

Quarterly Report
March 31,
2018



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 - Member
Mr. Bilal Mustafa - Member
Mr. Naeem-ul-Hasan - Committee Secretary

RISK MANAGEMENT COMMITTEE

Mr. Dilshad Ali Ahmad - Chairman
Mr. Ateeq-ur-Rehman - Member
Ms. Mehnaz Saleem - Member
Mr. Naeem-ul-Hasan - Secretary

HUMAN RESOURCE COMMITTEE

Mr. Bilal Mustafa - Chairman
Mr. Dilshad Ali Ahmad - Member
Mir Javed Hashmat - Member
Mr. Ateeq-ur-Rehman - Member
Ms. Mehnaz Saleem - Member
Mr. Adnan Sajar - Committee Secretary



COMPANY SECRETARY & CFO

Liaquat Ali

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, Shahra-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, 2018.

The Management has continued its efforts to curtail losses. In this regard 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.

Management's efforts have started paying back, The loss before tax during the period under review has reduced to Rs. 4.5 Million from Rs. 9.1 million in the corresponding period last year, on account of recoveries and increase in revenues . Income from operations increased to Rs. 7.7 million compared to Rs 6.3 million in March 2017. Provision reversals recorded during the quarter aggregated Rs. 1.7 million on account of recoveries from non performing portfolio whereas in the first quarter of 2017 additional provisions of Rs.2.9 Million were made against non-performing loans and leases. Financial charges increased by Rs 0.5 million on enhanced utilization of credit line whereas administrative expenses increased by 1 million on inflationary adjustment in salaries and legal expenses incurred on recoveries. New leases written aggregated Rs. 63 million whereas total recoveries during the quarter aggregated Rs. 25 million. The ratio of default in new leases written over last three years has remained negligible. Funding constraint remained a major obstacle in converting the company into a profit making institution.

The Net equity of the Company amounted to Rs.128.6 Million as at 31st March 2018 which is well above the required level of Rs.50.0 Million. The current and non-current liabilities increased by Rs. 44 Million whereas the total assets recorded an increase of Rs 40 Million, principally on account of fresh leases written. Our efforts for recoveries from the portfolio and exploring new avenues of funding shall continue, going forward.

Shareholders are informed that the privatization process of SME Bank, our major shareholder has further progressed during the quarter. We shall keep our shareholders informed of further development, in this regard.

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, 2018

ڈائریکٹرز رپورٹ:

ایس ایم ای لیزنگ لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز 31 مارچ 2018 کو ختم ہونے والی سہ ماہی کیلئے غیر آڈٹ شدہ مالیاتی حسابات پیش کر رہے ہیں۔

انتظامیہ خساروں کو کم سے کم کرنے کے لئے مستقل طور پر اپنی کوششیں جاری رکھے ہوئے ہے۔ اس سلسلے میں زیر جائزہ مدت کے دوران وصولی پر اور نئے معیاری کاروبار کو تقویت دینے پر توجہ مرکوز کی ہے۔

انتظامیہ نے زیر جائزہ مدت کے دوران خسارہ قبل از ٹیکس کے لئے کوششیں شروع کر دی ہیں جسکے سبب گزشتہ سال میں اسی مدت میں خسارہ 9.1 ملین روپے سے کم ہو کر 4.5 ملین روپے ہوا جو کہ وصولی اور آمدنی میں اضافہ سے ہوا۔ آپریشنز سے حاصل ہونے والی آمدنی میں 7.7 ملین روپے رہی جس کا موازنہ مارچ 2017 میں 6.3 ملین روپے سے کیا جاسکتا ہے۔ عدم کارکردگی کے پورٹ فولیو سے وصولی کے حساب میں سہ ماہی کے دوران 1.7 ملین روپے کا مجموعہ حاصل کیا جبکہ 2017 کی پہلی سہ ماہی میں 2.9 ملین روپے کی اضافی فراہمی عدم کارکردگی کے قرضوں اور لیزوں کے حساب میں کی گئی۔ کریڈٹ لائن کے استعمال پر مالیاتی چارجز میں 0.5 ملین روپے کا اضافہ ہوا جبکہ انتظامی اخراجات میں تنخواہوں اور ریکوریز پر قانونی اخراجات میں افراط زر کی ایڈجسٹمنٹ پرایک ملین کا اضافہ ہوا یعنی لیزز 63 ملین روپے جبکہ سہ ماہی کے دوران کل ریکوریز 25 ملین روپے حاصل ہوئی۔ نئی لیزز میں ڈیفالٹ کا تناسب گزشتہ تین سالوں سے نہ ہونے کے برابر ہے۔ فنڈنگ کا معاملہ مستقل طور پر کمپنی کو منافع بخش بنانے کے حوالہ سے اہم ہے۔

کمپنی کی صافی اکیوٹی 31 مارچ 2018 کو 128.6 ملین روپے رہی جو کہ مبلغ 50.0 ملین روپے کی مطلوبہ سطح سے زیادہ ہے موجودہ وغیر موجودہ قرضہ جات میں 44 ملین روپے کا اضافہ ہوا جبکہ کل اثاثہ جات میں اضافہ 40 ملین روپے ریکارڈ کیا گیا جو کہ نئی لیزز سے ہے۔ پورٹ فولیو سے ریکوریز اور فنڈنگ کے ذرائع کے لئے ہماری کوششیں جاری ہیں۔

شیر ہولڈرز کو مطلع کیا جاتا ہے کہ SME بینک کے پرائیویٹائزیشن کا عمل جاری ہے اور پچھلی سہ ماہی میں اس سلسلے میں مزید کام ہو رہا ہے۔ اس سلسلے میں ہم اپنے شیر ہولڈرز کو مزید ترقی سے مطلع رکھیں گے۔

بورڈ اپنے شیر ہولڈرز، قرض خواہ اور ریگولیٹری اتھارٹیز کے مسلسل سپورٹ پر ہماری انتظامی ٹیم کی مسلسل کوششوں اور کمپنی کے تمام اسٹاف کا شکور ہے۔



مس مہنا ز سلیم

چیئر پرسن

تاریخ: 25 اپریل 2018



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

Condensed Interim Balance Sheet (Un-audited)

As at March 31, 2018

	Note	March 31, 2018 (Un-Audited)	December 31, 2017 (Audited)
..... Rupees			
ASSETS			
Current assets			
Cash and bank balances	3	2,080,021	1,902,743
Mark-up accrued		47,178	9,337
Loans and advances		2,892,155	2,803,744
Deposits, prepayments and other receivables		1,103,595	956,092
Current maturity of non current assets		91,985,946	76,300,747
Total current assets		98,108,895	81,972,663
Non-current assets			
Long term finances and loans	4	61,117,467	64,098,814
Net investment in leases	5	350,622,310	323,885,669
Long-term deposits and prepayments		1,312,951	1,186,898
Property and equipment	6	6,114,404	6,500,443
Total Non-current assets		419,167,132	395,671,824
Total assets		517,276,027	477,644,487
LIABILITIES			
Current liabilities			
Trade and others payable		3,481,280	3,697,937
Mark-up accrued		1,144,113	918,407
Short term borrowings		145,281,920	110,351,822
Current Maturity of non current liabilities	7	25,973,234	6,673,233
Provision for compensated absences		2,335,469	2,379,069
Provision for compensated absences		8,219,439	8,215,355
Total current liabilities		186,435,455	132,235,823
Non-current liabilities			
Liabilities against assets subject to finance lease		-	-
Long-term deposits		195,166,355	205,246,756
Deferred liabilities		7,111,306	6,911,306
		202,277,661	212,158,062
Total liabilities		388,713,116	344,393,885
NET ASSETS		128,562,911	133,250,602
FINANCED BY			
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)		(239,903,418)	(235,215,727)
		128,562,911	133,250,602
Unrealized Gain on available for sale investments		-	-
Total shareholder's equity		128,562,911	133,250,602
Contingencies and commitments	8		

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

Bilal Mustafa
Director

Liaquat Ali
Chief Financial Officer

Mir Javed Hashmat
Chief Executive Officer



Condensed Interim Profit And Loss Account (Un-audited)

