



Quarterly Report | 2016
September 30,



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

Contents

02

Corporate Information

04

Directors' Review Report

06

Condensed Interim Balance Sheet

07

Condensed Interim Profit And Loss Account

08

Condensed Interim Statement of Comprehensive Income

09

Condensed Interim Cash Flow Statement

10

Condensed Interim Statement of Changes in Equity

11

Notes to the Condensed Interim Financial Information

19

Branch Network

Corporate Information

BOARD OF DIRECTORS

Ms. Mehnaz Saleem - Chairperson

Mir Javed Hashmat - CEO

Mr. Ihsan ul Haq Khan

Mr. Bilal Mustafa*

Mr. Dilshad Ali Ahmad

Mr. Ateeq Ur Rehman

* Subject to SECP Approval

Chief Executive Officer

Mir Javed Hashmat

AUDIT COMMITTEE

Mr. Ateeq Ur Rehman - Chairman

Mr. Bilal Mustafa - Member

HUMAN RESOURCE COMMITTEE

Mr. Bilal Mustafa - Chairman

Mr. Dilshad Ali Ahmad - Member

Mir Javed Hashmat - Member

COMPANY SECRETARY & CFO

Mr. Osama Iqbal

INTERNAL AUDITOR

Mr. Naeem-ul-Hasan

Corporate Information

EXTERNAL AUDITORS

Grant Thornton Anjum Rahman
Chartered Accountants

TAX CONSULTANT

Earnst & 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-ud-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.

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' Review Report

The Board of Directors of **SME Leasing Limited** takes pleasure in presenting the un-audited condensed Financial Statements of the Company for the third quarter ended September 30, 2016.

The Board is pleased to announce that the company is making continuous efforts towards improvement in its operation and has succeeded in curtailing its losses for the period to a reasonable extent. Loss before tax has been reduced to Rs. 3.8 million as compared to Rs. 11.9 million in the corresponding period. This has been possible due to our main focus on recovery, addition of new quality business and strict control on expenses of the company. During the nine months period the company transacted new business of Rs. 75.86 million as compared to Rs. 28.28 million in the corresponding period.

The current liabilities have decreased from Rs. 335.34 million to Rs. 321.57 million. The total assets of the company have decreased to Rs. 533.91 million from Rs. 568.32 million as of December 2015 due to aggressive recovery efforts and maturity of regular leases resulting in reduction of lease receivables. During the nine months period total recovery made is Rs. 102.28 as compared to Rs. 95.27 million and recovery from Non-Performing Loans stood at Rs. 36.47 million as compared to Rs. 15.40 million of the corresponding period. The gross revenue of the company as on 30th September 2016 has increased to Rs. 30.18 million as compared to Rs. 25.29 million in the corresponding period.

The equity of the company has decreased to Rs. 167 million as compared to Rs. 174 million on the year ended December 31, 2015.

In order to improve the financial position of the company, the management is focusing mainly on the recoveries and to utilize these resources towards building a healthy performing portfolio. Management is also working on other options to mobilize resources needed for a sustainable growth. Efforts are being made to manage the loss of the company through injection of fresh portfolio by gaining access to funds from the capital markets.

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

On behalf of Board of Directors

Ms. Mehnaz Saleem
Chairperson

Dated: October 25, 2016

ڈائریکٹر رپورٹ

ایس ایم ای لیزنگ لمیٹڈ کے بورڈ آف ڈائریکٹرز مورخہ: ۳۰ ستمبر ۲۰۱۶ء کو ختم ہونے والی تیسری سہ ماہی غیر آڈٹ شدہ مالیاتی رپورٹ پیش کرنے میں مسرت محسوس کرتے ہیں۔

بورڈ آف ڈائریکٹرز، اعلان کرتے ہوئے خوشی محسوس کرتے ہیں کہ کمپنی آپریشنز میں بہتری کی طرف مسلسل کوشش کر رہی ہے اور ایک مناسب حد تک اس کے نقصانات روکنے میں کامیاب ہو گئی ہے۔ اسی مدت میں ٹیکس سے پہلے نقصان کو ایک کروڑ اٹھ سو لاکھ روپے سے اڑتیس لاکھ روپے تک کم کیا گیا ہے یہ بحالی ہماری مرکزی توجہ اچھی کارکردگی اور غیر وصول شدہ قرضوں کی وصولی اور منصوبہ بندی کے ساتھ کمپنی کے اخراجات کو کم کرنے سے ممکن ہوئی ہے۔ اسی تین سہ ماہی مدت میں دو کروڑ بیاسی لاکھ اسی ہزار روپے کے مقابلے میں کمپنی میں سات کروڑ اٹھ سو لاکھ ساٹھ ہزار روپے کے نئے کاروباری لین دین شامل کیئے گئے ہیں۔

