



Capital Assets Leasing Corporation Limited



18th Annual Report 2010



CONTENTS

CORPORATE INFORMATION	1
VISION / MISSION STATEMENTS	2
NOTICE OF ANNUAL GENERAL MEETING	3
DIRECTORS' REPORT	4
STATEMENT IN COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE	8
AUDITORS' REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE	9
AUDITORS' REPORT TO THE MEMBERS	10
BALANCE SHEET	11
PROFIT & LOSS	12
STATEMENT OF COMPREHENSIVE INCOME	13
CASH FLOW STATEMENT	14
STATEMENT OF CHANGES IN EQUITY	15
NOTES TO THE FINANCIAL STATEMENT	16
PATTERN OF SHAREHOLDING	39
PROXY FORM	42

CORPORATE INFORMATION

Board of Directors:	Mr. Muhammad Sajid (Chairman) Syed Hasan Akbar Kazmi Mr. Nadir Khan Mr. Qaiser Rasheed Brig. (R) Yasub Ali Dogar Brig. (R) Muhammad Saeed Baig Mr. Saad Saeed Faruqui (Chief Executive Officer)
Audit Committee:	Mr. Muhammad Sajid (Chairman) Syed Hasan Akbar Kazmi (Member) Mr. Nadir Khan (Member)
Chief Executive Officer:	Mr. Saad Saeed Faruqui
CFO & Company Secretary:	Mr. Naveed Ahmed Siddiqui
Auditors:	Riaz Ahmed, Saqib, Gohar & Company, Chartered Accountants 5, Nasim C.H.S, Major Nazir Bhatti Road, Off Shaheed-e-Millat Road, Karachi.
Registrar & Share Transfer Office:	Corplink (Private) Limited Wings Arcade, 1-K (Commercial), Model Town, Lahore Tel: 35839182-35887262 Fax: 358669037
Legal Advisor:	Mohsin Tayebaly & Co. Advocates Hosain & Rahim Advocates & Corporate Counsel
Bankers:	JS Bank Limited NIB Bank Limited
Registered Office:	14th Floor, Chapal Plaza Hasrat Mohani Road, Karachi-74000 Tele: +92 (21) 32431181-8 Fax: +92 (21) 32465718 E-mail: calcorp@cyber.net.pk
Branch Office:	Suite # 2, 2nd Floor, Gulberg Heights, Off Sherpao Bridge, Gulberg-II, Lahore-54660. Tel: +92 (42) 35787471-73 Fax: +92 (42) 35758920 E-mail: calcorp@nexlinx.net.pk

VISION / MISSION STATEMENTS OF 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 THE 18th ANNUAL GENERAL MEETING

Notice is hereby given that 18th Annual General Meeting of the shareholders of Capital Assets Leasing Corporation Limited will be held on Saturday 02, October 2010 at 11:30 a.m. at the registered office of the Company located at 14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi to transact the following business:

1. To confirm the minutes of the 17th Annual General Meeting of the shareholders held on Saturday 31st October 2009.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2010 together with the Auditors' Report and Directors' Reports thereon.
3. To appoint Auditors of the Company for the ensuing year and to fix their remuneration. As required by paragraph xxxix of the Code of Corporate Governance, the Board of Directors recommends, based on the recommendation of the Audit Committee the appointment of Messrs Mehmood, Idress, Qamar & Company, Chartered Accountants.
4. To transact any other business that may legally be transacted at an Annual General Meeting.

Karachi
September 10, 2010

By the Order of the Board
Naveed A. Siddiqui
Company Secretary

Notes:

- 1) The Share Transfer Books of the Company will remain close from September 26, 2010 to October 02, 2010 (both days inclusive)
- 2) A member eligible to attend and vote at the meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the company.
- 3) The instrument appointing the proxy and power of attorney or other authority (if any) under which it is signed, or notorially certified copy of such power of attorney, must be lodged at the Registered Office of the Company located at 14th Floor, Chapal Plaza Hasrat Mohani Road, Karachi, not less than 48 hours before the time of meeting.
- 4) CDC accounts holder will have to follow the guideline as laid down in Circular No. 1 dated 26th January 2000 issued by the Securities and Exchange Commission of Pakistan.
- 5) Members are requested to notify any change in their address, if any, to the company's Share Registrars M/s Corplink (Private) Limited. Wings Arcade, 1-K (Commercial), Model Town, Lahore immediately.

DIRECTORS REPORT

On behalf of the Board of Directors, I am pleased to present the 18th annual report along with the audited accounts of the Capital Assets Leasing Corporation Limited for the year ended June 30, 2010.

FINANCIAL HIGHLIGHTS

An analysis of the key operating results for 2010 and their comparison with the results of the previous year is summarized below:

	2010	2009
	Rupees	
Total Revenue	5,384,815	9,138,462
Expenses		
Operating Expenses	8,306,181	12,541,832
Financial Charges	330,868	2,382,683
Provisions and write offs	14,565,207	(3,054,461)
Total Expenses	(23,202,256)	(11,870,054)
Loss before tax	(17,817,441)	(2,731,592)
Provision for taxation		
Current	135,660	-
Prior Years	3,123,487	-
Deferred	15,862,993	-
	(19,122,140)	-
	(36,939,581)	(2,731,592)
Earnings per share - basic and diluted	(3.44)	(0.25)

REVIEW OF OPERATIONS

The Company had been incurring losses since 2004 due to many factors. Non-availability of leasing license led to the company not being able to raise new financing to invest into its leasing portfolio, therefore lease portfolio was being reduced. The selling and administrative expenses remained high under old management even though business was negligible.

During the year under review, the company transacted business worth Rupees 5.38 million as compared to Rupees 9.13 million the corresponding period, the net investment in finance lease stands at Rupees 18.61 million on June 30, 2010 against Rupees 77.61 million the last year. However, the financial charges for the year reduced by Rupees 0.33 million as compared to Rupees 2.38 million of the corresponding period due to timely repayments of loan. Further, due to short provision against taxation and reversal of deferred taxation total amounting to Rupees 19.12 million the Company net loss for the year was Rupees 36.93 million as compared to 2.73 million in the last year. During the second half of the financial year the company purchased and deployed 46 vehicles by investing Rs. 55,352,248 into its new segment of vehicles plying for hire.

During the year the majority shareholding of the company changed hands as per approval granted by the Securities and Exchange Commission of Pakistan, Optimus Limited acquired 83.96% Shares of Calcorp and the new management took the management control on December 16, 2009. The new management has urgently undertaken many steps to improve the operating and financial performance of the Company. New business of vehicles plying for hire was instituted. Administrative expenses were slashed. This resulted in company posting breakeven in 3rd quarter ending March 31, 2010 and made a profit of Rs. 2.6 million in the 4th quarter. The total results for the second half of the year were in stark contrast to first six months. However the company still posted loss for the current year owing to massive losses in first half.