For the period ended March 31, 2018

	Note	March 31, 2018 (Un-Audited)	March 31, 2017 (Un-Audited)
..... Rupees			
REVENUE			
Income from operations	9	7,514,460	5,713,772
Other operating income	10	185,217	571,633
Total revenue		7,699,677	6,285,405
EXPENSES			
Administrative	11	10,896,615	9,853,712
Finance cost	12	3,133,532	2,626,219
Total expenses		14,030,147	12,479,931
Operating (loss) / Gain before provisions		(6,330,470)	(6,194,526)
PROVISIONS			
Provision for potential lease losses		(1,778,171)	2,145,736
Provision for loans and receivables		41,461	829,948
Total provisions		(1,736,710)	2,975,684
(Loss) / Gain before taxation		(4,593,760)	(9,170,210)
TAXATION			
For the period	13	93,931	57,138
Prior year		-	-
		93,931	57,138
(Loss) / Gain for the period		(4,687,691)	(9,227,348)
(Loss) / Gain per share - basic and diluted		(0.15)	(0.29)

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


Bilal Mustafa
Director


Liaquat Ali
Chief Financial Officer


Mir Javed Hashmat
Chief Executive Officer



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

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the period ended March 31, 2018

	March 31, 2018	March 31, 2017
 Rupees	
(Loss) after Taxation	(4,687,691)	(9,227,348)
Other comprehensive income		
(Deficit) on revaluation of available-for-Sale Investment - Net	-	-
Total comprehensive (Loss) for the period	(4,687,691)	(9,227,348)

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


Bilal Mustafa
Director


Liaquat Ali
Chief Financial Officer


Mir Javed Hashmat
Chief Executive Officer



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

Condensed Interim Cash Flow Statement (Un-audited)

For the 1st Quarter ended March 31, 2018

Note	March 31, 2018	March 31, 2017
..... Rupees		
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before Tax	(4,593,760)	(9,170,210)
Adjustment for :		
-- Depreciation and Amortization	403,534	388,590
-- Gratuity expense	200,000	130,000
-- Finance Cost	3,133,532	2,614,876
-- Profit on Bank accounts / return on investment	(30,227)	(25,766)
-- Financial charges on leased assets	-	11,343
-- (Gain) on disposal of property and equipment	(154,990)	(545,867)
-- Provision for potential lease losses	(1,778,171)	2,145,736
-- Provision for loans and receivables	41,461	829,948
	1,815,139	5,548,860
Cash generated/ (Consumed) from operations before working capital changes	(2,778,621)	(3,621,350)
Working capital changes		
(Increase) / decrease in Operating assets		
-- Other receivable / Interest accrued	(37,841)	3,752
-- Deposits, prepayments & Other receivables	(147,503)	517,552
-- Loans and advances	(88,411)	(101,307)
	(273,755)	419,997
Increase / (Decrease) in current liabilities		
-- Trade and other payables	(216,657)	(603,392)
-- Provision for compensated absences	(43,600)	(329,321)
	(260,257)	(932,713)
Total Working capital changes	(534,012)	(512,716)
Cash generated from operations after working capital changes	(3,312,633)	(4,134,066)
(Increase)/Decrease in loans and receivables	413,796	(990,760)
(Increase)/Decrease in net investment in leases	(38,133,515)	3,696,472
Financial charges paid	(2,899,846)	(2,664,890)
Income received	30,227	25,766
Gratuity paid	(0)	(303,600)
Taxes paid	(89,847)	(55,640)
Long term deposits received / (paid)	9,219,600	9,067,500
	(31,459,585)	8,774,848
Long term deposits & prepayments		
Net cash used in operating activities	(34,772,218)	4,640,782
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(9,539)	-
Long term deposits & prepayments	(126,053)	(408,983)
Proceeds from disposal of fixed Assets	154,990	1,056,400
Net cash from / (used-in) investing activities	19,398	647,417
CASH FLOW FROM FINANCING ACTIVITIES		
Lease rentals paid	-	(649,971)
Net cash from financing activities	-	(649,971)
Net increase / (decrease) in cash and cash equivalents	(34,752,820)	4,638,228
Cash and cash equivalents at beginning of the year	(108,449,079)	(102,319,486)
Cash and cash equivalents at end of the period	15 (143,201,899)	(97,681,258)

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


Bilal Mustafa
Director


Liaquat Ali
Chief Financial Officer


Mir Javed Hashmat
Chief Executive Officer



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

For the 1st Quarter ended March 31, 2018

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 -----

Balance as at January 01, 2017	320,000,000	10,000,000	28,019,277	10,447,052	(211,510,762)	-	156,955,567
Net change to Retained Earning						-	-
Actuarial Gain on obligatin						-	-
(Loss) after Taxation					(9,227,348)	-	(9,227,348)
Balance as at December 31, 2017	320,000,000	10,000,000	28,019,277	10,447,052	(220,738,110)	-	147,728,219
Balance as at January 01, 2018	320,000,000	10,000,000	28,019,277	10,447,052	(235,215,727)	-	133,250,602
Actuarial Gain on obligatin						-	-
Net change to Retained Earning						-	-
(Loss) after Taxation					(4,687,691)	-	(4,687,691)
Balance as at March 31, 2018	320,000,000	10,000,000	28,019,277	10,447,052	(239,903,418)	-	128,562,911

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


Bilal Mustafa
Director


Liaquat Ali
Chief Financial Officer


Mir Javed Hashmat
Chief Executive Officer



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

For the 1st Quarter ended March 31, 2018

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 2018 is Rs. 128.562 million . The Company has been incurring lossess since the year ended 31, December 2009 which has resulted in erosion of equity. During the period ended 31, March 2018, the Company incurred a loss after tax of Rs. 4.867 million and accumulated losses as at 31 March 2018, amounted to Rs.239.903 million. Further, the net assets of the Company amounting to Rs.128.562 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 condensed interim financial statements (un-audited) have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting .The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of :- International Accounting Standards (IAS)34 " Interim Financial Reporting" issued by the International Accounting Standard Board (IASB)as notified under the Comapnies ACt ,2017; and- Provisions of and directives issued under the Companies Act 2017 , the Non Banking Companies (NBFCs) Rules, 2003 (the Rules) and Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations).

Where the provisions of and directives issued under Companies Act ,the Rules and the Regulations differ with the requirements of IAS 34 ,the provisions of and directives directives issued under the Companies Act 2017 and the Rules and the Regulations have been followed.

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, 2017.



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

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

For the 1st Quarter ended March 31, 2018

Note	March 31, 2018 (Un-audited)	December 31, 2017 (Audited)
..... Rupees		
3. CASH AND BANK BALANCES		
With State Bank of Pakistan in current account	21,642	21,642
With banks:		
in current accounts	1,908,390	1,733,001
in saving accounts	83,577	81,688
Cash in hand	66,412	66,412
3.1	2,080,021	1,902,743

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

Note	March 31, 2018 (Un-audited)	December 31, 2017 (Audited)
..... Rupees		
4. LONG TERM FINANCES AND LOANS - Secured		
Related Parties - Considered good Employees	1,797,738	1,884,251
Customers: Considered good	18,295,357	18,135,402
Considered doubtful	64,897,436	65,384,674
	83,192,793	83,520,076
Less: Provision	(10,829,836)	(10,788,374)
	72,362,957	72,731,702
	74,160,695	74,615,953
Less: Current maturity		
Related parties - Employees	(379,435)	(390,984)
Other than Related parties - Customers	(12,663,793)	(10,126,155)
Employees	(13,043,228)	(10,517,139)
	61,117,467	64,098,814
5. NET INVESTMENT IN LEASES		
Minimum lease payments receivable	435,064,975	397,763,577
Add: Residual value of leased assets	220,766,356	211,546,756
Lease contract receivable	655,831,331	609,310,333
Less: Unearned lease income	82,653,972	(74,250,554)
Less: Provision for potential lease losses	143,612,331	(145,390,502)
	226,266,303	(219,641,056)
Net investment in leases	429,565,028	389,669,277
Less: Current maturity of net investment in leases	78,942,718	65,783,608
Net investment in leases	350,622,310	323,885,669
5.1		

