



Oman ORIX Leasing Company SAOG

**ANNUAL REPORT 2005**



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## COMPANY INFORMATION

### Board of Directors

Mr. Salem Nasser Al Ismaily	Chairman
Mr. Akbar Ali Habib	Deputy Chairman
Shaikh Khalid Hilal Al Ma'awali	Director
Mr. Darius Soli Framroze	Director
Mr. Yaser Gamali	Director
Mr. Tariq R. Al Majid	Director
Mr. Fumihiko Sato	Director
Mr. Humayun Murad	Director
Mr. Saeed Reza	Director

### General Manager

Mr. Sunil Kumar Pherwani

### Bankers

Bank Dhofar SAOG  
Bank Muscat SAOG  
Bank Melli Iran  
Bank of Baroda  
Banque Banorabe S.A  
Emirates Bank International PJSC, UAE  
Gulf International Bank BSC, Bahrain  
Habib Bank Limited  
HSBC Bank Middle East  
National Bank of Oman SAOG  
National Bank of Abu Dhabi  
Oman Arab Bank SAOC  
Oman International Bank SAOG  
Standard Chartered Bank

### Auditors

PricewaterhouseCoopers

### Legal Advisor

Al Alawi, Mansoor Jamal & Co.

### Registered Office:

3rd Floor, Rumaila 106, Wattayah, P.O.Box 106, Postal Code 118, Muscat-Sultanate of Oman, Tel: 968-24565612, Fax: 968-24565610, 24567940, E-mail: oolc@omanorix.com, Website: www.omanorix.com

### Branch Offices:

**Sohar:** Al-Tareef, P.O. Box 166, Postal Code 321, Sohar-Sultanate of Oman, Tel: 968-26844630-31, Fax: 968-26844772, E-mail: orixsohar@omanorix.com

**Salalah:** Hamilton Plaza Hotel, P.O. Box 2762, Postal Code 211, Salalah-Sultanate of Oman, Tel: 968-23211946-47 Fax: 968-23211948, E-mail: orixsalalah@omanorix.com

**Nizwa:** P.O.Box 736, Postal Code 611, Nizwa-Sultanate of Oman, Tel:968-25412329-05, Fax: 968-25412350, E-mail: [orixnizwa@omanorix.com](mailto:orixnizwa@omanorix.com)



## CHAIRMAN'S REPORT

### **Dear Shareholders**

On behalf of the directors, I am pleased to present the twelfth annual report together with the audited financial statements for the financial year ended **December 31, 2005**.

### **Review of Operations**

The year 2005 was characterized by strong growth performance with a solid contribution from all fronts. The Company accomplished its main objectives, which includes a major improvement in market share, reduction in overdues and efficient management of assets and liabilities.

Your Company earned net profit before tax of RO 1.42 million being 213% higher than profit of RO 0.454 million earned in the previous year. New business volumes increased by 44% to RO 21.75 million, compared to RO 15.12 million in 2004 with emphasis on controlled growth and a focus on credit quality, increasing gross lease receivables to RO 35.97 million (2004: RO 28.87 million).

With effect from January 2005, the Company has started revenue recognition in accordance with revised International Accounting Standards 17 (Accounting for Leases). Following the change, there is no upfront recognition of income to meet the costs of consummating the lease. The revised standard reduces profitability in the early part of the lease term and compensates for it in the latter part. Over the life of a lease contract there is no change in profits.

Despite this change in revenue recognition method, total revenues at RO 2.96 million in 2005 were 9.32% higher than RO 2.70 million in previous year. Due to a rising trend in interest rates and increase in business in 2005, financial charges increased by 18% to RO 0.715 million compared to RO 0.607 million last year. In line with growth in operations and opening of a new branch at Nizwa, total operating costs increased by 19% to RO 1.17 million as compared to RO 0.984 million in 2004.

Your Company continued to follow prudent provisioning policy for overdue accounts and is in full compliance with the rules of provisioning under Circular FM 13 as laid by the Central Bank of Oman (CBO) and International Financial Reporting Standards (IFRS). Owing to substantial recovery of overdues, the company has written back excess provisioning of RO 346 k. However, in order to meet any future unexpected losses, which may arise due to inherent risk in the lease portfolio, the company has created a Voluntary Reserve of RO 225 k. The Company's accumulated provision stood at RO 2.70 million, which is 8.86% of investment in leases.

### **Dividend**

The Directors are pleased to recommend a cash dividend of 15% (2004: 6%) out of current years profit for approval at the Annual General Meeting. The proposed dividend is in line with the company's Dividend distribution policy.

### **Compliance with Regulatory Requirements**

On behalf of the Board of directors, I would like to express appreciation to the measures adopted by the Capital Market Authority (CMA) to promote transparency and full disclosure of material information.

Your company shall continue its endeavors to comply with all regulation. In this regard, your Company maintains high standards of integrity and is vigilant in promoting a culture that protects its corporate image and strives to uphold best corporate governance practices. During the year the Board adopted Anti Money Laundering Policy and Procedure Guidelines aimed at combating money laundering, in compliance with CBO's requirement.

### **Future Prospects**

The Company has been evaluating product diversification and geographical expansion through new branches. As part of the geographic expansion plan, the Company opened its third branch located in Nizwa and one more is planned for Dhahriah region, subject to requisite approvals.

The Company has recently received approval from Central Bank of Oman to offer non-conventional financial products (Al Ahsen). In addition, the CBO has permitted finance and leasing companies to offer bancassurance and accept deposits from corporate entities.

Your company will maintain focus on leasing to small and medium size enterprises and consumers. The Sultanate's sound and prudent economic policies coupled with the recent initiatives in infrastructure and tourism development, will help in further creating a sustainable and conducive positive business environment for the overall economic activities in the country and for the leasing sector in particular.

### **Staff and Training**

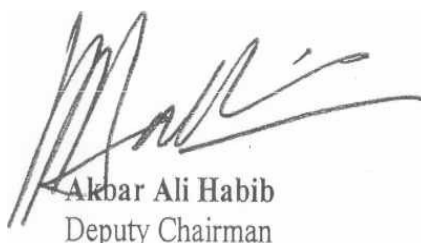
On behalf of all directors, I would like to thank the staff for their hard work and dedication. The Company fully realizes the importance of an efficient human resource base and will ensure that adequate resources are devoted to training and personnel development throughout the Company.

### **Omanisation**

The Omanisation ratio currently stands at 65% (2004: 65%) as opposed to the required 45%.

### **Acknowledgement**

On behalf of all Directors, I express our earnest gratitude to His Majesty Sultan Qaboos Bin Said, wise leadership in creating a dynamic business environment coupled with progressive and prudent economic policies. I also would like to take this opportunity to express my sincere appreciation to the Central Bank of Oman and the Capital Market Authority for their valuable contribution and support. Last but not the least, we are grateful to our customers, bankers and shareholders for their continuing support and confidence in the Company.

A handwritten signature in black ink, appearing to read "Akbar Ali Habib".

Akbar Ali Habib  
Deputy Chairman

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

Oman ORIX closed the 2005 year with excellent growth in business volumes and profitability. Overall progress has been sustained with new business 44% higher than the previous year. Steady growth is expected to continue in 2006 through geographical diversification, focus on corporate business and new products. Portfolio quality has also been improved with a sharp reduction in overdues and progress in this area is also expected to continue during 2006.

The Company's operating and financial position is elaborated below. This should be read in conjunction with the financial statements and related notes for a better understanding.

### Industry Trends & Development

#### Oman's Economy

During 2005, Oman witnessed notable economic growth and development, mainly on back of high oil prices and resulting excess liquidity. The 2005 budgetary surplus was RO 1.5 billion against a projected deficit of RO 540 million. The government has announced a number of infrastructure projects, which include further development of the Sohar Industrial Area, expansion of Salalah, Sohar and Mina Qaboos Ports, construction of new terminals at Seeb Airport and Salalah Free Trade Zone. These projects will facilitate future economic growth in the Country. The development in tourism infrastructure and projects like Blue City, Wave and Shangrilla's Bar Al Jissah resort are also expected to contribute well. The Government is in the process of signing of Free Trade Agreement (FTA) with United States of America, which will also stimulate growth.

Increased demand for credit contributed to a sharp rise in global interest rates in 2005. Spreads have narrowed as a result but this has been compensated by growth in volume of business. Liquidity should rise gradually as high oil prices look set to continue.

#### Leasing Sector

Vehicle financing remains core business for finance and leasing Companies. The segment remains competitive. Corporate sector made a strong contribution to the Company's business in 2005 and efforts will continue on developing this business segment further.

