



ORIX Leasing Pakistan Limited

Half Yearly Report

2019-2020

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Geographical Presence	

Company Information

Board of Directors

1. **Mr. Khalid Aziz Mirza**
Chairman and Independent
Non-Executive Director
2. **Mr. Naveed Kamran Baloch**
Independent Non-Executive Director
3. **Mr. Nasim Hyder**
Independent Non-Executive Director
4. **Ms. Aminah Zahid Zaheer**
Independent Non-Executive Director
5. **Mr. Harukazu Yamaguchi**
Non-Executive Director
6. **Mr. Kiyokazu Ishinabe**
Non-Executive Director
7. **Mr. Ikuo Nakamura**
Non-Executive Director
8. **Mr. Masato Takata**
Non-Executive Director
9. **Mr. Shaheen Amin**
Chief Executive Officer and Executive Director

Committees

Audit Committee

1. **Mr. Nasim Hyder**
Chairman
2. **Ms. Aminah Zahid Zaheer**
Member
3. **Mr. Kiyokazu Ishinabe**
Member

Human Resource, Nomination & Remuneration Committee

1. **Mr. Khalid Aziz Mirza**
Chairman
2. **Mr. Naveed Kamran Baloch**
Member
3. **Mr. Ikuo Nakamura**
Member

Risk Committee

1. **Ms. Aminah Zahid Zaheer**
Chairperson
2. **Mr. Nasim Hyder**
Member
3. **Mr. Kiyokazu Ishinabe**
Member
4. **Mr. Shaheen Amin**
Member

Credit Committee

1. **Mr. Shaheen Amin**
Member
2. **Mr. Arshad Abbas**
Member
3. **Mr. Ramon Alfrey**
Member
4. **Mian Faysal Riaz**
Member
5. **Mr. Hira Lal Bharvani**
Member
6. **Mr. Imtiaz Ahmad Chaudhary**
Member

Deputy Chief Executive Officer

Mr. Arshad Abbas

Chief Financial Officer

Ms. Maryam Aziz

Company Secretary

Mr. Haider Abbas

Head of Internal Audit and Secretary to Audit Committee

Mr. Nadeem Amir Ali

Head of Compliance

Mr. Rashid Ahmed

The Management Team

- 1. Mr. Ramon Alfrey**
Group General Manager - Planning and Strategy
- 2. Mian Faysal Riaz**
Group General Manager - Marketing
- 3. Mr. Hira Lal Bharvani**
Head - Human Resource
- 4. Mr. M. Ayub Khan**
Head - Special Assets Management
- 5. Mr. Imtiaz Ahmad Chaudhary**
Head - Corporate Division
- 6. Mr. Tahir Ali Shah**
Head - Commercial Vehicle Division
- 7. Mr. Khawar Sultan**
Head - Consumer Auto Division
- 8. Mr. Shafiq Ur Rehman**
Head - Risk Management
- 9. Mr. Jawaid Akhter**
Head - Micro Finance Division
- 10. Mr. Hamood Ahmed**
Head - Business Control
- 11. Mr. Muhammad Ikram**
Head - Information Systems
- 12. Lt Col (Retd) Saad Saeed Ahmed**
Head - Administration

Auditors

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

Shariah Advisor

Al Hamd Shariah Advisory Services (Private) Limited

Legal Advisors

M/s Mansoor Ahmad Khan & Co.
M/s Mohsin Tayabaly & Co.

Registrar and Share Transfer Office

FAMCO Associates (Pvt) Limited,
8-F, Near Hotel Faran, Nursery, Block-6,
P. E. C. H. S., Shahra-e-Faisal, Karachi.
Tel: (92-21) 34380101-5, 34384621-3

Banks and Lending Institutions

- Allied Bank Limited
- Askari Bank Limited
- Bank Al Habib Limited
- Bank Alfalah Limited
- Faysal Bank Limited
- Habib Bank Limited
- Habib Metropolitan Bank Limited
- JS Bank Limited
- Karandaa Pakistan
- MCB Bank Limited
- Meezan Bank Limited
- National Bank of Pakistan
- PAIR Investment Company Limited
- Pak Oman Investment Company Ltd.
- Soneri Bank Limited
- Standard Chartered Bank (Pakistan) Ltd.
- The Bank of Khyber
- United Bank Limited

Registered Office

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

Head Office

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

Parent, Subsidiaries & Associated Companies Addresses

PARENT COMPANY

ORIX Corporation

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

SUBSIDIARIES

ORIX Services Pakistan (Private) Limited

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

ORIX Modaraba

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

ASSOCIATED COMPANIES

Saudi ORIX Leasing Company

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

SAMA Finance SAE

(Formerly 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.samafinance.com



Directors' Review Report

For the half year ended December 31, 2019

The Board of Directors of ORIX Leasing Pakistan Limited (OLP / the Company) is pleased to present the unaudited condensed interim financial information for the half year ended December 31, 2019.

As stabilization efforts weigh heavily on business activities, economic growth remained sluggish in the first half of the current fiscal year. The negative growth of large scale manufacturing sector, especially the automobile sector, and the subdued performance of other sectors compelled the State Bank of Pakistan (SBP) and other multilateral agencies to revise the growth projections downwards for FY2020. A lower current account deficit, positive stock market performance and exchange rate stabilization give some signs of improvement.

Financial Highlights and Business Review

	Half year ended	
	December 2019	December 2018
	-----Rupees-----	
Profit before taxation	691,841,740	719,763,979
Taxation	188,833,635	212,385,000
Net profit for the period after taxation	503,008,105	507,378,979
Issued, subscribed and paid-up capital (shares of Rs. 10 each)	1,670,549,020	1,670,549,020
Earnings per share – basic and diluted	3.01	3.04

The Board of Directors declared an interim cash dividend of 20% for the half year ended December 31, 2019 (December 2018: Nil). The interim dividend has been announced for the first time in OLP's history.

Core profit from operations before provision and taxation was 15% higher at Rs. 693 million (December 2018: Rs. 602 million). However, profit before tax of Rs. 692 million was 4% lower than Rs. 720 million earned in the corresponding period last year. As detailed later in this report, prior periods profit before tax benefited from a provision reversal of Rs. 117 million. Profit after tax was 1% lower at Rs. 503 million (December 2018: Rs. 507 million).

Strain in transportation and automobile sectors impacted business. Consequently, overall new business disbursements for the first half of the current financial year were 10% lower at Rs. 5.9 billion (December 2018: Rs. 6.6 billion).

Revenues increased by 17% and amounted to Rs. 2,337 million (December 2018: Rs. 1,994 million). This was primarily due to higher interest rates in the Country. Lease and loan income at Rs. 2,059 million (December 2018: Rs. 1,713 million) increased by 20% despite a decrease in portfolio from Rs. 23 billion in June 2019 to Rs. 21.5 billion in December 2019. Other income amounted to Rs. 159 million compared to Rs. 138 million earned in the same period last year.

The impact of higher interest rates was also reflected in finance cost, which increased by 36% from Rs. 710 million in the corresponding period last year to Rs. 967 million in the current half year.

Administrative and general expenses were controlled and increased marginally by 1% over last year to Rs. 594 million (December 2018: Rs. 588 million).

Economic slowdown has had an impact on the repayment capacity of clients. Strong recovery efforts kept non-performing loans within reasonable limits. As a result, provision charge for the half year amounted to only Rs. 1.5 million. In the corresponding period of FY2019, a reversal of Rs. 117 million had been recorded due to the first-time adoption of a statistical model, complying with the requirements of IFRS 9, for determining provisions.

The Government is focusing on structural reforms, which are expected to bring benefits to the economy in the long run. However, in the short term, a weak economy and high interest rates will continue to dampen business sentiments and OLP's disbursements. Until economic environment improves, the Company will continue to focus on cost rationalization and maintaining a high quality portfolio by controlling delinquencies.

Performance of the Group

In compliance with section 226 of the Companies Act 2017, attached with this report is the consolidated condensed interim financial information of OLP and its subsidiaries (the Group) namely – ORIX Services Pakistan (Private) Limited and ORIX Modaraba – for the half year ended December 31, 2019.

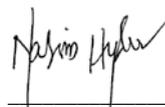
Financial Highlights of the Group's Performance are as follows:

	Half Year ended	
	December 2019	December 2018
	-----Rupees-----	
Profit before taxation	727,795,426	733,837,318
Taxation	188,833,635	214,221,811
Net profit for the period after taxation	538,961,791	519,615,507
Profit attributable to Equity shareholders of the Holding Company	495,594,312	492,287,255
Profit attributable to non-controlling interest	43,367,479	27,328,252
Earnings per share – basic and diluted	2.97	2.95

On behalf of the board:



SHAHEEN AMIN
Chief Executive Officer
February 18, 2020



NASIM HYDER
Director

INDEPENDENT AUDITORS' REVIEW REPORT**To the members of ORIX Leasing Pakistan Limited****Report on Review of Unconsolidated Condensed Interim Financial Statements****Introduction**

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of ORIX Leasing Pakistan Limited ("the Company") as at December 31, 2019 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the quarters ended December 31, 2019 and December 31, 2018 in the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of profit or loss and other comprehensive income have not been reviewed and we do not express a conclusion thereon.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

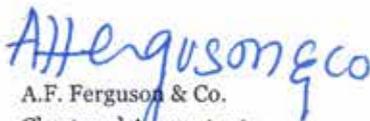
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The unconsolidated condensed interim financial statements of the Company for the half year ended December 31, 2018 and the unconsolidated financial statements for the year ended June 30, 2019 were reviewed and audited respectively by another firm of Chartered Accountants who had expressed an unqualified conclusion and opinion thereon vide their reports dated February 22, 2019 and September 18, 2019 respectively.

The engagement partner on the review resulting in this independent auditors' review report is **Noman Abbas Sheikh**.



A.F. Ferguson & Co.
Chartered Accountants
Dated: February 19, 2020
Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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Unconsolidated Condensed Interim Statement of Financial Position

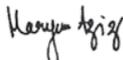
As at December 31, 2019

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
ASSETS	Note	----- (Rupees) -----	
Non-current assets			
Fixed assets	5	1,252,755,319	1,190,789,544
Intangible assets	6	13,046,328	18,349,641
Net investment in finance lease	7	16,568,242,593	17,955,603,086
Current maturity		(8,694,060,163)	(9,151,970,240)
Allowance for potential lease losses		(663,646,167)	(669,018,735)
		(9,357,706,330)	(9,820,988,975)
		7,210,536,263	8,134,614,111
Investment in subsidiaries		322,374,294	322,374,294
Investment in associate		909,619,799	942,321,227
Long-term investments	8	536,557,841	396,353,520
Long-term finances and loans		2,484,482,750	2,207,532,344
Long-term deposits		12,872,566	12,390,066
		12,742,245,160	13,224,724,747
Current assets			
Advances and prepayments		23,185,247	40,410,228
Short-term finances		287,953,184	285,006,782
Accrued return on investments and term finance		113,733,197	102,798,425
Current maturity of non-current assets	9	10,776,287,961	11,433,548,335
Other receivables		31,305,351	32,887,347
Short-term investments	10	242,571,996	394,438,716
Defined benefit plan asset		8,808,244	8,808,244
Cash and bank balances		198,560,456	174,313,423
		11,682,405,636	12,472,211,500
Assets classified as held for sale	11	265,828,670	293,867,662
Total assets		24,690,479,466	25,990,803,909
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 350,000,000 (June 30, 2019: 350,000,000) ordinary shares of Rs.10 each		3,500,000,000	3,500,000,000
Issued, subscribed and paid-up capital	12	1,670,549,020	1,670,549,020
Reserves		6,107,532,168	6,342,539,724
		7,778,081,188	8,013,088,744
Non-current liabilities			
Long-term finances	13	5,402,072,848	6,310,419,269
Long-term certificates of deposit		2,912,085,819	2,819,697,418
Deferred taxation		576,657,694	699,540,763
Other long-term liabilities		299,674,054	164,902,777
		9,190,490,415	9,994,560,227
Current liabilities			
Trade and other payables		881,117,733	909,317,038
Accrued interest / mark-up / profit on loans, finances and certificates of deposit		361,734,077	323,580,085
Unclaimed dividend		25,291,185	22,561,209
Short-term borrowings	14	931,773,153	1,332,642,374
Short-term certificates of deposit		730,490,811	695,436,338
Taxation - net		395,508,883	211,827,766
Current maturity of non-current liabilities	15	4,395,992,021	4,487,790,128
		7,721,907,863	7,983,154,938
Total equity and liabilities		24,690,479,466	25,990,803,909
Contingencies and commitments	16		

The annexed notes 1 to 28 form an integral part of these unconsolidated condensed interim financial statements.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Profit or Loss (Un-Audited)

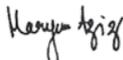
For the half year and quarter ended December 31, 2019

