



Capital Assets Leasing
Corporation Limited

**Condensed Interim
Financial Information
For the Half Year Ended
December 31, 2013
(Un-Audited)**



Capital Assets Leasing Corporation Limited

CORPORATE INFORMATION

Board of Directors:	Mr. Muhammad Sajid Mr. Saad Saeed Faruqui Syed Hasan Akbar Kazmi Syed Sajid Nasim Mr. Shahrukh Saeed Faruqui Mr. Mustafa Jafar Mr. Mirza Muhammad Aamir*	(Chairman) (Chief Executive Officer)
Audit Committee:	Mr. Mustafa Jafar Mr. Muhammad Sajid Syed Sajid Nasim Mr. Waqar Mursalin	(Chairman) (Member) (Member) (Secretary)
HR & Remuneration Committee:	Mr. Muhammad Sajid Mr Saad Saeed Faruqui Mr. Mustafa Jafar	
Chief Executive Officer:	Mr. Saad Saeed Faruqui	
CFO & Company Secretary:	Mr. Moiz Ali	
Head of Internal Audit:	Mr. Waqar Mursalin	
Registrar & Share Transfer Office:	Technology Trade (Pvt.) Ltd. Ballotter, Share Registrar & Transfer Agent Dagla House, 241-C, Block-2, P.E.C.H.S, Karachi. Tel: 92(21) 3439 1316-7 & 19, 3438 7960-1 Fax: 92(21) 3439 1318	
Auditors:	Baker Tilly Mehmood, Idrees, Qamar, Chartered Accountants	
Legal Advisor:	Mohsin Tayebaly & Co. Advocates Hosain & Rahim, Advocates & Corporate Counsel	
Bankers:	JS Bank Limited	
Registered Office:	14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi-74000 Tele: +92 (21) 3243 1181-8 Fax: +92 (21) 3246 5703 E-mail: calcorp@optimus.com.pk Web: www.calcorp.com.pk	

TO THE SHARE HOLDERS

Attached are the un-audited Condensed Interim financial statements for the Half year ended December 31, 2013 together with the selected notes to the condensed interim financial information and Directors' review report thereon for the shareholder of the company. These are submitted as required under section 245 of the Companies Ordinance 1984.

Karachi: February 28, 2014

By the Order of the Board
Moiz Ali
CFO & Company Secretary



**AUDITORS' REVIEW REPORT TO THE MEMBERS
ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of Capital Assets Leasing Corporation Limited as at December 31, 2013 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 for the six months period then ended together with the notes forming part thereof (hereinafter referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2013.

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 interim financial information as of and for the six months period ended December 31, 2013 is not prepared, in all material respects, in accordance with International Financial Reporting Standards.

Without qualifying our opinion we draw attention to note 1.3 and 1.4 of the accompanying interim financial information. As more fully described in these notes, the leasing license of the company has expired and not renewed by the Securities and Exchange Commission of Pakistan under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, due to company's capital being below minimum capital required for a Non-Banking Financial Company (a leasing company licensed under the Non-Banking Companies and Notified Entities Regulation, 2008). The company has not advanced any lease facility since April 2008. These conditions indicate the existence of a material uncertainty which may cast significant doubt about company's ability to continue as a Non-Banking Financial Company for a foreseeable future period.

Engagement Partner: Mehmood A. Razzak

Karachi

Dated: February 28, 2014



Capital Assets Leasing Corporation Limited

DIRECTORS' REVIEW REPORT

On behalf of the Board of Directors, I am pleased to present the Condensed Interim financial Information of the company for the half year ended December 31, 2013. The financial results for the period under review are as follows:

	Half year ended	
	31-Dec-13	31-Dec-12
 Rupees	
Income		
Income From Operations	19,264,144	18,464,014
Other operating income	<u>281,743</u>	<u>352,940</u>
	19,545,887	18,816,954
Expenses		
Administrative and operating expenses	<u>3,806,229</u>	<u>3,406,288</u>
Financial charges	<u>3,434,560</u>	<u>4,296,210</u>
Worker's Welfare Fund	<u>246,102</u>	<u>(253,295)</u>
	<u>7,486,891</u>	<u>7,449,203</u>
PROFIT BEFORE TAXATION	12,058,996	11,367,751
Taxation	<u>(4,723,808)</u>	<u>(4,301,908)</u>
PROFIT AFTER TAXATION	<u>7,335,188</u>	<u>7,065,843</u>
EARNINGS PER SHARE	<u>0.68</u>	<u>0.66</u>

During the period, company's income is Rs. 19.545 million as compared to Rs. 18.816 million for the corresponding period in 2012. The administrative & operating expenses and financial charges are Rupees 3.806 million and Rs 3.434 million respectively. Pre-tax profit for the period is Rs. 12.058 Million against corresponding period's Rs. 11.367 Million. The net profit for the period is 7.335 million compared to 7.065 million in corresponding period last year after accounting for current and deferred taxation.