Your Company is focusing on strengthening its competitiveness through superior customer service, strong relationships with suppliers and staff development.

#### Opportunities & Threats

Ample liquidity in the region will facilitate implementation of major projects, increased tourism and real estate development. This will sustain economic growth and, therefore, retail finance business in the foreseeable future. For longer term, the Government's visionary 2020 Plan aims to develop and train Oman's large young population to increase the level of Omanisation and fill employment opportunities created through sustained economic development.

The Company faces threats which are common to the financing sector as a whole. Competition will continue to increase. In the process, margins will tend to be squeezed and greater care will be needed to maintain portfolio quality. Rising indebtedness in the retail segment and declining oil production also pose threats. Your Company remains vigilant to these threats and will continue to improve its competitiveness to counter them.

## **Infrastructure**

In 2005, a new IT infrastructure and system was implemented to improve operational monitoring and reporting as well as information flow to branches. This has contributed to overall improvement in efficiency and market competitiveness.

## **Operating and Financial Performance**

The financial performance of the Company for the last two years was as follows:

<b>PARTICULARS</b>	RO in "000	
	<b>2005</b>	<b>2004</b> (Restated)
Total revenues	2,956	2,704
Interest expense	715	607
Operating expenses	1,168	984
Provision for impairment of lease receivables	(346)	659
Net profit after tax	1,252	392
Total assets	28,647	22,115
Investment in leases	30,507	24,556
Total shareholders' equity	7,484	6,475
Total borrowings	17,312	13,112
Total liabilities	21,163	15,640
NFA of infected portfolio	3,594	5,417
Return on average equity	17.94%	6.03%
Return on average assets	4.93%	1.78%
Debt equity ratio	2.31	2.03
Net assets per share (Rial Omani)	1.497	1.295

The Highlights for the year 2005 were as follows

- Net lease income grew by 7.74 % over the previous year to RO 1.976 million.
- Profit before tax was RO 1.419 million, which was 213% higher than 2004.
- Net financed amount of the infected portfolio was 34% lower than 2004.
- Investment in finance leases increased by 24% at RO 30.507 million as compared to the last year.

## **Risk Management**

The Company's business is such that in the normal course it is exposed to risks, described below. These are managed within a prudent framework of policies and reviewed on an ongoing basis by the Board of Directors, its committees and management. The company's current risk management process to address some of the key risk areas are summarised below.

### **Credit & Portfolio Risk**

OOLC follows a conservative credit policy, which ensures sound quality of the lease portfolio. The policy is reviewed at periodic intervals and revised in light of developments in the economy and regulatory framework. In addition, provisions are made on a prudent basis against doubtful receivables.

The Company has a sound system of managing receivables with an automated process for follow up of delinquent accounts. The process is closely monitored by the Head of Special Asset Management and a team of collectors under his supervision.

### **Asset / Liability Mismatch**

The Company obtains long-term facilities wherever possible to minimize asset/ liability maturity mismatch.

### **Interest Rate Risk**

As with any financial institution, the Company is exposed to interest rate risk due to changes in market rates. The Company mitigates this risk by borrowing at fixed rates wherever commercially viable and maintaining a constant spread on new business.

### **Foreign Exchange Rate Risk**

The Company is exposed to risk of fluctuation in exchange rates on its foreign currency borrowing. It mitigates the risk, to the extent possible, through forward cover of its repayment obligations.

### **Internal Audit and Compliance**

Internal controls have been implemented to identify, evaluate and manage significant risks faced by the Company in the course of its business. The control processes are based on documented policies and procedures to cover financial, operational and compliance risks.

The internal audit function is outsourced to one of the leading firms of Chartered Accountants, M/s Moore Stephens. Quarterly findings, along with the management responses, are reported directly to the Audit Committee and thereafter to the Board of Directors. Further, the Company's operations are subject to examination by the Central Bank of Oman and the external auditors.

### **Outlook**

The economy should benefit from continuing high oil prices which will permit greater government expenditure on development projects and public services to diversify the economy and develop natural resources. The Company has the capability to take advantage of opportunities which will follow, based on efficient operations, excellent relationships with stakeholders and superior customer services.



## Dividend Policy

### **Objective**

The Objective of this policy is to provide a reasonable insight to investors about the manner in which the Company would appropriate profits in future years.

### **Dividend payout**

The Company shall endeavour to prudently balance the expectations of investors for short-term returns through dividend payout and long-term growth objectives of the Company through reinvestment of retained earnings.

The Board of Directors shall review the level of retained earnings periodically so as to ensure they are sufficient to meet the growth objectives of the Company and then only an appropriate percentage of the profits shall be used for cash payout.

Prior to declaring a dividend payout, the Company shall take into account regulatory requirements, covenants of lending institutions and any prevailing laws governing declaration of dividends.

The timing and quantum of future dividend payouts shall be based on the Company's future earnings potential, cash flows and other relevant factors.

The Board of Directors shall recommend the dividend payout, which shall be authorized by the shareholders at the Annual General Meeting, subject to regulatory approvals.

## Corporate Governance Report For the year ended December 31, 2005

### 1. Company philosophy:

Oman ORIX Leasing Company SAOG maintains an environment of highest integrity and is vigilant in promoting a culture that not only protects its corporate name, but which strives to uphold the best practices under the Code of Corporate Governance.

The highlights of the significant principles, which the Company applies to comply with the Code, are as follows:

- a) The Board comprises of 9 non-executive Directors out of which 4 Directors are nominees of institutional shareholders.
- b) The Board during the year adopted Anti Money Laundering Policies and Procedures manual.
- c) The internal audit function is outsourced to one of the leading firms of Chartered Accountants, Moore Stephens, which undertakes its audit on a quarterly basis.

### 2. Board of Directors:

The composition of Board of Directors is as follows:

S.No.	Name of Directors	Position	Category		Entity Represented
1.	Salem Nasser Al Ismaily	Chairman	Non executive	- Nominee	NLIC
2.	Akbar Ali Habib	Deputy Chairman	Non executive	- Nominee	ONICH
3.	Shaikh Khalid Hilal Al Ma'awali	Director	Non executive	- Independent	None
4.	Darius Soli Framroze	Director	Non executive	- Non-Shareholder	None
5.	Yaser Gamali	Director	Non executive	- Nominee	MAFT
6.	Tariq R. Al Majid	Director	Non executive	- Independent	None
7.	Fumihiko Sato	Director	Non executive	- Independent	None
8.	Humayun Murad	Director	Non executive	- Independent	None
9.	Syed Saeed Reza	Director	Non executive	- Nominee	OLP

NLIC = National Life Insurance Company SAOC

ONICH = Oman National Investment Corporation Holding SAOG

MAFT = Majid Al Futtaim Trust LLC

OLP = ORIX Leasing Pakistan Limited

## Board of Directors Meeting

During the year 4 meetings of Board of Directors were held on January 31, April 24, September 10, and October 26, 2005 respectively. The details of members' participation in the meetings along with their directorships in other companies are as follows:

<b>Name of Directors</b>	<b>Position</b>	<b>Board meetings attended</b>	<b>Whether attended last AGM</b>	<b>Directorship in other Companies</b>	<b>Position in other Company</b>
Salem Nasser Al Ismaily	Chairman	4	Yes	Bank Muscat SAOG	Director
				Oman Oil Marketing Company	Director
Akbar Ali Habib	Deputy Chairman	4	No	Al Ahlia Insurance Company, SAOC	Acting Chairman
				National Life Insurance Company, SAOC	Chairman
				Alliance Housing Bank	Director
Shaikh Khalid Hilal Al Ma'awali	Director	4	Yes	Port Services Corporation	Director
				Al Batinah Hotels	Vice Chairman
				Oman National Investment Corporation Holding SAOG	Director
Darius Soli Framoze	Director	4	Yes	Al Ahlia Insurance Company SAOC	Director
				National Life Insurance Company SAOC	Director
				Oman National Dairy Product Company SAOG	Director

