

ORIX LEASING PAKISTAN LIMITED



The Momentum Continues

First Quarter Report 2014-15 of **ORIX Leasing Pakistan Limited**



The Momentum Continues

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

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

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

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Corporate Information

Board of Directors

Mr. Kunwar Idris
Independent Chairman

Mr. Harukazu Yamaguchi
Non Executive Director

Mr. Humayun Murad
Non Executive Director

Mr. Shahid Usman
Independent Non Executive Director

Mr. Shaheen Amin
Non Executive Director

Mr. Kazuhito Inoue
Non Executive Director

Mr. M. Raeesuddin Paracha
Independent Non Executive Director

Mr. Teizoon Kisat
Chief Executive

Audit Committee

Mr. Shahid Usman
Chairman

Mr. Humayun Murad
Member

Mr. Shaheen Amin
Member

Mr. Kazuhito Inoue
Member

Credit Committee

Mr. Shaheen Amin
Member

Mr. Teizoon Kisat
Member

Mr. Ramon Alfrey
Member

Mr. Amjad Iqbal
Member

Human Resource and Remuneration Committee

Mr. Shaheen Amin
Chairman

Mr. Harukazu Yamaguchi
Member

Mr. Kazuhito Inoue
Member

Mr. Teizoon Kisat
Member

Chief Financial Officer

Mr. Ramon Alfrey

Company Secretary

Ms. Effat Assad

Head of Internal Audit & Secretary to Audit Committee

Ms. Maryam Aziz

Head of Credit

Mr. Amjad Iqbal

Senior Management

Mr. Arshad Abbas
General Manager - Commercial Vehicle Division

Mian Faisal Riaz
General Manager - Corporate Lease

Mr. Hiralal Bharvani
General Manager - Treasury & Consumer Auto Division

Mr. Ayub Khan
General Manager - Special Assets Management

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

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

Mr. M. Ismail Khan
Head - Business Control

Mr. Shakir Vasi
Head - Operating Lease

Mr. Asad Ali Sheikh
Head - Islamic Finance

Mr. Mohsin Siraj
Head - Law Division

Mr. Abid Hamid
Senior Manager, e-Business

Mr. M. Moizuddin
Head - Information Systems

Ms. Iffat Hina
Head - Human Resource

Shariah Advisor

Mufti Ibrahim Essa

Registered Office

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

Head Office

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

Credit Rating by the Pakistan Credit Rating Agency

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

Banks and lending Institutions

AlBaraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Citibank N.A.
ECO Trade & Development Bank, Turkey
Faysal Bank Limited
Habib Bank Limited-Islamic Banking
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
JS Bank Limited
National Bank of Pakistan
NIB Bank Limited
Pak-Brunei Investment Company Limited
Pak China Investment Company Limited
Pakistan Poverty Alleviation Fund
Standard Chartered Bank (Pakistan) Limited
Standard Chartered Sadiq
The Bank of Punjab
The Bank of Tokyo - Mitsubishi UFJ, Limited
United Bank Limited

Auditors

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

Legal Advisors

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

Registrar and Share Transfer Office

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

Corporate Information

Parent & Associated Companies Addresses

ORIX CORPORATION – Parent Company

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

Associated Companies – Overseas Joint Ventures

Oman ORIX Leasing Company SAOG

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

Al Hail ORIX Finance PSC

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

ORIX Leasing Egypt SAE

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

SK Leasing JSC

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

Saudi ORIX Leasing Company

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



Directors' Review Report

The Directors of ORIX Leasing Pakistan Limited (the Company) take pleasure in presenting the unaudited condensed interim financial statements for the first quarter ended September 30, 2014. Highlights of the quarter are given below:

	July to September 2014	July to September 2013
	Rupees	
Profit before tax	188,947,566	147,447,871
Less: Taxation	39,000,000	31,000,000
Profit after tax	149,947,566	116,447,871
Earnings per share basic and diluted	1.83	1.42

Profit after tax for the quarter ended September 2014 increased by 29 percent to Rs. 149.95 million compared to Rs. 116.45 million earned in the same period last year. Earnings per share increased to Rs. 1.83 from Rs. 1.42 earned in the same period last year. The growth in profit is largely driven by higher business volume and tight control over financial and administrative expenses.

Business volume increased to Rs. 2.66 billion compared to Rs. 2.27 billion in the corresponding quarter an increase of 18 percent despite unfavorable business conditions in the first two months of the quarter.

Total revenues, benefitting from higher disbursements, increased to Rs. 1,018.51 million (September 2013: Rs. 922.89 million). Associated Companies continued their steady growth and the Company's share in profit of associated companies increased to Rs. 63.37 million from Rs. 47.89 million recorded in the first quarter of the previous year.