موجودہ قرضوں میں تینتیس کروڑ تریس لاکھ چالیس ہزار روپے سے بیس کروڑ بیس لاکھ پچاس ہزار روپے کی کمی آئی ہے جبکہ کمپنی کے مجموعی اثاثے چھین کروڑ تریس لاکھ بیس ہزار روپے سے کم ہو کر تریس کروڑ باون لاکھ ساٹھ ہزار روپے ہو گئے ہیں۔ کمپنی کے مجموعی اثاثے میں کمی کی وجہ لیز وصولی کی کوشش اور لیز کی مدت ختم ہونا ہے۔ ان نو ماہ کے دوران کمپنی کی کل وصولی دس کروڑ بائیس لاکھ اسی ہزار روپے رہے جبکہ غیر وصول شدہ قرضوں سے وصولی تین کروڑ چونسٹھ لاکھ پانچ ہزار روپے رہی جو کہ پچھلے سال نو ماہ میں ایک کروڑ چوں لاکھ روپے تھی۔ ۳۰ ستمبر ۲۰۱۶ء پر کمپنی کی مجموعی آمدنی بڑھ کر تین کروڑ ایک لاکھ اسی ہزار روپے ہوئی جو کہ پچھلی مدت میں دو کروڑ باون لاکھ نوے ہزار روپے تھی۔ کمپنی کی ایکویٹی ایک کروڑ چھتر لاکھ روپے سے کم ہو کر ایک کروڑ سرسٹھ لاکھ روپے پر آکھڑی ہوئی ہے۔

کمپنی کی حالت کو بہتر بنانے کے لئے مینجمنٹ کی توجہ بنیادی طور پر وصولیوں پر مرکوز ہے اور ایک صحت مند کارکردگی کے لیے پورٹ فولیو کی تعمیر کی طرف وسائل کو استعمال کرنا ہے۔ کمپنی کو نقصان سے بچانے کے لئے مینجمنٹ فنڈز تک رسائی حاصل کر کے تازہ پورٹ فولیو کو منظم کرنے کی کوشش کر رہی ہے۔

بورڈ آف ڈائریکٹرز تمام مالیاتی اداروں، ریگولیٹری حکام اور انتظامیہ ٹیم کی کاوشوں اور تمام عملے کے کردار کو سراہتی ہے۔

Muhammad Khalid

چیر پرسن / ڈائریکٹر

۲۵ اکتوبر، ۲۰۱۶ء

Condensed Interim Balance Sheet (Un-audited)

As at September 30, 2016.

	September 30, 2016 (Un-Audited)	December 31, 2015 (Audited)
	Rupees	
ASSETS		
Current assets		
Cash and bank balances	3,301,241	3,115,209
Mark-up accrued	3,325	13,843
Loans and advances	2,719,533	2,484,094
Deposits, prepayments and other receivables	2,561,625	1,630,488
Investments - available for sale	-	4,283,091
Asset Held for Sale	-	3,979,986
Current maturity of non current assets	406,413,918	432,784,153
Total current assets	416,999,642	448,290,864
Non-current assets		
Long term finances and loans	18,177,345	17,380,776
Net investment in leases	88,007,355	91,803,251
Long-term deposits and prepayments	2,028,337	1,543,322
Property and equipment	8,695,742	9,297,595
Total Non-current assets	116,908,779	120,024,944
Total assets	533,908,421	568,315,808
LIABILITIES		
Current liabilities		
Trade and others payable	3,986,211	6,066,743
Mark-up accrued	2,089,243	1,171,429
Short term borrowings	119,923,353	129,066,524
Current Maturity of non current liabilities	186,508,306	189,774,946
Provision for compensated absences	902,108	1,069,901
Provision for compensated absences	-	-
Taxation payable	8,158,792	8,186,714
Total current liabilities	321,568,013	335,336,257
Non-current liabilities		
Liabilities against assets subject to finance lease	-	600,977
Long-term deposits	40,635,241	53,040,880
Deferred liabilities	4,475,283	4,890,705
	45,110,524	58,532,562
Total liabilities	366,678,537	393,868,819
NET ASSETS	167,229,884	174,446,989
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)	(201,236,445)	(197,122,431)
	167,229,884	171,343,898
Unrealized Gain on available for sale investments	-	3,103,091
Total shareholder's equity	167,229,884	174,446,989
Contingencies and commitments	9	

The annexed notes 1 to 18 form an integral part of these financial statements.