Performance Highlights of financial year 2010

	Rupees			
	2010		Total	
	1st Half	2nd Half	2010	2009
Total Revenue	(212,602)	5,597,417	5,384,815	9,138,462
Expenses				
Operating Expenses	5,953,806	2,352,375	8,306,181	12,541,832
Financial Charges	267,518	63,350	330,868	2,382,683
Provisions and write offs	14,741,644	(176,437)	14,565,207	(3,054,461)
Total Expenses	20,962,968	2,239,288	23,202,256	11,870,054
Loss before tax	(21,175,570)	3,358,129	(17,817,441)	(2,731,592)
Provision for taxation				
Current	51,040	84,620	135,660	-
Prior Years	3,123,487	-	3,123,487	-
Deferred	15,862,993	-	15,862,993	-
	19,037,520	84,620	19,122,140	-
	(40,213,090)	3,273,509	(36,939,581)	(2,731,592)
Earnings per share - basic and diluted	(3.74)	0.30	(3.44)	(0.25)

FUTURE OUTLOOK

To comply with the minimum capital requirement for leasing as required by Non-Banking Finance Companies Notified Entities Regulations, 2008, the new management intends to merge Calcorp and Optimus Limited (Holding Company) to comply with this minimum capital requirement for leasing companies. This will once again allow company to carry on leasing business along with vehicle plying for hire business that in which Optimus Limited is already the market leader.

DIVIDEND

In view of loss during the year the Board has not recommended any dividend for the year under review.

BOARD OF DIRECTORS

On December 16, 2009 Mr. Salman Qureshi, Mr. Bilal Ahmed Qureshi, Mr. Aamir Qureshi, Col. (R) Abid Saeed Khan, Mr. I. M. Mohsin, Mr. Muhammad Kalim and Mr. Faisal Qureshi resigned from the Board and Mr. Saad Saeed Faruqui, Mr. Muhammad Sajid, Syed Hasan Akbar Kazmi, Mr. Nadir Khan, Brig. (R) Yasoob Ali Dogar, Brig. (R) Muhammad Saeed Baig and Mr. Qaiser Rasheed were appointed as Director to fill the vacancy.

The Board wishes to place on record its appreciation for the valuable contributions made by the outgoing Directors and welcomes the new Directors.

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 and a review report on compliance with best practices of the Code of Corporate Governance by the statutory auditors is annexed with the 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;
- 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) Detail of significant improvements in the company's operations during the year ended June 30, 2010 are stated in the Director's Report;
- ix) Key operating and other financial data for the last six years in summarized form is included in the Annual Report;
- x) During the current fiscal year, trading in shares of company was made by Directors, CEO, CFO/Company Secretary and their spouses and minor children. Detail of transaction is summarized below:

a.	Mr. Saad Saeed Faruqui	500 Shares
b.	Mr. Muhammad Sajid	500 Shares
c.	Syed Hasan Akbar Kazmi	500 Shares
d.	Mr. Nadir Khan	500 Shares
e.	Brig. (R) Yasub Ali Dogar	500 Shares
f.	Brig. (R) Muhammad Saeed Baig	500 Shares
g.	Mr. Qaiser Rasheed	500 Shares

During the year five meetings of the Board of Directors were held that were attended as follows:

S. No	Name of Director	Meetings Attended
1	Mr. Saad Saeed Faruqui	3
2	Mr. Muhammad Sajid	2
3	Syed Hasan Akbar Kazmi	3
4	Mr. Nadir Khan	3
5	Brig. (R) Yasub Ali Dogar	1
6	Mr. Salman Qureshi	3
7	Mr. Bilal Ahmed Qureshi	3
8	Mr. Aamir Qureshi	1
9	Col. (R) Abid Saeed Khan	2
10	Mr. Muhammad Kalim	3
11	Mr. Faisal Qureshi	2

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

PARENT COMPANY

Optimus Limited and its nominees hold 83.99% of the shareholding in the company.

AUDITORS

The present auditors M/s Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year ending June 30, 2011. On the proposal of the Board Audit Committee, the Board recommends the appointment of M/s Mehmood Idress Qamar & Company, Chartered Accountants, as statutory auditors of the company for the financial year 2011.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the company as on June 30, 2010 is annexed with this report.

ACKNOWLEDGEMENT

We take this opportunity to place on record our appreciation to the Securities and Exchange Commission of Pakistan, all three exchanges of the country, other regulatory authorities and lending financial institution for their continued support and professional guidance, and the shareholders of 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 this challenging and difficult time.

For and on behalf of the Board of Directors

Karachi – August 28, 2010

Saad Saeed Faruqi
Chief Executive Officer

**STATEMENT IN COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED JUNE 30, 2010**

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The company has applied the principles contained in the Code in the following manner:

The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes six independent non-executive directors.

The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.

All the resident directors of the company are registered as Taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

During the year casual vacancies were occurred on the Board which was properly filed in.

The company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

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.

All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

The directors are aware of the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and article of association and are aware of their duties and responsibilities.

The Board has approved appointment of CFO and Company Secretary, including their remuneration and the terms and conditions of employment, as determined by the CEO.

The directors report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.

The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

The company has complied with all the corporate and financial reporting requirements of the Code. An effective internal audit department has already established.

The Board has formed an audit committee. It comprises three members, of whom all three are non-executive directors including the chairman of the committee.

The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

For on behalf of Board of Directors

August 28, 2010

Saad Saeed Faruqui
Chief Executive Officer

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES
OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Capital Assets Leasing Corporation Limited** ("the Company") to comply with the Listing Regulation No.35 (Chapter XI) of the Karachi, Lahore and Islamabad Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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's statement on internal control covers all risks and controls, or to perform an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiiia) of Listing Regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transaction before the audit committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's 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 best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2010.

Riaz Ahmad, Saqib, Gohar & Co.
Chartered Accountants
Engagement Partner: Adeel Shahzad

Karachi: August 28, 2010

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Capital Assets Leasing Corporation Limited as at June 30, 2010 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss accounts together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of accounts and are further in accordance with the accounting policies consistently applied;
 - (ii) the expenditure incurred during the period was for the purpose of the company's business;
 - (iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss accounts, statements of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 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, 2010 and of the loss, total comprehensive income, its cash flows and changes in equity for the year ended; and
- (d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVII of 1980).

Without qualifying our opinion, we draw attention to the note 1.3 to the financial statements, which indicates that the company has not met licensing requirements to operate as leasing company under the Non-Banking Finance Companies (Establishment And Regulations) Rules, 2003 and has not advanced any lease facility since April 2008. The new management, however, have plans to merge the Company into and with its holding company to mitigate the going concern issue. These indicate the existence of a material uncertainty which may cast significant doubt about company's ability to continue as a going concern.