	Note	Half year ended		Quarter ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
INCOME					
Income from operations					
Finance leases		1,585,277,072	1,339,780,038	788,516,955	691,290,377
Operating leases		98,834,080	115,486,537	48,365,216	59,698,672
Mark-up on term finance		474,335,150	373,846,714	247,348,873	193,726,150
		2,158,446,302	1,829,113,289	1,084,231,044	944,715,199
Income from other activities					
Other income - net	17	158,873,360	137,954,376	89,859,170	64,262,241
Share of profit of associate under equity accounting	18	20,048,698	27,410,766	11,251,354	18,069,332
		178,922,058	165,365,142	101,110,524	82,331,573
		2,337,368,360	1,994,478,431	1,185,341,568	1,027,046,772
EXPENSES					
Finance cost	19	967,106,998	710,722,858	492,805,867	362,863,857
Administrative and general expenses		593,892,048	588,292,734	305,680,913	306,271,297
Direct cost		82,969,696	92,979,558	40,731,316	45,440,976
		1,643,968,742	1,391,995,150	839,218,096	714,576,130
Profit before provision and taxation		693,399,618	602,483,281	346,123,472	312,470,642
Provision / (reversal) for potential leases and other loan losses - net		13,508,143	(125,126,038)	(7,623,971)	(95,195,295)
Other (reversal) / provision - net	20	(11,950,265)	7,845,340	(13,070,503)	8,054,601
		1,557,878	(117,280,698)	(20,694,474)	(87,140,694)
Profit before taxation		691,841,740	719,763,979	366,817,946	399,611,336
Taxation - Current		281,271,715	116,021,939	226,017,669	61,595,990
- Prior		(663,811)	-	(663,811)	-
- Deferred		(91,774,269)	96,363,061	(130,856,012)	67,470,436
		188,833,635	212,385,000	94,497,846	129,066,426
Net profit for the period after taxation		503,008,105	507,378,979	272,320,100	270,544,910
Earnings per share - basic and diluted	25	3.01	3.04	1.63	1.62

The annexed notes 1 to 28 form an integral part of these unconsolidated condensed interim financial statements.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Un-Audited)

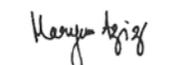
For the half year and quarter ended December 31, 2019

	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	----- (Rupees) -----			
Profit for the period after taxation	503,008,105	507,378,979	272,320,100	270,544,910
Other comprehensive income				
<i>Items that will be reclassified to statement of profit or loss</i>				
Exchange (loss) / gain arising on translation of foreign associates - net of deferred tax	(41,537,990)	73,896,062	(6,178,493)	64,546,411
<i>Items that will not be subsequently reclassified to statement of profit or loss</i>				
Fair value changes on remeasurement of financial assets - net of deferred tax	(70,355,355)	(28,711)	(50,790,480)	(62,117)
Share of other comprehensive income of associate under equity accounting	333,567	(845,594)	204,376	-
	(70,021,788)	(874,305)	(50,586,104)	(62,117)
Total comprehensive income for the period	391,448,327	580,400,736	215,555,503	335,029,204

The annexed notes 1 to 28 form an integral part of these unconsolidated condensed interim financial statements.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Cash Flows (Un-Audited)

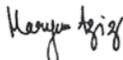
For the half year ended December 31, 2019

	Half year ended	
	December 31, 2019	December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the period	691,841,740	719,763,979
Adjustments for:		
Depreciation and amortisation	117,695,868	115,782,309
Amortisation of transaction cost	2,070,246	4,197,265
Provision / (reversal) for potential lease and other loan losses - net	13,508,143	(125,126,038)
Other (reversal) / provision - net	(11,950,265)	7,845,340
Charge for defined benefit plan	10,444,520	10,287,804
Share of profit of associate under equity accounting	(20,048,698)	(27,410,766)
Fair value changes on remeasurement of financial assets at fair value through profit or loss	(364,771)	(122,602)
Finance cost	965,036,752	706,525,593
Dividend income	(12,021,063)	(11,767,871)
Return on investments and deposit	(41,845,599)	(31,199,671)
Loss / (gain) on disposal of fixed assets	153,318	(742,030)
	1,022,678,451	648,269,333
Operating cash flows before working capital changes	1,714,520,191	1,368,033,312
Decrease / (increase) in operating assets		
Investment in finance lease - net	1,389,854,981	763,540,167
Long-term finances and loans - net	(145,379,291)	(21,415,647)
Short-term finances	(12,001,264)	(63,295,703)
Long-term deposits	(482,500)	(258,388)
Advances and prepayments	11,520,209	2,114,634
Other receivables	24,431,592	(38,171,297)
	1,267,943,727	642,513,766
Increase / (decrease) in operating liabilities		
Other long term liabilities - net	(205,074,982)	(250,133,384)
Trade and other payables	(28,199,305)	166,069,803
	(233,274,287)	(84,063,581)
Cash generated from operating activities	2,749,189,631	1,926,483,497
Payment against staff retirement benefits	(9,604,362)	(30,257,488)
Sindh Workers' Welfare Fund paid	(985,545)	-
Income tax paid	(98,254,409)	(120,312,940)
	(108,844,316)	(150,570,428)
Net cash generated from operating activities	2,640,345,315	1,775,913,069
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred - own use and intangible assets	(31,510,010)	(42,551,833)
Proceeds from disposal of assets - own use	3,346,597	2,914,831
Proceeds from sale of ijarah finance assets	-	1,147,626
Investments - net	2,853,032	93,896,950
Dividend received	12,021,063	11,767,871
Interest received	21,281,571	12,962,337
Net cash generated from investing activities	7,992,253	80,137,782
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term finance	800,000,000	2,750,000,000
Short-term borrowings - net	300,000,000	(645,000,000)
Certificates of deposit redeemed / issued - net	17,597,705	(842,107,669)
Repayment of long term loans and finances	(1,723,302,749)	(1,958,098,325)
Finance cost paid	(679,248,953)	(437,825,144)
Payment of lease liability against right-of-use assets	(14,541,408)	-
Dividend paid	(623,725,909)	(622,750,319)
Net cash used in financing activities	(1,923,221,314)	(1,755,781,457)
Net increase in cash and cash equivalents	725,116,254	100,269,394
Cash and cash equivalents at beginning of the period	(908,328,951)	(1,210,543,238)
Cash and cash equivalents at end of the period	(183,212,697)	(1,110,273,844)

The annexed notes 1 to 28 form an integral part of these unconsolidated condensed interim financial statements.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

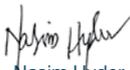
Unconsolidated Condensed Interim Statement of Changes In Equity

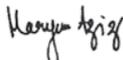
For the half year ended December 31, 2019

	Reserves								Total shareholders equity
	Issued, subscribed and paid-up capital	Capital Reserves				Unappropriated profit	Total Reserves		
		Share premium	Statutory reserve	Foreign currency translation reserve	Surplus / (deficit) on re-measurement of financial assets at fair value through other comprehensive income			Surplus on revaluation of leasehold land and office building	
					(Rupees)				
Balance as at July 1, 2018 (audited)	1,392,124,190	1,863,635,353	1,255,031,986	49,848,144	866,439	309,725,825	2,377,647,652	5,856,755,399	7,248,879,589
Impact of change in accounting policy - net of tax	-	-	-	-	(39,060,357)	-	39,060,357	-	-
Impact of change in associate's accounting policy - net of tax	-	-	-	-	-	-	(3,268,836)	(3,268,836)	(3,268,836)
Total comprehensive income for the half year ended December 31, 2018									
Profit for the period	-	-	-	-	-	-	507,378,979	507,378,979	507,378,979
Other comprehensive income / (loss)	-	-	-	73,896,062	(28,711)	-	(845,594)	73,021,757	73,021,757
Total comprehensive income for the period	-	-	-	73,896,062	(28,711)	-	506,533,385	580,400,736	580,400,736
Transaction with owner recorded directly in equity									
Bonus shares issued from share premium reserve	278,424,830	(278,424,830)	-	-	-	-	-	(278,424,830)	-
Cash dividend @ Rs.3.00 per ordinary share of Rs. 10.00 each for the year ended June 30, 2018	-	-	-	-	-	-	(417,637,257)	(417,637,257)	(417,637,257)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	-	-	(3,414,361)	3,414,361	-	-
Balance as at December 31, 2018 (un-audited)	1,670,549,020	1,585,210,523	1,255,031,986	123,744,206	(38,222,629)	306,311,464	2,505,749,662	5,737,825,212	7,408,374,232
Balance as at July 1, 2019 (audited)	1,670,549,020	1,585,210,523	1,459,535,379	239,588,276	(70,182,259)	302,897,105	2,825,490,700	6,342,539,724	8,013,088,744
Total comprehensive income for the half year ended December 31, 2019									
Profit for the period	-	-	-	-	-	-	503,008,105	503,008,105	503,008,105
Other comprehensive income / (loss)	-	-	-	(41,537,990)	(70,355,355)	-	333,567	(111,559,778)	(111,559,778)
Total comprehensive income for the period	-	-	-	(41,537,990)	(70,355,355)	-	503,341,672	391,448,327	391,448,327
Transaction with owner recorded directly in equity									
Cash dividend @ Rs.3.75 per ordinary share of Rs. 10.00 each for the year ended June 30, 2019	-	-	-	-	-	-	(626,455,883)	(626,455,883)	(626,455,883)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	-	-	(3,414,360)	3,414,360	-	-
Balance as at December 31, 2019 (un-audited)	1,670,549,020	1,585,210,523	1,459,535,379	198,050,286	(140,537,614)	299,482,745	2,705,790,849	6,107,532,168	7,778,081,188

The annexed notes 1 to 28 form an integral part of these unconsolidated condensed interim financial statements.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

1 LEGAL STATUS AND OPERATIONS

ORIX Leasing Pakistan Limited (“the Company”) was incorporated in Pakistan as a private limited company on July 01, 1986 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and was converted into a public limited company on December 23, 1987. The Company is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at Islamic Chamber of Commerce Building, Clifton, Karachi. The Company is licensed to carry out Investment Finance Services as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP).

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long-term rating of AA+ and a short-term rating of A1+ to the Company on August 28, 2019.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard 34 “ Interim Financial Reporting” issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017, the requirements of Companies Act, 2017, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. In case the requirements differ, the provisions of and directives issued under the NBFC Rules, the NBFC Regulations, the Companies Act, 2017 and the directives issued by the SECP prevail.

2.2 Basis of measurement

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

- Leasehold land and office building is stated at revalued amounts;
- Financial instruments are stated at fair value;
- Obligation in respect of staff gratuity is measured at present value of defined benefit obligation;
- Non-current assets classified as held-for-sale are valued at lower of carrying amount and fair value less cost to sell; and
- Investments in associates are valued using equity method.

2.3 These unconsolidated condensed interim financial statements do not include all the statements required for a full set of financial statements and should be read in conjunction with the annual published unconsolidated audited financial statements of the Company for the year ended June 30, 2019.

2.4 These unconsolidated condensed interim financial statements are unaudited. However, a review has been performed by the external auditors in accordance with the requirements of the Code of Corporate Governance.

2.5 The comparative statement of financial position presented in these unconsolidated condensed interim financial statements has been extracted from the annual published unconsolidated audited financial statements of the Company for the year ended June 30, 2019, whereas the comparative statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow are stated from the unconsolidated unaudited condensed interim financial statements for the period ended December 31, 2018.

2.6 These unconsolidated condensed interim financial statements have been presented in Pakistani Rupees, which is the functional currency of the Company.

3 SIGNIFICANT POLICIES, ESTIMATES, ASSUMPTIONS AND CHANGES THEREIN

3.1 The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual published unconsolidated audited financial statements of the Company for the year ended June 30, 2019 except for the following:

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

3.1.1 Adoption of IFRS 16 - Leases

During the period, IFRS 16 - Leases became applicable to the Company. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 "Leases", IFRIC 4 - "Determining whether an Arrangement contains a Lease", SIC-15 - "Operating Leases - Incentive", and SIC-27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease". IFRS 16 introduces an on-balance sheet lease accounting model for leases by the lessee. The lessee recognises a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Company has adopted IFRS 16 from July 1, 2019 using the modified retrospective restatement approach and has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Company has recognised liabilities in respect of leases which were previously classified as operating leases in respect of rented premises under IAS 17. These liabilities are initially measured as the present value of the remaining lease payments, discounted using the Company's incremental weighted average borrowing rate applicable as of July 1, 2019. The lease liabilities are subsequently measured at amortised cost using the effective interest rate method. Lease liabilities against right-of-use assets as at July 1, 2019 and December 31, 2019 are as follows:

	December 31, 2019	July 1, 2019
	----- (Rupees) -----	
Lease liability against right-of-use assets	<u>134,750,746</u>	<u>126,411,006</u>

On adoption of IFRS 16, the associated right-of-use assets of rented premises were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the unconsolidated condensed interim statement of financial position immediately before the date of initial application.

