



**Capital Assets Leasing
Corporation Limited**

**Condensed Interim
Financial Information
For the Half Year Ended
December 31, 2017**



Capital Assets Leasing Corporation Limited

CORPORATE INFORMATION

Board of Directors*:	Mr. Asad Nasir (Chairman) Mr. Saad Saeed Faruqui (Chief Executive Officer) Mr. Shahrukh Saeed Faruqui Mr. Brig (R) Yasub Ali Dogar Mr. Faisal Ismail Mr. Faizan Haider khan Mr. Haider Ali Hilaly
Audit Committee:	Mr. Shahrukh Saeed Faruqui (Chairman) Mr. Asad Nasir (Member) Mr. Brig (R) Yasub Ali Dogar (Member) Ms. Shomaila Siddiqui (Secretary)
HR & Remuneration Committee:	Mr. Asad Nasir Mr. Saad Saeed Faruqui Mr. Haider Ali Hilaly
Chief Executive Officer:	Mr. Saad Saeed Faruqui
CFO & Company Secretary:	Mr. Syed Sajid Nasim
Head of Internal Audit:	Ms. Shomaila Siddiqui
Registrar & Share Transfer Office:	Technology Trade (Pvt.) Ltd. Ballotter, Share Registrar & Transfer Agent Dagja 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 E-mail: calcorp@optimus.com.pk Web: www.calcorp.com.pk

TO THE SHARE HOLDERS

Attached is the un-audited condensed interim financial information for the for the Half Year ended December 31, 2017 together with the selected notes to the condensed interim financial information and directors' review report thereon for the shareholders of the company. These condensed interim financial information are being submitted as required under section 237 of the Companies Act, 2017.

Karachi: February 28, 2018

By the Order of the Board
Syed Sajid Nasim
CFO & Company Secretary

* The approval for appointment of Directors is pending from SECP under NBFC regulations.



**Auditors' Review Report to the Members on
Review of Condensed Interim Financial Information**

We have reviewed the accompanying condensed interim balance sheet of **CAPITAL ASSETS LEASING CORPORATION LIMITED** (the Company) as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim changes in equity and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year then ended. The Management of the Company is responsible for the preparation and the presentation of the condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is expressing a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account, condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of review

We conducted our review in accordance with the International Standards on Review Engagements 2410 "Review of Condensed Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed 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, except for the matter referred in the above paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at December 31, 2017 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Without qualifying our opinion we draw attention to note 1.2 of the accompanying condensed interim financial information. As more fully described in these notes, the leasing license of the company had 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. However, as per new regulations recently promulgated via SRO 1160 of 2015. The company is now entitled, based on reduced capital requirements, to operate as a non-deposit taking leasing company. Hence, it has applied for the license to operate as such after the year end.

Engagement Partner: Muhammad Aqeel Ashraf Tabani

Karachi:

Dated: 28th February, 2018



Capital Assets Leasing Corporation Limited

DIRECTORS' REVIEW

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, 2017. The financial results for the period under review are as follows:

	Half year ended	
	31 December 2017	31 December 2016
 Rupees	
Income		
Income from operations	18,628,354	23,527,590
Other operating income	6,088,629	1,338,046
	<u>24,716,983</u>	<u>24,865,636</u>
Expenses		
Administrative and operating expenses	4,382,779	5,355,254
Financial charges	7,617,965	3,405,936
Worker's Welfare Fund	-	322,089
	<u>12,000,744</u>	<u>9,083,279</u>
PROFIT BEFORE TAXATION	<u>12,716,239</u>	<u>15,782,357</u>
Taxation	3,103,234	(3,724,417)
PROFIT AFTER TAXATION	<u>15,819,473</u>	<u>12,057,940</u>
EARNINGS PER SHARE	<u>1.47</u>	<u>1.12</u>

During the period, company's income is Rs. 24.71 million as compared to Rs. 24.86 million of corresponding period of last year. The administrative & operating expenses and financial charges are Rupees 4.38 million and Rs 7.61 million respectively. Pre-tax profit for the period is Rs. 12.71 million against corresponding period's Rs. 15.78 million. Profit after Tax 15.81 million against corresponding period's Rs. 12.05 million

FUTURE OUTLOOK

Capital Assets leasing Corporation Limited has been profitable since the acquisition by Optimus Limited back in 2009. The management has applied for the leasing license as non depository leasing company and the process is in progress.

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, Pakistan Stock Exchange and other regulatory bodies of the country for their support.

