



**Capital Assets Leasing
Corporation Limited**

26th Annual Report 2018

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CORPORATE INFORMATION

Board of Directors:	Mr. Asad Nasir Mr. Saad Saeed Faruqui Mr. Shahrukh Saeed Faruqui Mr. Brig (R) Yasub Ali Dogar Mr. Haider Ali Hilaly Ms. Marium Abid Shirazee Ms. Rabia Fida	(Chairman)
Audit Committee:	Ms. Rabia Fida Mr. Asad Nasir Mr. Shahrukh Saeed Faruqui Mr. Syed Sajid Nasim	(Chairperson) (Member) (Member) (Secretary)
HR & Remuneration Committee:	Mr. Brig (R) Yasub Ali Dogar Mr. Irfan Ahmad Mr. Haider Ali Hilaly	
Chief Executive Officer:	Mr. Irfan Ahmad	
CFO & Company Secretary:	Ms. Shomaila Siddiqui	
Head of Internal Audit:	Mr. Syed Sajid Nasim	
Registrar & Share Transfer Office:	F. D. Registrar Services (SMC-Pvt) Limited 17 th Floor, Saima Trade Tower-A, I. I. Chundrigar Road Karachi. Tel: +92 (21) 32271905-6 Fax +92 (21) 32621233	
Auditors:	Baker Tilly Mehmood Idrees Qamar Chartered Accountants	
Legal Advisor:	Mohsin Tayebaly & Co. Advocates	
Bankers:	JS Bank Limited	
Registered Office:	14 th 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	



VISION / MISSION STATEMENTS CAPITAL ASSETS LEASING CORPORATION LIMITED

VISION STATEMENT

To become a leading Leasing Company by making a sizeable contribution to the development and growth of the Country's economy, by providing financial and technical assistance to our customers, combined with innovative ideas and services, thus enabling the customers and the Company to achieve their objectives.

MISSION STATEMENT

To achieve the role of a leading Leasing Company by delivering quality service at competitive rates to its customers whilst maintaining the highest levels of professionalism, ethical standards and corporate individuality, thereby also rewarding the shareholders, employees, and other stakeholders.



NOTICE OF 26th ANNUAL GENERAL MEETING

Notice is hereby given that 26th Annual General Meeting of Capital Assets Leasing Corporation Limited (the "Company") will be held on Monday 29th October 2018 at 12:00 p.m. at Haji Abdullah Haroon Muslim Gymkhana Old Lobby, Near Shaheen Complex Karachi to transact the following business:

1. To confirm the minutes of 25th Annual General Meeting for the Year ended 30th June 2017.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2018
3. To appoint Auditors for the next financial year ending June 30, 2019 and fix their remuneration. The present Auditors, M/s Baker Tilly Mehmood, Idrees, Qamar, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.
4. To transact any other business with the permission of the chair.

Karachi: October 08, 2018

By the Order of the Board
Shomaila Siddiqui
Company Secretary

Notes:

1. The share transfer book of the Company will remain closed from 22nd October 2018 to 29th October 2018 (both days inclusive). Transfers received in order by our Shares Registrar, F.D Registrar Services (SMC-PVT) Limited, 17th Floor, Saima Trade Tower-A, I.I Chundrigar Road. Karachi at the close of business on October 21, 2018 will be considered in time to attend and vote at the meeting.
2. Any member of the Company entitled to attend and vote at the Annual General Meeting may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies must be received at the Registered Office of the Company, 14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi not later than 48 hours before the time of holding the meeting.
3. Members who have deposited their shares into Central Depository Company of Pakistan Limited must bring their original Computerized National Identity Card (CNIC) or Original Passport at the time of attending the meeting. If proxies are granted by such shareholders the same must be accompanied with attested copies of the CNIC or the Passport of the beneficial owners. Additionally, (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form; (ii) Attested copies of CNIC or the passport of the proxy shall be furnished with the proxy form; and (iii) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
4. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting. If proxies are granted by such corporate shareholders the same must be accompanied with the Board of Directors' resolution/power of attorney with specimen signatures.
5. Members who have not yet submitted photocopy of their CNIC are requested to send the same to the Share Registrar of the Company F.D Registrar Services (SMC-PVT) Limited, 17th Floor, Saima Trade Tower-A, I.I Chundrigar Road. Karachi at the earliest
6. Members are requested to immediately notify the Company of change in their addresses, if any.



CHAIRMAN'S REVIEW REPORT

The Board of Directors of Capital Assets Leasing Corporation Limited contributed effectively in guiding the company in all its company's affairs and the board has played a key role in monitoring the performance of the management and focus on major areas.

For the financial year ended June 30, 2018, the Board's overall performance and effectiveness has been considered as satisfactory.

The Board of Directors of your Company received agenda and supporting written material including follow up material in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in all decisions.

On behalf of the board of directors, I would like to express my special gratitude to all the shareholders for the continued support and confidence. I also wish to acknowledge the contribution of all employees of the company for their concerted efforts.

Chairman

Karachi: October 05, 2018



DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present the 26th annual report along with the audited accounts of the Capital Assets Leasing Corporation Limited for the year ended June 30th, 2018.

FINANCIAL HIGHLIGHTS

Key operating results for the year ended June 30th 2018 and their comparison with the results of the previous year is summarized below:

	Rupees	
	<u>2018</u>	<u>2017</u>
Total Income	64,460,333	52,507,286
Expenses		
Operating Expenses	(8,234,019)	(12,165,839)
Financial Charges	(15,465,963)	(8,521,964)
Total Expenses	(23,699,982)	(20,687,803)
Profit before tax	40,760,351	31,819,483
Taxation	(6,966,676)	(10,783,228)
Profit after taxation	33,793,675	21,036,255
Earnings Per Share	3.15	1.96

REVIEW OF OPERATIONS

The operational profit for the period is Rupees 40.76 Million. Net profit for the year 2018 is Rupees 33.79 million as against Rupees 21.03 million in previous year. In the current year, the company transacted business worth Rupees 64.46 million as compared to Rupees 52.50 million in the corresponding period.

FUTURE OUTLOOK

The company has been operating as a non-NBFC and the management is keen to revive its leasing license. According to SECP regulations promulgated via SECP SRO 1160 of 2015, the Company is now entitled, based on reduced capital requirements, to operate as a non-deposit taking leasing company. The management has applied for the leasing license as non-depository leasing company under the current NBFC Regulations.

During the year PSX placed the Company's shares in the defaulter's segment of the exchange due to its non-compliance in holding its Annual General Meeting for the year ended 30th June 2017 within the required timeframe.

However, the SECP has now granted the Company the direction to convene the overdue AGM. Management is confident that the Company will be fully compliant by the end of next quarter.



DIVIDEND

No dividend has been announced for the current year as management intends to strengthen the equity base and therefore reserves are being accumulated.

CHANGE OF BOARD OF DIRECTORS

During the year Mr. Faisal Ismail and Mr. Faizan Haider Khan Resignations were accepted on March 28th 2018 and April 23rd 2018 by the Board of Directors and Ms. Marium Abid Shirazee and Mr. Yousuf Muhammad Farooq were appointed with immediate effect respectively to fill the casual vacancies caused by the two resignations.

CHANGE OF CHIEF EXECUTIVE OFFICER

Due to resignation of Mr. Saad Saeed Faruqui for the position of Chief Executive Officer, the Board of Directors accepted the resignation of Mr. Saad Saeed Faruqui and Appointed Mr. Irfan Ahmad as Chief Executive Officer of the company with effect from 23rd April 2018 subject to approval of SECP.

The Board, while welcoming the new CEO, also placed on record its appreciation for the commendable services of Mr. Saad Saeed Faruqui as Chief Executive Officer.

CORPORATE GOVERNANCE

The Board of Directors is committed to uphold the highest standards of Corporate Governance. The company has also implemented the provisions of the Code of Corporate Governance. A review report on compliance with best practices of the Code of Corporate Governance by the statutory auditors is annexed with the Annual report.

DIRECTORS DECLARATION

The Directors confirm compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance for the following:

- i) The financial statements prepared by the management of the company present fairly its statement of affairs, the results of its operations, comprehensive income, cash flows and changes in equity;
- ii) Proper books of accounts of the company have been maintained;
- iii) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- iv) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained;
- v) The system of internal control is sound in design and has been effectively implemented and monitored;
- vi) There are no significant doubts upon the company's ability to continue as going concern;
- vii) There has been no material departure from the best practice of Corporate Governance as detailed in the Listing Regulations;
- viii) Key operating and other financial data for the last six years in summarized form is included in the Annual Report;



ix) During the current fiscal year, trading in shares of company was made by the following directors:

Mr. Haider Ali Hilaly	15,000 Shares
Ms. Marium Abid Shirazee	500 Share
Mr. Yousuf Muhammad Farooq	500 Shares
Mr. Faisal Ismail	500 Shares

x) During the year Three meetings of the Board of Directors were held that were attended as follows:

S. No	Name of Director	Meetings Attended
1	Mr. Asad Nasir	3
2	Mr. Saad Saeed Faruqui	3
3	Mr. Shahrukh Saeed Faruqui	2
4	Mr. Haider Ali Hilaly	3
5	Mr. Faisal Ismail	2
6	Mr. Yasub Ali Dogar	3
7	Ms. Marium Abid Shirazee	1

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

PARENT COMPANY

Optimus Limited holds 83.95% of the shareholding in the company.

AUDITORS

The present auditors M/s Baker Tilly Mehmood Idress Qamar, Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year ending June 30, 2019. On the proposal of the Audit Committee, Board recommends the appointment of M/s Baker Tilly Mehmood Idress Qamar, Chartered Accountants, as statutory auditors of the company for the financial year 2019.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the company as on June 30, 2018 is annexed with this report.



ACKNOWLEDGEMENT

We take this opportunity to place on record our appreciation to the Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange Limited and other regulatory authorities for their continued support and professional guidance, and the shareholders for the trust and confidence reposed in us.

We would also like to place on record, our thanks and appreciation to the staff for their commitment and dedication in running the operations.

