Networking Across the Country

ORIX

Annual Report 2012

ORIX LEASING PAKISTAN LIMITED

Annual
Report
2012

ORIX LEASING PAKISTAN LIMITED

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VISION

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

MISSION

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

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

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

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

To make ORIX an iconic brand with strong brand loyalty and maintain its position as an industry leader

STRATEGIC

To continue innovating and developing products that meet the requirements of our customers as well as allow the Company to maximize its market share

To develop highest standards of corporate governance that exceed mandatory requirements of the code of corporate governance

To achieve and maintain highest credit ratings in the non-banking financial sector of the Country

To be the catalyst in propelling SME growth and development across Pakistan and remain in close proximity of the SME sector

OBJECTIVES

To provide maximum security of deposit to retail depositors

To ensure proper and stringent compliance to all external and internal rules and regulations

To invest in people and upgrade our staff's capabilities by investing in their training and development

To have the best possible standards of customer services and satisfaction through our well-trained and experienced human resources

To maximize return to stakeholders consistently year after year

CODE OF BUSINESS ETHICS

It is vital to the financial success of OLP that we conduct our business in compliance with the rules and regulations laid down by the Company. The code of conduct sets out the fundamental standards to be followed by employees in their everyday actions.

The Company has adopted the following code of conduct principles.

Avoid any conflict of interest between the Directors/ Employees of the Company or its associated undertakings.

Adhere to the highest standards of ethical business conduct.

Comply with applicable governmental laws, rules and regulations in letter and spirit.

Maintain the highest level of confidentiality within and outside OLP.

Maintain proper and fair relationship with Government bodies, Stakeholders, Customers and employees.

Maintain transparent and sound management by providing full disclosure to the public.

Encourage reporting of unethical conduct / violation.

Treat employees with dignity and respect.

OUR PROFILE

ORIX Leasing Pakistan Limited ("OLP") was established in July 1986 as a joint venture between ORIX Corporation, Japan and local investors. OLP commenced commercial operations in January 1987 and is listed on all three stock exchanges in Pakistan. It is headquartered in Karachi and has 27 branches situated in 25 cities.

OLP's major shareholder is ORIX Corporation of Japan (ORIX) having 49.6% shareholding. Established in 1964, ORIX is one of Japan's leading integrated financial services group with operations in 27 countries worldwide. The group had total asset base of US$101billion and equity of US$ 17 billion as at March 31, 2012.

OLP offers cost effective value-added financial products and customized services to a wide array of customers throughout the Country. The blend of international experience and local expertise acquired over the last 26 years provides OLP a distinctive competitive edge. OLP takes pride in the fact that it has played a major role in economic development of the Country by supporting the Small and Medium Enterprises (SME) Sector and creating thousands of jobs directly and indirectly. It has helped grow numerous small businesses into medium sized enterprises. Today, OLP is one of the most prominent Non-Banking Finance Companies in Pakistan with presence across the Country and a large network of individual and corporate customers.

OLP has strategic investments and board representations in five associated overseas joint venture leasing companies, and a real estate company in Pakistan. In addition to management support and technical assistance provided by OLP to these associated companies, all overseas associates are headed by Chief Executives deputed from OLP.

ORIX CORPORATION

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

ORIX CORPORATION, JAPAN - FINANCIAL HIGHLIGHTS

	US Dollars (millions)	
	March 31, 2012	March 31, 2011
Total Revenues	**11,837**	11,667
Profit before Income Taxes and Discontinued Operations	**1,588**	1,106
Total Equity	**17,470**	16,128
Total Assets	**101,653**	103,206

ORIX'S PRINCIPAL ACTIVITIES

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

ASSOCIATED COMPANIES

OVERSEAS ASSOCIATES

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

Associate	Established
Oman ORIX Leasing Company SAOG (OOLC)	1993
ORIX Leasing Egypt SAE (OLE)	1997
Saudi ORIX Leasing Company (SOLC)	2001
MAF ORIX Finance PJFC, UAE (MAFO)	2002
SK Leasing Kazakhstan (SKL)	2005

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

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

Company	OLP's Holding %	LCY	Pre-tax Profit Year to Dec 2011		Total Assets at Dec 31, 2011		Pre-tax Profit Half Year June 2012	
			LCY in 000s	Rs. in millions	LCY in 000s	Rs. in millions	LCY in 000s	Rs. in millions
OOLC	11.64%	RO	2,911	663,691	71,397	16,681,709	1,975	460,425
OLE	23.00%	LE	8,821	129,381	404,852	6,040,878	4,765	71,189
SOLC	2.50%	SR	73,764	1,725,674	1,237,751	29,690,800	43,253	1,035,808
MAFO	3.00%	AED	11,101	265,160	257,225	6,299,929	8,292	202,745
SKL	10.00%	KZT	122,344	71,159	2,058,958	1,227,448	(42,024)	(24,948)

ASSOCIATES IN PAKISTAN

OPP (Private) Limited (OPPL)
OPPL was established in January 2008 with a paid up capital of Rs. 300 million. The Company's sponsors are ORIX Corporation (45%), ORIX Leasing Pakistan Limited (45%) and local investors (10%). OPPL owns and operates service appartments in Lahore. The Company started commercial operations in January 2012.

PRODUCT INTRODUCTION

CORPORATE LEASE

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

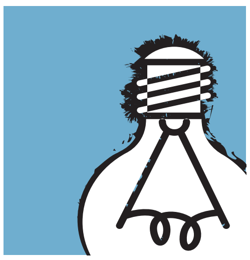
AUTO LEASE

With the ever increasing need for mobility, ORIX AUTO LEASE helps you to choose from the wide range of cars. We offer a car financing scheme for individuals with focus on easy processing and prompt service which makes car ownership a pleasure.

COMMERCIAL VEHICLES LEASE

We keep the road transport industry moving by financing trucks, prime movers, trailers etc. Our documentation and procedures are simple and we have easy rental plans to suit individual needs.

OPERATING LEASE



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

E-BUSINESS

ORIX's e-BUSINESS has helped expand the use of credit, debit, fleet and loyalty cards in Pakistan. We provide a state-of-the-art network to process plastic card transactions for leading banks and corporations covering 200 towns and cities with over 9,000 point of sale terminals operating 24/7.

MICRO FINANCE

We believe the best way to alleviate poverty long term is to make the poorest section of our society more productive. This in turn helps to improve our nation's living standards and health. We play our role in this area by providing financing to start new small scale businesses or expand existing ones by enabling microentrepreneurs to buy equipment, ranging from sewing machines to rickshaws and beyond, as well as raw material. We are particularly pleased to assist women entrepreneurs, who find it more difficult to secure financing.

ISLAMIC FINANCE

Our Islamic Finance Division offers Ijarah and Diminishing Musharakah as its core products. This segment of our business caters to its customers needs with Shariah compliant products to meet their Islamic financing requirements.

CERTIFICATES OF DEPOSIT

TRUSTWORTHY

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

The Certificates of Deposit are issued in registered form with investment periods ranging from one month to ten years and are sealed with ORIX's guarantee of adhering to a globally established tradition of excellence and best possible standards of personalised customer service.

Our 'AA' long term credit rating from PACRA is the highest in the leasing industry and an endorsement of our financial stability.

AND SECURED

Our Certificates of Deposit
are offered through
the following products:

- MONTHLY PROFIT PLAN
- STEP-UP INCOME
- QUICK GAIN
- ORIX FLOATER
- MONEY BUILDER PLUS
- PREMIUM MONTHLY PROFIT PLAN

CALENDAR OF MAJOR EVENTS

1986
Incorporation of Orient Leasing Pakistan (Pvt) Limited

1987
Commencement of business by introducing the first Product – Corporate Lease. Status changed to public limited company

1989
Name changed to ORIX Leasing Pakistan Limited

1992
Launching of Auto Lease segment

1993
Opening of first overseas joint venture in Oman

1997
Opening of joint venture company in Egypt

1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011

2000
Launching of Operating Lease & Commercial Vehicle lease segments

2001
Opening of joint venture Company in Saudi Arabia

2002
Launching of E-Business Division

2003
Launching of Microfinance & Agricultural Lease & Finance

2005
Opening of joint venture Company in Kazakhstan

2011
Launching of Islamic Finance Division

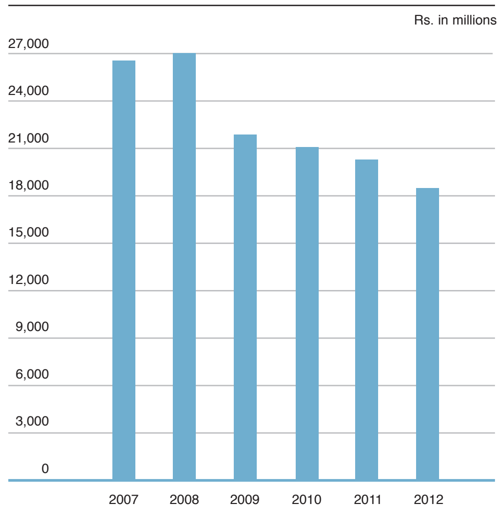
SIX YEARS' FINANCIAL SUMMARY

(Rupees in millions)

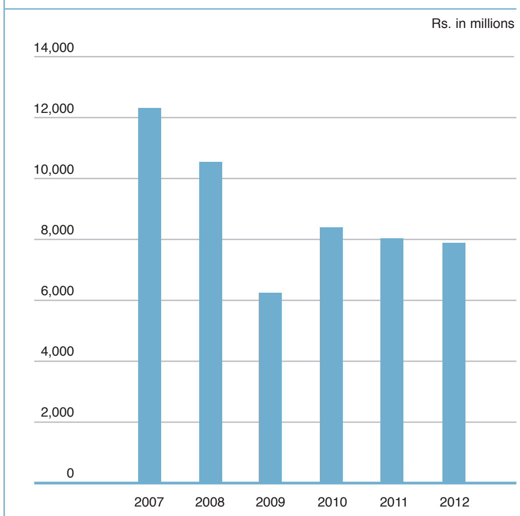
	2012	2011	2010	2009	2008	2007
Total Disbursement	**7,844**	8,058	8,428	6,251	10,789	12,142
Revenues	**3,346**	3,183	3,700	3,491	3,450	3,012
Lease revenue	**2,717**	2,758	2,699	2,983	2,955	2,726
Profit/ (Loss) before tax	**275**	227	126	(429)	351	396
Profit/ (Loss) after tax	**202**	145	104	(467)	267	334
Financial charges	**1,868**	1,796	2,064	2,570	2,133	1,806
Allowance for potential lease and instalment loans	**199**	213	523	324	105	58
Proposed dividend	**123**	82	–	–	208*	243
Balance Sheet						
Gross lease receivables	**18,368**	19,802	20,906	22,229	26,815	26,665
Shareholders' equity	**2,461**	2,248	2,016	2,078	2,604	2,379
Fixed assets	**1,364**	1,267	1,075	1,122	832	751
Long term debts	**6,484**	6,563	8,827	12,991	14,676	9,348
Total borrowing	**13,177**	12,957	14,812	17,558	17,011	16,780
Long term investments	**1,585**	1,483	1,426	1,838	1,401	1,107
Financial Ratios						
Profit before tax ratio	**8.2%**	7.1%	3.4%	-12.3%	10.2%	13.1%
Proposed dividend	**15.0%**	10.0%	–	–	30.0%	35.0%
Dividend yield ratio	**13.8%**	17.9%	–	–	12.0%	11.8%
Dividend payout ratio	**60.9%**	56.7%	–	–	78.1%	72.8%
Return on assets	**1.2%**	0.8%	0.5%	-2.2%	1.3%	1.7%
Return on equity	**8.6%**	6.8%	5.1%	-20.0%	10.7%	14.2%
Income/ expense ratio	**1.17**	1.16	1.23	1.0	1.1	1.2
Earning/ (Loss) per share (Rs.)	**2.46**	1.76	1.27	(5.8)	3.3	4.8
Price earning ratio	**4.4**	3.2	4.1	(1.4)	6.6	6.2
Market value per share (Rs.)	**10.86**	5.57	5.23	8.0	25.0	29.8
Price to book ratio	**0.04**	0.02	0.02	0.02	0.06	0.08
Book value per share (Rs.)	**30.0**	27.4	24.6	26.0	37.5	34.2
Debt/ Equity ratio	**5.3**	5.8	7.3	8.4	6.7	7.1
Current ratio	**1.13**	1.13	1.35	1.9	2.4	1.1