Karachi: August 28, 2010

Riaz Ahmad, Saqib, Gohar & Co.
Chartered Accountants
Engagement Partner: Adeel Shahzad

**BALANCE SHEET
AS AT JUNE 30, 2010**

	Note	2010 Rupees	2009
ASSETS			
Current Assets			
Cash & bank balances	5	945,598	1,537,674
Current portion of net investment in finance lease	8	18,094,147	63,215,055
Advances, deposits, prepayments and other receivables	6	1,778,124	23,870,723
Morabaha and short term finances	7	-	13,507,745
Income tax refundable		3,769,291	6,322,523
		24,587,160	108,453,720
Non-Current Assets			
Net investment in finance lease	8	518,998	14,399,722
Long term investments	9	-	452,373
Long term advances and deposits	10	-	3,279,422
Deferred tax asset	11	-	15,862,993
Property, plant & equipment	12	55,448,587	1,189,763
		55,967,585	35,184,273
TOTAL ASSETS		80,554,745	143,637,993
LIABILITIES AND EQUITY			
Current Liabilities			
Current portion of long term liabilities	13	15,640,387	42,854,196
Trade, accrued and other liabilities	14	6,607,428	1,179,109
Provision for taxation		135,660	418,695
		22,383,475	44,452,000
Non Current Liabilities			
Long term deposits	16	141,060	4,113,829
		141,060	4,113,829
		22,524,535	48,565,829
SHARE CAPITAL AND RESERVES			
Authorized capital 20,000,000 ordinary shares of Rs. 10/- each (2009: 20,000,000 ordinary shares of Rs. 10/- each)		200,000,000	200,000,000
Issued, subscribed and paid-up capital	17	107,444,130	107,444,130
Reserves	18	(49,413,920)	(12,371,966)
		58,030,210	95,072,164
CONTINGENCIES AND COMMITMENTS	19	-	-
TOTAL LIABILITIES AND EQUITY		80,554,745	143,637,993

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive Officer

Director

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2010**

	Note	2010 Rupees	2009
ASSETS			
INCOME			
Income from operations	20	3,899,215	6,999,173
Other operating income	21	1,485,600	2,139,289
		<u>5,384,815</u>	<u>9,138,462</u>
EXPENSES			
Administrative and operating expenses	22	8,306,181	12,541,832
Financial charges	23	330,868	2,382,683
Provisions and write offs / (reversal) against losses - net	24	14,565,207	(3,054,461)
		<u>(23,202,256)</u>	<u>(11,870,054)</u>
LOSS BEFORE TAXATION		(17,817,441)	(2,731,592)
Provision for taxation	26	(19,122,140)	-
NET LOSS FOR THE YEAR		<u>(36,939,581)</u>	<u>(2,731,593)</u>
EARNING PER SHARE	27	<u>(3.44)</u>	<u>(0.25)</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive Officer

Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2010**

	Note	2010 Rupees	2009
Loss for the year		(36,939,581)	(2,731,592)
Other Comprehensive Income			
Loss for the year on re-measurement of investment to fair value	25		(108,801)
Gain on re-measurement of investments to fair value realized on de-recognition of investments during the year		(102,373)	
Total Comprehensive Income for the year		<u>(37,041,954)</u>	<u>(2,840,393)</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive Officer**Director**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010**

	Note	2010 Rupees	2009
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(17,817,441)	(2,731,592)
Adjustments for non cash items:			
Depreciation		1,563,824	615,000
Financial charges		330,868	2,382,683
Provision / (Reversal) against losses -net		13,694,628	(3,054,461)
Loss / (Gain) on re-measurement of long term investments		(824)	-
Gain on disposal of operating fixed assets		(486,548)	-
		<u>(2,715,493)</u>	<u>(2,788,370)</u>
(Increase)/decrease in current assets			
Advances, deposits, prepayments and other receivables		18,074,128	(4,510,105)
Increase/(decrease) in current liabilities			
Trade, accrued and other payables		5,428,319	127,831
Cash generated from / (used in) operations		20,786,954	(7,170,644)
Financial charges paid		(330,868)	(2,932,608)
Tax paid		(988,950)	(55,878)
Net investment in lease and hire purchase finances		50,643,585	33,555,907
Morabaha and short term finances		12,525,000	1,405,000
Lease security deposits received		(27,132,618)	(8,807,012)
Net cash flow from operating activities		55,503,103	15,994,765
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to fixed assets		(56,405,896)	(59,000)
Proceeds from sale of fixed assets		1,069,797	-
Investment purchased		(2,000,000)	-
Long term advances and deposits		2,944,132	-
Proceeds from sale of investments		2,350,748	-
Net cash from investing activities		(52,041,219)	(59,000)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term loans and running finances repaid		-	(12,400,000)
Repayment of loans		(4,053,960)	(7,091,292)
Net cash flow from financing activities		(4,053,960)	(19,491,292)
Net reduction in cash and cash equivalents		(592,076)	(3,555,527)
Cash and cash equivalents at the beginning of the year		1,537,674	5,093,201
Cash and cash equivalents at the end of the year		<u>945,598</u>	<u>1,537,674</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive Officer

Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2010**

Description	Issued subscribed and paid-up capital	Statutory reserves	Un-appropriated loss	Un-realized gain on remeasurement of available for sale investments to fair value-net	Total
Balance as at June 30, 2008	107,444,130	9,638,752	(19,381,499)	211,174	97,912,557
Total comprehensive income for the year			(2,731,592)	(108,801)	(2,840,393)
Balance as at June 30, 2009	107,444,130	9,638,752	(22,113,091)	102,373	95,072,164
Total comprehensive income for the year			(36,939,581)	(102,373)	(37,041,954)
Balance as at June 30, 2010	107,444,130	9,638,752	(59,052,672)	-	58,030,210

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive Officer

Director

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2010

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 all Stock Exchanges in Pakistan. The principal activity of the Company is to carry on leasing business. The registered office of the company is situated at 14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi. The Company is subsidiary of M/s Optimus Limited by virtue of its 83.96% holding.
- 1.2 According to the Non-Banking Finance Companies and Notified Entities Regulations, 2008 as notified by the SECP through its S.R.O.1203 (I) 2008, dated November 21, 2008 and further amended through its SRO 764 dated September 2, 2009 the minimum equity requirement for the leasing companies has been increased. The existing leasing companies shall increase their minimum equity to Rs. 350 million latest by June 30, 2011, Rs.500 million by June 30, 2012, and Rs.700 million by June 30, 2013. At present the company's equity is below Rs.100 million.
- 1.3 As per approval granted by Securities and Exchange Commission of Pakistan, acquisition of 7,856,546 shares of the Company by Optimus Limited has been completed and the new management took charge of the Company on December 16, 2009. The company has significantly curtailed its leasing operations and has not advanced any lease facility since April 2008. Furthermore, company does not meet licensing requirement to operate as leasing company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 which create significant doubt over company's ability to continue as a going concern. The new management has decided to merge the Company with and into Optimus Limited to mitigate going concern issues.