The right-of-use asset recognised subsequent to the adoption is measured based on the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is depreciated on a straight line basis over the lease term and reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

	December 31, 2019	July 1, 2019
	----- (Rupees) -----	
The recognised right-of-use asset relate to the following type of asset:		
Rented premises	<u>133,251,005</u>	<u>132,115,778</u>

The effect of this change in accounting policy is as follows:

Impact on Unconsolidated Condensed Interim Statement of Financial Position

Increase in fixed assets - right-of-use asset	133,251,005	132,115,778
Decrease in advances and prepayments	(5,460,917)	(5,704,772)
Increase in taxation - net	2,018,591	-
	<u>129,808,679</u>	<u>126,411,006</u>
Increase in lease liability against right-of-use asset	134,750,746	126,411,006
Decrease in net assets	<u>(4,942,067)</u>	<u>-</u>

Impact on Unconsolidated Condensed Interim Statement of Profit or Loss

	December 31, 2019
	----- (Rupees) -----
Increase in mark-up-expense - lease liability against right-of-use asset	(8,804,589)
Increase in depreciation on right-of-use asset	(12,941,332)
Decrease in rent expense	14,785,263
Decrease in profit before taxation	(6,960,658)
Decrease in taxation - net	2,018,591
Decrease in profit after taxation	<u>(4,942,067)</u>

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

Earnings per share for the half year ended December 31, 2019 is Rs. 0.003 per share lower as a result of the adoption of IFRS 16.

The Company has used a single discount rate methodology for a portfolio of leases with similar characteristics. The Company has opted not to recognise right-of-use asset for low value leases. The payments associated with such leases are recognised as an expense on a straight line basis over the lease term.

- 3.2** The preparation of these unconsolidated condensed interim financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and income and expenses. 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, estimates and assumptions made in applying the Company's accounting policies and the factors used in making those estimates and associated assumptions were the same as those that were applied to the audited annual published unconsolidated financial statements for the year ended June 30, 2019.
- 3.4** Certain new amendments to accounting and reporting standards have been published and are mandatory for the Company's accounting period beginning on or after July 1, 2019 but are considered not to be relevant nor to have any significant effect on these unconsolidated condensed interim financial statements other than those disclosed in note 3.1.1 to these unconsolidated condensed interim financial statements.
- 3.5 Standards, interpretations and amendments to accounting and reporting standards that are not yet effective**

The following revised standards, amendments and interpretations of accounting and reporting standards would be effective from the dates mentioned below against the respective standard or interpretation:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
- IAS 1 - "Presentation of Financial Statements" and IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors"	January 1, 2020
- IFRS 3 - "Business Combinations"	January 1, 2020

The Company expects that the adoption of above amendments and interpretations will not affect its financial statements in the period of initial application except certain additional disclosures. The Company is currently in the process of analysing the potential impact of adoption of the above standards.

4 RISK MANAGEMENT POLICIES

The financial risk management objectives and policies are consistent with those disclosed in the annual audited published unconsolidated financial statements of the Company for the year ended June 30, 2019.

Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
----- (Rupees) -----		
5 FIXED ASSETS		
Own use	721,920,924	585,090,492
Operating lease	139,424,258	144,475,394
Ijarah finance	391,410,137	461,223,658
	<u>1,252,755,319</u>	<u>1,190,789,544</u>

- 5.1** This includes right-of-use assets amounting to Rs. 133.25 million due to adoption of IFRS 16 as disclosed in note 3.1.1.

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

5.2 The following is a statement of cost of additions and disposals to / from fixed assets for the half year ended December 31, 2019.

	Own use		Operating lease assets		Asset under Ijarah financing	
	Additions	Disposals	Additions	Disposals	Additions	Disposals
	(Rupees)					
Generators / Machinery	-	-	-	-	-	4,000,000
Right-of-use asset	14,076,559	-	-	-	-	-
Leasehold improvements	8,638,291	2,299,365	-	-	-	-
Furniture, fittings and office equipment	686,767	631,000	-	-	-	-
Computers and accessories	6,102,840	35,000	-	-	-	-
Vehicles	3,346,785	5,710,000	-	-	-	27,058,500
Capital work in progress	12,609,258	-	-	-	-	-
December 31, 2019	45,460,500	8,675,365	-	-	-	31,058,500
December 31, 2018	37,903,499	7,772,469	-	-	-	82,229,500

	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
(Rupees)			
6 INTANGIBLE ASSETS			

Computer software and license	6.1	13,046,328	18,349,641
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6.1 Additions amounting to Rs. 126,069 (December 2018: Rs. 4,648,334) were made to intangible assets during the half year ended December 31, 2019.

	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
(Rupees)			
7 NET INVESTMENT IN FINANCE LEASE			

Instalment contract receivables		20,631,852,173	22,287,465,719
Residual value		8,255,696,739	8,457,924,284
Less: adjustable security deposit	7.1	8,230,420,284	8,427,394,395
	7.2	20,657,128,628	22,317,995,608
Less: unearned finance income		4,088,886,035	4,362,392,522
		16,568,242,593	17,955,603,086

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

7.2 The Company's implicit rate of return on leases range from 9.2% to 27.8% (June 30, 2019: 9.2% to 27.1%) per annum. These are secured against leased assets and security deposits averaging 21.6% (June 30, 2019: 21.3%) of the cost of leased asset and personal guarantees.

	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
(Rupees)			
8 LONG-TERM INVESTMENTS			

Amortised cost			
Pakistan Investment Bonds (PIBs)		438,325,162	268,623,384
At fair value through other comprehensive income			
Al Hail ORIX Finance PSC		279,097,858	279,097,858
Less: Deficit on remeasurement	8.1	(180,865,179)	(90,919,910)
		98,232,679	188,177,948
Less: current maturity		-	60,447,812
		536,557,841	396,353,520

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

8.1 During the period, the Company reassessed the fair value of its investment in AI Hail ORIX Finance PSC and recorded Rs. 89.95 million as decrease in its fair value.

	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
9		----- (Rupees) -----	
CURRENT MATURITY OF NON-CURRENT ASSETS			
Current maturity of:			
Net investment in finance lease		8,694,060,163	9,151,970,240
Long-term finances and loans		2,082,227,798	2,221,130,283
Long-term investments		-	60,447,812
		<u>10,776,287,961</u>	<u>11,433,548,335</u>
10			
SHORT-TERM INVESTMENTS			
At fair value through profit or loss			
Treasury bills		228,608,355	380,501,894
Term finance certificates		-	7,500,000
		228,608,355	388,001,894
At fair value through other comprehensive income			
Ordinary shares - unlisted		13,963,641	13,936,822
Less: allowance for potential losses		-	7,500,000
		<u>242,571,996</u>	<u>394,438,716</u>
11			
ASSETS CLASSIFIED AS HELD FOR SALE			
Repossessed assets		1,331,234	29,370,226
Investments in associate			
- OPP (Private) Limited	11.1	87,754,399	87,754,399
- SAMA Finance SAE (Formerly ORIX Leasing Egypt SAE)	11.2	172,043,037	172,043,037
Stock Exchange room		4,700,000	4,700,000
		<u>265,828,670</u>	<u>293,867,662</u>

11.1 The Company holds 45% ownership interest in OPP (Private) Limited. Management intends to divest its investment in OPP (Private) Limited, subject to necessary regulatory approvals.

11.2 On September 19, 2019, ORIX Leasing Egypt SAE has been renamed as SAMA Finance SAE (SAMA). The Company holds 23% ownership interest in SAMA. Management intends to divest its investment in SAMA, subject to necessary regulatory approvals.

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

(Un-audited) December 31, 2019	(Audited) June 30, 2019		(Un-audited) December 31, 2019	(Audited) June 30, 2019
----- (Number of Shares) -----			----- (Rupees) -----	
		Ordinary shares of Rs. 10 each		
106,485,517	106,485,517	Fully paid in cash	1,064,855,170	1,064,855,170
58,386,847	58,386,847	Fully paid bonus shares	583,868,470	583,868,470
2,182,538	2,182,538	Fully paid shares against amalgamation	21,825,380	21,825,380
<u>167,054,902</u>	<u>167,054,902</u>		<u>1,670,549,020</u>	<u>1,670,549,020</u>

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
13 LONG-TERM FINANCES		----- (Rupees) -----	
Long-term finances utilised under mark-up arrangements - financial institutions		9,148,809,520	10,058,035,712
Less: unamortised transaction cost		2,093,813	4,164,059
Less: current maturity	15	3,744,642,859	3,743,452,384
		<u>3,746,736,672</u>	<u>3,747,616,443</u>
		<u>5,402,072,848</u>	<u>6,310,419,269</u>
14 SHORT-TERM BORROWINGS			
Running finance arrangements		381,773,153	1,082,642,374
Short-term loans		550,000,000	250,000,000
		<u>931,773,153</u>	<u>1,332,642,374</u>
15 CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Long-term finances	13	3,744,642,859	3,743,452,384
Lease liability against right-of-use asset		16,856,586	-
Long-term certificates of deposit		634,492,576	744,337,744
		<u>4,395,992,021</u>	<u>4,487,790,128</u>

16 CONTINGENCIES AND COMMITMENTS

16.1 There was no change in the status of contingencies as disclosed in note 32 to the annual published unconsolidated financial statements for the year ended June 30, 2019 except for the following:

16.1.1 During the period, the Additional Commissioner Inland Revenue (ACIR) passed amended assessment orders on September 23, 2019 under section 122(5A) of the Ordinance for the years 2015 and 2016 and created demands of Rs. 84 million and Rs. 862 million respectively. This was mainly the result of disallowance of tax loss on lease terminations and certain other matters. The Company preferred an appeal against these amended assessment orders before the Commissioner Inland Revenue (Appeals) (CIR-A). On January 8, 2020 CIR-A disposed off the appeal with major relief to the Company. The Company intends to file an appeal before Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the Company.

Based on the merits of the case and the tax advisor's opinion, management considers that decision will be made in the Company's favour, hence no provision has been recorded in these unconsolidated condensed interim financial statements in this regard.

16.1.2 The ACIR passed amended assessment orders on February 21, 2019 under section 122(5A) of the Ordinance for the tax years 2017 and 2018 and created demands of Rs. 911.5 million and Rs. 1,371.4 million respectively. This was mainly the result of disallowance of tax loss on lease terminations, levy of super tax and certain other matters. On October 3, 2019, the ACIR rectified the amended assessment order under section 221(1) of the Ordinance for the tax year 2017 and created additional demand of Rs. 290 million due to disallowance of brought forward tax losses claimed in the tax year 2017 as a result of amendment made in tax year 2016. The Company preferred separate appeals against the amended assessment orders before the CIR-A. On January 8, 2020 CIR-A disposed of the appeal with major relief to the Company. The Company intends to file an appeal before Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the Company.

Based on the merits of the case and the tax advisor's opinion, management considers that decision will be made in Company's favour, hence no provision has been recorded in these unconsolidated condensed interim financial statements in this regard.

16.1.3 In September 2019, the Federal Board of Revenue (FBR) issued a show cause notice to the Company challenging the estimates of advance tax under section 147 of the Ordinance filed by the Company for the quarter ended September 30, 2019 and additionally demanded Rs. 117.2 million. The Company's legal and tax advisors are of the opinion that the estimate filed by the Company is in accordance with the law and accordingly the Company filed a constitutional petition before the Sindh High Court (SHC) against the recovery of impugned advance tax demand. The SHC has passed a stay order restricting FBR from taking any coercive measures against the Company.

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

- 16.2 Leases committed but not executed at the reporting date amounted to Rs. Nil (June 30, 2019: Rs. 82.07 million).
- 16.3 Commitments relating to capital expenditure at the reporting date amounted to Rs. 9.31 million (June 30, 2019: Rs. 15.75 million).

	(Un-audited)	
	Half year ended	
	December 31, 2019	December 31, 2018
	----- (Rupees) -----	
17 OTHER INCOME - NET		
Income from investments	54,231,433	43,090,756
Other fees and income	104,641,927	94,863,620
	<u>158,873,360</u>	<u>137,954,376</u>

18 SHARE OF PROFIT OF ASSOCIATE UNDER EQUITY ACCOUNTING

Name of associate	(Un-audited)			
	Half year ended December 31, 2019		Half year ended December 31, 2018	
	Associates' profit after tax	Share of associates' profit after tax	Associates' profit after tax	Share of associates' profit after tax
	----- (Rupees) -----			
Un-quoted				
Saudi ORIX Leasing Company	<u>1,002,434,956</u>	<u>20,048,698</u>	<u>1,370,538,325</u>	<u>27,410,766</u>

	(Un-audited)	
	Half year ended	
	December 31, 2019	December 31, 2018
	----- (Rupees) -----	
19 FINANCE COST		
Interest / mark-up / profit on:		
- Long-term finances	683,053,042	417,582,955
- Short-term borrowings	50,834,600	66,076,982
- Certificates of deposit	215,544,064	213,219,436
- Lease liability against right-of-use assets	8,804,591	-
Amortisation of transaction cost	2,070,246	4,197,265
Bank charges	6,800,455	9,646,220
	<u>967,106,998</u>	<u>710,722,858</u>

20 OTHER (REVERSAL OF PROVISION) / PROVISIONS - NET

Operating lease, investments and other receivables		
Reversal of provision against other receivables and investments	(4,556,865)	(578,340)
Provision / (reversal of provision) against ijarah receivable	2,666,486	(1,639,756)
	(1,890,379)	(2,218,096)
Others		
(Reversal of impairment) / impairment on assets classified as 'held for sale'	(10,059,886)	10,063,436
	<u>(11,950,265)</u>	<u>7,845,340</u>

21 SEGMENT INFORMATION

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

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

December 31, 2019					
Finance lease	Finances and loans	Operating lease and Ijarah	Investment in subsidiaries, associates & others	Total	
(Rupees)					
Segment analysis for the half year ended December 31, 2019 - (Un-audited)					
Segment revenues	1,670,013,661	483,757,479	98,851,080	84,746,140	2,337,368,360
Finance cost	672,071,556	181,201,791	21,937,413	91,896,238	967,106,998
Administrative and general expenses	454,518,996	118,511,912	20,861,140	-	593,892,048
Direct cost	6,828,618	396,473	75,744,605	-	82,969,696
(Reversals) / provision-net	(2,878,082)	16,386,224	2,666,486	(14,616,750)	1,557,878
Segment results	539,472,573	167,261,079	(22,358,564)	7,466,652	691,841,740
Provision for taxation					(188,833,635)
Profit for the period					503,008,105
Other information					
Segment assets	15,905,927,660	4,741,126,710	556,828,351	2,292,263,997	23,496,146,718
Unallocated assets					1,194,332,748
Total assets					24,690,479,466
Segment liabilities	326,520,794	83,697,938	6,283,833	-	416,502,565
Unallocated liabilities					16,495,895,713
Total liabilities					16,912,398,278
Segment analysis for the half year ended December 31, 2019 - (Un-audited)					
Capital expenditure	-	-	-	-	-
Depreciation	-	-	74,864,654	-	74,864,654
Unallocated capital expenditure	-	-	-	-	45,586,569
Unallocated depreciation and amortisation	-	-	-	-	42,831,214
December 31, 2018					
Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	Total	
(Rupees)					
Segment analysis for the half year ended December 31, 2018 - (Un-audited)					
Segment revenues	1,396,167,059	382,801,067	115,829,037	99,681,268	1,994,478,431
Finance cost	477,047,322	117,178,356	18,374,698	98,122,482	710,722,858
Administrative and general expenses	460,583,983	112,517,175	15,191,576	-	588,292,734
Direct cost	6,188,005	587,944	86,203,609	-	92,979,558
(Reversals) / provision-net	(123,534,095)	8,435,798	(762,500)	(1,419,901)	(117,280,698)
Segment result	575,881,844	144,081,794	(3,178,346)	2,978,687	719,763,979
Provision for taxation					(212,385,000)
Profit for the period					507,378,979
Segment assets and liabilities for the year ended June 30, 2019 (Audited)					
Segment assets	17,315,954,578	4,614,620,917	605,699,049	2,392,893,694	24,929,168,238
Unallocated assets					1,061,635,671
Total assets					25,990,803,909
Segment liabilities	351,496,511	81,679,104	8,678,469	-	441,854,084
Unallocated liabilities					17,535,861,081
Total liabilities					17,977,715,165
Segment analysis for the half year ended December 31, 2018 - (Un-audited)					
Capital expenditure	-	-	-	-	-
Depreciation	-	-	82,455,617	-	82,455,617
Unallocated capital expenditure	-	-	-	-	42,551,833
Unallocated depreciation and amortisation	-	-	-	-	33,326,692

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

22 TRANSACTIONS / BALANCES WITH RELATED PARTIES

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

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

22.1 Transactions with related parties during the period are given below:

	(Un-audited) Half year ended	
	December 31, 2019	December 31, 2018
	----- (Rupees) -----	
ORIX Corporation, Japan - Parent Company - 49.58% Holding		
Dividend paid - net of tax	287,280,276	383,024,136
Saudi ORIX Leasing Company - Associate / Common directorship - 2.5% ownership		
Reimbursement of cost	4,758,990	1,602,759
ORIX Modaraba - Subsidiary - 20% ownership		
Dividend income	11,345,883	11,345,883
Reimbursement of cost	247,064	257,732
ORIX Leasing Pakistan Limited-Employees Provident Fund (OLP - EPF)		
Contribution paid	15,663,670	14,930,925
ORIX Leasing Pakistan Limited-Staff Gratuity Fund (OLP - SGF)		
Contribution paid	9,604,362	30,257,488
Charity / Donation paid - Common Directorship		
The Layton Rahmatullah Benevolent Trust	500,000	500,000
The Indus Hospital	500,000	-
Other related party transactions during the period		
Directors and Key Management Personnel		
Compensation of directors and key management personnel		
Directors' fees paid	2,000,000	2,000,000
Short-term employee benefits	100,306,652	88,850,930
Retirement benefits	5,958,158	6,031,673
Total compensation to directors and key management personnel	108,264,810	96,882,603
Other transactions with Key Management Personnel		
Issuance of certificates of deposit	-	400,000
Redemption of certificates of deposit	-	800,000
Amount of profit on certificates of deposit	94,377	166,097
Staff loans disbursed	3,042,627	2,524,561
Interest recovered on staff loans	981,958	742,161
Principal recovered on staff loans	3,378,979	7,646,075

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

	(Un-audited) December 31, 2019	(Audited) June 30, 2019
	----- (Rupees) -----	
22.2 Balances with related parties as at period / year end		
Investment in subsidiaries	322,374,294	322,374,294
Assets classified as held for sale		
- OPP (Private) Limited - 45% ownership	87,754,399	87,754,399
- SAMA Finance SAE (formerly ORIX Leasing Egypt SAE) - 23% ownership	172,043,037	172,043,037
Long term investment - Al Hail ORIX Finance PSC - 3% ownership	98,232,679	188,177,948
Investment in associates		
- Saudi ORIX Leasing Company	909,619,799	942,321,227
Certificates of deposit held	2,100,000	2,100,000
Accrued profit on certificates of deposit payable	10,085	9,561
Outstanding loans to Key Management Personnel	28,602,637	23,102,538
Receivable from Saudi ORIX Leasing Company - Associate	2,733,961	754,396
Receivable / (payable to) from ORIX Corporation, Japan - Parent Company	7,140	(92,885)

23 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of investments classified as “at fair value through profit or loss” and “at fair value through other comprehensive income” are based on active market. The investment in associates is accounted for using the equity method while the subsidiaries have been kept at cost. The value of unquoted equity investments is reduced, if required, on the basis of break-up value of those investments based on the latest available audited financial statements.

Fair value of net investments in finance lease, long term loans and finances, long term deposits and other assets, other liabilities, long term certificates of deposit and other accounts are approximate to their carrying value. The provision for impairment of finance lease and long term loans and finances has been calculated in accordance with the Company’s accounting policy and the requirements of the NBFC Regulations.

Fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or are periodically repriced.

The Company has classified assets using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	December 31, 2019 (Un-audited)			
	Fair value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
RECURRING FAIR VALUE MEASUREMENTS				
Financial assets				
Financial assets at fair value through other comprehensive income				
Al Hail ORIX Finance PSC	-	-	98,232,679	98,232,679
Ordinary shares - unlisted	-	-	13,963,641	13,963,641
Financial assets at fair value through profit or loss				
Treasury bills	-	228,608,355	-	228,608,355
Non-financial assets				
Fixed assets (Leasehold land and building)	-	-	390,683,863	390,683,863
Total	-	228,608,355	502,880,183	731,488,538

	June 30, 2019 (Audited)			
	Fair value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
RECURRING FAIR VALUE MEASUREMENTS				
Financial assets				
Financial assets at fair value through other comprehensive income				
Al Hail ORIX Finance PSC	-	-	188,177,948	188,177,948
Ordinary shares - unlisted	-	-	13,936,822	13,936,822
Financial assets at fair value through profit or loss				
Treasury bills	-	380,501,894	-	380,501,894
Non-financial assets				
Fixed assets (Leasehold land and building)	-	-	396,621,405	396,621,405
Total	-	380,501,894	598,736,175	979,238,069

24	CASH AND CASH EQUIVALENTS	Note	(Un-audited)	
			Half year ended	
			December 31, 2019	December 31, 2018
			----- (Rupees) -----	
	Cash at bank		196,844,268	319,881,422
	Cash in hand		1,716,188	1,629,232
			198,560,456	321,510,654
	Running finance arrangements	14	(381,773,153)	(1,431,784,498)
			(183,212,697)	(1,110,273,844)

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

		(Un-audited)	
		Half year ended	
		December 31, 2019	December 31, 2018
25	EARNINGS PER SHARE - BASIC AND DILUTED	----- (Rupees) -----	
	Profit for the period after taxation	<u>503,008,105</u>	<u>507,378,979</u>
		----- (Number of Shares) -----	
	Weighted average number of ordinary shares	<u>167,054,902</u>	<u>167,054,902</u>
		----- (Rupees) -----	
	Earnings per share - basic and diluted	<u>3.01</u>	<u>3.04</u>

25.1 Diluted earnings per share has not been presented separately as the Company does not have any convertible instruments in issue as at December 31, 2019 and December 31, 2018, which would have any effect on the earnings per share if the option to convert is exercised.

26 GENERAL

26.1 Certain corresponding figures have been reclassified, rearranged or additionally incorporated in these unconsolidated condensed interim financial statements for the purposes of comparison and better presentation. There were no significant reclassifications / restatements to corresponding figures during the period.

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

27 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

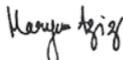
The Board of Directors Company in its meeting held on February 18, 2020 has announced an interim cash dividend of Rs. 2.0 per share (2018: Rs. Nil) for the year ending June 30, 2020, amounting to Rs. 334,109,804. These unconsolidated condensed interim financial statements for the half year ended December 31, 2019 do not include the impact of this appropriation which will be accounted for subsequent to the period end.

28 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on February 18, 2020 by the Board of Directors of the Company.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Consolidated Condensed Interim Statement of Financial Position

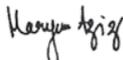
As at December 31, 2019

	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
-----Rupees-----			
ASSETS			
Non-current assets			
Fixed assets	5	4,266,488,167	4,338,066,725
Intangible assets	6	70,340,689	81,938,905
Net investment in finance lease	7	16,568,242,593	17,955,603,086
Current maturity		(8,694,060,163)	(9,151,970,240)
Allowance for potential lease losses		(663,646,167)	(669,018,735)
		(9,357,706,330)	(9,820,988,975)
		7,210,536,263	8,134,614,111
Investment in associate		909,619,799	942,321,227
Long-term investments	8	549,384,841	407,342,320
Long-term finances and loans		4,479,533,657	4,235,619,137
Long-term deposits		12,872,566	12,390,066
		17,498,775,982	18,152,292,491
Current assets			
Advances and prepayments		207,051,688	192,821,561
Short-term finances		287,953,184	285,006,782
Accrued return on investments and term finance		113,733,197	135,034,672
Current maturity of non-current assets	9	11,878,359,269	12,489,841,573
Other receivables		141,821,307	147,089,203
Short-term investments	10	242,571,996	394,438,716
Defined benefit plan asset		8,808,244	8,808,244
Net investment in Ijarah finance		370,000	370,000
Cash and bank balances		760,721,774	616,220,762
Assets classified as held for sale	11	13,641,390,659	14,269,631,513
Total assets		31,405,995,311	32,715,791,666
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 350,000,000 (June 30, 2019: 350,000,000) Ordinary shares of Rs.10 each		3,500,000,000	3,500,000,000
Issued, subscribed and paid-up capital	12	1,670,549,020	1,670,549,020
Reserves		6,067,210,529	6,309,631,878
Total equity attributable to equity shareholder of the Holding Company		7,737,759,549	7,980,180,898
Non-controlling interest		932,574,450	979,976,301
		8,670,333,999	8,960,157,199
Non-current liabilities			
Long-term finances	13	6,180,110,898	7,411,171,148
Long-term certificates of deposit		2,912,085,819	2,819,697,418
Long-term deposits		451,555,685	460,371,219
Deferred taxation		576,657,694	699,540,763
Other long-term liabilities		299,674,054	164,902,777
Redeemable capital		30,050,000	37,750,000
		10,450,134,150	11,593,433,325
Current liabilities			
Trade and other payables		1,071,284,548	1,158,069,669
Accrued interest / mark-up on loans, finances and certificates of deposit		479,349,222	449,397,319
Unclaimed dividend		86,883,489	78,313,447
Short-term borrowings	14	931,773,153	1,332,642,374
Short-term certificates of deposit		730,490,811	695,436,338
Taxation-net		371,589,071	191,242,328
Current maturity of non-current liabilities	15	8,614,156,868	8,257,099,667
		12,285,527,162	12,162,201,142
Total equity and liabilities		31,405,995,311	32,715,791,666
Contingencies and commitments			
	16		

The annexed notes 1 to 28 form an integral part of these consolidated condensed interim financial statements.