* Includes cash and bonus

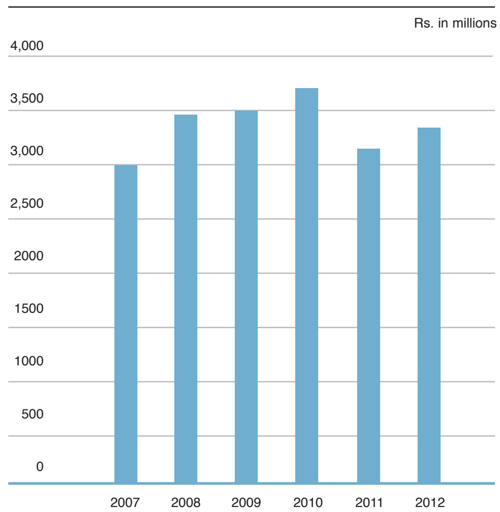
Gross Lease Receivables



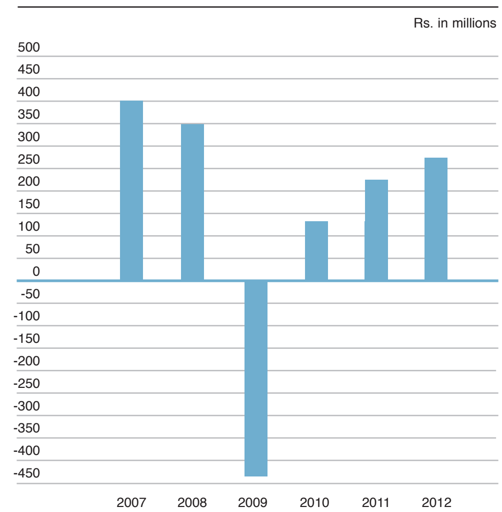
Disbursements



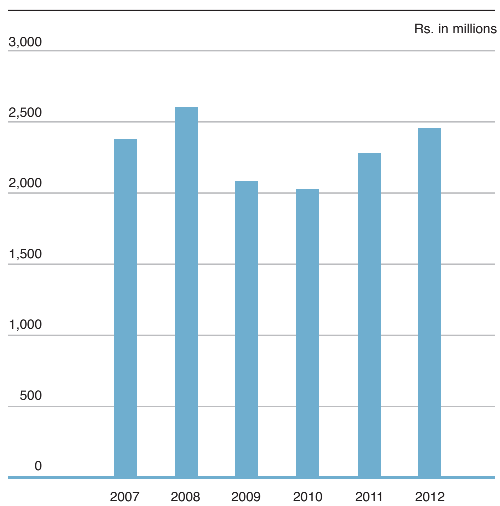
Revenues



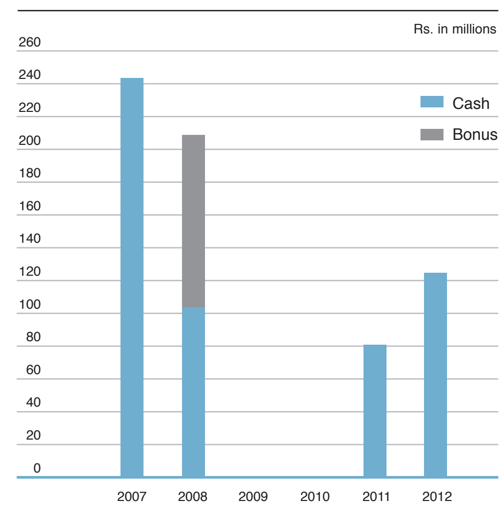
Profit / (Loss) Before Tax



Shareholder Equity



Dividends

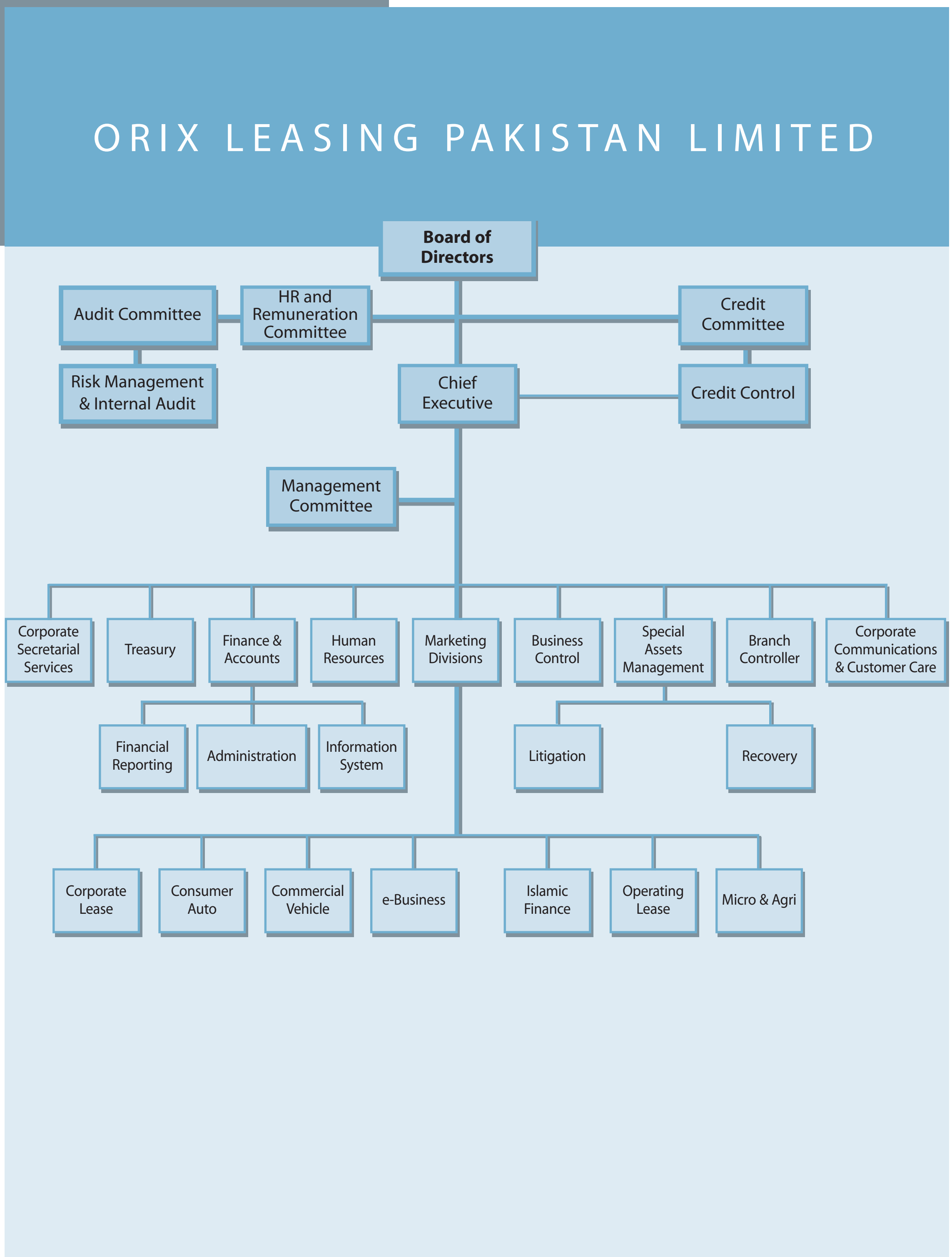


STATEMENT OF VALUE ADDED

	2012	%	2011	%
Revenues from operations	**2,765,661,503**		2,684,399,991	
Other income	**258,323,834**		181,939,812	
Share of profit of associates	**123,625,355**		103,995,529	
	3,147,610,692		2,970,335,332	
Financial costs	**1,494,970,285**		1,515,722,529	
Direct cost of leases and services	**505,850,636**		476,317,144	
	2,000,820,921		1,992,039,673	
Value Added	**1,146,789,771**		978,295,659	
Distributed as follows:				
Remuneration	**295,471,057**	26	269,379,366	28
Taxes	**73,000,000**	6	81,912,755	8
Profit on investments	**373,100,940**	32	279,847,788	29
Cash dividend*	**123,079,395**	11	82,052,930	8
Depreciation and amortisation	**203,353,884**	18	202,483,249	21
Capital reserves and retained profits	**78,784,495**	7	62,619,571	6
	1,146,789,771	100	978,295,659	100

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

ORGANIZATION CHART



DIRECTORS' PROFILE

Mr. Kunwar Idris
Chairman

Mr. Idris holds a master's degree in Political Science from the Punjab university and a diploma in Public Administration from Cambridge University, UK. He joined the Civil Service of Pakistan in 1957 and served for 37 years in various capacities among others, as Transport Secretary, Home Secretary and Chief Secretary of Sindh. Mr. Idris retired as Secretary, Federal Ministry of Petroleum & Natural Resources. He also served as Chief Executive of Pakistan Automobile Corporation and Bankers Equity. Mr. Idris presently serves on the boards of a number of companies.

Mr. Shahid Aziz Siddiqui
Nominee of State Life Insurance Corporation of Pakistan

Mr. Shahid Aziz Siddiqui is presently Chairman State Life Insurance Corporation of Pakistan. Mr. Siddiqui holds a Master Degree from the Karachi University and a Post Graduate Degree in Development Economics from the University of Cambridge UK. Mr. Siddiqui topped the CSS examination of 1968. He has successfully completed all the parts of the Board Development Series conducted by Pakistan Institute of Corporate Governance (PICG) and is a Certified Board Director by PICG/I.F.C.

He has formerly held the positions of Managing Director Rice Export Corporation of Pakistan, Chairman National Highways Authority, Director General Ports and Shipping and Director Labour, Sindh.

He has also been the Commissioner Karachi Division and Deputy Commissioner of the Districts of Thatta, Sanghar and Larkana. In addition having held the position of Director Excise & Taxation, Sindh and many other assignments in the Federal and Provincial Governments.

Mr. Humayun Murad
Non Executive Director

Mr. Murad is an FCA from the Institute of Chartered Accountants of England and Wales. He carries professional experience of four decades in Pakistan and UK mainly in the financial sector. Mr. Murad joined OLP in 1986 as Deputy Managing Director and took over as Managing Director in 1989, a position he served until December 31, 2010. He has been awarded Sitara-e-Imtiaz by the Government of Pakistan for services to Pakistan's leasing industry.

Mr. Murad is currently serving as CEO of ORIX Corporation's operations in Middle East, North Africa and CIS. He is a Director on the Boards of ORIX Group companies in Saudi Arabia, Egypt, Kazakhstan and UAE and also serves as Director on the Boards of Samba Bank Limited and Pak Oman Asset Management Company Limited.

Mr. Yoshiaki Matsuoka
Non Executive Director

Mr. Matsuoka graduated from The Kwansei Gakuin University, Japan in 1991 and joined ORIX Corporation the same year. In his over two decades association with ORIX Corporation, he has served in various capacities in different divisions within Japan and abroad. Currently he is serving as Managing Director, International Business Division in Japan. He also serves as Director on the Board of other overseas ORIX Group Companies.

Mr. Shahid Usman
Non Executive Director

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

Mr. Shaheen Amin
Non Executive Director

Mr. Amin joined OLP in December 1986 and after serving in various capacities was appointed Deputy Managing Director in January, 1992. Mr. Amin was appointed the founding General Manager of Oman ORIX Leasing Company SAOG and in the year 2000 was appointed the founding General Manager of Saudi ORIX Leasing Company.

Mr. Amin has an MBA from Booth School of Business, University of Chicago and an Executive MS in Risk Management from Stern School, New York University.

Mr. Kazuhito Inoue
Non Executive Director

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

Mr. Teizoon Kisat
Chief Executive

Mr. Teizoon Kisat is a fellow member of the Institute of Chartered Accountants of Pakistan and has more than 17 years of leasing industry experience at senior management level. After completing his education and professional training in 1983, he started his career in a premier accounting firm of Pakistan. Later he joined a reputed audit practice firm in Saudi Arabia. Mr. Kisat has been associated with the leasing sector since 1995. He served different leasing companies in Pakistan until 2000 when he joined ORIX Leasing Pakistan Limited. Mr. Kisat assumed the office of Managing Director and CEO of ORIX Leasing Pakistan Limited on January 1, 2011. He is also on the Board of Oman ORIX Leasing Company SAOG and OPP (Private) Limited. He was Chairman of Leasing Association of Pakistan from 2008 to 2010.

COMPANY INFORMATION

Board of Directors

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

Audit Committee

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

Credit Committee

Mr. Shaheen Amin	Member
Mr. Teizoon Kisat	Member
Mr. Ramon Alfrey	Member
Mr. Amjad Iqbal	Member

Human Resource and Remuneration Committee

Mr. Shahid Aziz Siddiqui	Chairman
Mr. Kazuhito Inoue	Member
Mr. Teizoon Kisat	Member

Chief Financial Officer

Mr. Ramon Alfrey

Company Secretary

Ms. Effat Assad

Head of Internal Audit & Secretary to Audit Committee

Ms. Maryam Aziz

Head of Credit

Mr. Amjad Iqbal

Senior Management

Mr. Arshad Abbas	General Manager - Commercial Vehicle Division
Mr. Mian Faisal Riaz	General Manager - Corporate Lease
Mr. Giasuddin Khan	General Manager - e-Business
Mr. Ayub Khan	General Manager - Special Assets Management
Mr. M. Shakeb Murad	General Manager - Treasury
Mr. Irfan Ahmed	General Manager & Branch Controller (Northern Region)
Mr. M. Ismail Khan	Head - Business Control
Mr. Hamood Ahmed	Head - Consumer Auto Lease
Ms. Aseya Qasim	Head - Micro Finance / Agri Lease
Mr. Asim Shafique	Head - Operating Lease
Mr. Mujahid Ali Mirza	Head - Islamic Finance
Mr. M. Moizuddin	Head - Information Systems
Ms. Iffat Hina	Head - Human Resource

Banks and Lending Institutions

Allied Bank Limited	JS Bank Limited
BankIslami Pakistan Limited	National Bank of Pakistan
Citibank N.A.	Pak-Iran Joint Investment Company Limited
Citibank Japan Limited	Pakistan Poverty Alleviation Fund
ECO Trade & Development Bank, Turkey	Pak Brunei Investment Company Limited
Faysal Bank Limited	Standard Chartered Bank (Pakistan) Limited
HSBC Bank Middle East Limited	Standard Chartered Sadiq
ING Bank Limited, Japan Branch	The Bank of Tokyo - Mitsubishi UFJ, Limited
International Finance Corporation	United Bank Limited

Auditors

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

Shariah Advisor

Mufti Ibrahim Essa

Legal Advisors

M/s Mansoor Ahmad Khan & Co.

M/s Walker Martineau & Saleem

Registrar and Share Transfer Office

Noble Computer Services (Private) Limited

First Floor, House of Habib Building (Siddiqsons Tower)

3- Jinnah C.H. Society, Main Shahrah-e-Faisal, Karachi- 75350

Registered Office

Islamic Chamber of Commerce Building, Ground Floor,

ST - 2/A, Block 9, KDA Scheme No. 5, Clifton, Karachi - 75600

Head Office

ORIX Building, Plot No. 16, Sector No. 24,

Korangi Industrial Area, Karachi- 74900

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty-Sixth Annual General Meeting of ORIX Leasing Pakistan Limited will be held at the Beach Luxury Hotel M.T. Khan Road, Karachi, on Thursday, October 18, 2012 at 4:00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements together with the Directors' and Auditors' Report for the year ended June 30, 2012.

2. To approve the payment of cash dividend to the shareholders at the rate of Rs. 1.5 per share of Rs. 10 each for the year ended June 30, 2012.

3. To appoint Auditors and fix their remuneration. A notice under section 253 (1) of the Companies Ordinance 1984 has been received from a shareholder of the Company proposing Messrs A.F. Ferguson & Co. Chartered Accountants, for appointment as auditors of the Company in place of the retiring auditors, Messrs KPMG Taseer Hadi and Co. having completed the statutory period of five years allowed under the Code of Corporate Governance and listing regulations of Karachi Stock Exchange.

SPECIAL BUSINESS (Statement Attached)

4. To approve remuneration of the Chief Executive.

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

Karachi: September 20, 2012

BY ORDER OF THE BOARD
Effat Assad
Company Secretary

Notes:

1. The Register of Members of the Company shall remain closed from October 11, 2012 to October 18, 2012 (both days inclusive). Transfers received in order at our registrars, Messrs. Noble Computer Services (Private) Limited, First Floor, House of Habib Building (Siddiqsons Tower), 3-Jinnah Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi at the close of business on October 10, 2012, will be treated in time for the purpose of attending the meeting and payment of dividend.

2. A Member entitled to attend and vote at the General Meeting of Members is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a Member of the Company.

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. A form of proxy is enclosed. Shareholders are requested to notify any change of address immediately.

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

A. For attending the meeting:

(i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original CNIC or original passport at the time of attending the meeting.

(ii) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing proxies:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.

(ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

(iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.

(v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

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

Accordingly, Members who have not yet submitted copy of their valid CNIC / NTN (in case of corporate entities) are requested to submit the same to the company, with Members, folio no. mentioned thereon, for updating record.

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

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

ITEM No. 4 OF AGENDA – Remuneration of Chief Executive

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

"Resolved that:
Approval is hereby given for the holding of office of profit with the Company by the Chief Executive and for payment of remuneration not exceeding Rs. 22.0 million for the year ending June 30, 2013 (2012: Rs. 16.0 million), together with other benefits in accordance with rules of the Company."

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

REPORT OF THE DIRECTORS

The Directors of ORIX Leasing Pakistan Limited are pleased to present the Twenty Sixth Annual Report together with audited financial statements of the Company for the year ended June 30, 2012.

NATURE OF BUSINESS

The Company is licensed to carry out leasing business as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP).

FINANCIAL INFORMATION

The financial results of the Company are summarized below:

In Rupees

	2012	2011
Profit before taxation	**274,863,890**	226,585,256
Less: Taxation	**73,000,000**	81,912,755
Profit after taxation	**201,863,890**	144,672,501
Earnings per share - basic and diluted	**2.46**	1.76
Appropriations:		
- Transfer to statutory reserves	**41,000,000**	29,000,000

DIVIDEND

The Directors are pleased to recommend a cash dividend of 15% for the year ended June 30, 2012 (2011: 10%)

OVERVIEW OF THE ECONOMY

The national economic indicators point towards relative stability with GDP growth improving to 3.7% from 3.0% last year. Despite global economic slowdown, heavy floods, disturbed law and order, energy shortage and increasing cost of business the resilience shown by the economy, nevertheless, augurs well for the future.

The Country's exports stood at USD 23.64 billion (2011: USD 24.82 billion) while imports were USD 44.91 billion (2011:USD 40.41 billion). A disproportionate increase in imports resulted in the trade deficit expanding by an unprecedented 36% to USD 21.27 billion. However, a positive sign for the economy was increase in overseas workers' remittances to USD 13.19 billion (2011: USD 11.20 billion).

Investment which plays a crucial role in the economic growth of the Country declined to 12.5% of GDP in 2011-12. Foreign direct investment inflows were down by 50.3% from USD 1.634 billion to USD 812.6 million. Reasons for the decline are investor concerns on governance, energy and security. Inflation remained a source of concern though it briefly receded to below double digit in December 2011.

Despite the economic challenges mentioned earlier, the manufacturing sector grew by 3.6% and the agricultural sector by 3.1% posting a marginally better performance than previous year. This shows that the Country is moving ahead braving the challenges in order to harness its growth potential.

FINANCIAL PERFORMANCE

The Company continues to move forward after the turnaround of last year. Net profit after tax at Rs. 201.9 million was 39.5% higher than Rs. 144.7 million of last year.

All segments of the Company's business performed well in a challenging environment. Factors contributing to growth include:

- Our strong ties to the small and medium enterprise sector.
- Tight management of overdues resulting in substantial reduction of non performing portfolio.
- Improved yield on new leases.
- Focus on achieving cost efficiencies.
- Growth of retail deposits by 64% to Rs. 3.4 billion.

BUSINESS REVIEW

In view of the overall economic trends, the Company is pursuing a policy of moving cautiously and conservatively. Overall disbursements stood at Rs. 7.8 billion in comparison to Rs. 8.1 billion in the preceding year.

Vehicles continued to be the major leased asset. Contribution of vehicles and machinery in the overall disbursements stood at 69.0% and 31.0% respectively. In keeping with the historical trend, the Company focused on sectoral diversification to optimize credit risk. Highest exposure of 16.8% was registered in Transport sector followed by the Services sector with an exposure of 10.7%.

REVENUE

Revenue from finance leases and installment loans at Rs. 2.0 billion (2011: Rs. 2.1 billion) was 4.6% lower on a reduced lease portfolio of Rs. 16.0 billion (2011: 17.1 billion) which was 6.4% lower than last year. Improved lease rates helped in maintaining revenue at reasonable level despite contraction in the lease portfolio.

Operating lease revenues increased by 8.4% to Rs. 703.6 million compared to Rs. 648.8 million in the previous year. Short-term generator rentals remained the mainstay of the Company's operating lease business.

Mark up on term / factoring finance revenue increased to Rs. 247.6 million from Rs. 138.8 million last year. The increase was mainly due to enhanced disbursement of vehicle finance during the year.

Other operating income increased to Rs. 261.3 million (2011: Rs. 188.8 million) due to higher returns on investments, deposits, and government securities.

Income from share of profit from associated companies improved to Rs. 123.6 million compared to Rs. 103.9 million last year.

FINANCIAL EXPENSES

Financial expenses of Rs. 1.9 billion (2011: Rs. 1.8 billion) were 4.0% higher mainly due to larger borrowing and increase in borrowing rates especially in the first half of the financial year.

During the year, the Company succeeded in negotiating new long-term funding lines of Rs. 4.1 billion from local as well as international financial institutions showing the strong trust and confidence it enjoys locally as well as globally.

OLP's portfolio of Certificates of Deposit increased by Rs. 1.3 billion to Rs. 3.4 billion (2011: Rs. 2.1 billion). These deposits were raised mostly from retail investors and strong growth in deposits reflects their confidence in the Company.

ADMINISTRATIVE & GENERAL EXPENSES

The Company continued austerity measures in order to achieve optimal cost efficiencies. Administrative and general expenses increased by 6.7% to Rs. 585.4 million (2011: Rs. 548.6 million). The increase is lower than the Country's inflation rate. Better resource management at all levels contributed to cost-efficient operations.

DIRECT COST OF LEASE

Direct cost of leases which mainly represents maintenance, insurance and depreciation on operating lease assets was 4.9% higher at Rs. 419.2 million (2011: Rs. 399.5 million).

ALLOWANCE FOR POTENTIAL LOSSES

The Company follows a conservative policy of providing for potential future losses. An amount of Rs. 198.8 million (2011: Rs. 212.8 million) has been provided during the year to strengthen the Company's financial position.

AWARDS & RECOGNITION

Corporate Excellence Award
OLP has been a recipient of "Corporate Excellence Award" of the Management Association of Pakistan several times. At the 28th Award ceremony held in April 2012 in Karachi, it was again adjudged the winner of Corporate Excellence Award in the financial services sector.

Asia Pacific ICT Award (APICTA)
In November 2011, Engro Milk Automation Network (EMAN), a unique programme developed by ORIX e-Business Division for its client Engro Foods Limited won the Silver (merit) Award under the e-Inclusion & e-Community Applications Category in Asia Pacific ICT Awards (APICTA) held in Thailand in which 170 solutions from 11 countries were presented.

Earlier, EMAN won the award in e-Inclusion & e-Community Applications Category at the Pakistan Software Houses Association (P@SHA) ICT Awards for 2011 held in Karachi.

Award from NBFI & Modaraba Association of Pakistan
The NBFI and Modaraba Association of Pakistan recognized the performance and contributions of the Company in October 2011. OLP received two awards – one on successful completion of 25 years of operations in Pakistan and the other a special award for turnaround and corporate excellence.

LAUNCH OF ISLAMIC FINANCE DIVISION

During the current year, OLP launched Islamic Finance Division by offering Ijarah and Diminishing Musharakah as its core products. The new division hopes to provide its customers with Shariah compliant products to meet their Islamic financing needs.

RISK MANAGEMENT

The Company recognizes the significance of risk management in the overall business operations and follows policies that are aimed at managing the risks optimally and prudently. The policy framework, processes and guidelines are overviewed by the Board of Directors and supervised on an ongoing basis by the Audit and Management Committee. The main risks facing the Company are summarized below:

Credit Risk
Credit risk refers to the failure of a borrower to fulfill its financial obligations as and when they fall due. This risk is inherent to the core business of the Company. To mitigate the risk the Company evaluates transactions under established procedures for credit approvals, credit limits, and collateral and guarantee requirements. These procedures incorporate both internal guidelines and requirements of the NBFC Rules and the NBFC Regulations. The Company also manages risk through an independent credit department which evaluates customers' credit worthiness and obtains adequate securities where applicable.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure that sufficient sources of funds are available over a range of market conditions without incurring unacceptable losses or risking damage to the Company reputation. The Company strives to match its lending and borrowing terms so that long term lending is financed by long term borrowing.

Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates and variable rate financial assets. To mitigate interest rate risk the Company attempts to maintain balance between fixed and variable rate financial instruments. The Company also uses derivatives to hedge against interest rate risk.

Operational Risk
As the business expands, operational risk management has become a critical component of our overall risk management policy. Operational risk refers to the risk of loss resulting from inadequate processes, people and systems or from external events. To manage the risk, we are continually following a strategy to strengthen our internal controls and procedures. We introduced many initiatives towards this end and enhanced the role of Management Committee to supervise operational risk management more effectively.

ASSOCIATED COMPANIES

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

Significant improvements in earnings were reported by associates in Saudi Arabia and Oman with OLP's share in their profit increasing by 43.7% and 31.2% respectively. The Company's UAE associate has also made a good recovery this year. ORIX Egypt's profits were 4.4% lower as the Egyptian economy remained under strain. Loss on account of SK leasing in Kazakhstan was at same level as last year as the Company is still looking to restructure its operations. OPP (Private) limited which operates serviced apartments in Lahore reported a loss of Rs. 50.2 million in its first year of commercial operation.

In the Extraordinary Meeting of Shareholders held on March 31, 2012, The Company's Shareholders approved an investment of Riyal Omani 593,700 in Oman ORIX Leasing Company SAOG (OOL). This allowed the Company to subscribe to its share in a rights issue announced by OOL. The Investment amounting to Rs. 142 million was made in May 2012.

CORPORATE SOCIAL RESPONSIBILITY

OLP takes pride in being a responsible corporate citizen that has supported various social causes. Whenever any unfortunate natural calamity hits the Country, OLP and its staff actively try to help the affected. Likewise, it has supported many initiatives aimed at the welfare and betterment of the underprivileged as well as the physically disabled members of society.

Our microfinance business is a key example of our efforts towards social development. With 7 branches spread across Punjab, we are providing microfinance services to thousands of low-income bracket individuals on group lending basis using the Grameen Bank model. We are advancing an average of Rs. 22.6 million to hundreds of customer every month under our various microfinance products. One of our recent products in microfinance is Ijarah of auto rickshaw in collaboration with a leading manufacturer. Other products in pipeline include livestock financing.

Donations are made every year by the Company in the areas of health, education and poverty alleviation and disaster relief.

ENERGY CONSERVATION MEASURES

As a responsible corporate citizen, OLP is cognizant of the energy shortage that the Country is facing and has taken steps to conserve energy. These include use of energy savers in the office building. Besides, the Company has recently installed solar panel at the Head Office to be used as the major source of power after sunset.

HUMAN RESOURCES

The Company recognizes human resource as its strongest and most valuable asset. Our Human Resources Division proactively arranges in-house as well as external training programmes covering both soft skills as well as technical skills for employees at all levels. To carry out in-house training sessions, we have established a Learning Centre equipped with all necessary training tools. During the year, staff spent 2,762 hours in training and development activities.

Besides, the Company has also initiated an orientation programme for staff stationed in different cities outside Karachi. Under the programme, staff members visit the head office for a stipulated number of days and go through a pre-designed orientation programme that takes them to all the divisions / departments and helps them acclimatize with the products, services and people. This programme allows the staff members to increase and improve internal communications as well as to better understand all the systems and processes.

The management places on record its appreciation for the dedication and loyalty of staff at all levels.

MARKET SHARE

OLP, being the largest leasing Company in the Country, has been playing a crucial role in the development of SME sector since 1986. The Company has disbursed over Rs.110 billion primarily to SMEs since its inception and will continue to do so in view of their contribution to the economy of the Country. The Company's market share in NBFI sector as per NBFI and Modaraba Association of Pakistan Yearbook of 2011 was as follows:

Rs. in million

	NBFIs	OLP	% of OLP share
Total Assets	70,803	21,802	31
Total Equity	18,390	2,248	12
Investment in lease finance	38,238	16,435	43

BUSINESS ETHICS

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

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

CUSTOMER SERVICES

Recognizing the significance of a strong communication network and customer service excellence, the Company set up a “Corporate Communications and Customer Care” department in November 2011 reporting directly to the Chief Executive. The department provides necessary support to all external corporate enquiries, handles public and media relations & activities and executes Corporate Social Responsibility programmes. More importantly, the department assists internal and external customers in resolving long standing complaints and issues and ensures that customer service standards are maintained and upgraded. This department is our major initiative towards consumer protection.

FUTURE OUTLOOK

Pakistan is a Country with potential and resources. The economy has always shown resilience in the face of myriad challenges. In the wake of global economic slowdown and the internal political and security situation, the Country is expected to grow though at a slow pace.

While remaining cognizant of global challenges coupled with Pakistan’s own economic situation, the Company will continue with its policy of cautious and calculated growth focusing on its niche market of Small and Medium Enterprises (SMEs) across the Country. With improvement in funding and growth in profitability over the past two years, we expect this trend to continue as there is significant demand for our financial products and services.

DIRECTORS’ DECLARATION

1. The financial statements prepared by the management of ORIX Leasing Pakistan Limited present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company’s ability to continue as a going concern.
7. Details of significant deviations in the Company’s operating results during the year ended June 30, 2012 are stated in the Directors’ Report.
8. Key operating and financial data for the last six years in summarized form is given at page 18.
9. The value of investments of the recognised provident fund as at June 30, 2012 was Rs. 235.2 million (un-audited) and as at June 30, 2011 was Rs. 198.6 million (audited). The value of investments of the Company’s recognised gratuity fund as at June 30, 2012 was Rs. 87.1 million (un-audited) and as at June 30, 2011 was Rs. 75.6 million (audited).
10. No trading in shares of the Company was carried out by the Directors, Executives and their spouses and minor children during the year.
11. A Director acquired certification of “Corporate Governance Leadership Skills Programme” conducted by the Pakistan Institute of Corporate Governance.
12. During the year four meetings of the Board of Directors and five meetings of the Audit Committee were held. The non resident Directors, who were unable to attend the meetings, constantly followed the progress of the Company and proceedings of the Board.

Board of Directors meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Kunwar Idris	4	Mr. Shahid Usman	4
Mr. Shahid Aziz Siddiqui	3	Mr. Shaheen Amin (Non Resident)	4
Mr. Humayun Murad (Non Resident)	4	Mr. Kazuhito Inoue (Non Resident)	4
Mr. Yoshiaki Matsuoka (Non Resident)	1	Mr. Teizoon Kisat	4

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

Audit Committee meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Shahid Usman	5	Mr. Shaheen Amin (Non Resident)	5
Mr. Shahid Aziz Siddiqui	5	Mr. Kazuhito Inoue (Non Resident)	5

CREDIT RATING

During the current financial year, The Pakistan Credit Rating Agency Limited (PACRA) maintained the Company's long term rating of AA (Double A) and short term rating of A1plus (A One plus). Likewise TFC ratings were maintained at AA+ (Double A plus).

As per PACRA standards, these ratings denote the lowest expectation of credit risk emanating from a strong capacity for timely repayment of financial commitments.

PARENT COMPANY

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

AUDITORS

The present auditors, M/s. KPMG Taseer Hadi & Co., Chartered Accountants have completed the statutory period of five years mandated by the Code of Corporate Governance. The Audit Committee recommends appointment of M/s. A.F. Ferguson & Co., Chartered Accountants as auditors for the year ending June 30, 2013.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2012 is attached at page 86.

ACKNOWLEDGEMENT

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

On behalf of the Board

TEIZOON KISAT
Chief Executive

Dated: September 20, 2012

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No 35 of listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive Directors and Directors representing minority interests on its Board of Directors. At present the Board includes:

Category		Names
Independent Directors	1.	Mr. Kunwar Idris
	2.	Mr. Shahid Aziz Siddiqui
	3.	Mr. Shahid Usman
Non-Executive Directors	1.	Mr. Humayun Murad
	2.	Mr. Yoshiaki Matsuoka
	3.	Mr. Shaheen Amin
	4.	Mr. Kazuhito Inoue
Executive Director	1.	Mr. Teizoon Kisat

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company, except one Director to whom relaxation has been granted by the Securities and Exchange Commission of Pakistan.

3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFC or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the year no casual vacancy occurred on the board.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. A Director acquired certification of “Corporate Governance Leadership Skills Programme” conducted by the Pakistan Institute of Corporate Governance.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee, it comprises of four members, of whom two are non-executive Directors and the Chairman and one member of the committee are independent directors.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the Committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom one is a non-executive director, one is an executive director and the Chairman of the committee is an independent director.

18. The board has set up an effective internal audit function.

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

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been compiled with.

TEIZOON KISAT
Chief Executive

Dated: September 20, 2012

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

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

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2012.

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi: September 20, 2012

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AUDITORS´ REPORT TO THE MEMBERS

We have audited the annexed balance sheet of ORIX Leasing Pakistan Limited ("the Company") as at 30 June 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2012 and of the profits, total comprehensive income, its cash flows and changes in equity for the year then ended; and

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

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Mahmood Hussain

Karachi: September 20, 2012

SHARIAH ADVISOR REPORT

بسم اللّٰه الرحمن الرحيم

ORIX Leasing Pakistan Limited established Islamic Finance Division (IFD) during the year. IFD with the consultation of undersigned, developed and executed the following two Shariah complaint products:

- **Ijarah**
- **Diminishing Musharakah**

The lease operations of IFD started in September 2011. With the grace of Allah Almighty total execution of Rs. 65 million was registered with the help of 36 contracts for the first fiscal year ended 30th June 2012. OLP's Microfinance Department also launched Shariah compliant Ijarah based Microfinance Rickshaw product for its customers at Lahore. A total of 20 contracts were executed involving a credit amount of Rs. 3.4 million.

Shariah Review Comments:
In the capacity of Shariah Advisor, I have reviewed the Legal documents of Ijarah (Vehicle & Machinery), Diminishing Musharakah and Microfinance Rickshaw product.

I confirm that the transactions executed by IFD and Microfinance Department are Shariah compliant and the Legal agreement(s) have been executed on the formats as approved by the Shariah Advisor and all the related conditions have been met.

I certify that the funds provided and utilized and accounting treatment of the products are confirming to Shariah requirements.

M. Ibrahim

Mufti Ibrahim Essa
Shariah Advisor
ORIX Leasing Pakistan Limited

FINANCIAL PERFORMANCE

BALANCE SHEET

as at June 30, 2012

	Note	2012	2011
ASSETS			
Non-current assets			
Property, plant and equipment	4	**1,341,222,314**	1,252,569,387
Intangible assets	5	**103,400,657**	94,757,202
Net investment in finance leases and instalment loans	6	**16,000,021,122**	17,087,283,089
Less:			
- Current maturity	11	**7,445,530,037**	7,325,445,407
- Allowance for potential lease and instalment loan losses	36	**714,915,974**	652,192,305
		8,160,446,011	7,977,637,712
		7,839,575,111	9,109,645,377
Long term investments	7	**1,585,628,740**	1,483,296,365
Long term finances and loans	8	**757,129,221**	283,828,411
Long term deposits		**13,767,914**	14,179,766
		11,640,723,957	12,238,276,508
Current assets			
Short term finances	9	**228,422,241**	243,986,457
Accrued return on investments and term loans	10	**15,530,539**	4,004,811
Current maturity of non-current assets	11	**8,377,662,787**	7,800,045,216
Short term investments	12	**737,619,471**	358,262,965
Taxation - net		**49,129,572**	33,116,400
Advances and prepayments	13	**103,089,324**	66,875,194
Other receivables	14	**495,006,915**	799,908,395
Cash and bank balances	15	**336,372,619**	242,277,126
Assets classified as held for sale	16	**13,096,354**	15,465,064
		10,355,929,822	9,563,941,628
Total assets	Rupees	**21,996,653,779**	21,802,218,136
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
350,000,000 (2011: 350,000,000) Ordinary shares of Rs. 10 each	Rupees	**3,500,000,000**	3,500,000,000
Issued, subscribed and paid-up capital	17	**820,529,300**	820,529,300
Reserves		**1,555,635,712**	1,340,157,276
		2,376,165,012	2,160,686,576
Surplus on revaluation of leasehold land and office building	18	**85,044,713**	87,012,511
Non-current liabilities			
Long term finances	19	**2,273,603,118**	3,165,147,598
Long term loans	20	**1,938,186,558**	2,172,518,954
Long term certificates of deposit	21	**2,272,541,812**	1,225,809,689
Long term deposits	22	**3,585,739,883**	4,308,266,328
Deferred taxation	23	**284,302,452**	221,862,034
		10,354,373,823	11,093,604,603
Current liabilities			
Trade and other payables	24	**291,026,309**	254,550,648
Accrued interest / mark-up on loans and finances	25	**542,826,711**	608,998,138
Short term borrowings	26	**946,741,568**	1,108,675,410
Short term certificates of deposit	27	**956,842,830**	737,863,450
Current maturity of non-current liabilities	28	**6,443,632,813**	5,750,826,800
		9,181,070,231	8,460,914,446
Total equity and liabilities	Rupees	**21,996,653,779**	21,802,218,136
Contingencies and Commitments	29		

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

TEIZOON KISAT
Chief Executive

HUMAYUN MURAD
Director

PROFIT AND LOSS ACCOUNT

for the year ended
June 30, 2012

	Note	2012	2011
INCOME			
Income from operations			
Finance leases and instalment loans	30	**2,013,279,124**	2,109,525,438
Operating leases		**703,581,627**	648,814,882
Mark-up on term / factoring finance		**247,624,768**	138,865,009
		2,964,485,519	2,897,205,329
Income from other operating activities			
Other operating income	31	**261,311,899**	188,801,737
Share of profit of equity accounted undertakings	32	**123,625,355**	103,995,529
		384,937,254	292,797,266
		3,349,422,773	3,190,002,595
EXPENSES			
Finance costs	33	**1,868,071,225**	1,795,570,317
Administrative and general expenses	34	**585,467,268**	548,630,543
Direct cost of leases	35	**419,208,309**	399,549,216
		2,872,746,802	2,743,750,076
		476,675,971	446,252,519
Allowance for potential lease, instalment and other loan losses - net	36	**198,824,016**	212,805,338
Impairment of assets	37	**2,988,065**	6,861,925
Profit before tax		**274,863,890**	226,585,256
Taxation	41	**73,000,000**	81,912,755
Profit for the year Rupees		**201,863,890**	144,672,501
Earnings per share - basic and diluted Rupees	45	**2.46**	1.76

