

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Directors of ORIX Leasing Pakistan Limited (OLPL) are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended June 30, 2017. The Group comprises of:

- ORIX Leasing Pakistan Limited (OLPL) - the Holding Company;
- ORIX Modaraba (formerly Standard Chartered Modaraba) - Subsidiary Company; and
- ORIX Services Pakistan (Private) Limited (formerly Standard Chartered Services of Pakistan (Private) Limited) - Subsidiary Company.

The Directors' Report giving commentary on the performance of OLPL for the year ended June 30, 2017 has been presented separately on page 48, which contains the business review, operational performance, future prospects and other requisite information on OLPL. The contents of the said report shall be read along with this report and shall form an integral part of the Directors' Report in terms of section 227 of the Companies Act, 2017 and the requirements of the Code of Corporate Governance under the Rule Book of the Pakistan Stock Exchange.

ACQUISITION OF SUBSIDIARY COMPANIES:

The acquisition of ORIX Services Pakistan (Private) Limited (OSP) and ORIX Modaraba (OM) took place on June 20, 2016 and June 21, 2016 respectively. During the year ended June 30, 2017, the fair valuation exercise of the identified assets and liabilities of OSP and OM was completed by the Management of the Holding Company as required by International Financial Reporting Standard 3, (IFRS 3) "Business Combination". As a result of this exercise new information was obtained which necessitated adjustments to the provisional amounts of assets and liabilities that were initially estimated. Accordingly, retrospective adjustments have been made in these consolidated financial statements and comparative numbers for FY 2016 have been restated. The net result of the exercise was reduction in goodwill from Rs. 35.42 million to Rs. 13.73 million.

GROUP RESULTS

The consolidated financial results of the Group are summarized below

	2017	2016 (Restated)
	-----Rupees-----	
Profit before taxation from continuing operations	1,246,280,710	976,157,430
Taxation	322,015,135	216,690,639
Profit after taxation from continuing operations	924,265,575	759,466,791
Loss after taxation from discontinued operations	-	(12,990,050)
Profit for the year after taxation	924,265,575	746,476,741
Profit attributable to Equity shareholders of the Holding Company	821,672,924	746,331,209
Profit attributable to Non-controlling interest	102,592,651	145,532
Earnings per share - basic and diluted		
– From Continuing operations	10.01	9.23
– From Discontinued operations	-	(0.16)
– Total	10.01	9.07
Appropriation: Transferred to statutory reserve	42,062,202	37,500,000

PATTERN OF SHAREHOLDING:

The pattern of shareholding and related information as at June 30, 2017 is presented on page 219.

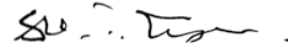
FINANCIAL AND OPERATIONAL PERFORMANCE BASED ON CONSOLIDATED FINANCIAL STATEMENTS

Consolidated profit after tax and EPS for the Group for FY 2017 stood at Rs. 924.26 million and Rs. 10.01 per share respectively. Profit from OM amounted to Rs. 128.24 million (2016: Rs. 0.18 million) and loss from OSP amounted to Rs. 2.07 million (2016: loss of Rs. 0.69 million). Minority interest accounts for 80% of OM's equity. As such, Rs. 102.59 million (2016: Rs. 0.145 million) out of OM's profit is attributable to non-controlling interest. Comparative figures for FY 2016 represent profit earned from the date of acquisition to June 30, 2016.

On Behalf of the Board.



Shaheen Amin
Chief Executive Officer



Shahid Usman
Director

September 14, 2017