Yaser Gamali	Director	1	No	WWW. Networks FZ Company, UAE	Director
				ORIX Leasing Egypt SAE, Egypt	Director
				GAMCOR PTY Limited, Australia	Director
Tariq R. Al Majid	Director	Nil	No	Golden Neon	Chairman
				Al Majid Central AC	Chairman
				United Tire Abhu Dhabi	Chairman
Fumihiko Sato	Director	3	No	ORIX Leasing Pakistan Limited, Pakistan	Director
				ORIX Investment Bank Pakistan Limited, Pakistan	Director
				ORIX Leasing Egypt SAE, Egypt	Director
				Saudi ORIX Leasing Company, KSA	Director
				MAF ORIX Finance PJSC, UAE	Managing Director
				BTA ORIX Leasing JSC	Director
Humayun Murad	Director	2	No	ORIX Leasing Pakistan Limited, Pakistan	Chief Executive
				ORIX Investment Bank Pakistan Limited, Pakistan	Director
				ORIX Leasing Egypt SAE, Egypt	Director
				Saudi ORIX Leasing Company, KSA	Director
				MAF ORIX Finance PJSC, UAE	Director
				Pakistan Oman Investment Company, Pakistan	Director
				BTA ORIX Leasing Company JSC, Kazakhstan	Director
Syed Saeed Reza	Director	4	Yes	ORIX Leasing Pakistan Limited, Pakistan	Director

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

### 3. Audit and other committees:

#### a) Audit Committee

The Audit Committee comprises of 3 non-executive Board members. During the year 5 meetings of the Audit Committee were held on January 31, April 24, June 4, July 23, and October 26 2005 respectively. The details of the members and their attendance in the meeting held are as follow:

S.No.	Name of Directors	Position	Meeting attended	Date Of appointment
1.	Dairus Soli Framroze	Chairman	5	19-04-03
2.	Yaser Gamali	Member	2	19-04-03
3.	Fumihiko Sato	Member	3	28-10-04

The main role of Audit Committee is to;

- Assist the Board in appointment of external and internal auditors in the context of their independence, compensation and terms of engagement.
- Assist the Board in oversight of financial statements in general and with particular reference to review of Annual and quarterly financial statements.
- Oversee internal audit function and ensure adequacy of internal controls.
- Review risk management policies and specific transactions with related parties.
- Ensure the Company's compliance with legal and regulatory requirements.

#### b) Executive Committee

The Executive Committee consists of 4 members of the Board and the General Manager. During the year 2 meetings of the Executive Committee was held on January 31 and September 10, 2005 respectively. The composition of the Committee and the number of meetings attended by each member are shown as under:

S.No.	Name of Members	Position	Meetings attended	Date of appointment
1.	Akbar Ali Habib	Chairman	2	26-12-01
2.	Yaser Gamali	Member	-	19-04-03
3.	Tariq R. Al Majid	Member	-	19-04-03
4.	Humayun Murad	Member	2	26-12-01
5.	Sunil Kumar Pherwani	Member	2	09-11-02

The role of Executive Committee includes;

- Review and recommendation of business plan to the Board
- Review and recommendation of write offs and rescheduling of receivables
- Credit approvals as per the Company policy and
- Any other issues delegated by the Board from time to time.

### 4. Internal Control Review:

The company has implemented various internal control systems in its financial operation and business operations. The Board of Directors has set up an Audit Committee of the Board having 3 of the Board of Directors as its members. This committee supervises the activities of the internal auditors. There are well-defined policies and procedures for all financial and business transactions of the company. The company has well documented procedures for its affairs to be managed with acceptable controls and the Board of Directors has found these controls to be in line with established practices.

## 5. Process of nomination of Directors:

The company is managed by a Board of Directors consisting of 9 members, elected for a term of three years subject to re-election as follows:

- Those who wish to nominate themselves to the membership of the Company's Board must submit an application form pursuant to the pro-forma prepared by the Capital Market Authority at least 10 days before the general meeting at which the election of Directors will take place.
- The Company reviews the application forms to ensure that the candidates satisfy the required conditions as per the provisions of the Commercial Companies Law.

## 6. Remuneration matters:

- The sitting fees and remuneration has been paid / provided to Board of Directors are as follows.

Name of Directors	Position	Amount in Rial Omani		Total
		Sitting fees paid	Proposed Remuneration	
Salem Nasser Al Ismaily	Chairman	1,200	4,250	5,450
Akbar Ali Habib	Dy. Chairman	1,600	3,750	5,350
Shaikh Khalid Hilal Al Ma'awali	Director	1,200	3,750	4,950
Darius Soli Framroze	Director	2,200	3,750	5,950
Yaser Gamali	Director	700	3,750	4,450
Tariq R. Al Majid	Director	-	3,750	3,750
Fumihiko Sato	Director	1,500	3,750	5,250
Humayun Murad	Director	1,000	3,750	4,750
Syed Saeed Reza	Director	1,200	3,750	4,950
<b>Total</b>		<b>10,600</b>	<b>34,250</b>	<b>44,850</b>

- During the year the Company incurred aggregate employment costs of RO 199, 288/- in respect of its 5 senior most executives.

## 7. Details of non-compliance by the Company.

During the year 2005, the company had four Board Meetings and the gap between second and third meeting was exceeded by 17 days.

## 8. Means of communication with the shareholders and investors:

The Company publishes quarterly accounts in two national newspapers and also submits the same to Muscat Securities Market. Annual reports are mailed to all shareholders. The financial statements of the company for the last 3 years are also available on the Company's website at [www.omanorix.com](http://www.omanorix.com).

## 9. Market price data:

### a) High / low price and index

S.No.	Months, 2005	Market Price (RO)		Volume Traded	MSM Index	Relevant Sector
		High	Low			
1.	January	1.750	1.750	-	3,573.29	1,642.97
2.	February	1.750	1.750	-	3,634.62	1,681.61
3.	March	1.750	1.750	1,588	4,275.43	1,814.20
4.	April	1.750	1.750	-	4,674.00	1,856.97
5.	May	1.750	1.600	15,688	4,996.72	1,867.11
6.	June	1.600	1.600	-	5,450.38	2,018.58
7.	July	1.600	1.600	-	5,355.01	2,090.11
8.	August	1.600	1.600	-	5,192.99	2,054.27
9.	September	1.600	1.600	-	5,075.70	2,003.40
10.	October	1.600	1.600	-	5,023.69	2,022.02
11.	November	1.700	1.600	170,820	4,836.88	1,988.53
12.	December	1.600	1.600	4,500	4,875.11	1,975.65

### b) Distribution of Shares

S.No.	Name of the Shareholder	No. of Shares	%age
1.	Oman National Investment Corporation Holding SAOG	1,541,456	30.83%
2.	Majid Al Futtaim Trust LLC	1,418,598	28.37%
3.	ORIX Leasing Pakistan Limited, Pakistan	1,012,227	20.24%
4.	Port Services Corporation SAOG	253,090	5.06%
5.	Oman International Bank	249,981	5.00%
6.	National Life Insurance Company SAOC	208,545	4.17%
	Others	316,103	6.33%
	<b>Total</b>	<b>5,000,000</b>	<b>100.00%</b>

## 10. Professional profile of Statutory Auditors:

PricewaterhouseCoopers, the world's largest professional service organisation, provides industry-focused assurance, tax and advisory services for public and private clients. It employs more than 120,000 people in 139 countries. PricewaterhouseCoopers in Oman has over 60 employees including 3 partners and 7 managers.



**Salem Nasser Al Ismaily**  
Chairman



**Akbar Ali Habib**  
Deputy Chairman

PricewaterhouseCoopers LLP  
P.O. Box 3075, Ruwi 112  
Suites 205-210 Hatat House  
Wadi Adai, Muscat  
Sultanate of Oman  
Telephone +(968) 2456 3717  
Facsimile +(968) 2456 4408

**REPORT OF FACTUAL FINDINGS**

**TO THE SHAREHOLDERS OF OMAN ORIX LEASING COMPANY SAOG**

We have performed the procedures prescribed in Capital Market Authority (CMA) circular no. 16/2003, dated 29 December 2003 with respect to the Board of Directors' corporate governance report of Oman ORIX Leasing Company SAOG (the company) and application of the corporate governance practices in accordance with CMA Code of Corporate Governance issued under circular no. 11/2002 dated 3 June 2002 and its amendments. Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures, as stated in circular no. 16/2003, were performed solely to assist you in evaluating the company's compliance with the code as issued by the CMA.

We report our findings on the procedures performed below:

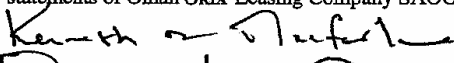
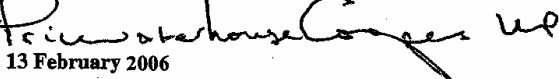
we found the Board of Directors' corporate governance report reflects the company's application of the provisions of the code and is free from any material misrepresentation.