Shahen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Consolidated Condensed Interim Statement of Profit or Loss (Un-audited)

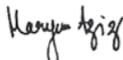
For the half year and quarter ended December 31, 2019

Note	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
-----Rupees-----				
INCOME				
Income from operations				
Finance leases	1,585,277,072	1,339,780,038	788,516,955	691,290,377
Operating leases	860,575,558	945,689,540	444,964,996	494,556,769
Mark-up on term finance	705,601,280	515,276,203	364,026,763	270,715,545
	3,151,453,910	2,800,745,781	1,597,508,714	1,456,562,691
Income from other activities				
Other income - net	213,607,955	151,375,552	137,659,334	79,033,922
Share of profit of associate under equity accounting	20,048,698	27,410,766	11,251,354	18,069,332
	233,656,653	178,786,318	148,910,688	97,103,254
	3,385,110,563	2,979,532,099	1,746,419,402	1,553,665,945
EXPENSES				
Finance cost	1,279,980,924	900,502,371	655,761,165	467,510,216
Administrative and general expenses	700,365,908	681,482,580	363,421,345	355,720,012
Direct cost	664,580,574	780,660,993	336,858,245	403,591,708
	2,644,927,406	2,362,645,944	1,356,040,755	1,226,821,936
Profit before provision and taxation	740,183,157	616,886,155	390,378,647	326,844,009
Provision / (reversal) for potential lease and other loan losses - net	22,150,718	(128,257,707)	1,018,604	(95,660,264)
Other (reversal) / provisions - net	(9,762,987)	11,306,544	(11,792,045)	9,447,885
	12,387,731	(116,951,163)	(10,773,441)	(86,212,379)
Profit before taxation	727,795,426	733,837,318	401,152,088	413,056,388
Taxation - Current	281,271,715	117,858,750	226,017,669	61,629,093
- Prior	(663,811)	-	(663,811)	-
- Deferred	(91,774,269)	96,363,061	(130,856,012)	67,470,436
	188,833,635	214,221,811	94,497,846	129,099,529
Net profit for the period after taxation	538,961,791	519,615,507	306,654,242	283,956,859
Profit attributable to				
Equity shareholders of the Holding Company	495,594,312	492,287,255	278,314,399	269,517,645
Non-controlling interest	43,367,479	27,328,252	28,339,843	14,439,214
	538,961,791	519,615,507	306,654,242	283,956,859
Earnings per share - basic and diluted	2.97	2.95	1.67	1.61

The annexed notes 1 to 28 form an integral part of these consolidated condensed interim financial statements.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Un-audited)

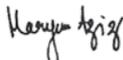
For the half year and quarter ended December 31, 2019

	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
-----Rupees-----				
Profit for the period after taxation attributable to:				
Equity shareholders of the Holding Company	495,594,312	492,287,255	278,314,399	269,517,645
Non-controlling interest	43,367,479	27,328,252	28,339,843	14,439,214
	538,961,791	519,615,507	306,654,242	283,956,859
Other comprehensive income				
Items that will be subsequently reclassified to profit or loss				
Exchange (loss) / gain arising on translation of foreign associates - net of deferred tax	(41,537,990)	73,896,062	(6,178,493)	64,546,411
Items that will not be subsequently reclassified to profit or loss				
Fair value change on remeasurement of financial assets - net of deferred tax	(70,355,355)	(2,141,633)	(50,790,480)	(1,211,493)
Share of other comprehensive income of associate under equity accounting	333,567	(845,594)	204,376	-
	(70,021,788)	(2,987,227)	(50,586,104)	(1,211,493)
Total comprehensive income for the period	427,402,013	590,524,342	249,889,645	347,291,777
Total comprehensive income for the period attributable to:				
Equity shareholders of the Holding Company	384,034,534	563,196,090	221,549,802	332,852,563
Non-controlling interest	43,367,479	27,328,252	28,339,843	14,439,214
	427,402,013	590,524,342	249,889,645	347,291,777

The annexed notes 1 to 28 form an integral part of these consolidated condensed interim financial statements.


Shahen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Consolidated Condensed Interim Statement of Cash Flows (Un-Audited)

For the half year ended December 31, 2019

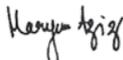
	Half year ended	
	December 31, 2019	December 31, 2018
Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation for the period	727,795,426	733,837,318
Adjustments for:		
Depreciation and amortisation	707,848,639	814,955,607
Amortisation of transaction cost	2,070,246	4,197,265
Provision / (reversal) for potential lease and other loan losses - net	22,150,718	(128,257,707)
Other (reversal) / provisions - net	(11,950,265)	9,760,404
Provision for workers' welfare fund	1,284,696	914,762
Provision for service sales tax	902,582	631,384
Charge for defined benefit plan	10,444,520	10,287,804
Share of profit of associate under equity accounting	(20,048,698)	(27,410,766)
Fair value changes on remeasurement of financial assets at fair value through profit or loss	(2,202,971)	(122,602)
Finance cost	1,277,904,602	887,499,685
Dividend income	(988,280)	(470,660)
Return on investments and deposits	(68,469,326)	(40,079,547)
Gain on disposal of fixed assets	(24,334,100)	(5,769,459)
	<u>1,894,612,363</u>	<u>1,526,136,170</u>
Operating profit before working capital changes	2,622,407,789	2,259,973,488
Decrease / (Increase) in operating assets		
Investment in finance lease - net	1,389,854,981	763,540,167
Long-term finances and loans - net	(166,740,186)	(214,587,786)
Short-term finances	(12,001,264)	(63,295,703)
Long-term deposits	(482,500)	(258,388)
Advances and prepayments	18,167,544	(37,425,322)
Other receivables	23,512,902	(38,971,246)
	<u>1,252,311,477</u>	<u>409,001,722</u>
Increase / (decrease) in operating liabilities		
Deposits from lessees - net	(18,088,592)	71,559,990
Other long term liabilities - net	(205,074,982)	(250,133,384)
Trade and other payables	(88,972,389)	180,146,721
	<u>(312,135,963)</u>	<u>1,573,327</u>
Cash generated from operating activities	3,562,583,303	2,670,548,537
Payment against staff retirement benefits	(9,604,362)	(30,257,488)
Sindh Workers' Welfare Fund paid	(985,545)	-
Income tax paid	(101,588,780)	(122,102,616)
	<u>(112,178,687)</u>	<u>(152,360,104)</u>
Net cash generated from operating activities	3,450,404,616	2,518,188,433
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred - own use and intangible assets	(32,205,008)	(43,710,201)
Capital expenditure incurred - ijarah finance	(830,759,094)	(1,083,001,966)
Proceeds from disposal of assets - own use	3,346,597	2,914,831
Proceeds from sale of ijarah finance assets	405,627,968	165,550,263
Investments - net	2,853,031	93,896,949
Dividend received	23,680,046	11,816,543
Interest received	46,619,824	23,114,085
Net cash used in investing activities	(380,836,636)	(829,419,496)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term loans - net	927,714,537	2,977,523,405
Short-term borrowings - net	300,000,000	(645,000,000)
Certificates of deposit redeemed / issued - net	17,597,706	(842,107,669)
Repayment of long-term loans and finances	(1,723,302,749)	(1,958,098,325)
Finance cost paid	(1,000,318,892)	(580,138,235)
Payment of lease liability against right-of-use assets	(14,541,408)	-
Dividend paid	(731,346,940)	(727,915,523)
Net cash used in financing activities	(2,224,197,746)	(1,775,736,347)
Net increase / (decrease) in cash and cash equivalents	845,370,234	(86,967,410)
Cash and cash equivalents at beginning of the period	(466,421,613)	(785,422,044)
Cash and cash equivalents at end of the period	378,948,621	(872,389,454)

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The annexed notes 1 to 28 form an integral part of these consolidated condensed interim financial statements.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Consolidated Condensed Interim Statement of Changes in Equity

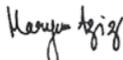
For the half year ended December 31, 2019

	Attributable to equity shareholders of the Holding Company							Non-controlling Interest	Total	
	Reserves									
	Issued, subscribed and paid-up capital	Capital Reserves					Unappropriated profit			Total Reserves
Share premium		Statutory reserve	Foreign currency translation reserve	Surplus / (deficit) on re-measurement of financial assets at fair value through other comprehensive income	Surplus on Revaluation of leasehold land and office building					
	(Rupees)									
Balance as at July 1, 2018 (audited)	1,392,124,190	1,863,635,353	1,255,031,986	49,848,144	2,888,459	309,725,825	2,349,095,118	5,830,224,885	982,061,399	8,204,410,474
Impact of change in accounting policy - net of tax	-	-	-	-	(39,060,357)	-	39,060,357	-	-	-
Impact of change in associate's accounting policy - net of tax	-	-	-	-	-	-	(3,268,836)	(3,268,836)	-	(3,268,836)
Total comprehensive income for the half year ended December 31, 2018										
Profit for the period	-	-	-	-	-	-	492,287,255	492,287,255	27,328,252	519,615,507
Other comprehensive income/(loss)	-	-	-	73,896,062	(2,141,633)	-	(845,594)	70,908,835	-	70,908,835
Total comprehensive income for the period	-	-	-	73,896,062	(2,141,633)	-	491,441,661	563,196,090	27,328,252	590,524,342
Transactions with owners recorded directly in equity										
Bonus shares issued from share premium reserve	278,424,830	(278,424,830)	-	-	-	-	-	(278,424,830)	-	-
Cash dividend @ Rs.3.00 per ordinary share of Rs. 10.00 each for the year ended June 30, 2018	-	-	-	-	-	-	(417,637,257)	(417,637,257)	-	(417,637,257)
Profit distribution for the year ended June 30, 2018 @ Rs. 2.5 per certificate	-	-	-	-	-	-	-	-	(90,767,060)	(90,767,060)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	(3,414,361)	3,414,361	-	-	-
Balance as at December 31, 2018 (un-audited)	1,670,549,020	1,585,210,523	1,255,031,986	123,744,206	(38,313,531)	306,311,464	2,462,105,404	5,694,090,052	918,622,591	8,283,261,663
Balance as at July 1, 2019 (audited)	1,670,549,020	1,585,210,523	1,459,535,379	239,588,276	(70,182,259)	302,897,105	2,792,582,854	6,309,631,878	979,976,301	8,960,157,199
Profit for the period	-	-	-	-	-	-	495,594,312	495,594,312	43,367,479	538,961,791
Other comprehensive income	-	-	-	(41,537,990)	(70,355,355)	-	333,567	(111,559,778)	-	(111,559,778)
Total comprehensive income for the period	-	-	-	(41,537,990)	(70,355,355)	-	495,927,879	384,034,534	43,367,479	427,402,013
Transactions with owners recorded directly in equity										
Cash dividend @ Rs.3.75 per ordinary share of Rs. 10.00 each for the year ended June 30, 2019	-	-	-	-	-	-	(626,455,883)	(626,455,883)	-	(626,455,883)
Profit distribution for the year ended June 30, 2019 @ Rs. 2.5 per certificate	-	-	-	-	-	-	-	-	(90,769,330)	(90,769,330)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	(3,414,360)	3,414,360	-	-	-
Balance as at December 31, 2019 (un-audited)	1,670,549,020	1,585,210,523	1,459,535,379	198,050,286	(140,537,614)	299,482,745	2,665,469,210	6,067,210,529	932,574,450	8,670,333,999

The annexed notes 1 to 28 form an integral part of these consolidated condensed interim financial statements.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

1 LEGAL STATUS AND OPERATIONS

The “Group” consists of:

- (i) ORIX Leasing Pakistan Limited - the Holding Company
- (ii) ORIX Services Pakistan (Private) Limited - Subsidiary company
- (iii) ORIX Modaraba - Subsidiary company

1.1 Holding company

ORIX Leasing Pakistan Limited (“the Holding Company / the Company”) was incorporated in Pakistan as a private limited company on July 1, 1986 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and was converted into a public limited company on December 23, 1987. The Company is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at Islamic Chamber of Commerce Building, Clifton, Karachi. The Holding Company is licensed to carry out Investment Finance Services as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP).