Mir Javed Hashmat
Chief Executive Officer



Ms. Mehnaz Saleem
Director

Condensed Interim Profit And Loss Account (Un-audited)

For the period ended September 30, 2016.

Note	Nine Months period ended		Three Months period ended		
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	
----- (Rupees) -----					
REVENUE					
	10	25,717,871	25,117,438	7,090,919	6,519,588
Income from operations		4,466,634	174,503	1,776,428	17,462
Other operating income	11	30,184,505	25,291,941	8,867,347	6,537,050
Total revenue					
EXPENSES					
Administrative	12	26,417,957	27,595,649	8,166,524	9,384,186
Finance cost	13	10,293,721	13,704,432	3,172,034	3,613,376
Total expenses		36,711,678	41,300,081	11,338,558	12,997,562
Operating (loss) before provisions		(6,527,173)	(16,008,140)	(2,471,211)	(6,460,512)
PROVISIONS					
Provision for potential lease losses		(3,162,867)	(4,854,187)	(1,031,816)	(2,509,039)
Provision for loans and receivables		467,952	706,742	262,524	407,061
Total provisions		(2,694,915)	(4,147,445)	(769,292)	(2,101,978)
(Loss) before taxation		(3,832,258)	(11,860,695)	(1,701,919)	(4,358,534)
TAXATION					
For the period	14	281,756	252,919	95,486	65,371
Prior year		-	(4,073,209)	-	-
		281,756	(3,820,290)	95,486	65,371
(Loss) for the period		(4,114,014)	(8,040,405)	(1,797,405)	(4,423,905)
(Loss) per share - basic and diluted		(0.13)	(0.25)	(0.06)	(0.14)

The annexed notes 1 to 18 form an integral part of these financial statements



Mir Javed Hashmat
Chief Executive Officer



Ms. Mehnaz Saleem
Director



Condensed Interim Statement of Comprehensive Income (Un-audited)

For the period ended September 30, 2016.

	Nine Months period ended		Three Months period ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	----- (Rupees) -----			
(Loss) after Taxation	(4,114,014)	(8,040,405)	(1,797,405)	(4,423,905)
Other comprehensive income				
Surplus / (Deficit) on revaluation of available-for-Sale Investment - Net	-	980,145	-	-
Total comprehensive (Loss) for the period	(4,114,014)	(7,060,260)	(1,797,405)	(4,423,905)

The annexed notes 1 to 18 form an integral part of these financial statements


Mir Javed Hashmat
Chief Executive Officer


Ms. Mehnaz Saleem
Director

Condensed Interim Cash Flow Statement (Un-audited)

For the period ended September 30, 2016.

Note	September 30, 2016	September 30, 2015
 Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before Tax	(3,832,258)	(11,860,695)
Adjustment for :		
Depreciation and Amortization	1,359,316	1,262,576
Gratuity expense	232,588	150,000
Finance Cost	10,199,659	13,489,492
Profit on Bank accounts / return on investment	(30,517)	(38,770)
Financial charges on leased assets	94,062	214,940
(Gain) on disposal of property and equipment	(2,670,014)	(135,733)
Provision for potential lease losses	(3,162,867)	(4,854,187)
Provision for loans and receivables	467,952	706,742
	6,490,179	10,795,060
Cash generated/ (Consumed) from operations before working capital changes	2,657,921	(1,065,635)
Working capital changes		
(Increase) / decrease in Operating assets	10,518	(1,667,038)
Other receivable / Interest accrued	(931,137)	130,116
Deposits, prepayments & Other receivables	(235,439)	(35,437)
Loans and advances	(1,156,058)	(1,572,359)
Increase / (Decrease) in current liabilities		
Trade and other payables	(2,080,532)	(10,755,459)
Provision for compensated absences	(167,793)	(171,076)
	(2,248,325)	(10,926,535)
Total Working capital changes	(3,404,383)	(12,498,894)
Cash generated from operations after working capital changes	(746,462)	(13,564,529)
(Increase)/Decrease in loans and receivables	20,266	9,254,703
(Increase)/Decrease in net investment in leases	32,044,211	61,037,673
Financial charges paid	(9,194,352)	(15,075,613)
Income received	(1,538,961)	38,770
Gratuity paid	(648,010)	(589,463)
Taxes paid	(309,678)	(281,129)
Long term deposits received / (paid)	(15,414,218)	(17,568,250)
	4,959,257	36,816,691
Long term Deposits & prepayments		
Net cash used in operating activities	4,212,795	23,252,162
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(745,226)	(427,566)
Long term Deposits & prepayments	(485,015)	178,332
(Increase)/Decrease in Investment - Sale of Namco M. Fund	2,749,478	-
Dividend Income	(196,625)	
Proceeds from disposal of fixed Assets	6,650,000	292,000
Net cash from / (used-in) investing activities	7,972,612	42,766
CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in long-term finance	-	(892,256)
Lease rentals paid	(856,204)	(1,203,937)
Net cash from financing activities	(856,204)	(2,096,193)
Net increase / (decrease) in cash and cash equivalents	11,329,203	21,198,735
Cash and cash equivalents at beginning of the year	(125,951,315)	(149,799,907)
Cash and cash equivalents at end of the period	(114,622,112)	(128,601,172)

The annexed notes 1 to 18 form an integral part of these financial statements



Mir Javed Hashmat
Chief Executive Officer



Ms. Mehnaz Saleem
Director

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

For the 3rd Quarter ended September 30, 2016

Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves			Total shareholder's equity
	Share premium	Statutory reserve	Reserve against future losses	Accumulated loss	Surplus/ (deficit) on revaluation of available for sale investments	

----- Rupees -----

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
Surplus on revaluation of available-for-sale investments - Net						980,145	980,145
Net change to Retained Earning						-	-
(Loss) after Taxation					(8,040,405)	-	(8,040,405)
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
Balance as at January 01, 2016	320,000,000	10,000,000	28,019,277	10,447,052	(197,122,431)	3,103,091	174,446,989
Actuarial Gain on obligatin						-	-
Sale of investments - (Redemption of Namco M. Fund)						(3,103,091)	(3,103,091)
Net change to Retained Earning						-	-
(Loss) after Taxation					(4,114,014)	-	(4,114,014)
Balance as at September 30, 2016	320,000,000	10,000,000	28,019,277	10,447,052	(201,236,445)	-	167,229,884

The annexed notes 1 to 18 form an integral part of these financial statement.



Mir Javed Hashmat
Chief Executive Officer



Ms. Mehnaz Saleem
Director

Notes To The Condensed Interim Financial Information (Un-audited)

For the 3rd Quarter ended September 30, 2016

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 formerly 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.

- 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 30, September 2016 is Rs.167.23 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 30, September 2016, the Company has after tax (Loss) of Rs.4.11 million and accumulated losses as at 30 September 2016, amounting to Rs.201.24 million. Further, the net assets of the Company amounting to Rs.167.23 million including non performing loans, net of provision.
- 1.3** 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, 2015.

3. CASH AND BANK BALANCES

With State Bank of Pakistan in current account
With banks:
in current accounts
in saving accounts
Cash in hand

Note	September 30, 2016 (Un-Audited)	December 31, 2015 (Audited)
 Rupees	
	23,431	23,431
	4,310,565	2,729,541
3.1	900,833	295,825
	66,412	66,412
	5,301,241	3,115,209

- 3.1.** These carry profit rate of 4% per annum (2015: 4.5% to 6% per annum)



Notes To The Condensed Interim Financial Information (Un-audited)

For the 3rd Quarter ended September 30, 2016

	September 30, 2016 (Un-Audited)	December 31, 2015 (Audited)
	Rupees	
4 INVESTMENTS - Available for Sale		
Mutual Funds		
- Open end mutual fund	4.1 -	4,283,091

4.1 This represent investment in 327,709 certificates (December 2015 : 327,709) of Namco Balanced Fund, redeemed during the period.