We draw attention to the matter referred to under 'Specific areas of non-compliance with the provisions of the Corporate Governance and reasons' in the Board of Directors' corporate governance report.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the accompanying corporate governance report.

Had we performed additional procedures or had we performed an audit in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the Board of Directors' corporate governance report included in its annual report for the year ended 31 December 2005 and does not extend to any financial statements of Oman ORIX Leasing Company SAOG taken as a whole.

  
  
13 February 2006




**REPORT OF THE AUDITORS TO THE SHAREHOLDERS  
OF OMAN ORIX LEASING COMPANY SAOG**

We have audited the accompanying balance sheet of **Oman ORIX Leasing Company SAOG** (the company) as at 31 December 2005 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements set out on pages 16 to 35 are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Oman ORIX Leasing Company SAOG** as at 31 December 2005 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

In our opinion, the accompanying financial statements comply, in all material respects, with the disclosure requirements set out in the Rules for Disclosure and Proformas issued by the Capital Market Authority of the Sultanate of Oman.

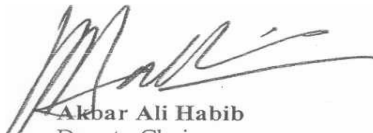
*Kenneth W. Taylor*  
*PricewaterhouseCoopers*   
31 January 2006

# OMAN ORIX LEASING COMPANY SAOG

## BALANCE SHEET AS AT 31 DECEMBER 2005

	Note	2005 RO'000	2004 RO'000 (Restated - Note 8 (b))
<b>Assets</b>			
Cash and bank balances	6	97	16
Statutory deposit	7	30	30
Net investment in finance leases	8	27,804	21,329
Receivables and prepayments		200	209
Fair value of hedging instruments	9	57	-
Deferred tax asset	10	325	388
Property and equipment	11	134	143
<b>Total assets</b>		<b><u>28,647</u></b>	<b><u>22,115</u></b>
<b>Equity and Liabilities</b>			
<b>Capital and reserves</b>			
Share capital	12	5,000	5,000
Legal reserve	13	562	437
Voluntary reserve	14	225	-
Retained earnings		1,640	1,038
Fair value of hedging instruments	9	57	-
		<b><u>7,484</u></b>	<b><u>6,475</u></b>
<b>Liabilities</b>			
Bank overdrafts and short term loans	15	4,666	3,524
Long term loans	16	12,646	9,588
Creditors, accruals and other liabilities	17	3,665	2,285
Tax payable		186	243
		<b><u>21,163</u></b>	<b><u>15,640</u></b>
<b>Total equity and liabilities</b>		<b><u>28,647</u></b>	<b><u>22,115</u></b>
<b>Net assets</b>		<b><u>7,484</u></b>	<b><u>6,475</u></b>
<b>Net assets per share (Rials Omani)</b>		<b><u>1.497</u></b>	<b><u>1.295</u></b>

The financial statements on pages 16 to 35 were approved by the Board of Directors on 21 January 2006 and were signed on their behalf by:

  
Akbar Ali Habib  
Deputy Chairman

  
Darius Soli Framroze  
Director

The notes on pages 20 to 35 form an integral part of these financial statements.

Report of the Auditors – page 15.

## OMAN ORIX LEASING COMPANY SAOG

### INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	2005 RO'000	2004 RO'000 (Restated - Note 8 (b))
<b>Revenues</b>			
Lease income		2,691	2,441
Interest and other income		<u>265</u>	<u>263</u>
		<b><u>2,956</u></b>	<b><u>2,704</u></b>
<b>Expenses</b>			
Interest expense		715	607
Selling, general and administrative expenses	18	1,113	917
Depreciation	11	<u>55</u>	<u>67</u>
		<b><u>1,883</u></b>	<b><u>1,591</u></b>
<b>Operating profit before provisions</b>		<b>1,073</b>	1,113
Reversal of provision/(provision) for impairment of lease receivables	8	<u>346</u>	<u>(659)</u>
<b>Operating profit after provisions before taxation</b>		<b>1,419</b>	454
Taxation	19	<u>(167)</u>	<u>(62)</u>
<b>Net profit for the year</b>		<b><u>1,252</u></b>	<b><u>392</u></b>
<b>Basic earnings per share (Rials Omani)</b>	21	<b><u>0.250</u></b>	<b><u>0.078</u></b>

The notes on pages 20 to 35 form an integral part of these financial statements.

Report of the Auditors – page 15.

## OMAN ORIX LEASING COMPANY SAOG

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2005

	Share Capital RO'000	Legal reserve RO'000	Voluntary reserve RO'000	Special reserve RO'000	Retained earning RO'000	Fair value of hedging instrument RO'000	Capital and reserves RO'000
<b>1 January 2004 - as previously reported</b>	5,000	390	-	783	348	-	6,521
Effect of change in accounting policy (note 8 (b))	-	-	-	-	(438)	-	(438)
<b>1 January 2004 - as restated</b>	5,000	390	-	783	(90)	-	6,083
Net profit for the year (Restated)	-	-	-	-	392	-	392
Transfer to legal reserve	-	47	-	-	(47)	-	-
Transfer from special reserve	-	-	-	(783)	783	-	-
<b>31 December 2004 (Restated)</b>	<u>5,000</u>	<u>437</u>	<u>-</u>	<u>-</u>	<u>1,038</u>	<u>-</u>	<u>6,475</u>
<b>1 January 2005</b>	<b>5,000</b>	<b>437</b>	<b>-</b>	<b>-</b>	<b>1,038</b>	<b>-</b>	<b>6,475</b>
Net profit for the year	-	-	-	-	1,252	-	1,252
Transfer to reserves	-	125	225	-	(350)	-	-
Dividend paid	-	-	-	-	(300)	-	(300)
Change in fair value of hedging instruments	-	-	-	-	-	57	57
<b>31 December 2005</b>	<u>5,000</u>	<u>562</u>	<u>225</u>	<u>-</u>	<u>1,640</u>	<u>57</u>	<u>7,484</u>

The notes on pages 20 to 35 form an integral part of these financial statements.

Report of the Auditors – page 15.

# OMAN ORIX LEASING COMPANY SAOG

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 RO'000	2004 RO'000 (Restated - Note 8 (b))
<b>Operating activities</b>		
Profit before taxation	1,419	454
<b>Adjustments for:</b>		
Depreciation	55	67
Provision for end of service benefits	23	16
Gain on sale of fixed assets	(5)	(3)
Provision for impairment of lease receivables	(346)	659
Interest expense	<u>715</u>	<u>607</u>
<b>Operating profit before working capital changes and payment of end of service benefits</b>	<b>1,861</b>	<b>1,800</b>
End of service benefits paid	(9)	(10)
<b>Changes in operating assets and liabilities</b>		
Investment in finance leases	(5,062)	(779)
Receivables and prepayments	9	(41)
Creditors, accruals and other liabilities	305	119
Interest paid	(721)	(553)
Income tax paid	<u>(161)</u>	<u>(201)</u>
<b>Net cash flows (used in)/from operating activities</b>	<b><u>(3,778)</u></b>	<b><u>335</u></b>
<b>Investing activities</b>		
Proceeds from sale of property and equipment	5	3
Purchase of property and equipment	<u>(46)</u>	<u>(38)</u>
<b>Cash flows used in investing activities</b>	<b><u>(41)</u></b>	<b><u>(35)</u></b>
<b>Financing activities</b>		
Term loans	3,058	2,572
Bank overdrafts and short term loans	1,142	(3,027)
Dividend paid	<u>(300)</u>	<u>-</u>
<b>Cash flows from/(used in) financing activities</b>	<b><u>3,900</u></b>	<b><u>(455)</u></b>
Net change in cash and cash equivalents	81	(155)
Cash and cash equivalents at beginning of the period	<u>16</u>	<u>171</u>
<b>Cash and cash equivalents at end of the period</b>	<b><u>97</u></b>	<b><u>16</u></b>

The notes on pages 20 to 35 form an integral part of these financial statements.

Report of the Auditors – page 15.

# OMAN ORIX LEASING COMPANY SAOG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 1 Legal status

Oman ORIX Leasing Company SAOG (the Company) is an Omani joint stock Company registered under the Commercial Companies Law of the Sultanate of Oman. The principal activity of the Company is leasing business. The address of its registered office is P.O. Box 106, Al-Harthy complex, Postal code 118, Sultanate of Oman.