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

TEIZOON KISAT
Chief Executive

HUMAYUN MURAD
Director

STATEMENT OF COMPREHENSIVE INCOME for the year ended June 30, 2012

		2012	2011
Profit for the year		**201,863,890**	144,672,501
Other comprehensive income			
Exchange difference arising on translation of foreign associates - net of deferred tax		**44,380,678**	(17,843,806)
Unrealised gain due to change in fair value of available for sale securities - net		**3,047,400**	688,807
Unrealised gain due to sale of available for sale securities transferred to profit and loss account		**–**	(7,456,051)
Impairment on available for sale securities transferred to profit and loss account		**2,628,065**	5,181,925
		5,675,465	(1,585,319)
Net gain on hedging instruments		**42,583,951**	19,086,768
Total other comprehensive income for the year		**92,640,094**	(342,357)
Total comprehensive income for the year	Rupees	**294,503,984**	144,330,144

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

TEIZOON KISAT
Chief Executive

HUMAYUN MURAD
Director

CASH FLOW STATEMENT

for the year ended
June 30, 2012

	Note	2012	2011
Cash flows from operating activities			
Operating profit before working capital changes	42	**2,322,238,428**	2,250,589,315
Decrease / (increase) in operating assets			
Investment in finance leases and instalment loans - net		**1,002,482,368**	1,023,521,319
Long term finances and loans - net		**(955,694,890)**	(85,902,531)
Short term finances		**4,051,377**	74,872,354
Long term deposits		**411,852**	(1,563,860)
Advances and prepayments		**(36,214,130)**	(1,329,598)
other receivables		**301,089,349**	38,017,958
		316,125,926	1,047,615,642
(Decrease) / increase in operating liabilities			
Deposits from lessees - net		**(272,673,932)**	(347,101,317)
Trade and other payables		**32,169,818**	(8,274,518)
		(240,504,114)	(355,375,835)
Cash generated from operations		**2,397,860,240**	2,942,829,122
Mark-up paid		**(1,545,087,647)**	(1,579,856,075)
Payment against staff retirement benefits		**(8,771,600)**	(2,496,000)
Profit paid on certificates of deposit		**(335,449,933)**	(278,704,850)
Income tax paid		**(48,013,172)**	(59,461,883)
Net cash from operating activities		**460,537,888**	1,022,310,314
Cash flows from investing activities			
Capital expenditure incurred - own use assets		**(69,676,907)**	(53,661,084)
Capital expenditure incurred - operating lease assets		**(205,838,414)**	(251,147,829)
Capital expenditure incurred - Ijarah finance		**(57,277,080)**	–
Proceeds from disposal of assets under own use		**27,709,987**	30,038,634
Proceeds from disposal of assets under operating lease		**17,850,000**	30,615,129
Purchase of right shares of equity accounted undertaking		**(142,132,398)**	–
Investments - net		**(175,722,093)**	885,443,081
Dividend received		**103,587,255**	33,071,635
Interest received		**63,122,715**	48,618,589
Net cash (used in) / from investing activities		**(438,376,935)**	722,978,155
Cash flows from financing activities			
Proceeds from long term loans		**4,087,590,000**	2,443,290,000
Short term borrowings-net		**–**	250,000,000
Certificates of deposit issued - net		**1,328,492,601**	58,901,499
Repayment of long term loans and finances		**(5,100,604,288)**	(4,622,080,931)
Dividend paid		**(81,609,931)**	(26,981)
Net cash from / (used in) financing activities		**233,868,382**	(1,869,916,413)
Net increase / (decrease) in cash and cash equivalents		**256,029,335**	(124,627,944)
Cash and cash equivalents at beginning of the year		**(116,398,284)**	8,229,660
Cash and cash equivalents at end of the year Rupees	43	**139,631,051**	(116,398,284)

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

TEIZOON KISAT
Chief Executive

HUMAYUN MURAD
Director

STATEMENT OF CHANGES IN EQUITY

for the year ended June 30, 2012

	Issued, subscribed and paid-up capital	Reserves: Share premium	Statutory reserve	General reserve	Unappropriated profit / (Accumulated losses)	Unrealised (losses) / gains on available for sale investments	Hedging reserve	Foreign currency translation reserve	Total shareholders equity
Balance as at July 01, 2010	820,529,300	448,603,499	624,900,000	210,000,000	(155,546,045)	3,803,587	(192,545,544)	256,611,636	2,016,356,433
Total comprehensive income for the year ended June 30, 2011									
Profit for the year	–	–	–	–	144,672,501	–	–	–	144,672,501
Other comprehensive income									
Exchange difference arising on translation of foreign associates - net of deferred tax	–	–	–	–	–	–	–	(17,843,806)	(17,843,806)
Unrealized gain due to change in fair value of available for sale securities-net	–	–	–	–	–	688,807	–	–	688,807
Unrealized gain due to sale of available for sale securities transferred to profit and loss account	–	–	–	–	–	(7,456,051)	–	–	(7,456,051)
Impairment on available for sale securities	–	–	–	–	–	5,181,925	–	–	5,181,925
Net gain on hedging instrument	–	–	–	–	–	–	19,086,767	–	19,086,767
	–	–	–	–	–	(1,585,319)	19,086,767	(17,843,806)	(342,358)
Transfer to statuatory reserve	–	–	29,000,000	–	(29,000,000)	–	–	–	–
Balance as at July 01, 2011 Rupees	820,529,300	448,603,499	653,900,000	210,000,000	(39,873,544)	2,218,268	(173,458,777)	238,767,830	2,160,686,576
Total comprehensive income for the year ended June 30, 2012									
Profit for the year	–	–	–	–	201,863,890	–	–	–	201,863,890
Other comprehensive income									
Exchange difference arising on translation of foreign associates - net of deferred tax	–	–	–	–	–	–	–	44,380,678	44,380,678
Unrealized gain due to change in fair value of available for sale securities-net	–	–	–	–	–	3,047,400	–	–	3,047,400
Impairment on available for sale securities transferred to profit and loss account	–	–	–	–	–	2,628,065	–	–	2,628,065
Net gain on hedging instrument	–	–	–	–	–	–	42,583,951	–	42,583,951
	–	–	–	–	–	5,675,465	42,583,951	44,380,678	92,640,094
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	–	–	–	–	3,027,382	–	–	–	3,027,382
Transfer to statuatory reserve	–	–	41,000,000	–	(41,000,000)	–	–	–	–
Transactions with owner recorded directly in equity-distribution									
Cash dividend @ Re.1.00 per ordinary share of Rs. 10.00 each declared on September 22, 2011	–	–	–	–	(82,052,930)	–	–	–	(82,052,930)
Balance as at June 30, 2012 Rupees	820,529,300	448,603,499	694,900,000	210,000,000	41,964,798	7,893,733	(130,874,826)	283,148,508	2,376,165,012

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

TEIZOON KISAT
Chief Executive

HUMAYUN MURAD
Director

1. LEGAL STATUS AND OPERATIONS

ORIX Leasing Pakistan Limited ("the Company") was incorporated in Pakistan as a private limited company on July 1, 1986 under the Companies Ordinance, 1984 and was converted into a public limited company on December 23, 1987. The Company is listed on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at Islamic Chamber of Commerce Building, Clifton, Karachi. The Company is licensed to carry out leasing business as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules) issued by the Securities and Exchange Commission of Pakistan (SECP).

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

During the year ended June 30, 2012 the Company entered into Ijarah leasing arrangements with certain customers. As a result, the Islamic Financial Accounting Standards -2 Ijarah (IFAS-2) became applicable to the Company during the period. Assets leased under and income arising from Ijarah leasing arrangements have been accounted for by the Company in this annual financial information in accordance with requirements of IFAS-2.

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

(a) determining the residual values and useful lives of property, plant and equipment (Note 3.1);
(b) allowance for potential lease, instalment and other loan losses (Note 3.4);
(c) classification of investments (Note 3.6);
(d) valuation of derivatives (Note 3.7);
(e) provisions (Note 3.14);
(f) recognition of taxation and deferred tax (Note 3.16);
(g) accounting for post employment benefits (Note 3.19);
(h) employees compensated absenses (Note 3.20); and
(i) impairment (Note 3.21).

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

During the year certain amendments to Standards became effective, however, these amendments did not have any material effect on the financial statements of the Company.

2.6 Standards, interpretations and amendments not yet effective

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

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after January 1, 2012). The amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after January 1, 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company's policy is to account for actuarial gains and losses using the corridor method and with the change as described above, unrecognized actuarial losses amounting to Rs. 13.5 million as at June 30, 2012 would need to be recognized in other comprehensive income.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after July 1, 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after January 1, 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective January 1, 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after January 1, 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) - (effective for annual periods beginning on or after January 1, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) - (effective for annual periods beginning on or after January 1, 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009-2011 (effective for annual periods beginning on or after January 1, 2013). The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period - which is the preceding period - is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction.The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the preparation of these financial statements are set forth below. These accounting policies have been applied consistently to all years presented, except for first time application of IFAS -2 in respect of Ijarah leasing provided by the Company.

3.1 Property, plant and equipment

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

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

Depreciation is charged to income applying the straight line method over its estimated useful life, at the rates specified in note 4.1, 4.2 and 4.3 to the financial statements, after taking into account residual value, except for diesel generators under operating lease assets which are depreciated on hourly usage basis. The carrying value of leasehold land is amortised over its lease term. In respect of additions of fixed assets, depreciation is charged from the month in which asset is available for use and the Company continue depreciating it until it is derecognised i.e. up to the month preceding the disposal, even if during that period the asset is idle.

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

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

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

Ijarah assets
Rental from Ijarah arrangements are recognized in profit and loss on accrual basis as and when rental become due. Costs including depreciation, incurred in earning the Ijarah income are recognized as expense. Initial direct costs incurred specifically to earn revenues from Ijarah are recognized as an expense in the period in which they are incurred. Assets leased out are depreciated over the period of lease term on a straight line basis.

Change in Accounting estimate
During the current year, the Company changed its estimate by reassessing the Residual Value (RV) of Communication Equipment by reducing the RV from 7% to 3.5%. Had such estimate not changed the profit for the year would have been higher by Rs. 5.6 million and carrying amount of the assets would have been higher by the same amount.

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

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

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

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

3.5 Assets classified as held for sale

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

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

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

3.6 Investments

Investment at fair value through profit or loss

A non-derivative financial asset is classified as, at fair value through profit or loss if it is held for trading or is designated as such, upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair values. Upon initial recognition, attributable transaction cost are recognised in profit or loss when incurred. Investments at fair value through profit or loss are remeasured at fair value, and changes therein are recognised in profit or loss.The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted bid price at the reporting date in the active market.

Held-to-maturity

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

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

Available-for-sale

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

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

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

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

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

Investment in associates - equity method

The Company's investment in its associates is accounted for under the equity method of accounting where an associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

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

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

3.7 Derivative financial instruments and hedging activities

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

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

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

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

The Company designates certain derivatives as either:

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

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

(a) Fair value hedge

Changes in the fair value of derivative hedging instruments that are designated and qualify as fair value hedges are recognised in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss attributable to the hedged risk is recognised in profit or loss and adjust the carrying amount of the hedged item.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss account.

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

3.8 Long term finances and loans

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

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

3.9 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently (for regular way purchases and sales of financial instruments refer to note 3.11).

3.10 Offsetting of financial assets and financial liabilities

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

3.11 Settlement date accounting

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

3.12 Foreign currency transactions

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

3.13 Certificates of deposit

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

3.14 Provisions

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

3.15 Dividend

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

3.16 Taxation

Current
Provision for current taxation is based on taxable income determined under the provisions of prevalent tax laws. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years.

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

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

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

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

3.17 Revenue recognition

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

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

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

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

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

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

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

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

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

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

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

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

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

3.19 Staff retirement benefits

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

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

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

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

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

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

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

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2012	2011
Fixed assets - own use	4.1	**410,230,012**	414,329,239
Fixed assets - on operating lease	4.2	**882,631,721**	838,240,148
Fixed assets- Ijarah finance	4.3	**48,360,581**	–
	Rupees	**1,341,222,314**	1,252,569,387

4.1 Fixed assets - own use

	2012							
	Cost/ Revalued Amount			Accumulated depreciation			Net book value	
Description	As at July 01, 2011	Additions/ (disposals) / (transfers)	As at June 30, 2012	As at July 01, 2011	For the year / (on disposals) / (on transfers)	As at June 30, 2012	As at June 30, 2012	Rate / Years
Leasehold land	152,412,237	–	152,412,237	3,520,237	1,640,160	5,160,397	147,251,840	77 & 99 years
Office building	112,148,494	–	112,148,494	7,296,494	5,850,592	13,147,086	99,001,408	5%
Leasehold improvements	105,905,541	7,862,357	113,767,898	55,207,965	12,160,604	67,368,569	46,399,329	15%
Furniture, fittings and office equipments	87,164,762	3,466,874 (877,525)	89,754,111	55,241,253	9,516,269 (502,016)	64,255,506	25,498,605	15% - 25%
Vehicles	144,616,277	51,591,000 (48,937,731) (7,035,950)*	140,233,596	68,175,492	16,756,380 (31,049,060) (3,575,163)*	50,307,649	89,925,947	20%
Computers and accessories	26,148,670	2,241,813 (559,238)	27,831,245	24,625,301	1,612,299 (559,238)	25,678,362	2,152,883	33%
Rupees	**628,395,981**	**65,162,044** **(50,374,494)** **(7,035,950)***	**636,147,581**	**214,066,742**	**47,536,304** **(32,110,314)** **(3,575,163)***	**225,917,569**	**410,230,012**	

* Represents assets transferred from own assets to finance lease.

	2011							
	Cost/ Revalued Amount			Accumulated depreciation			Net book value	
Description	As at July 01, 2010	Additions / revaluation / (disposals) / transfer	As at June 30, 2011	As at July 01, 2010	For the year / (on disposals) / transfer	As at June 30, 2011	As at June 30, 2011	Rate / Years
Leasehold land	54,399,300	– 98,012,937	152,412,237	2,906,389	613,848	3,520,237	148,892,000	77 & 99 years
Office building	69,786,085	6,509,945 35,852,464	112,148,494	3,780,074	3,516,420	7,296,494	104,852,000	5%
Leasehold improvements	137,501,053	15,344,732 (46,940,244)	105,905,541	85,957,359	11,772,479 (42,521,873)	55,207,965	50,697,576	15%
Furniture, fittings and office equipments	106,989,399	4,858,482 (15,514,479) 5,168,360* (14,337,000)**	87,164,762	59,521,437	9,689,020 (13,353,545) 1,588,828* (2,204,487)**	55,241,253	31,923,509	15% - 25%
Vehicles	164,485,433	20,140,903 (40,010,059)	144,616,277	70,364,352	19,702,649 (21,891,509)	68,175,492	76,440,785	20%
Computers and accessories	75,792,454	89,500 (49,733,284)	26,148,670	70,950,280	3,408,305 (49,733,284)	24,625,301	1,523,369	33%
Rupees	**608,953,724**	**46,943,562** **133,865,401** **(152,198,066)** **5,168,360*** **(14,337,000)****	**628,395,981**	**293,479,891**	**48,702,721** **–** **(127,500,211)** **1,588,828*** **(2,204,487)****	**214,066,742**	**414,329,239**	

