



Quarterly  
Report  
March 31,  
2017



**SME Leasing Limited**  
(A subsidiary of SME Bank Ltd.)

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## Corporate Information

### **BOARD OF DIRECTORS**

Ms. Mehnaz Saleem - Chairperson  
Mr. Ihsan ul Haq Khan  
Mr. Bilal Mustafa  
Mir Javed Hashmat - CEO  
Mr. Mohammad Farrukh Mansoor Malik  
Mr. Ateeq Ur Rehman  
Mr. Dilshad Ali Ahmad

### **CHIEF EXECUTIVE OFFICER**

Mir Javed Hashmat

### **AUDIT COMMITTEE**

Mr. Ateeq Ur Rehman Chairman  
Mr. Mohammad Farrukh Mansoor Malik  
Mr. Bilal Mustafa  
Mr. Naeem-ul-Hasan Committee Secretary

### **HUMAN RESOURCE COMMITTEE**

Mr. Bilal Mustafa Chairman  
Mr. Dilshad Ali Ahmad Member  
Mir Javed Hashmat Member

### **COMPANY SECRETARY & CFO**

S. Liaquat Ali

## Corporate Information

### **EXTERNAL AUDITORS**

Grant Thornton Anjum Rahman  
Chartered Accountants

### **INTERNAL AUDITOR**

Mr. Naeem-ul-Hasan

### **TAX CONSULTANT**

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

### **LEGAL ADVISOR**

Mohsin Tayebaly & Company,  
Advocate & Legal Consultant

### **CREDIT RATING**

Long-term: B +      Short-term: B

### **REGISTERED OFFICE**

56-F, Nazim-ul-Din Road, F-6/1, Blue Area, Islamabad.

### **MAIN OFFICE**

Office # 304, 3rd Floor, Business Arcade, Shakra-e-Faisal, Karachi.

Tel: (+92-21) 34322128-129-137

Fax: (+92-21) 34322082

E-mail: info@smelease.com

### **REGISTRAR AND SHARE TRANSFER OFFICE**

Corptec Associates (Pvt.) Limited

503-E, Johar Town, Lahore.

### **BANKS AND LENDING INSTITUTIONS**

Allied Bank Limited

MCB Bank Limited

SME Bank Limited

Meezan Bank Limited



## Directors' Review Report

The board of directors of **SME Leasing Limited** (the company) is pleased to present unaudited condensed financial statements for the quarter ended March 31, 2017.

The Company during the period under review has remained focused on recoveries from non performing portfolio as well as in writing selective new quality business. The Management has continued its efforts to curtail losses, however due to the reasons beyond control they have not been able to achieve the desired results for the quarter. Strict control was, however, exercised on the operating expenses.

The operating loss during the period under review was Rs.6.1 Million. The loss before tax aggregated Rs 9.17 Million because of provisions required against non performing portfolio. Total expenses at Rs.12.4 million remained almost flat when compared with the corresponding period last year. Income from operations dropped to Rs.5.7 Million this quarter when compared to Rs.10.4 Million same period last year. The drop in income resulted from maturing leases. This income is expected to go up in the coming quarters on account of disbursements on new leases to be written.

The Net equity of the Company amounted to Rs.147.7 Million as at 31st March 2017 which is well above the required level of Rs.50.0 Million. The current and non-current liabilities during the period remained almost flat whereas the total assets recorded a decrease of Rs7.3 million on account of maturing leases.

Going forward the major plan will be to continue efforts for recovery from the non performing portfolio and utilize these resources in booking new business. Further the company will also explore possibility of new funding options in consultation with our peer companies through the forum of NBF1 and Modaraba Association.

Shareholders are informed that the privatization Board has approved privatization of our major shareholder- SME Bank Limited- and the Privatization process is currently progressing.

The board recognizes and appreciates the continued support of its shareholders, lenders and regulatory authorities and the ongoing efforts and commitment of the management team and all the staff members of the company.