### 2 Summary of significant accounting policies

The principal accounting policies are summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

(a) The financial statements are prepared on the historical cost basis and in accordance with International Financial Reporting Standards (IFRS), including International Accounting Standards and Interpretations issued by the International Accounting Standards Board, and comply with the disclosure requirements set out in the Rules for Disclosure and Proformas issued by the Capital Market Authority of the Sultanate of Oman.

(b) The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(c) Interpretations and amendments to published standards that are not yet effective

Certain new standards and amendments and interpretations to existing standards and have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2006 or later periods but which the Company has not early adopted. The company has concluded that the following are not relevant to the Company.

- IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments and will require the company to disclose additional qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures and risk management policies including sensitivity analysis to market risk. The company will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.
- IAS 19 (Amendment), Employee Benefits (effective from 1 January 2006)
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions (effective from 1 January 2006)
- IAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006)
- IAS 39 and IFRS 4 (amendment), Financial Guarantee Contracts (effective from 1 January 2006)
- IFRS 1 (Amendment), First time adoption of International Financial Reporting Standards
- IFRS 6 Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006)
- IFRIC 4, Determining whether an Arrangement contains a Lease (effective from 1 January 2006)
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from 1 January 2006)
- IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (effective from 1 December 2005)

# OMAN ORIX LEASING COMPANY SAOG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 2.2 Leases and lease income

Assets owned by the Company but subject to finance leases are included in the financial statements as "investment in finance leases" at an amount equivalent to the net investment in the leases.

Finance income from leases is recognised based on a pattern reflecting a constant periodic rate of return on the Company's net investment in the finance leases.

The difference between the aggregate lease contract receivable and the cost of the leased assets plus initial direct costs is recorded as unearned lease finance income. The initial direct costs, which include amounts such as commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging a lease, are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the finance lease receivable. Lease payments relating to the year are applied against gross investment in the lease to reduce both the principal and the unearned finance income.

### 2.3 Provision for impairment of lease receivables

The Company assesses at each balance sheet date whether there is objective evidence that a lease receivable or group of lease receivables is impaired. A lease receivable or group of lease receivables is impaired and an impairment loss is incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the lease receivable or group of lease receivables that can be reliably estimated. Objective evidence that a lease receivable or group of lease receivables is impaired includes observable data that comes to the attention of the Company about the following loss events:

- significant financial difficulty of the obligor;
- a breach of contract, such as a default in rental payment;
- the company granting to the lessee, for economic or legal reasons relating to the lessee's financial difficulty, a concession that the lender would not otherwise consider;
- it becoming probable that the lessee will enter bankruptcy or other financial reorganisation;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of lease receivables since the initial recognition of those leases, although the decrease cannot yet be identified with the individual leases in the group, including adverse changes in the payment status of lessees in the company, or national or local economic conditions that correlate with defaults on the assets in the company.

The Company first assesses whether objective evidence of impairment exists individually for lease receivables that are individually significant, and individually or collectively for lease receivables that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed lease receivable, whether significant or not, it includes the lease receivable in a group of lease receivables with similar credit risk characteristics and collectively assesses them for impairment. Lease receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The calculation of the present value of the estimated future cash flows of a collateralised lease reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Future cash flows in a group of lease receivables that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Company and historical loss experience for assets with credit risk characteristics similar to those in the company. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

# OMAN ORIX LEASING COMPANY SAOG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 2.3 Provision for impairment of lease receivables (continued)

Estimates of changes in future cash flows for groups of lease receivables should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

When a lease receivable is uncollectible, it is written off against the related provision for impairment. Such leases are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for lease receivable impairment in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

### 2.4 Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Cost represents their purchase cost, together with any incidental cost of acquisition. The cost of property and equipment is written off in equal instalments over their estimated useful economic lives of five years.

Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

Gain and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

### 2.5 Cash equivalents

All bank balances with maturity of three months or less from the date of acquisition are considered to be cash equivalents.

### 2.6 Derivative financial instruments

Derivative financial instruments comprise interest rate swaps, which are initially recognised in the balance sheet at cost (including transaction costs) and subsequently are re-measured at their fair value. All derivatives are carried at their fair value in assets when favourable and in liabilities when unfavourable. Fair values are in general derived from quoted market prices, discounted cash flow models and options pricing models as appropriate.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges are recognized directly in equity.

Changes in the fair value of derivative financial instruments that are designated and effective as fair value hedges are recognized in the income statement as they arise.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the income statement as they arise.



# OMAN ORIX LEASING COMPANY SAOG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 2.7 End of service benefits and leave entitlements

End of service benefits are accrued in accordance with the terms of employment of the Company employees at the balance sheet date, having regard to the requirements of the Oman Labour Law 2003. Employee entitlements to annual leave are recognised when they accrue to employees and an accrual is made for the estimated liability for annual leave as a result of services up to the balance sheet date. The accrual relating to annual leave and leave passage is disclosed as a current liability, while that relating to end of service benefits is disclosed as a non-current liability

Contributions to a defined contribution retirement plan for Omani employees in accordance with the Omani Social Insurance Scheme, are recognised as an expense in the income statement as incurred.

### 2.8 Foreign currency

Transactions denominated in foreign currencies are converted into Rials Omani and recorded at rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into Rials Omani at exchange rates ruling on the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement.

### 2.9 Deferred income tax

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. Currently enacted tax rates are used to determine deferred taxation. The principal temporary differences arise from the provision for impairment of lease receivables.

### 2.10 Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

### 2.11 Creditors

Creditors are stated at amortised cost using the effective interest method for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

## 3 Financial risk management

### 3.1 Financial risk factors

The Company's activities expose it to variety of financial risks, including the effect of changes in foreign currency exchange rates and interest rates, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk management is carried out by the treasury function.

#### (i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has established procedures to manage credit exposure including evaluation of lease, credit worthiness, credit approvals, assigning credit limits, obtaining securities such as lien on title on leased assets, security deposits and personal guarantees.

# OMAN ORIX LEASING COMPANY SAOG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 3.1 Financial risk factors (continued)

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

Exposure to credit risk is managed through regular analysis of the ability of lessees and potential lessees to meet repayment obligations. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

#### (ii) Interest rate risk

Interest rate risk is the uncertainty of future earnings resulting from fluctuations in interest rates. The risk arises when there is a mismatch in the assets and liabilities, which are subject to interest rate adjustment within a specified period. The most important sources of such rate risk are the Company's borrowings, and its leasing activities, where fluctuations in interest rates, if any, are reflected in the results of operations.

Interest rate gap is a common measure of rate risk. A positive gap occurs when more assets than liabilities are subject to rate change during a prescribed period of time. A negative gap occurs when liabilities exceed assets subject to rate changes during a prescribed period of time.

The Company has entered into derivative contracts in order to manage the interest rate risk arising in relation to credit facilities.

#### (iii) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may result in unavailability of certain sources of funding.

#### (iv) Foreign currency risk

The foreign currency transactions are in US Dollars. The Company enters into forward exchange contracts to hedge any significant risks arising from foreign currency transactions.

### 3.2 Fair value estimates

The fair value of financial assets and liabilities that are not traded in an active market is determined by using estimated discounted cash flows. The fair value of interest rate swaps is derived using valuation technique including discounted cash flow method as appropriate. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The nominal value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of borrowing for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

# OMAN ORIX LEASING COMPANY SAOG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 4 Critical accounting estimates, and judgments in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Impairment losses on lease receivables

The Company reviews its lease receivables portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of lease receivables before the decrease can be identified with an individual lease in that portfolio. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows and inline with the Central Bank of Oman guidelines in this respect. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

### 5 Comparative figures

Certain comparative figures have been reclassified in order to conform to the current year presentation (refer note 8 (b)).

### 6 Cash and bank balances

	2005 RO'000	2004 RO'000
Current accounts	95	15
Cash in hand	<u>2</u>	<u>1</u>
	<u>97</u>	<u>16</u>

### 7 Statutory deposit

The Company is required to maintain a deposit of RO 30,000 with the Central Bank of Oman in accordance with the applicable licensing regulations. During the period the deposit earned interest at the rate of 2% (2004 – 2.5%).

### 8 Net investment in finance leases

	2005 RO'000	2004 (Restated - Note 8 (b) ) RO'000
Lease contract receivables	35,975	28,869
Unearned lease income	<u>(5,067)</u>	<u>(3,854)</u>
	30,908	25,015
Provision for impairment of lease receivables	<u>(2,703)</u>	<u>(3,227)</u>
Suspended Income	<u>(401)</u>	<u>(459)</u>
	<u>27,804</u>	<u>21,329</u>

(a) Income is reversed on lease contract receivables, which are overdue for more than 90 days. As at 31 December 2005 lease contracts receivables on which income has been reversed amounted to approximately RO 3.594 million (2004:RO 5.417million).