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

4.1.1 Details of Fixed assets - own use, disposed during the year are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyers
Furniture, fittings and office equipments	125,000	32,812	92,188	92,187	Company Policy	Mr. Ali Akbar Abdullah, Executive
Book value not exceeding Rs. 50,000 each	752,525	469,204	283,321	299,397	Various	Various
	877,525	502,016	375,509	391,584		
Vehicles						
	395,000	316,000	79,000	79,000	Company Policy	Mr. Kamran Asim, Employee
	395,000	316,000	79,000	79,000	Company Policy	Mr.Mohsin Jameel, Employee
	395,000	316,000	79,000	79,000	Company Policy	Mr. Asad Ali Zaidi, Employee
	395,000	316,000	79,000	79,000	Company Policy	Mr. Aamer Shahzad, Employee
	395,000	316,000	79,000	79,000	Company Policy	Mr.Shahid Munawar, Employee
	395,000	266,625	128,375	157,000	Company Policy	Mrs. Yvette Franklin, Employee
	479,000	383,200	95,800	95,960	Company Policy	Mr. Syed Waseem Ahmed, Employee
	479,000	383,200	95,800	95,960	Company Policy	Mr. Muhammad Nasir, Employee
	479,000	383,200	95,800	95,960	Company Policy	Ms. Asma Anwar, Employee
	479,000	383,200	95,800	95,800	Company Policy	Mr. Bazil Mirza, Employee
	479,000	383,200	95,800	95,800	Company Policy	Mr. Muhammad Aman Durrani, Employee
	484,980	387,984	96,996	96,996	Company Policy	Mr. Syed Tamizul Hassan, Employee
	484,980	327,362	157,618	309,000	Company Policy	Mr. Syed Nayar Hassan, Employee
	484,984	387,984	97,000	97,000	Company Policy	Mr. Muhammad Tauseef Ashraf, Employee
	519,000	337,350	181,650	300,975	Company Policy	Mr. Latafat Anwar, Executive
	519,000	354,650	164,350	279,515	Company Policy	Mr. Fahad Shahzad Memon, Employee
	519,000	363,300	155,700	284,750	Company Policy	Mr.Ahsan Habib Ahsan, Employee
	519,000	415,200	103,800	103,800	Company Policy	Mr. Saif Farooq Aziz, Employee
	519,000	328,700	190,300	309,075	Company Policy	MR. Shujaat Ali Shah, Employee
	560,000	350,000	210,000	260,000	Company Policy	Mr Anis Imam, Executive
	589,000	393,750	195,250	327,909	Company Policy	Mr.Shahzad Jalil Akhtar, Executive
	593,950	387,874	206,076	350,000	Company Policy	Mr. Adeel Ahmed Khan, Employee
	594,000	397,125	196,875	384,617	Company Policy	Mr. Pervaiz Akhtar, Executive
	601,000	405,675	195,325	431,760	Company Policy	Mr. Syed Amjad ullah Kakakhel, Executive
	610,851	481,348	129,503	134,435	Company Policy	Mr. Syed Arshad Kamal, Executive
	615,730	492,584	123,146	149,726	Company Policy	Ms. Iffat Hina, Executive
	620,950	424,000	196,950	411,418	Company Policy	Ms. Farhat Ahmed, Executive
	647,000	514,183	132,817	169,570	Company Policy	Mr. Bilal Nabi Dar, Executive
	648,500	426,825	221,675	465,009	Company Policy	Mr. Nusrat Hayat, Executive
	660,950	415,785	245,165	429,225	Company Policy	Mr. Nisar Ahmed, Executive
	660,950	448,188	212,762	422,286	Company Policy	Mr. Imtiaz Abbasi, Executive
	669,000	282,234	386,766	405,581	Company Policy	Mr. Azhar Hussain Tarar, Executive
	704,000	481,067	222,933	234,667	Company Policy	Mr. Muhammad Iqbal, Executive
	768,950	553,136	215,814	348,090	Company Policy	Mr. Abdul Saeed Daudpota, Executive
	880,500	572,325	308,175	598,500	Company Policy	Mr. Raza Ali Bokhari, Executive
	1,287,001	280,050	1,006,951	1,200,000	Company Policy	Mr. Ziad Shahbaz, Executive
	1,327,400	869,250	458,150	787,965	Company Policy	Mr. Ramon Alfrey, Executive
	1,373,200	892,580	480,620	861,600	Company Policy	Mr. Shah Suleman Fareed, Executive
	2,448,220	1,845,720	602,500	858,592	Company Policy	Mr. Teizoon Kisat, Chief Executive
	86,500	7,136	79,364	86,500	Insurance Claim	EFU General Insurance Ltd., Karachi
	775,000	120,867	654,133	750,000	Insurance Claim	EFU General Insurance Ltd., Karachi
	290,000	159,500	130,500	250,000	Through tender	Mr. Ahmed Buksh Paracha
	328,000	180,400	147,600	239,000	Through tender	Mr. Naveed Umer
	380,250	209,138	171,112	238,888	Through tender	Mr. Kashif Zamir
	380,250	209,138	171,112	299,786	Through tender	Mr. Imran Ahmed
	387,400	213,070	174,330	241,000	Through tender	Mr. Naveed Umer
	395,000	316,000	79,000	330,000	Through tender	M/s Transpak Enterprises
	395,000	316,000	79,000	340,000	Through tender	Mr. Farooq Hayat
	395,000	266,625	128,375	325,500	Through tender	Mr. Syed Farrukh Iftikhar Ahmed
	519,000	371,950	147,050	292,725	Through tender	Mr.Rana Mohammad Ilyas
	585,000	321,750	263,250	427,000	Through tender	Mr. Waseem Rafique
	647,000	361,055	285,945	725,000	Through tender	Mr. Abdul Hameed Qureshi
	707,000	240,788	466,212	685,000	Through tender	Mr. Zeeshan Tariq
	764,000	171,900	592,100	725,000	Through tender	Mr. Zahir Shah
	811,000	532,750	278,250	720,000	Through tender	Mr.Mirza Iqbal Nasir
	911,000	166,068	744,932	910,000	Through tender	Mr. Muhammad Aijaz
	1,017,950	666,900	351,050	668,682	Through tender	Mr. Irfanullah Khan
	1,021,600	670,550	351,050	592,565	Through tender	Mr. Zeeshan Tariq
	1,427,500	880,292	547,208	1,068,400	Through tender	Mr. Anees Sozer
	1,844,000	1,044,933	799,067	964,944	Through tender	Mr. Asim ullah Durrani
	6,321,244	3,476,684	2,844,560	3,435,056	Through tender	Mr. Asim ullah Durrani
Book value not exceeding Rs. 50,000 each	2,872,941	2,566,712	306,229	928,416	Various	Various
	48,937,731	31,049,060	17,888,671	27,287,003		
Vehicles	860,950	564,850	296,100	570,499	Finance lease	Transfer to finance lease
	6,175,000	3,010,313	3,164,687	4,400,000	Finance lease	Transfer to finance lease
	7,035,950	3,575,163	3,460,787	4,970,499		
Computers and accessories						
Book value not exceeding Rs. 50,000 each	559,238	559,238	–	31,400	Various	Various
	559,238	559,238	–	31,400		
Rupees	**57,410,444**	**35,685,477**	**21,724,967**	**32,680,486**		

4.1.2 The latest revaluation of leasehold land and office building was carried out under market value basis by an independent valuer, M/s. SURVAL, resulting in a surplus of Rs. 133.86 million over book values as detailed in note 18. This has been credited to surplus on revaluation of leasehold land and office building.

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

		30 June 2012		
		Cost	Accumulated depreciation	Book value
Leasehold land		54,399,300	4,134,084	50,265,216
Office building		76,296,030	11,145,997	65,150,033
	Rupees	130,695,330	15,280,081	115,415,249

		30 June 2011		
		Cost	Accumulated depreciation	Book value
Leasehold land		54,399,300	3,520,237	57,919,537
Office building		76,296,030	7,296,500	83,592,530
	Rupees	130,695,330	10,816,737	141,512,067

4.2 Fixed assets - on operating lease

	2012							
	Cost			Accumulated depreciation			Net book value	
Description	As at July 01, 2011	Additions / (disposals)	As at June 30, 2012	As at July 01, 2011	For the year / (on disposals)	As at June 30, 2012	As at June 30, 2012	Rate
Generators	1,129,934,405	180,193,089 (30,814,455)	1,279,313,039	350,588,751	106,244,049 (22,197,292)	434,635,508	844,677,531	number of hours / 16%
Compressors and machinery	8,033,534	–	8,033,534	8,033,534	–	8,033,534	–	15% - 20%
Communication equipment	445,220,898	14,647,137 (29,496,006)	430,372,029	386,436,406	33,787,436 (27,696,001)	392,527,841	37,844,188	15% - 20%
Vehicles	220,003	–	220,003	110,001	–	110,001	110,002	15 %
		–			–			
Rupees	**1,583,408,840**	**194,840,226** **(60,310,461)**	**1,717,938,605**	**745,168,692**	**140,031,485** **(49,893,293)**	**835,306,884**	**882,631,721**	

	2011							
	Cost			Accumulated depreciation			Net book value	
Description	As at July 1, 2010	Additions / (disposals) / transfer	As at June 30, 2011	As at July 1, 2010	For the year / (on disposals) / transfer	As at June 30, 2011	As at June 30, 2011	Rate
Generators	928,185,878	243,347,003 (50,767,116) 14,337,000* (5,168,360)**	1,129,934,405	280,935,378	104,116,897 (35,079,183) 2,204,487* (1,588,828)**	350,588,751	779,345,654	number of hours / 16%
Compressors and machinery	8,033,534	–	8,033,534	8,033,534	–	8,033,534	–	15% - 20%
Communication equipment	439,697,777	7,800,826 (2,277,705)	445,220,898	342,618,454	44,934,771 (1,116,819)	386,436,406	58,784,492	15% - 20%
Vehicles	6,891,603	– (6,671,600)	220,003	3,309,439	366,362 (3,565,800)	110,001	110,002	15 %
Rupees	**1,382,808,792**	**251,147,829** **(59,716,421)** **14,337,000*** **(5,168,360)****	**1,583,408,840**	**634,896,805**	**149,418,030** **(39,761,802)** **2,204,487*** **(1,588,828)****	**745,168,692**	**838,240,148**	

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

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyers
Generators	180,575	153,489	27,086	101,206	Negotiation	Mr Abdul Hammed Ganatra
	118,000	100,300	17,700	66,135	Negotiation	Mr Abdul Hammed Ganatra
	118,000	100,300	17,700	66,135	Negotiation	Mr Abdul Hammed Ganatra
	110,000	93,500	16,500	61,651	Negotiation	Mr Abdul Hammed Ganatra
	206,750	98,120	108,630	115,876	Negotiation	Mr Abdul Hammed Ganatra
	130,000	62,617	67,383	72,861	Negotiation	Mr Abdul Hammed Ganatra
	118,000	118,000	–	66,135	Negotiation	Mr Abdul Hammed Ganatra
	2,450,000	1,628,883	821,117	1,600,000	Negotiation	Mekotex (Private) Limited
	1,016,457	528,821	487,636	556,323	Negotiation	RGS Engineering & Services
	1,626,233	573,450	1,052,783	890,063	Negotiation	RGS Engineering & Services
	1,192,000	966,116	225,884	652,400	Negotiation	RGS Engineering & Services
	2,605,670	2,242,440	363,230	1,426,124	Negotiation	RGS Engineering & Services
	5,474,100	4,428,547	1,045,553	2,996,061	Negotiation	RGS Engineering & Services
	3,283,000	2,261,708	1,021,292	1,796,837	Negotiation	RGS Engineering & Services
	3,655,000	1,870,547	1,784,453	2,000,439	Negotiation	RGS Engineering & Services
	3,025,000	2,603,617	421,383	1,655,630	Negotiation	RGS Engineering & Services
	2,605,670	2,345,103	260,567	1,426,124	Negotiation	RGS Engineering & Services
	2,900,000	2,021,735	878,265	1,800,000	Negotiation	Mekotex (Private) Limited
Rupees	**30,814,455**	**22,197,293**	**8,617,162**	**17,350,000**		
Communication equipments	29,496,006	27,696,001	1,800,005	500,000	Negotiation	e Access Private Limited
Rupees	**29,496,006**	**27,696,001**	**1,800,005**	**500,000**		
Rupees	**60,310,461**	**49,893,294**	**10,417,167**	**17,850,000**		

4.3 Fixed assets - Ijarah finance

	2012							
	Cost			Accumulated depreciation			Net book value	
Description	As at July 01, 2011	Additions	As at June 30, 2012	As at July 01, 2011	For the year	As at June 30, 2012	As at June 30, 2012	Useful life
Generators	–	17,723,000	17,723,000	–	3,175,967	3,175,967	14,547,033	Underlying lease term
Vehicles	–	39,554,080	39,554,080	–	5,740,532	5,740,532	33,813,548	Underlying lease term
Rupees	–	**57,277,080**	**57,277,080**	–	**8,916,499**	**8,916,499**	**48,360,581**	

5. INTANGIBLE ASSETS

	Note	2012	2011
Membership Cards - at cost		**64,750,000**	64,750,000
Stock Exchange Rooms - at cost		**15,700,000**	15,700,000
Computer software and license	5.1	**22,950,657**	14,307,202
	Rupees	**103,400,657**	94,757,202

5.1

Description	2012							
	Cost			Accumulated amortisation			Net book value	
	As at July 01, 2011	Additions	As at June 30, 2012	As at July 01, 2011	For the year	As at June 30, 2012	As at June 30, 2012	Useful life
Computer software and license	64,045,224	15,513,051	79,558,275	49,738,002	6,869,596	56,607,598	22,950,677	36 - 80 months
Rupees	**64,045,224**	**15,513,051**	**79,558,275**	**49,738,002**	**6,869,596**	**56,607,598**	**22,950,677**	

Description	2011							
	Cost			Accumulated amortisation			Net book value	
	As at July 01, 2010	Additions	As at June 30, 2011	As at July 01, 2010	For the year	As at June 30, 2011	As at June 30, 2011	Useful life
Computer software and license	57,327,702	6,717,522	64,045,224	45,375,524	4,362,498	49,738,022	14,307,202	36 - 80 months
Rupees	**57,327,702**	**6,717,522**	**64,045,224**	**45,375,524**	**4,362,498**	**49,738,022**	**14,307,202**	

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

	2012	2011
- Administrative and general expenses	**3,744,128**	1,654,032
- Direct cost of leases	**3,125,468**	2,708,466
Rupees	**6,869,596**	4,362,498

6. NET INVESTMENT IN FINANCE LEASES AND INSTALMENT LOANS

	Note	**2012**	2011
Instalment contract receivables		**13,084,227,684**	14,231,053,804
Residual value		**5,260,964,143**	5,541,138,701
Initial direct costs		**23,195,270**	29,853,810
	6.1	**18,368,387,097**	19,802,046,315
Less: Unearned finance income		**2,368,365,975**	2,714,763,226
	Rupees	**16,000,021,122**	17,087,283,089

6.1 Details of investment in finance leases

	Gross investment in finance leases and instalment loans		Present value of investment in finance leases and instalment loans	
	2012	2011	**2012**	2011
Less than one year	**8,858,697,905**	8,947,224,465	**7,445,530,037**	7,325,445,407
One to five years	**9,509,689,192**	10,854,821,850	**8,554,491,085**	9,761,837,682
Rupees	**18,368,387,097**	19,802,046,315	**16,000,021,122**	17,087,283,089

6.2 There are no instalment contract receivables over five years. The Company's implicit rate of return on leases and instalment loans ranges between 16% and 22% (2011: 16% and 24%) per annum. These are secured against leased assets and security deposits generally upto 20% (2011: upto 20%) of the cost of leased asset, in case of finance leases and hypothecation of assets in case of instalment contracts.

6.3 Based on the NBFC Regulations, the aggregate net exposures in finance leases against which income suspension is required amounted to Rs. 1,030 million (2011: Rs. 1,231 million).

7. LONG TERM INVESTMENTS

	Note	2012	2011
Related parties			
Investment in equity accounted undertakings	7.1	**1,567,993,170**	1,283,730,714
Others			
Held-to-maturity investments			
Ijara sukuk - Government of Pakistan		**–**	180,000,000
Pakistan investment bonds (PIBs)	7.2	**13,465,570**	16,785,651
Term finance certificates (TFCs)			
- Unlisted		**4,170,000**	4,170,000
		17,635,570	200,955,651
Less: Current maturity	11	**–**	1,390,000
	Rupees	**1,585,628,740**	1,483,296,365

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

2012	2011		Note	2012	2011
(Number of shares)					
		Quoted			
25,348,666	19,528,077	Oman ORIX Leasing Company SAOG	7.1.3	**756,575,283**	535,057,120
				756,575,283	535,057,120
		Unquoted			
850,000	750,000	Saudi ORIX Leasing Company		**266,700,608**	210,089,883
45,000	45,000	MAF ORIX Finance PJSC		**149,920,855**	139,872,759
8,750	8,750	SK Leasing JSC		**42,877,838**	44,764,850
920,000	920,000	ORIX Leasing Egypt SAE		**250,026,841**	229,466,601
13,500,000	13,500,000	OPP (Private) Limited		**101,891,745**	124,479,501
				811,417,887	748,673,594
			Rupees	**1,567,993,170**	1,283,730,714

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

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

		2012	2011
Oman ORIX Leasing Company SAOG	Rupees	**709,520,386**	457,133,268

7.1.3 Includes 1,239 shares at Riyal Omani (R.O.) 0.1/- each (2011: 955 shares at R.O.0.1/- each) held in the name of a Director in the investee company. The aggregate carrying value of these shares is Rs. 0.035 million (2011: Rs. 0.023 million).

