

ORIX Leasing Pakistan Limited



Third Quarter Report

2019 - 2020

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**
Chairman
- 2. Mr. Ramon Alfrey**
Member
- 3. Mr. Mian Faysal Riaz**
Member
- 4. Mr. Hira Lal Bharvani**
Member
- 5. Mr. Imtiaz Ahmad Chaudhary**
Member

Deputy Chief Executive Officer

Mr. Ramon Alfrey

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

Auditors

A.F Ferguson & Co.,
Chartered Accountants
State Life Building No. 1-C, I.I. Chundarigar 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
Karandaaz 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 Block 9, KDA Scheme No. 5, Clifton,
Karachi – 75600

Head Office

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

Directors' Review Report **For the nine month period ended March 31, 2020**

The Board of Directors of ORIX Leasing Pakistan Limited (OLP / the Company) is pleased to present the unaudited condensed interim financial information for the nine months ended March 31, 2020.

Pakistan is facing tough economic challenges due to the spread of the Coronavirus pandemic. The consequent lockdown is severely affecting all major sectors including exports and small and medium businesses. To ease stressed cash flows and improve liquidity for businesses, The State Bank of Pakistan has reduced the policy rate by 4.25% to 9% and allowed financial institutions to defer repayments from borrowers. The Securities and Exchange Commission of Pakistan has also introduced similar regulations for Non-Bank Finance Companies. A new loan facility of USD 1.4 billion from IMF and deferment of loan repayments by IMF, World Bank and G20 Countries should help the Country to weather the current crisis.

Financial Highlights and Business Review

	Nine months period ended	
	March 2020	March 2019
	-----Rupees-----	
Profit before taxation	968,086,745	1,086,331,678
Taxation	284,720,484	321,956,453
Net profit for the period after taxation	683,366,261	764,375,225
Earnings per share – basic and diluted	4.09	4.58
Issued, subscribed and paid-up capital (shares of Rs. 10 each)	1,670,549,020	1,670,549,020

Profit from operations before provision and taxation was 10% higher at Rs. 1,017 million (March 2019: Rs. 923 million). However, Profit Before Tax of Rs. 968 million was 11% lower than Rs. 1,086 million earned in the corresponding period last year. The reduction was primarily due to a Rs. 163 million reversal in provisioning in the prior period due to adoption of a statistical based provisioning methodology. Another contributing factor was provisioning of Rs. 49 million in the current period due to rising overdue accounts. Profit after tax, at Rs. 683 million (March 2019: Rs. 764 million) was also lower by 11%.

Disbursements were curtailed and amounted to Rs. 8,743 million for the period, 15% lower as compared to Rs. 10,285 million disbursed in the corresponding period of FY2019. Commencement of the lockdown in March 2020 also contributed to lower disbursements.

Total revenue increased by 14% to Rs. 3,479 million (March 2019: Rs. 3,061 million) despite the decrease in lease and loan portfolio from Rs. 22.6 billion in June 2019 to Rs. 20.9 billion as on March 31, 2020. This was mainly the result of a sharp rise in interest rates throughout most of the reporting period.

Higher interest rates in the Country were also reflected in finance cost of Rs. 1,437 million (March 2019: Rs. 1,113 million) being 29% higher than last year.

Administrative and general expenses at Rs. 899 million were controlled and, despite inflationary pressure, were just 1% higher than Rs. 887 million incurred in the corresponding period of FY2019.

Overdue accounts have risen in last few months and the pandemic is likely to impact default rate further. On a conservative basis, provision for bad debts of Rs. 49 million was recorded during the first nine months of FY2020. In the same period last year, a reversal of Rs. 163 million was made due to adoption of a statistical based provisioning methodology.

Conditions remain fluid and while it is still early to predict the eventual economic impact of the pandemic, the Company is conducting an extensive impact / mitigation assessment of its portfolio to determine the possible repercussions on provisioning and future cash flows. The full implications of the lockdown and its impact on the Company's profits for the current financial year would be more visible over the next few months. It remains to be seen whether Government measures would prove sufficient for bringing businesses back on track. OLP is also making full efforts to ensure the health and safety of its employees by adopting prudent measures for keeping the business running.

Performance of the Group

In compliance with section 227 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 nine month period ended March 31, 2020.

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

	Nine months period ended	
	March 2020	March 2019
	-----Rupees-----	
Profit before taxation	1,022,063,227	1,125,326,116
Taxation	284,720,484	323,841,136
Net profit for the period after taxation	737,342,743	801,484,980
Profit attributable to Equity shareholders of the Holding Company	674,967,480	751,634,802
Profit attributable to non-controlling interest	62,375,263	49,850,178
Earnings per share – basic and diluted	4.04	4.50

On behalf of the Board:



 Shaheen Amin
 Chief Executive Officer
 April 30, 2020



 Khalid Aziz Mirza
 Chairman

ORIX Leasing Pakistan Limited
Unconsolidated Condensed Interim Statement of Financial Position
As at March 31, 2020

		(Un-audited) March 31, 2020	(Audited) June 30, 2019
ASSETS	Note	(Rupees)	
Non-current assets			
Fixed assets	5	1,204,567,282	1,190,789,544
Intangible assets	6	13,532,157	18,349,641
Net investment in finance lease	7	15,895,699,336	17,955,603,086
Current maturity		(7,949,960,804)	(9,151,970,240)
Allowance for potential lease losses		(696,660,280)	(669,018,735)
		(8,646,621,084)	(9,820,988,975)
		7,249,078,252	8,134,614,111
Investment in subsidiaries		322,374,294	322,374,294
Investment in associate		982,160,375	942,321,227
Long-term investments	8	489,831,299	396,353,520
Long-term finances and loans		2,565,635,240	2,207,532,344
Long-term deposits		12,907,566	12,390,066
		12,840,086,465	13,224,724,747
Current assets			
Advances and prepayments		26,248,605	40,410,228
Short-term finances		266,392,301	285,006,782
Accrued return on investments and term finance		113,840,665	102,798,425
Current maturity of non-current assets	9	10,109,290,663	11,433,548,335
Other receivables		38,970,050	32,887,347
Short-term investments	10	222,505,920	394,438,716
Defined benefit plan asset		8,808,244	8,808,244
Cash and bank balances		150,991,928	174,313,423
		10,937,048,376	12,472,211,500
Assets classified as held for sale	11	273,840,509	293,867,662
		24,050,975,350	25,990,803,909
Total assets			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		3,500,000,000	3,500,000,000
350,000,000 (June 30, 2019: 350,000,000) ordinary shares of Rs.10 each			
Issued, subscribed and paid-up capital	12	1,670,549,020	1,670,549,020
Reserves		5,967,543,142	6,342,539,724
		7,638,092,162	8,013,088,744
Non-current liabilities			
Long-term finances	13	4,922,860,901	6,310,419,269
Long-term certificates of deposit		2,685,085,984	2,819,697,418
Deferred taxation		612,833,336	699,540,763
Other long-term liabilities		286,703,826	164,902,777
		8,507,484,047	9,994,560,227
Current liabilities			
Trade and other payables		505,677,341	909,317,038
Accrued interest / mark-up / profit on loans, finances and certificates of deposit		305,037,236	323,580,085
Unpaid dividend		334,109,804	-
Unclaimed dividend		25,182,231	22,561,209
Short-term borrowings	14	1,248,003,053	1,332,642,374
Short-term certificates of deposit		780,614,303	695,436,338
Taxation - net		382,989,875	211,827,766
Current maturity of non-current liabilities	15	4,323,785,298	4,487,790,128
		7,905,399,141	7,983,154,938
		24,050,975,350	25,990,803,909
Total equity and liabilities			
Contingencies and commitments			
	16		

The annexed notes 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

ORIX Leasing Pakistan Limited
Unconsolidated Condensed Interim Statement of Profit or Loss (UN-AUDITED)
For the nine months period and quarter ended March 31, 2020

		Nine months period ended		Quarter ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Note		(Rupees)			
INCOME					
Income from operations					
Finance leases		2,322,018,352	2,080,587,436	736,741,280	740,807,398
Operating leases		150,758,274	175,351,631	51,924,194	59,865,094
Mark-up on term finance		721,602,160	572,353,920	247,267,010	198,507,206
		<u>3,194,378,786</u>	<u>2,828,292,987</u>	<u>1,035,932,484</u>	<u>999,179,698</u>
Income from other activities					
Other income - net	17	<u>257,408,138</u>	<u>195,386,709</u>	<u>98,534,778</u>	<u>57,432,333</u>
Share of profit of associate under equity accounting	18	<u>27,182,228</u>	<u>37,808,557</u>	<u>7,133,530</u>	<u>10,397,791</u>
		284,590,366	233,195,266	105,668,308	67,830,124
		<u>3,478,969,152</u>	<u>3,061,488,253</u>	<u>1,141,600,792</u>	<u>1,067,009,822</u>
EXPENSES					
Finance cost	19	<u>1,436,997,192</u>	<u>1,112,734,010</u>	<u>469,890,194</u>	<u>402,011,152</u>
Administrative and general expenses		<u>899,254,479</u>	<u>887,133,916</u>	<u>305,362,431</u>	<u>298,841,182</u>
Direct cost		<u>125,868,185</u>	<u>138,737,109</u>	<u>42,898,489</u>	<u>45,757,551</u>
		2,462,119,856	2,138,605,035	818,151,114	746,609,885
Profit before provision and taxation		<u>1,016,849,296</u>	<u>922,883,218</u>	<u>323,449,678</u>	<u>320,399,937</u>
Provision / (reversal of provision) for potential leases and other loan losses - net		<u>60,816,539</u>	<u>(173,885,878)</u>	<u>47,308,396</u>	<u>(48,759,840)</u>
Other (reversal of provision) / provision - net		<u>(12,053,988)</u>	<u>10,437,418</u>	<u>(103,723)</u>	<u>2,592,078</u>
		48,762,551	(163,448,460)	47,204,673	(46,167,762)
Profit before taxation		<u>968,086,745</u>	<u>1,086,331,678</u>	<u>276,245,005</u>	<u>366,567,699</u>
Taxation - Current		<u>344,644,375</u>	<u>181,377,243</u>	<u>63,372,660</u>	<u>65,355,304</u>
- Prior		<u>(663,811)</u>	<u>-</u>	<u>-</u>	<u>-</u>
- Deferred		<u>(59,260,080)</u>	<u>140,579,210</u>	<u>32,514,189</u>	<u>44,216,149</u>
		284,720,484	321,956,453	95,886,849	109,571,453
Net profit for the period after taxation		<u>683,366,261</u>	<u>764,375,225</u>	<u>180,358,156</u>	<u>256,996,246</u>
Earnings per share - basic and diluted	25	4.09	4.58	1.08	1.54