## OMAN ORIX LEASING COMPANY SAOG

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

#### 8 Net investment in finance leases (continued)

(b) The Company has adopted International Accounting Standard 17 - Leases (revised) IAS 17 with effect from 1 January 2005, which includes more detailed guidance on costs qualified to be accounted as initial direct costs and requires that the initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. The Company adopted this retrospectively. Accordingly, this has resulted in the Company restating the retained earnings at 1 January 2004 and income statement for the year ended 31 December 2004. The transition resulted in increase of unearned lease income as at 1 January 2004 by RO 438,000 with a corresponding decrease of retained earning by the same amount on that date, and decrease of lease income and profit for the year ended 31 December 2004 by RO 156,000.

(c) The movement of unearned lease income during the period was as follows:

	2005 RO'000	2004 (Restated - Note 8 (b) ) RO'000
1 January	3,854	3,400
Addition during the year	3,862	2,798
Recognised during the year	<u>(2,649)</u>	<u>(2,344)</u>
31 December	<u>5,067</u>	<u>3,854</u>

(d) The movement in the provision for impairment of lease receivables during the period was as follows:

	2005 RO'000	2004 RO'000
1 January	3,227	2,578
Provided during the year	688	659
Released during the year	<u>(1,034)</u>	-
Written off during the year	<u>(178)</u>	<u>(10)</u>
31 December	<u>2,703</u>	<u>3,227</u>

(e) The movement in the suspended income during the period was as follows:

	2005 RO'000	2004 RO'000
1 January	459	556
Addition during the year	112	94
Released / written back during the year	<u>(154)</u>	<u>(191)</u>
Written off during the year	<u>(16)</u>	<u>-</u>
31 December	<u>401</u>	<u>459</u>

#### 9 Fair value of hedging instruments

The Company has hedged certain variable-rate borrowings dominated in US dollar using interest rate swaps designated as cash flow hedges and having a notional amount of RO 4.356 million under which the Company receives variable interest at "LIBOR" in exchange for payment of fixed rate interest. As at 31 December 2005, the fair value of the interest rate swaps amounted to RO 57,364 and is presented in the financial statements as an asset.

# OMAN ORIX LEASING COMPANY SAOG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

### 10 Deferred tax asset

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 12% (2004 - 12%). Deferred tax assets and the deferred tax credit in the income statement are attributable to the following items:

	31 December 2004 RO'000	Debited to income statement RO'000	31 December 2005 RO'000
Tax in respect of provisions	<u>388</u>	<u>(63)</u>	<u>325</u>

### 11 Property and equipment

2005	Office equipment RO'000	Motor vehicles RO'000	Furniture and fittings RO'000	Total RO'000
<b>Cost</b>				
1 January 2005	207	103	158	468
Additions	24	12	10	46
Disposals	<u>(3)</u>	<u>(12)</u>	<u>(1)</u>	<u>(16)</u>
31 December 2005	<u>228</u>	<u>103</u>	<u>167</u>	<u>498</u>
<b>Depreciation</b>				
1 January 2005	146	63	116	325
Charge for the period	25	14	16	55
Disposals	<u>(3)</u>	<u>(12)</u>	<u>(1)</u>	<u>(16)</u>
31 December 2005	<u>168</u>	<u>65</u>	<u>131</u>	<u>364</u>
<b>Net book amount</b>				
<b>31 December 2005</b>	<u>60</u>	<u>38</u>	<u>36</u>	<u>134</u>

2004	Office equipment RO'000	Motor vehicles RO'000	Furniture and fittings RO'000	Total RO'000
<b>Cost</b>				
1 January 2004	199	97	155	451
Additions	16	18	4	38
Disposals	<u>(8)</u>	<u>(12)</u>	<u>(1)</u>	<u>(21)</u>
31 December 2004	<u>207</u>	<u>103</u>	<u>158</u>	<u>468</u>
<b>Depreciation</b>				
1 January 2004	126	58	95	279
Charge for the year	28	17	22	67
Disposals	<u>(8)</u>	<u>(12)</u>	<u>(1)</u>	<u>(21)</u>
31 December 2004	<u>146</u>	<u>63</u>	<u>116</u>	<u>325</u>
<b>Net book amount</b>				
<b>31 December 2004</b>	<u>61</u>	<u>40</u>	<u>42</u>	<u>143</u>

# OMAN ORIX LEASING COMPANY SAOG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

### 12 Share capital

The authorised capital consists of 8 million (2004 - 8 million) shares of RO 1 each and paid up capital consists of 5 million (2004 - 5 million) shares of RO 1 each.

Shareholders who own 10% or more of the Company's share capital are:

	2005		2004	
	Shares held	(%)	Shares held	(%)
Oman National Investment Corporation Holding SAOG	1,541,456	30.8	1,057,254	21.1
Majid Al Futtaim Trust LLC	1,418,598	28.4	1,248,031	24.9
ORIX Leasing Pakistan Limited	1,012,227	20.2	1,012,227	20.2
A'Sharqia Investment Holding Company SAOG	-	-	532,500	10.6

### 13 Legal reserve

In accordance with Article 106 of the Commercial Companies Law of Oman 1974, annual appropriations of 10% of the profit for the year, are made to this legal reserve until the accumulated balance of the reserve is equal to one third of the Company's paid up share capital. This reserve is not available for distribution.

### 14 Voluntary reserve

The Board of Directors has resolved to establish a voluntary reserve to cover any future potential lease losses, which may arise due to inherent risk in the lease portfolio. During the year an amount of RO 225,000 has been transferred from the current year profits.

### 15 Bank overdrafts and short term loans

The Company has borrowing facilities from commercial banks for an aggregate amount of approximately RO 6.02 million (2004 - RO 6.75 million), which are entirely secured against pari-passu floating charges over the assets of the Company. Interest on these bank borrowings ranged between 4.25% and 7% (2004 - 3.% and 7%) per annum.

### 16 Long-term loans

The Company has entered into long term loan agreements with commercial banks in the aggregated amount of RO 22.6 million (2004 - RO 14.94 million). These loans carry interest at rates ranging between 4.875% and 6.43% (2004 - 3.5% and 5.75%) per annum and secured by a pari-passu floating charge over the assets of the Company. These facilities include amounts in US \$ of approximately RO 4.8 million (2004 - 4.8 million).

### 17 Creditors, accruals and other liabilities

	2005 RO'000	2004 RO'000
Leased assets payables	2,832	1,765
Interest and financial charges	89	95
Accruals for expenses	525	245
End of service benefits	72	58
Other liabilities	147	122
	<u>3,665</u>	<u>2,285</u>

The movement in employees' end of service benefits during the year is as follows:

At 1 January	58	52
Expense recognised in the income statement	23	16
Paid to employees during the year	(9)	(10)
At 31 December	<u>72</u>	<u>58</u>

# OMAN ORIX LEASING COMPANY SAOG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

### 18 Selling, general and administrative expenses

	2005 RO'000	2004 (Restated – Note 8 (b)) RO'000
Personnel costs	806	642
Occupancy costs	32	30
Communication costs	78	62
Professional fees and subscriptions	44	50
Advertising and sales promotion	11	10
Proposed Directors' Remuneration	34	37
Directors' sitting fees	11	9
Other office expenses	<u>97</u>	<u>77</u>
	<u>1,113</u>	<u>917</u>

#### Personnel costs

	2005 RO'000	2004 RO'000
Wages and salaries	423	391
Other benefits	344	222
Contribution to the Public Authority for Social Insurance	16	13
End of service benefits	<u>23</u>	<u>16</u>
	<u>806</u>	<u>642</u>

### 19 Taxation

(a) The tax charge during the year comprises:

	2005 RO'000	2004 (Restated - Note 8 (b)) RO'000
Current income tax	104	146
Deferred tax	<u>63</u>	<u>(84)</u>
	<u>167</u>	<u>62</u>

(b) The reconciliation of tax on the accounting profit at the applicable rates of 12% (2004 - 12%) after basic exemption of RO 30,000 and the tax expense in the financial statements is as follows:

	2005 RO'000	2004 (Restated - Note 8 (b)) RO'000
Tax on accounting profit of RO 1,419,000 (2004 - RO 454,000)	167	51
Tax paid in respect of prior years	-	15
Rounding off	<u>-</u>	<u>(4)</u>
	<u>167</u>	<u>62</u>

# OMAN ORIX LEASING COMPANY SAOG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

### 19 Taxation (continued)

(c) The income tax assessments of the Company for the years up to 2003 have been completed by the Secretariat General for Taxation at the Ministry of Finance ("the tax department"). In the assessments for the years 1996 to 2003, the tax department has disallowed provision for doubtful lease receivables claimed as a deduction by the Company. The Company filed appeals with the Tax Committee ("TC") for the years 1996 to 2002, which were rejected by the TC. The Company has submitted an appeal to the Commercial Court against the decision of the TC for these years and a decision on the same is awaited. For the year 2003, the Company has submitted an appeal with the TC, a decision on which is pending. The Company's income tax assessment for the year 2004 has not been finalised by the tax department.

