



Quarterly
Report
September 30,
2017



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

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Branch Network

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
Mir Javed Hashmat
Mr. Ateeq Ur Rehman
Ms. Mehnaz Saleem
Mr. Adnan Sajar Committee Secretary

RISK MANAGEMENT COMMITTEE

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

Corporate Information

COMPANY SECRETARY & CFO

S. 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 third quarter ended September 30, 2017.

Despite of challenging working environment resulting from funding constraints and squeezing margins, your company remained engaged in implementing its strategy of utilizing recoveries from loans/leases in writing new business. The recoveries made from such portfolio stood at Rs.89 million, including Rs.31 million from Non - performing loans (NPLs) and new business of Rs.73 million was written during the nine month period. The operating loss of Rs.17.8 million (Rs.6.5 million in the corresponding period) resulted mainly from decline in income from operations due to maturity of leases during the period and slow pace of new leases written due to the factors mentioned above. Further the corresponding period also included non - recurring income of Rs.4.2 million. Loss before tax amounted to Rs.17.7 million after accounting for impact of recoveries.

The equity of the Company stood at Rs.139 million as at 30th September 2017, well above the required level of Rs.50 million. Total assets of the company recorded a decrease by Rs.14 million compared to December 2016, on account of maturing leases.

Going forward the company will continue to operate as a going concern. It will accelerate its efforts for recoveries of NPLs and writing new quality business. Further, a strict control over operating expenses will continue to be exercised. The Company also plans to explore all avenues of fresh funding at competitive rates for enhancing new business volumes. Further the anticipated Privatization of our parent company - SME Bank Limited - upon completion is likely to result in advantage to all the stakeholders.

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.

Dated: October 19, 2017

Ms. Mehnaz Saleem
Chairperson

ڈائریکٹرز رپورٹ

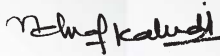
ایس ایم ای لیزنگ لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز آپ کے سامنے 30 ستمبر 2017ء کو ختم ہونے والی تیسری سہ ماہی کیلئے غیر آڈٹ شدہ مالیاتی حسابات پیش کر رہے ہیں۔

فنانسنگ اور دیگر مشکلات کے نتیجے میں اور کام کے ماحول کے چیلنج کے باوجود آپ کی کمپنی نے قرضہ جات اور لیزز سے ریکوری حاصل کرنے اور نئی لیز لکھنے کی اپنی حکمت عملی پر مسلسل عملدرآمد کیا۔ یہ ریکوری ان پورٹ فولیو سے مبلغ 89 ملین، بشمول عدم ادائیگی قرضہ جات (این پی ایل) سے مبلغ 31 ملین روپے اور نئے کاروبار میں 73 ملین روپے گزشتہ نو مہینوں میں تحریر میں لائے گئے تھے۔ متعلقہ مدت میں آپریٹنگ کا خسارہ 17.8 ملین روپے (پچھلی مدت مبلغ 6.5 ملین روپے) کا ہوا۔ لیز کی مدت ختم ہونے کی وجہ سے آمدنی میں کمی واقع ہوئی۔ مزید پچھلی مدت کے دوران غیر حاصل کردہ آمدنی مبلغ 4.2 ملین روپے بھی شامل ہیں۔ قبل از ٹیکس خسارہ مبلغ 17.7 ملین روپے رہا۔

30 ستمبر 2017ء کو کمپنی کی ایکویٹی 139 ملین روپے رہی جو کہ مطلوبہ لیول مبلغ 50 ملین روپے کے مقابلے میں بہتر رہی۔ کمپنی کے کل اثاثہ جات میں مبلغ 14 ملین روپے کی کمی واقع ہوئی جس کا موازنہ دسمبر 2016ء کی لیز کی مدت سے کیا گیا ہے۔