7.1.4 Summarised un-audited financial data of equity accounted undertakings as at 30 June 2012 not adjusted for percentage ownership held by the Company:

Name	Date of financial year end	Total assets	Total liabilities	Revenues	Profit/ (loss)	Interest held
				Rupees		
2012						
Quoted						
Oman ORIX Leasing Company SAOG	31 December	19,150,320,690	12,651,493,788	1,933,607,557	693,426,894	11.64%
Unquoted						
Saudi ORIX Leasing Company	31 December	36,286,955,604	25,485,059,437	3,789,232,406	1,955,630,227	2.50%
MAF ORIX Finance PJSC	31 December	7,927,710,620	2,933,100,760	831,907,229	367,688,295	3.00%
SK Leasing JSC	31 December	1,174,275,026	378,468,980	125,831,735	(68,028,382)	10.00%
ORIX Leasing Egypt SAE	31 December	7,292,588,673	6,205,684,554	715,021,620	96,287,028	23.00%
OPP (Private) Limited	30 June	378,663,379	148,879,698	16,095,332	(50,195,010)	45.00%
2011						
Quoted						
Oman ORIX Leasing Company SAOG	31 December	14,193,270,464	9,596,559,815	1,623,338,221	528,429,519	11.64%
Unquoted						
Saudi ORIX Leasing Company	31 December	24,607,578,904	16,203,983,571	2,841,939,881	1,360,689,230	2.50%
MAF ORIX Finance PJSC	31 December	6,299,274,849	1,636,849,549	751,112,042	171,351,887	3.00%
SK Leasing JSC	31 December	1,710,563,245	775,289,461	251,400,607	(64,486,690)	10.00%
ORIX Leasing Egypt SAE	31 December	5,291,785,722	4,294,104,848	645,645,719	100,714,797	23.00%
OPP (Private) Limited	30 June	373,360,739	96,739,743	–	(14,630,540)	45.00%

7.2 Held-to-maturity investments have been made as required under Regulation 14 (4) (i) of the Non Banking Finance Companies and Notified Entities, Regulations, 2008 to maintain liquidity against certificates of deposit. These are redeemable within a period of 4 years (2011: 2 years) from the balance sheet date, carrying profit rate ranging from 10.00% to 14.00% (2011: 12.00% to 14.00%) per annum due half yearly from the date of issue.

8. LONG TERM FINANCES AND LOANS

	Note	2012	2011
Considered good			
Related parties - secured			
Executives	8.1 & 8.2	**63,789,686**	61,902,691
Others			
Employees - secured	8.2	**35,414,344**	33,746,291
Vehicle finance - secured	8.3	**1,394,027,322**	342,361,925
Murabaha finance		**–**	9,791,671
Musharakah finance - secured	8.4	**9,582,612**	–
Term finance - secured	8.5	**63,891,956**	129,688,133
Micro finance	8.6	**16,257,944**	19,929,467
Agri finance - secured	8.7	**7,834,271**	5,778,422
		1,527,008,449	541,295,909
		1,590,798,135	603,198,600
Considered doubtful			
Others			
Vehicle finance	8.3	**8,787,705**	–
Term finance	8.5	**385,138,513**	437,094,408
Micro finance	8.6	**2,666,433**	5,423,297
Agri finance	8.7	**34,236,086**	46,186,096
		430,828,737	488,703,801
Less: Allowance for potential loan losses	36	**332,364,901**	334,864,181
		98,463,836	153,839,620
Less: Current maturity			
Related parties		**19,289,770**	20,543,561
Others		**912,842,980**	452,666,248
	11	**932,132,750**	473,209,809
	Rupees	**757,129,221**	283,828,411

8.1 Movement of outstanding amount of loan to Executives

	Executives	
	2012	2011
Opening balance	**61,902,691**	64,222,764
Disbursements	**13,495,000**	13,870,985
Repayments	**(11,608,005)**	(16,191,058)
Rupees	**63,789,686**	61,902,691

8.2 Loans include housing loans given in accordance with terms of the Company's employment policy and are repayable within a period of 20 years or retirement date whichever is earlier. Housing loans are secured against equitable mortgage on the property by deposit of title documents of the property with the Company and carry mark-up at 5.00% (2011: 5.00%) per annum. Loans to executives and other employees carry mark-up rate ranging between 5.00% and 14.00% (2011: 5.00% and 14.00%) per annum, secured against their retirement benefits and are repayable within a period of five years.

Maximum amount outstanding at the end of any month during the year against loans to Executives was Rs.76.45 million (2011: Rs. 72.02 million).

8.3 This represents vehicle financing facility provided to customers on mark-up basis. The mark-up on these finances ranges between 17% and 26% (2011: 19% and 25%) per annum. These finances are repayable within a period of 2 years to 5 years and are secured against charge over vehicles and personal guarantees of individuals.

8.4 This represents musharakah facilities provided to customers. The rate of return on these finances ranges between 20% and 22% (2011: NIL). The facilities have a repayment term of 3 years and are secured by vehicles subject to musharakah agreement.

8.5 This represents term finance facility provided to customers on mark-up basis. The mark-up on these finances ranges between 15% and 21% (2011: 15% and 21%) per annum. These finances are repayable within a period of 1 year to 5 years (2011: 1 year to 5 years) and are secured against charge over fixed assets, trade receivables, lien on certificate of deposits, personal guarantees of directors and hypothecation of stocks.

8.6 This represents long term micro loans offered to individuals and entrepreneurs on mark-up basis. The rate of return on these loans ranges between 18% and 36% (2011: 18% and 32%) per annum. These loans are repayable within a period of 1 year to 1.5 years (2011: 1 year to 3 years) and are secured against social collateral.

8.7 This represents long term finance offered to farmers on mark-up basis. The rate of return on these loans ranges between 12% and 26% (2011: 12% and 24%) per annum. These loans are repayable within a period of 1 year to 5 years (2011: 1 year to 5 years) and are secured against title documents of immovable property and hypothecation of personal assets.

9. SHORT TERM FINANCES

	Note	2012	2011
Considered good			
Term finance - secured	9.1	**2,195,525**	2,229,199
Factoring finance	9.2	**2,859,319**	11,915,532
Micro finance	9.3	**147,573,279**	143,834,047
Agri finance - secured	9.4	**3,097,527**	–
		155,725,650	157,978,778
Considered doubtful			
Term finance	9.1	**144,872,614**	155,397,645
Factoring finance	9.2	**9,925,107**	–
Micro finance	9.3	**24,207,046**	28,513,510
Agri finance	9.4	**21,657,519**	23,941,077
		200,662,286	207,852,232
Less: Allowance for potential losses	36	**127,965,695**	121,844,553
		72,696,591	86,007,679
	Rupees	**228,422,241**	243,986,457

9.1 This represents term finance facilities provided to customers on mark-up basis. The mark-up on these finances ranges between 14% and 23% (2011: 16% and 23%) per annum. These finances are recoverable between one and twelve months and are secured against charge over fixed assets, trade receivables and hypothecation of stocks.

9.2 This represents short term finance facilities, provided to customers against factored invoices on mark-up basis, in the normal course of business. These finances are repayable within a period of 1 month to 3 months (2011: 1 month to 3 months) and are secured against personal guarantees of directors and right of recourse on customers.

9.3 This represents short term micro loans offered to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges between 18% and 38% (2011: 18% and 35%) per annum. These are secured against social collateral and are recoverable within twelve months.

9.4 This represents short term finance offered to farmers on mark-up basis. The mark-up on these loans ranges between 13% and 26% (2011: 13% and 22%) per annum. These are secured against title documents of immovable property and hypothecation of personal assets and are recoverable within twelve months.

10. ACCRUED RETURN ON INVESTMENTS AND TERM LOANS

	2012	2011
Investments	**3,241,910**	3,637,401
Term loans	**12,288,629**	367,410
Rupees	**15,530,539**	4,004,811

11. CURRENT MATURITY OF NON-CURRENT ASSETS

	Note	2012	2011
Current maturity of :			
Net investment in finance leases			
and instalment loans	6.1	**7,445,530,037**	7,325,445,407
Long term investments	7	**–**	1,390,000
Long term finances and loans	8	**932,132,750**	473,209,809
Rupees		**8,377,662,787**	7,800,045,216

12. SHORT TERM INVESTMENTS

	Note	2012	2011
Held-to-maturity investment			
Treasury bills	12.1	**627,239,324**	121,336,542
Certificates of deposit	12.2	**5,006,602**	5,900,000
Held for trading investments			
Ordinary shares		**2,475,975**	3,070,917
Term finance certificates		**28,325,333**	50,424,795
Units of close ended mutual funds		**48,776,351**	46,266,816
		79,577,659	99,762,528
Available-for-sale			
Ordinary shares		**18,773,539**	17,536,770
Units of close ended mutual funds		**12,028,949**	110,927,125
		30,802,488	128,463,895
Others			
Fund placements		**2,361,184**	2,800,000
Allowance for potential losses	36	**(7,367,786)**	–
Rupees		**737,619,471**	358,262,965

12.1 This represents investments made as required under Regulation 14 (4) (i) of the NBFC Regulations to maintain liquidity against certificates of deposit. These are redeemable within a period of 6 months (2011: 1 year) from the balance sheet date, carrying rate of return of 12.5 % (2011: 13.6%) per annum due at maturity.

12.2 This represents investments in short term certificate of deposit issued by a Non-Banking Financial Institution for a period of 1 year (2011: 1 year). The rate of return on such investment is 17 % per annum (2011 : 17 % per annum).

13. ADVANCES AND PREPAYMENTS

	2012	2011
Advances - unsecured	**77,808,257**	45,812,181
Prepayments		
Insurance		
- leased assets	**11,094,728**	4,886,805
- own assets	**404,018**	355,903
Rent	**5,866,130**	9,167,080
Others	**7,916,191**	6,653,225
	25,281,067	21,063,013
Rupees	**103,089,324**	66,875,194

14. OTHER RECEIVABLES

	Note	2012	2011
Considered good			
Operating lease rentals receivable		**112,305,870**	51,208,229
Fair value of hedging instrument		**351,486,468**	720,602,926
Receivable from equity brokerage customers		**20,103,197**	22,103,197
Receivable from customers		**2,010,310**	2,010,310
Others		**9,101,070**	3,983,733
		495,006,915	799,908,395
Considered doubtful			
Operating lease rentals receivable		**2,495,231**	2,682,115
Receivable from equity brokerage customers		**32,006,349**	30,006,349
		34,501,580	32,688,464
Less: Allowance for potential losses	36	**34,501,580**	32,688,464
Rupees		**495,006,915**	799,908,395

15. CASH AND BANK BALANCES

	2012	2011
Cash in hand	**1,493,231**	1,341,249
With banks on :		
- Current accounts	**90,895,977**	158,588,330
- Deposit accounts	**243,983,411**	82,347,547
	334,879,388	240,935,877
Rupees	**336,372,619**	242,277,126

16. ASSETS CLASSIFIED AS HELD FOR SALE

	Note	2012	2011
Repossessed assets Rupees	16.1	**13,096,354**	15,465,064

16.1 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.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2012	2011		2012	2011
(Number of shares)				
		Ordinary shares of Rs. 10/- each		
49,355,892	49,355,892	Fully paid in cash	**493,558,920**	493,558,920
30,544,364	30,544,364	Fully paid bonus shares	**305,443,640**	305,443,640
2,152,674	2,152,674	Fully paid shares against amalgamation	**21,526,740**	21,526,740
82,052,930	82,052,930	Rupees	**820,529,300**	820,529,300

As at June 30, 2012, ORIX Corporation, Japan and its nominees held 40,693,564 (2011: 40,693,564) ordinary shares equivalent to 49.59% (2011 : 49.59%) of the total shareholding.

18. SURPLUS ON REVALUATION OF LEASEHOLD LAND & OFFICE BUILDING

	Note	2012	2011
Opening balance	18.1	**133,865,401**	133,865,401
Adjustment in respect of incremental depreciation transferred to retained earnings		**(3,027,382)**	–
		130,838,019	133,865,401
Opening balance of deferred tax liability		**(46,852,890)**	–
Addition in deferred tax liability on account of revaluation gain		**–**	(46,852,890)
Adjustment on transfer of incremental depreciation to retained earnings		**1,059,584**	–
		(45,793,306)	(46,852,890)
		85,044,713	87,012,511

18.1 It comprise of revaluation surplus arising in respect of Leasehold land and office building amounting to Rs. 98.0 million and Rs. 35.8 million respectively.

19. LONG TERM FINANCES - secured

	Note	2012	2011
Long term finances utilised under mark-up arrangements - financial institutions	19.1	**3,137,500,002**	1,447,916,667
Term finance certificates - listed		**–**	832,680,000
Term finance certificates - listed	19.2	**800,000,000**	1,000,000,000
Term finance certificates - unlisted	19.3	**1,666,666,662**	3,333,333,333
		5,604,166,664	6,613,930,000
Less: Unamortised transaction cost in respect of			
Long term finances utilised under mark-up arrangements		**20,684,134**	7,084,872
Term finance certificates		**5,712,751**	13,184,196
		26,396,885	20,269,068
Less: Current maturity			
Long term finances utilised under mark-up arrangements		**1,237,499,999**	729,166,667
Term finance certificates		**2,066,666,662**	2,699,346,667
	28	**3,304,166,661**	3,428,513,334
		3,330,563,546	3,448,782,402
	Rupees	**2,273,603,118**	3,165,147,598

19.1 These finances have been obtained under various sale and repurchase agreements for financing of lease operations and are secured by hypothecation of leased assets, related lease receivables, instalment loans and operating lease assets. The mark-up rate thereon ranges between 13.27% to 14.49% (2011: 14.74% to 16.25%) per annum. These finances are repayable within a period of 36 to 60 months (2011: 36 to 60 months).

19.2 This represents registered and listed TFCs issued by the Company to financial institutions, trusts and corporate entities. These are secured by first exclusive and specific charge, along with a 25% margin over specific leased assets and receivables. Profit on these TFCs is payable on quarterly basis at the rate of KIBOR + 2.15% without any floor or cap. The principal portion of these TFCs is structured to redeem in ten (10) equal quarterly installments, starting from the 9th month of the issue date commencing from March 30, 2012.

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

20. LONG TERM LOANS

Name of lending institution	Note	Commencement of repayment	Mode of loan repayment	Rate (%)	2012	2011
Secured						
International Finance Corporation	20.1	Jul 15, 2008	11 equal semi annual instalments after 24 months grace period	US$ six month LIBOR+1.5%	**438,043,672**	664,159,372
Citibank Japan Limited, Syndicated loan	20.2	Jan 31, 2008	14 equal semi annual instalments	US$ six month LIBOR+0.675%	**1,687,142,871**	2,148,749,828
International Finance Corporation		Jul 15, 2007	10 equal semi annual instalments	US$ six month LIBOR+1.65%	**–**	85,950,000
Pakistan Poverty Alleviation Fund (PPAF)	20.3	Mar 18, 2010	12 quarterly instalments	10%	**25,510,748**	216,542,499
Pakistan Poverty Alleviation Fund (PPAF)	20.3	Mar 28, 2012	04 quarterly instalments	KIBOR-2.0%	**168,016,512**	–
Unsecured						
ECO Trade & Development Bank	20.4	Jan 7, 2013	07 equal semi annual instalments	US$ six month LIBOR+1.50%	**944,800,000**	–
CDC Trustee-AMZ Plus Income Fund		Mar 13, 2011	2 semi annual instalments	KIBOR -2.5%	**–**	90,000,000
Total long term loans					**3,263,513,803**	3,205,401,699
Less: Unamortised transaction cost					**29,942,295**	42,016,870
Less: Current maturity	28				**1,295,384,950**	990,865,875
				Rupees	**1,938,186,558**	2,172,518,954

20.1 This is a foreign currency facility of US$ 17 million. It is secured against first specific fixed charge over leased assets and lease receivables and is hedged by a cross currency interest rate swap with a financial institution.

20.2 This is a foreign currency facility of US$ 50 million supported by an Overseas United Loan Insurance issued by Nippon Export & Investment Insurance (NEXI). This loan is secured against first specific fixed charge over leased assets and lease receivable and is hedged by a cross currency interest rate swap with a financial institution.

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

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

21. LONG TERM CERTIFICATES OF DEPOSIT - unsecured

	Note	2012	2011
Certificates of deposit	21.1	**2,463,086,589**	1,353,573,368
Less: Current maturity	28	**190,544,777**	127,763,679
	Rupees	**2,272,541,812**	1,225,809,689

21.1 These represent long term certificates of deposit, issued on a profit and loss sharing basis at the expected rates of profit, ranging between 10.00 % and 16.00 % (2011: 9.86% and 16.00%) per annum. These certificates of deposit have been issued for terms ranging between 2 years and 10 years (2011: 15 months and 10 years).

22. LONG TERM DEPOSITS

	Note	2012	2011
Security deposit on finance leases and instalment loans	22.1	**5,238,251,308**	5,510,925,240
Less: Current maturity	28	**1,653,536,425**	1,203,683,912
		3,584,714,883	4,307,241,328
Others		**1,025,000**	1,025,000
	Rupees	**3,585,739,883**	4,308,266,328

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

23. DEFERRED TAXATION

	2012	2011
The deferred tax liability is attributable to the following items:		
- Accelerated tax depreciation	**1,291,645,073**	1,255,160,593
- Surplus on revlaution of leasehold land and office building	**45,793,307**	46,852,890
- Unamortised transaction costs relating to long term finances and loans	**19,718,713**	21,800,078
- Share of associate profit	**223,801,467**	186,492,328
- Allowance for potential loan losses	**(161,115,709)**	(171,289,019)
- Tax losses	**(1,071,900,254)**	(1,010,135,810)
- Capital loss	**(63,640,145)**	(107,019,026)
Rupees	**284,302,452**	221,862,034

24. TRADE AND OTHER PAYABLES

	Note	2012	2011
Creditors		**194,788,406**	200,919,226
Accrued liabilities		**22,882,087**	24,407,812
Other liabilities			
Advance from customers pending finance lease and instalment loan execution and Ijarah finance		**61,052,000**	8,958,939
Unclaimed dividend		**3,801,310**	3,358,311
Payable to defined benefit plan	34.1.2	**5,454,501**	2,538,580
Grant from donors	24.1	**1,504,848**	4,853,941
Others		**1,543,157**	9,513,839
		73,355,816	29,223,610
	Rupees	**291,026,309**	254,550,648

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

		2012	2011
Opening balance		**4,853,941**	–
Grant received during the year		**–**	5,259,250
Amount charged during the year		**(3,349,093)**	(405,309)
Closing balance	Rupees	**1,504,848**	4,853,941

25. ACCRUED INTEREST/ MARK-UP ON LOANS, FINANCES AND COD's

		2012	2011
Interest / mark-up on			
Long term finances		**135,118,842**	275,861,319
Long term loans		**152,781,886**	118,402,121
Short term borrowings		**20,700,266**	18,159,988
Profit on certificates of deposit		**234,225,717**	196,574,710
	Rupees	**542,826,711**	608,998,138

26. SHORT TERM BORROWINGS

	Note	2012	2011
From Banking Companies			
Under mark-up arrangements - secured	26.1	**196,741,568**	358,675,410
Short term loans	26.2	**750,000,000**	750,000,000
	Rupees	**946,741,568**	1,108,675,410

26.1 The short term running finance facilities available from commercial banks amounted to Rs. 850 million (2011: Rs. 850 million). The rate of mark-up ranges between 13.41% and 13.54% (2011: 15.00% and 15.52%) on a daily product basis. These are secured by hypothecation of leased assets and related lease receivables.