For and on behalf of the Board of Directors

Chief Executive Officer

Director

Karachi - 5th October 2018

ڈائریکٹرز رپورٹ

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے کیپٹل ایسٹس لیزنگ کارپوریشن لمیٹڈ کی 26 ویں سالانہ رپورٹ مع آڈٹ شدہ اکاؤنٹس برائے سال ختمہ 30 جون، 2018 پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

مالیاتی جھلکیاں:

بنیادی آپریٹنگ نتائج برائے سال ختمہ 30 جون، 2018 اور اس کے گزشتہ سال کے نتائج کے ساتھ موازنے کا خلاصہ درج ذیل ہے:

روپے		
2017	2018	
52,507,286	64,460,333	کل آمدنی
		اخراجات:
(12,165,839)	(8,234,019)	آپریٹنگ کے اخراجات
(8,521,964)	(15,465,963)	مالیاتی چارجز
(20,687,803)	(23,699,982)	گل اخراجات
31,819,483	40,760,351	منافع قبل از ٹیکس
(10,783,228)	(6,966,676)	ٹیکسیشن
21,036,255	33,793,675	منافع بعد از ٹیکس
1.96	3.15	آمدنی فی شیئر

کاروباری عمل کا جائزہ

اس مدت میں آپریٹنگ منافع 40.76 ملین روپے ہوا۔ سال 2018 کیلئے خالص منافع 33.79 ملین روپے رہا جب کہ گزشتہ سال یہ منافع 21.03 ملین روپے تھا۔ موجودہ سال میں کمپنی نے 64.46 ملین روپے کا کاروباری لین دین کیا اس کے مقابلے میں گزشتہ سال کی اسی مدت میں 52.50 ملین روپے کا کاروباری لین دین ہوا تھا۔

مستقبل کے امکانات

کمپنی Non-NBFC کی حیثیت سے کاروبار کر رہی ہے اور انتظامیہ اس کے لیزنگ لائسنس کی تجدید کرانے کا ارادہ رکھتی ہے۔ SECP کے ضوابط مجریہ بذریعہ SECP SRO نمبر 1160 آف 2015 کی رو سے کمپنی تخفیف شدہ کیپٹل کی شرائط کے مطابق اب ڈپازٹ نہ رکھنے والی لیزنگ کمپنی کی حیثیت سے کام کرنے کی اہل ہے۔ انتظامیہ نے موجودہ NBFC ضوابط کے تحت نان ڈپازٹری لیزنگ کمپنی کے طور پر کام کیلئے لیزنگ لائسنس کی درخواست دی ہے۔ سال کے دوران میں پاکستان اسٹاک ایکسچینج نے کمپنی کے شیئرز کو ایکسچینج کے نادر ہندہ کے شعبہ میں درج کیا ہے کیونکہ کمپنی نے مقررہ مدت یعنی سال ختمہ 30 جون 2017 کیلئے سالانہ اجلاس عام منعقد کرنے کی شرط پر عمل درآمد نہیں کیا تھا۔ تاہم SECP نے اب کمپنی کو ہدایت جاری کی ہے کہ وہ تاخیر شدہ AGM کا انعقاد کرے۔ انتظامیہ کو یقین کامل ہے کہ وہ اگلی سہ ماہی کے آخر تک اس ہدایت پر پوری طرح عمل کرے گی۔

ڈویڈنڈ

موجودہ سال کیلئے کسی ڈویڈنڈ کا اعلان نہیں کیا گیا ہے کیونکہ ایکویٹی کی بنیاد کو مضبوط کرنے کے لیے ریزرو جمع کئے جا رہے ہیں۔

بورڈ آف ڈائریکٹرز کی تبدیلی

سال کے دوران میں بورڈ آف ڈائریکٹرز نے جناب فیصل اسماعیل اور جناب فیضان حیدر خان کے استعفیے 28 مارچ 2018 اور 23 اپریل 2018 کو منظور کئے اور ان دو استعفیوں کے نتیجے میں خالی ہونے والی اسامیوں کو پر کرنے کے لئے فوری طور پر بالترتیب مس مریم عابد شیرازی اور جناب یوسف محمد فاروق کا تقرر کیا گیا۔

چیف ایگزیکٹو آفیسر کی تبدیلی

جناب سعد سعید فاروقی نے چیف ایگزیکٹو کے عہدے سے استعفیٰ دے دیا اور بورڈ آف ڈائریکٹرز نے جناب سعد سعید فاروقی کا استعفیٰ منظور کرتے ہوئے جناب عرفان احمد کو 23 اپریل 2018 سے کمپنی کا چیف ایگزیکٹو آفیسر مقرر کیا جو SECP کی منظوری سے مشروط ہے۔ بورڈ نے نئے CEO کو خوش آمدید کہا اور اس کے ساتھ جناب سعد سعید فاروقی کی بطور چیف ایگزیکٹو آفسر شاندار خدمات کو سراہا۔

کارپوریٹ گورننس

بورڈ آف ڈائریکٹرز کارپوریٹ گورننس کے اعلیٰ ترین معیار کو قائم رکھنے کے عزم پر کاربند ہے۔ کمپنی نے کوڈ آف کارپوریٹ گورننس کے پروویژن کو بھی نافذ کیا ہے۔ کوڈ آف کارپوریٹ گورننس کے بہترین معمولات کی پیروی کے بارے میں قانونی آڈیٹرز کی جائزہ رپورٹ، سالانہ رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹرز کا اعلان

ڈائریکٹرز درج ذیل کے بارے میں کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر عمل درآمد کی تصدیق کرتے ہیں

- i. کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹ میں کمپنی کے معاملات، اس کے آپریشنز کے نتائج، جامع آمدنی، نقد قومات کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف طور پر پیش کیا گیا ہے۔
- ii. کمپنی کے حساب کتاب اور کھاتوں کو درست طور پر مرتب کیا گیا ہے۔
- iii. مالیاتی اسٹیٹمنٹ اور حسابات کے تخمینہ کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پر استعمال کیا گیا ہے۔ اور حسابات کے تخمینوں میں معقولیت اور دانائی پرنی فیصلے کئے گئے ہیں۔
- iv. مالیاتی اسٹیٹمنٹ، پاکستان میں لاگو اور موثر بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بنیاد پر تیار کئے گئے ہیں اور کہیں ان سے انحراف ہے تو اس کو مناسب طور پر ظاہر اور واضح کیا گیا ہے۔
- v. داخلی کنٹرول کا نظام ڈیزائن کے اعتبار سے محفوظ ہے اور اس کے نفاذ اور نگرانی کا کام موثر طریقے سے کیا گیا ہے۔
- vi. کمپنی کے موجودہ صلاحیت میں کام جاری رکھنے میں کوئی شبہ نہیں ہے۔
- vii. لسٹنگ ریگولیشنز میں تفصیلاً درج کارپوریٹ گورننس کے بہترین اصولوں سے کوئی حقیقی انحراف نہیں کیا گیا۔
- viii. گزشتہ چھ سال کی بنیادی آپریٹنگ اور دیگر مالیاتی معلومات مختصر طور پر منسلک کی گئی ہیں۔
- ix. موجودہ مالیاتی سال کے دوران میں درج ذیل ڈائریکٹرز صاحبان نے کمپنی کے شیئرز کا کاروبار کیا:

جناب حیدر علی ہلالی	15,000 شیئرز
مس مریم عابد شیرازی	500 شیئرز
جناب یوسف محمد فاروق	500 شیئرز
جناب فیصل اسماعیل	500 شیئرز

سال کے دوران میں بورڈ آف ڈائریکٹرز کے تین اجلاس منعقد ہوئے جن میں حاضریاں درج ذیل کے مطابق رہیں:

1	جناب اسد ناصر	3
2	جناب سعد سعید فاروقی	3
3	جناب شاہ رخ سعید فاروقی	2
4	جناب حیدر علی ہلالی	3
5	جناب فیصل اسماعیل	2
6	جناب یعسوب علی ڈوگر	3
7	مس مریم عابد شیرازی	1

جوڈائریکٹرز بورڈ کے اجلاس میں شرکت نہ کر سکے ان کی غیر حاضری کیلئے چھٹی کی درخواست منظور کر دی گئیں۔

سرپرست کمپنی

اوپٹیمس (لمیٹڈ Optimus Ltd) کمپنی کے 83.95% حصص کی مالک ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز بیکر ٹلی محمود ادریس قمر، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور انہوں نے اہل ہونے کی بنیاد پر خود کو مالی سال ختم 30 جون 2019 کے لئے دوبارہ تقرری کیلئے پیش کیا ہے۔ آڈٹ کمیٹی کی تجویز پر بورڈ نے مالی سال 2019 کے لئے میسرز بیکر ٹلی محمود ادریس قمر، چارٹرڈ اکاؤنٹنٹس کی قانونی آڈیٹرز کے طور پر تقرری کی سفارش کی ہے۔

شیئرز ہولڈنگ کا طرز

30 جون 2018 کے مطابق کمپنی کے شیئرز ہولڈنگ کا طرز، رپورٹ کے ساتھ منسلک کر دیا گیا ہے۔

اعتراف

ہم اس موقع پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج لمیٹڈ اور دیگر ریگولیٹری اتھارٹیز سے ان کے مسلسل تعاون اور پیشہ ورانہ رہنمائی اور شیئرز ہولڈرز کے ہم پر بھروسے اور بھرپور اعتماد پر ان کا شکریہ ادا کرتے ہیں۔ ہم اپنے اسٹاف کے آپریشنز کے عمل میں عزم اور خلوص کے ساتھ کام کرنے پر ان کے شکر گزار اور ممنون ہیں۔

برائے اور منجانب بورڈ آف ڈائریکٹرز
کیپٹل ایسٹس لیزنگ کارپوریشن لمیٹڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر
کراچی۔ 15 اکتوبر 2018



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

NAME OF COMPANY : CAPITAL ASSETS LEASING CORPORATION LIMITED
YEAR ENDING : JUNE 30th, 2018

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are 7, as per following:-

Male	Six (6)
Female	One (1)

2. The composition of board is as follows:

Category	Names
Non-Executive Directors	Mr. Saad Saeed Faruqui
	Mr. Asad Nasir
	Mr. Shahrukh Saeed Faruqui
	Mr. Haider Ali Hilaly
	Ms. Marium Abid Shirazee
	Mr. Yousuf Muhammad Farooq
Independent Director	Mr. Brig (R) Yasub Ali Dogar

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations. However, currently no director has been charging any fee or remuneration.
9. The Board has not arranged Directors' Training program during the year. However, following two directors have obtained their training during previous years:
 - Mr. Saad Saeed Faruqui; and
 - Mr. Shahrukh Saeed Faruqui.



10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
 - a) Audit Committee

Mr. Brig (R) Yasub Ali Dogar	Chairman
Mr. Asad Nasir	Member
Mr. Shahrukh Saeed Faruqui	Member
 - b) HR and Remuneration Committee

Mr. Brig (R) Yasub Ali Dogar	Chairman
Mr. Irfan Ahmad	Member
Mr. Haider Ali Hilaly	Member
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. Three Audit Committee meetings were held during the year and Human Resource and Remuneration Committee meeting was held once during the year.
15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

Chief Executive Officer

Chairman



TO THE MEMBERS OF CAPITAL ASSETS LEASING CORPORATION LIMITED REVIEW REPORT ON STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") prepared by the Board of Directors of **Capital Assets Leasing Corporation Limited** (the Company), for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approvals of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

Karachi.

