

HALF YEARLY REPORT 2010 - 11



ORIX LEASING PAKISTAN LIMITED

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# COMPANY INFORMATION

## Board of Directors

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

## Audit Committee

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

## Credit Committee

Mr. Teizoon Kisat	Member
Mr. Shaheen Amin	Member
Mr. S. Saeed Reza	Member
Mr. Amjad Iqbal	Member

## Chief Financial Officer

Mr. Ramon Alfrey

## Company Secretary

Mr. Ali Akbar Abdullah

## Head of Internal Audit

Ms. Maryam Aziz

## Banks and Lending Institutions

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



## Auditors

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

## Legal Advisors

M/s Mansoor Ahmad Khan & Co.

M/s Walker Martineau & Saleem

## Registrar and Share Transfer Office

Noble Computer Services (Private) Limited

Mezzanine Floor, House Of Habib Building (Siddiqsons Tower)

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

## Registered Office & Head Office

Overseas Investors Chamber of Commerce Building

Talpur Road, Karachi-74000

## Credit Rating by The Pakistan Credit Rating Agency

Long Term Senior Unsecured Creditors	AA
Short Term Senior Unsecured Creditors	A1+
Term Finance Certificates, Secured	AA+

## Parent Company

### ORIX CORPORATION

4-1-23, Shiba, Minato-ku,  
Tokyo 108-0014, Japan  
Tel: 81-3-5419-5000  
Fax: 81-3-5419-5903

### ASSOCIATED COMPANIES

#### Overseas Joint Ventures

##### Oman ORIX Leasing Company SAOG

P. O. Box 106  
Postal Code 118, Muscat  
Sultanate of Oman  
Tel: (968) 24661900  
Fax: (968) 24568106  
www.omanorix.com

##### ORIX Leasing Egypt SAE

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

##### Joint Venture in Pakistan

**OPP (Private) Limited**  
(Formerly ORIX Properties Pakistan (Private) Limited)  
42, ( C ) E/1, Gulberg III  
Lahore  
Tel: (042) 35777820-1  
Fax: (042) 35777819  
www.orixproperties.com

##### MAF ORIX Finance PJSC

3rd Floor, Deira City Centre  
Office Building  
P.O. Box 22600, Dubai  
United Arab Emirates  
Tel: (9714) 2952200  
Fax: (9714) 2940940  
www.maforix.ae

##### SK Leasing JSC

(formerly BTA ORIX Leasing JSC)  
5th Floor, 38, Tulebaev Street  
Almaty  
Republic of Kazakhstan  
Tel: 7(3272) 507979  
Fax: 7(3272) 718545  
www.leasing.kz

##### Saudi ORIX Leasing Company

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



## Directors' Review

The Board of Directors of ORIX Leasing Pakistan Limited (the Company) is pleased to present the unaudited condensed interim financial statements for the half year ended December 31, 2010. The results are summarised below:

	Rupees	
	Jul to Dec 2010	Jul to Dec 2009
Profit / (loss) before tax	111,281,439	(72,107,763)
Less: Tax	(52,000,000)	(23,031,238)
Profit / (loss) after tax	59,281,439	(95,139,001)
Earnings / (loss) per share – basic and diluted	0.72	(1.16)

The Company showed marked improvement in this period recording a pre tax profit of Rs. 111.3 million compared to a pre tax loss of Rs. 72.1 million in the comparative period last year. Profit after tax amounted to Rs. 59.3 million compared to an after tax loss of Rs. 95.1 million in the first half of the previous year. The Company has carried forward tax losses and the higher tax charge of Rs. 52.0 million (Dec 2009: Rs. 23.0 million) was mainly due to change in turnover tax rate from 0.5% last year to 1% in the current year.

Increase in the rate of turnover tax is particularly harsh for the leasing industry as a leasing company's turnover comprises of total lease rental which includes both principal and mark up elements. Representations have been made to the Government to review the turnover tax for the leasing industry and to ensure a level playing field to include only mark-up / profit in turnover as is done in the case of banks.

In difficult business circumstances with low economic growth, disbursements for six months increased marginally to Rs. 4.1 billion from Rs. 3.9 billion in the same period last year.

Finance lease income at Rs. 1.04 billion (Dec 2009: Rs. 1.03 billion) remained at previous half year's level despite reduction in net investment in leases from Rs. 19.01 billion in December 2009 to Rs. 18.18 billion. This was primarily due to improvement in lease rates which contributed to higher income. Operating lease revenues increased to Rs. 330 million from Rs. 314 million in December 2009. Other income was lower at Rs. 90.3 million (Dec 2009: Rs. 138.0 million) mainly due to higher gains on investments recorded last year.

Reduced borrowings of Rs. 13.5 billion (Dec 2009: Rs. 16.1 billion) resulted in finance charges being 17% lower at Rs. 891.5 million (Dec 2009: Rs. 1,072 million). The receipt of Rs. 925 million from sale of investment in Saudi ORIX Leasing Company (SOLC) in June 2010 was used to pay off bank loans and reduce finance cost.