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

For the 1st Quarter ended March 31, 2018

5.1 Net investment in leases

Particulars	March 31, 2018 (Un-audited)			December 31, 2017 (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	69,729,843	365,335,132	435,064,975	72,400,332	325,363,245	397,763,577
Add : Residual Value of Leased Assets	25,600,001	195,166,355	220,766,356	6,300,000	205,246,756	211,546,756
Gross Investment in Leases	95,329,844	560,501,487	655,831,331	78,700,332	530,610,001	609,310,333
Unearned lease income	(16,387,126)	(13,486,217)	(29,873,343)	(12,916,724)	(7,944,790)	(20,861,514)
Markup held in Suspense Account	-	(52,780,629)	(52,780,629)	-	(53,389,040)	(53,389,040)
	(16,387,126)	(66,266,846)	(82,653,972)	(12,916,724)	(61,333,830)	(74,250,554)
	78,942,718	494,234,641	573,177,359	65,783,608	469,276,171	535,059,779
Provision for potential lease losses	-	(143,612,331)	(143,612,331)	-	(145,390,502)	(145,390,502)
Net Investment in Finance leases	78,942,718	350,622,310	429,565,028	65,783,608	323,885,669	389,669,277

The Internal Rate of Return (IRR) on lease contract receivable ranges from 9.495 to 26.67% (2017: 9.495% to 26.67%) per annum.

Note	March 31, 2018 (Un-audited)	December 31, 2017 (Audited)
Rupees		

6. Property and equipments

Fixed Assets	5,861,582	6,189,293
Intangible Assets	252,822	311,150
	6,114,404	6,500,443

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

	March 31, 2018 Unaudited		December 31, 2017 Audited	
	Additions	Deletions	Additions	Deletions
Rupees				
Owned				
Office Premises / Building improvements	-	-	-	-
Furniture and fixtures	-	-	88,495	-
Computers	-	-	22,634	-
Intangible	-	-	-	-
Office equipment & others	9,540	-	-	-
Vehicles	-	1,549,900	2,143,000	(1,664,100)
	9,540	1,549,900	2,254,129	(1,664,100)
Leased Assets				
Vehicles	-	-	-	(2,143,000)
	9,540	1,549,900	2,254,129	(3,807,100)

* Suzuki Cultas transfer from Leased Assets to owned Assets.



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

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

For the 1st Quarter ended March 31, 2018

Note	March 31, 2018 (Un-audited)	December 31, 2017 (Audited)
..... Rupees		
7 Current Maturity of Non-Current Liabilities		
Long term finances	373,233	373,233
Long term deposits	25,600,001	6,300,000
	25,973,234	6,673,233
8. CONTINGENCIES AND COMMITMENTS		
Lease disbursements	-	9,750,000

Note	March 31, 2018 (Un-audited)	March 31, 2017 (Un-audited)
..... Rupees		
9. INCOME FROM OPERATIONS		
Income from finance lease operations	6,513,090	4,701,673
Gain/(Loss) on termination of leases	-	-
	6,513,090	4,701,673
Income on finances and loans to Customers	1,001,370	1,012,099
	7,514,460	5,713,772
10 OTHER OPERATING INCOME		
Income from Investments	1,963	1,257
Income from financial assets	27,264	24,509
Other Income	1,000	-
Gain from non-financial assets	154,990	545,867
	185,217	571,633



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

For the 1st Quarter ended March 31, 2018

	March 31, 2018 (Un-audited)	March 31, 2017 (Un-audited)
 Rupees	
11 ADMINISTRATIVE & SELLING EXPENSES		
Salaries, allowances and other benefits	6,574,575	5,960,154
Directors' fee	180,000	180,000
Rent	829,126	819,070
Electricity, gas and water	181,396	178,204
Telephone and postage	233,461	164,512
Repairs and maintenance	101,475	121,187
Books and periodicals	10,885	6,748
Vehicle running	62,400	30,010
Advertising	-	85,270
Travelling, conveyance and entertainment	364,032	426,018
Printing and stationery	198,762	122,819
Auditors' remuneration	4,000	24,000
Depreciation and amortization	403,534	388,590
Legal and professional	1,344,486	800,231
Insurance	251,640	236,224
Miscellaneous	156,843	230,959
COMMISSION AND BROKERAGE CHARGES	-	79,716
	10,896,615	9,853,712
12. FINANCE COST		
Mark-up on:		
Long term finance from banking companies and financial institutions	-	-
Short term borrowings	3,125,552	2,577,555
	3,125,552	2,577,555
Lease finance charges	-	11,343
Bank charges	7,980	37,321
	3,133,532	2,626,219
Finance cost includes mark up expense related to SME Bank Limited, related party:		
Short term borrowings	3,125,552	2,577,555
	3,125,552	2,577,555