On behalf of Board of Directors

**Ms. Mehnaz Saleem**  
Chairperson

Dated: April 25, 2017

### ڈائریکٹرز رپورٹ:

ایس ایم ای لیزنگ لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 مارچ 2017ء کو ختم ہونے والی سہ ماہی کیلئے غیر آڈٹ شدہ مالیاتی حسابات آپ کے سامنے پیش کر رہے ہیں۔

زیر نظر مدت کے دوران کمپنی نے عدم کارکردگی کے پورٹ فولیو کے علاوہ مستقل طور پر بننے والی کاروبار پر اپنی توجہ مرکوز رکھی۔ انتظامیہ نے مستقل طور پر اپنی کوششوں کے تحت خسارہ پر قابو پایا کچھ اسباب جو کہ انتظامیہ کے قابو سے باہر رہے ان میں کمپنی اس سہ ماہی میں اپنے مطلوبہ نتائج حاصل کرنے سے قاصر رہے۔ لیکن عملی اخراجات پر سختی سے قابو کیا گیا۔

زیر نظر مدت کے دوران خسارہ 6.1 ملین روپے اور قبل از ٹیکس خسارہ 9.17 ملین روپے تھا چونکہ عدم کارکردگی کے پورٹ فولیو کے تحت قوانین پر عملدرآمد ضروری تھا؛ مستقل طور پر کل اخراجات 12.4 ملین روپے اسی تناسب سے رہے جبکہ اس کا موازنہ گزشتہ سال سے کیا گیا۔ آپریشن سے حاصل ہونے والی آمدنی میں اس سہ ماہی کے دوران 5.7 ملین روپے کی کمی واقع ہوئی جس کا موازنہ گزشتہ سال کے تناسب 10.4 ملین روپے سے کیا جاسکتا ہے۔ لیزر کی مدت ختم ہونے کی وجہ سے آمدنی میں کمی واقع ہوئی اور اس آمدنی کے حوالے سے امید کی جاتی ہے کہ آنے والی سہ ماہی میں نئی لیزرز کے اکاؤنٹ میں بہتری ہوگی۔

مورخہ 31 مارچ 2017ء کو کمپنی کی ایکویٹی 147.7 ملین روپے رہی جو کہ مبلغ 50.0 ملین روپے کی مطلوبہ سطح کے مقابلے میں بہتر ہے۔ اس مدت کے دوران قلیل اور لمبی مدت کے قرضہ جات میں خاص تبدیلی نہیں ہوئی جبکہ لیزر کی مدت ختم ہونے کے حوالے سے کل اثاثہ جات میں 7.3 ملین روپے کی کمی واقع ہوئی۔

اگلے مراحل میں عدم کارکردگی کے پورٹ فولیو سے ریکوری کے حوالے سے کوششیں مستقل جاری رہیں گی اور انہی ذرائع کو نئے کاروبار کی بنگل میں شمار کیا جائے گا۔ مزید یہ کہ کمپنی این بی ایف آئی اور مضاربہ البوس ایجنٹ کے فورم کے توسط سے دیگر کمپنیوں کے ساتھ مشاورت میں نئے فنڈز کے ذرائع حاصل کرنے کو ممکن بنائے گی۔

شیئر ہولڈرز کو مطلع کیا جاتا ہے کہ پرائیویٹائزیشن بورڈ نے ہمارے اہم شیئر ہولڈرز ایس ایم ای بینک لمیٹڈ کی پرائیویٹائزیشن کو منظور کیا ہے اور پرائیویٹائزیشن کا یہ مرحلہ اس وقت جاری ہے۔

بورڈ اپنے شیئر ہولڈرز، دیگر قانونی اور مجاز اتھارٹیز کی مستقل سپورٹ پر شکر گزار ہے اور انتظامی ٹیم اور کمپنی کے تمام اسٹاف ممبرز کی جانب سے جاری کوششوں کا بھی بے حد شکر گزار ہے۔

