mandatory reserve as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed to the certificate holders. The Modaraba intends to continue availing the tax exemption by distributing at least 90% of its profits to the certificate holders each year.

45 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	Note	2018	2017
		Rupees	
Profit before taxation		1,792,231,530	1,246,280,710
Adjustments for			
Depreciation	6.1, 6.2 & 6.3	1,755,952,910	1,791,430,714
Amortisation	7.1	22,264,210	26,026,356
Amortisation of transaction cost	38	12,522,888	16,375,334
Provision / (reversal) for potential lease and other loan losses - net	41	19,917,108	(23,143,953)
Reversal for potential losses on investments	42	-	(1,701,878)
Provision / (reversal) against Workers' Welfare Fund	42	2,455,039	(74,079,982)
Reversal of provision for other receivables	42	6,748,761	(1,907,139)
Provision for services sales tax on Management Company's remuneration	42	1,799,070	1,767,530
Gain on disposal of non-current asset held for sale	36	-	(5,839,116)
Capital gain on sale of investments - net	36	(329,362,893)	-
Impairment on investment classified as Available for sale	36	49,917,389	-
Share of profit of equity accounted undertakings	37	(98,672,824)	(229,142,246)
Other exchange gain - net	36	(18,636,455)	(50,053)
Charge for defined benefit plan - gratuity fund	39.1	16,385,039	12,004,786
Fixed assets written-off	36 & 42	484,987	772,313
Unrealised loss on remeasurement of financial assets at fair value through profit or loss - net	36	236,938	553,926
Finance cost including bank charges	38	1,125,138,131	1,072,355,170
Profit on certificates of deposit	38	498,281,542	700,735,284
Dividend income	36	(1,330,988)	(1,330,987)
Unrealised exchange gain transferred from other comprehensive income	36	(347,807,471)	(67,766,408)
Return on investments and deposits	36	(15,606,983)	(15,509,111)
Interest income on government securities	36	(52,804,983)	(70,261,736)
Gain on transfer of Ijarah assets to Dimishing Musharika	36	(32,440,591)	-
Gain on disposal of fixed assets	36	(47,287,300)	(49,492,873)
		2,568,153,524	3,081,795,931
		4,360,385,054	4,328,076,641

46 CASH AND CASH EQUIVALENTS

	Note	2018	2017
Cash at bank	18	923,515,259	726,313,374
Cash in hand	18	1,421,649	1,347,888
Short-term running finance facilities	31	(1,710,358,951)	(858,686,564)
		(785,422,043)	(131,025,302)

46.1 Reconciliation of movements of liabilities to cash flow arising from financing activities

	2018							
	Short term loans	Certificate of Deposit	Long term Finances	Dividend Payable	Share Capital	Share Premium	Redeemable capital	Total
	Rupees							
Balance as at July 01, 2017	1,590,000,000	6,027,923,708	11,864,512,348	64,753,244	820,827,940	449,686,099	2,750,750,000	23,568,453,339
Changes from financing cash flows								
Repayment	(945,000,000)	(838,447,984)	(4,413,345,765)	-	-	-	(4,506,870,000)	(10,703,663,749)
Proceeds received	-	86,464,317	3,615,686,110	-	571,296,250	1,413,949,254	4,883,235,000	10,570,630,931
Dividend paid	-	-	-	(325,857,995)	-	-	-	(325,857,995)
Total changes from financing activities	(945,000,000)	(751,983,667)	(797,659,655)	(325,857,995)	571,296,250	1,413,949,254	376,365,000	(458,890,813)
Other changes								
Dividend Declared	-	-	-	540,172,788	-	-	-	540,172,788
Total other changes	-	-	-	540,172,788	-	-	-	540,172,788
Balance as at June 30, 2018	645,000,000	5,275,940,041	11,066,852,693	279,068,037	1,392,124,190	1,863,635,353	3,127,115,000	23,649,735,314

47 SEGMENT INFORMATION

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

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47.1 Segment analysis is given below:

	2018				
	Finance leases	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	Total
	Rupees				
Segment revenues	2,660,598,689	794,423,991	2,201,264,152	848,573,902	6,504,860,734
Finance cost	903,677,074	289,982,337	184,032,600	258,250,550	1,635,942,561
Administrative and general expenses	852,799,793	248,134,337	132,932,171	27,939,087	1,261,805,388
Direct cost	16,047,593	2,036,012	1,765,414,688	-	1,783,498,293
Provisions / (reversal)-net	9,377,505	10,539,603	6,986,013	2,024,802	28,927,923
Segment results	878,696,724	243,731,702	111,898,680	560,359,463	1,794,686,569
Provision for Sindh Worker's Welfare Fund					(2,455,039)
Provision for taxation					(343,170,019)
Profit for the year					1,449,061,511
Other information					
Segment assets	17,937,616,945	6,820,800,431	4,730,446,544	2,049,233,886	31,538,097,806
Unallocated assets					1,897,563,104
Total assets					33,435,660,910
Segment liabilities	316,895,966	772,607,854	1,795,103,516	-	2,884,607,336
Unallocated liabilities					22,346,643,100
Total liabilities					25,231,250,436
Capital expenditure	-	-	2,699,036,596	-	2,699,036,596
Depreciation	-	-	1,692,689,310	-	1,692,689,310
Unallocated					
Capital expenditure - fixed assets for own use	-	-	-	-	51,466,060
Additions made to intangible assets	-	-	-	-	17,865,346
Unallocated depreciation and amortisation	-	-	-	-	73,242,096

	2017(Restated)				
	Finance leases	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	Total
	Rupees				
Segment revenues	2,570,920,217	669,174,661	2,303,333,621	422,560,676	5,965,989,175
Finance cost	1,016,811,828	249,171,835	226,337,970	297,144,155	1,789,465,788
Administrative and general expenses	762,509,220	179,370,574	154,795,524	27,248,508	1,123,923,826
Direct cost	12,803,017	2,708,485	1,889,872,771	-	1,905,384,273
Provisions / (reversal)-net	(23,033,746)	(110,207)	(14,326,174)	12,484,687	(24,985,440)
Segment results	801,829,898	238,033,974	46,653,530	85,683,326	1,172,200,728
Provision for Sindh Worker's Welfare Fund					74,079,982
Provision for taxation					(322,015,135)
Profit for the year					924,265,575
Other information					
Segment assets	16,744,738,353	4,458,909,937	5,544,234,692	3,349,151,248	30,097,034,230
Unallocated assets					1,789,928,000
Total assets					31,886,962,230
Segment liabilities	602,135,282	182,333,411	1,710,482,788	-	2,494,951,481
Unallocated liabilities					23,939,447,190
Total liabilities					26,434,398,671
Capital expenditure	-	-	2,932,449,033	-	2,932,449,033
Depreciation	-	-	1,725,744,346	-	1,725,744,346
Unallocated					
Capital expenditure - fixed assets for own use	-	-	-	-	50,411,635
Additions made to intangible assets	-	-	-	-	6,960,878
Unallocated depreciation and amortisation	-	-	-	-	79,427,010

47.2 Segment by class of business

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

Sectors	2018 (Rupees)	2018 %	2017 (Restated) (Rupees)	2017 (Restated) %
Individuals	5,922,319,469	20.28%	5,323,867,956	18.45%
Goods Transport	4,740,871,137	16.23%	4,108,128,205	16.92%
Services	2,736,568,137	9.37%	2,730,739,226	12.37%
Public Transport	2,012,927,406	6.89%	1,749,754,853	8.34%
Textile & Allied	1,630,797,779	5.58%	1,387,734,178	3.85%
Fuel & Energy	1,587,115,420	5.43%	1,335,518,578	6.13%
Distributor	1,524,074,879	5.22%	1,654,393,872	6.81%
Trading	1,332,369,167	4.56%	1,216,987,839	5.06%
Miscellaneous	1,290,454,382	4.42%	1,016,818,495	3.48%
Construction	881,305,564	3.02%	778,891,150	3.56%
Paper, Board & Printing	883,133,855	3.02%	633,702,766	1.90%
Food & Allied	866,016,107	2.96%	616,900,469	2.65%
Chemical & Pharmaceutical	842,794,566	2.88%	741,229,726	2.52%
Steel & Engineering	857,011,576	2.93%	1,058,451,217	2.43%
Glass, Ceramics & Plastic	650,233,931	2.23%	677,030,726	2.79%
Sugar	558,367,934	1.91%	405,698,466	2.00%
Natural Resource And Farming	471,329,799	1.61%	432,383,750	1.90%
Automotive Industry	300,044,292	1.03%	276,941,745	1.90%
Cables, Electric And Electronic Goods	127,836,858	0.43%	99,888,631	1.90%
	29,215,572,258	100.00%	26,245,061,848	100.00%

	2018	2017 (Restated)
	Rupees	
Net investment in finance leases	18,840,807,660	17,667,230,684
Other finances and loans	10,374,764,598	8,577,831,164
	29,215,572,258	26,245,061,848

47.3 Segment by sector

The Holding Company's net investment in finance lease and other finances and loans includes exposure to private sector of Rs. 29,215 million (2017: Rs. 26,245 million).

47.4 Geographical segment analysis

The Group's operations are restricted to Pakistan only.

48 TRANSACTIONS WITH RELATED PARTIES

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

The Group in the normal course of business carries out transactions with various related parties. These transactions are executed substantially on the same terms as those prevailing at the time of comparable transactions with unrelated parties and do not involve more than a normal risk. Amounts due from and due to related parties are disclosed in the relevant notes.

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

	2018	2017
	Rupees	
ORIX Corporation, Japan - Parent Company - 49.58% Holding		
Dividend paid	-	183,113,276
Oman ORIX Leasing Company SAOG - Associate / common directorship - 11.64% ownership		
Dividend received	-	70,827,351
Attendance fee for meeting of the Board of Directors	6,330,639	5,496,564
ORIX Leasing Egypt SAE - Associate / common directorship 23% ownership		
Dividend received	-	17,918,608
Saudi ORIX Leasing Company - Associate / common directorship 2.5% ownership		
Dividend received	10,323,898	5,426,493
Technical assistance fee received	922,323	1,552,048
BOD attendance fee	3,077,695	4,299,561
State Life Insurance Corporation of Pakistan - Common directorship		
Dividend paid	-	19,399,059
Insurance premium and rent expense	3,741,634	14,911,666
Sui Northern Gas Pipelines Limited - Common directorship		
Utilities bills payment	-	32,117
ORIX Leasing Pakistan Limited - Employees Provident Fund (OLP-EPF)		
Contribution made	26,121,397	23,119,841
ORIX Modarba- Staff Provident Fund (OM-EPF)		
Contribution made	3,726,761	3,050,638
ORIX Leasing Pakistan Limited - Staff Gratuity Fund (OLP-SGF)		
Contribution made	32,899,060	13,468,020
ORIX Modaraba- Staff Gratuity Fund (OM-SGF)		
Contribution made	3,100,571	2,531,845
The Layton Rahmatullah Benevolent Trust - common directorship		
Charity paid	-	1,279,788
Donation	1,250,000	-

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	Note	2018	2017
		Rupees	
Other related party transactions during the year			
Directors and key management personnel			
Compensation of directors and key management personnel			
Director fees paid		3,300,000	2,100,000
Short-term employee benefits		179,590,995	204,787,671
Retirement benefits		19,219,958	16,813,846
Total compensation to directors and key management personnel		202,110,953	223,701,517
Proceeds from sale of vehicles		2,581,603	2,965,190
Loans disbursed		19,220,413	15,324,095
Interest paid		1,449,690	2,448,564
Principal repaid		12,964,833	16,001,420
Financial charges on Redeemable Capital		35,938	55,000
Advance to the Chief Executive Officer of the Management Company		-	1,320,000
Provision for performance bonus of the Management Company		-	6,000,000
Issuance of certificates of deposit		2,856,410	23,284,061
Redemption of certificates of deposit		10,416,385	52,131,537
Ijarah rental earned on ijarah finances to key management personnel of the Modaraba		3,313,445	2,794,578
Income earned on Musharaka finance to key management personnel of the Modaraba		5,345,972	4,167,863
Amount of profit paid		631,845	6,114,315

48.2 The balances with related parties as at year end:

	2018	2017
Investment in associated undertakings	672,208,880	1,972,102,566
Long term investment - Al Hail ORIX Finance PSC	229,180,469	273,186,725
Investment in associated undertaking - held for sale		
- OPP (Private) Limited	87,754,399	87,754,399
- ORIX Leasing Egypt SAE	172,043,037	-
Certificates of deposit held	4,210,000	17,244,975
Accrued profit on certificates of deposit	28,940	928,672
Outstanding loans to Key Management Personnel	28,128,602	36,740,537
Defined benefit payable to ORIX Leasing Pakistan Limited - Staff Gratuity Fund	19,969,684	16,514,020
Receivable from Saudi ORIX Leasing Company - Associate	53,837	-
Unpaid dividend to ORIX Corporation, Japan - Parent Company	207,040,074	-
Receivable from ORIX Corporation, Japan - Parent Company	37,260	-
Rent payable to State Life Insurance Corporation of Pakistan	-	291,489

48.3 The Modaraba enters into transactions with related parties for lease of assets, borrowings under Musharika finances and other general banking services. These transactions are based on a transfer pricing policy under which all transactions are carried out on agreed terms. The balances with related parties have been disclosed in the respective notes.