- 1.2 The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long-term rating of AA+ and a short-term rating of A1+ to the Holding Company on August 28, 2019.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard 34 “ Interim Financial Reporting” issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017, the requirements of Companies Act, 2017, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. In case the requirements differ, the provisions of and directives issued under the NBFC Rules, the NBFC Regulations, the Companies Act, 2017 and the directives issued by the SECP prevail.

2.2 Basis of measurement

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

- Leasehold land and office building are stated at revalued amounts;
- Financial instruments at fair value;
- Obligation in respect of staff gratuity is measured at present value of defined benefit obligation;
- Non-current assets classified as held-for-sale are valued at lower of carrying amount and fair value less cost to sell; and
- Investments in associates are valued using equity method.

- 2.3 These consolidated condensed interim financial statements do not include all the information required for a full set of financial statements and should be read in conjunction with the annual published consolidated audited financial statements of the Holding Company for the year ended June 30, 2019.

- 2.4 The comparative statement of financial position presented in these consolidated condensed interim financial statements has been extracted from the annual published consolidated audited financial statements of the Holding Company for the year ended June 30, 2019, whereas the comparative profit or loss, statement of comprehensive income, statement of changes in equity and cash flows statement are stated from the consolidated unaudited condensed interim financial statements for the period ended December 31, 2018.

- 2.5 These consolidated condensed interim financial statements has been presented in Pakistani Rupees, which is the functional currency of the Holding Company.

Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

3 SIGNIFICANT POLICIES, ESTIMATES, ASSUMPTIONS AND CHANGES THEREIN

3.1 The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual published consolidated audited financial statements of the Holding Company for the year ended June 30, 2019 except for the following:

3.1.1 Adoption of IFRS 16 - Leases

During the period, IFRS 16 - Leases became applicable to the Company. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 "Leases", IFRIC 4 - "Determining whether an Arrangement contains a Lease, SIC-15 - "Operating Leases - Incentive", and SIC-27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease". IFRS 16 introduces an on-balance sheet lease accounting model for leases by the lessee. The lessee recognises a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Group has adopted IFRS 16 from July 1, 2019 using the modified retrospective restatement approach and has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Group has recognised liabilities in respect of leases which were previously classified as operating leases in respect of rented premises under IAS 17. These liabilities are initially measured as the present value of the remaining lease payments, discounted using the Group's incremental weighted average borrowing rate applicable as of July 1, 2019. The lease liabilities are subsequently measured at amortised cost using the effective interest rate method. Lease liabilities against right-of-use assets as at July 1, 2019 and December 31, 2019 are as follows:

	December 31, 2019	July 1, 2019
Lease liability against right-of-use assets	<u>134,750,746</u>	<u>126,411,006</u>

On adoption of IFRS 16, the associated right-of-use assets of rented premises were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the consolidated condensed interim statement of financial position immediately before the date of initial application.

The right-of-use asset recognised subsequent to the adoption is measured based on the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is depreciated on a straight line basis over the lease term and reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The recognised right-of-use assets relate to the following type of asset:	December 31, 2019	July 1, 2019
Rented premises	<u>133,251,005</u>	<u>132,115,778</u>

The effect of this change in accounting policy is as follows:

Impact on Consolidated Condensed Interim Statement of Financial Position

Increase in fixed assets - right-of-use assets	133,251,005	132,115,778
Decrease in advances and prepayments	(5,460,917)	(5,704,772)
Increase in taxation-net	2,018,591	-
	<u>129,808,679</u>	<u>126,411,006</u>
Increase in lease liability against right-of-use assets	134,750,746	126,411,006
Decrease in net assets	<u>(4,942,067)</u>	<u>-</u>

Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

Impact on Consolidated Condensed Interim Statement of Profit or Loss

December 31,
2019

Increase in mark-up-expense - Lease liability against right-of-use assets	(8,804,589)
Increase in depreciation on right-of-use assets	(12,941,332)
Decrease in rent expense	14,785,263
Decrease in profit before taxation	(6,960,658)
Decrease in taxation-net	2,018,591
Decrease in profit after taxation	(4,942,067)

Earnings per share for the half year ended December 31, 2019 is Rs 0.003 per share lower as a result of the adoption of IFRS 16.

The Group has used a single discount rate methodology for a portfolio of leases with similar characteristics. The Group has opted not to recognise right-of-use assets for leases of low value. The payments associated with such leases are recognised as an expense on a straight line basis over the lease term.

3.2 The preparation of these consolidated condensed interim financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and income and expenses. 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, estimates and assumptions made in applying the Holding Company's accounting policies and the factors used in making those estimates and associated assumptions were the same as those that were applied to the audited annual published consolidated financial statements for the year ended June 30, 2019.

3.4 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

3.4.1 Certain new amendments to approved accounting standards have been published and are mandatory for the Holding Company's accounting period beginning on or after July 1, 2019 but are considered not to be relevant nor to have any significant effect on these consolidated condensed interim financial statements.

3.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations of approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
- IAS 1 - "Presentation of Financial Statements" and IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors"	January 1, 2020
- IFRS 3 "Business Combinations"	January 1, 2020

The Group expects that the adoption of above amendments and interpretations will not affect its financial statements in the period of initial application except certain additional disclosures. The Group is currently in the process of analysing the potential impact of adoption of the above standards.

4 RISK MANAGEMENT POLICIES

The financial risk management objectives and policies are consistent with those disclosed in the annual audited published consolidated financial statements of the Holding Company for the year ended June 30, 2019.

Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
5		-----Rupees-----	
FIXED ASSETS			
Own use	5.1	728,128,385	592,849,951
Operating lease		139,424,258	144,475,394
Ijarah finance		3,398,935,524	3,600,741,380
		<u>4,266,488,167</u>	<u>4,338,066,725</u>

5.1 This includes right-of-use assets amounting to Rs. 133.25 million due to adoption of IFRS 16 as disclosed in note 3.1.1.

5.2 The following is a statement of cost of additions and disposals to / from fixed assets for the half year ended December 31, 2019.

	Own use		Operating lease assets		Assets under Ijarah financing	
	Additions	Disposals	Additions	Disposals	Additions	Disposals
	----- Rupees -----					
Generators / Machinery	-	-	-	-	632,654,597	506,838,503
Right-of-use assets	14,076,559	-	-	-	-	-
Leasehold improvements	8,638,291	2,299,365	-	-	-	-
Furniture, fittings and office equipment	852,912	631,000	-	-	-	-
Computers and accessories	6,631,693	35,000	-	-	-	-
Vehicles	3,346,785	5,710,000	-	-	198,104,497	516,337,334
Capital work in progress	12,609,258	-	-	-	-	-
December 31, 2019	<u>46,155,498</u>	<u>8,675,365</u>	<u>-</u>	<u>-</u>	<u>830,759,094</u>	<u>1,023,175,837</u>
December 31, 2018	<u>33,699,250</u>	<u>7,406,469</u>	<u>-</u>	<u>-</u>	<u>1,083,001,966</u>	<u>736,256,252</u>

	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
6		-----Rupees-----	
INTANGIBLE ASSETS			
Computer software and license	6.1	13,611,956	19,067,315
Goodwill		13,728,733	13,728,733
Customer relationship for Ijarah		43,000,000	49,142,857
		<u>70,340,689</u>	<u>81,938,905</u>

6.1 Additions amounting to Rs. 126,069 (December 2018: Rs. 4,648,334) were made to intangible assets during the half year ended December 31, 2019.

	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
7		-----Rupees-----	
NET INVESTMENT IN FINANCE LEASE			
Instalment contract receivables		20,631,852,173	22,287,465,719
Residual value		8,255,696,739	8,457,924,284
Less: adjustable security deposit	7.1	8,230,420,284	8,427,394,395
	7.2	20,657,128,628	22,317,995,608
Less: unearned finance income		4,088,886,035	4,362,392,522
		<u>16,568,242,593</u>	<u>17,955,603,086</u>

Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

- 7.1 Security deposit is received from lessees under finance lease contracts which is adjustable at the expiry of the lease period.
- 7.2 The Holding Company's implicit rate of return on leases ranges from 9.2% to 27.9% (June 2019: 9.2% to 27.1%) per annum. These are secured against leased assets and security deposits averaging 21.6% (June 2019: 21.3%) of the cost of leased asset and personal guarantees.

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
8	LONG-TERM INVESTMENTS	-----Rupees-----	
	Amortised Cost		
	Pakistan Investment Bonds (PIBs)	438,325,162	268,623,384
	Investment in Sukuk certificates	57,701,835	57,701,835
	Less: provision for potential losses on investments	(57,701,835)	(57,701,835)
		-	-
	At fair value through profit or loss		
	Units of collective investment scheme		
	National Investment (Unit) Trust		
	202,000 (2019: 202,000 units of Rs. 10 each		
	Cost Rs. 1,363,500 (2019: Rs. 1,363,500)	12,827,000	10,988,800
	At fair value through other comprehensive income		
	Al-Hail ORIX Finance PSC	279,097,858	279,097,858
	Less: Deficit on remeasurement	(180,865,179)	(90,919,910)
		98,232,679	188,177,948
	Less: current maturity	-	60,447,812
		549,384,841	407,342,320

- 8.1 This represents investment by the Modaraba in unlisted Sukuk Certificates which has been fully provided.
- 8.2 During the period, the Holding Company reassessed the fair value of its investment in Al Hail ORIX Finance PSC and recorded Rs. 89.95 million as decrease in its fair value.

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
9	CURRENT MATURITY OF NON-CURRENT ASSETS	-----Rupees-----	
	Current maturity of:		
	Net investment in finance lease	8,694,060,163	9,151,970,240
	Long-term finances and loans	3,184,299,106	3,277,423,521
	Long-term investments	-	60,447,812
		11,878,359,269	12,489,841,573
10	SHORT-TERM INVESTMENTS		
	At fair value through profit or loss		
	Treasury bills	228,608,355	380,501,894
	Term finance certificates	-	7,500,000
		228,608,355	388,001,894
	At fair value through other comprehensive income		
	Ordinary shares - unlisted	13,963,641	13,936,822
	Less: allowance for potential losses	-	7,500,000
		242,571,996	394,438,716
11	ASSETS CLASSIFIED AS HELD FOR SALE		
	Repossessed assets	1,331,234	29,370,226
	Investments in associate		
	- OPP (Private) Limited	87,754,399	87,754,399
	- SAMA Finance SAE (Formerly ORIX Leasing Egypt SAE)	172,043,037	172,043,037
	Stock Exchange room	4,700,000	4,700,000
		265,828,670	293,867,662

Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

11.1 The Holding Company holds 45% ownership interest in OPP (Private) Limited. Management intends to divest its investment in OPP (Private) Limited, subject to necessary regulatory approvals.

11.2 On September 19, 2019, ORIX Leasing Egypt SAE has been renamed as SAMA Finance SAE (SAMA). The Holding Company holds 23% ownership interest in SAMA. Management intends to divest its investment in SAMA, subject to necessary regulatory approvals.

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

(Un-audited) December 31, 2019	(Audited) June 30, 2019		(Un-audited) December 31, 2019	(Audited) June 30, 2019
----- (Number of shares) -----			----- (Rupees) -----	
Ordinary shares of Rs. 10 each				
106,485,517	106,485,517	Fully paid in cash	1,064,855,170	1,064,855,170
58,386,847	58,386,847	Fully paid bonus shares	583,868,470	583,868,470
2,182,538	2,182,538	Fully paid shares against amalgamation	21,825,380	21,825,380
<u>167,054,902</u>	<u>167,054,902</u>		<u>1,670,549,020</u>	<u>1,670,549,020</u>

	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
----- Rupees -----			
13 LONG-TERM FINANCES			
Long-term finances utilised under mark-up arrangements - financial institutions		10,790,245,934	11,991,707,589
Less: Unamortised transaction cost		2,093,813	4,164,059
Less: Current maturity	15	4,608,041,223	4,576,372,382
		<u>4,610,135,036</u>	<u>4,580,536,441</u>
		<u>6,180,110,898</u>	<u>7,411,171,148</u>

14 SHORT-TERM BORROWINGS

Running finance arrangements	381,773,153	1,082,642,374
Short-term loans	550,000,000	250,000,000
	<u>931,773,153</u>	<u>1,332,642,374</u>

15 CURRENT MATURITY OF NON-CURRENT LIABILITIES

Long-term finances	13	4,608,041,223	4,576,372,382
Lease liability against right-of-use assets		16,856,586	-
Long-term certificates of deposit		634,492,576	744,337,744
Long-term deposits		179,161,483	188,434,541
Redeemable capital		3,175,605,000	2,747,955,000
		<u>8,614,156,868</u>	<u>8,257,099,667</u>

16 CONTINGENCIES AND COMMITMENTS

16.1 There was no change in the status of contingencies as disclosed in note 33 to the annual published consolidated financial statements for the year ended June 30, 2019 except the following:

16.1.1 During the period, the Additional Commissioner Inland Revenue (ACIR) passed amended assessment orders on September 23, 2019 under section 122(5A) of the Ordinance for the years 2015 and 2016 and created demand of Rs. 84 million and Rs. 862 million respectively. This was mainly the result of disallowance of tax loss on lease terminations and certain other matters. The Holding Company preferred an appeal against these amended assessment orders before the Commissioner Inland Revenue (Appeals) (CIR-A). On January 8, 2020 CIR-A disposed of the appeal with major relief to the Holding Company. The Holding Company intends to file an appeal before Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the Holding Company.

Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

Based on the merits of the case and the tax advisor's opinion, management considers that decision will be made in Holding Company's favour, hence no provision has been recorded in these consolidated condensed interim financial statements in this regard.

- 16.1.2** The ACIR passed amended assessment orders on February 21, 2019 under section 122(5A) of the Ordinance for the tax years 2017 and 2018 and created demand of Rs. 911.5 million and Rs. 1,371.4 million respectively. This was mainly the result of disallowance of tax loss on lease terminations, levy of super tax and certain other matters. On October 3, 2019, the ACIR rectified the amended assessment order under section 221(1) of the Ordinance for the tax year 2017 and created additional demand of Rs. 290 million due to disallowance of brought forward tax losses claimed in the tax year 2017 as a result of amendment made in tax year 2016. The Holding Company preferred separate appeals against the amended assessment orders before the CIR-A. On January 8, 2020 CIR-A disposed of the appeal with major relief to the Holding Company. The Holding Company intends to file an appeal before Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the Holding Company.

Based on the merits of the case and the tax advisor's opinion, management considers that decision will be made in Holding Company's favour, hence no provision has been recorded in these consolidated condensed interim financial statements in this regard.

- 16.1.3** In September 2019, the Federal Board of Revenue (FBR) issued a show cause notice to the Holding Company challenging the estimates of advance tax under section 147 of the Ordinance filed by the Company for the quarter ended September 30, 2019 and additionally demanded Rs. 117.2 million. The Group's legal and tax advisors are of the opinion that the estimate filed by the Holding Company is in accordance with the law and accordingly the Company filed a constitutional petition before the Sindh High Court (SHC) against the recovery of impugned advance tax demand. The SHC has passed a stay order restricting FBR from taking any coercive measures against the Holding Company.
- 16.2** Leases committed but not executed at the reporting date amounted to Rs. Nil (June 2019: Rs. 82.07 million).
- 16.3** Commitments relating to capital expenditure at the reporting date amounted to Rs. 9.31 million (June 2019: Rs. 15.75 million).
- 16.4** The Modaraba has issued letters of comfort to various commercial banks amounting to Rs. Nil (June 2019: Rs. 119.21 million) on behalf of its customers.

	(Un-audited) Half year ended	
	December 31, 2019	December 31, 2018
17 OTHER INCOME - NET	-----Rupees-----	
Income from investments	81,524,835	15,831,801
Other fees and income	132,083,120	135,543,751
	<u>213,607,955</u>	<u>151,375,552</u>

18 SHARE OF PROFIT OF ASSOCIATE UNDER EQUITY ACCOUNTING

	(Un-audited)			
	Half year ended December 31, 2019		Half year ended December 31, 2018	
Name of associate	Associates' profit after tax	Share of associates' profit after tax	Associates' profit after tax	Share of associates' profit after tax
	----- (Rupees) -----			
Un-quoted				
Saudi ORIX Leasing Company	<u>1,002,434,956</u>	<u>20,048,698</u>	<u>1,370,538,325</u>	<u>27,410,766</u>

Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

		(Un-audited)	
		Half year ended	
		December 31, 2019	December 31, 2018
		-----Rupees-----	
19	FINANCE COST		
	Interest / mark-up / profit on:		
	- Long-term finances	683,053,042	417,582,955
	- Redeemable capital	177,459,766	110,912,786
	- Musharika finance arrangements	124,989,944	70,061,306
	- Short-term borrowings	50,834,600	66,076,982
	- Certificates of deposit	215,544,064	213,219,436
	- Lease liability against right-of-use assets	8,804,591	-
	Amortisation of transaction costs	2,070,246	4,197,265
	Bank charges	17,224,671	18,451,641
		<u>1,279,980,924</u>	<u>900,502,371</u>
20	OTHER PROVISIONS - NET		
	Operating lease, investments and other receivables		
	Provision / (reversal of provision) against other receivables and investments	2,666,486	(578,340)
	(Reversal of provision) / provision against Ijarah receivable	(4,556,865)	275,308
		<u>(1,890,379)</u>	<u>(303,032)</u>
	Others		
	Provision against Workers' Welfare Fund	1,284,696	914,756
	Provision for services sales tax on Management Company's remuneration	902,582	631,384
	(Reversal of impairment) / impairment of assets classified as 'held for sale'	(10,059,886)	10,063,436
		<u>(9,762,987)</u>	<u>11,306,544</u>
21	SEGMENT INFORMATION		

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

Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

22 TRANSACTIONS / BALANCES WITH RELATED PARTIES

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

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

22.1 Transactions with related parties during the period are given below:

	(Un-audited)	
	Half year ended December 31, 2019	December 31, 2018
	-----Rupees-----	
ORIX Corporation, Japan - Parent Company - 49.58% Holding		
Dividend paid - net of tax	287,280,276	383,024,136
Saudi ORIX Leasing Company - Associate / Common directorship - 2.5% ownership		
Reimbursement of cost	4,758,990	1,602,759
ORIX Leasing Pakistan Limited-Employees Provident Fund (OLP - EPF)		
Contribution paid	15,663,670	14,930,925
ORIX Modaraba-Employees Provident Fund		
Contribution paid	2,309,700	2,030,115
ORIX Leasing Pakistan Limited-Staff Gratuity Fund (OLP - SGF)		
Contribution paid	9,604,362	30,257,488
ORIX Modaraba-Staff Gratuity Fund		
Contribution paid	1,923,967	1,691,069
Reimbursement from Staff Gratuity Fund	93,480	525,295
Charity / Donation paid - Common Directorship		
The Layton Rahmatullah Benevolent Trust	500,000	500,000
The Indus Hospital	500,000	-
Other related party transactions during the period		
Compensation of Directors and Key Management Personnel		
Directors' fees paid	2,250,000	2,000,000
Short-term employee benefits	138,057,500	121,344,260
Retirement benefits	7,611,759	7,464,059
Total compensation to directors and key management personnel	147,919,259	130,808,319
Other transactions with Key Management Personnel		
Issuance of certificates of deposit	-	400,000
Redemption of certificates of deposit	-	800,000
Amount of profit paid on certificates of deposit	94,377	166,097
Income earned on Musharika finances	3,639,727	2,439,598
Ijarah rental earned on Ijarah finances	-	1,930,597
Staff loan disbursed	23,480,348	2,524,561
Interest recovered on staff loans	981,958	742,161
Principal recovered on staff loans	6,208,319	7,646,075
Profit paid on Redeemable Capital	260,434	41,575

Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

	(Un-audited) December 31, 2019	(Audited) June 30, 2019
22.2 Balances with related parties as at period / year end	-----Rupees-----	
Asset classified as held for sale	87,754,399	87,754,399
- OPP (Private) Limited - 45% ownership	172,043,037	172,043,037
- SAMA Finance SAE (formerly ORIX Leasing Egypt SAE) - 23% ownership		
Long term investment - Al Hail ORIX Finance PSC - 3% ownership	98,232,679	188,177,948
Investment in associates		
- Saudi ORIX Leasing Company	909,619,799	942,321,227
Certificates of deposit held	2,100,000	2,100,000
Accrued profit on certificates of deposit / Diminishing Musharika / Redeemable capital	484,632	594,548
Outstanding loans to Key Management Personnel	85,171,278	62,074,389
Receivable from staff retirement funds - Modaraba	-	55,962
Advance to Chief Executive Officer of the Management Company	600,000	1,320,000
Provision for Performance Bonus to Chief Executive Officer of the Management Company	3,000,000	6,000,000
Receivable from Saudi ORIX Leasing Company - Associate	2,733,961	754,396
Receivable from / (Payable to) ORIX Corporation, Japan - Parent Company	7,140	(92,885)
Redeemable capital to Key Management Personnel	4,550,000	4,000,000

23 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of investments classified as “at fair value through profit or loss” and “at fair value through other comprehensive income” are based on active market. The investment in associates is accounted for using the equity method while the subsidiaries have been kept at cost. The value of unquoted equity investments is reduced, if required, on the basis of break-up value of those investments based on the latest available audited financial statements.

Fair value of net investments in finance lease, long term loans and finances, long term deposits and other assets, other liabilities, long term certificates of deposit and other accounts are approximate to their carrying value. The provision for impairment of finance lease and long term loans and finances has been calculated in accordance with the Group’s accounting policy and the requirements of the NBFC Regulations.

Fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or are periodically repriced.

The Group has classified assets using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	December 31, 2019 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	Fair value (Rupees)			
RECURRING FAIR VALUE MEASUREMENTS	-----			
Financial assets				
Financial assets at fair value through other comprehensive income				
Al-Hail ORIX Finance PSC	-	-	98,232,679	98,232,679
Ordinary shares-unlisted	-	-	13,963,641	13,963,641
Financial assets at fair value through profit or loss				
Treasury bills	-	228,608,355	-	228,608,355
Units of collective investment scheme	12,827,000	-	-	12,827,000
Non-financial assets				
Fixed assets (Leasehold land & building)	-	-	390,683,863	390,683,863
Total	12,827,000	228,608,355	502,880,183	744,315,538

Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements (Un-Audited)

For the half year ended December 31, 2019

	June 30, 2019 (Audited)			
	Level 1	Level 2	Level 3	Total
RECURRING FAIR VALUE MEASUREMENTS	Fair value (Rupees)			
Financial assets				
Financial assets at fair value through other comprehensive income				
Al-Hail ORIX Finance PSC	-	-	188,177,948	188,177,948
Ordinary shares-unlisted	-	-	13,936,822	13,936,822
Financial assets at fair value through profit or loss				
Treasury bills	-	380,501,894	-	380,501,894
Units of collective investment scheme	10,988,800	-	-	10,988,800
Non-financial assets				
Fixed assets (Leasehold land & building)	-	-	396,621,405	396,621,405
Total	10,988,800	380,501,894	598,736,175	990,226,869

	(Un-audited) Half year ended	
	December 31, 2019	December 31, 2018
24 CASH AND CASH EQUIVALENTS	-----Rupees-----	
Cash at bank	758,955,826	557,715,061
Cash in hand	1,765,948	1,679,983
Running finance arrangements	760,721,774 (381,773,153)	559,395,044 (1,431,784,498)
	<u>378,948,621</u>	<u>(872,389,454)</u>

	(Un-audited) Half year ended	
	December 31, 2019	December 31, 2018
25 EARNINGS PER SHARE - BASIC AND DILUTED	-----Rupees-----	
Profit for the period after taxation attributable to ordinary shareholders of the Holding Company	<u>495,594,312</u>	<u>492,287,255</u>
	----- (Number of shares) -----	
Weighted average number of ordinary shares	<u>167,054,902</u>	<u>167,054,902</u>
	----- (Rupees) -----	
Earnings per share - basic and diluted	<u>2.97</u>	<u>2.95</u>

25.1 Diluted earnings per share has not been presented separately as the Holding Company does not have any convertible instruments in issue as at December 31, 2019 and December 31, 2018, which would have any effect on the earnings per share if the option to convert is exercised.

26 GENERAL

26.1 Certain corresponding figures have been reclassified, rearranged or additionally incorporated in these consolidated condensed interim financial statements for the purposes of comparison and better presentation. There were no significant reclassifications / restatements to corresponding figures during the period.

26.2 Figures reported in these consolidated condensed interim financial statements have been rounded off to the nearest Rupee unless otherwise stated.

27 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

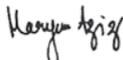
The Board of Directors of the Holding Company in its meeting held on February 18, 2020 has announced an interim cash dividend of Rs. 2.0 per share (2018: Rs. Nil) for the year ending June 30, 2020, amounting to Rs. 334,109,804. These consolidated condensed interim financial statements for the half year ended December 31, 2019 do not include the impact of this appropriation which will be accounted for subsequent to the period end.

28 DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on February 18, 2020 by the Board of Directors of the Holding Company.