مسز مہناز سلیم  
چیئر پرسن


مورخہ: 25 اپریل 2017

## Condensed Interim Balance Sheet (Un-audited)

As at March 31, 2017

Note	March 31, 2017 (Un-Audited)	December 31, 2016 (Audited)	
..... Rupees .....			
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	3	1,795,463	2,519,445
Mark-up accrued		-	3,752
Loans and advances		2,769,426	2,668,119
Deposits, prepayments and other receivables		1,026,446	1,543,998
Current maturity of non current assets		419,836,730	407,979,966
<b>Total current assets</b>		<b>425,428,065</b>	414,715,280
<b>Non-current assets</b>			
Long term finances and loans	4	7,666,152	7,252,950
Net investment in leases	5	54,035,276	71,986,638
Long-term deposits and prepayments		1,573,418	1,164,435
Property and equipment	6	7,748,604	8,647,726
<b>Total Non-current assets</b>		<b>71,023,450</b>	89,051,749
<b>Total assets</b>		<b>496,451,515</b>	503,767,029
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and others payable		3,562,918	4,166,310
Mark-up accrued		872,587	959,922
Short term borrowings		99,476,721	104,838,931
Current Maturity of non current liabilities	7	198,385,403	190,076,235
Provision for compensated absences		1,772,956	2,102,277
Provision Taxation payable		8,202,423	8,200,925
<b>Total current liabilities</b>		<b>312,273,008</b>	310,344,600
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease		-	-
Long-term deposits		31,471,031	31,314,005
Deferred liabilities		4,979,257	5,152,857
		36,450,288	36,466,862
<b>Total liabilities</b>		<b>348,723,296</b>	346,811,462
<b>NET ASSETS</b>		<b>147,728,219</b>	156,955,567
<b>FINANCED BY</b>			
Authorised share capital 100,000,000 (2015: 100,000,000) ordinary shares of Rs. 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital		320,000,000	320,000,000
Reserves		48,466,329	48,466,329
Accumulated ( Loss )		(220,738,110)	(211,510,762)
		147,728,219	156,955,567
Unrealized Gain on available for sale investments		-	-
<b>Total shareholder's equity</b>		<b>147,728,219</b>	156,955,567
Contingencies and commitments	8		

The annexed notes 1 to 17 form an integral part of these financial statements.

  
Ms. Mehnaz Saleem  
Director

  
Mir Javed Hashmat  
Chief Executive Officer

## Condensed Interim Profit And Loss Account (Un-audited)

For the period ended March 31, 2017

	Note	March 31, 2017 (Un-Audited)	March 31, 2016 (Un-Audited)
..... Rupees .....			
<b>REVENUE</b>			
Income from operations	9	<b>5,713,772</b>	10,433,288
Other operating income	10	<b>571,633</b>	2,680,143
Total revenue		<b>6,285,405</b>	13,113,431
<b>EXPENSES</b>			
Administrative	11	<b>9,853,712</b>	8,916,965
Finance cost	12	<b>2,626,219</b>	3,477,510
Total expenses		<b>12,479,931</b>	12,394,475
Operating (loss) / Gain before provisions		<b>(6,194,526)</b>	718,956
<b>PROVISIONS</b>			
Provision for potential lease losses		<b>2,145,736</b>	(478,639)
Provision for loans and receivables		<b>829,948</b>	508,964
Total provisions		<b>2,975,684</b>	30,325
(Loss) / Gain before taxation		<b>(9,170,210)</b>	688,631
<b>TAXATION</b>			
For the period	13	<b>57,138</b>	104,434
Prior year		-	-
		<b>57,138</b>	104,434
(Loss) / Gain for the period		<b>(9,227,348)</b>	584,197
(Loss) / Gain per share - basic and diluted		<b>(0.29)</b>	0.02

The annexed notes 1 to 17 form an integral part of these financial statements

  
Ms. Mehnaz Saleem  
Director

  
Mir Javed Hashmat  
Chief Executive Officer



## Condensed Interim Statement of Comprehensive Income (Un-audited)

For the period ended March 31, 2017

	March 31, 2017	March 31, 2016
	..... Rupees .....	
<b>(Loss) after Taxation</b>	<b>(9,227,348)</b>	584,197
<b>Other comprehensive income</b>		
(Deficit) on revaluation of available-for-Sale Investment - Net	-	(820,518)
<b>Total comprehensive (Loss) for the period</b>	<b>(9,227,348)</b>	<b>(236,321)</b>