	September 30, 2016 (Un-Audited)	December 31, 2015 (Audited)
	Rupees	
5. LONG TERM FINANCES AND LOANS - Secured		
Related Parties - Considered good		
Employees	426,735	613,458
Others than Related parties		
Customers:		
Considered good	22,406,486	20,795,532
Considered doubtful	81,311,877	82,756,374
	103,718,363	103,551,906
Less: Provision	(5,907,753)	(5,439,801)
	97,810,610	98,112,105
	98,237,345	98,725,563
Less: Current maturity		
Related parties - Employees	60,000	(70,907)
Other than Related parties - Customers	80,000,000	(81,273,880)
Employees	(80,060,000)	(81,344,787)
	18,177,345	17,380,776

6. NET INVESTMENT IN LEASES		
Minimum lease payments receivable	415,539,304	435,381,223
Add: Residual value of leased assets	225,654,142	241,068,360
Lease contract receivable	6.1 641,193,446	676,449,583
Less: Unearned lease income	77,065,655	(80,277,581)
Less: Provision for potential lease losses	149,766,518	(152,929,385)
	226,832,173	(233,206,966)
Net investment in leases	414,361,273	443,242,617
Less: Current maturity of net investment in leases	326,353,918	351,439,366
Net investment in leases	88,007,355	91,803,251

Notes To The Condensed Interim Financial Information (Un-audited)

For the 3rd Quarter ended September 30, 2016

6.1 Net investment in leases

	September 30, 2016 (Un-Audited)			December 31, 2015 (Audited)		
	Later than one year but less than Five years	Not later than One year	Total	Later than one year but less than Five years	Not later than One year	Total
 Rupees					
Minimum Lease payments	360,906,395	54,632,909	415,539,304	392,528,718	42,852,505	435,381,223
Add : Residual Value of Leased Assets	185,018,901	40,635,241	225,654,142	188,027,480	53,040,880	241,068,360
Gross Investment in Leases	545,925,296	95,268,150	641,193,446	580,556,198	95,893,385	676,449,583
Unearned lease Income	(12,634,682)	(7,260,795)	(19,895,477)	(16,797,199)	(4,090,134)	(20,887,333)
Markup held in Suspense Account	(57,170,178)	-	(57,170,178)	(59,390,248)	-	-
	(69,804,860)	(7,260,795)	(77,065,655)	(76,187,447)	(4,090,134)	(20,887,333)
	476,120,436	88,007,355	564,127,791	504,368,751	91,803,251	596,172,002
Provision for potential lease losses	(149,766,518)	-	(149,766,518)	(152,929,385)	-	(152,929,385)
Net Investment in Finance leases	326,353,918	88,007,355	414,361,273	351,439,366	91,803,251	443,242,617

The Internal Rate of Return (IRR) on lease contract receivable ranges from 10 % to 29 % (2015: 10% to 29%) per annum.

7. Property and equipments

	September 30, 2016 (Un-Audited)	December 31, 2015 (Audited)
Fixed Assets	8,030,252	9,282,095
Intangible Assets	665,490	15,500
	8,695,742	9,297,595

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

	September 30, 2016 (Un-Audited)		September 30, 2015 (Un-Audited)	
	Additions	Deletions	Additions	Deletions
Owned				
Office Premises / Building improvements	-	-	-	39,893
Furniture and fixtures	-	-	-	-
Computers	26,416	-	54,168	-
Intangible	700,000	-	-	-
Office equipment & others	18,810	-	283,698	86,684
Vehicles	-	-	950,000 *	698,000
	745,226	-	1,287,866	824,577
Leased Assets				
Vehicles	-	-	-	950000*
	745,226	-	1,287,866	1,774,577

* Represents assets transferred from leased asset to owned assets for Rs. 950,000/= .

Notes To The Condensed Interim Financial Information (Un-audited)

For the 3rd Quarter ended September 30, 2016

	Note	September 30, 2016 (Un-Audited)	December 31, 2015 (Audited)
8 Current Maturity of Non-Current Liabilities			
	 Rupees	
Long term finances	8.1	373,233	373,233
Liabilities against assets subject to finance lease		1,116,172	1,374,233
Long term deposits		185,018,901	188,027,480
		186,508,306	189,774,946

8.1 This represents balance due against financing facilities amounting to Rs. 0.373 million from National Energy conservation centre. The facilities from ENERCON have been obtained under an agreement whereby they have agreed to provide funds to the company for granting lease / finance facility to its customers for procuring and using energy efficient equipments. The facility carries mark-up at the rate of 5% per annum payables on quarterly basis subject to the condition that the company will provide lease / finance facility to its customers at a preferential mark-up rate.