FUTURE OUTLOOK

After the acquisition of the company by Optimus Limited, company was able to absorb its accumulated losses and as of Dec 2013, it has accumulated losses of only PKR 2.9 million compared to PKR 63 million at the time of acquisition. Having performed well over past 5 years, company is now better placed to take steps for meeting minimum capital requirement and once again begin the business of writing financial leases.

ACKNOWLEDGEMENT

The directors wish to place on record their appreciation for the hard work put in and dedication displayed by the staff in performance of their duties.

We owe special gratitude to our shareholders and clients for their kindness and support.

We take this opportunity to thank the Securities and Exchange Commission of Pakistan, all three Stock Exchanges and other regulatory bodies of the country for their support and understanding.

Saad Saeed Faruqi
Chief Executive Officer
Dated: February 28, 2014



Capital Assets Leasing Corporation Limited

CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2013

		(Un-audited) December 31 2013 Rupees	(Audited) June 30 2013 Rupees
Note		Rupees	Rupees
ASSETS			
Current Assets			
	Cash and bank balances	484,107	208,642
4	Investment in finance lease	9,530,531	9,530,531
	Advances, deposits, prepayments and other receivables	32,401,047	15,922,887
	Taxation - net	<u>10,938,523</u>	<u>9,291,607</u>
		53,354,208	34,953,667
Non-Current Assets			
5	Long term advances, deposits and prepayments	<u>13,391,362</u>	<u>14,742,198</u>
6	Deferred tax asset	11,537,434	15,847,132
7	Property, plant and equipment	<u>116,816,643</u>	<u>139,366,432</u>
		141,745,439	169,955,762
	EQUITY AND LIABILITIES	<u>195,099,647</u>	<u>204,909,429</u>
SHARE CAPITAL AND RESERVES			
Authorized share capital			
	20,000,000 Ordinary shares of Rs. 10/- each	<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid-up share capital			
	10,744,413 (June 30, 2013: 10,744,413) Ordinary shares of Rs.10/- each	<u>107,444,130</u>	<u>107,444,130</u>
	Reserves	<u>20,915,969</u>	<u>13,580,781</u>
		128,360,099	121,024,911
Current Liabilities			
8	Current portion of liabilities against assets subject to finance lease	<u>20,806,496</u>	<u>27,054,614</u>
9	Long term deposits	9,550,470	9,550,470
	Trade and other payables	<u>6,328,963</u>	<u>3,668,778</u>
		36,685,929	40,273,862
Non Current Liabilities			
8	Liabilities against assets subject to finance lease	30,053,619	43,610,656
10	Contingencies and Commitments	-	-
		<u>195,099,647</u>	<u>204,909,429</u>

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

Chief Executive Officer

Director



Capital Assets Leasing Corporation Limited

CONDENSED INTERIM PROFIT & LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2013
(UN-AUDITED)

	Note	HALF YEAR ENDED		QUARTER ENDED	
		December 2013 Rupees	December 2012 Rupees	December 2013 Rupees	December 2012 Rupees
Income					
Income from operations - (Net)	11	19,264,144	18,464,014	9,495,729	9,832,261
Other operating income		281,743	352,940	351,743	31,000
		<u>19,545,887</u>	<u>18,816,954</u>	<u>9,847,472</u>	<u>9,863,261</u>
Administrative and operating expenses		(3,806,230)	(3,406,288)	(2,073,088)	(1,678,893)
Financial charges		(3,434,560)	(4,296,210)	(1,642,533)	(2,475,416)
Other charges - workers' welfare fund		(246,102)	253,295	(105,669)	361,405
		<u>(7,486,891)</u>	<u>(7,449,203)</u>	<u>(3,821,290)</u>	<u>(3,792,904)</u>
Profit before taxation		12,058,996	11,367,751	6,026,182	6,070,357
Taxation		(4,723,808)	(4,301,908)	(2,403,178)	(2,297,506)
Profit after taxation		7,335,188	7,065,843	3,623,004	3,772,851
Earnings per share		<u>0.68</u>	<u>0.66</u>	<u>0.34</u>	<u>0.35</u>