Despite persistent double digit inflation, administrative and general expenses were controlled and, at Rs. 273.0 million (Dec 2009: Rs. 294.1 million), were 7% lower than the comparative period last year. Direct cost of leases which mainly relate to the Company's operating lease business amounted to Rs. 205.8 million (Dec 2009: Rs. 177.5 million). This included a higher depreciation charge of Rs. 10 million due to change in estimate of residual value detailed in note 4.1. Provisions of Rs. 102 million were made during the half year to strengthen the Company's balance sheet and guard against future bad debts.

The Company's share in profit from associated companies at Rs. 59.10 million was 30% lower than Rs. 84.5 million recorded in the same period last year. This was due to disinvestment of 75% of the Company's shareholding in SOLC.

Mr. Humayun Murad has been reassigned by ORIX Corporation as CEO, MENA and CIS Region in Dubai. Consequently, Mr. Murad relinquished his position as the Company's Chief Executive effective December 31, 2010. He will, however, continue as a Director on the Company's Board.

Mr. Teizoon Kijat was appointed Chief Executive of the Company effective January 1, 2011. Mr. Kijat has been serving as the Company's Deputy Managing Director since February 2004. Thus his appointment ensures continuity of policy and approach.

The Board wishes to place on record its appreciation for Mr. Murad's leadership over 23 years which was instrumental in ORIX Leasing Pakistan Limited becoming the largest leasing company in Pakistan with investments in five overseas joint venture leasing companies.

The Pakistan Credit Rating Agency (PACRA) has maintained the Company's short term and long term credit ratings for unsecured creditors at A1+ and AA respectively. The Company's TFC issue has been rated AA+. These ratings denote low expectation of credit risk emanating from a strong capacity for timely payments of financial commitments.

Results in the first half of the year are encouraging and the Company expects to maintain steady growth in the remaining six months of the financial year.



Teizoon Kijat  
Chief Executive

Dated: February 26, 2011



KPMG Taseer Hadi & co  
Chartered Accountants  
First Floor  
Sheikh Sultan Trust Building No.2  
Beaumont Road  
Karachi 75530 Pakistan

Telephone + 92 (21) 3568 5847  
Fax + 92 (21) 3568 5095  
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## Independent Auditors' Report to the Members on Review of Condensed Interim Financial Information

### Introduction

We have reviewed the accompanying condensed interim balance sheet of ORIX Leasing Pakistan Limited ("the Company") as at 31 December 2010 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six months period ended 31 December 2010, is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended 31 December 2010 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: February 26, 2011

Karachi

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Mohammad Mahmood Hussain



## Condensed Interim Balance Sheet

	Note	31 December 2010 (Un-audited)	30 June 2010 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	981,806,595	1,075,337,998
Intangible assets		80,450,000	80,450,000
Net investment in finance leases and instalment loans	7	18,175,846,363	18,205,453,195
Current maturity		7,864,696,732	8,449,082,057
Allowance for potential lease and instalment loan losses		637,946,404	626,067,078
		8,502,643,136	9,075,149,135
		9,673,203,227	9,130,304,060
Long term investments	8	1,464,791,630	1,425,768,605
Long term finances and loans		167,745,983	194,019,470
Long term deposits		11,699,406	12,615,906
		12,379,696,841	11,918,496,039
<b>Current assets</b>			
Short term finances		288,095,055	320,219,629
Accrued return on investments and term loans		10,462,391	14,656,041
Current maturity of non-current assets		8,332,908,327	9,011,366,752
Short term investments	9	463,302,001	1,216,428,984
Advances and prepayments		101,679,221	65,545,596
Other receivables		958,486,547	1,072,159,951
Cash and bank balances		274,298,804	130,924,469
Taxation - net		-	4,654,517
Assets classified as held for sale		17,115,259	24,574,888
		10,446,347,605	11,860,530,827
<b>Total assets</b>	Rupees	<b>22,826,044,446</b>	<b>23,779,026,866</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital 350,000,000 Ordinary shares of Rs. 10 each (June 2010: 350,000,000 Ordinary shares of Rs.10 each)	Rupees	3,500,000,000	3,500,000,000
Issued, subscribed and paid-up capital		820,529,300	820,529,300
Reserves		1,261,559,113	1,195,827,133
		2,082,088,413	2,016,356,433
<b>Non-current liabilities</b>			
Long term finances	10	3,729,936,337	4,543,262,782
Long term loans	11	2,629,582,919	3,186,109,614
Long term certificates of deposit		1,100,181,642	1,097,658,210
Long term deposits		4,486,816,092	4,016,204,598
Deferred taxation		130,009,145	120,009,145
		12,076,526,135	12,963,244,349
<b>Current liabilities</b>			
Trade and other payables		266,038,751	255,071,721
Accrued interest / mark-up on loans and term finances		656,806,981	716,635,393
Short term borrowings	12	636,395,386	622,694,809
Short term certificates of deposit		785,376,141	755,668,912
Current maturity of non-current liabilities		6,302,315,730	6,449,355,249
Taxation - net		20,496,909	-
		8,667,429,898	8,799,426,084
<b>Total equity and liabilities</b>	Rupees	<b>22,826,044,446</b>	<b>23,779,026,866</b>
Commitments	13		