Finance cost at Rs. 431.25 million was 42 percent of revenues as compared to Rs. 409.04 million (44% of revenues) in the previous fiscal year. Total borrowings increased to Rs. 14.17 billion compared to Rs. 13.26 billion in the corresponding period. The Company's funding position remains strong in view of renewed support from commercial banks and trust reposed in the Company by investors in its Certificates of Deposit.

Administrative and general expenses amounted to Rs. 196.53 million (September 2013: Rs. 183.83 million) an increase of 7 percent. The increase was mainly due to overall inflationary impact and revision of staff salaries. Direct cost of leases which relate to the operating lease business was higher in proportion of operating lease revenue primarily due to imposition of sales tax on maintenance cost.

The Company has entered into a non-binding Memorandum of Understanding with Standard Chartered Bank (Pakistan) Limited (SCBPL) with regard to prospective merger / amalgamation of Standard Chartered Leasing Limited and acquisition of SCBPL's stake in Standard Chartered Modaraba and Standard Chartered Services of Pakistan (Pvt) Limited. The transaction is subject to due diligence by the Company and all necessary corporate and regulatory approvals. The due diligence process is expected to start soon.

The Board of Saudi ORIX Leasing Company (SOLC) has approved issue of Right Shares in proportion of 10 shares for each 34 shares held at par value of Saudi Riyals 10 each against a book value of Saudi Riyals 17.97 as at September 30, 2014. The Company has 2.50% share in the equity of SOLC and is entitled to subscribe to 250,000 shares (present holding 850,000 shares). Additional investment in SOLC will therefore amount to Saudi Riyals 2.5 million (approximately Rs. 68.5 million).

The Directors recommend further investment of the Rupee equivalent of Saudi Riyals 2.5 million for subscribing to 250,000 right shares of SOLC in view of impressive record of profitability and future earning potential of the Associated Company.

The growth momentum achieved in the first quarter of the current fiscal year is expected to continue in the remainder of the year barring any unforeseen adverse conditions.

On behalf of the Board

Teizoon Kisat
Chief Executive

Dated: October 21, 2014

Condensed Interim Balance Sheet

As at September 30, 2014

	Note	September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
		Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,702,590,458	1,766,703,090
Intangible assets	6	10,179,747	10,894,523
Net investment in finance leases	7	18,423,868,551	17,774,664,986
Current maturity		(7,900,426,942)	(7,679,925,643)
Allowance for potential lease losses		(795,105,806)	(759,020,567)
		(8,695,532,748)	(8,438,946,210)
		9,728,335,803	9,335,718,776
Investment in associated undertakings		1,798,226,698	1,701,150,417
Long term investments	8	13,960,031	13,906,241
Long term finances and loans		717,192,281	741,206,025
Long term deposits		9,634,864	10,149,703
		13,980,119,882	13,579,728,775
Current assets			
Short term finances		323,496,418	307,676,931
Accrued return on investments and term finance		58,969,779	70,024,984
Current maturity of non-current assets	9	9,120,839,535	8,909,826,715
Short term investments	10	1,024,012,858	1,087,935,861
Advances and prepayments		93,273,923	47,758,782
Other receivables		138,192,608	129,968,517
Cash and bank balances		126,547,221	100,483,822
Taxation - net		144,414,243	126,314,272
Assets classified as held for sale		95,511,721	88,995,488
		11,125,258,306	10,868,985,372
Total assets		25,105,378,188	24,448,714,147
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
350,000,000 (June 2014: 350,000,000) Ordinary shares of Rs.10 each		3,500,000,000	3,500,000,000
Issued, subscribed and paid-up-capital		820,529,300	820,529,300
Reserves		2,387,664,335	2,162,290,834
		3,208,193,635	2,982,820,134
Surplus on revaluation of leasehold land and office building		80,617,172	81,109,116
Non-current liabilities			
Long term finances	11	3,521,126,445	3,146,602,029
Long term loans	12	145,592,857	280,306,798
Long term certificates of deposit		3,406,945,563	3,647,417,555
Long term deposits		4,718,553,080	4,484,318,085
Deferred taxation		411,874,149	395,139,051
Other long term liabilities		238,329,395	247,588,070
Post-employment benefits		3,019,444	3,919,447
		12,445,440,933	12,205,291,035
Current liabilities			
Trade and other payables		458,624,609	480,190,971
Accrued interest / mark-up on loans, finances and certificates of deposit		347,060,486	453,729,354
Short term borrowings	13	1,098,373,112	694,635,094
Short term certificates of deposit		1,055,666,632	1,019,234,608
Current maturity of non-current liabilities	14	6,411,401,609	6,531,703,835
		9,371,126,448	9,179,493,862
Total equity and liabilities		25,105,378,188	24,448,714,147
Contingencies and Commitments	15		

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.