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

Chief Executive Officer

Director



Capital Assets Leasing Corporation Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2013
(UN-AUDITED)

	Note	HALF YEAR ENDED		QUARTER ENDED	
		December 2013 Rupees	December 2012 Rupees	December 2013 Rupees	December 2012 Rupees
Net income for the period		7,335,188	7,065,843	3,623,004	3,772,851
Other Comprehensive Income		-	-	-	-
Total comprehensive income for the period		7,335,188	7,065,843	3,623,004	3,772,851

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

Chief Executive Officer

Director



Capital Assets Leasing Corporation Limited

CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2013
(UN-AUDITED)

	December 2013 Rupees	December 2012 Rupees
 Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,058,996	11,367,751
Adjustments for non cash items:		
Depreciation	6,518,811	6,807,338
Amortization	26,960	-
Financial charges	3,434,560	4,296,210
(Gain) on disposal of operating property, plant and equipment	(279,514)	(289,502)
	<u>21,759,813</u>	<u>22,181,797</u>
Increase in current assets		
Advances, deposits, prepayments and other receivables	(16,524,160)	(8,178,911)
Increase in current liabilities		
Trade and other payables	2,660,185	61,601
	<u>7,895,838</u>	<u>14,064,487</u>
Cash generated from operations		
Financial charges paid	(3,434,560)	(4,157,206)
Tax paid	(2,061,026)	(1,952,931)
	<u>2,400,252</u>	<u>7,954,350</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(163,800)	(43,487,000)
Additions in Intangible Assets	(242,668)	-
Proceeds from sale of property, plant and equipemnt	16,736,000	8,688,000
Long term advances, deposits and prepayments	1,350,836	(4,905,659)
Net cash generated from / (used in) investing activities	<u>17,680,368</u>	<u>(39,704,659)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Liability against assets subject to finance lease	(19,805,155)	31,545,909
Net cash (used in) / generated from financing activities	<u>(19,805,155)</u>	<u>31,545,909</u>
Net increase / (decrease) in cash and cash equivalents	<u>275,465</u>	<u>(204,400)</u>
Cash and cash equivalents at the beginning of the period	208,642	318,901
Cash and cash equivalents at the end of the period	<u>484,107</u>	<u>114,501</u>

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

Chief Executive Officer

Director



Capital Assets Leasing Corporation Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2013
(UN-AUDITED)

	Issued, Subscribed and Paid-up Share Capital	Statutory Reserves	Accumulated (Loss)	Total
 Rupees			
Balance as at July 01, 2012	107,444,130	19,562,237	(20,218,952)	106,787,415
Net profit for the period	-	-	7,065,843	7,065,843
Transfer to reserve	-	1,413,169	(1,413,169)	-
Balance as at December 31, 2012	<u>107,444,130</u>	<u>20,975,406</u>	<u>(14,566,278)</u>	<u>113,853,258</u>
Balance as at July 01, 2013	107,444,130	22,409,736	(8,828,955)	121,024,911
Net profit for the period	-	-	7,335,188	7,335,188
Transfer to reserve	-	1,467,038	(1,467,038)	-
Balance as at December 31, 2013	<u>107,444,130</u>	<u>23,876,774</u>	<u>(2,960,805)</u>	<u>128,360,099</u>

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

Chief Executive Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

1. LEGAL STATUS AND OPERATIONS

1.1 The company and its business CAPITAL ASSETS LEASING CORPORATION LIMITED was incorporated on April 1, 1992 in Pakistan as a public limited company and its shares are quoted on all Stock Exchanges in Pakistan. The principal activity of the Company is to carry on leasing business. In addition, the company is also engaged in renting out of vehicles through its holding company.

The registered office of the company is situated at 14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi. The company is a subsidiary of M/s. Optimus Limited which holds 83.96% ordinary share capital of the company.