The annexed notes 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

ORIX Leasing Pakistan Limited
Unconsolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Un-Audited)
For the nine months period and quarter ended March 31, 2020

	<u>Nine months period ended</u>		<u>Quarter ended</u>	
	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>(Rupees)</u>			
Profit for the period after taxation	683,366,261	764,375,225	180,358,156	256,996,246
Other comprehensive income				
<i>Items that will be reclassified to statement of profit or loss</i>				
Exchange gain arising on translation of foreign associates - net of deferred tax	9,977,321	82,564,328	51,515,311	8,668,266
<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	(107,680,824)	(32,293,130)	(37,325,469)	(32,264,419)
Share of other comprehensive income of associate under equity accounting	(93,653)	(990,809)	(427,220)	-
	(107,774,477)	(33,283,939)	(37,752,689)	(32,264,419)
Total comprehensive income for the period	<u>585,569,105</u>	<u>813,655,614</u>	<u>194,120,778</u>	<u>233,400,093</u>

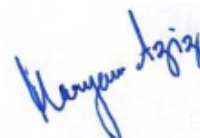
The annexed notes 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

ORIX Leasing Pakistan Limited
Unconsolidated Condensed Interim Statement of Changes in Equity
For the nine months period ended March 31, 2020

	Issued, subscribed and paid-up capital	Reserves					Unappropriated profit	Total Reserves	Total shareholders equity
		Capital 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 nine months period ended March 31, 2019									
Profit for the period	-	-	-	-	-	-	764,375,225	764,375,225	764,375,225
Other comprehensive income / (loss)	-	-	-	82,564,328	(32,293,130)	-	(990,809)	49,280,389	49,280,389
Total comprehensive income for the period	-	-	-	82,564,328	(32,293,130)	-	763,384,416	813,655,614	813,655,614
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, 2019	-	-	-	-	-	-	(417,637,257)	(417,637,257)	(417,637,257)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of	-	-	-	-	-	(5,121,540)	5,121,540	-	-
Balance as at March 31, 2019 (un-audited)	1,670,549,020	1,585,210,523	1,255,031,986	132,412,472	(70,487,048)	304,604,285	2,764,307,872	5,971,080,090	7,641,629,110
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 nine months period ended March 31, 2020									
Profit for the period	-	-	-	-	-	-	683,366,261	683,366,261	683,366,261
Other comprehensive income / (loss)	-	-	-	9,977,321	(107,680,824)	-	(93,653)	(97,797,156)	(97,797,156)
Total comprehensive income for the period	-	-	-	9,977,321	(107,680,824)	-	683,272,608	585,569,105	585,569,105
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, 2020	-	-	-	-	-	-	(626,455,883)	(626,455,883)	(626,455,883)
Interim cash dividend @ Rs.2 per ordinary share of Rs. 10.00 each for the year ended June 30, 2020	-	-	-	-	-	-	(334,109,804)	(334,109,804)	(334,109,804)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	-	-	(5,121,540)	5,121,540	-	-
Balance as at March 31, 2020 (un-audited)	1,670,549,020	1,585,210,523	1,459,535,379	249,565,597	(177,863,083)	297,775,565	2,553,319,161	5,967,543,142	7,638,092,162

The annexed notes 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer

ORIX Leasing Pakistan Limited
Unconsolidated Condensed Interim Statement of Cash Flows (Un-Audited)
For the nine months period ended March 31, 2020

		Nine months period ended March 31, 2020	March 31, 2019
	Note	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation for the period		968,086,745	1,086,331,678
Adjustments for:			
Depreciation and amortisation		176,189,688	172,145,502
Amortisation of transaction cost	19	2,719,406	6,741,548
Provision / (reversal of provision) for potential lease and other loan losses - net		60,816,539	(173,885,878)
Other (reversal of provision) / provision - net		(12,053,988)	10,437,418
Charge for defined benefit plan		15,840,349	15,431,706
Share of profit of associate under equity accounting		(27,182,228)	(37,808,557)
Fair value changes on remeasurement of financial assets at fair value through profit or loss		(2,273,844)	12,828
Finance cost		1,434,277,786	1,105,992,462
Dividend income		(12,021,063)	11,767,871
Return on investments and deposit		(62,859,144)	(48,075,445)
Loss / (gain) on disposal of fixed assets		171,848	(1,132,016)
		<u>1,573,625,349</u>	<u>1,061,627,439</u>
Operating cash flows before working capital changes		2,541,712,094	2,147,959,117
Decrease / (increase) in operating assets			
Investment in finance lease - net		2,062,398,238	602,696,858
Long-term finances and loans - net		(309,283,418)	(42,162,085)
Short-term finances		914,912	(52,490,853)
Long-term deposits		(517,500)	(251,406)
Advances and prepayments		8,424,099	2,601,646
Other receivables		6,212,919	(30,281,033)
		1,768,149,250	480,113,127
Increase / (decrease) in operating liabilities			
Other long term liabilities - net		(301,919,518)	(364,593,765)
Trade and other payables		(402,654,152)	228,905,054
		<u>(704,573,670)</u>	<u>(135,688,711)</u>
Cash generated from operating activities		3,605,287,674	2,492,383,533
Payment against staff retirement benefits		(14,406,534)	(35,401,390)
Sindh Workers' Welfare Fund paid		(985,545)	-
Income tax paid		(172,818,455)	(177,178,595)
		<u>(188,210,534)</u>	<u>(212,579,985)</u>
Net cash generated from operating activities		3,417,077,140	2,279,803,548
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred - own use and intangible assets		(40,517,789)	(72,558,425)
Capital expenditure incurred - Ijarah		(9,450,000)	-
Proceeds from disposal of assets - own use		4,173,251	7,877,495
Proceeds from sale of Ijarah finance assets		-	5,269,008
Investments - net		31,255,419	191,117,573
Dividend received		12,021,063	(11,767,871)
Interest received		34,878,978	36,971,899
Net cash generated from investing activities		32,360,922	156,909,679
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term finance		1,500,000,000	4,000,000,000
Short-term borrowings - net		(250,000,000)	(645,000,000)
Certificates of deposit redeemed / issued - net		(107,780,254)	(1,024,050,391)
Repayment of long term loans and finances		(3,023,305,785)	(3,041,282,849)
Finance cost paid		(1,112,628,977)	(749,448,461)
Payment of lease liability against right-of-use assets		(20,570,357)	-
Dividend paid		(623,834,863)	(623,322,488)
Net cash used in financing activities		(3,638,120,236)	(2,083,104,189)
Net increase in cash and cash equivalents		(188,682,174)	353,609,038
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	24	<u>(1,097,011,125)</u>	<u>(856,934,200)</u>

The annexed notes 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

ORIX Leasing Pakistan Limited
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
For the nine months period ended March 31, 2020

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 March 04, 2020.

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 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 March 31, 2019.

2.5 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:

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 lease.

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 March 31, 2020 are as follows:

	March 31, 2020	July 1, 2019
	(Rupees)	
Lease liability against right-of-use assets	127,169,031	126,411,006

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.

	March 31, 2020	July 1, 2019
	(Rupees)	
The recognised right-of-use asset relate to the following type of asset:		
Rented premises	122,032,142	132,115,778

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 assets	122,032,142	132,115,778
Decrease in advances and prepayments	(4,245,412)	(5,704,772)
Increase in taxation - net	2,720,867	-
	120,507,597	126,411,006
Increase in lease liability against right-of-use asset	127,169,031	126,411,006
Decrease in net assets	(6,661,433)	-

Impact on Unconsolidated Condensed Interim Statement of Profit or Loss

	March 31, 2020 (Rupees)
Increase in mark-up-expense - lease liability against right-of-use asset	(12,308,315)
Increase in depreciation on right-of-use asset	(17,644,342)
Decrease in rent expense	20,570,357
Decrease in profit before taxation	(9,382,300)
Decrease in taxation - net	2,720,867
Decrease in profit after taxation	(6,661,433)

Earnings per share for the nine months ended March 31, 2020 decreased by Rs. 0.004 per share 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 or to have any significant effect on these unconsolidated condensed interim financial statements other than those disclosed in note 3.1.1 above.

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 Company's risk management policies are the same as disclosed in the financial statements for the year ended June 30, 2019 except for the following additional considerations due to the COVID-19.

COVID-19, and the measures taken to reduce its spread, has impacted the Pakistan economy significantly. The financial sector is likely to face an increase in overall credit and default risk pertaining to exposures to certain sectors, reduced income due to slowdown in business and economic activity and operational issues such as managing cyber security threat. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact.

The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 425 basis points to 9 percent during the months of March and April 2020 and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. These include allowing financial institutions to defer clients' payment of principal on loan obligations by one year and relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief beyond the extension of principal repayment for one year. Securities and Exchange Commission of Pakistan (SECP) has issued similar measures for the NBFC sector.

The Company is conducting extensive assessments to identify customers operating in sectors which are most likely to get affected and has further strengthened its credit review procedures. Based on the impact assessment on the portfolio as at March 31, 2020, the Company has downgraded customers at heightened risk levels on a subjective basis and is expecting to receive applications for deferral of principal and markup from more customers. The liquidity position, future cash flows and availability of credit lines are being continuously monitored and due precautionary measures are being taken where needed. The Company is closely monitoring the situation and has invoked required actions to ensure safety and security of staff and an uninterrupted service to customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

	Note	(Un-audited) March 31, 2020	(Audited) June 30, 2019
5 FIXED ASSETS		----- (Rupees) -----	
Own use		580,073,437	585,090,492
Operating lease		136,898,690	144,475,394
Ijarah finance		365,563,013	461,223,658
Right-of-use assets	5.1	122,032,142	-
		<u>1,204,567,282</u>	<u>1,190,789,544</u>

5.1 This represents right-of-use assets capitalised 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 nine months period ended March 31, 2020:

	Own use		Right-of-use assets		Asset under Ijarah financing	
	Additions / Transfer	Disposals / Transfer	Additions	Disposals / adjustments	Additions	Disposals
	----- (Rupees) -----					
Generators / Machinery	15,924,021	-	-	-	-	4,000,000
Right-of-use assets	-	-	22,423,812	14,863,105	-	-
Leasehold improvements	64,590,109	2,299,365	-	-	-	-
Furniture, fittings and office equipment	5,154,994	1,121,000	-	-	-	-
Computers and accessories	8,465,400	35,000	-	-	-	-
Vehicles	3,346,785	7,361,000	-	-	9,450,000	29,058,500
Capital work in progress (CWIP)	16,155,133	76,625,231	-	-	-	-
March 31, 2020	113,636,442	87,441,596	22,423,812	14,863,105	9,450,000	33,058,500
March 31, 2019	67,910,091	23,187,075	-	-	-	86,551,402

	Note	(Un-audited) March 31, 2020	(Audited) June 30, 2019
6 INTANGIBLE ASSETS		----- (Rupees) -----	
Computer software and license	6.1	<u>13,532,157</u>	<u>18,349,641</u>

6.1 Additions / transfers amounting to Rs. 3,160,689 (March 2019: Rs. 4,648,334) were made to intangible assets during the nine months period ended March 31, 2020.

	Note	(Un-audited) March 31, 2020	(Audited) June 30, 2019
7 NET INVESTMENT IN FINANCE LEASE		----- (Rupees) -----	
Instalment contract receivables		19,755,335,710	22,287,465,719
Residual value		8,076,152,999	8,457,924,284
Less: adjustable security deposit		8,051,279,446	8,427,394,395
		19,780,209,263	22,317,995,608
Less: unearned finance income		3,884,509,927	4,362,392,522
		<u>15,895,699,336</u>	<u>17,955,603,086</u>

8 LONG-TERM INVESTMENTS

Amortised cost

Pakistan Investment Bonds (PIBs)		440,598,620	268,623,384
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At fair value through other comprehensive income

Al Hail ORIX Finance PSC		279,097,858	279,097,858
Less: Deficit on remeasurement	8.1	(229,865,179)	(90,919,910)
		49,232,679	188,177,948
Less: current maturity		-	60,447,812
		<u>489,831,299</u>	<u>396,353,520</u>

8.1 During the period, the Company reassessed the fair value of its investment in Al Hail ORIX Finance PSC and recorded Rs. 138.945 million as decrease in its fair value.

	Note	(Un-audited) March 31, 2020	(Audited) June 30, 2019
		----- (Rupees) -----	
9 CURRENT MATURITY OF NON-CURRENT ASSETS			
Current maturity of:			
Net investment in finance lease		7,949,960,804	9,151,970,240
Long-term finances and loans		2,159,329,859	2,221,130,283
Long-term investments		-	60,447,812
		<u>10,109,290,663</u>	<u>11,433,548,335</u>
10 SHORT-TERM INVESTMENTS			
At fair value through profit or loss			
Treasury bills		207,525,248	380,501,894
Term finance certificates		-	7,500,000
		<u>207,525,248</u>	<u>388,001,894</u>
At fair value through other comprehensive income			
Ordinary shares - unlisted		14,980,672	13,936,822
Less: allowance for potential losses		-	7,500,000
		<u>222,505,920</u>	<u>394,438,716</u>
11 ASSETS CLASSIFIED AS HELD FOR SALE			
Repossessed assets		9,343,073	29,370,226
Investments in associates			
- 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>273,840,509</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) March 31, 2020	(Audited) June 30, 2019	(Un-audited) March 31, 2020	(Audited) June 30, 2019
----- (Number of Shares) -----		----- (Rupees) -----	
106,485,517	106,485,517	Ordinary shares of Rs. 10 each	
58,386,847	58,386,847	Fully paid in cash	1,064,855,170
2,182,538	2,182,538	Fully paid bonus shares	583,868,470
<u>167,054,902</u>	<u>167,054,902</u>	Fully paid shares against amalgamation	21,825,380
		<u>1,670,549,020</u>	<u>1,670,549,020</u>
13 LONG-TERM FINANCES - Secured			
Long-term finances utilised under mark-up arrangements - financial institutions		8,543,749,997	10,058,035,712
Less: unamortised transaction cost		1,444,653	4,164,059
Less: current maturity	15	<u>3,619,444,443</u>	<u>3,743,452,384</u>
		<u>3,620,889,096</u>	<u>3,747,616,443</u>
		<u>4,922,860,901</u>	<u>6,310,419,269</u>

	Note	(Un-audited) March 31, 2020	(Audited) June 30, 2019
		----- (Rupees) -----	
14 SHORT-TERM BORROWINGS - Secured			
From Banking Companies			
Running finance arrangements		1,248,003,053	1,082,642,374
Short-term loans		-	250,000,000
		<u>1,248,003,053</u>	<u>1,332,642,374</u>
15 CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Current maturity of:			
Long-term finances	13	3,619,444,443	3,743,452,384
Lease liability against right-of-use assets		18,349,896	-
Long-term certificates of deposit		<u>685,990,959</u>	<u>744,337,744</u>
		<u>4,323,785,298</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 the note 32 to the annual published unconsolidated audited 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 has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the Company by the CIR-A which is pending for adjudication.			
Based on the 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 (rectification 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 has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the Company by the CIR-A which is pending for adjudication.			
Based on the 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 On September 26, 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.			
16.2 Leases committed but not executed at the reporting date amounted to Rs. 30.35 million (June 30, 2019: Rs. 82.07 million).			
16.3 Commitments relating to capital expenditure at the reporting date amounted to Rs. 8.69 million (June 30, 2019: Rs. 15.75 million).			

		(Un-audited)	
		Nine months period ended	
		March 31, 2020	March 31, 2019
		(Rupees)	
17	OTHER INCOME - NET		
	Income from investments	77,154,051	59,831,100
	Other fees and income	180,254,087	135,555,609
		<u>257,408,138</u>	<u>195,386,709</u>

18 SHARE OF PROFIT OF ASSOCIATE UNDER EQUITY ACCOUNTING

(Un-audited)				
Name of associate	Nine months period ended March 31, 2020		Nine months period ended March 31, 2019	
	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>1,359,111,465</u>	<u>27,182,228</u>	<u>1,890,427,848</u>	<u>37,808,557</u>

		(Un-audited)	
		Nine months period ended	
		March 31, 2020	March 31, 2019
		(Rupees)	
19	FINANCE COST		
	Interest / mark-up / profit on:		
	- Long-term finances	1,004,101,215	687,210,738
	- Short-term borrowings	79,860,773	101,803,659
	- Certificates of deposit	328,961,469	303,731,172
	- Lease liability against right-of-use assets	12,308,312	-
	Amortisation of transaction cost	2,719,406	6,741,548
	Bank charges	9,046,017	13,246,893
		<u>1,436,997,192</u>	<u>1,112,734,010</u>

20 OTHER (REVERSAL OF PROVISION) / PROVISIONS - NET

Operating lease, investments and other receivables

Reversal of provision against other receivables and investments

Provision / (reversal of provision) against ijarah receivable

(4,556,865)	314,953
<u>1,451,746</u>	<u>(2,462,164)</u>
(3,105,119)	(2,147,211)

Others

(Reversal of impairment) / impairment on assets classified
as 'held for sale'

(8,948,869)	12,584,629
<u>(12,053,988)</u>	<u>10,437,418</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'.