Shahreen Amin
Chief Executive Officer


Nasim Hyder
Director


Maryam Aziz
Chief Financial Officer

معاشی ست روی کا صارفین کی ادائیگی کی صلاحیت پر اثر پڑا ہے۔ بازیابی کی مضبوط کوششوں نے غیر فعال قرضوں کو مناسب حدود میں رکھا۔ اس کے نتیجے میں، نصف سال کے لئے پرویژن صرف 1.5 ملین روپے رہا۔ مالی سال 2019 کے عرصہ میں، 117 ملین روپے کی پرویژن ریورسل کو ایک شماریاتی نمونے کو بجلی بار اپنانے کی وجہ سے ریکارڈ کیا گیا تھا جو کہ IFRS9 کی ضروریات سے مطابقت رکھتی ہے۔

حکومت بنیادی ساخت کی اصلاحات پر توجہ دے رہی ہے، جن سے توقع کی جا رہی ہے کہ طویل مدت میں معیشت کو فوائد حاصل ہوں گے۔ تاہم، قلیل مدت میں، ایک کمزور معیشت اور بلند شرح سود کاروباری جذبات اور اولڈل پی کے کاروبار کو متاثر کرے گا۔ جب تک کہ معاشی ماحول میں بہتری نہیں آجاتی ہے، کمپنی اپنے اخراجات کو کم سے کم کرنے اور عدم ادائیگیوں پر قابو پا کر اعلیٰ معیار کے پورٹ فولیو کو برقرار رکھنے پر توجہ دیتی رہے گی۔

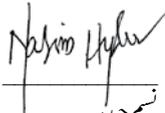
گروپ کی کارکردگی

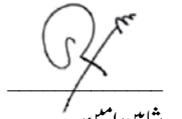
کمپنی ایکٹ 2017 کے سیکشن 226 کی تعمیل میں اس رپورٹ کے ساتھ اوایل پی اور اس کے ذیلی اداروں (دی گروپ) یعنی اور کس سرو سز پاکستان (پرائیویٹ) لمیٹڈ اور اور کس مضاربہ کے برائے اختتام ششماہی 31 دسمبر، 2019 کی مجموعی عبوری مالیاتی معلومات بھی منسلک ہیں۔

گروپ کی کارکردگی کی مالیاتی جھلکیاں درج ذیل ہیں:

اختتام ششماہی		
دسمبر 2018	دسمبر 2019	
روپے میں		
733,837,318	727,795,426	قبل از محصول (ٹیکس) منافع
214,221,811	188,833,635	محصولات (ٹیکس)
519,615,507	538,961,791	مدت کے لئے خالص منافع بعد از محصول (ٹیکس)
492,287,255	495,594,312	ہولڈنگ کمپنی کے ایکویٹی شیئر ہولڈرز کو قابل ادائیگی منافع
27,328,252	43,367,479	نان کنٹرولنگ مداخلت سے قابل منسوب منافع
2.95	2.97	فی شیئر آمدنی۔ بنیادی اور ریٹن شدہ

بورڈ کی جانب سے


نسیم حیدر
ڈائریکٹر


شازین امین
چیف ایگزیکٹو آفیسر
فروری 18، 2020ء

ڈائریکٹرز کی جائزہ رپورٹ

برائے اختتام ششماہی 31 دسمبر 2019ء

اورکس لیونگ پاکستان (اولیل پی / دی کمپنی) کے بورڈ آف ڈائریکٹرز بمسرت برائے اختتام ششماہی 31 دسمبر 2019 مختصر عبوری غیر آڈٹ شدہ مالیاتی معلومات پیش کرتے ہیں۔

چونکہ معیشت میں استحکام کی کوششیں کاروباری سرگرمیوں پر بہت زیادہ دباؤ ڈال رہی ہیں، اسی بناء پر رواں مالی سال کی پہلی ششماہی میں معاشی نموست رہی۔ بڑے پیمانے کے مینوفیکچرنگ شعبے کی منفی ترقی، خاص طور پر آٹوموبائل کے شعبے، اور دیگر شعبوں کی زیر دباؤ کارکردگی نے اسٹیٹ بینک آف پاکستان (SBP) اور دیگر کثیر الجہتی ایجنسیوں کو مالی سال 2020 کے لئے معاشی نمو کو نیچے کی طرف نظر ثانی کرنے پر مجبور کر دیا۔ کرنٹ اکاؤنٹ کا کم خسارہ، اسٹاک مارکیٹ کی مثبت کارکردگی اور زر مبادلہ کی شرح میں استحکام بہتری کی علامات ہیں۔

مالیاتی جھلکیاں اور کاروبار کا جائزہ

اختتام ششماہی		
دسمبر 2018	دسمبر 2019	روپے میں
719,763,979	691,841,740	قبل از محصول (ٹیکس) منافع
212,385,000	188,833,635	محصولات (ٹیکس)
507,378,979	503,008,105	مدت کے لئے خالص منافع بعد از محصول (ٹیکس)
1,670,549,020	1,670,549,020	جاری کردہ، سبسکرائبڈ اور ادا شدہ سرمایہ (10 روپے فی شیئرز)
3.04	3.01	ٹی شیئر آمدنی۔ بنیادی اور ریٹن شدہ

بورڈ آف ڈائریکٹرز نے 31 دسمبر، 2019 (دسمبر 2018: صفر) کو ختم ہونے والے نصف سال کے لئے 20 فیصد کاروباری نقد منافع کا اعلان کیا ہے۔ اولیل پی کی تاریخ میں پہلی بار عبوری منافع (انٹیرم ڈیویڈنڈ) کا اعلان کیا گیا ہے۔

کاروباری سرگرمیوں سے حاصل قبل از پروڈیون اور ٹیکس منافع 15 فیصد زائد 693 ملین روپے رہا۔ (دسمبر 2018: 602 ملین روپے)۔ تاہم، 692 ملین روپے قبل از ٹیکس منافع گذشتہ سال کی اسی مدت میں کمائے گئے 720 ملین سے 4 فیصد کم تھا۔ جیسا کہ اس رپورٹ میں بعد ازاں تفصیل سے بتایا گیا ہے کہ سابقہ مدت میں قبل از ٹیکس منافع 117 ملین روپے کی پروڈیون ریورسل سے حاصل ہوا۔ بعد از ٹیکس منافع ایک فیصد کم ہو کر 503 ملین رہا (دسمبر 2018: 507 ملین روپے)۔

بار برداری اور آٹوموبائل کے شعبوں میں تناؤ نے کاروبار کو متاثر کیا۔ اس کے نتیجے میں رواں مالی سال کی پہلی ششماہی میں مجموعی طور پر نئے کاروباری ادائیگیاں 10 فیصد کم ہو کر 5.9 بلین روپے رہی (دسمبر 2018: 6.6 بلین روپے)۔

آمدنی میں 17 فیصد کا اضافہ ہوا اور اس کی مالیت 2,337 ملین روپے رہی (دسمبر 2018: 1,994 ملین روپے)۔ اس کی بنیادی وجہ ملک میں شرح سود کا زیادہ ہونا ہے۔ لیز اور قرض کی آمدنی 20 فیصد اضافے کے ساتھ 2,059 ملین رہی (دسمبر 2018: 1,713 ملین روپے) جبکہ جون 2019 کے 23 بلین روپے کے پورٹ فولیو کی بانسبت کمی ہوئی جو دسمبر 2019 میں 21.5 بلین رہی۔ دیگر آمدنی 159 ملین روپے رہی جو گذشتہ سال کی اسی مدت میں 138 ملین تھی۔

بلند شرح سود کے اثرات کو فنانس لاگت میں دیکھا جاسکتا ہے، جو کہ گذشتہ سال کی اسی مدت کے 710 ملین روپے سے 36 فیصد بڑھ گئی اور رواں نصف سال میں 967 ملین رہی۔

انتظامی اور عمومی اخراجات کو کنٹرول کیا گیا اور پچھلے سال کے مقابلے میں معمولی 1 فیصد کے اضافے سے 594 ملین روپے رہے (دسمبر 2018: 588 ملین روپے)۔

Geographical Presence

Registered Office

Islamic Chamber of Commerce Building,
Ground Floor, ST-2/A, Block-9,
KDA Scheme No.5, Clifton, Karachi.
Tel: 021-3530 3560-64
Fax: 021-35303571

Head Office

ORIX Building, Plot No. 16, Sector No. 24,
Korangi Industrial Area, Karachi.
Tel: 021- 3514 4029-40
Fax: 021-35144002, 35144020
UAN: 111 24 24 24
Email: olp@orixpakistan.com
Website: www.orixpakistan.com

Karachi

Plot # 151-A, Shop No. 9 & 10, Datar
Arcade, P.E.C.H.S. Block-2
Tel: 021-35143752-5

Lahore

76-B, E-1, Main Boulevard, Gulberg III.
Tel: 042-35782586-93
Fax: 042-5790488
UAN: 111 24 24 24

Thokar Niaz Baig

1st floor, 55th Avenue,
Lalazar Commercial Market, Raiwind Road,
Thokar Niaz Baig, Lahore.
Tel: 042-35963581-84

Islamabad

Ground Floor, State Life Building No. 5,
Nizamuddin Road, Blue Area.
Tel: 051-2822800-2, 2821706, 2821748
Fax: 051-2821917
UAN: 111 24 24 24

Rawalpindi

146-B Satellite Town, Chandni Chowk,
Murree Road.
Tel: 051-4571431-3, 4571442-3
Fax: 051-4571445

Chakwal

Ground Floor, Opposite Sadar Police Station
Talagang Road.
Tel :0543-666221, 666052-54

Mirpur A.K.

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

Taxila

1st Floor, Raja Business Tower,
Plot No. 1023/1028, Taxila Cantt Main G.T Road.
Tel: 051-4254473, 4254475, 4254476

Faisalabad

3rd Floor, Sitara Towers, Bilal Chowk, Civil Lines.
Tel: 041-2633926, 2633811-3
Fax: 041-2633927
UAN: 111 24 24 24

Sargodha

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

Sahiwal

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

Jhang

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

Multan

Plot # 116, Pull Moj Darga LMQ Road.
Tel: 061- 4518431-3, 4518435-6
Fax: 061- 4580321
UAN: 111 24 24 24

Rahim Yar Khan

Plot No. 26, Main Street,
Businessman Colony
Tel: 068-5888565, 5887617-8
Fax: 068-5887610

Bahawalpur

Ground Floor, Near Cantonment Office Board
Ahmed Pur East Road.
Tel: 062-9255382, 9255494
Fax : 062-2886273

Vehari

137, Block-D.
Tel: 067-3360350 - 3

Sialkot

1st Floor, Ghoolam Kadir Arcade,
Aziz Shaheed Road, Sialkot Cantt.
Tel: 052-4260616, 4260877
Fax: 052-4269548
UAN: 111 24 24 24

Gujrat

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

Gujranwala

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

Peshawar

Ground Floor, State Life Building The Mall.
Tel: 091- 5278647, 5279789, 5285541, 5285520
Fax: 091-5273389,
UAN: 111 24 24 24

Abbottabad

Yousaf Jamal Plaza, Near HBL Mansehra Road.
Tel: 0992-343888, 343188
Fax: 0992-405856

Mingora

1st Floor, Shahzad Plaza, Makan Bagh, Saidu
Road, Mingora Swat.
Tel: 0946 -722620
Fax: 0946 -722621

Kohat

Ground Floor, Saad Ullah Shah Market, Near
Kachehri Chowk, Kohat City.
Tel: 0922- 512564-5

Hyderabad

1st Floor, State Life Building, Thandi Sarak.
Tel: 022-2784143, 2720397
Fax: 022-2785388

Sukkur

Shop No. S-33 & 34, New City Banglows,
Shikarpur Road.
Tel: 071-5807031-32

Micro Finance Division

Kot Abdul Malik

11 K.M Lahore, Near Askari Bank,
Kot Abdul Malik, Distt. Sheikhpura.
Tel: 042-37340711

Jallo Morre

Sooter Mill Stop, Near Karachi Hot & Spicy
Restaurant, Batapur Lahore.
Tel: 042-36522931

Sharaqpur Sharif

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

Morre Khunda

Opposite Rice Mill, Main Jarranwala Road,
Morre Khunda, District Nankana Sahib.
Tel: 056-2442371, 0333-0422371

Pattoki

Faisal Colony Road, Near Raffay Sajid Hospital.
Tel: 049-4422064

Chunian

Purana Kharkhana, Allahbad Road, Near
Dare Akram School, Chunian, District Kasur.
Tel: 049-3410054, 0300-4185685

Renala Khurd

Near Dogar Petrol Pump Raay Town,
Renala Khurd, Distt. Okara.
Tel: 044-2635185

Manga Mandi

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

Bhalwal

1st Floor, Rehmat Plaza, Mandir Road,
Block No. 3, Bhalwal. District Sargodha.
Tel: 048-6644448

Sahiwal

Main Circular Road, Opposite Kashmiri
Gate Tehsil Sahiwal District, Sargodha.
Tel: 048-6785505

Sillanwali

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

Shahpur

Khushab Road Shahpur Sadder
Near Bismillah Hotel, District Sargodha.
Tel: 048-6310424

AA+

Long Term

A1+

Short Term

Rating by PACRA : August 28, 2019

ORIX Leasing Pakistan Limited

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

UAN: 111 24 24 24

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