The annexed notes 1 to 17 form an integral part of these financial statements



**Ms. Mehnaz Saleem**  
Director



**Mir Javed Hashmat**  
Chief Executive Officer

## Condensed Interim Cash Flow Statement (Un-audited)

For the 1st Quarter ended March 31, 2017

Note	March 31, 2017	March 31, 2016
..... Rupees .....		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) before Tax	<b>(9,170,210)</b>	688,631
Adjustment for :		
-- Depreciation and Amortization	<b>388,590</b>	430,569
-- Gratuity expense	<b>130,000</b>	-
-- Finance Cost	<b>2,614,876</b>	3,436,351
-- Profit on Bank accounts / return on investment	<b>(25,766)</b>	(10,129)
-- Financial charges on leased assets	<b>11,343</b>	41,159
-- (Gain) on disposal of property and equipment	<b>(545,867)</b>	(2,670,014)
-- Provision for potential lease losses	<b>2,145,736</b>	(478,639)
-- Provision for loans and receivables	<b>829,948</b>	508,964
	<b>5,548,860</b>	1,258,261
<b>Cash generated/ (Consumed) from operations before working capital changes</b>	<b>(3,621,350)</b>	1,946,892
Working capital changes		
(Increase) / decrease in Operating assets		
-- Other receivable / Interest accrued	<b>3,752</b>	(203,749)
-- Deposits, prepayments & Other receivables	<b>517,552</b>	(862,706)
-- Loans and advances	<b>(101,307)</b>	(590,769)
	<b>419,997</b>	(1,657,224)
<b>Increase / (Decrease) in current liabilities</b>		
-- Trade and other payables	<b>(603,392)</b>	(338,657)
-- Provision for compensated absences	<b>(329,321)</b>	(30,701)
	<b>(932,713)</b>	(369,358)
Total Working capital changes	<b>(512,716)</b>	(2,026,582)
Cash generated from operations after working capital changes	<b>(4,134,066)</b>	(79,690)
(Increase)/Decrease in loans and receivables	<b>(990,760)</b>	(2,564,609)
(Increase)/Decrease in net investment in leases	<b>3,696,472</b>	(8,580,786)
Financial charges paid	<b>(2,664,890)</b>	(3,485,888)
Income received	<b>25,766</b>	10,129
Gratuity paid	<b>(303,600)</b>	(33,334)
Taxes paid	<b>(55,640)</b>	(75,127)
Long term deposits received / (paid)	<b>9,067,500</b>	(167,659)
	<b>8,774,848</b>	(14,897,275)
Long term Deposits & prepayments		
Net cash used in operating activities	<b>4,640,782</b>	(14,976,965)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	<b>-</b>	26,416
Long term Deposits & prepayments	<b>(408,983)</b>	-
Proceeds from disposal of fixed Assets	<b>1,056,400</b>	6,650,000
Net cash from / (used-in) investing activities	<b>647,417</b>	6,676,416
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Lease rentals paid	<b>(649,971)</b>	(378,281)
Net cash from financing activities	<b>(649,971)</b>	(378,281)
Net increase / (decrease) in cash and cash equivalents	<b>4,638,228</b>	(8,678,829)
Cash and cash equivalents at beginning of the year	<b>(102,319,486)</b>	(125,951,315)
Cash and cash equivalents at end of the period	<b>(97,681,258)</b>	(134,630,144)

The annexed notes 1 to 17 form an integral part of these financial statements

  
**Ms. Mehnaz Saleem**  
Director

  
**Mir Javed Hashmat**  
Chief Executive Officer

## Condensed Interim Statement of Changes in Equity (Un-audited)


For the 1st Quarter ended March 31, 2017

Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves			Total shareholder's equity
	Share premium	Statutory reserve	Reserve against future losses	Un-appropriated profit	Surplus/ Deficit on revaluation of available for sale investments	

----- Rupees -----

<b>Balance as at January 01, 2016</b>	<b>320,000,000</b>	<b>10,000,000</b>	<b>28,019,277</b>	<b>10,447,052</b>	<b>(198,196,367)</b>	<b>3,103,091</b>	<b>173,373,053</b>
Net change to Retained Earning						(3,103,091)	(3,103,091)
Actuarial Gain on obligatin					67,827		67,827
( Loss ) after Taxation					(13,382,222)	-	(13,382,222)
<b>Balance as at December 31, 2016</b>	<b>320,000,000</b>	<b>10,000,000</b>	<b>28,019,277</b>	<b>10,447,052</b>	<b>(211,510,762)</b>	<b>-</b>	<b>156,955,567</b>
<b>Balance as at January 01, 2017</b>	<b>320,000,000</b>	<b>10,000,000</b>	<b>28,019,277</b>	<b>10,447,052</b>	<b>(211,510,762)</b>	<b>-</b>	<b>156,955,567</b>
Actuarial Gain on obligatin							
Net change to Retained Earning						-	-
( Loss ) after Taxation					(9,227,348)	-	(9,227,348)
<b>Balance as at March 31, 2017</b>	<b>320,000,000</b>	<b>10,000,000</b>	<b>28,019,277</b>	<b>10,447,052</b>	<b>(220,738,110)</b>	<b>-</b>	<b>147,728,219</b>

The annexed notes 1 to 17 form an integral part of these financial statement.

  
**Ms. Mehnaz Saleem**  
Director

  
**Mir Javed Hashmat**  
Chief Executive Officer

## Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 1st Quarter ended March 31, 2017

### 1. THE COMPANY AND ITS OPERATIONS

SME Leasing Limited was incorporated in Pakistan on July 12, 2002 as an unlisted public company and acquired the status of a listed company on December 13, 2006. The company is a subsidiary of SME Bank Limited, who holds 73.14% (2015: 73.14%) of the shareholding of the company. At the time of incorporation, the company was a wholly owned subsidiary of SME Bank Limited, whereby under an arrangement the assets and liabilities of the leasing division of SME Bank Limited were transferred to the company on January 28, 2003. The company is listed on Pakistan stock exchange and its registered office is situated at 56-F, Nazim-ul-Din Road F-6/1, Blue Area, Islamabad. The core objective of the company is to extend lease and working capital financing facilities to small and medium enterprises of the country.

- 1.2 The Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations 2008) have been amended by SECP and the minimum equity requirement for existing NBFCs with valid deposit taking permission having leasing license' has been revised at Rs.500 millions whereas minimum equity requirement for 'non-deposit taking NBFCs for leasing or Discounting or Housing Finance Services licenses' has been set at Rs.50 million for each form of business. The equity of the Company as at 31, March 2017 is Rs.147.73 million . The Company has been incurring losses since the year ended 31, December 2009 which has resulted in erosion of equity. During the period ended 31, March 2017, the Company incurred loss after tax of Rs.9.23 million and accumulated losses as at 31 March 2017, amounted to Rs.220.74 million. Further, the net assets of the Company amounting to Rs.147.73 million includes non performing loans, net of provision.

The Company has been granted with a leasing License by the SECP dated 28 July 2016, for the three years period expiring on 20th May 2019.

### 2. STATEMENT OF COMPLIANCE

These un-audited financial statements are being presented and submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and has been presented in accordance with the requirements of International Accounting Standards 34 " Interim Financial Reporting" as applicable in Pakistan, the Companies Ordinance, 1984, the Non Banking Companies (NBFCs) Rules, 2003 (the Rules), Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) and directives issued by the SECP.

#### 2.1. ACCOUNTING POLICIES

The accounting policies and methods of computations followed for the preparation of these accounts are same as those applied in preparing the annual accounts for the year ended December 31, 2016.

## Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 1st Quarter ended March 31, 2017

Note	March 31, 2017 (Un-audited)	December 31, 2016 (Audited)
..... Rupees .....		
<b>3. CASH AND BANK BALANCES</b>		
With State Bank of Pakistan in current account	<b>21,642</b>	23,431
With banks:		
in current accounts	<b>1,566,960</b>	2,300,218
in saving accounts	<b>140,449</b>	139,384
Cash in hand	<b>66,412</b>	56,412
	<b>1,795,463</b>	2,519,445