Teizoon Kisat
Chief Executive


Humayun Murad
Director

Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended September 30, 2014

		Quarter ended	
	Note	September 30, 2014	September 30, 2013
		Rupees	
INCOME			
Income from operations			
Finance leases		527,368,500	461,702,362
Operating leases	16	247,020,238	253,187,194
Mark-up on term finance		112,256,454	106,346,493
		886,645,192	821,236,049
Income from other activities			
Other income - net		68,489,317	53,768,382
Share of profit of equity accounted undertakings	17	63,374,175	47,888,160
		131,863,492	101,656,542
		1,018,508,684	922,892,591
EXPENSES			
Finance cost	18	431,247,049	409,042,444
Administrative and general expenses		196,525,461	183,831,139
Direct cost of leases		162,347,599	141,944,762
		790,120,109	734,818,345
Profit before provision and taxation		228,388,575	188,074,246
Allowance for potential lease and other loan losses - net		35,966,009	38,151,375
Other provisions - net	19	3,475,000	2,475,000
		39,441,009	40,626,375
Profit before tax		188,947,566	147,447,871
Taxation - Current		22,000,000	9,000,000
- Deferred		17,000,000	22,000,000
		39,000,000	31,000,000
Profit for the period		149,947,566	116,447,871
Earnings per share - basic and diluted			
		1.83	1.42

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.


Teizoon Kisat
 Chief Executive


Humayun Murad
 Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter ended September 30, 2014

	Quarter ended	
	September 30, 2014	September 30, 2013
	Rupees	
Profit for the period	149,947,566	116,447,871
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss :		
Exchange difference arising on translation of foreign associates - net of deferred tax	42,302,098	84,464,094
Unrealized gain / (loss) due to change in fair value of available for sale securities	3,252,187	(1,640,747)
Unrealized gain due to sale of available for sale securities transferred to profit and loss account	(9,572,420)	-
	(6,320,233)	(1,640,747)
	35,981,865	82,823,347
Items that will not be reclassified to profit and loss :		
Net gain on hedging instruments	38,687,224	80,412,454
Total comprehensive income for the period	224,616,655	279,683,672

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.



Teizoon Kisat
Chief Executive



Humayun Murad
Director

Condensed Interim Cash Flow Statement (Un-audited)

For the quarter ended September 30, 2014

	Note	September 30, 2014	September 30, 2013
		Rupees	
Cash flows from operating activities			
Profit before taxation		188,947,566	147,447,871
Adjustments for:			
Depreciation		79,440,797	68,471,119
Amortisation		5,440,561	7,859,210
Provision for potential lease and other loan losses - net		35,966,009	38,151,375
Reversal of provision for potential losses on investments		(525,000)	(525,000)
Provision for workers welfare fund		4,000,000	3,000,000
Share of profit of equity accounted undertakings		(63,374,175)	(47,888,160)
Gain on hedging instruments		(4,785,745)	(94,331,431)
Exchange loss		4,785,745	94,331,431
Unrealised gain on remeasurement of financial asset at fair value through profit and loss account		(10,569,866)	(56,835)
Finance cost		221,904,891	213,663,207
Profit on certificates of deposit		205,116,174	187,520,027
Dividend income		(1,125)	(2,207,141)
Return on investments and deposit		(3,309,296)	(22,094,456)
Gain on disposal of fixed assets		(10,603,315)	(3,650,003)
		463,485,655	442,243,343
Operating profit before working capital changes		652,433,221	589,691,214
(increase) / decrease in operating assets			
Investment in finance leases - net		(650,246,447)	(339,183,946)
Long term finances and loans - net		34,488,783	(17,480,923)
Short term finances		(15,652,487)	(17,743,376)
Long term deposits		514,839	(761,600)
Advances and prepayments		(45,515,141)	(51,762,558)
Other receivables		(35,583,414)	(5,930,196)
		(711,993,867)	(432,862,599)
increase / (decrease) in operating liabilities			
Deposits from lessees - net		344,286,314	258,063,204
Mark-up paid		(260,564,604)	(303,555,169)
Profit paid on certificates of deposit		(282,384,004)	(150,650,660)
Trade and other payables		(26,512,768)	131,909,930
		(225,175,062)	(64,232,695)
Net cash from operating activities before income tax		(284,735,708)	92,595,920
Income tax paid		(40,099,971)	(4,587,238)
Net cash flows (used in) / generated from operating activities		(324,835,679)	88,008,682
Cash flows from investing activities			
Capital expenditure incurred - own use and intangible assets		(8,456,199)	(16,587,332)
Proceeds from disposal of assets - own use		233,628	1,819,465
Capital expenditure incurred - operating lease assets		(3,274,429)	(156,123,399)
Proceeds from sale of operating lease assets		14,950,000	11,874,358
Capital expenditure incurred - ijarah finance		(10,314,500)	(26,743,500)
Proceeds from sale of ijarah finance assets		979,068	-
Investments - net		42,555,985	502,929,463
Dividend received		8,604,739	2,207,141
Interest received		31,252,545	14,926,099
Net cash generated from investing activities		76,530,837	334,302,295
Cash flows from financing activities			
Proceed from long term loans		1,108,860,000	567,750,000
Short term borrowings - net		525,000,000	(650,000,000)
Certificates of deposits issued - net		28,883,533	355,882,023
Repayment of long term loans and finances		(1,267,159,712)	(831,491,386)
Dividend paid		46,402	-
Net cash generated from / (used in) financing activities		395,630,223	(557,859,363)
Net increase / (decrease) in cash and cash equivalents		147,325,381	(135,548,386)
Cash and cash equivalents at beginning of the period		(594,151,272)	(55,341,954)
Cash and cash equivalents at end of the period	22	(446,825,891)	(190,890,340)