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



*Teizoon*

**TEIZOON KISAT**  
Chief Executive

*Humayun*

**HUMAYUN MURAD**  
Director

## Condensed Interim Profit & Loss Account (Un-audited)

	Note	Six months period ended		Quarter ended	
		31 December 2010	31 December 2009	31 December 2010	31 December 2009
<b>INCOME</b>					
<b>Income from operations</b>					
Finance leases and instalment loans	14	1,036,213,298	1,026,037,934	522,938,592	515,306,601
Operating leases		330,525,721	314,159,400	175,615,233	150,581,317
Mark-up on term / factoring finance		69,007,432	80,753,797	35,098,548	34,979,513
		1,435,746,451	1,420,951,131	733,652,373	700,867,431
<b>Income from other operating activities</b>					
Other income - net		90,319,538	137,989,703	43,489,094	65,919,494
Share of profit of equity accounted undertakings	15	59,099,128	84,462,094	30,219,863	42,072,065
		149,418,666	222,451,797	73,708,957	107,991,559
<b>Total income</b>		1,585,165,117	1,643,402,928	807,361,330	808,858,990
<b>EXPENSES</b>					
Finance costs	16	891,457,610	1,071,636,131	439,263,838	515,565,095
Administrative and general expenses		272,966,327	294,145,182	135,815,346	146,783,998
Direct cost of leases		205,824,697	177,530,171	106,889,604	84,689,975
		1,370,248,634	1,543,311,484	681,968,788	747,039,068
<b>Profit before allowance and impairment</b>		214,916,483	100,091,444	125,392,542	61,819,922
Allowance for potential lease, instalment and other loan losses - net		101,566,062	149,483,000	61,192,824	83,371,068
Impairment on available for sale equity securities		2,068,982	22,716,207	2,068,982	11,266,829
<b>Profit / (Loss) before tax</b>		111,281,439	(72,107,763)	62,130,736	(32,817,975)
Taxation - Current	17	42,000,000	23,031,238	21,000,000	12,531,238
- Deferred		10,000,000	-	10,000,000	-
		52,000,000	23,031,238	31,000,000	12,531,238
<b>Profit / (loss) for the period</b>	Rupees	59,281,439	(95,139,001)	31,130,736	(45,349,213)
<b>Earnings / (loss) per share - basic and diluted</b>	Rupees	0.72	(1.16)	0.38	(0.55)

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



**TEIZOON KISAT**  
Chief Executive



**HUMAYUN MURAD**  
Director



## Condensed Interim Statement of Comprehensive Income (Un-audited)

	Six months period ended		Quarter ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
<b>Profit / (loss) for the period</b>	<b>59,281,439</b>	(95,139,001)	<b>31,130,736</b>	(45,349,213)
<b>Other comprehensive income</b>				
Exchange difference arising on translation of foreign associates	(14,603,475)	77,051,763	(18,445,249)	34,234,103
Unrealized gain due to change in fair value of available for sale securities	1,057,482	6,358,408	11,173,286	899,895
Unrealized gain due to sale of available for sale securities transferred to profit and loss account	(7,456,051)	-	(7,456,051)	-
Impairment on available for sale equity securities	868,982	22,716,207	868,982	11,266,829
	(5,529,587)	29,074,615	4,586,217	12,166,724
Net gain / (loss) on hedging instruments	26,583,603	(64,825,592)	(121,921,169)	(116,750,801)
	6,450,541	41,300,786	(135,780,201)	(70,349,974)
<b>Total comprehensive income / (loss) for the period Rupees</b>	<b>65,731,980</b>	(53,838,215)	<b>(104,649,465)</b>	(115,699,187)