3.1. These carry profit rate of 3.50% per annum ( 2016: 4% per annum )

Note	March 31, 2017 (Un-audited)	December 31, 2016 (Audited)
..... Rupees .....		
<b>4. LONG TERM FINANCES AND LOANS - Secured</b>		
Related Parties - Considered good Employees	<b>1,699,910</b>	1,361,073
Customers: Considered good	<b>18,818,622</b>	17,873,824
Considered doubtful	<b>69,809,080</b>	70,101,955
	<b>88,627,702</b>	87,975,779
<b>Less: Provision</b>	<b>(9,879,281)</b>	(9,049,333)
	<b>78,748,421</b>	78,926,446
	<b>80,448,331</b>	80,287,519
Less: Current maturity		
Related parties - Employees	<b>(390,984)</b>	(250,000)
Other than Related parties - Customers Employees	<b>(72,391,195)</b>	(72,784,569)
	<b>(72,782,179)</b>	(73,034,569)
	<b>7,666,152</b>	7,252,950
<b>5. NET INVESTMENT IN LEASES</b>		
Minimum lease payments receivable	<b>395,335,952</b>	411,595,179
Add: Residual value of leased assets	<b>229,483,201</b>	220,415,701
Lease contract receivable	<b>624,819,153</b>	632,010,880
	<b>73,127,599</b>	(76,622,854)
Less: Unearned lease income	<b>150,601,727</b>	(148,455,991)
Less: Provision for potential lease losses	<b>223,729,326</b>	(225,078,845)
	<b>401,089,827</b>	406,932,035
Net investment in leases	<b>347,054,551</b>	334,945,397
Less: Current maturity of net investment in leases	<b>54,035,276</b>	71,986,638
Net investment in leases	<b>54,035,276</b>	71,986,638

## Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 1st Quarter ended March 31, 2017

### 5.1 Net investment in leases

Particulars	March 31, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Not later than One year	Later than one year & less than Five years	Total	Not later than One year	Later than one year & less than Five years	Total
..... Rupees .....						
Minimum Lease payments	369,094,191	26,241,761	395,335,952	362,640,027	48,955,152	411,595,179
Add : Residual Value of Leased Assets	198,012,170	31,471,031	229,483,201	189,101,696	31,314,005	220,415,701
Gross Investment in Leases	567,106,361	57,712,792	624,819,153	551,741,723	80,269,157	632,010,880
Unearned lease income	(12,634,682)	(3,677,516)	(16,312,198)	(11,333,465)	(8,282,519)	(19,615,984)
Markup held in Suspense Account	(56,815,401)	-	(56,815,401)	(57,006,870)	-	-
	(69,450,083)	(3,677,516)	(73,127,599)	(68,340,335)	(8,282,519)	(19,615,984)
	497,656,278	54,035,276	551,691,554	483,401,388	71,986,638	555,388,026
Provision for potential lease losses	(150,601,727)	-	(150,601,727)	(148,455,991)	-	-
Net Investment in Finance leases	347,054,551	54,035,276	401,089,827	334,945,397	71,986,638	406,932,035

The Internal Rate of Return (IRR) on lease contract receivable ranges from 8.42% to 28.01% (2016: 8.42% to 28.01%) per annum.

Note	March 31, 2017 (Un-audited)	December 31, 2016 (Audited)
..... Rupees .....		

### 6. Property and equipments

Fixed Assets	7,261,340	8,100,442
Intangible Assets	487,264	547,284
	<b>7,748,604</b>	<b>8,647,726</b>

6.1 The following is the detail of additions / disposals in the operating assets during the current period.

	March 31, 2017 Unaudited		December 31, 2016 Audited	
	Additions	Deletions	Additions	Deletions
..... Rupees .....				
Owned				
Office Premises / Building improvements	-	-	-	(34,036)
Furniture and fixtures	-	-	468,700	(774,531)
Computers	-	-	93,282	(336,671)
Intangible	-	-	700,000	-
Office equipment & others	-	-	18,810	(168,849)
Vehicles	1,049,000	570,100	1,732,500	(364,534)
	<b>1,049,000</b>	<b>570,100</b>	3,013,292	(1,678,621)
Leased Assets				
Vehicles	-	2,143,000	(1,732,500)	-
* Suzuki Cultus transfer from Leased Assets to owned Assets.	<b>1,049,000</b>	<b>2,713,100</b>	1,280,792	(728,621)

## Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 1st Quarter ended March 31, 2017

Note	March 31, 2017 (Un-audited)	December 31, 2016 (Audited)
..... Rupees .....		
<b>7 Current Maturity of Non-Current Liabilities</b>		
Long term finances	<b>373,233</b>	373,233
Liabilities against assets subject to finance lease	-	601,306
Long term deposits	<b>198,012,170</b>	189,101,696
	<b>198,385,403</b>	190,076,235
<b>8. CONTINGENCIES AND COMMITMENTS</b>		
Lease disbursements	-	2,300,000
..... Rupees .....		
<b>9. INCOME FROM OPERATIONS</b>		
Income from finance lease operations	<b>4,701,673</b>	9,051,397
Gain/(Loss) on termination of leases	-	-
	<b>4,701,673</b>	9,051,397
Income on finances and loans to Customers	<b>1,012,099</b>	1,381,891
	<b>5,713,772</b>	10,433,288
<b>10 OTHER OPERATING INCOME</b>		
Income from Investments	<b>1,257</b>	4,976
Income from financial assets	<b>24,509</b>	5,153
Dividend Income	-	-
Gain from non-financial assets	<b>545,867</b>	2,670,014
	<b>571,633</b>	2,680,143

## Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 1st Quarter ended March 31, 2017

	March 31, 2017 (Un-audited)	March 31, 2016 (Un-audited)
	..... Rupees .....	
<b>11 ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Salaries, allowances and other benefits	<b>5,960,154</b>	5,517,259
Directors' fee	<b>180,000</b>	120,000
Rent	<b>819,070</b>	584,532
Electricity, gas and water	<b>178,204</b>	114,614
Telephone and postage	<b>164,512</b>	246,068
Repairs and maintenance	<b>121,187</b>	115,363
Books and periodicals	<b>6,748</b>	7,565
Vehicle running	<b>30,010</b>	32,534
Advertising	<b>85,270</b>	45,588
Travelling, conveyance and entertainment	<b>426,018</b>	203,112
Printing and stationery	<b>122,819</b>	113,011
Auditors' remuneration	<b>24,000</b>	110,325
Depreciation and amortization	<b>388,590</b>	430,569
Legal and professional	<b>800,231</b>	968,701
Insurance	<b>236,224</b>	189,105
Miscellaneous	<b>230,959</b>	118,619
COMMISSION AND BROKERAGE CHARGES	<b>79,716</b>	-
	<b><u>9,853,712</u></b>	<u>8,916,965</u>
<b>12. FINANCE COST</b>		
Mark-up on:		
Long term finance from banking companies and financial institutions	-	-
Short term borrowings	<b>2,577,555</b>	3,428,594
	<b>2,577,555</b>	3,428,594
Lease finance charges	<b>11,343</b>	41,159
Bank charges	<b>37,321</b>	7,757
	<b><u>2,626,219</u></b>	<u>3,477,510</u>
<b>Finance cost includes mark up expense related to SME Bank Limited, related party:</b>		
Short term borrowings	<b>2,577,555</b>	3,428,594
	<b><u>2,577,555</u></b>	<u>3,428,594</u>



## Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 1st Quarter ended March 31, 2017

### 13. Taxation

#### Current Tax

- Minimum Tax U/S 113.
- Final Tax Regime

March 31, 2017 (Un-audited)	March 31, 2016 (Un-audited)
Rupees .....	
<b>57,138</b>	104,434
-	-
<b>57,138</b>	<b>104,434</b>

### 14. TRANSACTIONS WITH RELATED PARTIES

The related parties of the company include SME Bank Limited (holding company), Staff Provident fund, directors, key management personnel and companies in which directors are common or hold office. Transactions with SME Bank Limited, directors and key management personnel are disclosed in their relevant notes. Transactions with other related parties and the balances outstanding at the year end are given below:

#### Borrowings

Balance as at January 1  
Less: Repayments during the period-Net  
Closing Balance

	March 31, 2017 (Un-audited)		December 31, 2016 (Audited)	
	Key Management Personnel	SME Bank Limited	Key Management Personnel	SME Bank Limited
	Rupees .....			
	-	104,838,931	-	129,066,524
	-	(5,362,210)	-	(24,227,593)
	-	<b>99,476,721</b>	-	<b>104,838,931</b>