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.


Teizoon Kisat
 Chief Executive


Humayun Murad
 Director

Condensed Interim Statement of Changes In Equity (Un-audited)

For the quarter ended September 30, 2014

	Issued, subscribed and paid-up capital	Capital Reserves		Reserves			Total shareholders equity	
		Share premium	Statutory reserve	Unappropriated profit	Unrealised gains / (losses) on investment	Hedging reserve		Foreign currency translation reserve
(Rupees)								
Balance as at July 01, 2013	820,529,300	448,603,499	762,900,000	377,761,296	7,656,936	(141,870,088)	313,078,500	2,588,659,443
Total comprehensive income for the quarter ended September 30, 2013								
Profit for the period	-	-	-	116,447,871	-	-	-	116,447,871
Other comprehensive income								
Exchange difference arising on translation of foreign associates - net of deferred tax	-	-	-	-	-	-	84,464,094	84,464,094
Unrealized loss due to change in fair value of available for sale securities-net	-	-	-	-	(1,640,747)	-	-	(1,640,747)
Net gain on hedging instruments	-	-	-	-	-	80,412,454	-	80,412,454
	-	-	-	-	(1,640,747)	80,412,454	84,464,094	163,235,801
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	756,846	-	-	-	756,846
Balance as at September 30, 2013	820,529,300	448,603,499	762,900,000	494,966,013	6,016,189	(61,457,634)	397,542,594	2,869,099,961
Balance as at July 01, 2014	820,529,300	448,603,499	866,000,000	608,531,814	9,738,741	(58,090,553)	287,507,333	2,982,820,134
Total comprehensive income for the quarter ended September 30, 2014								
Profit for the period	-	-	-	149,947,566	-	-	-	149,947,566
Other comprehensive income								
Exchange difference arising on translation of foreign associates - net of deferred tax	-	-	-	-	-	-	42,302,098	42,302,098
Unrealized gain due to change in fair value of available for sale securities-net	-	-	-	-	3,252,187	-	-	3,252,187
Unrealized gain due to sale of available for sale securities transferred to profit and loss account	-	-	-	-	(9,572,420)	-	-	(9,572,420)
Net gain on hedging instruments	-	-	-	-	-	38,687,224	-	38,687,224
	-	-	-	-	(6,320,233)	38,687,224	42,302,098	74,669,089
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	756,846	-	-	-	756,846
Balance as at September 30, 2014	820,529,300	448,603,499	866,000,000	759,236,226	3,418,508	(19,403,329)	329,809,431	3,208,193,635

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.


Teizoon Kisat
 Chief Executive


Humayun Murad
 Director

Notes to the Condensed Interim Financial Information (Un-audited)

For the quarter ended September 30, 2014

1. THE COMPANY AND ITS OPERATIONS

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

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

2. BASIS OF PREPARATION

- 2.1 This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the provisions of and directives issued under NBFC Rules, the NBFC Regulations and the directives issued by SECP prevail.
- 2.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. This condensed interim financial information does not include all of the information required for a full set of financial statements and should be read in conjunction with the published financial statements of the Company for the year ended June 30, 2014.
- 2.3 The comparative balance sheet presented in this condensed interim financial information has been extracted from the audited financial statements of the Company for the year ended June 30, 2014, whereas the comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from the un-audited condensed interim financial information for the period ended September 30, 2013.
- 2.4 This condensed interim financial information has been presented in Pakistani Rupees, which is the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the audited annual published financial statements of the Company for the year ended June 30, 2014.
- 3.2 The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the financial statements for the year ended June 30, 2014.

4. RISK MANAGEMENT POLICIES

Risk management policies are consistent with those disclosed in the financial statements for the year ended June 30, 2014.

5. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
	Rupees	
Fixed assets - Own use	384,666,753	388,821,912
Fixed assets - Operating lease	1,182,001,515	1,231,865,683
Fixed assets - Ijara Finance	135,922,190	146,015,495
	1,702,590,458	1,766,703,090

- 5.1 The following is a statement of cost of additions and disposals from property, plant and equipment for the quarter ended September 30, 2014.

	Own Use		Operating lease assets		Asset under Ijara financing	
	Additions	Disposals	Additions	Disposals	Additions	Disposals
	Rupees					
Generators / Machinery	-	-	2,329,400	31,741,628	3,550,000	-
Furniture, fittings and office equipment	1,538,389	395,900	-	-	-	-
Computers and accessories	852,310	590,045	-	-	-	-
Communication equipment	-	-	945,029	-	-	-
Vehicles	6,065,500	1,868,000	-	-	6,764,500	1,375,000
September 30, 2014	8,456,199	2,853,945	3,274,429	31,741,628	10,314,500	1,375,000
September 30, 2013	16,587,332	3,279,183	156,123,399	27,536,149	26,743,500	1,500,000

Notes to the Condensed Interim Financial Information (Un-audited)

For the quarter ended September 30, 2014

6. INTANGIBLE ASSETS	Note	September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
		Rupees	
Trading Right Entitlement Certificate (TREC) - KSEL		-	15,000,000
Trading Right Entitlement Certificate (TREC) - LSEL		1,236,430	1,236,430
		1,236,430	16,236,430
Less: Provision for diminution in value of TREC		1,236,430	16,236,430
Computer software and license		10,179,747	10,894,523
		10,179,747	10,894,523

7. NET INVESTMENT IN FINANCE LEASES

Installment contract receivables	15,075,298,545	14,737,639,373
Residual value	6,215,902,497	5,871,678,313
Initial direct cost	1,345,059	2,170,847
	21,292,546,101	20,611,488,533
Less: Unearned finance income	2,868,677,550	2,836,823,547
	18,423,868,551	17,774,664,986

8. LONG TERM INVESTMENTS

Held to maturity investments			
Pakistan Investment Bonds (PIBs)	8.1	13,960,031	13,906,241
Term Finance Certificates (TFCs) - Unlisted		3,265,627	3,265,627
		17,225,658	17,171,868
Less: Provision for potential losses on investments		3,265,627	3,265,627
		13,960,031	13,906,241

8.1 This investment has been made as required under Regulation 14 (4) (i) of the Non Banking Finance Companies and Notified Entities, Regulations, 2008 to maintain liquidity against certificates of deposit.

9. CURRENT MATURITY OF NON-CURRENT ASSETS

Current maturity of:		
Net investment in finance leases	7,900,426,942	7,679,925,643
Long term finances and loans	1,220,412,593	1,229,901,072
	9,120,839,535	8,909,826,715

10. SHORT TERM INVESTMENTS

Held to maturity investments			
Certificates of deposit		1,778,855	2,135,606
At fair value through profit and loss			
Treasury bills	10.1	403,913,978	392,145,186
Term finance certificates		29,148,181	29,150,837
Units of open ended mutual funds		31,010,946	22,951,280
Units of closed end mutual funds		-	31,481,769
		464,073,105	475,729,072
Available-for-sale			
Pakistan investment bond (PIBs)	10.1	550,294,865	546,092,416
Ordinary shares		16,440,469	56,661,084
Units of open ended mutual funds		704,419	16,248,870
Units of closed end mutual funds		-	704,419
		567,439,753	619,706,789
Loan and receivables			
Fund placements		838,930	1,007,179
Less: Allowance for potential losses		10,117,785	10,642,785
		1,024,012,858	1,087,935,861

Notes to the Condensed Interim Financial Information (Un-audited)

For the quarter ended September 30, 2014

- 10.1 These 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.

11. LONG TERM FINANCES - secured	September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
	Rupees	
Long term finances utilised under mark-up arrangements - financial institutions	6,015,313,857	5,788,433,398
Less: Unamortised transaction cost	16,292,585	11,853,207
Less: Current maturity	2,477,894,827	2,629,978,162
	2,494,187,412	2,641,831,369
	3,521,126,445	3,146,602,029

12. LONG TERM LOANS

Name of lending institution	Commencement of repayment	Mode of loan repayment	Rate	September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
				Rupees	
Secured					
Citibank Japan Limited, Syndicated loan	31-Jan-2008	14 equal semi annual instalments	US\$ six month LIBOR+0.675%	-	352,678,586
Pakistan Poverty Alleviation Fund	28-Jun-2013	11 quarterly instalments	KIBOR+1.5%	272,134,061	241,363,500
Unsecured					
ECO Trade & Development Bank	07-Jan-2013	7 equal semi annual instalments	US\$ six month LIBOR+1.50%	440,142,948	564,285,800
Total long term loans				712,277,009	1,158,327,886
Less: Unamortised transaction cost				1,692,897	1,836,122
Less: Current maturity				564,991,255	876,184,966
				145,592,857	280,306,798