The Board of Directors are of the opinion that the additional taxes, if any, that may be assessed on finalisation of the outstanding tax matters of the Company for the tax years up to 2004 would not be significant to the Company's financial position at 31 December 2005.

### 20 Related party transactions

The Company has entered into transactions in the ordinary course of business with entities in which certain directors have a significant influence. Interest charged on long-term loan and other transactions are on terms which the directors believe correspond to terms of normal arm's length transactions with third parties. The nature of significant transactions involving related parties or holders of 10% or more of the Company's shares, or their family members, and the amounts involved during the period were as follows.

	2005 RO'000	2004 RO'000
Lease income	15	15
Interest expense	149	130
Insurance expense	19	20
Directors' sitting fees and remuneration	45	46
Due from:		
Net investment in finance leases	150	190
Due to:		
Interest payable	-	9
Long term loan	3,406	2,000
Short term loan	1,517	427
<b>Key management compensation:</b>	<b>2005 RO'000</b>	<b>2004 RO'000</b>
Salaries and other short-term employee benefits	193	135
Termination benefits	<u>6</u>	<u>6</u>
	<b><u>199</u></b>	<b><u>141</u></b>

### 21 Basic earnings per share

Basic earnings per share is calculated by dividing the net income attributable to shareholders of the year by the weighted average number of shares.

	2005 RO'000	2004 (Restated - Note 8 (b)) RO'000
Net profit for the period	<u>1,252</u>	<u>392</u>
Weighted average number of shares	<u>5,000</u>	<u>5,000</u>
Basic earnings per share	<u>0.250</u>	<u>0.078</u>



# OMAN ORIX LEASING COMPANY SAOG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

### 22 Dividend per share

Dividend is not accounted for until it has been approved at the Annual General Meeting. At the meeting on 21 March 2006, a dividend in respect of 2005 of RO 0.150 per share (2004 - actual dividend RO 0.060 per share) amounting to a total of RO 750,000 (2004: actual RO 300,000) is to be proposed. The financial statements for the year ended 31 December 2005 do not reflect this resolution, which will be accounted for in shareholders' equity as an appropriation of retained profits in the year ending 31 December 2006.

### 23 Commitments

	2005 RO'000	2004 RO'000
Approved lease commitments	<u>438</u>	<u>153</u>

In addition, at 31 December 2005 and 2004, forward foreign currency contracts outstanding were in the aggregate amount of USD 11.3 million (approximately RO 4.356 million).

### 24 Analysis of significant assets and liabilities

#### a) Geographical concentration

	Assets		Liabilities	
	Bank and cash RO'000	Gross investment in finance leases RO'000	Bank overdrafts and short term loans RO'000	Long term loans RO'000
<b>2005</b>				
Sultanate of Oman	97	35,975	4,666	9,477
Bahrain	-	-	-	2,527
United Arab Emirates	-	-	-	642
	<u>97</u>	<u>35,975</u>	<u>4,666</u>	<u>12,646</u>
<b>2004</b>				
Sultanate of Oman	16	28,869	3,524	5,417
Bahrain	-	-	-	2,888
United Arab Emirates	-	-	-	1,283
	<u>16</u>	<u>28,869</u>	<u>3,524</u>	<u>9,588</u>

#### b) Customer concentration of gross investment in finance leases

	2005 RO'000	2004 (Restated - Note 8 (b)) RO'000
Personal	19,500	17,225
Corporate	<u>16,475</u>	<u>11,644</u>
	<u>35,975</u>	<u>28,869</u>

#### c) Economic sector concentration of gross investment in finance leases

	2005 RO'000	2004 (Restated - Note 4(b)) RO'000
Trading and construction	5,474	2,330
Manufacturing	485	373
Services	10,516	8,941
Consumer	<u>19,500</u>	<u>17,225</u>
	<u>35,975</u>	<u>28,869</u>

## OMAN ORIX LEASING COMPANY SAOG

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

#### 25 Financial instruments and financial risk management

##### (a) Interest rate risk

The table below summarises the Company's exposure to interest rate risks. Included in the table are the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	0-6 months RO'000	6-12 months RO'000	1-2 years RO'000	2-3 years RO'000	Over 3 years RO'000	Fixed rate or non interest rate sensitive RO'000	Total RO'000
<b>At 31 December 2005</b>							
<b>Assets</b>							
Cash and bank	-	-	-	-	-	97	97
Statutory deposit	-	-	-	-	-	30	30
Investment in finance leases	6,939	4,162	7,562	6,170	5,674	-	30,507
Provision for impairment of lease receivables	-	-	-	-	-	(2,703)	(2,703)
Receivables and prepayments	-	-	-	-	-	200	200
Fair value of hedging instruments	-	-	-	-	-	57	57
Deferred tax asset	-	-	-	-	-	325	325
Property and equipment	-	-	-	-	-	134	134
Total assets	<u>6,939</u>	<u>4,162</u>	<u>7,562</u>	<u>6,170</u>	<u>5,674</u>	<u>(1,860)</u>	<u>28,647</u>
<b>Liability</b>							
Equity	-	-	-	-	-	7,484	7,484
Bank overdrafts and short-term loans	4,666	-	-	-	-	-	4,666
Long term loans	1,631	1,831	2,938	1,389	501	4,356	12,646
Creditors, accruals and other liabilities	-	-	-	-	-	3,665	3,665
Tax payable	-	-	-	-	-	186	186
Total liabilities	<u>6,297</u>	<u>1,831</u>	<u>2,938</u>	<u>1,389</u>	<u>501</u>	<u>15,691</u>	<u>28,647</u>
Gap in interest rate	<u>642</u>	<u>2,331</u>	<u>4,624</u>	<u>4,781</u>	<u>5,173</u>	<u>(17,551)</u>	
Cumulative gap in interest rate	<u>642</u>	<u>2,973</u>	<u>7,597</u>	<u>12,378</u>	<u>17,551</u>		

## OMAN ORIX LEASING COMPANY SAOG

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

#### 25 Financial instruments and financial risk management (continued)

##### (a) Interest rate risk (continued)

	0-6 months RO'000	6-12 months RO'000	1-2 years RO'000	2-3 years RO'000	Over 3 years RO'000	Fixed rate or non interest rate sensitive RO'000	Total RO'000
At 31 December 2004 (Restated)							
Assets							
Cash and bank	-	-	-	-	-	16	16
Statutory deposit	-	-	-	-	-	30	30
Investment in finance leases	7,615	3,597	5,444	4,027	3,873	-	24,556
Provision for impairment of lease receivables	-	-	-	-	-	(3,227)	(3,227)
Receivables and prepayments	-	-	-	-	-	209	209
Deferred tax asset	-	-	-	-	-	388	388
Property and equipment	-	-	-	-	-	143	143
Total assets	<u>7,615</u>	<u>3,597</u>	<u>5,444</u>	<u>4,027</u>	<u>3,873</u>	<u>(2,441)</u>	<u>22,115</u>
Liability							
Equity							
Equity	-	-	-	-	-	6,475	6,475
Bank overdrafts and short-term loans	3,524	-	-	-	-	-	3,524
Long term loans	1,654	1,654	2,308	1,084	-	2,888	9,588
Creditors, accruals and other liabilities	-	-	-	-	-	2,285	2,285
Tax payable	-	-	-	-	-	243	243
Total liabilities	<u>5,178</u>	<u>1,654</u>	<u>2,308</u>	<u>1,084</u>	<u>-</u>	<u>11,891</u>	<u>22,115</u>
Gap in interest rate	<u>2,437</u>	<u>1,943</u>	<u>3,136</u>	<u>2,943</u>	<u>3,873</u>	<u>(14,332)</u>	
Cumulative gap in interest rate	<u>2,437</u>	<u>4,380</u>	<u>7,516</u>	<u>10,459</u>	<u>14,332</u>		