Markup expense for the period  
Rent expenses  
Key Management Remuneration  
P.F. - Company's Contribution

	March 31, 2017 (Un-audited)		March 31, 2016 (Un-audited)	
	-	<b>2,577,555</b>	-	3,428,594
	-	<b>103,652</b>	-	84,402
	<b>1,443,160</b>	-	1,318,950	-
	<b>10,608</b>	-	22,344	-

- All transactions with the holding company are carried out on commercial terms and on arms length.

### 15 CASH AND CASH EQUIVALENTS

Cash and bank balances  
Short term borrowings

March 31, 2017 (Un-audited)	March 31, 2016 (Un-audited)
Rupees .....	
<b>1,795,463</b>	2,238,038
<b>(99,476,721)</b>	(136,868,182)
<b>(97,681,258)</b>	<b>(134,630,144)</b>

## Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 1st Quarter ended March 31, 2017

### 16 SEGMENT INFORMATION.

A segment is a distinguishable component of the Company that is engaged in business activities from which the Company earns revenues and incur expenses and its results are regularly reviewed by the Company's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment.

The company's reportable segments under IFRS 8 are therefore finance lease, loans and receivables, and investments. Other operations, which are not deemed by the management to be significant to disclose as separate items are reported under others.

All assets and liabilities are allocated to reportable segments other than assets and liabilities not directly related to the particular segment.

Particulars	March 31, 2017				
	Finance Lease	Loans and Receivable	Investment	Others	Total
Segment Revenue	4,701,673	1,012,099	-	571,633	6,285,405
Segment Profit	2,555,937	182,151	-	571,633	3,309,721
Segment Result					3,309,721
<b>Unallocated Cost</b>					
Finance Cost					2,626,219
Administrative & selling expenses					9,853,712
					12,479,931
<b>Profit / (Loss) before Income Tax</b>					(9,170,210)
Income Tax Expense					(57,138)
<b>Profit / Loss for the year</b>					<u>(9,227,348)</u>
<b>Other Information</b>					
Segment Assets	401,089,827	78,748,421	-	-	479,838,248
Unallocated Assets	-	-	-	16,613,267	16,613,267
<b>Total Assets</b>					496,451,515
Segment Liabilities	232,542,899	-	-	-	232,542,899
Unallocated Liabilities				116,180,397	116,180,397
<b>Total Liabilities</b>					348,723,296
<b>Net Assets</b>					<u>147,728,219</u>
<b>Capital Expenditure</b>					<u>-</u>

## Selected Notes To The Condensed Interim Financial Statements(Un-audited)


For the 1st Quarter ended March 31, 2017

Particulars	March 31, 2016				
	Finance Lease	Loans and Receivable	Investment	Others	Total
Segment Revenue	9,051,397	1,381,891	4,976	2,675,167	13,113,431
Segment Profit	9,530,036	872,927	4,976	2,675,167	13,083,106
Segment Result					13,083,106
Unallocated Cost					
Finance Cost					3,477,510
Administrative & selling expenses					8,916,965
					<u>12,394,475</u>
Loss before Taxation					688,631
Taxation					(104,434)
Profit for the period after Taxation					<u>584,197</u>

Particulars	December 31, 2016				
	Finance Lease	Loans and Receivable	Investment	Others	Total
<b>Other Information</b>					
Segment Assets	406,932,035	78,926,446	-	-	485,858,481
Unallocated Assets	-	-	-	17,908,548	17,908,548
Total Assets					<u>503,767,029</u>
Segment Liabilities	223,733,484	-	-	-	223,733,484
Unallocated Liabilities				123,077,978	123,077,978
Total Liabilities					<u>346,811,462</u>
Net Assets					<u>156,955,567</u>
Capital Expenditure				1,280,792	<u>1,280,792</u>

### 18. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on April, 25th 2017 by the Board of Directors of the company.

  
Ms. Mehnaz Saleem  
Director

  
Mir Javed Hashmat  
Chief Executive Officer

## Branch Network

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CORPORATE