49 STAFF STRENGTH

	2018	2017
	Number of staff	
Group's staff strength at the end of the year	564	510
Average number of employees*	524	493

*Represents the average taken of the number of employees at the end of each month in the year. This average has been calculated for Group's employees.

50 PROVIDENT FUND RELATED DISCLOSURES

The Holding Company operates a Staff Provident Fund for its employees. The following information is based on the financial statements of the Fund as at June 30, 2018 (unaudited) and 2017 (audited):

	2018 Un-audited	2017 Audited
	Rupees	
Size of the Fund - total assets	446,134,912	414,756,282
Fair value of investments	442,436,174	405,889,946
	(Percentage)	
Percentage of investments made	99%	98%

The cost of the above investments amounted to Rs. 422.57 million (2017: Rs. 358.3 million).

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

	Unaudited 2018	Audited 2017	Unaudited 2018	Audited 2017
	Percentage		Rupees	
Cash and bank deposits	5.00%	4.91%	22,123,947	19,945,401
Government securities				
- Treasury Bills	84.54%	58.39%	374,028,219	236,990,072
- National Savings Certificates	4.34%	4.40%	19,187,294	17,842,521
- Pakistan Investment Bonds	6.12%	32.30%	27,096,714	131,111,952
	100.00%	100.00%	442,436,174	405,889,946

The investments of the provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

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51 FINANCIAL INSTRUMENTS BY CATEGORY

	2018				
	Loans and receivables	Held-to-maturity	At fair value through profit and loss	Available-for-sale	Total
	Rupees				
ASSETS					
Net investment in finance lease	17,916,682,926	-	-	-	17,916,682,926
Long-term investments	-	63,354,946	-	244,098,169	307,453,115
Term finances and loans	6,953,413,182	-	-	-	6,953,413,182
Accrued return on investments and term finance	83,360,712	-	-	-	83,360,712
Short-term investments	-	-	758,747,378	13,840,691	772,588,069
Other receivables	156,302,114	-	-	-	156,302,114
Cash and bank balances	924,936,908	-	-	-	924,936,908
	26,034,695,842	63,354,946	758,747,378	257,938,860	27,114,737,026

	2018		
	At fair value through profit and loss	At amortised cost	Total
	Rupees		
LIABILITIES			
Long-term finances	-	11,066,852,693	11,066,852,693
Certificates of deposit	-	5,275,940,041	5,275,940,041
Other long-term liabilities	-	202,558,668	202,558,668
Trade and other payables	-	1,107,639,306	1,107,639,306
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	283,728,568	283,728,568
Unpaid Dividend	-	208,224,070	208,224,070
Unclaimed dividend	-	70,843,967	70,843,967
Short-term borrowings	-	2,355,358,951	2,355,358,951
Redeemable capital	-	3,127,115,000	3,127,115,000
	-	23,698,261,264	23,698,261,264

	2017 (Restated)				
	Loans and receivables	Held-to-maturity	At fair value through profit and loss	Available-for-sale	Total
	Rupees				
ASSETS					
Net investment in finance lease	16,742,897,738	-	-	-	16,742,897,738
Long-term investments	-	81,125,356	-	290,102,205	371,227,561
Term finances and loans	4,602,188,792	-	-	-	4,602,188,792
Accrued return on investments and term finance	59,856,053	-	-	-	59,856,053
Short-term investments	-	-	883,506,965	30,374,860	913,881,825
Other receivables	164,194,817	-	-	-	164,194,817
Cash and bank balances	727,661,262	-	-	-	727,661,262
	22,296,798,662	81,125,356	883,506,965	320,477,065	23,581,908,048

	2017 (Restated)		
	At fair value through profit and loss	At amortised cost	Total
	Rupees		
LIABILITIES			
Long-term finances	-	11,864,512,348	11,864,512,348
Certificates of deposit	-	6,027,923,708	6,027,923,708
Other long-term liabilities	-	214,038,190	214,038,190
Trade and other payables	-	1,113,489,065	1,113,489,065
Accrued interest / mark-up /profit on loans, finances and certificates of deposit	-	360,713,437	360,713,437
Unpaid Dividend	-	-	-
Unclaimed dividend	-	64,753,244	64,753,244
Short-term borrowings	-	2,448,686,564	2,448,686,564
Redeemable capital	-	2,750,750,000	2,750,750,000
	-	24,844,866,556	24,844,866,556

52 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

52.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises three types of risks: currency risk, yield / interest rate risk and other price risk.

52.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Holding Company incurs currency risk in Saudi Riyal, UAE Dirhams and Egyptian Pound on account of its foreign currency bank account, long-term investments and investments in associated undertakings. The Holding Company's exposure to foreign currency transactions is as follows:

	2018	2017
	Rupees	
Foreign currency bank account	3,411,151	2,998,104
Long-term investments	229,180,469	273,186,725
Investment in associated undertakings	672,208,880	1,972,102,566
Assets classified as held for sale	172,043,037	-

As at June 30, 2018, if the Pakistani Rupee had strengthened / weakened by 10% against these currencies the carrying value would have been higher / lower by an amount of Rs. 107.68 million (2017: Rs. 224.83 million).

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For the year ended June 30, 2018

52.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's floating interest rates long-term debt obligations and financial assets. Financial assets and financial liabilities include balances of Rs. 26,188 million (2017: Rs. 22,754 million) and Rs. 21,736 million (2017: Rs.22,492 million) respectively, which are subject to interest rate risk. The maturity analysis and interest rate profile of the Group's significant interest bearing financial instruments are as follows:

	2018							
	Exposed to yield / interest rate risk							
On-balance sheet financial instruments	Effective yield / profit rate %	Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Not exposed to yield / profit rate risk
	Rupees							
Financial assets								
Net investment in finance lease	7.7% - 24.00%	17,916,682,926	740,981,703	1,521,916,812	6,020,436,629	9,633,347,782	-	-
Long-term investments	9.60% - 12.00%	307,453,115	-	-	-	63,354,946	-	244,098,169
Term finances and loans	4.00% - 37.73%	6,953,413,182	288,093,740	491,317,448	2,021,411,371	3,558,611,917	593,978,706	-
Accrued return on investments and term finance		83,360,712	-	-	-	-	-	83,360,712
Short-term investments	6.20% - 6.26%	772,588,069	520,178,927	238,568,451	-	-	-	13,840,691
Other receivables		156,302,114	-	-	-	-	-	156,302,114
Investment in associated undertakings		672,208,880	-	-	-	-	-	672,208,880
Cash and bank balances	2.40%-5.75%	924,936,908	495,927,106	-	-	-	-	429,009,802
Total		27,786,945,906	2,045,181,476	2,251,802,711	8,041,848,000	13,255,314,645	593,978,706	1,598,820,368
Financial Liabilities								
Long-term finances	5.29% - 8.07%	11,066,852,693	450,227,706	1,016,666,666	2,754,541,796	6,845,416,525	-	-
Certificates of deposit	6.40% - 12.15%	5,275,940,041	230,215,429	259,435,059	1,560,920,936	3,090,428,578	134,940,039	-
Other long-term liabilities		202,558,668	-	-	-	-	-	202,558,668
Trade and other payables		1,107,639,306	-	-	-	-	-	1,107,639,306
Accrued interest / mark-up / profit on loans, finances and certificates of deposit		283,728,568	-	-	-	-	-	283,728,568
Unpaid dividend		208,224,070	-	-	-	-	-	208,224,070
Unclaimed dividend		70,843,967	-	-	-	-	-	70,843,967
Short-term borrowings	7.03% - 7.93%	2,355,358,951	1,710,358,951	145,000,000	500,000,000	-	-	-
Redeemable capital	4.00% - 5.30%	3,127,115,000	149,300,000	143,950,000	2,736,885,000	8,200,000	-	88,780,000
Total		23,698,261,264	2,540,102,086	1,565,051,725	7,552,347,732	9,944,045,103	134,940,039	1,961,774,579
On-balance sheet gap (a)		4,088,684,642	(494,920,610)	686,750,986	489,500,268	3,311,269,542	459,038,667	(362,954,211)
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		4,088,684,642	(494,920,610)	686,750,986	489,500,268	3,311,269,542	459,038,667	
Cumulative interest rate sensitivity gap		4,088,684,642	3,593,764,032	4,280,515,017	4,770,015,285	8,081,284,828	8,540,323,495	

On-balance sheet financial instruments	2017 (Restated)							
		Exposed to yield / interest rate risk						
	Effective yield / profit rate %	Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Not exposed to yield / profit rate risk
	------ Rupees ------							
Financial assets								
Net investment in finance lease	8.17%-24.00%	16,742,897,738	513,841,015	1,524,447,173	5,983,835,240	8,720,774,310	-	-
Long-term investments	9.60% - 12.00%	371,227,561		14,951,881	-	66,173,475	-	290,102,205
Term finances and loans	5.00% - 37.73%	4,602,188,792	410,474,111	465,663,996	1,299,754,303	1,860,444,816	565,851,566	-
Accrued return on investments and term finance	-	59,856,053	-	-	-	-	-	59,856,053
Short-term investments	5.98% - 11.25%	913,881,825	86,016,051	813,574,594	-	-	-	14,291,180
Other receivables	-	164,194,817	-	-	-	-	-	164,194,817
Investment in associated undertakings	-	1,972,102,566	-	-	-	-	-	1,972,102,566
Cash and bank balances	2.46% - 5.25%	727,661,262	428,564,192	-	-	-	-	299,097,070
Total		25,554,010,614	1,438,895,369	2,818,637,644	7,283,589,543	10,647,392,601	565,851,566	2,799,643,891
Financial Liabilities								
Long-term finances	6.16% - 7.40%	11,864,512,348	473,809,524	1,191,666,666	2,721,553,796	7,477,482,362	-	-
Certificates of deposit	5.35% - 12.50%	6,027,923,708	183,667,181	197,068,431	1,519,179,246	3,456,799,858	543,532,839	127,676,153
Other long-term liabilities	-	214,038,190	-	-	-	-	-	214,038,190
Trade and other payables	-	1,113,489,065	-	-	-	-	-	1,113,489,065
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	360,713,437	-	-	-	-	-	360,713,437
Unpaid dividend	-	-	-	-	-	-	-	-
Unclaimed dividend	-	64,753,244	-	-	-	-	-	64,753,244
Short-term borrowings	6.61% - 7.61%	2,448,686,564	2,158,686,564	290,000,000	-	-	-	-
Redeemable capital	5.25%-6.30%	2,750,750,000	94,000,000	249,850,000	1,934,195,000	200,000	-	472,505,000
Total		24,844,866,556	2,910,163,269	1,928,585,097	6,174,928,042	10,934,482,220	543,532,839	2,353,175,089
On-balance sheet gap (a)		709,144,058	(1,471,267,900)	890,052,547	1,108,661,501	(287,089,619)	22,318,727	446,468,802
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		709,144,058	(1,471,267,900)	890,052,547	1,108,661,501	(287,089,619)	22,318,727	
Cumulative interest rate sensitivity gap		709,144,058	(762,123,842)	127,928,705	1,236,590,206	949,500,587	971,819,314	

a) Sensitivity analysis for variable rate financial instruments

The Group has extended KIBOR based short-term and long-term lease and finances to various counter parties that expose the Group to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax for the year ended June 30, 2018 would have been lower / higher by Rs 200.4 million (2017: Rs.229.9 million).

Furthermore, the Group also has KIBOR based financial liabilities in Pakistani Rupees representing short-term running finance arrangements, short-term and long-term finances obtained from various financial institutions and certificates of deposit which expose the Group to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax for the year ended June 30, 2018 would have been lower / higher by Rs.150.6 million (2017: Rs.153.8 million).

Presently, the Group does not hold any variable rate financial instrument carried at 'fair value through profit or loss' and is not exposed to cash flow interest rate risk except for balances in certain saving accounts. The interest rate of these bank accounts ranges from 2.40% to 5.75%. (2017: 2.46% to 5.25%) per annum.

b) Sensitivity analysis for fixed rate financial instruments

As at June 30, 2018, the Holding Company holds market treasury bills and Pakistan Investment Bonds which are classified as 'financial assets at fair value through profit or loss' and 'available for sale' respectively, exposing the Holding Company to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Markets Association of Pakistan for market treasury bills and Pakistan Investment Bonds with all other variables held constant, the net income for the year and net assets of the Holding Company would have been higher / lower by Rs.0.5 million (2017: Rs.1.05 million).

52.1.3 Other price risk

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

Other price risk arises when the Group has made investment in shares of listed companies or mutual funds. Currently, the Group holds investments in units of National Investment (Unit) Trust classified as available-for-sale financial assets. These investments are marked-to-market based on the net asset value which is declared on a daily basis. The Group has adopted a policy to diversify its portfolio and continuously monitor developments in markets. In addition the Company actively monitors the key factors that affect stock price movement.

52.2 Credit risk

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

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

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The concentration of credit risk indicates the relative sensitivity of the Group’s performance to developments affecting a particular industry or geographic location. As at June 30, 2018, out of the total financial assets of Rs. 33,436 million (2017: Rs.31,887 million) the assets which were subject to credit risk amounted to Rs. 26,960 million (2017: Rs..24,572 million). Significant concentration of the Group’s risk assets by class of business, industry sector and geographical region is set out in note 46.