	September 30, 2016 (Un-Audited)	December 31, 2015 (Audited)
9. CONTINGENCIES AND COMMITMENTS		
 Rupees	
Lease disbursements	1,875,000	14,466,500

	Nine months period ended		Three months period ended	
	September 30, 2016 (Un-Audited)	September 30, 2015 (Un-Audited)	September 30, 2016 (Un-Audited)	September 30, 2015 (Un-Audited)
10. INCOME FROM OPERATIONS				
 Rupees			
Income from finance lease operations	21,544,660	19,628,371	5,754,843	7,153,736
Gain/(Loss) on termination of leases	-	169,802	-	-
	21,544,660	19,798,173	5,754,843	7,153,736
Income on finances and loans to Customers	4,173,211	5,319,265	1,336,076	(634,148)
	25,717,871	25,117,438	7,090,919	6,519,588
11 OTHER OPERATING INCOME				
Income from Investments	1,589,015	9,200	1,577,358	2,343
Income from financial assests	10,980	29,570	2,445	5,619
Dividend Income	196,625	-	196,625	-
Gain from non-financial assests	2,670,014	135,733	-	9,500
	4,466,634	174,503	1,776,428	17,462

Notes To The Condensed Interim Financial Information (Un-audited)

For the 3rd Quarter ended September 30, 2016

	Nine months period ended		Three months period ended	
	September 30, 2016 (Un-Audited)	September 30, 2015 (Un-Audited)	September 30, 2016 (Un-Audited)	September 30, 2015 (Un-Audited)
	Rupees			
12. ADMINISTRATIVE & SELLING EXPENSES				
Salaries, allowances and other benefits	16,058,206	15,314,368	4,959,695	5,071,154
Directors' fee	335,000	380,000	125,000	140,000
Rent	1,763,882	1,657,928	496,455	570,406
Electricity, gas and water	660,373	633,036	319,701	210,611
Telephone and postage	710,548	616,509	194,799	202,274
Repairs and maintenance	346,537	298,956	107,383	80,112
Books and periodicals	24,284	29,458	7,656	11,974
Vehicle running	135,878	242,249	40,031	66,166
Advertising	233,623	318,534	52,770	157,747
Training and development	6,300	131,500	-	-
Travelling, conveyance and entertainment	811,613	1,662,853	277,522	485,098
Printing and stationery	594,089	544,284	42,683	102,517
Auditors' remuneration	160,325	174,800	(53,000)	(200)
Depreciation and amortization	1,359,316	1,262,576	448,962	425,556
Legal and professional	2,125,418	3,302,079	676,775	1,582,534
Insurance	660,876	641,979	281,101	168,362
Miscellaneous	415,493	384,540	188,991	109,875
Commission and brokerage charges	16,196	-	-	-
	<u>26,417,957</u>	<u>27,595,649</u>	<u>8,166,524</u>	<u>9,384,186</u>
13. FINANCE COST				
Mark-up on:				
Long term finance from banking companies and financial institutions	-	96,702	-	-
Short term borrowings	10,112,166	13,307,594	3,144,987	3,548,963
	<u>10,112,166</u>	<u>13,404,296</u>	<u>3,144,987</u>	<u>3,548,963</u>
Lease finance charges	94,062	214,940	21,550	60,726
Bank charges	87,493	85,196	5,497	3,687
	<u>10,293,721</u>	<u>13,704,432</u>	<u>3,172,034</u>	<u>3,613,376</u>
Finance cost includes mark up expense related to SME Bank Limited, related party:				
Short term borrowings	10,112,166	13,307,594	3,144,987	3,548,963
	<u>10,112,166</u>	<u>13,307,594</u>	<u>3,144,987</u>	<u>3,548,963</u>
14. Taxation				
Current Tax				
- Minimum Tax U/S 113.			257,179	252,919
- Final Tax Regime			24,577	-
			<u>281,756</u>	<u>252,919</u>



Notes To The Condensed Interim Financial Information (Un-audited)

For the 3rd Quarter ended September 30, 2016

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:

	September 30, 2016		December 31, 2015	
	Key Management Personnel (Un-audited)	SME Bank Limited	Key Management Personnel (Audited)	SME Bank Limited
Borrowings				
Balance as at January 1		129,066,524		155,320,077
Less: Repayments during the period-Net		(9,143,171)		(26,253,553)
Balance as at September 30,	-	<u>119,923,353</u>	-	<u>129,066,524</u>
(Payable) / Receivable from staff Provident fund	-		80,000	
Payable to SME Bank Ltd. - Holding Company		52,437		

	September 30, 2016 (Un-Audited)		September 30, 2015 (Un-Audited)	
Markup expense for the period	-	10,112,166	-	13,307,594
Rent expenses	-	310,955	-	244,206
Key Management Remuneration	3,967,350	-	3,182,656	-
P. F. - Company's Contribution	67,032	-	67,032	-

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

16 CASH AND CASH EQUIVALENTS

	September 30, 2016 (Un-Audited)	September 30, 2015 (Un-Audited)
Cash and bank balances	5,301,241	1,444,005
Short term borrowings	(119,923,353)	(130,045,177)
	<u>(114,622,112)</u>	<u>(128,601,172)</u>

17 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.

Notes To The Condensed Interim Financial Information (Un-audited)

For the 3rd Quarter ended September 30, 2016

September 30, 2016

	Finance Lease	Loans and receivables	Investment	Others	Total
..... Rupees					
Segment Revenue	<u>21,544,660</u>	<u>4,173,211</u>	<u>1,766,103</u>	<u>2,700,531</u>	<u>30,184,505</u>
Segment Profit	<u>24,707,527</u>	<u>3,705,259</u>	<u>1,766,103</u>	<u>2,700,531</u>	<u>32,879,420</u>
Segment Result					32,879,420
Unallocated Cost					10,293,721
Finance Cost					
Administrative & selling expenses					<u>26,417,957</u>
					<u>36,711,678</u>
Profit / (Loss) before Income Tax					(3,832,258)
Income Tax Expense					<u>(281,756)</u>
(Loss) for the period					<u>(4,114,014)</u>
Other Information					
Segment Assets	414,361,273	97,810,610	-	-	512,171,883
Unallocated Assets				21,736,538	21,736,538
Total Assets					<u>533,908,421</u>
Segment Liabilities	228,847,586	-	-	-	228,847,586
Unallocated Liabilities				137,830,951	<u>137,830,951</u>
Total Liabilities					<u>366,678,537</u>
Net Assets					<u>167,229,884</u>
Capital Expenditure				745,226	<u>745,226</u>

21.1 Revenue reported above represents revenue from external customers. There are no intersegment sales.

21.2 Revenue from finance lease includes income from finance lease operations and gain/loss on termination of lease. Revenue from loan and receivable includes markup income on loans to customers and employees, and revenue from investment include gain on disposal of investment.

September 30, 2015

	Finance Lease	Loans and receivables	Investment	Others	Total
..... Rupees					
Segment Revenue	<u>19,798,173</u>	<u>5,319,265</u>	<u>9,200</u>	<u>165,303</u>	<u>25,291,941</u>
Segment Profit	<u>24,652,360</u>	<u>4,612,523</u>	<u>9,200</u>	<u>165,303</u>	<u>29,439,386</u>
Segment Result					29,439,386
Unallocated Cost					13,704,432
Finance Cost					
Administrative & selling expenses					<u>27,595,649</u>
					<u>41,300,081</u>
Loss before Income Tax					(11,860,695)
Taxation					<u>3,820,290</u>
Loss for the period after Taxation					<u>(8,040,405)</u>



Notes To The Condensed Interim Financial Information (Un-audited)

For the 3rd Quarter ended September 30, 2016

December 31, 2015 (Audited)

	Finance Lease	Loans and receivables	Investment	Others	Total
..... Rupees					
Other information					
Segment assets	443,242,617	98,112,105	4,283,091	-	545,637,813
Unallocated assets				22,677,995	22,677,995
Total assets					<u>568,315,808</u>
Segment liabilities	245,985,781	-	-	-	245,985,781
Unallocated liabilities				147,883,038	147,883,038
Total liabilities					<u>393,868,819</u>
Net assets					174,446,989
Capital expenditure				728,186	<u>728,186</u>

18. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on October, 25th 2016 by the Board of Directors of the company.

Mir Javed Hashmat
Chief Executive Officer

Ms. Mehnaz Saleem
Director

Branch Network

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