2 STATEMENT OF COMPLIANCE

- 2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan, the requirements of the Companies Ordinance, 1984 (the Ordinance), Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the requirements of the Ordinance, the Rules, the Regulations or the directives issued by the Securities and Exchange Commission of Pakistan (SECP) shall prevail.
- 2.2 **Standards, Interpretations and amendments to published approved accounting standards that are not yet effective:**

The following standards and interpretations have been issued and that are not yet effective for the Company.

- i) IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments effective from July 01, 2010

- ii) IFRS 9 - Financial instruments para 1: Classification and measurement effective from January 01, 2013

2.3 Critical Accounting estimates and judgments

The preparation of the financial statement in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the 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 areas where various assumptions and estimates are significant to the company's financial statements are as follows:

- Taxation
- Provision against doubtful receivables
- Depreciation, useful life and residual value of the assets

3 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which are stated at fair value.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Investments

Classification of an investment is made on the basis of intended purpose for holding such investments. Management determines the appropriate classification of its investments at the time of purchase. Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "Investment at fair value through profit or loss" which is measured initially at fair value. The company assessed at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the company applies the provisions of IAS 39 'Financial instruments: Recognition and Measurements' to all investments.

4.1.1 Investment at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are required for the purpose of selling in the short term. Gains or losses in investments held-for-trading are recognized in profit and loss account.

4.1.2 Held to maturity

Investments with fixed or determinable payments and fixed maturity are classified as held to maturity when the company has the positive intentions and ability to held to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long term investments that are intended to be held to maturity are subsequently measured at amortized

cost. This cost is computed as the amount initially recognized minus principle repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount for investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

4.1.3 Available for sale

Investments intended to be held for any indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rate or equity prices are classified as available for sale.

4.2 Net Investment in Finance Lease

Leases where the company transferred 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 finance lease receivable to reduce both the principal and unearned finance income. The finance income is recognized on the basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

4.3 Fixed assets and depreciation

4.3.1 Owned

Tangible

These are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method whereby the cost of an asset is written off over its estimated useful life at the rates given in relevant note. Depreciation on fixed assets is charged on monthly basis.

Normal repairs and maintenance are charged to revenue. Major repairs, renewals and improvements are capitalized. Gains and losses on disposal of fixed assets are charged to income.

Intangible

These 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.

4.3.2 Leased

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Depreciation is charged on the same basis as used for own assets.

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

4.4 Obligation under finance lease

The Company accounts for assets acquired under finance 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.

4.5 Trade and other receivables

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

4.6 Trade, accrued and other payables

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

4.7 Staff retirement benefits

Effective July 01, 1998, the company operates an approved defined contribution provident fund 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. Contribution for the year amounted to Rs.135,247 (2009: Rs.186,962)

4.8 Compensated absences and dearness allowance

Amount paid for compensated absences at period end amounted to Rs.174,586 (June 2009: Rs.146,022). Company also paid for dearness allowance on actual basis. Amount paid for the period end amounted to Rs. 138,089 (2009: Rs. 146,022)

4.9 Revenue recognition

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.

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

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 deposit is recognized on accrual basis. Dividend income is recorded at the time of closure of share transfer books of the company declaring the dividends.

4.10 Taxation

4.10.1 Current

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

4.10.2 Deferred

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

A deferred income tax 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 income 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 assets is to be utilized.

4.11 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 net of recoveries. The amounts are shown under respective heads as a deduction from gross amounts of receivables.

4.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance-sheet at cost. For the purpose 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.

4.13 Impairment

The carrying value 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.

4.14 Foreign currency transactions

Foreign currency transactions are converted into rupees at the rates of exchange approximating to those ruling at the date of transaction. Monetary assets and liabilities in foreign currencies have been translated into rupees at the rates of exchange approximating those ruling at the balance sheet date. Exchange gains or losses are included in income currently.

4.15 Financial Instruments

a) Financial assets

Financial assets are assets that is: cash; an equity instrument of another entity; a contractual right - to receive cash or another financial assets or exchange financial assets or liabilities in conditions favourable to the Company. Financial assets also include a contract that will or may be settled in the Company's own equity instruments.

b) Financial liabilities

Financial liabilities are liabilities that are contractual obligation to: receive cash or another financial assets or to exchange financial assets or liabilities in conditions un-favourable to the Company. Financial liabilities also include a contract that will or may be settled in the Company's own equity instruments.

c) Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the company has legally enforceable right to offset the recognized amounts and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.16 Transactions with related parties

Transactions between the company and its related parties/associated undertakings are carried out at an arm's length price determined in accordance with comparable uncontrolled price method.

	Note	2010 Rupees	2009 Rupees
5 CASH AND BANK BALANCES			
Cash in hand		15,949	158,751
Cash at banks:			
- in deposit accounts	5.1	917,383	1,369,593
- balance with State Bank of Pakistan		12,266	9,330
		<u>945,598</u>	<u>1,537,674</u>
5.1 Return on these deposit accounts is earned at the rate ranging from 5 % to 6 % (2009: from 1.5 % to 3.5 %)			
6 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Unsecured advances - considered good			
- Against salary			
Staff		197,006	335,973
Provision against advances to staff		(132,006)	-
		65,000	335,973
- Others			
Ex-Chief Executive	6.1	-	5,197,703
- Against expenses			
Ex-Chief Executive	6.2	-	4,863,028
- Against supplies and services			
Supplies and services		434,138	407,238
Provision against advances for supplies and services		(399,238)	-
		34,900	407,238
		99,900	10,803,942
Current portion of long term security deposits	10	55,000	-
Prepayments			
Provision		1,691,583	232,507
		(150,804)	-
		1,540,779	232,507
Other receivables - considered goods			
Accrued mark-up on short term finances		137,831	7,722,574
Accrued profit on bank account		9,452	-
Provision		(137,831)	(137,831)
		9,452	7,584,743
Central Excise duty refundable		-	248,681
Others		4,097,775	5,634,135
Less: Provision for doubtful receivables		(4,024,782)	(633,285)
		72,993	5,249,531
		82,445	12,834,274
		<u>1,778,124</u>	<u>23,870,723</u>

	Note	2010 Rupees	2009 Rupees
Movements during the year in respect of advances are as follows:			
Advances- Others			
6.1 Ex-Chief Executive			
Opening balance		5,197,703	5,197,703
Disbursement/adjustments made during the year		2,223,312	2,340,000
Repayment during the year		(7,421,015)	(2,340,000)
		<u>-</u>	<u>5,197,703</u>
6.1.1	The maximum amount due at the end of any month during the year was Rs. 7.421 million (2009: Rs. 5.197 million).		
6.2 Advance against expenses - Ex-Chief Executive			
Opening balance		4,863,028	2,250,212
Disbursement/adjustments made during the year		1,589,222	3,524,750
Repayments during the year		(6,452,250)	(911,934)
		<u>-</u>	<u>4,863,028</u>
6.2.1	The maximum amount due under this head at the end of any month during the year was Rs. 6.452 million (2009: Rs. 4.863 million)		
7 MORABAHA AND SHORT TERM FINANCES			
Secured			
Morabaha finances	7.1	982,745	982,745
Short term finances		17,500	12,542,500
		<u>1,000,245</u>	<u>13,525,245</u>
Less: Provision for doubtful receivables		(1,000,245)	(17,500)
		<u>-</u>	<u>13,507,745</u>
7.1	The Company provided morabaha facility to M/s. Home Worthy Panels (Pvt.) Ltd. of Rs. 1.5 million in April 1996 and the customer defaulted against the said facility. The company filed case in Banking Court # IV, Lahore on 04 January 2000 and a decree was awarded on 08 December 2001. The Company later on entered into a compromise with the customer on July 16, 2010 for final settlement to the tune of Rs. 700,000/- . The Guarantor to the compromise deed paid Rs. 50,000 as token money and provided 9 post dated cheques for the balance amount.		

8 INVESTMENT IN FINANCE LEASE

	2010			2009		
	Not later than one year	More than one year and upto five year	Total	Not later than one year	More than one year and upto five year	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Minimum lease and hire purchase rentals	24,469,809	391,838	24,861,647	36,386,989	10,714,148	47,101,137
Add: Residual value of leased assets	15,640,387	141,060	15,781,447	38,800,236	4,113,829	42,914,065
Gross investment in lease and hire purchase finance	40,110,196	532,898	40,643,094	75,187,225	14,827,977	90,015,202
Less: unearned finance income (8.4)	(4,493,338)	(13,900)	(4,507,238)	(2,807,506)	(428,255)	(3,235,761)
Net investment in lease and hire purchase finance (8.2)	35,616,858	518,998	36,135,856	72,379,719	14,399,722	86,779,441
Less: Provision for lease losses (8.3)	(17,522,711)	-	(17,522,711)	(9,164,664)	-	(9,164,664)
Net investment in leases	18,094,147	518,998	18,613,145	63,215,055	14,399,722	77,614,777

8.1 These represent investment in lease finance and hire purchase under various lease agreements with implicit rate of return ranging from 14.5 to 20.02 (2009: 14.5 to 21.5) 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 associated companies/ directors.

8.2 The net investment in lease portfolio includes Rs. 23.275 million (2009: Rs. 26.588 million) which has been classified as overdue.

8.3 Particulars of provision against non-performing leases

	2010			2009		
	Specific	General	Total	Specific	General	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Opening balance	9,164,664	-	9,164,664	12,219,125	-	12,219,125
Charge / (reversal) for the year	8,358,047	-	8,358,047	(3,054,461)	-	(3,054,461)
Amount written off	-	-	-	-	-	-
Closing balance	17,522,711	-	17,522,711	9,164,664	-	9,164,664

8.4 The net unearned finance income includes Rs. 4.278 million (2009: Rs. 1.850 million) that has been placed under 'Suspended Income' as follows:

	Note	2010 Rupees	2009 Rupees
Particulars of suspended income			
Opening balance		1,850,210	2,579,761
Provided during the year		2,497,875	743,169
Reversed/realized during the year		(69,933)	(1,472,720)
Closing balance		4,278,152	1,850,210
9	LONG TERM INVESTMENTS		
Available for sale			
Dawood Money Market Mutual Funds			
Opening book value		452,373	561,174
Gain / (Loss) on re-measurement to fair value		(24,378)	(108,801)
Sale of Units		(427,995)	-
		-	452,373
10	LONG TERM ADVANCES AND DEPOSITS		
Advances - Secured		-	2,846,131
Security deposits		335,290	433,291
Less: Provision		(280,290)	-
		55,000	433,291
Less: Current portion	6	(55,000)	-
		-	3,279,422
11	DEFERRED TAX ASSET - net	26.2	15,862,993

12.3 Particulars of disposal of fixed assets

Particulars	Original cost	Accumulated depreciation	Written down value	Sales proceeds	Profit / (Loss) on disposal	Mode of disposal	Particulars of buyer
Air conditioner & electrical fittings							
Various electric appliances	108,753	106,736	2,017	-	(2,017)	Written off	
Air conditioners	482,742	430,636	52,106	145,226	93,120	Under SPA	Mr. Bilal Qureshi
Air conditioners	204,750	204,748	2	3,000	2,998	Negotiation	Mr. Badar
	<u>796,245</u>	<u>742,120</u>	<u>54,125</u>	<u>148,226</u>	<u>94,101</u>		
Office machines & equipments							
Miscellaneous equipments	62,605	54,765	7,840	-	(7,840)	Written off	
Generator	102,800	75,815	26,985	50,115	23,130	Under SPA	Mr. Bilal Qureshi
Miscellaneous items	490,712	449,244	41,468	45,500	4,032	Negotiation	Mr. Badar
	<u>656,117</u>	<u>579,824</u>	<u>76,293</u>	<u>95,615</u>	<u>19,322</u>		
Computers & allied equipment							
Computers	795,319	795,295	24	5,900	5,876	Negotiation	Mr. Badar
	<u>795,319</u>	<u>795,295</u>	<u>24</u>	<u>5,900</u>	<u>5,876</u>		
Furniture & fixture							
Carpets, paintings and cooking range	113,141	82,332	30,809	-	(30,809)	Written off	
Miscellaneous furniture items	949,211	660,492	288,719	435,056	146,337	Under SPA	Mr. Bilal Qureshi
Miscellaneous furniture items	494,982	369,777	125,205	95,000	(30,205)	Negotiation	Mr. Badar
	<u>1,557,334</u>	<u>1,112,601</u>	<u>444,733</u>	<u>530,056</u>	<u>85,323</u>		
Motor Vehicles							
Suzuki Mehran	404,909	396,835	8,074	290,000	281,926	Negotiation	Mr. Saqib Waseem
2010	<u>4,209,924</u>	<u>3,626,675</u>	<u>583,249</u>	<u>1,069,797</u>	<u>486,548</u>		
2009							

Gain on sale of fixed assets
Assets Written off

2010
Rupees

2009
Rupees

527,214
(40,666)

-
-

486,548

-

	Note	2010 Rupees	2009 Rupees
13 CURRENT PORTION OF LONG TERM LIABILITIES			
Long term loans	15	-	4,053,960
Long term deposits	16	15,640,387	38,800,236
		<u>15,640,387</u>	<u>42,854,196</u>
14 TRADE, ACCRUED AND OTHER PAYABLES			
Due to Holding Company	14.1	5,645,575	-
Accrued expenses		424,056	441,689
Unclaimed dividend		532,890	532,890
Others		4,907	204,530
		<u>6,607,428</u>	<u>1,179,109</u>

14.1 This represents net amount of advance received against future rentals of vehicles deployed to Optimus Ltd. The advance received from the holding company was utilized for purchase of new vehicles. The maximum amount due at the end of any month during the year was Rs. 8.4 million (2009: Nil).