13. SHORT TERM BORROWINGS

From banking Companies - secured		
Under mark-up arrangements	573,373,112	694,635,094
Short term loans	525,000,000	-
	1,098,373,112	694,635,094

14. CURRENT MATURITY OF NON-CURRENT LIABILITIES

Note

Current maturity of:			
Long term finances	11	2,477,894,827	2,629,978,162
Long term loans	12	564,991,255	876,184,966
Long term certificates of deposit		1,878,439,849	1,645,516,348
Long term deposits		1,490,075,678	1,380,024,359
		6,411,401,609	6,531,703,835

15. CONTINGENCIES AND COMMITMENTS

- 15.1 Finance lease and ijara contracts committed but not executed at the balance sheet date amounted to Rs. 21.40 million. (June 30, 2014 : Rs. 11 million).
- 15.2 There were no changes in the status of contingencies as disclosed in the note 31 to the financial statements for the year ended June 30, 2014.

Notes to the Condensed Interim Financial Information (Un-audited)

For the quarter ended September 30, 2014

16. INCOME FROM OPERATING LEASES	For the quarter	
	September 30, 2014	September 30, 2013
	(Un-audited)	
	Rupees	
Communication equipment	58,441,251	64,733,269
Generators and Vehicles	162,115,834	163,143,870
Islamic Finance	26,463,153	25,310,055
	247,020,238	253,187,194

17. SHARE OF PROFIT OF EQUITY ACCOUNTED UNDERTAKINGS

Name of associates	Note	For the quarter ended September 30, 2014		For the quarter ended September 30, 2013	
		Associates' profit / (loss) after tax	Share of associates' profit / (loss) after tax	Associates' profit / (loss) after tax	Share of associates' profit / (loss) after tax
		(Un-audited)		(Un-audited)	
		Rupees			
Listed					
Oman ORIX Leasing Company SAOG		301,453,849	35,094,353	256,671,427	29,880,918
		301,453,849	35,094,353	256,671,427	29,880,918
Un-listed					
Saudi ORIX Leasing Company		796,204,946	15,326,945	683,307,464	13,153,668
Al Hail ORIX Finance PSC		204,212,962	6,126,389	193,586,902	5,807,608
SK Leasing JSC	17.1	10,891,060	-	(13,197,497)	(1,319,750)
ORIX Leasing Egypt SAE		29,680,382	6,826,488	8,739,523	2,010,090
OPP (Private) Limited	17.2	-	-	(3,654,166)	(1,644,374)
		1,040,989,350	28,279,822	868,782,226	18,007,242
		1,342,443,199	63,374,175	1,125,453,653	47,888,160

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

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

18. FINANCE COST	For the quarter	
	September 30, 2014	September 30, 2013
	(Un-audited)	
	Rupees	
Interest / mark-up on:		
- Long term finances	162,699,122	147,904,952
- Long term loans	22,535,006	44,203,123
- Short term borrowings	33,508,735	16,787,413
Profit on certificates of deposit	205,116,174	187,520,027
Amortisation of transaction costs	4,225,984	7,859,210
Bank charges and commission	3,162,028	4,767,719
	431,247,049	409,042,444
19. OTHER PROVISIONS		
Provision for workers welfare fund	4,000,000	3,000,000
Reversal of provision for potential losses on investments	(525,000)	(525,000)
	3,475,000	2,475,000

Notes to the Condensed Interim Financial Information (Un-audited)