26.2 This represents short term loan from a financial institution for a period of 1 year and carries mark-up at the rate of KIBOR +1.5% (2011: KIBOR + 1.5%). The loan is secured by hypothecation of specific leased assets.

27. SHORT TERM CERTIFICATES OF DEPOSIT - unsecured

		2012	2011
Certificates of deposit - unsecured	Rupees	**956,842,830**	737,863,450

These represent short term certificates of deposit issued under profit and loss sharing basis at expected rates of profit, ranging between 11.00% and 13.25% (2011: 12.00% and 14.54%) per annum for terms of 1 to 12 months (2011: 1 to 12 months).

28. CURRENT MATURITY OF NON-CURRENT LIABILITIES

	Note	2012	2011
Current maturity of			
Long term finances	19	**3,304,166,661**	3,428,513,334
Long term loans	20	**1,295,384,950**	990,865,875
Long term certificates of deposit	21	**190,544,777**	127,763,679
Long term deposits	22	**1,653,536,425**	1,203,683,912
	Rupees	**6,443,632,813**	5,750,826,800

29. CONTINGENCIES AND COMMITMENTS

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

29.2 Leasing and Ijarah finance contracts committed but not executed at the balance sheet date amounted to Rs. 61.05 million (2011: Rs. 8.95 million).

30. INCOME FROM FINANCE LEASES AND INSTALMENT LOANS

	Note	2012	2011
Income from finance leases	30.1	**2,012,627,143**	2,107,805,332
Income from instalment loans		**651,981**	1,720,106
	Rupees	**2,013,279,124**	2,109,525,438

30.1 This represents lease income recognised in accordance with the accounting policy as explained in note 3.17 against lease rentals received and receivable for the year, aggregating to Rs.7,242 million (2011: Rs. 7,936 million).

31. OTHER OPERATING INCOME

	Note	2012	2011
From financial assets			
Return on investments and deposits		**72,164,853**	37,967,359
Interest income on government securities		**55,553,872**	16,450,110
Dividend income		**5,621,625**	5,804,034
Capital gain on sale of investment		**10,322,870**	15,455,644
Unrealised gain on revaluation of held for trading investments		**2,923,988**	6,506,485
Gain on hedging instruments	31.1	**234,169,623**	11,860,715
Exchange loss on long term borrowings	31.2	**(234,169,623)**	(11,860,715)
		146,587,208	82,183,632
From assets other than financial assets			
Other fees and income		**52,103,653**	46,001,356
Exchange gain on dividend received		**1,797,401**	–
Documentation fee		**20,864,678**	20,683,895
Gain on disposal of fixed assets		**18,388,352**	16,001,289
Gain on sale of leased assets		**21,348,468**	23,922,821
Other exchange gain - net		**222,139**	8,744
		114,724,691	106,618,105
	Rupees	**261,311,899**	188,801,737

31.1 This represents unrealised gains on cross currency interest rate swap transactions entered with commercial banks (notes 20.1, 20.2 and 20.4).

31.2 This represents loss on account of revaluation of long term foreign currency loans (notes 20.1, 20.2 and 20.4) hedged by cross currency interest rate swap.

32. SHARE OF PROFIT OF EQUITY ACCOUNTED UNDERTAKINGS

Name of associate	2012 Associates' profit / (loss) after tax	2012 Share of associates' profit / (loss) after tax	2011 Associates' profit / (loss) after tax	2011 Share of associates' profit / (loss) after tax
Quoted				
Oman ORIX Leasing Company SAOG	**693,426,894**	**80,726,680**	528,429,519	61,509,196
	693,426,894	**80,726,680**	528,429,519	61,509,196
Un-Quoted				
Saudi ORIX Leasing Company	**1,955,630,227**	**39,112,605**	1,360,689,230	27,213,785
MAF ORIX Finance PJSC	**367,688,295**	**11,030,649**	171,351,887	5,140,557
SK Leasing JSC	**(68,028,382)**	**(6,802,839)**	(64,486,690)	(6,448,669)
ORIX Leasing Egypt SAE	**96,287,028**	**22,146,016**	100,714,797	23,164,403
OPP (Private) Limited	**(50,195,010)**	**(22,587,756)**	(14,630,540)	(6,583,743)
	2,301,382,158	**42,898,675**	1,553,638,684	42,486,333
Rupees	**2,994,809,052**	**123,625,355**	2,082,068,203	103,995,529

33. FINANCE COSTS

	2012	2011
Interest / mark-up on		
- Long term finances	**939,907,075**	958,799,601
- Long term loans	**341,526,472**	321,439,410
- Short term borrowings	**133,098,597**	160,886,113
- Profit on certificates of deposit	**373,100,940**	279,847,788
Amortisation of transaction costs	**53,705,072**	44,646,647
Bank charges and commission	**26,733,069**	29,950,758
Rupees	**1,868,071,225**	1,795,570,317

34. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2012	2011
Salaries, allowances, welfare and training	34.1	**317,437,545**	292,558,288
Rent and utilities		**65,983,738**	70,368,085
Travelling		**7,575,800**	6,667,879
Vehicle running and maintenance		**35,590,222**	31,316,772
Insurance on operating assets		**8,843,138**	9,549,413
Legal and professional charges		**23,979,923**	21,472,757
Communication		**21,050,373**	20,040,209
Subscriptions		**1,987,458**	1,836,939
Auditors' remuneration	34.2	**1,437,074**	1,200,485
Advertising		**17,099,335**	5,748,035
Printing and stationery		**6,801,679**	6,484,647
Depreciation and amortisation	4.1 & 5.2	**51,280,432**	50,356,753
Office repairs and maintenance of equipment		**19,883,005**	24,844,306
Donations	34.3	**789,468**	1,618,719
Office general expenses		**5,728,078**	4,567,256
	Rupees	**585,467,268**	548,630,543

34.1 Includes following employee benefits

	Note	2012	2011
Defined benefit plan - gratuity fund	34.1.3	**11,687,521**	8,472,424
Defined contribution plan - provident fund		**15,328,533**	15,114,546
Compensated absences		**2,580,000**	5,160,000
	Rupees	**29,596,054**	28,746,970

34.1.1 The actuarial valuation has been conducted in accordance with IAS-19 "Employee Benefits" as at 30 June 2012.The Projected Unit Credit method using the following significant assumptions have been used for the actuarial valuation:

	2012	2011
- Discount rate	**12.50%**	14.00%
- Expected rate of increase in salary	**12.50%**	14.00%
- Expected rate of return on plan assets	**12.50%**	14.00%
- Average working life of employees	**36 years**	36 years

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

		2012	2011
Present value of defined benefit obligation	34.1.4	**107,274,477**	93,040,813
Fair value of plan assets	34.1.5	**(88,283,364)**	(98,896,827)
Unrecognised acturial (loss) / gain		**(13,536,612)**	8,394,594
	Rupees	**5,454,501**	2,538,580

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

		2012	2011
Current service cost		**9,473,044**	8,485,170
Interest cost		**12,657,034**	11,844,181
Expected return on plan assets		**(10,442,557)**	(11,856,927)
	Rupees	**11,687,521**	8,472,424
Actual return on plan assets	Rupees	**(14,118,202)**	27,510,056

34.1.4 Movement in the present value of defined benefit obligation:

		2012	2011
Present value of obligation as at 1 July		**93,040,813**	99,154,854
Current service cost		**9,473,044**	8,485,170
Interest cost		**12,657,034**	11,844,181
Benefit paid		**(5,266,861)**	(29,107,124)
Actuarial loss/ (gain) on obligation		**(2,629,553)**	2,663,731
Present value of obligation as at 30 June	Rupees	**107,274,477**	93,040,813

34.1.5 Movement in the fair value of plan assets:

		2012	2011
Total assets as at 1 July		**98,896,827**	97,997,895
Return on plan assets		**10,442,557**	11,856,927
Contributions		**8,771,600**	2,496,000
Benefit paid		**(5,266,861)**	(29,107,124)
Actuarial gain/(loss) on assets		**(24,560,759)**	15,653,129
Total assets as at 30 June	Rupees	**88,283,364**	98,896,827

34.1.6 Comparison for five years

	2012	2011	2010	2009	2008
Present value of defined benefit obligation	**107,274,477**	93,040,813	99,154,854	97,855,183	92,974,126
Fair value of plan assets	**(88,283,364)**	(98,896,827)	(97,997,895)	(79,587,909)	(61,807,911)
Deficit	**18,991,113**	(5,856,014)	1,156,959	18,267,274	31,166,215
Experience adjustments					
Actuarial (gain)/ loss on obligation	**(2,629,553)**	2,663,731	(12,486,216)	10,635,297	(10,808,052)
Actuarial (loss)/ gain on assets	**(24,560,759)**	15,653,129	34,245	(2,460,479)	(3,792,756)

34.2 Auditors' remuneration

		2012	2011
Audit fee		**910,000**	710,000
Fee for special certification including half yearly review fee		**490,000**	460,000
Out of pocket expenses		**37,074**	30,485
	Rupees	**1,437,074**	1,200,485

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

Name and address of donee	Interested Director or his spouse	Interest of donee	2012	2011
Marie Adelaide Leprocy Centre, Mariam Manzil, A.M.21 off Sharah-e-Liaquat, Karachi.	Mr. Humayun Murad	Board member	–	108,005
		Rupees	–	108,005

35. DIRECT COST OF LEASES

	Note	2012	2011
Court fee, stamp duty and others		**12,164,673**	9,260,626
Operating lease			
Maintenance and insurance		**254,970,184**	238,162,094
Depreciation	4.2, 4.3 & 5.2	**152,073,452**	152,126,496
		407,043,636	390,288,590
	Rupees	**419,208,309**	399,549,216

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

	2012			
	Finance leases and Instalment loans	Finance and loans	Operating leases and other receivables	Total
Balance at beginning of the year	**652,192,305**	**456,708,734**	**32,688,464**	**1,141,589,503**
Provision made during the year	**153,420,695**	**34,983,978**	**10,419,343**	**198,824,016**
Balance written off during the year	**(90,697,026)**	**(31,362,116)**	**(1,238,441)**	**(123,297,583)**
Rupees	**714,915,974**	**460,330,596**	**41,869,366**	**1,217,115,936**

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

37. IMPAIRMENT OF ASSETS

	2012	2011
Impairment on available for sale securities	**2,628,065**	5,181,925
Impairment on unquoted available for sale securities	**360,000**	1,680,000
Rupees	**2,988,065**	6,861,925

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2012			
	Chief Executive	**Director**	**Executives**	**Total**
Managerial remuneration and allowances	**9,556,800**	–	**90,083,710**	**99,640,510**
House rent and utilities	**3,187,200**	–	**31,997,351**	**35,184,551**
Retirement benefits	**3,290,143**	–	**14,962,961**	**18,253,103**
Rupees	**16,034,143**	–	**137,044,022**	**153,078,164**
Number	**1**	–	**61**	**62**

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

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

38.3 Aggregate amount charged in these financial statements includes meeting fees paid to 3 non-executive directors amounting to Rs.765,000 (2011: 3 non-executive Directors Rs.525,000).

38.4 Aggregate amount charged in these financial statements includes fee paid to Chairman amounting to Rs. 1.2 million (2011: nil)

39. SEGMENT INFORMATION

The Company has two primary reporting segments namely, 'Finance lease' and 'Operating lease', based on the nature of business and the related risks and returns associated with these segments. The finance lease operations are primarily for long term leases of movable assets to corporate entities and individuals, while under operating lease, the Company provides assets on short term rentals. Other operations, which are not deemed by management to be sufficiently significant to disclose as separate items and do not fall into the above segment categories, are reported under 'Others'.

Segment analysis for the year ended June 30, 2012

		Finance Leases	Operating Leases	Others	Leasing Business	Investment Financial Services	Total
Segment revenues	Rupees	2,012,627,143	703,581,627	492,617,497	3,208,826,267	16,971,151	3,225,797,418
Share of profit of equity accounted undertakings		–	–	123,625,355	123,625,355	–	123,625,355
Total segment revenue		2,012,627,143	703,581,627	616,242,852	3,332,451,622	16,971,151	3,349,422,773
Administrative and general expenses		207,118,635	58,400,809	41,675,869	307,195,313	3,712,234	310,907,547
Direct cost of leases		12,164,673	407,043,636	–	419,208,309	–	419,208,309
Allowance for potential lease, instalment and other loan losses - net		153,420,695	1,051,558	24,351,763	178,824,016	20,000,000	198,824,016
Impairment on available for sale securities		–	–	2,628,065	2,628,065	360,000	2,988,065
Segment result	Rupees	1,639,923,140	237,085,624	547,587,155	2,424,595,919	(7,101,083)	2,417,494,836
Unallocated expenses					(274,559,721)	–	(274,559,721)
Result from operating activities					2,150,036,198	(7,101,083)	2,142,935,115
Finance costs					(1,816,275,814)	(51,795,411)	(1,868,071,225)
Provision for taxation					(73,000,000)	–	(73,000,000)
Profit for the year	Rupees				260,760,384	(58,896,494)	201,863,890
Other information							
Segment assets	Rupees	15,256,809,876	1,010,959,779	2,503,114,840	18,770,884,495	301,507,786	19,072,392,281
Investment in equity accounted undertakings				1,567,993,170	1,567,993,170	–	1,567,993,170
Unallocated assets					1,356,268,328	–	1,356,268,328
Total assets	Rupees				21,695,145,993	301,507,786	21,996,653,779
Segment liabilities	Rupees	5,238,251,308	–	–	5,238,251,308	301,507,786	5,539,759,094
Unallocated liabilities					13,995,684,960	–	13,995,684,960
Total liabilities	Rupees				19,233,936,268	301,507,786	19,535,444,054
Capital expenditure	Rupees	–	205,838,414	126,953,987	332,792,401	–	332,792,401
Depreciation & Amortization	Rupees	–	143,156,953	60,196,931	203,353,884	–	203,353,884

Segment analysis for the year ended June 30, 2011

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

40. TRANSACTIONS WITH RELATED PARTIES

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

40.1 Terms and conditions of transactions with related parties

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

		2012	2011
ORIX Corporation, Japan			
Controlling entity			
Dividend paid	Rupees	**40,691,839**	–
ORIX Leasing Egypt SAE			
Associate			
Dividend received	Rupees	**20,744,296**	23,138,881
Oman ORIX Leasing Company SAOG			
Associate / common directorship			
Investment made during the year	Rupees	**142,132,398**	–
Dividend received	Rupees	**57,026,436**	–
Consultancy charges received	Rupees	**3,521,540**	–
MAF ORIX Finance PJSC			
Associate / common directorship			
Dividend received	Rupees	**14,824,192**	4,128,720
Saudi ORIX Leasing Company			
Associate / common directorship			
Dividend received	Rupees	**5,370,706**	–
OPP (Private) Limited			
Associate / common directorship			
Rent paid for service apartment	Rupees	**130,134**	–
Hino Pak Motors Limited			
Common directorship/Independent director			
Purchases made	Rupees	**496,218,460**	300,300,000
Sui Southern Gas Company Limited			
Common directorship/Independent director			
Utilities bills payment	Rupees	**1,919,160**	175,940
ORIX Indonesia Finance			
Related Group Company			
Consultancy fee received	Rupees	**1,548,329**	–

		2012	2011
ORIX Leasing Pakistan Limited - Employees Provident Fund (OLP-EPF)			
TFC principal repayment	Rupees	**19,906,666**	16,666,666
TFC interest paid	Rupees	**6,686,331**	6,225,531
ORIX Leasing Pakistan Limited - Staff Gratuity Fund (OLP-SGF)			
TFC principal repayment	Rupees	**1,640,000**	–
TFC interest paid	Rupees	**1,186,487**	10,575
Balances			
OLP - EPF investment in OLP's TFC	Rupees	**29,626,668**	49,533,334
OLP - EPF accrued markup on OLP's TFC	Rupees	**1,025,219**	2,280,045
OLP - SGF investment in OLP's TFC	Rupees	**6,560,000**	8,200,000

40.2 Compensation of key management personnel

		2012	2011
Short term employee benefit		**25,174,850**	21,744,500
Termination benefits		**5,877,629**	4,295,288
Total compensation to key management personnel	Rupees	**31,052,479**	26,039,788

41. TAXATION

		2012	2011
Current tax charge for the year		**32,000,000**	31,000,000
Deferred		**41,000,000**	50,912,755
	Rupees	**73,000,000**	81,912,755

41.1 Effective tax rate reconciliation

Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as provision for the current year income tax has been made under the provisions of minimum tax under Section 113 of the Income Tax Ordinance, 2001 (Ordinance). The movement in deferred taxation is mainly due to the availability of tax losses.