The maximum exposure to credit risk at the reporting is:

	2018	2017 (Restated)
	Rupees	
Net investment in finance lease	17,916,682,926	16,742,897,738
Long-term investments	244,098,169	290,102,205
Term finances and loans	6,953,413,182	4,602,188,792
Accrued return on investments and term finance	83,360,712	59,856,053
Short-term investments	13,840,691	14,291,180
Net investment in ijarah finance	370,000	370,000
Other receivables	156,302,114	164,194,817
Investment in associated undertakings	672,208,880	1,972,102,566
Bank balances	923,515,259	726,313,374
	26,963,791,933	24,572,316,725

The Group controls the credit quality of receivables through diversification of activities to avoid undue concentration of risks with individuals, groups or specific industry segments. For such purpose, the Group has established exposure limits for single lessees and industrial sectors. The Group has an effective rental monitoring system which allows it to evaluate customers' credit worthiness and identify potential problem accounts. An allowance for potential lease, instalment and other loan losses is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on lease and other loan portfolios that can be reasonably anticipated. The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history.

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

2018

	Finance lease (net of security deposit)	Finances and loans	Investments & other receivables	Net investment in ijarah finance	Total
	Rupees				
Within 90 days	54,982,473	10,011,627	2,073,188	-	67,067,288
90 - 180 days	139,547,197	13,802,936	480,221	-	153,830,354
181-365 days	51,728,588	8,609,661	2,009,199	-	62,347,448
Over 1 Year	677,866,476	354,927,049	129,155,747	1,134,443	1,163,083,715
	924,124,734	387,351,273	133,718,355	1,134,443	1,446,328,805
Less: General and specific provision	924,124,734	387,351,273	133,718,355	1,134,443	1,446,328,805
Net of Provision	-	-	-	-	-
Coverage Ratio	100.00%	100.00%	100.00%	100.00%	100.00%

2017

	Finance lease (net of security deposit)	Finances and loans	Investments & other receivables	Net investment in ijarah finance	Total
	Rupees				
Within 90 days	85,745,801	128,563	-	-	85,874,364
90 - 180 days	59,965,085	11,970,645	2,933,832	-	74,869,562
181-365 days	49,534,686	7,177,373	10,174,414	-	66,886,473
Over 1 Year	729,087,374	361,416,877	125,128,666	1,134,443	1,216,767,360
	924,332,946	380,693,458	138,236,912	1,134,443	1,444,397,759
Less: General and specific provision	924,332,946	380,693,458	138,236,912	1,134,443	1,444,397,759
Net of provision	-	-	-	-	-
Coverage Ratio	100.00%	100.00%	100.00%	100.00%	100.00%

The Group has made provisions keeping in view the time based criteria prescribed under the NBFC Regulations. The Group has also made additional provisions of 278.54 million (2017: Rs. 272.60 million) using subjective criteria, in view of the prevailing economic conditions. The Group holds provision of Rs. 1,444 million (2017: Rs.1,442 million) against these non-performing receivables.

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

The analysis below summarises the credit rating quality of the Group's bank balances and investment in NIT units as at June 30, 2018:

	2018	2017
	Rupees	
Bank balances		
AAA	836,674,191	649,963,713
AA+	26,162,680	20,526,987
AA	24,042,345	5,120,879
AA-	32,180,652	28,446,995
A+	4,178,345	21,531,553
A	67,556	66,106
A-	-	355,211
State bank of Pakistan	209,490	301,930
	923,515,259	726,313,374
Units of collective investment scheme		
AM2++	14,917,700	16,915,480

The Group does not hold any other financial asset which are rated.

52.3 Liquidity risk

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

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

	2018				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	Rupees				
Long-term finances	11,066,852,693	12,247,684,900	1,678,810,374	3,153,433,736	7,415,440,790
Certificates of deposit	5,275,940,041	6,622,417,490	635,648,908	1,833,014,808	4,153,753,774
Trade and other payables	1,107,639,306	1,107,639,306	1,107,639,306	-	-
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	486,287,236	486,287,236	219,843,018	50,027,946	216,416,272
Unpaid Dividend	208,224,070	208,224,070	208,224,070	-	-
Unclaimed dividend	70,843,967	70,843,967	70,843,967	-	-
Short-term borrowings	2,355,358,951	2,378,798,842	2,378,798,842	-	-
Redeemable capital	3,127,115,000	3,127,115,000	382,030,000	2,736,885,000	8,200,000
	23,698,261,264	26,249,010,811	6,681,838,485	7,773,361,490	11,793,810,836

	2017 (Restated)				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	Rupees				
Long-term finances	11,864,512,348	13,173,410,121	1,916,187,071	3,150,564,130	8,106,658,920
Certificates of deposit	6,027,923,708	7,824,141,103	631,373,275	1,926,337,615	5,266,430,213
Trade and other payables	1,178,965,806	1,178,965,806	1,178,965,806	-	-
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	574,751,627	574,751,627	218,343,675	118,946,680	237,461,292
Unpaid Dividend	-	-	-	-	-
Unclaimed dividend	64,753,244	64,753,244	64,753,244	-	-
Short-term borrowings	2,448,686,564	2,483,333,057	2,483,333,057	-	-
Redeemable capital	2,750,750,000	2,750,750,000	816,355,000	1,934,195,000	200,000
	24,910,343,297	28,050,104,958	7,309,311,128	7,130,043,425	13,610,750,425

53 FAIR VALUE MEASUREMENT

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

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

As at June 30, 2018 the Group has financial assets classified as "at fair value through profit or loss" and "available-for-sale" which are carried at fair values. The investments in associates are accounted for using the equity method. The fair value of net investments in finance lease, long-term loans and finances and other receivables, long-term certificates of deposit and other payables are approximately equal to their carrying values. The provision for impairment of finance lease and long-term loans and finances and other receivables has been calculated in accordance with the Group's provisioning policy and the requirements of the NBFC Regulations, 2008.

In the opinion of the management, the fair value of the remaining assets and liabilities are not considered to be significantly different from their carrying values since these are short-term in nature or are periodically repriced.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3: inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows).