1.2 According to the Non-Banking Finance Companies and Notified Entities Regulations, 2008 as notified by the SECP through its S.R.O.1203 (I) 2008, dated November 21, 2008, and further amended through its SRO 764 dated September 2, 2009 the minimum equity requirement for the leasing companies has been enhanced. The existing leasing companies are required increase their minimum equity to Rs. 700 million by June 30, 2013. At present the company's equity is below prescribed limits.

1.3 As disclosed in detail in note 1.2, the company has been operating with an equity which is less than the statutory requirement and has stopped its leasing operations since April 2008. This creates significant doubt over company's ability to continue as a Non-Banking Financial Company (a leasing company licenced under the Non-Banking Companies and Notified Entities Regulation, 2008) for a foreseeable period.

1.4 The management has decided to enhance its equity atleast upto the minimum limit required to operate as a leasing company.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard No. 34 'Interim Financial Reporting' and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi Stock Exchange.

These condensed interim financial statements comprise the balance sheet as at December 31, 2013 and the profit and loss account, statement of changes in equity, statement of comprehensive income and the cash flow statement for the half year ended December 31, 2013.

3. ACCOUNTING POLICIES AND COMPUTATION METHOD

The accounting policies and methods of computations adopted for the preparation of this interim condensed financial information are the same as applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2013.

4. INVESTMENT IN FINANCE LEASE

	(Un-Audited)			(Audited)		
	December 31, 2013			June 30, 2013		
	Not later than one year	More than one year and upto five year	Total	Not later than one year	More than one year and upto five year	Total
	Rupees			Rupees		
Minimum lease and hire purchase rentals	20,906,960	-	20,906,960	20,906,960	-	20,906,960
Add: Residual value of leased assets	9,550,470	-	9,550,470	9,550,470	-	9,550,470
Gross investment in lease and hire purchase finance	30,457,430	-	30,457,430	30,457,430	-	30,457,430
Less: unearned finance income	(4,153,993)	-	(4,153,993)	(4,153,993)	-	(4,153,993)
	26,303,437	-	26,303,437	26,303,437	-	26,303,437
Less: Provision for lease losses	(16,772,906)	-	(16,772,906)	(16,772,906)	-	(16,772,906)
Net investment in leases	9,530,531	-	9,530,531	9,530,531	-	9,530,531

	(Un-Audited) December 31 2013 Rupees	(Audited) June 30 2013 Rupees
5. LONG TERM, ADVANCES, DEPOSITS AND PREPAYMENTS		
Security deposits	13,721,340	14,763,790
Less: Provision	(309,290)	(309,290)
	13,412,050	14,454,500
Less: Current Portion	(1,924,250)	(1,924,250)
	11,487,800	12,530,250
Prepayments	3,402,828	3,613,687
Less: Current portion	(1,499,266)	(1,401,739)
	1,903,562	2,211,948
	<u>13,391,362</u>	<u>14,742,198</u>
6. DEFERRED TAX ASSET		
Debit balances arising in respect of:		
Liabilities against assets subject to finance lease	17,801,040	24,732,845
Carry forward tax losses	23,647,805	24,899,277
	41,448,845	49,632,122
Credit balance arising in respect of:		
Accelerated depreciation	(29,911,411)	(33,784,990)
	<u>11,537,434</u>	<u>15,847,132</u>

	Note	(Un-Audited) December 31 2013 Rupees	(Audited) June 30 2013 Rupees
7. PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipments - tangible assets	7.1	116,345,163	139,156,660
Advances to suppliers	7.2	255,770	209,770
Intangible assets	7.3	215,710	2
		<u>116,816,643</u>	<u>139,366,432</u>
7.1 Property, Plant and Equipments- Tangible Assets			
Opening written down value		139,156,660	110,538,441
Add: Cost of acquisition during the period / year		163,800	79,652,000
		139,320,460	190,190,441
Less: Written down value of deletions during the period / year		(16,456,486)	(37,377,982)
		122,863,974	152,812,459
Less: Depreciation Charged for the period / year		(6,518,811)	(13,655,799)
		<u>116,345,163</u>	<u>139,156,660</u>
7.2 Advance To Suppliers			
Opening value		209,770	7,217,000
Add: Addition During The Year		164,955	36,353,770
		374,725	43,570,770
Less: Capitalized During The Year		(118,955)	(43,361,000)
		<u>255,770</u>	<u>209,770</u>
7.3 Intangible Assets			
Opening written down value		2	2
Add: Cost of acquisition during the period / year		242,668	-
		242,670	2
Less: Amortization Charged for the period / year		(26,960)	-
		<u>215,710</u>	<u>2</u>