Saad Saeed Faruqi
Chief Executive Officer

Dated: 28th February, 2018



Capital Assets Leasing Corporation Limited

CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2017

		(Un-audited) December 2017	(Audited) June 2017
	Note	Rupees	Rupees
	 Rupees	
ASSETS			
Current Assets			
Cash and bank balances		1,137,045	734,834
Investment in finance lease	4	9,291,481	9,291,481
Advances, deposits, prepayments and other receivables		74,327,961	124,192,149
Trade receivable		48,929,853	46,113,435
Taxation - net		21,350,703	20,042,606
		155,037,043	200,374,505
Non - Current Assets			
Long term advances, deposits and prepayments	5	26,702,760	21,920,438
Property, plant and equipment	6	227,351,803	131,592,570
		254,054,563	153,513,008
		<u>409,091,606</u>	<u>353,887,513</u>
EQUITY AND LIABILITIES			
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, 2017: 10,744,413) Ordinary shares of Rs.10/- each		107,444,130	107,444,130
Reserves		97,444,941	81,625,468
		204,889,071	189,069,598
Current Liabilities			
Current portion of Diminishing Musharaka Financing	7	53,359,867	37,368,340
Current portion of long term deposits	8	9,311,420	9,311,420
Deferred tax liability	9	1,697,887	6,962,882
Trade and other payables		7,847,296	8,329,034
		72,216,470	61,971,676
Non - Current Liabilities			
Diminishing Musharaka Financing	7	131,986,065	102,846,239
Contingencies and Commitments			
	10	-	-
		<u>409,091,606</u>	<u>353,887,513</u>

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

Chief Financial Officer

Chief Executive Officer

Director



Capital Assets Leasing Corporation Limited

CONDENSED INTERIM PROFIT & LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2017
(UN-AUDITED)

	Note	HALF YEAR ENDED		QUARTER ENDED	
		December 2017	December 2016	December 2017	December 2016
		----- Rupees -----	----- Rupees -----	----- Rupees -----	----- Rupees -----
Income					
Income from operations - (Net)	11	18,628,354	23,527,590	9,733,665	10,387,363
Other operating income		6,088,629	1,338,046	1,559,331	1,268,539
		<u>24,716,983</u>	<u>24,865,636</u>	<u>11,292,996</u>	<u>11,655,902</u>
Administrative and operating expenses		(4,382,779)	(5,355,254)	(1,822,641)	(2,834,853)
Financial charges		(7,617,965)	(3,405,936)	(4,167,674)	(1,820,927)
Other charges - workers' welfare fund		-	(322,089)	-	(204,464)
		<u>(12,000,744)</u>	<u>(9,083,279)</u>	<u>(5,990,315)</u>	<u>(4,860,244)</u>
Profit before taxation		12,716,239	15,782,357	5,302,681	6,795,658
Taxation		3,103,234	(3,724,417)	6,339,136	(538,969)
Profit after taxation		15,819,473	12,057,940	11,641,817	6,256,689
Earnings per share		<u>1.47</u>	<u>1.12</u>	<u>1.08</u>	<u>0.58</u>

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

Chief Financial Officer

Chief Executive Officer

Director



Capital Assets Leasing Corporation Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2017
(UN-AUDITED)

	HALF YEAR ENDED		QUARTER ENDED	
	December 2017	December 2016	December 2017	December 2016
	----- Rupees -----		----- Rupees -----	
Net income for the period	15,819,473	12,057,940	11,641,817	6,256,689
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	15,819,473	12,057,940	11,641,817	6,256,689

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

Chief Financial Officer

Chief Executive Officer

Director



Capital Assets Leasing Corporation Limited

CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2017
(UN-AUDITED)