Date: 5th October 2018



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPITAL ASSETS LEASING CORPORATION LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **CAPITAL ASSETS LEASING CORPORATION LIMITED** (the Company), which comprise of the statement of financial position as at June 30, 2018, and the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017) along with Part VIIIA of the repealed Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 1.2 of the accompanying financial statements. As more fully described in this note, 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. However, as per new regulation promulgated via a 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. Our opinion is not modified in respect of this matter.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

1. Capitalization of Property, Plant and Equipment	
Key audit matters	How the matter was addressed in our audit
<p>The company continues to invest significantly in Property, plant and equipment constituting 65.98% (2017: 37.18%) of total assets with capital expenditure of Rs.200 million during the year ended June 30, 2018, as detailed in note 12 to the financial statements, of which Rs.146 million and Rs.54 million pertain to the motor vehicles held under Musharakah and motor vehicles plying for hire respectively.</p> <p>This significant level of capital expenditure requires consideration of the nature of costs incurred to ensure that capitalization of property, plant and equipment meets the specific recognition criteria in IAS 16, 'Property, Plant and Equipment' (IAS 16), the application of the directors' judgment in assigning appropriate useful economic lives and residual values. As a result, this was noted as a key audit matter, with the risk focused on these additions to the property, plant and equipment, where the risk of material misstatement was deemed higher as a result of the complexity of the specific application of recognition criteria.</p>	<p>We obtained an understanding of the design and implementation of management controls over capitalization and performed tests of control over authorization of capital expenditure.</p> <p>We tested controls in place over the fixed asset cycle, evaluated the appropriateness of capitalization policies and performed tests of details on assets capitalized. There were no exceptions noted from our testing.</p> <p>Our audit work included assessing the nature of property, plant and equipment capitalized by the Company to test the validity of amounts capitalized and evaluating whether assets capitalized meet the recognition criteria set out in IAS 16.</p> <p>We considered whether capitalization of assets ceased when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by the Company and that a consistent approach was applied by the Company across all significant operations.</p> <p>We discussed the useful economic lives and residual value assigned with reference to the Company's historical experience, our understanding of the future utilization of assets by the Company and by reference to the depreciation policies applied by third parties operating similar assets.</p> <p>The capitalization of assets in the year, the residual value assigned, and the useful economic lives assigned were assessed to be appropriate based on the evidence obtained. We did not identify any assets capitalized in prior years where we considered the useful economic lives originally assigned needed revision in the year.</p>

2. Transactions with a related party	
Key audit matters	How the matter was addressed in our audit
<p>Optimus Limited (holding 83.96% equity interest in the Company) is a single customer of the Company. During the year ended 30 June 2018, the revenue earned by the Company from its business with Optimus Limited amounts to Rs. 94.66 million which constitutes approximately 100% of the total revenue of the Company.</p> <p>Transactions with Optimus Limited also include disposals to and purchases from Optimus Limited of vehicles amounted to Rs. 62.045 million and Rs. 47.215 million respectively during the year.</p> <p>While the above related party transactions are undertaken in the normal course of business, the pricing mechanism may potentially impact the operating results of the Company in a significant manner.</p> <p>Accordingly due to the significant impact and volume of transactions with Optimus Limited (a related party), we have considered it to be a key audit matter.</p> <p>The transactions with Optimus Limited and the other related balances with such party are disclosed in notes 12, 21.1 and 27 to the accompanying financial statements.</p>	<p>Our key audit procedures with respect to related party transactions with Optimus Limited included review of the agreements with Optimus Limited which sets out the terms and conditions of such transactions and also pricing mechanism to be followed for the same, obtaining confirmation from Optimus Limited for transactions and balance at the year end, approval of the said agreement and the pricing policies by the Board of Directors of the respective companies, and compliance with the relevant requirements of the Companies Act and Code of Corporate Governance Regulations with respect to such related party transactions.</p> <p>We also evaluated the appropriateness of the accounting and disclosures of such related party transactions in accordance with the requirements of the applicable financial reporting standards. In doing so, we considered the adequacy and the relevance of the information disclosed in the financial statements to comply with the requirements of 'IAS 24 -Related Party Disclosures'.</p>
3. Preparation of financial statements under Companies Act, 2017	
Key audit matters	How the matter was addressed in our audit
<p>As referred to in notes 2 to the accompanying financial statements, the Companies Act 2017 (the Act) become applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>In view of the extensive impact in the annexed financial statements due to first time application of the Fourth Schedule to the Act, we considered it as a key audit matter.</p>	<p>We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on new requirements. We also evaluated sources of information used by the management for preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements.</p>



Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's report, but does not include the financial statements of the company and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) along with Part VIII A of the repealed Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) along with Part VIII A of the repealed Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and are in agreement with the books of account and returns;



- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Aqeel Ashraf Tabani**.

Baker Tilly Mehmood Idrees Qamar

Karachi

Date: 5th October 2018



STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

	Note	June 2018 (Rupees)	June 2017 (Rupees)
ASSETS			
Current Assets			
Cash and bank balances	6	725,989	734,834
Investment in finance lease	7	9,291,481	9,291,481
Advances, deposits, prepayments and other receivables	8	36,925,654	124,192,149
Trade receivable	9	48,871,835	46,113,435
Taxation - net		16,979,299	20,042,606
		112,794,258	200,374,505
Non - Current Asset			
Long term advances, deposits and prepayments	11	25,759,066	21,920,438
Property, plant and equipment	12	268,819,086	131,592,567
Intangible assets	13	3	3
		294,578,155	153,513,008
TOTAL ASSETS		407,372,413	353,887,513
LIABILITIES AND EQUITY			
Current Liabilities			
Deposits	14	9,311,420	9,311,420
Current portion of diminishing musharakah financing	15	50,226,377	37,368,340
Unclaimed dividend		625,215	625,215
Trade and other payables	16	7,140,671	7,703,819
		67,303,683	55,008,794
Non - Current Liabilities			
Diminishing musharakah financing	15	110,205,159	102,846,239
Deferred tax liability	17	7,000,298	6,962,882
		117,205,457	109,809,121
Authorised Share Capital			
20,000,000 (2017: 20,000,000) Ordinary shares of Rs. 10/- each		200,000,000	200,000,000
Issued, subscribed and paid-up share capital	18	107,444,130	107,444,130
Reserves	19	115,419,143	81,625,468
		222,863,273	189,069,598
Contingencies and Commitments	20	-	-
TOTAL LIABILITIES AND EQUITY		407,372,413	353,887,513

The annexed notes form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director



**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	June 2018 (Rupees)	June 2017 (Rupees)
Income			
Income from operations	21	43,704,893	41,339,213
Other operating income	22	20,755,440	11,168,073
		64,460,333	52,507,286
Expenses			
Administrative and operating expenses	23	(8,234,019)	(12,165,839)
Financial charges	24	(15,465,963)	(8,521,964)
		(23,699,982)	(20,687,803)
Profit before taxation		40,760,351	31,819,483
Taxation	25	(6,966,676)	(10,783,228)
Profit after taxation		33,793,675	21,036,255
Other comprehensive income		-	-
Total comprehensive income		33,793,675	21,036,255
Earnings per share	26	3.15	1.96

The annexed notes form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director



CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 2018 (Rupees)	June 2017 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		40,760,351	31,819,483
Adjustments for non cash items:			
Depreciation		14,984,012	11,614,251
Amortization		-	13,504
Financial charges		15,465,963	8,521,964
(Gain) on disposal of property, plant and equipment		<u>(18,310,636)</u>	<u>(11,154,170)</u>
		52,899,690	40,415,032
Decrease / (increase) in current assets			
Advances, deposits, prepayments and other receivables		<u>87,266,495</u>	<u>(115,061,536)</u>
Trade receivables		<u>(2,758,400)</u>	<u>(14,596,492)</u>
		84,508,095	(129,658,028)
(Decrease) in current liabilities			
Trade and other payables		(563,148)	(8,815,108)
Cash inflow from / (used in) operations		136,844,637	(97,658,104)
Financial charges paid		(15,465,963)	(8,483,963)
Taxes paid		<u>(3,865,953)</u>	<u>(6,781,667)</u>
Net cash inflow from / (used in) operating activities		117,512,721	(112,923,734)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property, plant and equipment		<u>(200,109,895)</u>	<u>(51,504,468)</u>
Long term advances, deposits and prepayments		<u>(3,838,628)</u>	<u>(315,641)</u>
Proceeds from sale of property, plant and equipment		<u>66,210,000</u>	<u>94,715,000</u>
Net cash (used in) / inflow from investing activities		(137,738,523)	42,894,891
CASH FLOWS FROM FINANCING ACTIVITIES			
Liability against assets subject to finance lease		-	(7,333,780)
Diminishing musharakah financing		<u>20,216,957</u>	<u>77,833,356</u>
Net cash inflow from financing activities		20,216,957	70,499,576
Net (decrease) / increase in cash and cash equivalents		(8,845)	470,733
Cash and cash equivalents at the beginning of the year		734,834	264,101
Cash and cash equivalents at the end of year	6	725,989	734,834

The annexed notes form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director



**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018**

	Issued, Subscribed and Paid-up Share Capital	Statutory Reserves	Unappropriated Profit	Total
----- Rupees -----				
Balance as at June 30, 2016	107,444,130	31,811,422	28,777,791	168,033,343
Net profit for the year	-	-	21,036,255	21,036,255
Transfer to reserve	-	4,207,251	(4,207,251)	-
Balance as at June 30, 2017	107,444,130	36,018,673	45,606,795	189,069,598
Net profit for the year	-	-	33,793,675	33,793,675
Transfer to reserve	-	6,758,735	(6,758,735)	-
Balance as at June 30, 2018	107,444,130	42,777,408	72,641,735	222,863,273

The annexed notes form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1. LEGAL STATUS AND OPERATIONS

- 1.1** The company 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. The principal activity of the Company is to carry out 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 million. Hence, the management has applied for the leasing license as non depository leasing company under new NBFC Regulations.

2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- The company continues to invest significantly in Property, Plant and Equipment constituting 65.98% (2017: 37.18%) of total assets with capital expenditure of Rs. 200 million during the year ended June 30, 2018, as detailed in note 12 to the financial statements, of which Rs. 146 million and Rs. 54 million pertains to the motor vehicles held under Musharakah and motor vehicles plying for hire respectively. As explained in note 8 to the accompanying financial statements, additions of Rs. 82 million to motor vehicles held under Musharaka has been made from "advances to suppliers for purchase of vehicles" during the year.
- Proceeds from sale of Property, Plant and Equipment amounts to Rs. 66.21 million constituting the disposals of 66 vehicles. (Refer Note 12.2).

- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, some of the amounts reported for the previous period have been reclassified. (Refer Note. 31)

3. BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with Part VIII A of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, Part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, Part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

3.2 Critical Accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant which have been disclosed in the respective notes to the financial statements include:

- Useful life and residual value of property , plant and equipment (Note 5.2)
- Provision for doubtful receivables (Note 5.11)
- Taxation (Note 5.10)

3.3 Standards, interpretations and amendments applicable to financial statements

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

a) New standards, interpretation and amendments

The Company has adopted the following accounting standards and the amendments and interpretation of IFRSs which become effective for the current year:

IAS 7 – Statement of cash flows – disclosure initiative – (amendments)

IAS 12 – Income taxes – recognition of deferred tax assets for unrealized losses (amendments)

b) Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 2	Share Based Payments – Classification and Measurement of Share Based Payment Transactions (amendments)	January 1, 2018
IFRS 9	Financial Instruments	July 1, 2018
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Venture: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	Not yet finalized
IFRS 15	Revenue from Contracts with Customers	July 1, 2018
IFRS 16	Leases	January 1, 2019
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (amendments)	January 1, 2018
IAS 40	Investment Property: Transfers of Investment Property	January 1, 2018
IAS 19	Plan Amendment, Curtailment or Settlement (amendments)	January 1, 2019
IAS 28	Long Term Interests in Associates and Joint Ventures (amendments)	January 1, 2019
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 17	Insurance Contracts	January 1, 2021

4. OVERALL VALUATION POLICY

The financial statements are prepared under the historical cost convention except as disclosed in the accounting policies below.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Net Investment in Finance Lease

Leases where the company transfers substantially all the risk and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The lease asset is derecognized and the present value of the lease receivable is recognized on the balance sheet. The difference between the gross receivable and the present value of the lease receivable is recognized as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and unearned finance income. The finance income is recognized in the income statement on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

5.2 Property, Plant and Equipment

5.2.1 Owned

Tangible

These are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method. The rates of depreciation are given in note 12. With respect to vehicles plying for hire, a residual value has been estimated equal to expected recoverable value at the end of its useful life while for other assets residual value is considered zero.