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	(Un-Audited)			(Audited)		
	December 31, 2013			June 30, 2013		
	Not later than one year	More than one year and upto five year	Total	Not later than one year	More than one year and upto five year	Total
Minimum lease Payments	24,900,718	32,624,570	57,525,288	33,227,272	48,501,994	81,729,266
Less: Financial charges allocated to future periods	(4,094,222)	(2,570,951)	(6,665,173)	(6,172,658)	(4,891,338)	(11,063,996)
Present Value of Minimum lease Payments	<u>20,806,496</u>	<u>30,053,619</u>	<u>50,860,115</u>	<u>27,054,614</u>	<u>43,610,656</u>	<u>70,665,270</u>



Capital Assets Leasing Corporation Limited

		(Un-Audited) December 31 2013 Rupees	(Audited) June 30 2013 Rupees
9. LONG TERM DEPOSITS			
Lease security deposit		9,550,470	9,550,470
		<u>9,550,470</u>	<u>9,550,470</u>
10. CONTINGENCIES AND COMMITMENTS			
10.1 Contingent Assets			
The company has obtained court decrees in respect of recovery of overdue lease rentals receivable from various clients aggregating to Rs. 7,211,463 as at December 31, 2013 (June 30, 2013 : Rs. 7,211,463).			
	Note	(Un-Audited) December 31 2013 Rupees	(Audited) June 30 2013 Rupees
10.2 Commitments			
Ijarah lease rentals payable	11.2	50,362,735	61,310,680
		<u>50,362,735</u>	<u>61,310,680</u>
		(Un-Audited) December 31 2013 Rupees	(Un-Audited) December 31 2012 Rupees
11. INCOME FROM OPERATIONS			
Income from vehicle plying for hire	11.1	19,264,144	18,464,014
		<u>19,264,144</u>	<u>18,464,014</u>
11.1 Income from Vehicle Plying for Hire			
Rentals		41,129,213	31,998,893
Less: Cost of services			
Road tax/registration and other charges		656,453	374,262
Vehicle service and maintenance-VPFH		4,408,244	3,065,277
Ijarah Lease Rental	11.2	5,870,119	-
Tracker monitoring cost		611,190	362,825
Insurance		1,795,522	1,561,022
Depreciation		6,498,541	6,778,993
Service charges to holding company		2,025,000	1,392,500
		21,865,069	13,534,879
		<u>19,264,144</u>	<u>18,464,014</u>

11.2 Ijarah Lease Rental

This includes rentals paid to BRR Guardian Modaraba against vehicles acquired under Ijarah facilities. Future rental payable on these facilities are as under:

	(Un-Audited)			(Un-Audited)		
	December 31, 2013			December 31, 2012		
	Due within one year	Due after one year but within five years	Total	Due within one year	Due after one year but within five years	Total
Total future rentals payable	11,770,284	38,592,451	50,362,735	-	-	-
	11,770,284	38,592,451	50,362,735	-	-	-

12. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, directors, key management personnel and employees fund. The company has a policy whereby all transactions with related parties, are entered into at arm's length prices using the permissible method of pricing. The transaction with related parties, other than remuneration under the terms of employment, are as follows:

Related Party	Nature of relationship	Nature of transaction/balance	(Un-Audited)	(Un-Audited)
			December 31 2013	December 31 2012
			Rupees	Rupees
Optimus Limited	Holding Company	Rental services rendered	41,129,213	31,998,893
		Management services received	2,025,000	1,392,500
		Vehicle maintenance services received	4,408,244	3,065,277
		Purchase of tracker	-	184,000
		Sale of motor vehicles	16,725,000	8,688,000
		Sale of tracker	-	14,000
		Salary and allowances	1,311,492	1,473,351
			-	-
Mustang Eye (Pvt) Ltd	Common Directorship	Tracker services	236,196	67,760
Staff provident fund		Contribution to staff provident fund	32,333	42,552

13. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 28 February 2014 by the Board of Directors of the Company.

14. GENERAL

- 14.1 Figures have been rounded off to the nearest rupee.
14.2 Figures have been reclassified and re-arranged where necessary.

Chief Executive Officer

Director

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