15 LONG TERM LOANS			
Discounting facility - secured	15.1	-	4,053,960
		-	4,053,960
Less: Current portion shown under current liabilities			
Discounting facility		-	4,053,960
		-	4,053,960
		<u>-</u>	<u>-</u>

15.1 These facilities were secured against hypothecation by way of fixed charge on identified lease assets together with their lease rentals. These loans carried mark-up @ 6 months KIBOR plus 4.5% per annum and were repayable in equal monthly installments.

	Note	2010 Rupees	2009 Rupees
16 LONG TERM DEPOSITS			
Lease security deposits		15,781,447	42,914,065
Less: current portion shown under current liabilities	13	(15,640,387)	(38,800,236)
	16.1	<u>141,060</u>	<u>4,113,829</u>

16.1 These represent interest free security deposits received from lessees under lease contracts and are adjustable at the expiry of the respective lease contract.

		Note	2010 Rupees	2009 Rupees
17 ISSUED, SUBSCRIBED AND PAID UP CAPITAL				
	No. of Ordinary shares			
	2010			2009
	Rs. 10 each			
	10,744,413	10,744,413	Issued for cash	107,444,130
	10,744,413	10,744,413		107,444,130
18 RESERVES				
Statutory reserve		18.1	9,638,752	9,638,752
Un-appropriated loss Un-realized gain on remeasurement of available for sale investments to fair value-net			(59,052,672)	(22,113,091)
			-	102,373
			(49,413,920)	(12,371,966)

18.1 In accordance with the Regulation 16 of Non-Banking Finance Companies and Notified Entities Regulations, 2008 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. Because of net loss suffered by the company, no amount has been transferred during the year.

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingent assets

The company has obtained court decrees in respect of recovery of overdue lease rentals receivable from various clients aggregating to Rs. 6,570,871 as at June 30, 2010 (2009: 6,767,455).

19.2 Contingent liabilities and commitments

There are no contingent liabilities and commitments as at June 30, 2010 (2009: Nil).

	Note	2010 Rupees	2009 Rupees
20 INCOME FROM OPERATIONS			
(Loss)/Income on lease contracts	21.1	(1,357,551)	6,398,920
Income from vehicle plying for hire	21.2	4,835,503	-
Documentation charges		-	12,600
Late payment and other charges		421,263	587,653
		<u>3,899,215</u>	<u>6,999,173</u>
21.1 (Loss)/Income on lease contracts			
Lease finance income for the current period		2,106,565	6,398,920
Lease finance income suspended		(2,427,942)	-
Adjustment due to change in estimates		(1,036,174)	-
		<u>(1,357,551)</u>	<u>6,398,920</u>
21.2 Income from vehicles plying for hire			
Rentals		7,250,933	-
Cost of service			
Road Tax/Registration & other charges		171,743	-
Tracker monitoring cost		107,477	-
Tracker transfer cost		89,640	-
Insurance		395,800	-
Depreciation		1,150,770	-
Management fee		500,000	-
		<u>2,415,430</u>	<u>-</u>
		<u>4,835,503</u>	<u>-</u>
21 OTHER OPERATING INCOME			
Profit on Morabaha and short term finances		591,362	2,046,268
Return on bank deposits		80,570	93,021
Gain on sale of fixed assets		527,214	-
Profit on sale of investment		824	-
Commission income		32,500	-
Other income		253,130	-
		<u>1,485,600</u>	<u>2,139,289</u>

	Note	2010 Rupees	2009 Rupees
22 ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries, allowances and benefits		3,739,525	4,554,416
Travelling and conveyance charges		318,652	1,675,707
Rent, rates and taxes		850,645	1,584,321
Depreciation	12	413,054	615,000
Electricity, gas and water		237,667	590,128
Repairs and maintenance		163,604	382,098
Printing and stationery		226,705	271,823
Telephone and postage expenses		349,481	491,115
Advertising expenses		1,200	2,410
Legal and professional charges		782,424	663,407
Vehicle running expenses		252,086	975,932
Insurance expenses		92,591	106,876
Entertainment expenses		178,921	200,136
Computer consultancy and maintenance		43,125	17,415
Auditor's Remuneration	22.1	567,500	304,500
Sundry expenses		89,001	106,548
		8,306,181	12,541,832
22.1 Auditors' remuneration			
Audit fee		185,000	187,500
Fee for half yearly audit/review		300,000	30,000
Code of Corporate Governance		25,000	25,000
Others		7,500	10,000
Out of pocket expenses		50,000	52,000
		567,500	304,500
23 FINANCIAL CHARGES			
Mark-up/return on			
Long term loans		300,043	1,469,045
Short term loans and running finances		-	867,272
Bank charges		30,825	46,366
		330,868	2,382,683

	Note	2010 Rupees	2009 Rupees
24 PROVISIONS AND WRITE OFFS			
Provisions/(Reversals)			
- against leases		8,358,047	(3,054,461)
- against advances, deposits & prepayments		4,353,836	
- against morabaha finance		982,745	
		13,694,628	(3,054,461)
Write offs			
- fixed assets		40,666	-
- Short term finance income		575,240	-
- against other receivable		254,673	-
		870,579	-
		<u>14,565,207</u>	<u>(3,054,461)</u>
25 OTHER CHARGES			
Loss on re-measurement of investments to fair value		-	108,801
		<u>-</u>	<u>108,801</u>
26 PROVISION FOR TAXATION			
- Current year	26.1	135,660	-
- Prior years		3,123,487	-
- Deferred	26.2	15,862,993	-
		<u>19,122,140</u>	<u>-</u>

26.1 The provision for current income tax is based on minimum taxation under section 113 of the Income Tax Ordinance, 2001. Therefore, tax expense reconciliation with accounting loss is not reported.

26.2 In view of net deductible temporary differences amounting to Rs.155.61 million and expected future turnover, it is probable that the company will not have sufficient taxable income in near future and will not be able to utilize the deductible temporary differences. Therefore, as a matter of prudence, the company has not recognized net deferred tax asset in these accounts. The net deductible temporary differences include unabsorbed depreciation of Rs. 143.93 million and taxable temporary differences of Rs. 11.68 million.