For the quarter ended September 30, 2014

20. SEGMENT INFORMATION

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

	Finance lease	Operating lease	Investment in associate loans and others	Leasing business	Micro Finance	Investment financial services	Total
Rupees							
Segment analysis for the quarter ended September 30, 2014							
Segment revenues	527,368,500	247,020,238	148,575,861	922,964,599	28,949,965	3,219,945	955,134,509
Share of profit of equity accounted undertakings	-	-	63,374,175	63,374,175	-	-	63,374,175
Total segment revenue	527,368,500	247,020,238	211,950,036	986,338,774	28,949,965	3,219,945	1,018,508,684
Administrative and general expenses	68,548,733	18,411,137	-	86,959,870	12,527,667	354,677	99,842,214
Direct cost of leases	2,078,110	160,269,489	-	162,347,599	-	-	162,347,599
Allowance for potential lease, instalment and other loan losses - net	37,128,122	-	137,368	37,265,490	7,677	(1,307,158)	35,966,009
Other provision	-	-	(356,751)	(356,751)	-	(168,249)	(525,000)
Segment result	419,613,535	68,339,612	212,169,419	700,122,566	16,414,621	4,340,675	720,877,862
Provision for workers welfare fund	-	-	-	(4,000,000)	-	-	(4,000,000)
Unallocated expenses	-	-	-	(96,683,247)	-	-	(96,683,247)
Result from operating activities	-	-	-	599,439,319	16,414,621	4,340,675	620,194,615
Finance costs	-	-	-	(418,999,284)	(9,079,974)	(3,167,791)	(431,247,049)
Provision for taxation	-	-	-	(39,000,000)	-	-	(39,000,000)
Profit / (loss) for the period				141,440,035	7,334,647	1,172,884	149,947,566
Other information							
Segment assets	17,628,762,745	1,317,923,705	2,912,505,797	21,859,192,247	317,785,813	76,782,571	22,253,760,631
Investment in equity accounted undertakings	-	-	1,798,226,698	1,798,226,698	-	-	1,798,226,698
Asset classified as held for sale	7,757,322	-	87,754,399	95,511,721	-	-	95,511,721
Unallocated assets	-	-	-	957,879,138	-	-	957,879,138
Total assets				24,710,809,804	317,785,813	76,782,571	25,105,378,188
Segment liabilities	6,208,628,758	-	-	6,208,628,758	272,134,061	76,782,571	6,557,545,390
Unallocated liabilities	-	-	-	15,259,021,991	-	-	15,259,021,991
Total liabilities				21,467,650,749	272,134,061	76,782,571	21,816,567,381
Capital expenditure	-	13,588,929	-	13,588,929	1,071,390	-	14,660,319
Depreciation and Amortisation	-	68,358,798	-	68,358,798	410,300	-	68,769,098
Unallocated:							
Capital expenditure	-	-	-	7,384,809	-	-	7,384,809
Depreciation and Amortisation	-	-	-	11,886,276	-	-	11,886,276
Segment analysis for the quarter ended September 30, 2013							
Segment revenues	461,702,362	253,187,194	137,172,739	852,062,295	20,886,002	2,056,134	875,004,431
Share of profit of equity accounted undertakings	-	-	47,888,160	47,888,160	-	-	47,888,160
Total segment revenue	461,702,362	253,187,194	185,060,899	899,950,455	20,886,002	2,056,134	922,892,591
Administrative and general expenses	61,499,106	18,495,951	-	79,995,057	9,340,715	897,162	90,232,934
Direct cost of leases	3,381,355	138,563,407	-	141,944,762	-	-	141,944,762
Allowance for potential lease, instalment and other loan losses - net	38,135,339	-	(124,184)	38,011,155	140,220	-	38,151,375
Other provision	-	-	(525,000)	(525,000)	-	-	(525,000)
Segment result	358,686,562	96,127,836	185,710,083	640,524,481	11,405,067	1,158,972	653,088,520
Provision for workers welfare fund	-	-	-	(3,000,000)	-	-	(3,000,000)
Unallocated expenses	-	-	-	(93,598,205)	-	-	(93,598,205)
Result from operating activities	-	-	-	543,926,276	11,405,067	1,158,972	556,490,315
Finance costs	-	-	-	(397,067,183)	(6,794,746)	(5,180,515)	(409,042,444)
Provision for taxation	-	-	-	(31,000,000)	-	-	(31,000,000)
Profit / (Loss) for the period				115,859,093	4,610,321	(4,021,543)	116,447,871

Notes to the Condensed Interim Financial Information (Un-audited)

For the quarter ended September 30, 2014

	Finance lease	Operating lease	Investment in associate loans and others	Leasing business	Micro Finance	Investment financial services	Total
	Rupees						
Segment assets & liabilities as at June 30, 2014							
Segment assets	17,015,644,419	1,386,715,716	2,944,578,283	21,346,938,418	300,478,165	139,469,682	21,786,886,265
Investment in equity accounted undertakings	-	-	1,701,150,417	1,701,150,417	-	-	1,701,150,417
Asset classified as held for sale	1,241,089	-	87,754,399	88,995,488	-	-	88,995,488
Unallocated assets				871,681,977	-	-	871,681,977
Total assets				24,008,766,300	300,478,165	139,469,682	24,448,714,147
Segment liabilities	5,863,317,444	-	-	5,863,317,444	241,363,500	139,469,682	6,244,150,626
Unallocated liabilities				15,140,634,271	-	-	15,140,634,271
Total liabilities				21,003,951,715	241,363,500	139,469,682	21,384,784,897
Other information as at September 30, 2013							
Capital expenditure	-	182,866,899	-	182,866,899	1,011,654	-	183,878,553
Depreciation and Amortisation	-	54,892,117	-	54,892,117	418,568	-	55,310,685
Unallocated:							
Capital expenditure	-	-	-	15,575,678	-	-	15,575,678
Depreciation and Amortisation	-	-	-	13,160,434	-	-	13,160,434

21. TRANSACTIONS WITH RELATED PARTIES

The following table provides the detail of transactions which have been entered into with related parties. Transactions with related parties are made at normal market prices. Transactions with key management personnel are in accordance with terms and conditions of their employment contracts.