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



  
**TEIZOON KISAT**  
 Chief Executive

  
**HUMAYUN MURAD**  
 Director

## Condensed Interim Cash Flow Statement (Un-audited)

	Note	Six months period ended	
		31 December 2010	31 December 2009
<b>Cash flows from operating activities</b>			
Profit / (loss) before taxation		111,281,439	(72,107,763)
<b>Adjustments for:</b>			
Depreciation and amortisation		125,478,401	120,219,591
Allowance for potential lease, instalment and other loan losses - net		101,566,062	149,483,000
Share of profit of equity accounted undertakings		(59,099,128)	(84,462,094)
Loss / (gain) on hedging instruments		393,442	(164,415,649)
Exchange (gain) / loss		(393,442)	164,415,649
Interest / mark-up expenses		737,885,185	933,592,383
Profit on certificates of deposit		129,568,816	111,130,312
Dividend income		(1,427,188)	(6,472,098)
Return on investments and deposits		(29,508,440)	(37,511,993)
Gain on disposal of property, plant and equipment		(9,769,294)	(5,891,900)
		994,694,414	1,180,087,201
Cash flows from operating activities before working capital changes		1,105,975,853	1,107,979,438
<b>(Increase) / decrease in current assets</b>			
Advances and prepayments		(36,133,625)	(13,381,854)
Other receivables		12,925,094	32,542,150
		(23,208,531)	19,160,296
Increase in trade and other payables		9,971,865	23,073,002
Cash generated from operations		1,092,739,187	1,150,212,736
<b>(Increase) / decrease in operating assets</b>			
Investment in finance leases and instalment loans - net		1,633,821	513,670,763
Long term finances and loans - net		62,923,914	82,857,615
Short term finances		29,057,016	76,281,571
Long term deposits		916,500	(136,000)
Investment in operating lease assets		(13,711,427)	(12,201,199)
Proceeds from sale of operating lease assets		9,000,000	4,050,881
		89,819,824	664,523,631
<b>Increase / (decrease) in operating liabilities</b>			
Deposits from lessees - net		263,904,261	99,128,351
Interest / mark-up paid		(784,640,952)	(1,096,500,483)
Profit paid on certificates of deposit		(142,641,461)	(96,009,699)
		(663,378,152)	(1,093,381,831)
Net cash from operating activities before income tax		519,180,859	721,354,536
Income tax paid		(16,848,574)	(21,630,465)
<b>Net cash from operating activities</b>		<b>502,332,285</b>	<b>699,724,071</b>
<b>Cash flows from investing activities</b>			
Capital expenditure incurred		(9,028,567)	(29,438,771)
Proceeds from disposal of assets - own use		15,565,898	17,268,572
Investments - net		749,436,845	810,461,512
Dividends received		1,427,188	6,472,098
Interest received		33,702,090	48,995,798
<b>Net cash from investing activities</b>		<b>791,103,454</b>	<b>853,759,209</b>
<b>Cash flows from financing activities</b>			
Proceed from long term loans		1,088,750,000	54,520,000
Short term borrowings - net		-	100,000,000
Certificates of deposit (redeemed) / issued - net		(42,838,992)	(86,601,985)
Repayment of long term loans and finances		(2,209,619,326)	(1,470,533,203)
Dividends paid		(53,663)	(2,363,778)
<b>Net cash used in financing activities</b>		<b>(1,163,761,981)</b>	<b>(1,404,978,966)</b>
Net increase in cash and cash equivalents		129,673,758	148,504,314
Cash and cash equivalents as at July 01		8,229,660	316,036,878
Cash and cash equivalents as at December 31	20 Rupees	137,903,418	464,541,192

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

*Teizoon*

**TEIZOON KISAT**  
Chief Executive

*Murad*

**HUMAYUN MURAD**  
Director



ORIX

## Condensed Interim Statement Of Changes In Equity (Un-audited) For the six months period ended December 31, 2010

	Issued, subscribed and paid-up capital	Shares to be issued due to amalgamation	Share premium	Statutory reserve	General reserve	Reserves				Total shareholders' equity
						Accumulated (loss)	Unrealised (losses) / gains on investment	Hedging reserve	Foreign currency translation reserve	
<b>Balance as at June 30, 2009</b>	799,002,560	21,526,740	448,603,499	604,000,000	210,000,000	(239,129,878)	(27,890,115)	(98,737,263)	360,534,942	2,077,910,485
Issuance of shares	21,526,740	(21,526,740)	-	-	-	-	-	-	-	-
Total comprehensive income for the six months period ended December 31, 2009	-	-	-	-	-	(95,139,001)	-	-	-	(95,139,001)
<b>Loss for the period</b>	-	-	-	-	-	(95,139,001)	-	-	-	(95,139,001)
<b>Other comprehensive income</b>										
Exchange difference arising on translation of foreign associates	-	-	-	-	-	-	-	-	77,051,763	77,051,763
Unrealized gain due to change in fair value of available for sale securities	-	-	-	-	-	-	6,358,408	-	-	6,358,408
Impairment on available for sale equity securities	-	-	-	-	-	-	22,716,207	-	-	22,716,207
Net loss on hedging instruments	-	-	-	-	-	-	-	(64,825,592)	-	(64,825,592)
	-	-	-	-	-	-	29,074,615	(64,825,592)	77,051,763	41,300,786
<b>Balance as at December 31, 2009</b>	<b>Rupees 820,529,300</b>	<b>-</b>	<b>448,603,499</b>	<b>604,000,000</b>	<b>210,000,000</b>	<b>(334,268,879)</b>	<b>1,184,500</b>	<b>(163,562,855)</b>	<b>437,586,705</b>	<b>2,024,072,270</b>
<b>Balance as at June 30, 2010</b>	820,529,300	-	448,603,499	624,900,000	210,000,000	(155,546,045)	3,803,587	(192,545,544)	256,611,636	2,016,356,433
Total comprehensive income for the six months period ended December 31, 2010	-	-	-	-	-	59,281,439	-	-	-	59,281,439
<b>Profit for the period</b>	-	-	-	-	-	59,281,439	-	-	-	59,281,439
<b>Other comprehensive income</b>										
Exchange difference arising on translation of foreign associates	-	-	-	-	-	-	-	-	(14,603,475)	(14,603,475)
Unrealized gain due to change in fair value of available for sale securities	-	-	-	-	-	-	1,057,482	-	-	1,057,482
Unrealized gain due to sale of available for sale securities transferred to profit and loss account	-	-	-	-	-	-	(7,456,051)	-	-	(7,456,051)
Impairment on available for sale equity securities	-	-	-	-	-	-	868,982	-	-	868,982
Net gain on hedging instruments	-	-	-	-	-	-	-	26,583,603	-	26,583,603
	-	-	-	-	-	-	(5,529,587)	26,583,603	(14,603,475)	6,450,541
<b>Balance as at December 31, 2010</b>	<b>Rupees 820,529,300</b>	<b>-</b>	<b>448,603,499</b>	<b>624,900,000</b>	<b>210,000,000</b>	<b>(96,264,606)</b>	<b>(1,726,000)</b>	<b>(165,961,941)</b>	<b>242,008,161</b>	<b>2,082,088,413</b>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.