On additions, depreciation is charged from the month in which assets are put to use and on disposals up to the month immediately preceding the disposal. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains or losses on disposal of assets are taken to the income statement.

Intangible

Intangibles are stated at cost less accumulated amortization and impairment, if any. These costs are amortized over their estimated useful life of three years using the straight-line method.

5.2.2 Leased

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to the ownership of the leased item, are capitalized at inception of the lease at fair value of the leased property, plant and equipment or, if lower, at present value of the minimum lease payments.

Assets acquired under finance lease are depreciated over the useful life of the assets on the same basis as that of owned assets.

A sale and leaseback transaction is one where the Company sells an asset and immediately reacquires the use of that asset by entering into a lease agreement with the buyer. The accounting treatment of the sale and leaseback depends upon the substance of the transaction and whether or not the sale was made at the asset's fair value.

For sale and leasebacks, any profit from the sale is deferred and amortized over the lease term.

5.3 Obligation under finance lease

The Company accounts for assets acquired under financial leases by recording the assets and the related liabilities. The amounts are determined on the basis of discounted value of total minimum lease payments and residual value of the assets at the end of the lease period to be paid by the Company.

Financial charges are allocated to accounting periods in a manner so as to provide constant periodic rate of charge on the outstanding liability.

5.4 Diminishing Musharakah Financing

Diminishing Musharakah Financing is recognized initially at cost less attributable transaction cost. Subsequent to initial recognition, this is stated at original cost less principal repayments.

5.5 Ijarah

In Ijarah transaction significant portion of the risks and rewards of ownership are retained by the lessor. Islamic Financial Accounting Standard -2 (IFAS 2). 'Ijarah' requires the recognition of Ujrah Payments (Lease Rental) against Ijarah Financing as an expense in the profit and loss account on a straight line basis over the Ijarah term.

5.6 Trade and other receivables

Trade and other receivables are recognized at fair value of consideration receivable. Debts considered irrecoverable are written off and provision is made against those considered doubtful of recovery.



5.7 Trade, accrued and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

5.8 Staff retirement benefits

The company operates an approved defined contribution plan covering all its permanent employees. Equal monthly contribution to the fund are made both by the company and by the employee at rate of 8.33% of basic pay.

5.9 Revenue Recognition

5.9.1 Income from leasing operations

The Company recognizes all direct leases, sale and leaseback and hire purchase contracts of financing nature as finance leases. The total unearned income which consists of excess of aggregate lease rentals and residual value over the cost of the leased asset is deferred and amortized to income over the lease term using annuity method so as to produce a systematic return on net investment in lease finance. Front-end fees, lease document fees, commitment, other charges and other income is accounted for on accrual basis.

5.9.2 Income from Vehicle Plying for Hire

Income from hire of vehicles is recognised upon performance of service based on the terms of the rental contract.

5.9.3 Morabaha and Short-term finances

Profit on Morabaha and short-term finances is recognized on pro-rata basis taking into account relevant buy-back date. Gain on sale of investments is taken to income in the period in which it arises. Income on bank deposits is recognized on accrual basis. Dividend income is recorded at the time of closure of share transfer books of the company declaring the dividends.

5.10 Taxation

5.10.1 Current

The charge for the current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, rebates available, if any and adjustments for prior years.

5.10.2 Deferred

Deferred tax asset is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

5.11 Provision for potential losses and provision for doubtful receivables

Provision for losses against lease, Morabaha finances, short term finances, long term advances is made according to the Non-Banking Finance Companies and Notified Entities Regulations, 2008. While the provision for other receivables is made on the best judgment of the management which in the opinion of the management represents the amount that is required to cover potential losses that can be reasonably anticipated. The allowance is increased by provision charged to income and decreased by charge-off and recoveries. The amounts are shown under respective heads as a deduction from gross amounts of receivables.

5.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, with banks on current and savings accounts, term deposits with maturities of three months or less and short term running finance.

5.13 Impairment

The carrying values of assets or cash-generating units are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount and the resulting impairment is charged to profit and loss account.

5.14 Financial Instruments

Financial Assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivable and cash and bank balances in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investments within twelve months from the balance sheet date. These comprise investment in shares.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has intention and ability to hold till maturity are classified as held to maturity.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Financial Liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

Financial liabilities carried on the balance sheet include Medium term finances, short term finances under markup arrangements and trade and other payables.

5.15 Transactions with Related Parties

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with permissible method of pricing.

	Note	June 2018 (Rupees)	June 2017 (Rupees)
6. CASH AND BANK BALANCES			
Cash in hand		21,084	14,708
Cash at banks:			
- In PLS accounts	6.1	607,400	617,886
- In current accounts		91,755	91,755
- Balance with State Bank of Pakistan		5,750	10,485
		<u>725,989</u>	<u>734,834</u>

6.1 Profit on deposit accounts has been 3.75 % p.a (June 2017: from 3.75 % to 4 % p.a).

7. INVESTMENT IN FINANCE LEASE

	June 30, 2018			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 -----						
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 (7.1)	28,738,690	-	28,738,690	28,738,690	-	28,738,690
Less: Unearned finance income (7.2)	(3,882,343)	-	(3,882,343)	(3,882,343)	-	(3,882,343)
Net investment in lease and hire purchase finance (7.3)	24,856,347	-	24,856,347	24,856,347	-	24,856,347
Less: Provision for lease losses (7.4)	(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

7.1 These represent investment in lease finance and hire purchase under various lease agreements with implicit rate of return ranging from 15.73 to 18 (June 30, 2017 : from 15.73 to 18) percent per annum. These agreements usually are for three years to five years period. In certain cases the company has security, in addition to lease assets, in the form of corporate/ personal guarantee of directors.

7.2 The unearned finance income includes suspended income of Rs. 3.864 million (June 30, 2017 : Rs. 3.864 million).

	Note	June 2018 (Rupees)	June 2017 (Rupees)
Particulars of suspended income			
Opening balance		3,864,173	3,864,173
Reversed/realised during the year		-	-
Closing balance		<u>3,864,173</u>	<u>3,864,173</u>



7.3 The investment in lease portfolio includes Rs. 19.43 million (June 2017: Rs. 19.43 million) which has been placed under over due status.

7.3 Particulars of provision against non-performing leases

	June 30, 2018			June 30, 2017		
	Specific	General	Total	Specific	General	Total
	----- Rupees -----					
Opening balance	15,564,866	-	15,564,866	15,564,866	-	15,564,866
(Reversal)/Charge for the year	-	-	-	-	-	-
Closing balance	15,564,866	-	15,564,866	15,564,866	-	15,564,866

	Note	June 2018 (Rupees)	June 2017 (Rupees)
8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Unsecured advances - considered good			
Advances to employees		145,146	145,146
Provision against advances to employees		(132,006)	(132,006)
		13,140	13,140
Advances for supplies and services		399,238	399,238
Provision against advances for supplies and services		(399,238)	(399,238)
		-	-
Advances to supplier for purchase of vehicle		2,934,500	84,818,500
Deposits			
Long term security deposits - current portion	11	2,838,450	6,019,100
Prepayments			
Prepaid insurance, road tax and registration		2,494,619	2,130,364
Provision		(150,804)	(150,804)
		2,343,815	1,979,560
Other receivables			
Other receivables - considered good	8.1 & 8.2	28,795,674	31,361,774
Others			
Others - considered doubtful		3,685,270	3,685,270
Accrued mark-up on short term finances		137,831	137,831
Less: Provisions against receivables		(3,823,026)	(3,823,026)
		75	75
		<u>36,925,654</u>	<u>124,192,149</u>

8.1 This represents Rs. 28,795,674 (June 2017: Rs. 29,870,653) receivable from Optimus Limited (Parent Company)



8.2 Age analysis of other receivables from related parties

	Amount past due as at June 30, 2018					Total gross amount due
	Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-365 days	Past due 365 days	
	----- Rupees -----					
Optimus Limited	490,000	-	22,183,000	6,122,674	-	28,795,674
June 30, 2018	490,000	-	22,183,000	6,122,674	-	28,795,674

	Amount past due as at June 30, 2017					Total gross amount due
	Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-365 days	Past due 365 days	
	----- Rupees -----					
Optimus Limited	12,450,000	15,200,000	2,220,653	-	-	29,870,653
June 30, 2017	12,450,000	15,200,000	2,220,653	-	-	29,870,653

	Note	June 2018 (Rupees)	June 2017 (Rupees)
9. TRADE RECEIVABLE	9.1 & 9.2	48,871,835	46,113,435

9.1 Age analysis of trade receivables from related parties

	Amount past due as at June 30, 2018					Total gross amount due
	Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-365 days	Past due 365 days	
	----- Rupees -----					
Optimus Limited	7,914,773	7,910,832	7,851,559	25,194,671	-	48,871,835
June 30, 2018	7,914,773	7,910,832	7,851,559	25,194,671	-	48,871,835

	Amount past due as at June 30, 2017					Total gross amount due
	Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-365 days	Past due 365 days	
	----- Rupees -----					
Optimus Limited	7,651,950	7,917,026	8,812,812	21,731,647	-	46,113,435
June 30, 2017	7,651,950	7,917,026	8,812,812	21,731,647	-	46,113,435



9.2 This represents trade receivable from Optimus Limited (Parent Company)

	Note	June 2018 (Rupees)	June 2017 (Rupees)
10. MORABAHA AND SHORT TERM FINANCES			
Secured			
Morabaha finances		282,745	282,745
Short term finances		17,500	17,500
		300,245	300,245
Less: Provision for doubtful receivables		(300,245)	(300,245)
		-	-
11. LONG TERM ADVANCES, DEPOSITS AND PREPAYMENTS			
Security deposits		25,863,292	26,365,552
Less: Provision		(309,290)	(309,290)
		25,554,002	26,056,262
Less: Current portion	8	(2,838,450)	(6,019,100)
		22,715,552	20,037,162
Prepayments		5,387,329	3,862,836
Less: Current portion		(2,343,815)	(1,979,560)
		3,043,514	1,883,276
		25,759,066	21,920,438



12. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicle machines and equipment	Office machines and equipment	Computers and allied equipment	Furniture and fixtures	Motor vehicle playing for hire	Tracker system	Leased motor vehicles-VPH	Motor vehicles held under musharakah	Total
Rupees									
As at June 30, 2016									
Cost	48,593	224,200	288,999	31,500	71,684,690	2,061,371	42,035,500	84,782,780	201,157,633
Accumulated depreciation	(11,744)	(224,196)	(275,508)	(31,496)	(6,795,493)	(1,297,659)	(11,162,064)	(6,096,293)	(25,894,453)
Net Book Value	36,849	4	13,491	4	64,889,197	763,712	30,873,436	78,686,487	175,263,180
Year ended June 30, 2017									
Opening net book value	36,849	4	13,491	4	64,889,197	763,712	30,873,436	78,686,487	175,263,180
Additions (at cost)	-	246,940	397,606	-	30,499,422	150,000	-	20,210,500	51,504,468
Disposals									
Cost	-	-	-	-	(76,790,978)	-	-	(21,231,000)	(98,021,978)
Accumulated depreciation	-	-	-	-	11,010,590	-	-	3,450,558	14,461,148
	-	-	-	-	(65,780,388)	-	-	(17,780,442)	(83,560,830)
Transfer									
Cost	-	-	-	-	42,035,500	-	(42,035,500)	-	-
Accumulated depreciation	-	-	-	-	(11,755,940)	-	11,755,940	-	-
	-	-	-	-	30,279,560	-	(30,279,560)	-	-
Depreciation charge for the year	(9,719)	(14,515)	(70,199)	-	(4,527,984)	(379,650)	(593,876)	(6,018,308)	(11,614,251)
Net Book Value	27,130	232,429	340,898	4	55,359,807	534,062	-	75,098,237	131,592,567
As at June 30, 2017									
Cost	48,593	471,140	686,605	31,500	67,428,634	2,211,371	-	83,762,280	154,640,123
Accumulated depreciation	(21,463)	(238,711)	(345,707)	(31,496)	(12,068,827)	(1,677,309)	-	(8,664,043)	(23,047,556)
Net Book Value	27,130	232,429	340,898	4	55,359,807	534,062	-	75,098,237	131,592,567
Year ended June 30, 2018									
Opening net book value	27,130	232,429	340,898	4	55,359,807	534,062	-	75,098,237	131,592,567
Additions (at cost)	-	-	30,000	-	54,010,279	-	-	146,069,616	200,109,895
Disposals									
Cost	-	-	-	-	(40,962,174)	-	-	(14,669,000)	(55,631,174)
Accumulated depreciation	-	-	-	-	5,451,349	-	-	2,280,461	7,731,810
	-	-	-	-	(35,510,825)	-	-	(12,388,539)	(47,899,364)
Depreciation charge for the year	(9,719)	(37,041)	(127,931)	-	(2,439,826)	(265,732)	-	(12,103,763)	(14,984,012)
Net Book Value	17,411	195,388	242,967	4	71,419,435	268,330	-	196,675,551	268,819,086
As at June 30, 2018									
Cost	48,593	471,140	716,605	31,500	80,476,739	2,211,371	-	215,162,896	299,118,844
Accumulated depreciation	(31,182)	(275,752)	(473,638)	(31,496)	(9,057,304)	(1,943,041)	-	(18,487,345)	(30,299,758)
Net Book Value	17,411	195,388	242,967	4	71,419,435	268,330	-	196,675,551	268,819,086
Rate of depreciation	20%	15%	30%	10%	20-25%	25%	25-33%	25-33%	2017 Rupees
									2018 Rupees
12.1 Allocation of depreciation:									
Income from vehicle playing for hire					14,809,321				11,519,818
Administrative and operating expenses:					174,691				94,433
					14,984,012				11,614,251



12.2 Particulars of Disposal of Property, Plant and Equipment

	Original Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Profit / (Loss) on Disposal	Mode of Disposal	Particulars of Buyer	Relationship
Rupees								
Motor vehicle plying for hire								
SUZUKI CULTUS VXR	825,000	103,128	721,872	725,000	3,128	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	103,128	721,872	725,000	3,128	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	103,128	721,872	725,000	3,128	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	103,128	721,872	725,000	3,128	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS	785,000	98,136	686,864	725,000	38,136	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	103,128	721,872	725,000	3,128	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	98,831	726,169	725,000	(1,169)	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC	1,700,000	212,496	1,487,504	1,490,000	2,496	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS	785,000	98,136	686,864	725,000	38,136	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS	785,000	102,225	682,775	700,000	17,225	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	107,425	717,575	725,000	7,425	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	107,425	717,575	725,000	7,425	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS	785,000	102,225	682,775	700,000	17,225	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS	785,000	102,225	682,775	700,000	17,225	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	103,128	721,872	725,000	3,128	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC VTI (PROSMATEC ORIEL)	2,392,000	597,984	1,794,016	975,000	(819,016)	Negotiation	Optimus Limited	Holding Company
HONDA CITY MT-ASPIRE	1,625,000	406,272	1,218,728	450,000	(768,728)	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS	825,000	116,019	708,981	725,000	16,019	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS	825,000	116,019	708,981	725,000	16,019	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS	785,000	110,403	674,597	725,000	50,403	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS	825,000	116,019	708,981	725,000	16,019	Negotiation	Optimus Limited	Holding Company
CULTUS VXR	825,000	120,316	704,684	605,000	(99,684)	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,350,000	189,837	1,160,163	1,175,000	14,837	Negotiation	Optimus Limited	Holding Company
HONDA CITY	885,000	55,308	829,692	682,000	(147,692)	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	900,000	145,292	754,708	760,000	5,292	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	133,207	691,793	700,000	8,207	Negotiation	Optimus Limited	Holding Company
SUZUKI ALTO	900,000	145,328	754,672	650,000	(104,672)	Negotiation	Optimus Limited	Holding Company
SUZUKI ALTO	675,000	108,996	566,004	600,000	33,996	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC VTI (PROSMATEC ORIEL)	2,176,000	543,984	1,632,016	1,480,000	(152,016)	Negotiation	Optimus Limited	Holding Company
CULTUS VXR	900,000	150,016	749,984	615,000	(134,984)	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA (ALTIS)	2,087,500	521,856	1,565,644	1,670,000	104,356	Negotiation	Optimus Limited	Holding Company
CULTUS	785,000	134,937	650,063	588,000	(62,063)	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA	1,100,000	91,664	1,008,336	1,462,000	453,664	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	250,000		250,000	1,025,000	775,000	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	250,000		250,000	1,025,000	775,000	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	283,897		283,897	1,025,000	741,103	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	383,219		383,219	1,025,000	641,781	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	383,219		383,219	1,025,000	641,781	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	383,219		383,219	1,050,000	666,781	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	383,219		383,219	1,050,000	666,781	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC	1,109,385		1,109,385	1,790,000	680,615	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC VTI (PROSMATEC ORIEL)	239,200		239,200	1,627,000	1,387,800	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS (VXL)	100,500		100,500	683,000	582,500	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS (VXL)	100,500		100,500	683,000	582,500	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC VTI PT ORIEL	241,800		241,800	1,644,000	1,402,200	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA (XLI)	153,750		153,750	1,230,000	1,076,250	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA (GLI)	167,250		167,250	1,338,000	1,170,750	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA (GLI)	167,250		167,250	1,338,000	1,170,750	Negotiation	Optimus Limited	Holding Company
HONDA CITY (AUTOMATIC)	164,600		164,600	1,119,000	954,400	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	383,219		383,219	1,119,000	735,781	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	250,000		250,000	1,119,000	869,000	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	250,000		250,000	1,119,000	869,000	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	250,000		250,000	1,099,000	849,000	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	250,000		250,000	1,107,000	857,000	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	358,545		358,545	805,000	446,455	Negotiation	Optimus Limited	Holding Company
HONDA CITY PROSMATEC	655,102		655,102	1,386,000	730,898	Negotiation	Optimus Limited	Holding Company
SUZUKI MEHRAN VXL	68,800		68,800	490,000	421,200	Negotiation	Optimus Limited	Holding Company
	40,962,174	5,451,349	35,510,825	53,798,000	18,287,175			
Motor vehicles under Musharakah Financing								
TOYOTA COROLLA XLI	1,250,000	243,040	1,006,960	1,025,000	18,040	Negotiation	Optimus Limited	Holding Company
TOYOTA ALTIS 1.8 M/T	2,102,500	423,429	1,679,071	1,790,000	110,929	Insurance Claim	Jublee Insurance	No Relationship
HONDA CIVIC PT ORIEAL	2,585,500	53,864	2,531,636	2,375,000	(156,636)	Insurance Claim	Jublee Insurance	No Relationship
TOYOTA COROLLA XLI	1,250,000	250,000	1,000,000	990,000	(10,000)	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,250,000	250,000	1,000,000	1,015,000	15,000	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC PT ORIEL	2,481,000	310,128	2,170,872	1,860,000	(310,872)	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,250,000	250,000	1,000,000	1,119,000	119,000	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,250,000	250,000	1,000,000	1,119,000	119,000	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,250,000	250,000	1,000,000	1,119,000	119,000	Negotiation	Optimus Limited	Holding Company
	14,669,000	2,280,461	12,388,539	12,412,000	23,461			
June 30, 2018	55,631,174	7,731,810	47,899,364	66,210,000	18,310,636			