	Note	For the quarter ended September 30, 2014 (Un-audited)	September 30, 2013
		Rupees	
Al Hail ORIX Finance PSC			
Associate / common directorship			
Dividend received		-	16,755,580
SK Leasing JSC			
Associate / common directorship			
Dividend received		8,603,614	4,471,611
Oman ORIX Leasing Company SAOG			
Associate / common directorship			
Consultancy charges received		-	3,895,092
OPP (Private) Limited			
Associate / common directorship			
Rent paid for service apartment		-	63,005
Hino Pak Motors Limited			
Common directorship			
Purchases made	21.1	-	130,328,534
National Bank of Pakistan			
Common directorship			
Loan principal repayment	21.1	-	187,500,000
State life Insurance Corporation of Pakistan			
Common directorship			
Rent and premium payment		2,758,664	3,666,208
Sui Northern Gas Company Limited			
Common directorship			
Utilities bills payment		2,540	24,250
Related parties			
Issuance of certificates of deposit		-	198,000
Redemption of certificates of deposit		-	500,000
Amount of profit paid		613,802	416,152
ORIX Leasing Pakistan Limited -			
Employees Provident Fund (OLP-EPF)			
TFC principal repayment		-	1,620,000
TFC interest paid		-	187,409
Contribution made		4,951,130	4,569,331

Notes to the Condensed Interim Financial Information (Un-audited)

For the quarter ended September 30, 2014

	For the quarter ended	
	September 30, 2014 (Un-audited)	September 30, 2013
	Rupees	
ORIX Leasing Pakistan Limited -		
Staff Gratuity Fund (OLP-SGF)	-	820,000
TFC principal repayment	-	94,861
TFC interest paid	3,900,000	3,335,000
Contribution made		
Compensation of Key Management Personnel		
Short term employee benefits	8,419,813	6,092,000
Retirement benefits	1,002,511	727,732
	9,422,324	6,819,732
Interest paid by key management personnel	8,806	17,752
Principal repaid by key management personnel	124,172	115,226
	September 30, 2014 (Un-audited)	June 30, 2014 (Audited)
	Rupees	
Balances as at period / year end		
Certificates of deposit held - Related Parties	20,066,592	20,066,592
Accrued profit on certificates of deposit - Related Parties	166,781	436,233
Loan to key management personnel outstanding	386,753	510,925
Defined benefit payable to OLP's SGF	3,019,444	3,919,447

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

22. CASH AND CASH EQUIVALENT	September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
	Rupees	
Cash at bank	125,275,150	124,573,217
Cash in hand	1,272,071	1,645,072
	126,547,221	126,218,289
Under mark-up arrangements - secured	(573,373,112)	(317,108,629)
	(446,825,891)	(190,890,340)

23. GENERAL

23.1 Figures have been rounded off to the nearest rupee.

24. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 21, 2014 by the Board of Directors of the Company.


Teizoon Kisat
 Chief Executive


Humayun Murad
 Director

Offices In Pakistan

Korangi Office

Head Office

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

Registered Office

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

E-Business Division

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

Hyderabad

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

Lahore Zone

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

Shad Bagh

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

Sharaqpur

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

Batapur/Jallo More

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

Chunian

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

Kot Abdul Malik

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

Renala Khurd

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

Pattoki

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

Manga Mandi

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

Faisalabad Zone

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

Sargodha

A.R. Tower,
Adjacent Q s International Hotel
University Road, Sargodha.
Tel: 048-3729521, 3740091
Fax: 048-3729522

Sahiwal

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

Sahiwal Micro Finance

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

Jhang

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

Bhalwal

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

Sillanwali

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

Sialkot Zone

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

Gujrat

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

Gujranwala

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

Islamabad Zone

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

Rawalpindi

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

Mirpur A.K.

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

Chakwal

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

Multan Zone

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

Rahim Yar Khan

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

Bahawalpur

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

Peshawar Zone

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

Abbottabad

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

Mingora

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



ORIX Leasing Pakistan Limited

ORIX Building, Plot No. 16, Sector No. 24,
Korangi Industrial Area, Karachi- 74900
Phone: (021) 35144028-40