## OMAN ORIX LEASING COMPANY SAOG

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

#### 25 Financial instruments and financial risk management (continued)

##### (b) Liquidity risk

The maturity profile of assets and liabilities at the period end is based on the contractual repayments and the same as at 31 December 2005 is as follows:

	0-6 months RO'000	6-12 months RO'000	1-2 years RO'000	2-3 years RO'000	Over 3 years RO'000	Non-fixed maturity RO'000	Total RO'000
<b>At 31 December 2005</b>							
<b>Assets</b>							
Cash and bank	97	-	-	-	-	-	97
Statutory deposit	-	-	-	-	-	30	30
Investment in finance leases	6,939	4,162	7,562	6,170	5,674	-	30,507
Provision for impairment of lease receivables	-	-	-	-	-	(2,703)	(2,703)
Receivables and prepayments	-	-	-	-	-	200	200
Fair value of hedging instruments	-	-	-	-	-	57	57
Deferred tax asset	-	-	-	-	-	325	325
Property and equipment	-	-	-	-	-	134	134
Total assets	<u>7,036</u>	<u>4,162</u>	<u>7,562</u>	<u>6,170</u>	<u>5,674</u>	<u>(1,957)</u>	<u>28,647</u>
<b>Liability</b>							
Equity	-	-	-	-	-	7,484	7,484
Bank overdrafts and short-term loans	4,666	-	-	-	-	-	4,666
Long term loans	2,185	2,385	4,045	2,496	1,535	-	12,646
Creditors, accruals and other liabilities	3,593	-	-	-	-	72	3,665
Tax payable	186	-	-	-	-	-	186
Total liabilities	<u>10,630</u>	<u>2,385</u>	<u>4,045</u>	<u>2,496</u>	<u>1,535</u>	<u>7,556</u>	<u>28,647</u>
Gap in maturity	<u>(3,594)</u>	<u>1,777</u>	<u>3,517</u>	<u>3,674</u>	<u>4,139</u>	<u>(9,513)</u>	
Cumulative gap in maturity	<u>(3,594)</u>	<u>(1,817)</u>	<u>1,700</u>	<u>5,374</u>	<u>9,513</u>		

## OMAN ORIX LEASING COMPANY SAOG

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

#### 25 Financial instruments and financial risk management (continued)

##### (b) Liquidity risk (continued)

The maturity profile of the assets and liabilities as of 31 December 2004 was as follows:

	0-6 months RO'000	6-12 months RO'000	1-2 years RO'000	2-3 years RO'000	Over 3 years RO'000	Non-fixed maturity RO'000	Total RO'000
At 31 December 2004 (Restated)							
Assets							
Cash and bank	16	-	-	-	-	-	16
Statutory deposit	-	-	-	-	-	30	30
Investment in finance leases	7,615	3,597	5,444	4,027	3,873	-	24,556
Provision for impairment of lease receivables	-	-	-	-	-	(3,227)	(3,227)
Receivables and prepayments	-	-	-	-	-	209	209
Deferred tax asset	-	-	-	-	-	388	388
Property and equipment	-	-	-	-	-	143	143
Total assets	<u>7,631</u>	<u>3,597</u>	<u>5,444</u>	<u>4,027</u>	<u>3,873</u>	<u>(2,457)</u>	<u>22,115</u>
Liability							
Equity	-	-	-	-	-	6,475	6,475
Long term loans	1,654	2,015	3,030	1,806	1,083	-	9,588
Bank overdrafts and short-term loans	3,524	-	-	-	-	-	3,524
Creditors, accruals and other liabilities	2,227	-	-	-	-	58	2,285
Tax payable	243	-	-	-	-	-	243
Total liabilities	<u>7,648</u>	<u>2,015</u>	<u>3,030</u>	<u>1,806</u>	<u>1,083</u>	<u>6,533</u>	<u>22,115</u>
Gap in maturity	<u>(17)</u>	<u>1,582</u>	<u>2,414</u>	<u>2,221</u>	<u>2,790</u>	<u>(8,990)</u>	
Cumulative gap in maturity	<u>(17)</u>	<u>1,565</u>	<u>3,979</u>	<u>6,200</u>	<u>8,990</u>		

## ORIX Group Directory

<b>A. JAPAN</b>	
ORIX Corporation	Tokugin ORIX Co. Ltd.
ORIX Alpha Corporation	Shigagin Leasing Capital Co. Ltd.
ORIX Auto Leasing Corporation	Sengin Sogo Leasing Co. Ltd.
ORIX Resource Recycling Services Corporation	Kagawagin Leasing Co. Ltd.
Nissay Leasing Co. Ltd.	Yamaguchi Mortgage Co. Ltd.
Momiji Lease Corporation	Casco Co. Ltd.
Nittetsu Lease Co. Ltd.	ORIX Insurance Planning Corporation
ORIX Kitakanto Corporation	The Torigin Leasing Co., Ltd.
Hyakugo Leasing Company Ltd.	ORIX Computer System Corporation
ORIX Rentec Corporation	ORIX Create Corporation
ORIX Trust & Banking Corporation	ORIX Management Information Centre Corporation
ORIX Asset Management & Loan Services Corp	ORIX Callcenter Corporation
ORIX Asset Management Corporation	ORIX Human Resources Corporation
ORIX Estate Corporation	ORIX Maritime Corporation
Blue Wave Corporation	
ORIX Real Estate Corporation	
ORIX Golf Corporation	
ORIX Aircraft Corporation	<b>B. NORTH AMERICA</b>
ORIX Facilities Corporation	<b>USA</b>
ORIX Life Insurance Corporation	ORIX USA Corporation
The Minato Leasing Co., Ltd.	<b>Bermuda</b>
ORIX Insurance Services Corporation	Stockton Holdings Ltd.
ORIX Credit Corporation	
ORIX Capital Corporation	<b>C. ASIA &amp; OCEANIA</b>
ORIX Securities Corporation	<b>Singapore</b>
ORIX Baseball Club Co. Ltd.	ORIX Leasing Singapore Ltd.
ORIX Commodities Corporation	ORIX Investment and Management Private Ltd.
ORIX Eco Services Corporation	ORIX Car Rentals Pte. Ltd.
ORIX Interior Corporation	ORIX Capital Resources Ltd.
ORIX Investment Corporation	ORIX Ship Resources Private Ltd.
ORIX M & A Solutions Corporation	
Kuribayashi Leasing Co. Ltd.	<b>China (Hong Kong)</b>
The Chugin Lease Company Ltd.	ORIX Asia Ltd.
Yamaguchi Lease Co. Ltd.	<b>Korea</b>
Hokugin Lease Co. Ltd.	ORIX Auto Leasing Korea Corporation

## ORIX Group Directory

<b>Taiwan</b>	<b>Oman</b>
ORIX Taiwan Corporation	Oman ORIX Leasing Company SAOG
ORIX Auto Leasing Taiwan Corporation	<b>Egypt</b>
<b>Philippines</b>	ORIX Leasing Egypt SAE
ORIX Metro Leasing and Finance Corporation	<b>Kingdom Of Saudi Arabia</b>
<b>Thailand</b>	Saudi ORIX Leasing Company
Thai ORIX Leasing Co. Ltd.	<b>UAE</b>
ORIX Auto Leasing (Thailand) Co. Ltd.	MAF ORIX Finance PJSC
<b>Malaysia</b>	<b>Kazakhstan</b>
ORIX Leasing Malaysia Berhad	BTA ORIX Leasing JSC.
ORIX Car Rentals Sdn Bhd	
ORIX Auto Leasing Malaysia Sdn Bhd	<b>E. EUROPE</b>
<b>Indonesia</b>	<b>Ireland</b>
PT ORIX Indonesia Finance	ORIX Ireland Ltd.
<b>India</b>	ORIX Aviation Systems Limited
ORIX Auto and Business Solutions Limited	<b>Poland</b>
IL & FS Investmart Limited	ORIX Polska S.A.
IL & FS Education & Technology Services Limited	
Infrastructure Leasing & Financial Services Ltd.	
<b>Sri Lanka</b>	
Lanka ORIX Leasing Company Ltd.	
<b>Australia</b>	
ORIX Australia Corporation Ltd.	
<b>New Zealand</b>	
ORIX New Zealand Ltd.	
<b>D. MIDDLE EAST, NORTH AFRICA &amp; CENTRAL ASIA</b>	
<b>Pakistan</b>	
ORIX Leasing Pakistan Ltd.	
ORIX Investment Bank Pakistan Ltd.	