*Teizoon*  
**TEIZOON KISAT**  
 Chief Executive

*Murad*  
**HUMAYUN MURAD**  
 Director

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

### 1. THE COMPANY AND ITS OPERATIONS

ORIX Leasing Pakistan Limited (the Company) was incorporated in Pakistan as a private limited company on July 01, 1986 under the Companies Ordinance, 1984 and was converted into a public limited company on December 23, 1987. The Company is listed on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at Overseas Investors Chamber of Commerce Building, Talpur Road, Karachi. The Company is licensed to carry out leasing business as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 issued by the Securities and Exchange Commission of Pakistan (SECP).

### 2. BASIS OF PREPARATION

- 2.1 This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended June 30, 2010.
- 2.2 This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest rupee.
- 2.3 This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984. The figures for the six months period ended December 31, 2010 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the audited annual published financial statements of the Company for the year ended June 30, 2010.

Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company.

### 4. ESTIMATES

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the financial statements for the year ended June 30, 2010 except for the change described in note 4.1.

#### 4.1 Change in estimate

During the current period, the Company changed its estimate by reassessing the Residual Value (RV) of Communication Equipment and reduced the RV from 20% to 7%. Had the estimate in respect of RV not changed the profit for the period would have been higher by Rs. 9.96 million and carrying amount of the assets would have been higher by the same amount.

### 5. RISK MANAGEMENT POLICIES

Risk management policies are consistent with those disclosed in the financial statements for the year ended June 30, 2010.

### 6. PROPERTY, PLANT AND EQUIPMENT

	31 December 2010 (Un-audited)	30 June 2010 (Audited)
Property, plant and equipment - own use	276,660,625	316,568,071
Property, plant and equipment - operating lease	705,145,970	758,769,927
Rupees	981,806,595	1,075,337,998



6.1 The following is a statement of cost of additions to and disposals from property, plant and equipment for the six months period ended December 31, 2010.

	Own use		Operating lease assets	
	Additions	Disposals / transfer	Additions	Disposals / transfer
Generators	-	14,337,000	26,898,874	8,492,350
Furniture, fittings and office equipment	1,401,067	3,483,631	-	-
Communication equipment	-	-	1,149,553	2,002,705
Vehicles	7,627,500	21,913,123	-	-
<b>December 31, 2010</b>	<b>Rupees 9,028,567</b>	<b>39,733,754</b>	<b>28,048,427</b>	<b>10,495,055</b>
December 31, 2009	Rupees 29,438,771	23,137,826	15,533,826	7,886,055

#### 7. NET INVESTMENT IN FINANCE LEASES AND INSTALMENT LOANS

	Note	31 December 2010 (Un-audited)	30 June 2010 (Audited)
Instalment contract receivables		14,726,525,128	14,983,789,650
Residual value		6,156,294,163	5,886,631,639
Initial direct cost		32,273,350	35,267,207
		20,915,092,641	20,905,688,496
Less: unearned finance income		2,739,246,278	2,700,235,301
	Rupees	18,175,846,363	18,205,453,195

#### 8. LONG TERM INVESTMENTS

<b>Related parties</b>			
Investment in equity accounted undertakings		1,265,255,001	1,220,759,350
<b>Others</b>			
Held to maturity investments			
Ijara sukuk-Government of Pakistan	8.1	180,000,000	180,000,000
Pakistan Investment Bonds (PIBs)		16,756,629	20,839,255
Term finance certificates (TFCs)			
- listed		1,950,471	3,900,941
- unlisted		4,170,000	4,170,000
		202,877,100	208,910,196
Less: Current maturity		3,340,471	3,900,941
	Rupees	1,464,791,630	1,425,768,605

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

#### 9. SHORT TERM INVESTMENTS

<b>Held to maturity investment</b>			
Treasury bills		121,960,859	112,732,249
Certificates of deposit		6,200,000	6,800,000
		128,160,859	119,532,249
<b>Held for trading investments</b>			
Ordinary shares		3,986,943	6,160,213
Term finance certificates		58,421,716	69,427,341
Units of closed end mutual funds		40,419,919	39,698,050
		102,828,578	115,285,604
<b>Available-for-sale</b>			
Ordinary shares		20,557,664	22,038,515
Units of open ended mutual funds		-	23,356,051
Units of closed end mutual funds		8,754,900	7,416,565
		29,312,564	52,811,131
<b>Others</b>			
Term deposit receipts		200,000,000	925,000,000
Fund placements		3,000,000	3,800,000
		203,000,000	928,800,000
	Rupees	463,302,001	1,216,428,984