41.2 Current status of pending tax assessments

Tax Year 2006 to 2011
Under Section 114 of the Income Tax Ordinance 2001, (Ordinance), the Company has filed the returns of income for Tax year 2006 to 2011. The said returns shall be taken to be assessment orders passed by the Commissioner Inland Revenue (CIR) on the day the said returns were filed.

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

42. OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	Note	2012	2011
Profit before taxation		**274,863,890**	226,585,256
Adjustments for:			
Depreciation and amortization		**257,058,956**	247,129,896
Allowance for potential lease, instalment			
and other loan losses - net		**198,824,016**	212,805,338
Share of profit of equity accounted undertakings		**(123,625,355)**	(103,995,529)
Gain on hedging instruments		**(234,169,623)**	(11,860,715)
Exchange loss - net		**234,169,623**	11,860,715
Exchange gain		**(222,139)**	(8,744)
Provision for Staff retirement benefits		**11,687,521**	8,472,424
Unrealised gain on held for trading investments		**(2,923,988)**	(6,506,485)
Finance cost		**1,441,265,213**	1,471,075,882
Impairment of assets		**2,988,065**	6,861,925
Profit on certificates of deposit		**373,100,940**	279,847,788
Dividend income		**(5,621,625)**	(5,804,034)
Exchange gain on dividend received		**(1,797,401)**	–
Capital gain on sale of investment		**(10,322,870)**	(15,455,644)
Return on investments and deposit		**(74,648,443)**	(54,417,469)
Gain on disposal of fixed assets		**(18,388,352)**	(16,001,289)
		2,047,374,538	2,024,004,059
	Rupees	**2,322,238,428**	2,250,589,315

43. CASH AND CASH EQUIVALENTS

	Note	2012	2011
Cash at bank	15	**334,879,388**	240,935,877
Cash in hand	15	**1,493,231**	1,341,249
Overdraft	26	**(196,741,568)**	(358,675,410)
	Rupees	**139,631,051**	(116,398,284)

44. FINANCIAL RISK MANAGEMENT

44.1 Financial risk factors

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

- Credit risk
- Liquidity risk
- Market risk

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

44.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's receivables from customers and investment securities. The Company has established procedures to manage credit exposure including credit approvals, credit limits, collateral and guarantee requirements. These procedures incorporate both internal guidelines and requirements of the NBFC Rules and the NBFC Regulations. The Company also manages risk through an independent credit department which evaluates customers' credit worthiness and obtains adequate securities where applicable.

All investing transactions are settled / paid for upon delivery. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. Out of the total assets of Rs. 21,997 million (2011: Rs. 21,802 million) the assets which were subject to credit risk amounted to Rs. 19,471 million (2011: Rs. 20,124 million). Significant concentrations of the Company's risk assets by industry sector and geographical region are set out in notes 44.2.1 to 44.2.3.

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

	2012	2011
Net investment in finance leases and instalment loans	**16,000,021,122**	17,087,283,089
Long term investments	**4,170,000**	184,170,000
Long term finances and loans	**2,021,626,873**	1,091,902,401
Long term deposits	**13,767,914**	14,179,766
Short term finances	**356,387,936**	365,831,010
Accrued return on investments and term loans	**15,530,539**	4,004,811
Advances and prepayments	**77,808,257**	66,875,194
Short term investments	**117,747,932**	236,926,423
Other receivables	**529,508,495**	832,596,859
Cash and bank balances	**334,879,388**	240,935,877
Rupees	**19,471,448,456**	20,124,705,430

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

The carrying value of financial assets which are neither past due nor impaired are as under:

	2012	2011
Finance lease and instalment loans	**14,125,081,930**	14,845,544,319
Investments, term finance and loans	**1,750,693,785**	945,347,378
Long term deposits	**13,767,914**	14,179,766
Accrued return on investment and term loan	**15,530,539**	4,004,811
Advances and prepayments	**103,089,324**	66,875,194
Short term investments	**117,747,932**	236,926,423
Other receivable	**495,006,915**	832,596,859
Cash and bank balances	**334,879,388**	240,935,877
Rupees	**16,955,797,727**	17,186,410,627

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

		2012	2011
Past due 1-30 days		**206,220,466**	269,883,913
Past due 31-60 days		**39,576,338**	41,750,173
Past due 61-90 days		**34,331,123**	68,121,930
Past due 91-180 days		**111,693,270**	157,755,499
Past due 181-365 days		**96,032,277**	264,673,471
Past due over 365 days		**1,387,085,718**	1,439,553,784
		1,874,939,192	2,241,738,770
Less: Security deposits		**(564,373,265)**	(631,354,754)
	Rupees	**1,310,565,927**	1,610,384,016

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

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

The Company has adequate provision of Rs. 715 million (2011: Rs. 652 million) against these past dues. In addition these are secured against leased assets.

44.2.1 Segment by class of business

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

	2012		2011	
	Rupees	**Percentage**	Rupees	Percentage
Individuals (auto lease)	**4,110,394,572**	**22.50**	4,258,403,278	24.06
Transport and communication	**3,070,196,328**	**16.81**	2,787,461,520	15.75
Services	**1,964,244,120**	**10.75**	1,722,926,303	9.73
Miscellaneous	**1,972,659,125**	**10.80**	1,700,287,099	9.61
Textile and allied	**1,534,254,901**	**8.40**	1,564,294,607	8.84
Fuel and energy	**925,721,333**	**5.07**	1,061,863,825	6.00
Food and allied	**662,760,158**	**3.63**	790,141,847	4.46
Trading	**788,053,607**	**4.31**	704,950,344	3.98
Steel and engineering	**741,547,316**	**4.06**	622,689,621	3.52
Construction	**491,730,079**	**2.69**	533,090,775	3.01
Chemical and pharmaceutical	**681,835,740**	**3.73**	700,766,116	3.96
Paper, board and printing	**517,509,737**	**2.83**	493,368,326	2.79
Cement	**132,417,248**	**0.72**	138,016,901	0.78
Sugar	**403,050,685**	**2.21**	290,612,564	1.64
Financial institutions	**97,369,124**	**0.53**	125,828,891	0.71
Consumer finance	**9,230,211**	**0.05**	34,702,091	0.20
Manufacturers of consumer goods	**166,549,880**	**0.91**	170,603,782	0.96
Rupees	**18,269,524,164**	**100.00**	17,700,007,890	100.00

44.2.2 Segment by sector

The Company's net investment in finance leases and instalment loans include exposure to Government / Public sector amounted to Rs. 8.04 million (2011: Rs. 11.68 million) and the balance Rs. 15,992 million (2011:Rs. 17,075 million) represents exposure to private sector.

44.2.3 Geographical segment analysis

Company's operations are restricted to Pakistan only.

44.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

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

	2012				
	Carrying amount	Contractual cashflows	Up to three months	Over three months to one year	Over one year
Financial liabilities					
Long term finances	5,604,166,664	6,063,988,521	1,265,420,797	2,482,426,682	2,316,141,042
Long term loans	3,263,513,803	3,569,485,527	612,276,274	894,580,680	2,062,628,573
Certificates of deposit	3,419,929,419	4,940,017,214	262,085,830	1,327,832,982	3,350,098,402
Trade and other payables	291,026,309	291,026,309	62,580,657	122,890,152	113,555,500
Accrued interest / mark-up on loans and term finances	542,826,711	542,826,711	278,280,632	264,546,079	–
Long term security deposits	5,239,276,308	5,239,276,308	378,912,963	1,274,623,462	3,585,739,883
Short term borrowings	750,000,000	778,604,167	514,229,167	264,375,000	–
Rupees	19,110,739,214	21,425,224,757	3,373,786,320	6,631,275,037	11,428,163,400

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

44.4 Market risk

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

44.4.1 Currency risk

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

		2012	2011
Long term loans	Rupees	**3,069,986,543**	2,898,859,200
Foreign currency bank account	Rupees	**2,065,307**	1,875,566
Long term investments	Rupees	**1,466,101,425**	1,159,251,213
Accrued interest on long term financing	Rupees	**148,628,690**	82,389,813

The Company has hedged interest rate risk and foreign currency risk on long term loans with financial institutions. Had there been no hedge arrangements, profit for the year would had been lower by Rs. 246 million (2011 Rs. 26 million).

Sensitivity analysis

The Company has major currency risk in US Dollar, at reporting date, if the PKR had strengthened/ weakened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year would have been lower by the amount of Rs. 175 million (2011: Rs. 182 million) mainly as a result of net foreign exchange gain on translation of foreign currency bank account and foreign creditors.

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

44.4.2 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates and variable financial assets. Financial assets and financial liabilities includes balances of Rs. 4,832 million (2011: Rs.5,695 million) and Rs. 8,578 million (2011 Rs. 7,095 million) respectively, which are subject to interest rate risks. Applicable interest rates for the same have been disclosed in their respective notes.

Sensitivity analysis for variable rate financial instruments

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

A change of 100 basis points in interest rate would have increased or decreased profit by Rs. 37 million (2011: Rs.14 million).

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

44.4.3 Other price risk

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

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

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

		2012	2011
Effect on profit and loss	Rupees	**5,125,233**	4,933,773
Effect on equity	Rupees	**2,140,649**	11,814,390
Effect on investments	Rupees	**7,265,882**	16,748,163

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

44.4.4 Fair values of financial assets and liabilities

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 3	Total
Held for trading	**79,577,659**	**–**	**79,577,659**
Available for sale investments	**21,406,488**	**9,396,000**	**30,802,488**
Total	**100,984,147**	**9,396,000**	**110,380,147**

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

		2012
Opening balance as at 1 July		**10,320,000**
Impairment loss recognised in profit and loss account		**(924,000)**
Closing balance as at 30 June	Rupees	**9,396,000**

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

44.5 Capital risk management

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

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

45. EARNINGS PER SHARE - basic and diluted

		2012	2011
Profit for the year	Rupees	**201,863,890**	144,672,501
Weighted average number of ordinary shares	Numbers	**82,052,930**	82,052,930
Earnings per share - basic and diluted	Rupees	**2.46**	1.76

46. NON - ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 20, 2012 proposed a final dividend of Rs. 1.5 per share (2011: Re. 1 per share) for the year ended June 30, 2012, amounting to Rs. 123,079,395 (2011: Rs. 82,052,930) for approval of members at the Annual General Meeting to be held on October 18, 2012. These financial do not reflect the impact of this proposed dividend.

47. GENERAL

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

48. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 20, 2012 by the Board of Directors of the Company.

TEIZOON KISAT
Chief Executive

HUMAYUN MURAD
Director

PATTERN OF SHAREHOLDINGS as at June 30, 2012

Number of Shareholders	Shareholding from	Shareholding to	Total Shares Held
2,141	1	100	66,062
946	101	500	223,207
329	501	1,000	244,547
496	1,001	5,000	1,136,291
127	5,001	10,000	924,623
59	10,001	15,000	713,293
32	15,001	20,000	573,948
16	20,001	25,000	360,761
11	25,001	30,000	305,842
7	30,001	35,000	229,173
10	35,001	40,000	380,874
2	40,001	45,000	87,476
6	45,001	50,000	299,626
2	50,001	55,000	102,857
2	55,001	60,000	117,000
3	60,001	65,000	186,243
1	65,001	70,000	66,210
2	70,001	75,000	145,681
2	75,001	80,000	157,279
1	80,001	85,000	83,241
2	85,001	90,000	176,077
1	95,001	100,000	100,000
4	105,001	110,000	432,991
2	110,001	115,000	227,500
1	115,001	120,000	119,000
1	125,001	130,000	129,040
1	135,001	140,000	136,523
1	145,001	150,000	150,000
2	150,001	155,000	301,006
1	160,001	165,000	164,125
2	170,001	175,000	348,500
1	190,001	195,000	193,437
1	195,001	200,000	198,375
1	200,001	205,000	201,100
1	210,001	215,000	214,230
1	245,001	250,000	250,000
1	275,001	280,000	276,402
1	360,001	365,000	362,323
1	390,001	395,000	391,790
1	400,001	405,000	401,562
1	405,001	410,000	409,439
1	435,001	440,000	439,367
1	440,001	445,000	441,919
1	470,001	475,000	471,025
1	530,001	535,000	530,127
1	560,001	565,000	563,913
1	595,001	600,000	595,547
1	860,001	865,000	864,100
1	950,001	955,000	955,000
1	1,340,001	1,345,000	1,340,022
1	1,685,001	1,690,000	1,689,793
1	2,775,001	2,780,000	2,780,000
1	2,900,001	2,905,000	2,903,580
1	4,235,001	4,240,000	4,237,290
1	4,310,001	4,315,000	4,310,902
1	7,650,001	7,655,000	7,650,852
1	40,690,001	40,695,500	40,691,839
4,239			**82,052,930**

Categories of Shareholders	Number of Shares held	Category wise no. of Shareholders	Category wise shares held	Percentage %
Individuals		4,122	14,498,176	17.67
Investment Companies		4	253	0.00
Joint Stock Companies		37	106,418	0.13
Directors, Chief Executive Officer and their Spouse and Minor Children				
Mr. Kunwar Idris	2,771			
Mr. Humayun Murad	155,109			
Mr. Yoshiaki Matsuoka	575			
Mr. Shahid Usman	20,500			
Mr. Shaheen Amin	575			
Mr. Kazuhito Inoue	575			
Mr. Teizoon Kisat	66,210			
Mrs. Khalida Idris w/o Mr. Kunwar Idris	8,302			
		8	254,617	0.31
Executives		29	90,434	0.11
Associated Companies, Undertakings and Related Parties:				
ORIX Corporation		1	40,691,839	49.59
Public Sector Companies and Corporations		-	-	-
Banks, DFIs, NBFCs, Insurance Companies Takaful, Modarabas and Pension Funds		10	7,334,671	8.94
Mutual Funds				
- National Investment Trust Limited		1	107,835	0.13
- JS Value Fund Limited		1	955,000	1.16
- National Bank Of Pakistan-Trustee Department		1	2,903,580	3.54
Foreign Investors		12	14,361,836	17.50
Others		13	748,271	0.91
Total		4,239	82,052,930	100.00

Additional Information		
Shareholders holding five percent or more voting rights		
Majid Al Futtaim Trust LLC	7,650,852	9.32
Aberdeen Asian Smaller Companies Investment Trust PLC	4,237,290	5.16
State Life Insurance Corporation of Pakistan	4,310,902	5.25
ORIX Corporation	40,691,839	49.59
	56,890,883	69.33

PARENT COMPANY

ORIX CORPORATION

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Tel: 021-35303560-64
Fax: 021-35303571

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Gujrat
Office No. 1, First Floor, Empire Centre
Opposite Factory Area Gate No. 1
G.T. Road, Gujrat
Tel: 053-353515282, 3536953
Fax: 053-3536854

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

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

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

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

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

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

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

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

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

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

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

Abbotabad
Yousaf Jamal Plaza near HBL
Mansehra Road, Abbotabad
Tel: 0992-343888, 343188
Fax: 0992-340370

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

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PROXY FORM

I/ We ______________________________

of (full address) ______________________________

being a Member of ORIX Leasing Pakistan Limited hereby appoint ______________________________

of (full address) ______________________________

____

____

or failing him/ her ______________________________

of (full address) ______________________________

as my/ our Proxy to attend and vote for me and on my behalf at the Twenty Sixth Annual General Meeting of the Company to be held on October 18, 2012 and at any adjournment thereof.

Signature this ______________________________ Year 2012

(day) (date, month)

Please affix revenue stamp

Signature of Member : ______________________________

Folio Number : ______________________________

Number of shares held : ______________________________

Signature and Company seal

Signatures and addresses of witnesses

1. ______________________________

2. ______________________________

1. A Member entitled to attend and vote at the General Meeting is entitled to appoint a Proxy to attend and vote instead of him/ her. A Proxy need not be a Member of the Company.
2. The instrument appointing a Proxy shall be in writing under the hand of the appointer or of his/ her attorney duly authorized in writing, if the appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorized.
3. The instrument appointing a Proxy and the power of attorney or other authority under which it is signed or a notarially certified copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting.
4. An individual Beneficial Owner of the Central Depository Company, entitled to attend and vote at this meeting must bring his/ her original Computerised National Identity Card (CNIC) or Passport with him/ her to prove his/ her identity, and in case of Proxy, must enclose an attested copy of his/ her CNIC or Passport. The representative of corporate entity, shall submit Board of Directors' resolution/ power of attorney with specimen signature (unless it has been provided earlier) alongwith proxy form to the Company.