12.3 Particulars of Disposal of Property, Plant and Equipment

	Original Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Profit / (Loss) on Disposal	Mode of Disposal	Particulars of Buyer	Relationship
Rupees								
Motor vehicle plying for hire								
TOYOTA COROLLA (XLI)	1,080,000	216,000	864,000	1,000,000	136,000	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	900,000	56,256	843,744	850,000	6,256	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA (ALTIM)	1,395,000	348,768	1,046,232	1,050,000	3,768	Negotiation	Optimus Limited	Holding Company
SUZUKI MEHRAN (VXR) EFI EURO II	612,000	153,024	458,976	425,000	(33,976)	Negotiation	Optimus Limited	Holding Company
SUZUKI MEHRAN (VXR) EFI EURO II	612,000	153,024	458,976	425,000	(33,976)	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC	1,620,000	405,000	1,215,000	1,215,000	-	Negotiation	Optimus Limited	Holding Company
SUZUKI MEHRAN (VXR) EFI EURO II	612,000	153,024	458,976	450,000	(8,976)	Negotiation	Optimus Limited	Holding Company
SUZUKI MEHRAN (VXR) EFI EURO II	612,000	153,024	458,976	450,000	(8,976)	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC VTI	1,375,920	382,500	993,420	1,150,000	156,580	Negotiation	Optimus Limited	Holding Company
Suzuki Cultus	785,000	65,424	719,576	725,000	5,424	Negotiation	Optimus Limited	Holding Company
Suzuki Cultus VXR	825,000	64,455	760,545	765,000	4,455	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA (GLI)	1,672,500	418,128	1,254,372	1,260,000	5,628	Negotiation	Optimus Limited	Holding Company
HONDA CITY (AUTOMATIC)	1,638,000	409,500	1,228,500	1,235,000	6,500	Negotiation	Optimus Limited	Holding Company
SUZUKI MEHRAN (VXR) EFI EURO II	612,000	153,024	458,976	450,000	(8,976)	Negotiation	Optimus Limited	Holding Company
SUZUKI MEHRAN (VXR) EFI EURO II	607,000	151,728	455,272	450,000	(5,272)	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA (GLI)	1,009,000	252,250	756,750	800,000	43,250	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA (GLI)	1,672,500	418,128	1,254,372	1,260,000	5,628	Negotiation	Optimus Limited	Holding Company
HONDA CITY (AUTOMATIC)	1,648,000	411,984	1,236,016	1,260,000	23,984	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA (GLI)	1,672,500	418,128	1,254,372	1,260,000	5,628	Negotiation	Optimus Limited	Holding Company
TOYOTA HILUX 4X2 (SINGLE CABIN (UP-SPEC)	1,803,000	901,488	901,512	950,000	48,488	Negotiation	Optimus Limited	Holding Company
Cultus VXR	825,000	73,049	751,951	760,000	8,049	Negotiation	Optimus Limited	Holding Company
Alto VXR	675,000	59,772	615,228	640,000	24,772	Negotiation	Optimus Limited	Holding Company
Cultus	825,000	73,049	751,951	760,000	8,049	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC VTI (PROSMATIC ORIEAL)	1,755,000	438,776	1,316,224	1,320,000	3,776	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC VTI (PROSMATEC ORIEL)	2,392,000	597,984	1,794,016	1,800,000	5,984	Negotiation	Optimus Limited	Holding Company
Cultus VXR	825,000	81,643	743,357	750,000	6,643	Negotiation	Optimus Limited	Holding Company
Cultus VXR	825,000	81,643	743,357	750,000	6,643	Negotiation	Optimus Limited	Holding Company
Suzuki Cultus VXR	825,000	77,346	747,654	750,000	2,346	Negotiation	Optimus Limited	Holding Company
Suzuki Cultus	750,000	7,812	742,188	750,000	7,812	Negotiation	Optimus Limited	Holding Company
Suzuki Cultus	750,000	7,830	742,170	750,000	7,830	Negotiation	Optimus Limited	Holding Company
Suzuki Cultus	750,000	7,830	742,170	750,000	7,830	Negotiation	Optimus Limited	Holding Company
Honda Civic	1,750,000	18,248	1,731,752	1,750,000	18,248	Sale & Lease Back	BRR Guardian Modaraba	No Relationship
Honda Civic	1,750,000	18,248	1,731,752	1,750,000	18,248	Sale & Lease Back	BRR Guardian Modaraba	No Relationship
Audi	7,000,000	145,834	6,854,166	7,000,000	145,834	Sale & Lease Back	BRR Guardian Modaraba	No Relationship
TOYOTA COROLLA (GLI)	1,099,000	274,750	824,250	850,000	25,750	Negotiation	Optimus Limited	Holding Company
CULTUS VXR	825,000	85,940	739,060	750,000	10,940	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA	800,000	12,501	787,499	850,000	62,501	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA (GLI)	1,672,500	418,128	1,254,372	1,260,000	5,628	Negotiation	Optimus Limited	Holding Company
SUZUKI LIANA RXI MT PETROL	1,382,000	691,008	690,992	700,000	9,008	Negotiation	Optimus Limited	Holding Company
CULTUS VXR	825,000	90,502	734,498	750,000	15,502	Negotiation	Optimus Limited	Holding Company
CULTUS VXR	825,000	90,237	734,763	750,000	15,237	Negotiation	Optimus Limited	Holding Company
ALTO VXR	675,000	73,836	601,164	625,000	23,836	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	785,000	81,780	703,220	750,000	46,780	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	85,940	739,060	750,000	10,940	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	85,940	739,060	750,000	10,940	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	85,940	739,060	750,000	10,940	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	85,940	739,060	750,000	10,940	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS VXR	825,000	85,940	739,060	750,000	10,940	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA	1,360,000	28,332	1,331,668	1,350,000	18,332	Negotiation	Optimus Limited	Holding Company
Cultus VXR	785,000	89,958	695,042	700,000	4,958	Negotiation	Optimus Limited	Holding Company
Cultus	825,000	94,534	730,466	750,000	19,534	Negotiation	Optimus Limited	Holding Company
Cultus	785,000	89,958	695,042	700,000	4,958	Negotiation	Optimus Limited	Holding Company
Cultus VXR	825,000	94,534	730,466	730,000	(466)	Negotiation	Optimus Limited	Holding Company
Suzuki Cultus VXR	900,000	98,448	801,552	810,000	8,448	Negotiation	Optimus Limited	Holding Company
Toyota Corolla GLI	1,350,000	147,651	1,202,349	1,210,000	7,651	Negotiation	Optimus Limited	Holding Company
Honda City I-VTEC AT	1,250,000	138,917	1,111,083	1,125,000	13,917	Negotiation	Optimus Limited	Holding Company
Honda Civic	1,150,000	29,950	1,120,050	1,125,000	4,950	Negotiation	Optimus Limited	Holding Company
Suzuki Cultus	750,000	19,530	730,470	750,000	19,530	Negotiation	Optimus Limited	Holding Company
Cultus VXR	825,000	98,831	726,169	735,000	8,831	Negotiation	Optimus Limited	Holding Company
Cultus VXR	825,000	98,831	726,169	735,000	8,831	Negotiation	Optimus Limited	Holding Company
Cultus VXR	825,000	98,831	726,169	735,000	8,831	Negotiation	Optimus Limited	Holding Company
Cultus VXR	900,000	107,824	792,176	800,000	7,824	Negotiation	Optimus Limited	Holding Company
Cultus	785,000	94,047	690,953	735,000	44,047	Negotiation	Optimus Limited	Holding Company
Cultus	785,000	94,047	690,953	735,000	44,047	Negotiation	Optimus Limited	Holding Company
Honda Civic	1,150,000	35,940	1,114,060	1,125,000	10,940	Negotiation	Optimus Limited	Holding Company
Suzuki Mehran	450,000	14,064	435,936	450,000	14,064	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC ORIEL PT	876,345	-	876,345	1,810,000	933,655	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA (GLI)	705,546	-	705,546	1,310,000	604,454	Negotiation	Optimus Limited	Holding Company
Toyota Corolla Xli	383,219	-	383,219	1,050,000	666,781	Negotiation	Optimus Limited	Holding Company
Toyota Corolla Xli	415,552	-	415,552	1,100,000	684,448	Negotiation	Optimus Limited	Holding Company
Toyota Corolla Xli	317,396	-	317,396	1,100,000	782,604	Negotiation	Optimus Limited	Holding Company
SUZUKI SWIFT (DX-STD)	126,800	-	126,800	900,000	773,200	Negotiation	Optimus Limited	Holding Company
HONDA CITY (AUTOMATIC)	164,800	-	164,800	1,250,000	1,085,200	Negotiation	Optimus Limited	Holding Company
SUZUKI SWIFT (DX-STD)	117,100	-	117,100	900,000	782,900	Negotiation	Optimus Limited	Holding Company
HONDA CIVIC ORIEL PT	244,500	-	244,500	1,900,000	1,655,500	Negotiation	Optimus Limited	Holding Company
SUZUKI CULTUS (VXL)	101,000	-	101,000	800,000	699,000	Negotiation	Optimus Limited	Holding Company
HONDA CITY (AUTOMATIC)	164,800	-	164,800	1,250,000	1,085,200	Negotiation	Optimus Limited	Holding Company
	76,790,978	11,010,590	65,780,388	76,665,000	10,884,612			



Capital Assets Leasing Corporation Limited

	Original Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Profit / (Loss) on Disposal	Mode of Disposal	Particulars of Buyer	Relationship
----- Rupees -----								
Motor vehicles under Musharakah Financing								
Toyota Corolla Xli	1,250,000	201,376	1,048,624	1,050,000	1,376	Negotiation	Optimus Limited	Holding Company
Toyota Corolla Xli	1,250,000	201,376	1,048,624	1,050,000	1,376	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,250,000	208,320	1,041,680	1,050,000	8,320	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,250,000	215,264	1,034,736	1,050,000	15,264	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,250,000	215,264	1,034,736	1,050,000	15,264	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,250,000	215,264	1,034,736	1,050,000	15,264	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,250,000	215,264	1,034,736	1,050,000	15,264	Negotiation	Optimus Limited	Holding Company
TOYOTA COROLLA XLI	1,250,000	215,264	1,034,736	1,050,000	15,264	Negotiation	Optimus Limited	Holding Company
Toyota Corolla Xli	1,250,000	222,208	1,027,792	1,050,000	22,208	Negotiation	Optimus Limited	Holding Company
Toyota Corolla Xli	1,250,000	222,208	1,027,792	1,050,000	22,208	Negotiation	Optimus Limited	Holding Company
Toyota Corolla Xli	1,250,000	222,208	1,027,792	1,050,000	22,208	Negotiation	Optimus Limited	Holding Company
Toyota Corolla Xli	1,250,000	222,208	1,027,792	1,050,000	22,208	Negotiation	Optimus Limited	Holding Company
Honda Civic PT Oriel	2,481,000	193,830	2,287,170	2,200,000	(87,170)	Insurance Claim	Jubilee Insurance	No Relationship
Toyota Corolla Xli	1,250,000	222,208	1,027,792	1,050,000	22,208	Insurance Claim	Jubilee Insurance	No Relationship
Toyota Corolla Xli	1,250,000	229,144	1,020,856	1,100,000	79,144	Negotiation	Optimus Limited	Holding Company
Toyota Corolla Xli	1,250,000	229,152	1,020,848	1,100,000	79,152	Negotiation	Optimus Limited	Holding Company
	21,231,000	3,450,558	17,780,442	18,050,000	269,558			
June 30, 2017	98,021,978	14,461,148	83,560,830	94,715,000	11,154,170			

Computer Software	Total
----- Rupees -----	

13. INTANGIBLE ASSETS**As at June 30, 2016**

Cost	523,948	523,948
Accumulated amortization	(510,441)	(510,441)
Net Book Value	13,507	13,507

Year ended June 30, 2017

Opening net book value	13,507	13,507
Additions (at cost)	-	-
Amortization charged for the year	(13,504)	(13,504)
Net Book Value	3	3

As at June 30, 2017

Cost	523,948	523,948
Accumulated amortization	(523,945)	(523,945)
Net Book Value	3	3

Year ended June 30, 2018

Opening net book value	3	3
Additions (at cost)	-	-
Amortization charged for the year	-	-
Net Book Value	3	3

As at June 30, 2018

Cost	523,948	523,948
Accumulated amortization	(523,945)	(523,945)
Net Book Value	3	3

Rate of depreciation**33%**



	Note	June 2018 (Rupees)	June 2017 (Rupees)
14. DEPOSITS			
Security deposits	14.1	9,311,420	9,311,420
		<u>9,311,420</u>	<u>9,311,420</u>
14.1 Bifurcation of security deposits			
Utilizable security deposits	14.1.1	9,311,420	9,311,420
		<u>9,311,420</u>	<u>9,311,420</u>

14.1.1 This represents security deposits utilized by the company on account of investment in finance lease from May 2000 to September 2011 in accordance with the terms of agreement.

15. DIMINISHING MUSHARAKAH FINANCING

	June 30, 2018			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 -----					
Diminishing musharakah financing payables	50,226,377	110,205,159	160,431,536	37,368,340	102,846,239	140,214,579
	<u>50,226,377</u>	<u>110,205,159</u>	<u>160,431,536</u>	<u>37,368,340</u>	<u>102,846,239</u>	<u>140,214,579</u>

The above liability represents assets acquired under diminishing musharakah arrangements with KASB Modaraba, Orix Modaraba, BRR Guardian Modaraba, Popular Islamic Modaraba, First Prudential Modaraba and First Punjab Modaraba. The musharakah installments are payable on monthly basis and the financing rates ranges from 9.53% to 16.50% per annum (2017: 9.05% to 16.00%). The cost of operating and maintaining of these assets is borne by the company. The company has an option to purchase the assets on the completion of financing period by adjusting the security deposit and has intention to exercise the option.

	June 2018 (Rupees)	June 2017 (Rupees)
16. TRADE AND OTHER PAYABLES		
Accrued expenses	5,484,550	4,504,589
Insurance payable	1,456,359	2,460,278
Tax deducted at source	2,350	35,622
Payable to provident fund	14,462	48,380
Others	182,950	654,950
	<u>7,140,671</u>	<u>7,703,819</u>



17. DEFERRED TAX LIABILITY	June 2018 (Rupees)	June 2017 (Rupees)
Debit balances arising in respect of:		
Liabilities against assets subject to finance lease	-	17,903,919
Provision against advance, deposits and prepayments	1,351,522	-
Provision against finance lease	4,669,460	-
Minimum tax / ACT	14,242,203	7,312,943
	20,263,185	25,216,862
Credit balance arising in respect of:		
Accelerated depreciation	(27,263,483)	(32,179,744)
	<u>(7,000,298)</u>	<u>(6,962,882)</u>

18. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Number of Shares			June 2018 (Rupees)	June 2017 (Rupees)
2018	2017			
<u>10,744,413</u>	<u>10,744,413</u>	Ordinary shares of Rs. 10/- each fully paid in cash.	<u>107,444,130</u>	<u>107,444,130</u>

19. RESERVES

Statutory Reserve

Statutory reserve

Transfer from profit and loss account

19.1

36,018,673

6,758,735

42,777,408

31,811,422

4,207,251

36,018,673

Revenue Reserve

Accumulated profit

72,641,735

45,606,795

115,419,143

81,625,468

19.1 In accordance with the Prudential Regulations for Non - Banking Finance Companies, the company is required to transfer 20% of its after tax profits to statutory reserve until the reserve equals its paid up capital. Thereafter 5% of after tax profit is required to be transferred to reserve. An amount of Rs.6,758,735 (June 2017: Rs.4,207,251) has been transferred during the year.



20. CONTINGENCIES AND COMMITMENTS

20.1 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 June 30, 2018 (June 30, 2017 : Rs. 5,567,498).

	Note	June 2018 (Rupees)	June 2017 (Rupees)
20.2 Commitments			
Ijarah lease rentals payable	21.2	15,136,199	38,162,992
21. INCOME FROM OPERATIONS			
Income from vehicle plying for hire	21.1	43,704,893	41,339,213
		43,704,893	41,339,213
21.1 Income from Vehicle Plying for Hire			
Rentals		94,658,098	113,876,321
Cost of Services			
Road tax/Registration and other charges		2,371,055	2,599,721
Vehicle service and maintenance-VPFH		6,655,296	15,299,000
Ijarah lease rental	21.2	16,029,056	30,670,455
Tracker monitoring cost		1,742,779	1,777,729
Insurance		5,368,198	5,225,385
Depreciation	12.1	14,809,321	11,519,818
Service charges to holding company	21.3	3,977,500	5,445,000
		50,953,205	72,537,108
		43,704,893	41,339,213
21.2 Ijarah Lease Rental			

This includes rentals paid to BRR Guardian Modaraba, Popular Islamic Modaraba and Crescent Standard Modaraba against vehicles acquired under Ijarah facilities. Future rental payable on these facilities are as under:

	June 30, 2018			June 30, 2017		
	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
----- Rupees -----						
Total future rentals payable	8,518,072	6,618,127	15,136,199	21,913,299	16,249,693	38,162,992
	8,518,072	6,618,127	15,136,199	21,913,299	16,249,693	38,162,992



21.3 The company has entered into an understanding with the holding company whereby company's vehicles have been deployed on hire through the holding company. A sum of Rs. 2,500 per month per vehicle has been fixed as service charges payable to the holding company.

	Note	June 2018 (Rupees)	June 2017 (Rupees)
22. OTHER OPERATING INCOME			
Gain on sale of property, plant and equipment	12.2	18,310,636	11,154,170
Return on bank deposit		6,315	13,903
Other income		2,438,489	-
		20,755,440	11,168,073
23. ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries, allowances and benefits		2,955,462	7,005,690
Travelling and conveyance charges		9,040	157,645
Depreciation	12.1	174,691	94,433
Amortization		-	13,504
Printing and stationery		377,953	407,140
Repair & maintenance		24,900	-
Rent		150,000	150,000
Utilities		131,435	105,711
Telephone and postage expenses		117,982	103,292
Legal and professional charges		2,871,726	2,729,340
Vehicle running expenses		460,662	92,245
Insurance expenses		7,350	4,456
Entertainment expenses		31,400	204,450
Auditors' remuneration	23.1	576,550	548,350
Director training program		331,368	542,088
Sundry expenses		13,500	7,495
		8,234,019	12,165,839
23.1 Auditors' Remuneration			
Audit fee		226,800	226,800
Half yearly audit / review		284,400	256,200
Code of corporate governance		30,000	30,000
Out of pocket expenses		35,350	35,350
		576,550	548,350
24. FINANCIAL CHARGES			
Mark up on finance lease		-	1,073,391
Mark up on diminishing musharakah financing		15,448,545	7,421,915
Bank charges		17,418	26,658
		15,465,963	8,521,964



	Note	June 2018 (Rupees)	June 2017 (Rupees)
25. TAXATION			
Current tax	25.1	6,929,260	5,409,312
Deferred tax		37,416	5,373,916
		<u>6,966,676</u>	<u>10,783,228</u>

25.1 The provision for current income tax is based on alternate taxation under section 113C of the Income Tax Ordinance, 2001.

		June 2018	June 2017
26. EARNINGS PER SHARE			
Profit after taxation	Rupees	33,793,675	21,036,255
Weighted average number of ordinary shares	Numbers	10,744,413	10,744,413
Earnings per share - basic and diluted	Rupees	<u>3.15</u>	<u>1.96</u>

27. 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 and employees provident 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	June 2018	June 2017
Optimus Limited	Holding Company	Rental services rendered	94,658,098	113,876,321
		Management services received	3,977,500	5,445,000
		Vehicles maintenance service received	6,655,296	15,299,000
		Purchase of motor vehicles	47,215,000	23,160,000
		Sale of motor vehicles	62,045,000	80,965,000
		Salary and allowances	1,086,375	4,982,510
		Reversal of withholding tax	-	4,384,200
Mustang Eye (Pvt) Ltd	Common Directorship	Tracker service	761,522	337,755
Staff provident fund		Contribution to staff Provident fund	83,775	75,769



28. REMUNERATION OF EXECUTIVES

28.1 The aggregate amount charged in the financial statements for the period in respect of remuneration and benefits to the Executives are as follows:

	Executive	
	June - 2018	June - 2017
Managerial remuneration	828,227	4,982,510
Total	828,227	4,982,510
Number of executives	1	1

28.2 The Chairman and Chief Executive have neither received any remuneration nor any other benefits from the company.

29. PROVIDENT FUND

The investments out of provident fund have been made in accordance with the provisions of Sections 218 of the Companies Act, 2017 and the rules formulated for this purpose.

30. FINANCIAL INSTRUMENTS RELATED DISCLOSURES

30.1 Financial Risk Management Objectives

The company's activities expose to a variety of financial risks, including the effects of changes in foreign exchange rates, credit and liquidity risk associated with various financial assets and liabilities. The company finances its operations through equity and management of working capital with a view to maintain reasonable mix between various sources of finance to minimize risk. Taken as a whole, risk arising from the company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

30.2 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulties in raising funds to meet commitments associated with Financial Instruments. The company is not exposed to any significant risk.



MATURITIES OF ASSETS AND LIABILITIES

June 30, 2018					
Descriptions	Total	Up to 3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 years	Over 5 years
ASSETS					
Investment in finance lease	9,291,481	9,291,481	-	-	-
Long term advances, deposits and prepayments	25,759,066	-	-	25,759,066	-
Property, plant and equipment	268,819,086	-	-	268,819,086	-
Intangible assets	3	-	-	3	-
Cash and bank balances	725,989	725,989	-	-	-
Advances, deposits, prepayments and other receivables	36,925,654	34,087,204	2,838,450	-	-
Trade receivables	48,871,835	-	48,871,835	-	-
Taxation - net	16,979,299	-	16,979,299	-	-
Total Assets	407,372,413	44,104,674	68,689,584	294,578,155	-
LIABILITIES					
Deposits	9,311,420	9,311,420	-	-	-
Trade and other payables	7,140,671	7,140,671	-	-	-
Unclaimed dividend	625,215	625,215	-	-	-
Diminishing musharakah financing	160,431,536	8,446,864	28,921,476	102,846,239	-
Deferred tax liability	7,000,298	-	-	7,000,298	-
Total Liabilities	184,509,140	25,524,170	28,921,476	109,846,537	-
Net Assets	222,863,273	18,580,504	39,768,108	184,731,618	-
Share capital	107,444,130				
Reserve	115,419,143				
	222,863,273				

June 30, 2017					
Descriptions	Total	Up to 3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 years	Over 5 years
Investment in finance lease	9,291,481	9,291,481	-	-	-
Long term advances, deposits and prepayments	21,920,438	-	-	21,920,438	-
Property, plant and equipment	131,592,567	-	-	131,592,567	-
Intangible assets	3	-	-	3	-
Cash and bank balances	734,834	734,834	-	-	-
Advances, deposits, prepayments and other receivables	124,192,149	118,173,049	6,019,100	-	-
Trade receivables	46,113,435	-	46,113,435	-	-
Taxation - net	20,042,606	-	20,042,606	-	-
Total Assets	353,887,513	128,199,364	72,175,141	153,513,008	-
LIABILITIES					
Current portion of long term deposits	9,311,420	9,311,420	-	-	-
Trade and other payables	7,703,819	7,703,819	-	-	-
Unclaimed dividend	625,215	625,215	-	-	-
Diminishing musharakah financing	140,214,579	8,446,864	28,921,476	102,846,239	-
Deferred tax liability	6,962,882	-	-	6,962,882	-
Total Liabilities	164,817,915	26,087,318	28,921,476	109,809,121	-
Net Assets/Liabilities	189,069,598	102,112,046	43,253,665	43,703,887	-
Share capital	107,444,130				
Reserve	81,625,468				
	189,069,598				



30.3 Interest Rate Risk Management

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market mark-up/interest rates. Sensitivity to interest/mark up rate risk arises from mismatches of financial assets and financial liabilities that mature or repriced in a given period. The company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The company is exposed to mark -up / interest rate risk in respect of the following:

Interest Rate Risk	June 30, 2018							Total
	Interest / Mark-up bearing			Non Interest bearing				
	Interest rates	Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Subtotal	
----- Rupees -----								
FINANCIAL ASSETS								
Net investment in lease	15.73 % - 18%	9,291,481	-	9,291,481	-	-	-	9,291,481
Trade receivable		-	-	-	48,871,835	-	48,871,835	48,871,835
Advances, deposits, prepayments and other receivables		-	-	-	31,634,124	-	31,634,124	31,634,124
Deposits		-	-	-	-	22,715,552	22,715,552	22,715,552
Cash and bank balances	3.75%	607,400	-	607,400	118,589	-	118,589	725,989
				9,898,881	-	9,898,881	80,624,548	22,715,552
							103,340,100	113,238,981
FINANCIAL LIABILITIES								
Trade and other payables		-	-	-	7,140,671	-	7,140,671	7,140,671
Unclaimed dividend		-	-	-	625,215	-	625,215	625,215
Diminishing musharakah financing	9.53% to 16.5%	50,226,377	110,205,159	160,431,536	-	-	-	160,431,536
				50,226,377	110,205,159	160,431,536	7,765,886	-
							7,765,886	168,197,422
Net financial assets / (liabilities) June 30, 2018		(40,327,496)	(110,205,159)	(150,532,655)	72,858,662	22,715,552	95,574,214	(54,958,441)