آگے چلتے ہوئے کمپنی متعلقہ عمل کو جاری رکھے گی اور این پی ایل کی ریکوری کیلئے کوششیں بھی جاری رہیں گی اور نیا کاروبار بھی کیا جائے گا۔ کمپنی کی یہ بھی پلاننگ ہے کہ نئے کاروبار کے حجم کو بڑھانے کیلئے مقابلیتی ریٹ پر نئی فنانسنگ کی کوشش کرے۔ مزید یہ کہ ہماری متعلقہ کمپنی ایس ایم ای بینک لمیٹڈ کی پرائیویٹائزیشن کی تکمیل پر تمام اسٹیٹک ہولڈرز کی حوصلہ افزائی ہوگی۔

بورڈ اپنے شیئرز، ہولڈرز، قرض خواہوں اور ریگولیٹری اتھارٹیز کا بے حد مشکور ہے اس کے علاوہ کمپنی کی انتظامیہ اور کمپنی کے اسٹاف میمبرز کی ٹیم کا بھی شکریہ ادا کرتا ہے۔


 مہناز سلیم
 چیئر پرسن

مورخہ: 19 اکتوبر 2017ء

Condensed Interim Balance Sheet (Un-audited)

As on September 30, 2017

		(Un-Audited) September 30, 2017	(Audited) December 31, 2016
..... Rupees			
ASSETS			
Current assets			
Cash and bank balances	3	3,722,100	2,519,445
Mark-up accrued		21,866	3,752
Loans and advances		2,720,160	2,668,119
Deposits, prepayments and other receivables		768,541	1,543,998
Current maturity of non current assets		412,545,302	407,979,966
Total current assets		419,777,969	414,715,280
Non-current assets			
Long term finances and loans	4	9,655,371	7,252,950
Net investment in leases	5	52,676,383	71,986,638
Long-term deposits and prepayments		1,516,125	1,164,435
Property and equipment	6	7,012,522	8,647,726
Total Non-current assets		70,860,401	89,051,749
Total assets		490,638,370	503,767,029
LIABILITIES			
Current liabilities			
Trade and others payable		3,841,627	4,166,310
Mark-up accrued		889,414	959,922
Short term borrowings		106,350,303	104,838,931
Current Maturity of non current liabilities	7	187,184,665	190,076,235
Provision for compensated absences		1,784,802	2,102,277
Taxation payable		8,195,771	8,200,925
Total current liabilities		308,246,582	310,344,600
Non-current liabilities			
Long-term deposits		38,232,610	31,314,005
Deferred liabilities		5,074,981	5,152,857
		43,307,592	36,466,862
Total liabilities		351,554,173	346,811,462
NET ASSETS		139,084,197	156,955,567
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)		(229,382,132)	(211,510,762)
		139,084,197	156,955,567
Total shareholder's equity		139,084,197	156,955,567
Contingencies and commitments	8		

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



Mir Javed Hashmat
Chief Executive Officer



Bilal Mustafa
Director

Condensed Interim Profit And Loss Account (Un-audited)

For the 3rd Quarter ended September 30, 2017

Note	Nine months period ended		Three Months period ended		
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	
----- (Rupees) -----					
REVENUE					
Income from operations	9	18,561,834	25,717,871	7,194,190	7,090,919
Other operating income	10	660,264	4,466,634	78,754	1,776,428
Total revenue		19,222,098	30,184,505	7,272,944	8,867,347
EXPENSES					
Administrative	11	29,433,324	26,417,957	9,282,485	8,166,524
Finance cost	12	7,625,227	10,293,721	2,581,374	3,172,034
Total expenses		37,058,551	36,711,678	11,863,859	11,338,558
Operating (loss) / Gain before provisions		(17,836,453)	(6,527,173)	(4,590,915)	(2,471,211)
PROVISIONS					
Provision for potential lease losses		(1,728,398)	(3,162,867)	(2,636,908)	(1,031,816)
Provision for loans and receivables		1,601,309	467,952	(9,655)	262,524
Total provisions		(127,089)	(2,694,915)	(2,646,563)	(769,292)
(Loss) / Gain before taxation		(17,709,364)	(3,832,258)	(1,944,352)	(1,701,919)
TAXATION					
For the period	13	162,006	281,756	48,330	95,486
Prior year		-	-	-	-
		162,006	281,756	48,330	95,486
(Loss) / Gain for the period		(17,871,370)	(4,114,014)	(1,992,682)	(1,797,405)
(Loss) / