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Branch Network

Corporate Information

BOARD OF DIRECTORS

Ms. Mehnaz Saleem - Chairperson

Mr. Ihsan ul Haq Khan

Mir Javed Hashmat

Mr. Ali A. Rahim

Mr. Dilshad Ali Ahmad

Mian Tahir Bashir

Mr. Ateeq Ur Rehman

Chief Executive Officer

Mir Javed Hashmat

AUDIT COMMITTEE

Mr. Ateeq Ur Rehman - Chairman

Mr. Ali A. Rahim - Member

Mian Tahir Bashir - Member

HUMAN RESOURCE COMMITTEE

Mr. Ali A. Rahim - Chairman

Mr. Dilshad Ali Ahmad - Member

Mir Javed Hashmat - Member

RISK COMMITTEE

Mr. Dilshad Ali Ahmad - Chairman

Mr. Ali A. Rahim - Member

Mian Tahir Bashir - Member

Corporate Information

COMPANY SECRETARY & CFO

Mr. Osama Iqbal

ACTING INTERNAL AUDITOR

Mr. Naeem-ul-Hasan

EXTERNAL AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

TAX CONSULTANT

Earnst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

LEGAL ADVISOR

Mohsin Tayebaly & Company,
Advocate & Legal Consultant

CREDIT RATING

Long-term: BB - 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.

Tel: 042-35170336-7, Fax: 042-35170338

E-mail: info@corptec.com.pk

BANKS AND LENDING INSTITUTIONS

Allied Bank Limited

MCB Bank Limited

SME Bank Limited

Meezan Bank Limited

Directors' Report

The Board of Directors of **SME Leasing Limited** takes pleasure in presenting the un-audited condensed Financial Statements of the Company for the nine months ended September 30, 2015.

During the period the company transacted new business of Rs.28.20 million out of the recoveries alone in addition to meeting its day to day expenses and payment of short term borrowings which decreased from Rs. 155.32 million to Rs. 130.04 million thereby decreasing the current liabilities from Rs. 395.35 million to Rs. 333.88 million. During the nine months period, the company suffered after tax loss of Rs.8.04 million as compared to Rs.2.88 million made during the corresponding period mainly on account of increase in financial charges and suspension of income due to default in payment of rentals by the new leases. During this period, there is net reversal of Rs.4.15 million against potential lease losses as compared to Rs. 3.92 million in 2014. This represents a better recovery from Non-Performing Loans as compared to the corresponding period. Total assets of the company have decreased to Rs. 589.60 million from Rs. 658.38 million as of December 2014. The gross revenue of the company as on September 30, 2015 has decreased to Rs. 25.29 million as compared to Rs. 31.83 million in the corresponding period because of the shrinking of the regular portfolio and non generation of fresh assets due to financial constraints.

As a result of above mentioned facts the equity of the company also reduced to Rs. 183.41 million as against Rs. 190.47 million in the corresponding year ended December 31, 2014.

In order to bring improvements in the financial health of the company and build new healthy assets in the coming years, the company has launched an aggressive recovery campaign and is also working on various options to generate additional resources in consultation with the main sponsor SME Bank Limited, besides exploring possibilities of raising funds from other financial institutions.

Initiatives are being taken to improve quality of appraisal, strengthen recovery and marketing systems, and induct competent human resource to turn around the company in short span of time. Room for improvement is always there, and your directors being conscious of their responsibilities are determined to ensure that better results are obtained in future.

The board recognizes and appreciates the support and role of the lending institutions, regulatory authorities, management team and all the staff members of the company.

For and on behalf of the Board of Directors



Ms. Mehnaz Saleem
Chairperson/Director

Dated: October 26, 2015



Condensed Interim Balance Sheet (Un-audited)

As at September 30, 2015

		September 30, 2015	December 31, 2014
	Note	(Un-Audited)	(Audited)
..... Rupees			
ASSETS			
Current assets			
Cash and bank balances	3	1,444,005	5,520,170
Mark-up accrued		3,058,331	1,391,293
Loans and advances		2,164,692	2,129,255
Deposits, prepayments and other receivables		852,280	982,396
Investments - available for sale	4	4,189,268	3,209,123
Asset held for Sale		3,979,986	3,979,986
Current maturity of non current assets		413,574,144	416,543,263
Total current assets		429,262,706	433,755,486
Non-current assets			
Long term finances and loans	5	34,741,209	57,647,617
Net investment in leases	6	114,617,996	154,887,400
Long-term deposits and prepayments		1,448,322	1,626,654
Property and equipment	7	9,532,762	10,466,345
		160,340,289	224,628,016
Total assets		589,602,995	658,383,502
LIABILITIES			
Current liabilities			
Trade and others payable		4,898,666	15,654,125
Mark-up accrued		795,911	2,382,032
Short term borrowings		130,045,177	155,320,077
Current Maturity of non current liabilities		189,051,229	208,632,647
Provision for compensated absences		862,692	1,033,768
Provision for compensated absences		8,232,604	12,334,023
Total current liabilities		333,886,279	395,356,672
Non-current liabilities			
Liabilities against assets subject to finance lease		1,153,864	1,974,255
Long-term deposits		66,981,901	65,971,901
Deferred liabilities		4,167,004	4,606,467
		72,302,769	72,552,623
Total liabilities		406,189,048	467,909,295
NET ASSETS		183,413,947	190,474,207
FINANCED BY			
Authorised share capital			
100,000,000 (2010: 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)		(188,061,650)	(180,021,245)
		180,404,679	188,445,084
Unrealized loss on available for sale investments		3,009,268	2,029,123
Total shareholder's equity		183,413,947	190,474,207
Contingencies and commitments	8		

The annexed notes 1 to 16 form an integral part of these financial statements.


Ali A. Rahim
Director


Mir Javed Hashmat
Chief Executive Officer

Condensed Interim Profit And Loss Account (Un-audited)

For the 3rd Quarter ended September 30, 2015

Note	Nine months period ended		Three Months period ended		
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	
----- (Rupees) -----					
REVENUE					
Income from operations	9	25,117,438	31,699,358	6,519,588	13,609,992
Other operating income	10	174,503	138,344	17,462	23,132
Total revenue		25,291,941	31,837,702	6,537,050	13,633,124
EXPENSES					
Administrative	11	27,595,649	27,467,413	9,384,186	9,228,329
Finance cost	12	13,704,432	10,855,961	3,613,376	5,566,714
Total expenses		41,300,081	38,323,374	12,997,562	14,795,043
Operating (loss) before provisions		(16,008,140)	(6,485,672)	(6,460,512)	(1,161,919)
PROVISIONS					
Provision for potential lease losses		(4,854,187)	(4,356,627)	(2,509,039)	780,526
Provision for loans and receivables		706,742	432,015	407,061	48,849
Total provisions		(4,147,445)	(3,924,612)	(2,101,978)	829,375
(Loss) before taxation		(11,860,695)	(2,561,060)	(4,358,534)	(1,991,294)
TAXATION					
Current		252,919	318,377	65,371	136,331
Prior Year		(4,073,209)	-	-	-
		(3,820,290)	318,377	65,371	136,331
(Loss) for the period		(8,040,405)	(2,879,437)	(4,423,905)	(2,127,625)
(Loss) per share - basic and diluted		(0.25)	(0.09)	(0.14)	(0.07)

The annexed notes 1 to 16 form an integral part of these financial statements


Ali A. Rahim
Director


Mir Javed Hashmat
Chief Executive Officer



Condensed Interim Statement of Comprehensive Income (Un-audited)

For the 3rd Quarter ended September 30, 2015

	Nine months period ended		Three Months period ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	----- (Rupees) -----			
(Loss) for the period after tax	(8,040,405)	(2,879,437)	(4,423,905)	(2,127,625)
Other comprehensive income				
(Deficit) / surplus on revaluation of available-for-sale investments	980,145	257,108	-	(29,255)
Total comprehensive (loss) for the period	(7,060,260)	(2,622,329)	(4,423,905)	(2,156,880)

The annexed notes 1 to 16 form an integral part of these financial statements .


Ali A. Rahim
Director


Mir Javed Hashmat
Chief Executive Officer

Condensed Interim Cash Flow Statement (Un-audited)

For the 3rd Quarter ended September 30, 2015

	Note	September 30, 2015	September 30, 2014
..... Rupees			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (utilities) / generated from operation after working capital changes	13	(13,564,529)	14,392,899
(Increase)/Decrease in net investment in leases		61,037,673	(65,194,730)
(Increase)/Decrease in loans and receivables		9,254,703	(53,803,671)
Mark-up paid		(15,075,613)	(9,033,422)
Mark-up received		38,770	73,107
Gratuity paid		(589,463)	(172,394)
Taxes paid		(281,129)	(393,464)
Long term deposits received		(17,568,250)	1,792,230
		36,816,691	(126,732,344)
Net cash used in operating activities		23,252,162	(112,339,445)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(427,566)	(299,313)
Proceeds from disposal of fixed Assets		292,000	245,670
(Increase)/Decrease in investments		-	2,000,000
(Increase)/Decrease in long-term deposits and prepayments		178,332	(202,445)
Net cash from / (used-in) investing activities		42,766	1,743,912
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(Decrease) in long-term finance		(892,256)	(1,876,013)
Decrease in Certificate of investments		-	(100,000)
Lease rentals paid		(1,203,937)	(1,370,220)
Net cash from financing activities		(2,096,193)	(3,346,233)
Net increase / (decrease) in cash and cash equivalents		21,198,735	(113,941,766)
Cash and cash equivalents at beginning of the year		(149,799,907)	(31,501,070)
Cash and cash equivalents at end of the period	14	(128,601,172)	(145,442,836)

The annexed notes 1 to 16 form an integral part of these financial statements.



Ali A. Rahim
Director



Mir Javed Hashmat
Chief Executive Officer

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

For the 3rd Quarter ended September 30, 2015

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

----- Rupees -----

Balance as at January 1, 2014	320,000,000	10,000,000	28,019,277	10,447,052	(168,940,325)	807,699	200,333,703
(Loss) after Taxation	-	-	-	-	(2,879,437)	-	(2,879,437)
Surplus on revaluation of available-for-sale investments - Net	-	-	-	-	-	257,108	257,108
Actuarial Gain on obligatin	-	-	-	-	-	-	-
Balance as at September 30, 2014	320,000,000	10,000,000	28,019,277	10,447,052	(171,819,762)	1,064,807	197,711,374
Balance as at January 01, 2015	320,000,000	10,000,000	28,019,277	10,447,052	(180,021,245)	2,029,123	190,474,207
(Loss) after Taxation	-	-	-	-	(8,040,405)	-	(8,040,405)
Surplus on revaluation of available-for-sale investments - Net	-	-	-	-	-	980,145	980,145
Balance as at September 30, 2015	320,000,000	10,000,000	28,019,277	10,447,052	(188,061,650)	3,009,268	183,413,947

The annexed notes 1 to 16 form an integral part of these financial statements



Ali A. Rahim
Director



Mir Javed Hashmat
Chief Executive Officer

Selected Notes to the Condensed Interim Financial Statements (Un-audited)

For the 3rd Quarter ended September 30, 2015

1. THE COMPANY AND ITS OPERATIONS

- 1.1** 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% (2014: 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 Lahore 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.

The company is registered with the Securities and Exchange Commission of Pakistan as a leasing company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. These rules were amended vide SRO No. 1131 (I)/2007 on 21 November 2007 whereby Non Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations) were issued. Subsequently NBFC Regulations were amended vide SRO,1203,(1)/2008 on November 21,2008,whereby Non-Banking Finance Companies and Notified Regulations,2008 were issued.

- 1.2** Regulation 4 of Non-Banking finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations 2008) require a leasing company to maintain, at all times, minimum equity of Rs.700 millions by June 30, 2013. The equity of the Company as at September 30, 2015 is Rs.183.41 million which is Rs.516.59 million short of the minimum capital requirement. The Company has been incurring losses since the year ended 31 December 2009 which has resulted in erosion of equity. During the period ended September 30, 2015, the Company has after tax Loss of Rs.8.04 million and the accumulated losses as at September 30, 2015, amounting to Rs.188.06 million. Further, the net assets of the Company amounting to Rs. 183.41 million includes non performing loans, net of provision.

The license to conduct leasing business granted to the Company by the Securities and Exchange Commission of Pakistan (SECP) dated June 30, 2010, which expired on May 20, 2013, specifically mentions that the license is subject to consistent compliance with all the requirements of NBFC Regulations 2008.

The Company has applied for renewal of the license on April 22, 2013 and submitted a detailed business plan including measures to be taken for improvement of financial health of the Company and due compliance with minimum equity requirement as per NBFC Regulations 2008. Considering the financial health of the Company and expiry of leasing license, the SECP in letter dated July 05, 2013 instructed the Company to not to raise deposits from general public in any form till the compliance of the minimum equity requirement and the renewal of the leasing license.

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, 2014.



Selected Notes to the Condensed Interim Financial Statements (Un-audited)

For the 3rd Quarter ended September 30, 2015

	September 30, 2015 (Un-audited)	December 31, 2014 (Audited)
3. CASH AND BANK BALANCES Rupees	
With State Bank of Pakistan in current account	43,095	23,095
With banks:		
in current accounts	1,199,466	5,285,026
in saving accounts	135,032	145,541
Cash in hand	66,412	66,508
	1,444,005	5,520,170

3.1. These carry profit rate of 5% per annum (2014: 6% per annum)

	September 30, 2015 (Un-audited)	December 31, 2014 (Audited)
4 INVESTMENTS - Available for Sale Rupees	
Mutual Funds : Namco Balance Fund	2,500,000	2,500,000
	2,500,000	2,500,000
Less: Provision for impairment in investment	(1,320,000)	(1,320,000)
Add: Surplus on revaluation of investment	3,009,268	2,029,123
	1,689,268	709,123
Fair value at the end of the period	4,189,268	3,209,123
5. LONG TERM FINANCES AND LOANS - Secured		
Related Parties - Considered good		
Employees	439,303	1,211,419
Others than Related parties		
Customers: Considered good	28,636,291	78,682,315
Considered doubtful	76,627,775	35,064,338
	105,264,066	113,746,653
Less: Provision	(5,759,810)	(5,053,068)
	99,504,256	108,693,585
	99,943,559	109,905,004
Less: Current maturity		
Related parties - Employees	68,441	107,709
Other than Related parties - Customers	65,133,909	52,149,678
Employees	(65,202,350)	(52,257,387)
	34,741,209	57,647,617

Selected Notes to the Condensed Interim Financial Statements (Un-audited)

For the 3rd Quarter ended September 30, 2015

Note	September 30, 2015	December 31, 2014
	(Un-audited)	(Audited)
..... Rupees		
6. NET INVESTMENT IN LEASES		
Minimum lease payments receivable	443,136,045	504,944,028
Add: Residual value of leased assets	254,571,973	272,140,223
Lease contract receivable	6.1 697,708,018	777,084,251
Less: Unearned lease income	80,281,305	98,619,865
Less: Provision for potential lease losses	154,436,923	159,291,110
	234,718,228	257,910,975
Net investment in leases	462,989,790	519,173,276
Less: Current maturity of net investment in leases	348,371,794	364,285,877
Net investment in leases	114,617,996	154,887,399

6.1. The Internal Rate of Return (IRR) on lease contract receivable ranges from 10.00% to 29.1% (2014: 10.00% to 29.1%) per annum.

6-A Net investment in finance leases

	September 30, 2015 (Un-audited)			December 31, 2014 (Audited)		
	Total	Later than one year & less than Five years	Not later than One year	Total	Later than one year & less than Five years	Not later than One year
..... Rupees						
Minimum Lease payments	443,136,045	51,653,070	391,482,975	504,944,028	104,235,133	400,708,895
Add : Residual Value of Leased Assets	254,571,973	66,981,901	187,590,072	272,140,223	65,971,901	206,168,322
Gross Investment in Leases	697,708,018	118,634,971	579,073,047	777,084,251	170,207,034	606,877,217
Unearned lease Income	(22,710,471)	(4,016,975)	(18,693,496)	(41,070,080)	(13,407,649)	(27,662,431)
Markup held in Suspense Account	(57,570,834)	-	(57,570,834)	(57,549,785)	-	(57,549,785)
	(80,281,305)	(4,016,975)	(76,264,330)	(98,619,865)	(13,407,649)	(85,212,216)
	617,426,713	114,617,996	502,808,717	678,464,386	156,799,385	521,665,001
Provision for potential lease losses	(154,436,923)	-	(154,436,923)	(159,291,110)	(1,911,985)	(157,379,125)
Net Investment in Finance leases	462,989,790	114,617,996	348,371,794	519,173,276	154,887,400	364,285,876

Selected Notes to the Condensed Interim Financial Statements (Un-audited)

For the 3rd Quarter ended September 30, 2015

	September 30, 2015 (Un-audited)	December 31, 2014 (Audited)
	Rupees	
7. Property and equipments		
Fixed Assets	9,517,777	10,428,865
Intangible Assets	14,985	37,480
	9,532,762	10,466,345

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

	September 30, 2015 (Un-audited)		December 31, 2014 (Audited)	
	Additions	Deletions	Additions	Deletions
	Rupees			
Owned				
Office Premises / Building improvements	-	-	0	3,979,986
Furniture and fixtures	118,798	-	0	0
Computers	62,768	0	0	
Intangible	19,600	19,600	0	
Office equipment & others	345,198	-	0	0
Vehicles	950,000	197,767	698,000	723,961
	1,496,364	217,367	698,000	4,703,947
Leased Assets				
Vehicles				
(Transfer from leased assets)	-	950,000	-	(698,000)
	1,496,364	1,167,367	698,000	4,005,947

* Represents assets transferred from leased asset to owned assets for Rs.698,000/= .

** Represents assets transferred from Owned assets to assets held for Sale 3,979,986/=.

	September 30, 2015 (Un-audited)	December 31, 2014 (Audited)
	Rupees	
8. CONTINGENCIES AND COMMITMENTS		
Lease disbursements	3,314,375	3,280,000

	September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
	Rupees	
9. INCOME FROM OPERATIONS		
Income from finance lease operations	19,628,371	23,530,846
Gain/(Loss) on termination of leases	169,802	72,815
	19,798,173	23,603,661
Income from Loan and Advances	5,319,265	8,095,697
	25,117,438	31,699,358

Selected Notes to the Condensed Interim Financial Statements (Un-audited)

For the 3rd Quarter ended September 30, 2015

	September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
	Rupees	
10 OTHER OPERATING INCOME		
Income from Investments	9,200	73,107
Income from financial assets	29,570	54,237
Gain from non-financial assets	135,733	11,000
	<u>174,503</u>	<u>138,344</u>
11 ADMINISTRATIVE & SELLING EXPENSES		
Salaries, allowances and other benefits	15,314,368	15,665,798
Directors' fee	380,000	183,000
Rent	1,657,928	1,584,789
Electricity, gas and water	633,036	816,449
Telephone and postage	616,509	782,870
Repairs and maintenance	298,956	403,619
Books and periodicals	29,458	25,877
Fees and subscriptions	-	26,722
Vehicle running	242,249	381,788
Advertising	318,534	130,965
Training and development	131,500	33,000
Travelling, conveyance and entertainment	1,662,853	1,528,042
Printing and stationery	544,284	671,325
Auditors' remuneration	174,800	209,000
Depreciation and amortization	1,262,576	1,414,142
Legal and professional	3,302,079	2,299,919
Insurance	641,979	729,338
Commission and Brokerage charges	-	72,200
Miscellaneous	384,540	508,570
	<u>27,595,649</u>	<u>27,467,413</u>
12. FINANCE COST		
Mark-up on:		
Long term finance from banking companies and financial institutions	96,702	83,384
Certificates of Investment	-	19,830
Short term borrowings	13,307,594	10,308,790
	13,404,296	10,412,004
Lease finance charges	214,940	283,797
Bank charges	85,196	160,160
	<u>13,704,432</u>	<u>10,855,961</u>
Finance cost includes mark up expense related to SME Bank Limited, related party:		
Short term borrowings	13,307,594	10,308,790
	<u>13,307,594</u>	<u>10,308,790</u>