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

	2018			
	Level 1	Level 2	Level 3	Total
	Rupees			
RECURRING FAIR VALUE MEASUREMENTS				
Financial assets				
Available-for-sale financial assets				
Pakistan Investment Bond(PIBs)	-	-	-	-
Al-Hail ORIX Finance PSC	-	-	229,180,469	229,180,469
Ordinary shares-unlisted	-	-	13,840,691	13,840,691
Units of collective investment scheme	14,917,700	-	-	14,917,700
Financial assets at fair value through profit or loss				
Treasury bills (T-Bills)	-	758,747,378	-	758,747,378
Non-financial assets				
Fixed assets (Leasehold land & building)	-	-	408,496,485	408,496,485
Total	14,917,700	758,747,378	651,517,645	1,425,182,723

	2017			
	Level 1	Level 2	Level 3	Total
	Rupees			
RECURRING FAIR VALUE MEASUREMENTS				
Financial assets				
Available-for-sale financial assets				
Pakistan Investment Bond (PIBs)	-	16,083,680	-	16,083,680
Al-Hail ORIX Finance PSC	-	-	273,186,725	273,186,725
Ordinary shares-unlisted	-	-	14,291,180	14,291,180
Units of collective investment scheme	16,915,480	-	-	16,915,480
Financial assets at fair value through profit or loss				
Treasury bills (T-Bills)	-	883,506,965	-	883,506,965
Non-financial assets				
Fixed assets (Leasehold land & building)	-	-	421,397,782	421,397,782
Total	16,915,480	899,590,645	708,875,687	1,625,381,812

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

54 CAPITAL RISK MANAGEMENT

The objective of the Holding Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The Holding Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Holding Company may adjust the amount of dividend paid to its shareholders or issue new shares.

As required under the NBFC Regulations, every Investment finance company involved in deposit taking shall maintain a capital adequacy ratio of 8% for the first two years after the amendment coming into force and 10% thereafter. The Holding Company has maintained and complied with the minimum equity requirement during the current year.

55 EARNINGS PER SHARE - basic and diluted

	Note	2018	2017
		Rupees	
Profit for the year after taxation attributable to equity shareholders of Holding Company		1,371,298,724	821,672,924
Weighted average number of ordinary shares (Restated)		136,477,359	89,297,574
Earnings per share - basic and diluted (Restated)		10.05	9.20

55.1 Diluted earnings per share has not been presented separately as the Holding Company did not have any convertible instruments in issue at June 30, 2018 and June 30, 2017 which would have had any effect on the earnings per share had the option to convert been exercised.

56 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Holding Company in its meeting held on September 14, 2018 proposed a final dividend of Rs. 3.00 per share (2017: Rs 3.00 per share) for the year ended June 30, 2018, amounting to Rs. 417,637,257(2017: Rs. 417,637,257) and proposed bonus issue in the ratio of 1 share for every 5 shares held of Rs. 278,424,840 (2017: Nil). This appropriation will be approved by the members of the Holding Company at the Annual General Meeting to be held on October 23, 2018. The consolidated financial statements for the year ended June 30, 2018 do not include the effect of the appropriation which will be accounted for in the consolidated financial statements of the Group for the year ending June 30, 2019.

57 CORRESPONDING FIGURES

The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Following major reclassifications have been made during the year other than disclosed elsewhere in these consolidated financial statements.

Description	Reclassified from	Reclassified to	2017 (Rupees)
Reserves & Unappropriated profit	Reserves & Unappropriated profit	Capital reserves	1,428,793,478
		Revenue reserves	1,883,233,840
Unpaid dividend	Trade and other payables	Unpaid dividend	-
Unclaimed dividend	Trade and other payables	Unclaimed dividend	64,753,244

58 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 14, 2018 by the Board of Directors of the Holding Company.

59 GENERAL

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

Shaheen Amin
Chief Executive Officer

Khalid Aziz Mirza
Chairman

Maryam Aziz
Chief Financial Officer

Pattern of Shareholdings

As at June 30, 2018

No. of Shareholders	From	To	Shares Held	Percentage %
1588	1	100	42,896	0.0308
679	101	500	187,212	0.1345
279	501	1000	229,873	0.1651
510	1001	500	1,234,295	0.8866
143	5001	10000	1,085,316	0.7796
64	10001	1500	774,938	0.5567
51	15001	20000	921,420	0.6619
26	20001	25000	608,014	0.4368
18	25001	30000	507,583	0.3646
14	30001	35000	456,448	0.3279
11	35001	40000	415,888	0.2987
104	0001	45000	428,791	0.3080
11	45001	50000	533,798	0.3834
4	50001	5500	202,292	0.1453
5	55001	60000	284,570	0.2044
2	60001	6500	127,500	0.0916
5	65001	7000	343,788	0.2470
4	80001	85000	330,353	0.2373
9	95001	100000	894,000	0.6422
4	100001	105000	407,031	0.2924
1	105001	110000	106,156	0.0763
1	110001	115000	110,240	0.0792
3	115001	120000	351,720	0.2526
1	120001	125000	125,000	0.0898
1	125001	130000	127,132	0.0913
1	130001	135000	134,768	0.0968
3	145001	150000	445,500	0.3200
1	150001	155000	150,084	0.1078
1	155001	160000	160,000	0.1149
3	195001	200000	594,888	0.4273
1	210001	215000	210,500	0.1512
1	230001	235000	234,395	0.1684
1	235001	240000	238,908	0.1716
1	245001	250000	250,000	0.1796
1	255001	260000	255,500	0.1835
1	260001	265000	265,000	0.1904
1	265001	270000	265,457	0.1907
1	290001	295000	293,500	0.2108
2	295001	300000	600,000	0.4310
1	300001	305000	300,500	0.2159
1	305001	310000	305,280	0.2193
2	335001	340000	679,200	0.4879
1	340001	345000	341,292	0.2452
1	345001	350000	348,000	0.2500
1	360001	365000	362,323	0.2603
1	380001	385000	382,500	0.2748
1	390001	395000	391,790	0.2814
1	395001	400000	395,500	0.2841
1	430001	435000	431,500	0.3100
1	450001	455000	451,047	0.3240
1	475001	480000	475,936	0.3419
1	495001	500000	500,000	0.3592
1	550001	555000	553,667	0.3977
1	615001	620000	617,022	0.4432
1	625001	630000	628,500	0.4515
1	725001	730000	729,280	0.5239
1	815001	820000	818,500	0.5880
1	840001	845000	842,912	0.6055
1	1095001	1100000	1,100,000	0.7902
1	1355001	1360000	1,356,600	0.9745
1	1495001	1500000	1,500,000	1.0775
1	1995001	2000000	2,000,000	1.4367
1	2475001	2480000	2,475,312	1.7781
1	2550001	2555000	2,552,062	1.8332
1	3495001	3500000	3,500,000	2.5141
1	6400001	6405000	6,401,852	4.5986
1	7185001	7190000	7,186,443	5.1622
1	7310001	7315000	7,311,289	5.2519
1	10325001	10330000	10,326,000	7.4174
1	69010001	69015000	69,013,358	49.5741
3495			139,212,419	100.0000

Pattern of Shareholdings

As at June 30, 2018

Categories of Shareholders	Number of Shares Held	Category wise Numbers of Shareholders	Category wise Shares held	Percentage
Directors, Chief Executive Officer and their Spouse and Minor Children				
Mr. Khalid Aziz Mirza	500			
Mr. Nasim Hyder	500			
Mr. Naveed Kamran Baloch	100,000			
Ms. Aminah Zahid Zaheer	500			
Mr. Harukazu Yamaguchi	975			
Mr. Shaheen Amin	50,500			
		6	152,975	0.11%
Executives		22	318,218	0.23%
Associated Companies, Undertaking and Related Parties				
ORIX Corporation		1	69,013,358	49.57%
NIT/ICP		1	234,395	0.17%
Banks, DFIs and NBFIs		6	4,972,215	3.57%
Insurance Companies		5	7,809,352	5.61%
Modarabas and Mutual Funds		6	275,464	0.20%
Shareholders holding* 10%		1	69,013,358	49.57%
Foreign Companies		7	13,178,551	9.47%
General Public				
a. Local		3,325	20,047,066	14.40%
b. Foreign		74	1,103,641	0.79%
Others		42	22,107,184	15.88%
Total		3,495	139,212,419	100%

*Shareholders having 10% or above shares exist in other categories therefore not included in Total.

Shareholders holding five percent or more voting rights

ORIX Corporation	69,013,358	49.57%
Arif Habib Corporation Limited	10,326,000	7.42%
State Life Insurance Corporation of Pakistan	7,311,289	5.25%
Aberdeen Asian Smaller Companies Investment Trust PLC	7,186,443	5.16%
Total	93,837,090	67.41%

Trading in shares by Associated Company, Directors and Executives during the Year 2017-18

By Associated Company

Name of Associated Company	Number of Shares	Subscribed/Acquired/Sold/ Transferred of Shares
ORIX Corporation	28,321,519	Subscribed the Right Shares

By Directors

Name of Directors	Designation	Number of Shares	Subscribed/Acquired/Sold/ Transferred
Mr. Khalid Aziz Mirza	Chairman and Independent Director	500	Shares Transfer received
Mr. Shahid Usman*	Independent Non-Executive Director	114,268	Subscribed to Right Shares
Mr. Naveed Kamran Baloch	Independent Non-Executive Director	100,000	Subscribed to Right Shares
Mr. Harukazu Yamaguchi	Non-Executive Director	400	Subscribed to Right Shares
Mr. Hiroshi Nishio	Non-Executive Director	400	Subscribed to Right Shares
Mr. Shaheen Amin	Executive Director & Chief Executive Officer	50,500	Shares Acquired

*Term of Directorship ended on October 23, 2017

By Executives

Name of Executives	Designation	Number of Shares	Subscribed/Acquired/Sold/ Transferred of Shares
Mr. Arshad Abbas	Executive	25,000	Subscribed to Right Shares
Ms. Maryam Aziz	Executive	25,363	Subscribed to Right Shares
Ms. Effat Assad	Executive	48,564	Subscribed to Right Shares
Mr. Ramon Alfrey	Executive	28,193	Subscribed to Right Shares
Mr. Mohammad Ayub Khan	Executive	5,696	Subscribed to Right Shares
Mian Faysal Riaz	Executive	25,000	Subscribed to Right Shares
Mr. Tahir Ali Shah	Executive	10,000	Subscribed to Right Shares
Mr. Muhammad Kashif Yaqoob	Executive	50,000	Subscribed to Right Shares
Mr. Hiralal Bharvani	Executive	40,000	Subscribed to Right Shares
Mr. Imitiaz Ahmad Chaudhry	Executive	10,348	Subscribed to Right Shares
Mr. Khawar Sultan	Executive	25,000	Subscribed to Right Shares
Mr. Muhammad Naveed Siddiqui	Executive	7,363	Subscribed to Right Shares
Mr. Waqas Ahmed Khwaja	Executive	10,000	Subscribed to Right Shares
Mr. Muhammad Wasif Butt	Executive	1,000	Subscribed to Right Shares
Mr. Ramon Alfrey	Executive	500	Shares Transferred
Mr. Ramon Alfrey	Executive	500	Shares Sold
Mr. Tahir Ali Shah	Executive	10,000	Shares Sold
Mr. Khawar Sultan	Executive	25,000	Shares Sold

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Jama Punji

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- FAQs Answered
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- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
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- Online Quizzes

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*Mobile apps are also available for download for android and ios devices

SECP

Jama Punji is an Investor Education Initiative of Securites and Exchange Commission of Pakistan

ORIX

ORIX Leasing Pakistan Limited

Proxy Form

I / We ____

of (full address) ____

being a Member of ORIX Leasing Pakistan Limited hereby appoint ______________________

of (full address) ____

____

____

or failing him / her ____

of (full address) ____

as my/our Proxy to attend and vote for me and on my behalf at the Thirty-Second Annual General Meeting of the Company to be held on October 23, 2018 and at any adjournment thereof.

Signature this ______________________ Year 2018
(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. ____

Note:

1. A Member entitled to attend and vote at the General Meeting is entitled to appoint a Proxy to attend and vote instead of him / her. A Proxy needs to be a Member of the Company.
2. The instrument appointing a Proxy shall be in writing under the hand of the appointer or of his / her attorney duly authorized in writing, if the appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorized.
3. The instrument appointing a Proxy and the power of attorney or other authority under which it is signed or a notarially certified copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting.
4. An individual Beneficial Owner of the Central Depository Company entitled to attend and vote at this meeting must bring his / her original Computerized National identity Card (CNIC) or Passport with him / her to prove his / her identity, and in case of Proxy, must enclose an attested copy of his / her CNIC or Passport. The representative of corporate entity, shall submit Board of Directors' resolution / power of attorney with specimen signature (unless it has been provided earlier) along with proxy form to the Company.

ORIX اوریکس لیزنگ پاکستان لمیٹڈ

پراکسی فارم

میں مسمّی/مسمّاۃ ____________ ساکن ____________

ضلع ____________ بحیثیت ممبر اوریکس لیزنگ پاکستان لمیٹڈ، مسمّی/مسمّاۃ ____________

ساکن ____________ کو بطورِ مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے بتیسویں (32) سالانہ اجلاسِ عام جو بتاریخ 23 اکتوبر 2018 منعقد ہو رہا ہے، میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط کی تاریخ ____________

ڈاک ٹکٹ منسلک کریں

ممبر کے دستخط ____________

فولیو نمبر ____________

شیئروں کی تعداد ____________

دستخط اور کمپنی کی مہر

گواہوں کے دستخط اور پتے

۱. ____________

۲. ____________

نوٹ:

۱۔ اجلاس عام میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کے لئے اپنا پراکسی مقرر کر سکتا ہے پراکسی کا کمپنی کا ممبر ہونا ضروری ہے۔

۲۔ یہ فارم ممبر یا اس کے اٹارنی کی جانب سے جسے تحریری طور پر اتھارائزڈ کیا گیا ہو، کی جانب سے دستخط کیا جائے۔ اگر ممبر کوئی کارپوریشن ہے تو اس کی عام مہر موجود ہونی چاہیے۔

۳۔ پراکسی کی تقرری کے دستاویز پاور آف اٹارنی یا دیگر دستاویز جس کے تحت تقرری ہوئی یا پاور آف اٹارنی کی تصدیق شدہ کاپی اجلاس کے انعقاد سے کم از کم 48 گھنٹہ قبل جمع کرانی ہوگی۔

۴۔ سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو پراکسی فارم کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدّقہ نقول بھی منسلک کرنی ہوگی۔ پراکسی کو اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔ کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد/پاور آف اٹارنی بمعہ نمونہ دستخط ہمراہ پراکسی فارم جمع کرانا ہونگے۔

Geographical Presence

Registered Office
Islamic Chamber of Commerce Building,
Ground Floor, ST-2/A, Block-9,
KDA Scheme No.5, Clifton, Karachi
Tel: 021-3530 3560-64
Fax: 021-35303571

Head Office
ORIX Building, Plot No. 16, Sector No. 24,
Korangi Industrial Area, Karachi
Tel: 021- 3514 4029-40
Fax: 021-35144002, 35144020
UAN: 111 24 24 24
Email: olp@orixpakistan.com
Website: www.orixpakistan.com

Karachi
Plot # 151-A, Shop No. 9 & 10,
Datari Arcade, P.E.C.H.S, Block-2, Karachi
Tel: 021-35143752-5

Lahore
76-B, E-1, Main Boulevard,
Gulberg III, Lahore.
Tel: 042-35782586-93
Fax: 042-5790488
UAN: 111 24 24 24

Thokar Niaz Baig
1st floor, 55th Avenue,
Lalazar Commercial Market, Raiwind Road,
Thokar Niaz Baig, Lahore
Tel: 042-35963581-84

Islamabad
Ground Floor, State Life Building No. 5,
Nizamuddin Road, Blue Area, Islamabad
Tel: 051-2822800-2, 2821706, 2821748
Fax: 051-2821917
UAN- 111 24 24 24

Rawalpindi
146-B Satellite Town, Chandni Chowk,
Murree Road, Rawalpindi
Tel: 051-4571431-3, 4571442-3
Fax: 051-4571445

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

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

Taxila
1st Floor, Raja Business Tower,
Plot No. 1023/1028, Taxila Cantt
Main G.T Road, Taxila
Tel: 051-4254473, 4254475, 4254476

Faisalabad
3rd Floor, Sitara Towers, Bilal Chowk,
Civil Lines, Faisalabad
Tel: 041-2633926, 2633811-3
Fax: 041-2633927
UAN: 111 24 24 24

Sargodha
A.R. Tower, Adjacent Q S International Hotel
University Road, Sargodha
Tel: 048-3729521, 3740091
Fax: 048-3729522

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

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

Multan
Ground Floor, Trust Plaza, LMQ Road,
Multan
Tel: 061- 4518431-3, 4518435-6
Fax: 061- 4580321
UAN: 111 24 24 24

Rahim Yar Khan
20-21, Ground Floor, City Centre Plaza,
Shahi Road, Rahim Yar Khan.
Tel: 068- 5888565, 5887617-8
Fax: 068-5887610

Bahawalpur
Ground Floor, Near Cantonment Office Board
Ahmed Pur East Road, Bahawalpur
Tel: 062-9255382, 9255494
Fax : 062-2886273

Vehari
137, Block-D, Vehari
Tel: 067-3360350 - 3

Sialkot
1st Floor, Ghoolam Kadir Arcade,
Aziz Shaheed Road, Sialkot Cantt.
Tel: 052-4260616, 4260877
Fax: 052-4269548
UAN: 111 24 24 24

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

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

Peshawar
Ground Floor, State Life Building
The Mall, Peshawar
Tel: 091- 5278647, 5279789, 5285541, 5285520
Fax: 091-5273389,
UAN: 111 24 24 24

Abbottabad
Yousaf Jamal Plaza, Near HBL
Mansehra Road, Abbottabad.
Tel: 0992-343888, 343188
Fax: 0992-405856

Mingora
First Floor, Shahzad Plaza, Makan Bagh,
Saidu Road, Mingora Swat
Tel: 0946 -722620
Fax: 0946 -722621

Kohat
Ground Floor, Saad Ullah Shah Market,
Near Kachehri Chowk, Kohat City
Tel: 0922- 512564-5

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

Sukkur
Shop No. S-33 & 34, New City Banglows,
Shikarpur Road, Sukkur
Tel: 071-5807031-32

Micro Finance Division

Kot Abdul Malik
11 K.M Lahore, Near Askari Bank,
Kot Abdul Malik, Distt. Sheikhupura
Tel: 042-37340711

Jallo Morre
Sooter Mill Stop, Near Karachi Hot & Spicy
Restaurant, Batapur Lahore
Tel: 042-36522931

Sharaqpur Sharif
Main Lahore Jaranwala Road, Opposite
Government Pilot High School Sharaqpur Sharif,
District Sheikhupura
Tel: 056-2590021

Morre Khunda
Opposite Rice Mill, Main Jarranwala Road,
Morre Khunda, District Nankana Sahib
Tel: 056-2442371, 0333-0422371

Pattoki
Faisal Colony Road, Near Raffay Sajid Hospital
Pattoki
Tel: 049-4422064

Chunian
W-1-370/26, Shop RH, Cantt Road,
Chunian
Tel: 0303-4031294, 0302-4566005

Renala Khurd
Near Dogar Petrol Pump Raay Town,
Renala Khurd, Distt. Okara
Tel: 044-2635185

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

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

Sahiwal
Main Circular Road, Opposite Kashmiri
Gate Tehsil Sahiwal District, Sargodha
Tel: 048-6785505

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

Shahpur
Khushab Road Shahpur Saddar
Near Bismallah Hotel, District Sargodha
Tel: 048-6310424

AA+
Long Term
Entity Rating by: PACRA
August 16, 2018

A1+
Short Term

Answers, Custom Fit.

ORIX

ORIX Leasing Pakistan Limited
Islamic Chamber of Commerce Building,
Ground Floor, ST-2/A, Block 9,
KDA Scheme No.5, Clifton, Karachi, Pakistan
UAN: 111 24 24 24, Fax: 021-35303571
Email: olp@orixpakistan.com
www.orixpakistan.com