March 31, 2020				
Finance lease	Finances and loans	Operating lease and Ijarah	Investment in subsidiaries, associates & others	Total

(Rupees)

Segment analysis for the nine months

period ended March 31, 2020 - (Un-audited)

Segment revenues	2,471,304,476	735,426,329	150,775,274	121,463,073	3,478,969,152
Finance cost	992,651,868	275,472,810	32,040,269	136,832,245	1,436,997,192
Administrative and general expenses	687,466,501	181,071,362	30,716,616	-	899,254,479
Direct cost	10,655,040	676,948	114,536,197	-	125,868,185
(Reversals) / provision-net	30,136,031	30,680,508	1,451,746	(13,505,734)	48,762,551
Segment results	750,395,036	247,524,701	(27,969,554)	(1,863,438)	968,086,745
Provision for taxation					(284,720,484)
Profit for the period					683,366,261

Segment assets and liabilities for the

nine months period ended March 31, 2020 (Un-audited)

Segment assets	15,208,382,130	4,858,034,629	502,461,703	2,287,019,544	22,855,898,006
Unallocated assets					1,195,077,344
Total assets					24,050,975,350
Segment liabilities	60,677,186	4,558,700	5,503,330	-	70,739,216
Unallocated liabilities					16,342,143,972
Total liabilities					16,412,883,188

Other information

Capital expenditure	-	-	9,450,000	-	9,450,000
Depreciation	-	-	112,687,346	-	112,687,346
Unallocated capital expenditure	-	-	-	-	62,941,601
Unallocated depreciation and amortisation	-	-	-	-	63,502,342

March 31, 2019				
Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	Total

(Rupees)

Segment analysis for the nine months

period ended March 31, 2019 - (Un-audited)

Segment revenues	2,169,579,428	585,481,561	175,694,131	130,733,133	3,061,488,253
Finance cost	782,432,370	196,284,298	30,837,461	103,179,881	1,112,734,010
Administrative and general expenses	683,728,253	167,339,644	36,066,019	-	887,133,916
Direct cost	9,511,770	866,327	128,359,012	-	138,737,109
(Reversals) / provision-net	(160,868,665)	(432,586)	(603,627)	(1,543,582)	(163,448,460)
Segment result	854,775,700	221,423,878	(18,964,734)	29,096,834	1,086,331,678
Provision for taxation					(321,956,453)
Profit for the period					764,375,225

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

Other information

Capital expenditure	-	-	-	-	-
Depreciation	-	-	122,127,826	-	122,127,826
Unallocated capital expenditure	-	-	-	-	72,558,425
Unallocated depreciation and amortisation	-	-	-	-	50,017,676

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)	
	Nine months period ended	
	March 31, 2020	March 31, 2019
	(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	7,504,352	2,502,909
ORIX Modaraba - Subsidiary - 20% ownership		
Dividend income	11,345,883	11,345,883
Reimbursement of cost	372,828	379,275
ORIX Leasing Pakistan Limited-Employees Provident Fund (OLP - EPF)		
Contribution paid	23,301,616	22,649,038
ORIX Leasing Pakistan Limited-Staff Gratuity Fund (OLP - SGF)		
Contribution paid	14,406,534	35,401,390
Charity / Donation paid - Common Directorship		
The Layton Rahmatullah Benevolent Trust	1,000,000	1,250,000
The Indus Hospital	1,000,000	500,000
Other related party transactions during the period		
Directors and Key Management Personnel		
Compensation of directors and key management personnel		
Directors' fees paid	3,000,000	3,400,000
Short-term employee benefits	142,390,129	121,664,115
Retirement benefits	8,528,926	8,912,730
Total compensation of directors and key management personnel	153,919,055	133,976,845
Other transactions with Key Management Personnel		
Issuance of certificates of deposit	700,000	400,000
Redemption of certificates of deposit	200,000	1,310,000
Amount of profit on certificates of deposit	141,797	242,991
Staff loans disbursed	11,486,937	4,924,561
Interest recovered on staff loans	1,506,792	1,086,750
Principal recovered on staff loans	16,885,552	8,723,075

	(Un-audited) March 31, 2020	(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	49,232,679	188,177,948
Investment in associates		
- Saudi ORIX Leasing Company	982,160,375	942,321,227
Certificates of deposit held	2,600,000	2,100,000
Accrued profit on certificates of deposit payable	14,421	9,561
Outstanding loans to Key Management Personnel	23,548,368	23,102,538
Receivable from Saudi ORIX Leasing Company - Associate	5,092,042	754,396
Dividend payable to ORIX Corporation, Japan - Parent Company	165,639,078	-
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 values 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).

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:

March 31, 2020 (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

AI Hail ORIX Finance PSC	-	-	49,232,679	49,232,679
Ordinary shares - unlisted	-	-	14,980,672	14,980,672

Financial assets at fair value through profit or loss

Treasury bills	-	207,525,248	-	207,525,248
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Non-financial assets

Fixed assets (Leasehold land and building)	-	-	387,715,093	387,715,093
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Total	-	207,525,248	451,928,444	659,453,692
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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

AI 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
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Non-financial assets

Fixed assets (Leasehold land and building)	-	-	396,621,405	396,621,405
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Total	-	380,501,894	598,736,175	979,238,069
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		(Un-audited)	
		Nine months period ended	
		March 31, 2020	March 31, 2019
		(Rupees)	
24	CASH AND CASH EQUIVALENTS		
	Cash at bank	149,269,545	94,984,255
	Cash in hand	1,722,383	1,687,348
		150,991,928	96,671,603
	Running finance arrangements	(1,248,003,053)	(953,605,803)
		(1,097,011,125)	(856,934,200)
25	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit for the period after taxation	683,366,261	764,375,225
		(Number of Shares)	
	Weighted average number of ordinary shares	167,054,902	167,054,902
		(Rupees)	
	Earnings per share - basic and diluted	4.09	4.58

- 25.1** Diluted earnings per share has not been presented separately as the Company does not have any convertible instruments in issue as at March 31, 2020 and March 31, 2019, 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 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on April 30, 2020 by the Board of Directors of the Company.



Chief Executive Officer



Director



Chief Financial Officer

ORIX Leasing Pakistan Limited
Consolidated Condensed Interim Statement of Financial Position
As at March 31, 2020

		(Un-audited) March 31, 2020	(Audited) June 30, 2019
	Note		
		-----Rupees-----	
ASSETS			
Non-current assets			
Fixed assets	5	4,158,337,443	4,338,066,725
Intangible assets	6	67,679,066	81,938,905
Net investment in finance lease	7	15,895,699,336	17,955,603,086
Current maturity		(7,949,960,804)	(9,151,970,240)
Allowance for potential lease losses		(696,660,280)	(669,018,735)
		(8,646,621,084)	(9,820,988,975)
		7,249,078,252	8,134,614,111
Investment in associates		982,160,375	942,321,227
Long-term investments	8	499,333,379	407,342,320
Long-term finances and loans		4,431,594,988	4,235,619,137
Long-term deposits		12,907,566	12,390,066
		17,401,091,069	18,152,292,491
Current assets			
Advances and prepayments		236,315,524	192,821,561
Short-term finances		266,392,301	285,006,782
Accrued return on investments and term finance		113,840,665	135,034,672
Current maturity of non-current assets	9	11,234,805,220	12,489,841,573
Other receivables		181,998,289	147,089,203
Short-term investments	10	222,505,920	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		727,519,579	616,220,762
		12,992,555,742	14,269,631,513
Assets classified as held for sale	11	273,840,509	293,867,662
Total assets		30,667,487,320	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		5,926,236,516	6,309,631,878
Total equity attributable to equity holder of the Holding Company		7,596,785,536	7,980,180,898
Non-controlling interest		951,582,232	979,976,301
		8,548,367,768	8,960,157,199
Non-current liabilities			
Long-term finances	13	5,456,394,055	7,411,171,148
Long-term certificates of deposit		2,685,085,984	2,819,697,418
Long-term deposits		431,707,359	460,371,219
Deferred taxation		612,833,336	699,540,763
Other long-term liabilities		286,703,826	164,902,777
Redeemable capital		38,800,000	37,750,000
		9,511,524,560	11,593,433,325
Current liabilities			
Trade and other payables		729,669,650	1,158,069,669
Accrued interest / mark-up on loans, finances and certificates of deposit		449,873,015	449,397,319
Unpaid dividend		334,109,804	-
Unclaimed dividend		84,943,438	78,313,447
Short-term borrowings	14	1,248,003,053	1,332,642,374
Short-term certificates of deposit		780,614,303	695,436,338
Taxation-net		358,421,131	191,242,328
Current maturity of non-current liabilities	15	8,621,960,598	8,257,099,667
		12,607,594,992	12,162,201,142
Total equity and liabilities		30,667,487,320	32,715,791,666
Contingencies and Commitments			
	16		

The annexed notes 1 to 27 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

ORIX Leasing Pakistan Limited
Consolidated Condensed Interim Statement of Profit or Loss (Un-audited)
For the nine months period and quarter ended March 31, 2020