Selected Notes to the Condensed Interim Financial Statements (Un-audited)

For the 3rd Quarter ended September 30, 2015

September 30, 2015
(Un-audited)

September 30, 2014
(Un-audited)

..... Rupees

13. CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

(Loss) before Tax	(11,860,695)	(2,561,060)
Adjustment for non-cash charges and other items		
Depreciation	1,262,576	1,414,142
Gratuity expense	150,000	297,623
Mark-up expense	13,489,492	10,572,164
Mark-up income	(38,770)	(73,107)
Financial charges on leased assets	214,940	283,797
(Gain) on disposal of property and equipment	(135,733)	(11,000)
Provision for potential lease losses	(4,854,187)	(4,356,627)
Provision for loans and receivables	706,742	432,015
Total adjustments for non-cash charges and other items	10,795,060	8,559,007
Cash (utilities) / generated from operation after working capital changes	(1,065,635)	5,997,947
Working capital changes (Increase) / decrease in current assets		
Other receivable / Interest accrued	(1,667,038)	(552,461)
Deposits, prepayments & Other receivables	130,116	1,000,491
Long term Deposits & prepayments	-	-
Loans and advances	(35,437)	(793,521)
	(1,572,359)	(345,491)
Increase / (Decrease) in current liabilities		
Provision for compensated absences	(171,076)	(173,787)
Trade and other payables	(10,755,459)	8,914,230
	(10,926,535)	8,740,443
Total working capital changes	(12,498,894)	8,394,952
Cash generated from operations after working capital changes	(13,564,529)	14,392,899
14. CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,444,005	3,270,152
Short term borrowings	(130,045,177)	(148,712,988)
	(128,601,172)	(145,442,836)

15. 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:

Selected Notes to the Condensed Interim Financial Statements (Un-audited)

For the 3rd Quarter ended September 30, 2015

	September 30, 2015		December 31, 2014	
	Key Management Personnel (Un-audited)	SME Bank (Holding Company)	Key Management Personnel (Audited)	SME Bank (Holding Company)
Rupees				
Borrowings				
Balance as at January 1		155,320,077		37,534,120
Add: Borrowings during the period		-		126,540,120
Less: Repayments during the period		25,274,900		(8,754,163)
Balance as at September 30, 2015.	-	<u>130,045,177</u>	-	<u>155,320,077</u>
(Payable) to SME Bank Ltd. (Rent & other transactions)		(178,582)		0
Payable / Receivable from staff Provident fund		(92,766)		(90,685)

	September 30, 2015		September 30, 2014	
	Key Management Personnel (Un-audited)	SME Bank (Holding Company)	Key Management Personnel (Un-audited)	SME Bank (Holding Company)
Rupees				
Markup expense for the period		13,307,594		10,308,790
Other Transactions				
Rent expenses		244,206		244,206
Key Management Remuneration	3,182,656		3,205,400	
Post Retirement Benefits	-		-	
P. F. - Company's Contribution	67,032		-	

All transactions with the holding company are carried out on commercial terms and conditions.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The company considers all departmental heads, chief executives and directors to be key management personnel. There are no transactions with key management personnel other than under their terms of employment.

16. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on October 26th 2015 by the Board of Directors of the company.


Ali A. Rahim
Director


Mir Javed Hashmat
Chief Executive Officer

Branch Network

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