	Note	2010 Rupees	2009 Rupees
27 EARNING PER SHARE			
Loss after taxation	Rupees	(36,939,581)	(2,731,592)
Weighted average ordinary shares	Numbers	10,744,413	10,744,413
Earning per share-Basic	Rupees	(3.44)	(0.25)

28 TRANSACTION WITH RELATED PARTY

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	
Elmetec (Pvt) Limited	Ex-Common directorship	short term finance facility	-	8,500,000
		lease facility	-	736,137
Optimus Limited	Holding company	Advance rentals received	9,000,000	-
		Rental services rendered	7,250,933	-
		Management fee	500,000	-
		Purchase of trackers	363,798	-
		Finance income	247,905	-
Key management personnel	Chief financial officer	Lease facility	155,243	352,825
Staff provident fund		Contribution to staff provident fund	135,247	186,962

29 REMUNERATION OF CHAIRMAN, DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

29.1 The aggregate amount charged in the financial statements for the year in respect of remuneration and benefits to the Chairman, Chief Executive and Executives are as follows:

	Chairman		Chief Executive		Directors		Executive	
	2010	2009	2010	2009	2010	2009	2010	2009
Managerial remuneration	-	-	544,500	1,188,000	-	-	909,804	711,600
Provident fund contribution	-	-	24,990	59,976	-	-	42,372	37,056
Total	-	-	569,490	1,247,976	-	-	952,176	748,656
No. of persons	1	1	1	1	5	5	1	1

29.2 The Ex-Chairman & Ex-Chief Executive and one Executive are provided fuel and maintenance charges for their own vehicles as per company policy. From January 2010, the new CEO has not been provided any remuneration or any other benefits from the company.

29.3 The company had rented offices premises from one of its Ex-directors and annual rent amounting 420,000/- (2009: Rs 840,000/-) has been paid for the same.

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

2010					
ASSETS	Total	Upt to 3 Months	Over 3 Months to 1 year	Over 1 year to 5 years	Over 5 years
Property, plant & equipment	55,448,587	-	-	55,448,587	-
Net investment in finance lease	18,613,145	17,358,592	1,148,000	106,553	-
Long term advances and deposits	55,000	30,000	25,000	-	-
Advances, deposits, prepayments and other receivables	1,723,124	1,723,124	-	-	-
Income tax refundable	3,769,291	3,769,291	-	-	-
Cash & bank balances	945,598	945,598	-	-	-
Total Assets	80,554,745	23,826,605	1,173,000	55,555,140	-
LIABILITIES					
Long term deposits	15,781,447	15,053,887	586,500	141,060	-
Trade, accrued and other liabilities	6,607,428	6,607,428	-	-	-
Provision for taxation	135,660	135,660	-	-	-
Total Liabilities	22,524,535	21,796,975	586,500	141,060	-
Net Assets	58,030,210	2,029,630	586,500	55,414,080	-

Share capital	107,444,130
Reserves	(49,413,920)
	<u>58,030,210</u>

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 reprise 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	30-Jun-10						Total
	Interest / Mark-up bearing			Non Interest bearing			
	Maturity upto one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Subtotal	
 RUPEES						
Net investment in lease (15%-22%)	18,506,592	106,553	18,613,145	-	-	-	18,613,145
Other receivables	-	-	-	9,452	-	9,452	9,452
Cash and bank balances (5%-6%)	917,383	-	917,383	28,215	-	28,215	945,598
2010	19,423,975	106,553	19,530,528	37,667	-	37,667	19,568,195
2009	78,101,723	14,399,722	92,501,445	12,744,344	3,731,795	16,476,139	108,977,584

FINANCIAL LIABILITIES

Trade, accrued and other payables	-	-	-	6,607,428	-	6,607,428	6,607,428
2010	-	-	-	6,607,428	-	6,607,428	6,607,428
2009	5,233,069	-	5,233,069	39,975,541	4,113,829	44,089,370	49,322,439
Net financial assets / (liabilities) 2010	19,423,975	106,553	19,530,528	(6,569,761)	-	(6,569,761)	12,960,767
Net financial assets / (liabilities) 2009	72,868,654	14,399,722	87,268,376	(27,231,197)	(382,034)	(27,613,231)	59,655,145

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

30.5 The effective interest/mark -up rates for monetary assets and liabilities are mentioned in the respective notes to the financial statements.

30.6 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	30 June 10		30 June 09	
	Lease and Hire Purchase Finance	Morabaha and Short Term Finance	Lease and Hire Purchase Finance	Morabaha and Short Term Finance
	%	%	%	%
Steel & engineering	-	-	13.25	-
Electrical & electric goods	3.11	-	2.45	55.15
Transport & communication	38.34	-	68.50	-
Textiles	-	-	2.10	-
Foods & beverages	2.49	-	-	-
Trading	4.33	-	1.84	7.19
Construction	-	-	1.00	-
Financial Institution	4.33	-	-	-
Educational Institution / trust	-	-	2.45	-
Information & technology	-	-	-	-
Packaging	16.70	-	5.21	-
Health care	-	-	-	-
Miscellaneous	30.70	-	3.20	37.66
	100.00	-	100.00	100.00

30.7 Capital Risk Management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. The capital is calculated as equity as shown in the balance sheet plus net debt.

	Note	2010 Rupees	2009 Rupees
Total borrowing			4,053,960
Less: Cash & bank balance		945,598	1,537,674
Net debt		Nil	2,516,286
Total equity		58,030,210	95,072,164
Total Capital		58,030,210	97,588,450
Gearing ratio		0.00%	2.58%

31 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on August 28, 2010 by the Board of Directors of the Company.

32 GENERAL

- Figures have been rounded off to the nearest rupee.
- Prior year figures have been reclassified to segregate un-realized gain on re-measurement of available for sale investments to fair value-net'. This reclassification has resulted in reduction of the loss for the year ended June 30, 2009 by Rs. 108,801/- with no effect on equity.

Chief Executive Officer**Director**

SIX YEARS AT GLANCE

PARTICULARS	2010	2009	2008	2007	2006	2005
FINANCIAL POSITION						
Balance Sheet Size	80,554,745	143,637,993	175,198,784	232,502,313	251,202,098	332,167,451
Paid-up Capital	107,444,130	107,444,130	107,444,130	107,444,130	107,444,130	107,444,130
Statutory Reserves	9,638,752	9,638,752	9,638,752	9,638,752	9,638,752	9,638,752
Un-appropriated Profits	(36,939,581)	(2,731,592)	(21,235,108)	2,064,784	10,220,327	16,528,649
Fixed Assets (Net)	55,448,587	1,189,763	1,745,763	4,052,976	5,709,727	8,579,637
Net Investment in Lease & Hire Purchase Finance	18,613,145	77,614,777	37,509,858	66,372,407	67,844,649	82,333,893
Long Term Advances	-	-	-	-	-	-
Long Term Loans	-	4,053,960	5,005,063	11,148,801	11,083,756	11,032,019
Lease Obligations	-	-	-	1,051,509	917,388	2,747,593
Long Term Deposits	15,640,387	38,800,236	11,248,429	20,518,842	20,317,095	23,606,178
Current Assets	24,587,160	108,453,720	116,443,674	140,187,957	156,884,607	223,271,321
Current Liabilities	22,383,475	44,452,000	61,032,736	81,664,204	91,557,850	161,136,906
INCOME AND EXPENSES						
Income from Lease	3,899,215	6,999,173	10,851,624	13,261,578	19,320,827	21,064,371
Other Income	1,485,600	2,139,289	3,212,391	4,640,481	3,416,184	5,979,029
Administrative & Operating Expenses	8,306,181	12,541,832	17,373,359	16,170,431	23,911,056	20,243,580
Financial Charges	330,169	2,382,683	5,408,875	8,951,697	10,161,072	10,597,627
Provision/(reversal) for losses	14,565,207	(3,054,461)	10,601,437	(936,476)	(869,694)	483,610
Profit/(Loss) before Tax	(17,817,441)	(2,731,592)	(20,856,008)	(8,105,543)	(12,287,373)	(7,462,422)
Taxation/(Reversal)	-	-	175,000	-	(4,518,059)	(8,914,342)
Profit/(Loss) after Tax	(36,928,547)	(2,840,393)	(21,031,008)	(8,105,543)	(6,308,322)	1,451,920