Interest Rate Risk	June 30, 2017							Total
	Interest / Mark-up bearing			Non Interest bearing				
	Interest rates	Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Subtotal	
----- Rupees -----								
FINANCIAL ASSETS								
Net investment in lease	15.73 % - 18%	9,291,481	-	9,291,481	-	-	-	9,291,481
Trade receivable		-	-	-	46,113,435	-	46,113,435	46,113,435
Deposits and other receivables		-	-	-	37,380,874	-	37,380,874	37,380,874
Deposits		-	-	-	-	20,037,162	20,037,162	20,037,162
Cash and bank balances	3.75% - 4%	617,886	-	617,886	116,948	-	116,948	734,834
				9,909,367	-	9,909,367	83,611,257	20,037,162
							103,648,419	113,557,786
FINANCIAL LIABILITIES								
Trade and other payables		-	-	-	7,703,819	-	7,703,819	7,703,819
Unclaimed dividend		-	-	-	625,215	-	625,215	625,215
Diminishing musharakah financing	9.05% to 16%	37,368,340	102,846,239	140,214,579	-	-	-	140,214,579
				37,368,340	102,846,239	140,214,579	8,329,034	-
							8,329,034	148,543,613
Net financial assets / (liabilities) June 30, 2017		(27,458,973)	(102,846,239)	(130,305,212)	75,282,223	20,037,162	95,319,385	(34,985,827)

30.4 Financial assets and liabilities are approximate to their fair values.

30.5 Credit Risk

The Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits company's exposure to credit risk through monitoring of clients' credit exposure, review and conservative estimates of provisions for potential lease losses and doubtful receivables and by obtaining securities/collateral for large amounts of credits. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in different avenues.

Breakdown of credit risk exposure by class of business is follows:

Class of Business	June 30, 2018		June 30, 2017	
	Lease and Hire Purchase Finance	Morabaha and Short Term Finance	Lease and Hire Purchase Finance	Morabaha and Short Term Finance
	%	%	%	%
Electrical and electric goods	-	94.17	-	94.17
Transport and communication	28.14	-	28.14	-
Foods and beverages	3.35	-	3.35	-
Trading	4.88	-	4.88	-
Packaging	25.88	-	25.88	-
Miscellaneous	37.75	5.83	37.75	5.83
	100	100	100	100

31. NUMBERS OF EMPLOYEES

	2018	2017
Total number of employees at the end of year	<u>4</u>	<u>5</u>
Average number of employees during the year	<u>4</u>	<u>5</u>

32. CORRESPONDING FIGURES

The preparation and presentation of these financial statements for the year ended June 30, 2018 is in accordance with requirements in Companies Act, 2017. The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Following major reclassifications have been made during the year:

Description	Reclassified from	Reclassified to	2017 Rupees
Unclaimed dividend	Trade and other payables	Unclaimed dividend (presented on face of statement of financial position)	625,215
Intangible assets	Property, plant and equipment	Intangible assets (presented on face of statement of financial position)	3



33. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **5th October, 2018** by the Board of Directors of the Company.

34. GENERAL

34.1 Figures have been rounded off to the nearest rupee.

34.2 Figures have been reclassified and re-arranged where necessary.

Chief Financial Officer

Chief Executive Officer

Director



SIX YEARS AT A GLANCE

PARTICULARS	2018	2017	2016	2015	2014	2013
FINANCIAL POSITION						
Balance Sheet Size	407,372,413	353,887,513	265,754,873	212,576,404	188,847,432	205,964,577
Paid-up Capital	107,444,130	107,444,130	107,444,130	107,444,130	107,444,130	107,444,130
Statutory Reserves	42,777,408	36,018,673	31,811,422	27,834,688	25,035,793	22,409,736
Un-appropriated Profits	72,641,735	45,606,795	28,777,791	12,870,853	1,675,273	8,828,955
Fixed Assets (Net)	268,819,089	131,592,570	175,276,687	86,541,467	89,785,472	139,366,432
Net Investment in Lease & Hire Purchase Finance	9,291,481	9,291,481	9,291,481	9,291,481	9,530,531	9,530,531
Lease Obligations	-	-	7,333,780	46,647,330	37,362,097	70,665,270
Diminishing Musharaka Financing	160,431,536	140,214,579	62,381,223	-	-	-
Long Term Deposits	9,311,420	9,311,420	9,311,420	9,311,420	9,550,470	9,550,470
Current Assets	112,794,258	200,374,505	68,873,389	99,259,306	77,273,665	36,008,815
Current Liabilities	67,303,683	55,008,794	53,108,157	39,244,751	32,763,143	41,329,010
INCOMES AND EXPENSES						
Income from Operations	43,704,893	41,339,213	51,260,024	34,037,508	34,828,355	36,244,504
Other Income	20,755,440	11,168,073	1,380,751	1,352,361	650,212	5,275,615
Administrative & Operating Expenses	8,234,019	12,165,839	9,293,761	8,904,476	8,461,929	7,470,228
Financial Charges	15,465,963	8,521,964	10,378,620	6,273,697	5,830,622	8,599,823
Other Charges	-	-	659,368	433,295	423,720	670,506
Provision / (reversal) for losses	-	-	-	(1,453,040)	-	(59,149)
Profit/(Loss) before Tax	40,760,351	31,819,483	32,309,025	21,231,441	20,762,296	24,838,711
Taxation	(6,966,676)	(10,783,228)	(12,425,353)	(7,236,966)	(7,632,011)	(10,601,215)
Profit (Loss) after Tax	33,793,675	21,036,255	19,883,672	13,994,475	13,130,285	14,237,496



**PATTERN OF SHAREHOLDING
HELD BY THE SHAREHOLDERS AS AT JUNE 30, 2018**

No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
347	1	100	13009
128	101	500	40338
175	501	1000	116580
106	1001	5000	227409
11	5001	10000	73364
5	10001	15000	67441
4	15001	20000	69379
3	25001	30000	83846
1	45001	50000	49000
1	50001	55000	55000
1	70001	75000	71000
1	90001	95000	94500
1	205001	210000	207465
1	565001	570000	569500
1	9005001	9010000	9006582
786			10,744,413



CATEGORIES OF SHAREHOLDERS AS ON 30TH JUNE 2018

S. No.	NAME	% AGE	HOLDING
<u>DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN</u>			
1	MR. SAAD SAEED FARUQI	0.0047	500
2	MR. ASAD NASIR	0.0047	500
3	MR. SHAHRUKH SAEED FARUQUI	0.0047	500
4	BRIG (R) YASUB ALI DOGAR	0.0047	500
5	MR. HAIDER ALI HILALY	0.1443	15,500
6	MR. YOUSUF MUHAMMAD FAROOQ	0.0047	500
7	MS. MARIUM ABID SHIRAZEE	0.0047	500
		0.1722	18,500
<u>ASSOCIATED COMPANIES</u>			
1	OPTIMUS LIMITED	83.9550	9,020,473
<u>OTHER COMPANIES</u>			
1	STATE LIFE INSURANCE CORP. OF PAKISTAN	1.9308	207,456
2	PYRAMID INVESTMENTS (PVT) LTD.	0.1667	17,912
3	BEAMING INVEST & SECURITIES(PVT.) LTD.	0.1666	17,900
4	DR. ARSLAN RAZAQUE SECURITIES (PVT.) LIMITED	0.1542	16,567
5	ESCORTS INVESTMENT BANK LIMITED	0.1098	11,800
6	NH SECURITIES (PVT) LIMITED.	0.0293	3,150
7	AL-HAQ SECURITIES (PVT) LTD.	0.0219	2,350
8	GULFINSURACNE COMPANY LTD	0.0109	1,175
9	PRUDENTIAL SECURITIES LIMITED	0.0070	750
10	SARFARZ MEHMOOD (PRIVATE) LTD	0.0057	617
11	S.H. BUKHARI SECURITIES (PVT) LIMITED	0.0055	587
12	LSE FINANCIAL SERVICES LIMITED	0.0055	587
13	FIKREES (PRIVATE) LIMITED	0.0047	500
14	MAM SECURITIES (PVT) LIMITED	0.0008	87
15	AZEE SECURITIES (PRIVATE) LIMITED	0.0005	55
16	MAPLE LEAF CAPITAL LIMITED	0.0000	1
		2.6199	281,494
<u>SHARES HELD BY THE GENERAL PUBLIC</u>		13.2529	1,423,946
TOTAL:		100.0000	10,744,413

Sr. No.	Name	SHARE	% AGE
<u>SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL:</u>			
1	OPTIMUS LIMITED	9,020,473	83.9550



PROXY FORM

I/We _____ of _____ being a Shareholder of CAPITAL ASSETS LEASING CORPORATION LIMITED and holding _____ Ordinary Shares as per Register Folio No. _____ or "CDC" Participant's I.D. No. _____ A/c No. _____ hereby appoint Mr. / Mrs. _____ of _____ or failing him/her Mr. / Mrs. _____ of _____ as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be held on Monday, October 29th, 2018 and at any adjournment thereof.

Affix Revenue Stamp(s) of Rupees five
 Executant's Signature on Revenue Stamp(s)
 (Signature should agree with the Specimen Signature registered with the Company).

Executant's Computerized National Identity Card Number (CNIC) or Passport Number

_____ First Witness Signature	_____ Second Witness Signature
_____ Name in Block letters and Address	_____ Name in Block letters and Address
_____ Computerized National Identity Card Number or Passport Number of Witness	_____ Computerized National Identity Card Number or Passport Number of Witness

 Proxy's Signature

 Proxy's Signature

Notes:

1. A Member entitled to attend and vote at the Meeting may appoint any other member as his/her proxy to attend and vote on his/her behalf. A proxy must be a member of the Company, however corporation may appoint a person who is not a member.
2. This form should be signed by the member or by his/her attorney duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument. The proxy form must be witnessed by two persons.
3. The form of the proxy together with the power of attorney, if any, under which it is signed or a notarially certified copy thereof, must be deposited duly completed in all respects at the Company's Registered office at least 48 hours before the time of holding the Meetings.
4. Signature should agree with the specimen registered with the Company.
5. The following requirements have to be met by CDC Account holders/Corporate entities:
 - i. The proxy form must be witnessed by two persons whose names, addresses and C.N.I.C. number should be mentioned on the form.
 - ii. Attested copies of C.N.I.C or Passport of the beneficial owners shall be furnished with the proxy form.
 - iii. The proxy shall produce his/her original C.N.I.C or passport at the time of meeting.



The Company Secretary
Capital Assets Leasing Cooperation Limited
14th Floor, Chapal Plaza
Hasrat Mohani Road, Karachi-74000.

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