#### 10. LONG TERM FINANCES - secured

	Note	31 December 2010 (Un-audited)	30 June 2010 (Audited)
Long term finances utilised under mark-up arrangements - financial institutions		1,875,000,000	1,475,000,000
Term finance certificates - listed		1,249,010,000	1,665,340,000
Term finance certificates - unlisted		4,166,666,662	5,000,000,000
		7,290,676,662	8,140,340,000
<b>Less: Unamortised transaction cost in respect of:</b>			
Long term finances utilised under mark-up arrangements		7,163,969	3,337,009
Term finance certificates		12,573,022	19,413,542
		19,736,991	22,750,551
<b>Less: Current maturity in respect of:</b>			
Long term finances utilised under mark-up arrangements		1,041,666,667	1,075,000,000
Term finance certificates		2,499,336,667	2,499,326,667
		3,541,003,334	3,574,326,667
		3,560,740,325	3,597,077,218
	Rupees	3,729,936,337	4,543,262,782

#### 11. LONG TERM LOANS

Name of lending institution	Commencement of repayment	Mode of loan repayment	Rate (%)		
<b>Secured</b>					
International Finance Corporation	Jul 15, 2008	11 equal semi annual instalments after 24 months grace period	US\$ six month LIBOR+1.5%	793,838,415	926,036,550
Citibank Japan Limited, syndicated loan	Jan 31, 2008	14 equal semi annual instalments	US\$ six month LIBOR+0.675%	2,445,999,865	2,751,428,474
International Finance Corporation	Jul 15, 2007	10 equal semi annual instalments	US\$ six month LIBOR+1.65%	128,415,000	171,200,000
Pakistan Poverty Alleviation Fund (PPAF)	Jan 01, 2009	12 quarterly instalments	10.00	-	9,226,050
Pakistan Poverty Alleviation Fund (PPAF)	Mar 18, 2010	12 quarterly instalments	10.00	236,710,750	149,424,000
<b>Unsecured</b>					
CDC Trustee - AMZ Plus Income Fund	Mar 12, 2011	2 semi annual instalments	Six month KIBOR -2.5%	100,000,000	100,000,000
Total long term loans				3,704,964,030	4,107,315,074
Less: Unamortised transaction cost				54,346,985	68,232,034
Less: Current maturity				1,021,034,126	852,973,426
			Rupees	2,629,582,919	3,186,109,614

#### 12. SHORT TERM BORROWINGS

Under mark-up arrangements - secured	12.1	136,395,386	122,694,809
Short term loans	12.2	500,000,000	500,000,000
	Rupees	636,395,386	622,694,809

12.1 The short term running finance facilities available from commercial banks amounted to Rs. 825 million (June 30, 2010 : Rs. 725 million). The rate of mark-up ranges between 13.76% and 15.44% (June 30, 2010 : 13.67% and 14.35%) on a daily product basis. These are secured by hypothecation of leased assets and related lease receivables.

12.2 This represents short term loans from a financial institution for a period of 3 months and carries mark-up at the rate of KIBOR + 2.0% (June 30, 2010 : KIBOR + 3.5%). The loan is secured by hypothecation of specific lease assets.



### 13. COMMITMENTS

13.1 Lease contracts committed but not executed at the balance sheet date amounted to Rs. 16.74 million (June 30, 2010 : Rs. 12.39 million).

### 14. INCOME FROM FINANCE LEASES AND INSTALMENT LOANS

	For the six months period ended	
	31 December 2010 (Un-audited)	31 December 2009 (Un-audited)
Income from finance leases	1,035,195,494	1,021,916,645
Income from instalment loans	1,017,804	4,121,289
Rupees	1,036,213,298	1,026,037,934

### 15. SHARE OF PROFIT OF EQUITY ACCOUNTED UNDERTAKINGS

Name of associates	For the six months period ended 31 December 2010 (Un-audited)		For the six months period ended 31 December 2009 (Un-audited)	
	Associates' profit / (loss) after tax	Share of associates' profit / (loss) after tax	Associates' profit / (loss) after tax	Share of associates' profit / (loss) after tax
<b>Listed</b>				
Oman ORIX Leasing Company SAOG	267,708,325	31,165,800	256,659,051	29,879,477
	267,708,325	31,165,800	256,659,051	29,879,477
<b>Un-listed</b>				
Saudi ORIX Leasing Company	641,943,202	12,838,864	537,671,546	43,013,724
MAF ORIX Finance PJSC	69,894,302	2,096,829	128,799,792	3,863,994
SK Leasing JSC (Formerly BTA ORIX Leasing JSC)	(44,102,758)	(4,410,276)	(101,155,310)	(10,115,531)
ORIX Leasing Egypt SAE	85,243,285	19,605,956	80,930,052	18,613,912
OPP (Private) Limited (Formerly ORIX Properties Pakistan (Private) Limited)	(4,884,543)	(2,198,045)	(1,763,294)	(793,482)
	748,093,488	27,933,328	644,482,786	54,582,617
Rupees	1,015,801,813	59,099,128	901,141,837	84,462,094