Note	Nine months period ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
-----Rupees-----				
INCOME				
Income from operations				
Finance leases	2,322,018,355	2,080,587,436	736,741,283	740,807,398
Operating leases	1,288,612,010	1,452,168,149	428,036,452	506,478,609
Mark-up on term finance	1,074,820,840	804,408,877	369,219,560	289,132,674
	<u>4,685,451,205</u>	<u>4,337,164,462</u>	<u>1,533,997,295</u>	<u>1,536,418,681</u>
Income from other activities				
Other income - net	17 335,351,221	233,428,803	121,743,266	82,053,251
Share of profit of associate under equity accounting	18 27,182,228	37,808,557	7,133,530	10,397,791
	<u>362,533,449</u>	<u>271,237,360</u>	<u>128,876,796</u>	<u>92,451,042</u>
	<u>5,047,984,654</u>	<u>4,608,401,822</u>	<u>1,662,874,091</u>	<u>1,628,869,723</u>
EXPENSES				
Finance cost	19 1,910,364,839	1,428,317,942	630,383,915	527,815,571
Administrative and general expenses	1,061,121,860	1,029,955,220	360,755,952	348,951,565
Direct cost	993,966,573	1,186,579,541	329,385,999	405,918,548
	<u>3,965,453,272</u>	<u>3,644,852,703</u>	<u>1,320,525,866</u>	<u>1,282,685,684</u>
Profit before provision and taxation	<u>1,082,531,382</u>	<u>963,549,119</u>	<u>342,348,225</u>	<u>346,184,039</u>
Provision / (Reversal of provision) for potential lease and other loan losses - net	69,435,248	(177,554,932)	47,284,530	(49,297,225)
Other (reversal) / provisions - net	20 (8,967,093)	15,777,935	795,894	3,992,466
	<u>60,468,155</u>	<u>(161,776,997)</u>	<u>48,080,424</u>	<u>(45,304,759)</u>
Profit before taxation	<u>1,022,063,227</u>	<u>1,125,326,116</u>	<u>294,267,801</u>	<u>391,488,798</u>
Taxation - Current	344,644,375	183,261,926	63,372,660	65,403,176
- Prior	(663,811)	-	-	-
- Deferred	(59,260,080)	140,579,210	32,514,189	44,216,149
	<u>284,720,484</u>	<u>323,841,136</u>	<u>95,886,849</u>	<u>109,619,325</u>
Net profit for the period after taxation	<u>737,342,743</u>	<u>801,484,980</u>	<u>198,380,952</u>	<u>281,869,473</u>
Profit attributable to				
Equity shareholders of the Holding Company	674,967,480	751,634,802	179,373,168	259,347,547
Non-controlling interest	62,375,263	49,850,178	19,007,784	22,521,926
	<u>737,342,743</u>	<u>801,484,980</u>	<u>198,380,952</u>	<u>281,869,473</u>
Earnings per share - basic and diluted	25 4.04	4.50	1.07	1.55

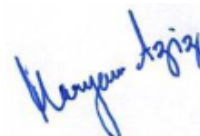
The annexed notes 1 to 27 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

ORIX Leasing Pakistan Limited
Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Un-audited)
For the nine months period and quarter ended March 31, 2020

	Nine months period ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Rupees			
Profit for the period after taxation attributable to:				
Equity shareholders of the Holding Company	674,967,480	751,634,802	179,373,168	259,347,547
Non-controlling interest	62,375,263	49,850,178	19,007,784	22,521,926
	737,342,743	801,484,980	198,380,952	281,869,473
Other comprehensive income				
<i>Items that will be subsequently reclassified to profit or loss</i>				
Exchange gain arising on translation of foreign associates - net of deferred tax	9,977,322	82,564,328	51,515,312	8,668,266
<i>Items that will not be subsequently reclassified to profit or loss</i>				
Fair value change on remeasurement of financial assets - net of deferred tax	(107,680,824)	(34,232,330)	(37,325,469)	(32,090,697)
Share of other comprehensive income of associates	(93,653)	(990,809)	(427,220)	-
	(107,774,477)	(35,223,139)	(37,752,689)	(32,090,697)
Total comprehensive income for the period	639,545,588	848,826,169	212,143,575	258,447,042
Total comprehensive income for the period attributable to:				
Equity shareholders of the Holding Company	577,170,325	798,975,991	193,135,791	235,925,116
Non-controlling interest	62,375,263	49,850,178	19,007,784	22,521,926
	639,545,588	848,826,169	212,143,575	258,447,042

The annexed notes 1 to 27 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

ORIX Leasing Pakistan Limited
Consolidated Condensed Interim Statement of Cash Flows (Un-audited)
For the nine months period ended March 31, 2020

	Note	March 31, 2020	March 31, 2019
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation for the period		1,022,063,227	1,125,326,116
Adjustments for:			
Depreciation and amortisation		1,057,171,846	1,237,290,022
Amortisation of transaction cost		2,719,406	6,741,548
Reversal of provision for potential lease and other loan losses - net		69,435,248	(177,554,932)
Other (reversal) / provisions - net		(12,053,988)	13,152,482
Provision for workers' welfare fund		1,783,046	1,515,144
Provision for service sales tax		1,303,849	1,110,309
Charge for defined benefit plan		15,840,349	15,431,706
Share of profit of equity accounted undertakings		(27,182,228)	(37,808,557)
Fair value changes on remeasurement of financial assets at fair value		(787,124)	12,828
Finance cost		1,900,978,113	1,408,932,903
Dividend income		(988,280)	(892,648)
Return on investments and deposits		(104,258,032)	(60,806,618)
Gain on disposal of fixed assets		(31,236,268)	(21,901,082)
		<u>2,872,725,937</u>	<u>2,385,223,105</u>
Operating profit before working capital changes		3,894,789,164	3,510,549,221
Decrease / (Increase) in operating assets			
Investment in finance lease - net		2,062,398,238	602,696,858
Long-term finances and loans - net		(224,996,403)	(318,469,690)
Short-term finances		914,912	(52,490,853)
Long-term deposits		(517,500)	(251,406)
Advances and prepayments		(9,506,267)	(32,570,718)
Other receivables		(27,194,188)	(46,162,808)
		<u>1,801,098,792</u>	<u>152,751,383</u>
Increase / (decrease) in operating liabilities			
Deposits from lessees - net		(10,652,599)	47,803,971
Other long term liabilities - net		(301,919,518)	(364,593,765)
Trade and other payables		(430,501,371)	266,649,048
		<u>(743,073,488)</u>	<u>(50,140,746)</u>
Cash generated from operating activities		<u>4,952,814,468</u>	<u>3,613,159,858</u>
Payment against staff retirement benefits			
Sindh Workers' Welfare Fund paid		(14,406,534)	(35,401,390)
Income tax paid		(985,545)	-
		<u>(176,801,755)</u>	<u>(178,984,588)</u>
		<u>(192,193,834)</u>	<u>(214,385,978)</u>
Net cash generated from operating activities		4,760,620,634	3,398,773,880
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred - own use and intangible assets		(42,087,447)	(73,952,486)
Capital expenditure incurred - ijarah finance		(1,156,439,333)	(1,374,177,327)
Proceeds from disposal of assets - own use		4,173,251	7,877,495
Proceeds from sale of ijarah finance assets		501,934,325	422,485,658
Investments - net		31,255,419	191,117,573
Dividend received		23,680,046	23,584,414
Interest received		73,369,615	49,670,873
Net cash used in investing activities		(564,114,124)	(753,393,800)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term loans - net		1,444,685,775	4,088,585,314
Short-term borrowings - net		(250,000,000)	(645,000,000)
Certificates of deposit redeemed / issued - net		(107,780,254)	(1,024,050,391)
Repayment of long-term loans and finances		(3,023,305,785)	(3,041,282,849)
Finance cost paid		(1,560,310,759)	(985,807,302)
Payment of lease liability against right-of-use assets		(20,570,357)	-
Dividend paid		(733,286,991)	(730,123,851)
Net cash used in financing activities		(4,250,568,371)	(2,337,679,079)
Net increase / (decrease) in cash and cash equivalents		<u>(54,061,861)</u>	<u>307,701,001</u>
Cash and cash equivalents at beginning of the period		<u>(466,421,613)</u>	<u>(785,422,044)</u>
Cash and cash equivalents at end of the period	24	(520,483,474)	(477,721,043)

The annexed notes 1 to 27 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

ORIX Leasing Pakistan Limited
Consolidated Condensed Interim Statement of Changes in Equity
For the nine months period ended March 31, 2020

	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 nine months period ended March 31, 2019										
Profit for the period	-	-	-	-	-	-	751,634,802	751,634,802	49,850,178	801,484,980
Other comprehensive income/(loss)	-	-	-	82,564,328	(34,232,330)	-	(990,809)	47,341,189	-	47,341,189
Total comprehensive income for the period	-	-	-	82,564,328	(34,232,330)	-	750,643,993	798,975,991	49,850,178	848,826,169
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	-	-	-	-	-	(5,121,540)	5,121,540	-	-	-
Balance as at March 31, 2019 (un-audited)	1,670,549,020	1,585,210,523	1,255,031,986	132,412,472	(70,404,228)	304,604,285	2,723,014,915	5,929,869,953	941,144,517	8,541,563,490
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
Total comprehensive income for the nine months period ended March 31, 2020										
Profit for the period	-	-	-	-	-	-	674,967,480	674,967,480	62,375,263	737,342,743
Other comprehensive income	-	-	-	9,977,322	(107,680,824)	-	(93,653)	(97,797,155)	-	(97,797,155)
Total comprehensive income for the period	-	-	-	9,977,322	(107,680,824)	-	674,873,827	577,170,325	62,375,263	639,545,588
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)
Interim cash dividend @ Rs.2 per ordinary share of Rs. 10.00 each for the year ended June 30, 2020	-	-	-	-	-	-	(334,109,804)	(334,109,804)	-	(334,109,804)
Profit distribution for the year ended June 30, 2019 @ Rs. 2.5 per certificate	-	-	-	-	-	-	-	-	(90,769,332)	(90,769,332)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	5,121,540	(5,121,540)	-	-	-
Balance as at March 31, 2020 (Un-audited)	1,670,549,020	1,585,210,523	1,459,535,379	249,565,598	(177,863,083)	308,018,645	2,501,769,454	5,926,236,516	951,582,232	8,548,367,768

The annexed notes 1 to 27 form an integral part of these consolidated condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

ORIX Leasing Pakistan Limited
Notes to and forming part of the Consolidated Condensed Interim Financial Information (Un-audited)
For the nine months period ended March 31, 2020

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 March 04, 2020.