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

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

For the 1st Quarter ended March 31, 2018

	March 31, 2018 (Un-audited)	March 31, 2017 (Un-audited)
	Rupees	
13. Taxation		
Current Tax		
- Minimum Tax U/S 113.	93,931	57,138
- Final Tax Regime	-	-
	93,931	57,138

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 a 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:

	March 31, 2018 (Un-audited)		December 31, 2017 (Audited)	
	Key Management Personnel	SME Bank Limited	Key Management Personnel	SME Bank Limited
	Rupees			
Borrowings				
Balance as at January 1		110,351,822		104,838,931
Add: Further used during the year/period -Net		34,930,098		5,512,891
Closing Balance	-	145,281,920	-	110,351,822

	March 31, 2018 (Un-audited)		March 31, 2017 (Un-audited)	
Markup expense for the period	-	3,125,552	-	2,577,555
Rent expenses	-	105,822	-	103,652
Key Management Remuneration	1,942,920	-	1,443,160	-
P. F. -Company's Contribution	12,816	-	10,608	-

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

	March 31, 2018 (Un-audited)	March 31, 2017 (Un-audited)
	Rupees	
15. CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,080,021	1,795,463
Short term borrowings	(145,281,920)	(99,476,721)
	(143,201,899)	(97,681,258)



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

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

For the 1st Quarter ended March 31, 2018

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, 2018				Total
	Finance Lease	Loans and Receivable	Investment	Others	
Segment Revenue	6,513,090	1,001,370	-	185,217	7,699,677
Segment Profit	8,291,261	959,909	-	185,217	9,436,387
Segment Result					9,436,387
Unallocated Cost					
Finance Cost					3,133,532
Administrative & selling expenses					10,896,615
					14,030,147
Profit / (Loss) before Income Tax					(4,593,760)
Income Tax Expense					(93,931)
Profit / Loss for the year					(4,687,691)
Other Information					
Segment Assets	429,565,028	72,362,957	-	-	501,927,985
Unallocated Assets	-	-	-	15,348,042	15,348,042
Total Assets					517,276,027
Segment Liabilities	223,418,923	-	-	-	223,418,923
Unallocated Liabilities				165,294,193	165,294,193
Total Liabilities					388,713,116
Net Assets					128,562,911
Capital Expenditure				9,539	9,539



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

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

For the 1st Quarter ended March 31, 2018

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
Unallocated Cost					
Finance Cost					2,626,219
Administrative & selling expenses					9,853,712
					<u>12,479,931</u>
Loss before Taxation					(9,170,210)
Taxation					(57,138)
Profit for the period after Taxation					<u>(9,227,348)</u>

Particulars	December 31, 2017				
	Finance Lease	Loans and Receivable	Investment	Others	Total
Other Information					
Segment Assets	389,669,277	72,731,702	-	-	462,400,979
Unallocated Assets	-	-	-	15,243,508	15,243,508
Total Assets					<u>477,644,487</u>
Segment Liabilities	214,248,329	-	-	-	214,248,329
Unallocated Liabilities				130,145,556	130,145,556
Total Liabilities					<u>344,393,885</u>
Net Assets					<u>133,250,602</u>
Capital Expenditure				111,129	<u>111,129</u>

18. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on April, 25th 2018 by the Board of Directors of the company.


Bilal Mustafa
Director


Liaquat Ali
Chief Financial Officer


Mir Javed Hashmat
Chief Executive Officer



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CORPORATE