### 16. FINANCE COSTS

	For the six months period ended	
	31 December 2010 (Un-audited)	31 December 2009 (Un-audited)
Interest / mark-up on:		
- Long term finances	492,868,874	663,733,181
- Long term loans	172,920,018	231,840,520
- Short term borrowings	56,123,461	28,276,042
Profit on certificates of deposit	129,568,816	111,130,312
Amortisation of transaction costs	24,003,609	26,913,436
Bank charges and commission	15,972,832	9,742,640
Rupees	891,457,610	1,071,636,131

### 17. TAXATION

The tax charge for the current period represents minimum tax at 1% of gross income under section 113 of the Income Tax Ordinance, 2001. The deferred tax equivalent to statutory rate of taxation has been charged to condensed interim profit and loss account.

### 18. SEGMENT INFORMATION

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

**Segment analysis for the six months period ended December 31, 2010**

		Finance Lease	Operating Lease	Others	Leasing Business	Investment Financial Services	Total
Segment revenues	Rupees	1,035,195,494	330,525,721	143,396,899	1,509,118,114	16,947,875	1,526,065,989
Share of profit of equity accounted undertakings		-	-	59,099,128	59,099,128	-	59,099,128
Total segment revenue	Rupees	1,035,195,494	330,525,721	202,496,027	1,568,217,242	16,947,875	1,585,165,117
Administrative and general expenses		102,724,812	24,706,190	18,776,861	146,207,863	2,143,752	148,351,615
Direct cost of leases		5,349,018	200,475,679	-	205,824,697	-	205,824,697
Allowance for potential lease, instalment and other loan losses - net		40,901,165	735,136	31,636,007	73,272,308	28,293,754	101,566,062
Impairment on available for sale securities		-	-	868,982	868,982	1,200,000	2,068,982
Segment result	Rupees	886,220,499	104,608,716	151,214,177	1,142,043,392	(14,689,631)	1,127,353,761
Unallocated expenses		-	-	-	(124,614,712)	-	(124,614,712)
Result from operating activities		-	-	-	1,017,428,679	(14,689,631)	1,002,739,049
Finance costs		-	-	-	(857,441,505)	(34,016,105)	(891,457,610)
Provision for taxation		-	-	-	(52,000,000)	-	(52,000,000)
Profit / (loss) for the period	Rupees	-	-	-	107,987,174	(48,705,736)	59,281,439

**Other information**

Segment assets	Rupees	17,486,151,856	705,145,970	1,284,194,836	19,475,492,662	457,059,956	19,932,552,618
Investment in equity accounted undertakings	Rupees	-	-	1,265,255,001	1,265,255,001	-	1,265,255,001
Unallocated assets		-	-	-	1,628,236,827	-	1,628,236,827
Total assets	Rupees	-	-	-	22,368,984,490	457,059,956	22,826,044,446
Segment liabilities		6,122,955,818	-	-	6,122,955,818	457,059,956	6,580,015,774
Unallocated liabilities		-	-	-	14,163,940,259	-	14,163,940,259
Total liabilities	Rupees	-	-	-	20,286,896,077	457,059,956	20,743,956,033
Capital expenditure	Rupees	-	28,048,427	9,028,567	37,076,994	-	37,076,994
Depreciation	Rupees	-	75,609,646	25,865,146	101,474,792	-	101,474,792

**Segment analysis for the six months period ended December 31, 2009**

Segment revenues	Rupees	1,021,916,645	314,159,400	175,118,591	1,511,194,636	47,746,198	1,558,940,834
Share of profit of equity accounted undertakings		-	-	84,462,094	84,462,094	-	84,462,094
Total segment revenue	Rupees	1,021,916,645	314,159,400	259,580,685	1,595,656,730	47,746,198	1,643,402,928
Administrative and general expenses		100,093,102	29,875,780	15,607,897	145,576,779	8,863,670	154,440,449
Direct cost of leases		5,546,146	171,984,025	-	177,530,171	-	177,530,171
Allowance for potential lease, instalment and other loan losses - net		123,942,263	-	25,540,737	149,483,000	-	149,483,000
Impairment on available for sale equity securities		-	-	22,716,207	22,716,207	-	22,716,207
Segment result	Rupees	792,335,134	112,299,595	195,715,844	1,100,350,573	38,882,528	1,139,233,101
Unallocated expenses		-	-	-	(139,704,733)	-	(139,704,733)
Result from operating activities		-	-	-	960,645,840	38,882,528	999,528,368
Finance costs		-	-	-	(985,370,416)	(86,265,715)	(1,071,636,131)
Provision for taxation		-	-	-	(23,031,238)	-	(23,031,238)
Loss for the period	Rupees	-	-	-	(47,755,814)	(47,383,187)	(95,139,001)