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 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 associated undertakings are valued under equity accounting 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 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 March 31, 2019.

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

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 Group. IFRS 16 replace, 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 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 March 31, 2020 are as follows:

	March 31, 2020	July 1, 2019
Lease liability against right-of-use asset	<u>127,169,031</u>	<u>126,411,006</u>

On adoption of IFRS 16, the associated right-of-use assets 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:

	March 31, 2020	July 1, 2019
Rented premises	<u>122,032,142</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	122,032,142	132,115,778
Decrease in advances and prepayments	(4,245,412)	(5,704,772)
Increase in taxation-net	2,720,867	-
	<u>120,507,597</u>	<u>126,411,006</u>
Increase in lease liability against right-of-use assets	127,169,031	126,411,006
Decrease in net assets	<u>(6,661,433)</u>	<u>-</u>

**March 31,
2020**

Impact on Consolidated Condensed Interim Profit or Loss account

Increase in mark-up expense - Lease liability against right-of-use assets	(12,308,315)
Increase in depreciation on right-of-use assets	(17,644,342)
Decrease in rent expense	<u>20,570,357</u>
Decrease in profit before taxation	(9,382,300)
Decrease in taxation-net	<u>2,720,867</u>
Decrease in profit after taxation	<u>(6,661,433)</u>

Earnings per share for the nine months ended March 31, 2020 decreased by Rs. 0.004 per share 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 by Management 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 or to have any significant effect on these consolidated condensed interim financial statements other than those disclosed in note 3.1.1 above.

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 impacts 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 Company for the year ended June 30, 2019 except for the following additional considerations due to the COVID-19.

- 4.1 COVID-19, and the measures taken to reduce its spread, has impacted the Pakistan economy significantly. The financial sector is likely to face an increase in overall credit and default risk pertaining to exposures to certain sectors, reduced income due to slowdown in business and economic activity and operational issues such as managing cyber security threat. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact.

The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 425 basis points to 9 percent during the months of March and April 2020 and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. These include allowing financial institutions to defer clients' payment of principal on loan obligations by one year and relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief beyond the extension of principal repayment for one year. Securities and Exchange Commission of Pakistan (SECP) has issued similar measures for the NBFC sector.

The Group is conducting extensive assessments to identify customers operating in sectors which are most likely to get affected and has further strengthened its credit review procedures. Based on the impact assessment on the portfolio as at March 31, 2020, the Group has downgraded customers at heightened risk levels on a subjective basis and is expecting to receive applications for deferral of principal and markup from more customers. The liquidity position, future cash flows and availability of credit lines are being continuously monitored and due precautionary measures are being taken where needed. The Company is closely monitoring the situation and has invoked required actions to ensure safety and security of staff and an uninterrupted service to customers. Business Continuity Plans for respective areas are in place and tested. The Group has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network connections. Further, Group has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber attacks.

	Note	(Un-audited) March 31, 2020	(Audited) June 30, 2019
5 FIXED ASSETS		Rupees	
Own use		585,961,139	592,849,951
Operating lease		136,898,690	144,475,394
Ijarah finance		3,313,445,472	3,600,741,380
Right-of-use assets	5.1	122,032,142	-
		4,158,337,443	4,338,066,725

5.1 This represents right-of-use assets capitalised 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 nine months period ended March 31, 2020:

	Own use		Right-of-use assets		Assets under Ijarah financing	
	Additions / Transfers	Disposals / Transfers	Additions	Disposals / Adjustment	Additions	Disposals
	Rupees					
Generators / Machinery	15,924,021	-	-	-	759,228,633	543,121,983
Right-of-use assets	-	-	22,423,812	14,863,105	-	-
Leasehold improvements	64,590,109	2,299,365	-	-	-	-
Furniture, fittings and office equipment	5,154,994	1,121,000	-	-	-	-
Computers and accessories	10,035,058	157,000	-	-	-	-
Vehicles	3,346,785	7,361,000	-	-	397,210,700	806,204,040
Capital work in progress	16,155,133	76,625,231	-	-	-	-
March 31, 2020	115,206,100	87,563,596	22,423,812	14,863,105	1,156,439,333	1,349,326,023
March 31, 2019	68,430,634	23,187,075	-	-	1,374,177,327	1,313,425,657

	Note	(Un-audited) March 31, 2020	(Audited) June 30, 2019
6 INTANGIBLE ASSETS		Rupees	
Computer software and license	6.1	14,021,762	19,067,315
Goodwill		13,728,733	13,728,733
Customer relationship for Ijarah		39,928,571	49,142,857
		67,679,066	81,938,905

6.1 Additions / transfers amounting to Rs. 3,160,509 (March 2019: Rs. 5,521,852) were made to intangible assets during the nine months period ended March 31, 2020.

	Note	(Un-audited) March 31, 2020	(Audited) June 30, 2019
7 NET INVESTMENT IN FINANCE LEASE		Rupees	
Instalment contract receivables		19,755,335,710	22,287,465,719
Residual value		8,076,152,999	8,457,924,284
Less: adjustable security deposit		8,051,279,446	8,427,394,395
		19,780,209,263	22,317,995,608
Less: unearned finance income		3,884,509,927	4,362,392,522
		15,895,699,336	17,955,603,086

8 LONG-TERM INVESTMENTS

Amortised Cost

Pakistan Investment Bonds (PIBs)		440,598,620	268,623,384
Investment in Sukuk certificates	8.1	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)		9,502,080	10,988,800

At fair value through other comprehensive income

Al Hail ORIX Finance PSC	8.2	279,097,858	279,097,858
Less: fair value change on remeasurement of financial assets		(229,865,179)	(90,919,910)
		49,232,679	188,177,948
Less: current maturity		-	60,447,812
		49,232,679	127,730,136

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. 138.945 million as decrease in its fair value.

	Note	(Un-audited) March 31, 2020	(Audited) June 30, 2019
-----Rupees-----			
9 CURRENT MATURITY OF NON-CURRENT ASSETS			
Current maturity of:			
Net investment in finance lease		7,949,960,804	9,151,970,240
Long-term finances and loans		3,284,844,416	3,277,423,521
Long-term investments		-	60,447,812
		<u>11,234,805,220</u>	<u>12,489,841,573</u>
10 SHORT-TERM INVESTMENTS			
At fair value through profit or loss			
Treasury bills		207,525,248	380,501,894
Term finance certificates		-	7,500,000
		<u>207,525,248</u>	<u>388,001,894</u>
At fair value through other comprehensive income			
Ordinary shares - unlisted		14,980,672	13,936,822
Less: allowance for potential losses		-	7,500,000
		<u>222,505,920</u>	<u>394,438,716</u>
11 ASSETS CLASSIFIED AS HELD FOR SALE			
Repossessed assets		9,343,073	29,370,226
Investments in associates			
- 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>273,840,509</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) March 31, 2020	(Audited) June 30, 2019	(Un-audited) March 31, 2020	(Audited) June 30, 2019
----- (Number of Shares) -----		-----Rupees-----	
106,485,517	106,485,517	1,064,855,170	1,064,855,170
58,386,847	58,386,847	583,868,470	583,868,470
2,182,538	2,182,538	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>
Ordinary shares of Rs. 10 each			
Fully paid in cash		1,064,855,170	1,064,855,170
Fully paid bonus shares		583,868,470	583,868,470
Fully paid shares against amalgamation		21,825,380	21,825,380
		<u>1,670,549,020</u>	<u>1,670,549,020</u>
13 LONG-TERM FINANCES - Secured			
Long-term finances utilised under mark-up arrangements - financial institutions			
		9,782,307,649	11,991,707,589
Less: Unamortised transaction cost		1,444,653	4,164,059
Less: Current maturity	15	4,324,468,941	4,576,372,382
		<u>4,325,913,594</u>	<u>4,580,536,441</u>
		<u>5,456,394,055</u>	<u>7,411,171,148</u>
14 SHORT-TERM BORROWINGS- Secured			
From Banking Companies			
Running finance arrangements		1,248,003,053	1,082,642,374
Short-term loans		-	250,000,000
		<u>1,248,003,053</u>	<u>1,332,642,374</u>
15 CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Current maturity of:			
Long-term finances	13	4,324,468,941	4,576,372,382
Lease liability against right-of-use assets		18,349,896	-
		<u>4,342,818,837</u>	<u>4,576,372,382</u>
Long-term certificates of deposit		685,990,959	744,337,744
Long-term deposits		206,445,802	188,434,541
Current portion of redeemable capital		3,386,705,000	2,747,955,000
		<u>8,621,960,598</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 the note 33 to the annual published consolidated audited 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 against the Holding Company. 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 1, 2020 CIR-A disposed of the appeal with major relief to the Holding Company. The Holding Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the Holding Company by the CIR-A which is pending for adjudication.

Based on the merits of the case and the tax advisor's opinion, management considers that decision will be made in Group'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 demands of Rs. 911.5 million and Rs. 1,371.4 million respectively against the Holding Company. 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 (rectification 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 has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the Holding Company by the CIR-A which is pending for adjudication.

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

16.1.3 On September 26, 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 Holding Company for the quarter ended September 30, 2019 and additionally demanded Rs. 117.2 million. The Holding 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 Holding Company.

16.2 Leases committed but not executed at the reporting date amounted to Rs. 30.35 million (June 2019: Rs. 82.07 million).

16.3 Commitments relating to capital expenditure at the reporting date amounted to Rs. 8.69 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. 119.28 million) on behalf of its customers.