**PATTERN OF SHARES
HELD BY THE SHREHOLDERS AS AT JUNE 30, 2010**

NUMBER OF SHAREHOLDERS	FROM	Shareholding	TO	TOTAL SHARES HELD
158	1		100	10,712
161	101		500	48,352
195	501		1000	125,349
99	1001		5000	196,729
8	5001		10000	56,787
6	10001		15000	75,191
5	15001		20000	88,147
2	25001		30000	55,347
1	35001		40000	35,500
2	45001		50000	95,805
1	65001		70000	68,000
1	200001		205000	201,822
1	235001		240000	239,465
1	440001		445000	440,625
1	9005001		9010000	9,006,582
642				10,744,413

**CATEGORIES OF SHAREHOLDERS REQUIRED UNDER C.C.G.
AS ON 30TH JUNE, 2010**

S. No.	NAME	%	HOLDING
DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN			
1.	MR. SAAD SAEED FARUQUI	0.0047	500
2.	MR. NADIR KHAN	0.0047	500
3.	MR. MUHAMMAD SAJID	0.0047	500
4.	BRIG. (R) YASUB ALI DOGAR	0.0047	500
5.	SYED HASAN AKBAR KAZMI	0.0047	500
6.	BRIG. (R) MUHAMMAD SAEED BAIG	0.0047	500
7.	MR. QAISER RASHEED	0.0047	500
		0.0326	3,500
ASSOCIATED COMPANIES			
1.	OPTIMUS LIMITED	83.955	9,020,473
		83.955	9,020,473
NIT & ICP			
		0.0000	
BANKS, DEVELOPMENTS, FINANCIAL INSTITUTIONS			
NON BANKING FINANCIAL INSTITUTIONS			
1.	INDUSTRIAL DEVELOPMENT BANK OF PAK.	4.1010	440,625
2.	BANKERS EQUITY LIMITED	0.0047	500
3.	ESCORTS INVESTMENT BANK LIMITED.	0.1098	11,800
		4.2154	452,925
INSURANCE COMPANIES			
1.	STATE LIFE INSURANCE CORP. OF PAKISTAN	2.2287	239,465
2.	GULF INSURANCE CORP. OF PAKISTAN	0.0109	1,175
		2.2397	240,640
MODARABAS & MUTUAL FUND			
		0.0000	-
JOINT TOCK COMPANIES			
1.	AL-HAQ SECURITIES (PVT) LTD.	0.0219	2,350
2.	BEAMING INVEST & SECURITIES (PVT) LTD.	0.6329	68,000
3.	CAPITAL VISION SECURITIES (PVT) LIMITED	0.0016	175
4.	CORPORATE SOLUTION (PVT) LTD.	0.0164	1,762
5.	DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) LTD.	0.1542	16,567
6.	DARVESH SECURITIES (PVT) LTD.	0.0016	175

7.	EXCEL SECURITIES (PVT) LTD.	0.0000	1
8.	ISMAIL ABDUL SHAKOOR SECURITIES (PVT) LTD.	0.0052	557
9.	M.R. SECURITIES (SMC-PVT) LTD.	0.0016	175
10.	MAM SECURITIES (PVT) LTD.	0.0008	87
11.	NH SECURITIES (PVT) LTD.	0.0293	3,150
12.	PRUDENTIAL SECURITIES (PVT) LTD.	0.0070	750
13.	PYRAMID INVESTMENTS (PVT) LTD.	0.1667	17,912
14.	S.H. BUKHARI SECURITIES (PVT) LTD.	0.0055	587
15.	SARFRAZ MAHMOOD (PVT) LTD.	0.0057	617
16.	TIME SECURITIES (PVT) LTD.	0.0005	50
17.	Y.S. SECURITIES & SERVICES (PVT) LTD.	0.0055	587
		<u>1.0564</u>	<u>113,502</u>
OTHERS			
1.	LAHORE STOCK EXCHANGE (G) LIMITED	0.0055	587
		<u>0.0055</u>	<u>587</u>
SHARES HELD BY THE GENERAL PUBLIC			
		<u>8.4954</u>	<u>912,786</u>
	Total	<u>100.0000</u>	<u>10,744,413</u>

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows.

Sr. No.	Name	Purchase
1.	MR. SAAD SAEED FARUQUI	500
2.	MR. NADIR KHAN	500
3.	MR. MUHAMMAD SAJID	500
4.	BRIG. (R) YASUB ALI DOGAR	500
5.	SYED HASAN AKBAR KAZMI	500
6.	BRIG. (R) MUHAMMAD SAEED BAIG	500
7.	MR. QAISER RASHEED	500

SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL:

1.	OPTIMUS LIMITED	9,020,473	83.9550
	Total	<u>9,020,473</u>	<u>83.9550</u>

FORM OF PROXY

14th Floor, Chapal Plaza
 Hasrat Mohani Road, Karachi-74000
 Tele: +92 (21) 32431181-8
 Fax: +92 (21) 32465718
 E-mail: calcorp@cyber.net.pk

Folio No.	Number of Shares Held

I/We, _____
 (Full Name) of _____ (full address) being Member of
 Capital Assets Leasing Corporation Limited hereby appoint(s) _____

_____ (full name) of _____

(Full address) or failing him/her appoint(s) _____ of _____

(full address) being member of the Company as my/our Proxy to attend, act and vote for me/us on my/our behalf at the 18th Annual General Meeting of the Company to be held on Saturday October 02, 2010 at the Registered office of the Company and at any adjournment(s) thereof.

In witness whereof I/my our have set my/our hands.

this _____ day of _____ 2010

Please affix
 Revenue Stamps
 Rs. 5/- only

 Signature of Members(s)

Witness: 1

Signature _____

Name _____

C.N.I.C. No. _____

Address _____

Witness: 2

Signature _____

Name _____

C.N.I.C. No. _____

Address _____

NOTE:

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 authorised in writing. If the members 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 a the Company's Registered Office at least 48 hours before the time of holding the Meeting.
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.

Calcorp

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

AFFIX
CORRECT
POSTAGE

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