**Other information**

Segment assets	Rupees	18,388,855,338	719,510,144	1,293,813,074	20,402,178,556	1,212,470,615	21,614,649,171
Investment in equity accounted undertakings	Rupees	-	-	1,805,745,823	1,805,745,823	-	1,805,745,823
Unallocated assets	Rupees	-	-	-	2,330,381,320	-	2,330,381,320
Total assets	Rupees	-	-	-	24,538,305,699	1,212,470,615	25,750,776,314
Segment liabilities	Rupees	6,425,047,165	-	-	6,425,047,165	1,281,808,546	7,706,855,711
Unallocated liabilities		-	-	-	16,019,848,333	-	16,019,848,333
Total liabilities	Rupees	-	-	-	22,444,895,498	1,281,808,546	23,726,704,044
Capital expenditure	Rupees	-	12,201,199	29,438,771	41,639,970	-	41,639,970
Depreciation	Rupees	-	63,395,036	29,906,181	93,301,217	-	93,301,217



## 19. TRANSACTIONS WITH RELATED PARTIES

The following table provides details of transactions which have been entered into with related parties.

	For the six months period ended	
	31 December 2010 (Un-audited)	31 December 2009 (Un-audited)
<b>OPP (Private) Limited</b>		
(Formerly ORIX Properties Pakistan (Private) Limited)		
Associate / common directorship		
Received against certificates of deposit	Rupees -	30,000,000
Repayment against certificates of deposit	Rupees -	35,000,000
Interest paid	Rupees -	2,497,073
<b>Hino Pak Motors Limited</b>		
Common directorship / Independent director		
Purchase made	Rupees 193,650,000	277,900,000
<b>Compensation of Key Management Personnel</b>		
Short term employee benefit		
	11,005,200	13,903,779
Termination benefits		
	1,015,448	1,396,241
	Rupees 12,020,648	15,300,020

## 20. CASH AND CASH EQUIVALENT

	31 December 2010 (Un-audited)	31 December 2009 (Un-audited)
Cash at bank	272,397,682	601,897,206
Cash in hand	1,901,122	1,857,583
	274,298,804	603,754,789
Overdraft	(136,395,386)	(139,213,597)
	Rupees 137,903,418	464,541,192

## 21. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 26, 2011 by the Board of Directors of the Company.



  
**TEIZOON KISAT**  
 Chief Executive

  
**HUMAYUN MURAD**  
 Director

# OFFICES IN PAKISTAN

ORIX Leasing Pakistan Limited

## Karachi

**Registered Office & Head Office**  
Overseas Investors Chamber of  
Commerce Building  
Talpur Road, Karachi-74000, Pakistan  
Tel: 021-32426020-9  
Fax: 021-32432604, 32425897, 32424315

**UAN:** 111-24-24-24  
**E-mail:** [olp@orixpakistan.com](mailto:olp@orixpakistan.com)  
**Website:** [www.orixpakistan.com](http://www.orixpakistan.com)

## Korangi Office

Plot No 16, Sector 24,  
Korangi Industrial Area, Karachi.  
Tel: 021-35071661-5, 35071040-3

## E-Business Division

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

## North Karachi

Ground Floor, Plot No. R-14  
Sector 11-K, North Karachi  
Tel: 021-36996812  
Fax: 021-36996812

## Lahore

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

## Shah Alam Market

35/155, Circular Road  
Shah Alam Market, Lahore  
Tel: 042-37351986

## Batapur / Jallo More

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

## Chunian

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

## Kot Abdul Malik

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

## Renala Khurd

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

## District Kasur / Pattoki

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

## Manga Mandi

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

## Faisalabad

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

## Sargodha

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

## Sahiwal

Near Five Ways Hotel, Five Ways Chowk  
Stadium Road, Sahiwal  
Tel: 040-4227613-5  
Fax: 040-4227615

## Jhang

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

## Sialkot

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

## Mandi Bahauddin

1st Floor PIA Building  
Kachery Road, Mandi Bahauddin  
Tel: 0546-500506  
Fax: 0546-500507

## Gujrat

4th Floor, State Life Building  
G.T. Road, Gujrat  
Tel: 0433-515282  
Fax: 0433-536854

## Gujranwala

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

## Islamabad

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

## Rawalpindi

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

## Talagang

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

## Mirpur A. K.

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

## Chakwal

1st Floor, Abbas Khan Gulsher Khan Firm  
Talagang Road, Chakwal  
Tel: 0543-543523  
Fax: 0543-602048

## Hyderabad

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

## Sukkur

Dr.Sarfraz Clinic  
1st Floor, Near State Life Building  
Minara Road, Sukkur  
Tel: 071-5627907-8  
Fax : 071-5627907

## Multan

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

## Rahim Yar Khan

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

## Bahawalpur

Ground Floor, Near Cantonment Office Board,  
Ahmed Pur East Road, Bahawalpur  
Tel: 062-9255494, 0300-8680164

## Peshawar

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

## Abbotabad

Ground Floor, Opposite GPO Cantt Bazar,  
Abbotabad  
Tel: 0992-343888  
Fax: 0992-340370

## Mingora

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