17 OTHER INCOME - NET

Income from investments
Other fees and income

(Un-audited)	
Nine months period ended	
March 31, 2020	March 31, 2019
-----Rupees-----	
118,996,873	49,391,217
216,354,348	184,037,586
335,351,221	233,428,803

18 SHARE OF PROFIT OF ASSOCIATE UNDER EQUITY ACCOUNTING

Name of associate	(Un-audited)			
	Nine months period ended March 31, 2020		Nine months period ended March 31, 2019	
	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	1,359,111,465	27,182,228	1,890,427,848	37,808,557

19 FINANCE COST

Interest / mark-up / profit on:

- Long-term finances
- Redeemable capital
- Musharika finance arrangements
- Short-term borrowings
- Certificates of deposit
- Lease liability against right-of-use assets

Amortisation of transaction costs
Bank charges

(Un-audited)	
Nine months period ended	
March 31, 2020	March 31, 2019
-----Rupees-----	
1,004,101,215	687,210,738
280,461,749	182,125,972
175,820,438	120,814,469
79,860,773	101,803,659
328,961,469	303,731,172
12,308,312	-
2,719,406	6,741,548
26,131,477	25,890,384
1,910,364,839	1,428,317,942

20 OTHER PROVISIONS - NET

Operating lease, investments and other receivables

Provision / (reversal) against other receivables and investments
Provision against Jjarah receivable

(4,556,865)	314,953
1,451,746	252,900
(3,105,119)	567,853

Others

Provision against Workers' Welfare Fund
Provision for services sales tax on Management Company's remuneration
(Reversal of impairment) / impairment of assets classified as 'held for sale'

1,783,046	1,515,144
1,303,849	1,110,309
(8,948,869)	12,584,629
(8,967,093)	15,777,935

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 also includes micro finance which represents group / community based lending to the under-privileged community. Under the operating lease segment, the Group 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'.

	March 31, 2020				
	Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	Total
----- Rupees -----					
Segment analysis for the nine months period ended March 31, 2020 - (Unaudited)					
Segment revenues	2,471,304,476	1,098,403,804	1,327,489,979	150,786,395	5,047,984,654
Finance cost	992,651,868	516,669,617	237,114,345	163,929,009	1,910,364,839
Administrative and general expenses	687,466,501	252,466,692	91,419,457	29,769,210	1,061,121,860
Direct cost	10,655,040	676,948	982,634,585	-	993,966,573
(Reversals) / Provisions-net	30,136,031	39,299,218	1,451,746	(12,201,886)	58,685,109
Segment results	750,395,036	289,291,329	14,869,846	(30,709,938)	1,023,846,273
Provision for Workers' Welfare Fund					(1,783,046)
Provision for taxation					(284,720,484)
Profit for the period					737,342,743
Segment assets and Liabilities for the nine months period ended March 31, 2020 - (Un-audited)					
Segment assets	15,208,752,130	7,849,819,132	3,589,995,167	2,499,649,551	29,148,215,980
Unallocated assets					1,519,271,340
Total assets					30,667,487,320
Segment liabilities	60,937,248	2,091,061,247	2,919,319,802	314,999,563	5,386,317,860
Unallocated liabilities					16,732,801,692
Total liabilities					22,119,119,552
Other information					
Capital expenditure	-	-	1,156,439,333	-	1,156,439,333
Depreciation	-	-	980,785,734	-	980,785,734
Unallocated Capital expenditure	-	-	-	-	42,087,447
Unallocated depreciation and amortisation	-	-	-	-	76,386,112
March 31, 2019					
	Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	Total
----- Rupees -----					
Segment analysis for the nine months period ended March 31, 2019 - (Unaudited)					
Segment revenues	2,169,579,428	825,077,446	1,480,720,526	133,024,422	4,608,401,822
Finance cost	782,432,370	344,686,606	190,133,576	111,065,390	1,428,317,942
Administrative and general expenses	683,728,253	224,633,999	106,780,482	14,812,486	1,029,955,220
Direct cost	9,511,770	866,327	1,176,201,444	-	1,186,579,541
(Reversals) / Provisions-net	(160,868,665)	(1,917,987)	(72,215)	(433,274)	(163,292,141)
Segment result	854,775,700	256,808,501	7,677,239	7,579,820	1,126,841,260
Provision for Workers' Welfare Fund					(1,515,144)
Provision for taxation					(323,841,136)
Profit for the period					801,484,980
Segment assets and Liabilities for the year ended June 30, 2019 (Audited)					
Segment assets	17,316,324,578	7,761,507,782	3,953,168,289	2,475,150,366	31,506,151,015
Unallocated assets					1,209,640,651
Total assets					32,715,791,666
Segment liabilities	351,748,470	2,288,699,068	3,041,584,368	296,659,497	5,978,691,403
Unallocated liabilities			-	-	17,776,943,064
Total liabilities					23,755,634,467
Other information					
Capital expenditure	-	-	1,374,177,327	-	1,374,177,327
Depreciation	-	-	1,169,970,258	-	1,169,970,258
Unallocated Capital expenditure	-	-	-	-	73,952,486
Unallocated depreciation and amortisation	-	-	-	-	67,319,764

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)	
	Nine months period ended	
	March 31, 2020	March 31, 2019
	-----Rupees-----	
ORIX Corporation, Japan - Parent Company - 49.58% Holding		
Dividend paid - net of tax	<u>287,280,276</u>	<u>383,024,136</u>
Saudi ORIX Leasing Company - Associate / Common directorship - 2.5% ownership		
Reimbursement of cost	<u>7,504,352</u>	<u>2,502,909</u>
ORIX Leasing Pakistan Limited-Employees Provident Fund (OLP - EPF)		
Contribution paid	<u>23,301,616</u>	<u>22,649,038</u>
ORIX Modaraba-Employees Provident Fund		
Contribution paid	<u>3,506,685</u>	<u>3,042,180</u>
ORIX Leasing Pakistan Limited-Staff Gratuity Fund (OLP - SGF)		
Contribution paid	<u>14,406,534</u>	<u>35,401,390</u>
Charity / Donation paid - Common Directorship		
The Layton Rahmatullah Benevolent Trust	<u>1,000,000</u>	<u>1,250,000</u>
The Indus Hospital	<u>1,000,000</u>	<u>500,000</u>
ORIX Modaraba-Staff Gratuity Fund		
Contribution paid	<u>2,921,041</u>	<u>2,536,363</u>
Reimbursement from Staff Gratuity Fund	<u>93,480</u>	<u>649,505</u>
Other related party transactions		
Compensation of Directors and Key Management Personnel		
Directors' fees paid	<u>3,375,000</u>	<u>3,400,000</u>
Short-term employee benefits	<u>194,560,379</u>	<u>167,745,418</u>
Retirement benefits	<u>11,028,518</u>	<u>11,033,693</u>
Total compensation of directors and key management personnel	<u>208,963,897</u>	<u>182,179,111</u>
Issuance of certificates of deposit	<u>700,000</u>	<u>400,000</u>
Redemption of certificates of deposit	<u>200,000</u>	<u>1,310,000</u>
Amount of profit paid on certificates of deposit	<u>141,797</u>	<u>242,991</u>
Income earned on Musharika finances	<u>5,882,553</u>	<u>3,790,470</u>
Ijarah rental earned on Ijarah finances	<u>-</u>	<u>2,944,147</u>
Loans disbursed during the period	<u>11,486,937</u>	<u>4,924,561</u>
Interest recovered during the period	<u>1,506,792</u>	<u>1,086,750</u>
Principal recovered during the period	<u>16,885,552</u>	<u>8,723,075</u>
Profit on Redeemable Capital	<u>395,915</u>	<u>125,288</u>
Reimbursement from Staff Gratuity Fund	<u>-</u>	<u>355,920</u>
	(Un-audited)	(Audited)
	March 31, 2020	June 30, 2019
	-----Rupees-----	

22.2 Balances with related parties as at period / year end

Investment in associated undertakings - held for sale		
- OPP (Private) Limited - 45% ownership	<u>87,754,399</u>	<u>87,754,399</u>
- SAMA Finance SAE (formerly ORIX Leasing Egypt SAE) - 23% ownership	<u>172,043,037</u>	<u>172,043,037</u>
Long-term investment - Al Hail ORIX Finance PSC	<u>49,232,679</u>	<u>188,177,948</u>
Investment in associate	<u>982,160,375</u>	<u>942,321,227</u>
Certificates of deposit held	<u>2,600,000</u>	<u>2,100,000</u>
Accrued profit on certificates of deposit / Diminishing Musharika / Redeemable capital	<u>421,153</u>	<u>594,548</u>
Outstanding loans to Key Management Personnel	<u>69,799,870</u>	<u>62,074,389</u>
Receivable from staff retirement funds - Modaraba	<u>-</u>	<u>55,962</u>
Advance to Chief Executive Officer of the Management Company	<u>240,000</u>	<u>1,320,000</u>
Provision for Performance Bonus to Chief Executive Officer of the Management Company	<u>4,500,000</u>	<u>6,000,000</u>
Receivable from Saudi ORIX Leasing Company - Associate	<u>5,092,042</u>	<u>754,396</u>
Dividend payable to ORIX Corporation, Japan - Parent company	<u>165,639,078</u>	<u>-</u>
Receivable / (Payable) from ORIX Corporation, Japan - Parent Company	<u>7,140</u>	<u>(92,885)</u>
Redeemable capital to Key Management Personnel	<u>4,550,000</u>	<u>4,000,000</u>

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.