	December 2017	December 2016
 Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	12,716,239	15,782,357
Adjustments for non cash items:		
Depreciation	6,203,043	6,072,939
Amortization	-	13,504
Financial charges	7,617,965	3,405,936
(Gain) on disposal of operating property, plant and equipment	(4,007,244)	(1,328,659)
	<u>22,530,003</u>	<u>23,946,077</u>
(Increase) / decrease in current assets		
Advances, deposits, prepayments and other receivables	49,864,188	(6,033,384)
Trade receivable	(2,816,418)	(21,599,223)
(Decrease) / increase in current liabilities		
Trade and other payables	(1,044,492)	19,521,452
	<u>68,533,281</u>	<u>15,834,923</u>
Cash inflow from operations		
Financial charges paid	(7,055,211)	(3,272,206)
Tax paid	(3,469,858)	(3,083,915)
	<u>58,008,212</u>	<u>9,478,802</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(132,517,032)	(24,331,695)
Proceeds from sale of property, plant and equipemnt	34,562,000	21,400,000
Long term advances, deposits and prepayments	(4,782,322)	9,945,330
Net cash (used in) / inflow from investing activities	<u>(102,737,354)</u>	<u>7,013,635</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Diminishing Musharaka Financing	45,131,353	(16,628,871)
Net cash inflow from / (used in) financing activities	<u>45,131,353</u>	<u>(16,628,871)</u>
Net increase / (decrease) in cash and cash equivalents	<u>402,211</u>	<u>(136,436)</u>
Cash and cash equivalents at the beginning of the period	734,834	264,101
Cash and cash equivalents at the end of the period	<u><u>1,137,045</u></u>	<u><u>127,665</u></u>

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

Chief Financial Officer

Chief Executive Officer

Director



Capital Assets Leasing Corporation Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2017
(UN-AUDITED)

	Issued, Subscribed and Paid-up Share Capital	Statutory Reserves	Accumulated Profit	Total
 Rupees			
Balance as at July 01, 2016	107,444,130	31,811,422	28,777,791	168,033,343
Net profit for the period	-	-	12,057,940	12,057,940
Transfer to reserve	-	2,411,588	(2,411,588)	-
Balance as at December 31, 2016	107,444,130	34,223,010	38,424,143	180,091,283
Balance as at July 01, 2017	107,444,130	36,018,673	45,606,795	189,069,598
Net profit for the period	-	-	15,819,473	15,819,473
Transfer to reserve	-	3,163,895	(3,163,895)	-
Balance as at December 31, 2017	107,444,130	39,182,568	58,262,373	204,889,071

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

Chief Financial Officer

Chief Executive Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2017
(UN-AUDITED)**

1. LEGAL STATUS AND OPERATIONS

1.1 CAPITAL ASSETS LEASING CORPORATION LIMITED was incorporated on April 1, 1992 in Pakistan as a public limited company and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of the Company is to carry on leasing business. In addition, the company is also engaged in plying for hire 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 Optimus Limited which holds 83.96% ordinary share capital of the company.

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 had created 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).

However, 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 to increase their minimum equity to Rs. 700 million which has later been reduced to Rs. 500 million for deposit taking leasing companies through SRO 1160 of 2015 for non depository leasing companies it has been fixed at Rs.50.00 million. Hence, the management has applied for the leasing license as non depository leasing company under current NBFC Regulations.

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 Pakistan Stock Exchange.

These condensed interim financial statements comprise the balance sheet as at December 31, 2017 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, 2017.

3. ACCOUNTING POLICIES AND COMPUTATION METHOD

The accounting policies and methods of computation adopted for the preparation of this condensed interim 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, 2017.

4. INVESTMENT IN FINANCE LEASE

	(Un-Audited)			(Audited)		
	December 31, 2017			June 30, 2017		
	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	19,427,270	-	19,427,270	19,427,270	-	19,427,270
Add: Residual value of leased assets	9,311,420	-	9,311,420	9,311,420	-	9,311,420
Gross investment in lease and hire purchase finance	28,738,690	-	28,738,690	28,738,690	-	28,738,690
Less: Unearned finance income	(3,882,343)	-	(3,882,343)	(3,882,343)	-	(3,882,343)
	24,856,347	-	24,856,347	24,856,347	-	24,856,347
Less: Provision for lease losses	(15,564,866)	-	(15,564,866)	(15,564,866)	-	(15,564,866)
Net investment in leases	9,291,481	-	9,291,481	9,291,481	-	9,291,481

	Note	(Un-Audited) December 2017	(Audited) June 2017
		----- Rupees -----	----- Rupees -----
5. LONG TERM ADVANCES, DEPOSITS AND PREPAYMENTS			
Security deposits		28,032,992	26,365,552
Less: Provision		(309,290)	(309,290)
		27,723,702	26,056,262
Less: Current portion		(4,785,000)	(6,019,100)
		22,938,702	20,037,162
Prepayments		6,931,283	3,862,836
Less: Current portion		(3,167,225)	(1,979,560)
		3,764,058	1,883,276
		26,702,760	21,920,438
6. PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment - tangible assets	6.1	227,351,800	131,592,567
Intangible Assets	6.2	3	3
		227,351,803	131,592,570

	(Un-Audited) December 2017	(Audited) June 2017
Note Rupees	
6.1 Property, Plant and Equipment - Tangible Assets		
Opening written down value	131,592,567	175,263,180
Add: Cost of acquisition during the period / year	132,517,032	51,504,468
	264,109,599	226,767,648
Less: Written down value of disposals during the period / year	(30,554,756)	(83,560,830)
	233,554,843	143,206,818
Less: Depreciation charged for the period / year	(6,203,043)	(11,614,251)
	<u>227,351,800</u>	<u>131,592,567</u>
6.2 Property, Plant and Equipment - Intangible Assets		
Opening written down value	3	13,507
Add: Cost of acquisition during the period / year	-	-
	3	13,507
Less: Amortization charged for the period / year	-	(13,504)
	<u>3</u>	<u>3</u>

7. DIMINISHING MUSHARAKA FIANNING

	(Un-Audited)			(Audited)		
	December 31, 2017			June 30, 2017		
	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 Payments	53,359,867	131,986,065	185,345,932	37,368,340	102,846,239	140,214,579
Present Value of Minimum lease Payments	<u>53,359,867</u>	<u>131,986,065</u>	<u>185,345,932</u>	<u>37,368,340</u>	<u>102,846,239</u>	<u>140,214,579</u>

	(Un-Audited) December 2016	(Audited) June 2016
 Rupees	
8. CURRENT PORTION OF LONG TERM DEPOSITS		
Lease security deposit	9,311,420	9,311,420
	<u>9,311,420</u>	<u>9,311,420</u>

	(Un-Audited) December 2017	(Audited) June 2017
 Rupees	
9. DEFERRED TAX LIABILITY		
Debit balances arising in respect of:		
Liabilities against assets subject to finance lease	-	17,903,919
Carry forward tax losses	18,343,996	7,312,943
	18,343,996	25,216,862
Credit balance arising in respect of:		
Accelerated depreciation	(20,041,883)	(32,179,744)
	<u>(1,697,887)</u>	<u>(6,962,882)</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. 5,567,498 as at December 31, 2017 (June 30, 2017: Rs. 5,567,498).		
	(Un-Audited) December 2017	(Audited) June 2017
 Rupees	
10.2 Commitments		
Ijarah lease rentals payable	23,578,736	38,162,992
	<u>23,578,736</u>	<u>38,162,992</u>
	(Un-Audited) December 2017	(Un-Audited) December 2016
 Rupees	
11. INCOME FROM OPERATIONS		
Income from vehicles plying for hire	11.1 18,628,354	23,527,590
	<u>18,628,354</u>	<u>23,527,590</u>
11.1 Income from vehicles plying for hire		
Rentals from vehicles plying for hire	45,271,116	59,772,076
Less: Cost of services		
Road tax/registration and other charges	1,221,896	1,246,553
Vehicles service and maintenance	3,761,750	8,866,720
Ijarah lease rental	11.2 10,555,758	13,669,534
Tracker monitoring cost	781,081	944,790
Insurance	2,265,456	2,508,668
Depreciation	6,116,821	6,060,721
Service charges	1,940,000	2,947,500
	26,642,762	36,244,486
	<u>18,628,354</u>	<u>23,527,590</u>

11.2 This includes rentals paid to BRR Guardian Modarba and Popular Islamic Modarba against vehicles acquired under Ijarah facilities. Future rental payables on these facilities are as under:

	(Un-Audited)			(Un-Audited)		
	December 31, 2017			December 31, 2016		
	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			
Total future rentals payable	13,087,135	10,491,601	23,578,736	36,987,812	16,617,464	53,605,276
	13,087,135	10,491,601	23,578,736	36,987,812	16,617,464	53,605,276

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 transactions with related parties, other than remuneration under the terms of employment, are as follows:

Related Party	Nature of relationship	Nature of transaction	(Un-Audited) (Un-Audited)	
			December 2017	December 2016
			Rupees	
Optimus Limited	Holding Company	Rental services rendered	45,271,116	59,772,076
		Management services received	1,940,000	2,947,500
		Vehicles maintenance services received	3,761,750	8,866,720
		Sale of motor vehicles	30,397,000	21,400,000
		Purchase of Motor Vehicles	-	23,160,000
		Purchase of tracker	-	150,000
		Salary and allowances	883,500	2,487,853
Mustang Eye (Private) Limited	Common Directorship	Tracker services	120,522	191,940
Staff provident fund		Contribution to staff provident fund	41,388	34,386

13. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 28th February 2018 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 Financial Officer

Chief Executive Officer

Director

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If undelivered please return to:



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