In the opinion of Management, 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:

RECURRING FAIR VALUE MEASUREMENTS

Financial assets

Financial assets at fair value through other comprehensive income

AI-Hail ORIX Finance PSC	-	-	49,232,679	49,232,679
Ordinary shares-unlisted	-	-	14,980,672	14,980,672

Financial assets at fair value through profit or loss

Treasury bills	-	207,525,248	-	207,525,248
Units of collective investment scheme	9,502,080			9,502,080

Non-financial assets

Fixed assets (Leasehold land & building)

	-	-	387,715,093	387,715,093
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Total	9,502,080	207,525,248	451,928,444	668,955,772
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March 31, 2020 (Un-audited)

Fair value

Level 1 Level 2 Level 3 Total

(Rupees)

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

AI-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
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Total	10,988,800	380,501,894	598,736,175	990,226,869
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24 CASH AND CASH EQUIVALENTS

Cash at bank
Cash in hand

Running finance arrangements

(Un-audited)	
Nine months period ended	
March 31, 2020	March 31, 2019
-----Rupees-----	
725,747,336	474,127,409
1,772,243	1,757,351
727,519,579	475,884,760
(1,248,003,053)	(953,605,803)
<u>(520,483,474)</u>	<u>(477,721,043)</u>

25 EARNINGS PER SHARE - basic and diluted

Profit for the period after taxation attributable to ordinary shareholders of the Holding Company

674,967,480 751,634,802

----- (Number of Shares) -----

Weighted average number of ordinary shares

167,054,902 167,054,902

----- (Rupees) -----

Earnings per share - basic and diluted

4.04 4.50

- 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 March 31, 2020 and March 31, 2019, 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 DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements was authorised for issue on April 30, 2020 by the Board of Directors of the Holding Company.

Chief Executive Officer

Director

Chief Financial Officer

ڈائریکٹران کی جائزہ رپورٹ برائے نو ماہی مدت ختمہ 31 مارچ 2020

اور کس لیزنگ پاکستان لمیٹڈ (OLP / دی کمپنی) غیر آڈٹ شدہ اختصاری عبوری مالیاتی کوشوارے برائے نو ماہی مدت ختمہ 31 مارچ 2020 پیش کرتے ہوئے اظہار مسرت کرتا ہے۔

کورونا وائرس وباء کے پھیلاؤ کی وجہ سے پاکستان کو سخت معاشی مشکلات کا سامنا ہے۔ نتیجے میں ہونے والی بندش سے تمام بڑے شعبوں بشمول برآمدات اور چھوٹے درمیانی کاروبار کو شدید متاثر ہو رہے ہیں۔ نقدی کے بہاؤ میں آسانی اور کاروباری روانیت میں بہتری کے لئے اسٹیٹ بینک آف پاکستان نے اپنے پالیسی نرخ میں 4.25 فیصد کمی کر کے 9 فیصد کر دیا ہے اور مالیاتی اداروں کو قرض لینے والوں سے ادائیگیاں موثر کرنے کی اجازت دے دی ہے۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے بھی اسی قسم کے ضوابط مان بینک فنانس کمپنیز کے لئے متعارف کرائے ہیں۔ IMF سے 1.4 بلین یو ایس ڈالر کی نئی قرضہ کی سہولت اور IMF، ورلڈ بینک اور G20 ممالک کی جانب سے قرضوں کی واپسی کو موثر کرنے کی وجہ سے ملک کو موجودہ بحران سے نکلنے میں مدد ملے گی۔

مالیاتی جھلکیاں اور کاروباری جائزہ

نو ماہی مدت ختمہ		
مارچ 2019	مارچ 2020	
— روپے —		
1,086,331,678	968,086,745	منافع قبل از محصول (فیکس)
321,956,453	284,720,484	محصولات (فیکس)
764,375,225	683,366,261	خالص منافع برائے مدت بعد از محصول (فیکس)
4.58	4.09	فی شیر آمدنی - بنیادی اور رقیق شدہ
1,670,549,020	1,670,549,020	جاری کردہ، سبسکرائبڈ اور ادا شدہ سرمایہ (10 روپے فی شیر)

اختصاص اور فیکس سے قبل کاروباری منافع میں 10 فیصد اضافہ ہوا جو کہ 1,017 ملین روپے رہا (مارچ 2019 میں 923 ملین روپے) تھا۔ تاہم منافع قبل از فیکس 1,086 ملین روپے رہا جو کہ گزشتہ سال اسی مدت کے 1,086 ملین روپے سے 11 فیصد کم ہے۔ اس میں کمی کی وجہ گزشتہ مدت میں شمار یا تی بنیاد پر اختصاصی طریقہ کار کو اختیار کرنے کے تحت 163 ملین روپے کے اختصاص کی معکوسی تھا۔ دوسرا بڑا عنصر موجودہ

مدت میں بڑھتے ہوئے زائد از معیاد کھاتے کے لئے 49 ملین روپے کا اختصاص تھا۔ منافع بعد از ٹیکس 683 ملین روپے (مارچ 2019 میں 764 ملین روپے) رہا جو کہ 11 فیصد کم ہے۔

ادائیگیوں Disbursement میں کٹوتی کی گئی اس مدت کے لیے 8,743 ملین روپے کے مقابلے میں 15% کم رہی جبکہ گزشتہ مدت FY2019 میں 10,285 ملین روپے کی ادائیگیاں تھیں۔ ادائیگیوں کا توازن مارچ 2020 میں لاک ڈاؤن کے سبب کم رہا۔

لیز اور قرض کے پورٹ فولیو جو کہ جون 2019 کو 22.6 ملین روپے تھے 31 مارچ 2020 کو کم ہو کر 20.9 ملین روپے ہو گئے لیکن اس کے باوجود کل محصولات میں 14 فیصد اضافہ ہوا جو کہ بڑھ کر 3,479 ملین روپے ہو گئے (مارچ 2019 میں 3,061 ملین روپے) ہو گئے۔ اس کی بنیادی وجہ رپورٹنگ کی زیادہ مدت کے دوران شرح سود میں تیز ترین اضافہ تھا۔

ملک میں بلند شرح سود کی عکاسی 1,437 روپے (مارچ 2019 میں 1,113 ملین روپے) کی مالیاتی لاگت سے ہوتی ہے جو کہ گزشتہ سال کی بہ نسبت 29 فیصد زیادہ ہے

انتظامی اور عمومی اخراجات قابو میں رکھنے کی وجہ سے اخراجات 899 ملین روپے رہے جو کہ گزشتہ سال کی اسی مدت کے 887 ملین روپے سے صرف 1% زیادہ ہے۔

زائد از معیاد کھاتوں میں گزشتہ چند ماہ میں اضافہ ہوا ہے اور توقع ہے کہ وباء کے اثرات کی وجہ سے عدم ادائیگی کی شرح مزید بڑھے گی۔ احتیاطی بنیاد پر پرانے قرضوں کے لئے FY2020 کے پہلے نو ماہ میں 49 ملین روپے کا اختصاص کیا گیا ہے جبکہ گزشتہ مدت میں شاریاتی بنیاد پر اختصاصی طریقہ کار کے تحت 163 ملین روپے کا استرداد (Reversal) کیا گیا تھا۔

حالات کی غیر یقینی اور وباء کے حتمی معاشی اثرات کی پیشگوئی مشکل ہے جس کے لئے کمپنی اثرات / ازالہ کی تشخیص کے لئے وسیع پیمانے پر اپنے پورٹ فولیو کی تشخیص کر رہی ہے تاکہ اختصاص اور مستقبل میں نقدی کے بہاؤ کے ممکنہ برے اثرات کا تعین کیا جاسکے۔ موجودہ مالیاتی سال میں لاک ڈاؤن (بندش) کے مکمل مضمرات اور کمپنی کے منافع پر اس کے اثرات کا واضح تعین آنے والے چند ماہ میں ہوگا۔ اب دیکھنا یہ ہے کہ حکومتی اقدامات کاروبار کو اپنے راستے پر گامزن کرنے کے لئے کس حد تک کافی ثابت ہونگے۔ OLP بھی احتیاطی اقدامات اختیار کر کے اپنے ملازمین کی صحت اور تحفظ کو یقینی بناتے ہوئے اپنے کاروبار کو جاری رکھنے کے لئے مکمل طور پر کوشاں ہے۔


گروپ کی کارکردگی


کمپنیز ایکٹ 2017 کی دفعہ 227 کی پاسداری کے تحت اس رپورٹ کے ساتھ OLP اور اس کی ذیلی کمپنیوں بنام اور کس سرورسز (پرائیویٹ) لمیٹڈ اور اور کس مضاربہ (گروپ) کی مجموعی اختصاری عبوری مالیاتی معلومات برائے نو ماہی مدت ختمہ 31 مارچ 2020 منسلک ہیں۔

گروپ کی کارکردگی پر مالیاتی جھلکیاں درج ذیل ہیں:

نو ماہی مدت ختمہ		
مارچ 2019	مارچ 2020	
— روپے —		
1,125,326,116	1,022,063, 227	منافع قبل از محصول (ٹیکس)
323,841,136	284,720,484	محصولات (ٹیکس)
801,484,980	737,342,743	مدت کے لئے خالص منافع بعد از محصول (ٹیکس)
751,634,802	674,967,480	بالا دست کمپنی کے ایکویٹی حصص یافتگان سے منسوب منافع
49,850,178	62,375,263	تغیر پذیر شرح سود سے منسوب منافع
4.50	4.04	فی شیئر آمدنی - بنیادی اور رقیق شدہ

منجانب بورڈ


خالد عزیز مرزا
چیئر مین


شاہین امین
چیف ایگزیکٹو آفیسر

30 اپریل 2020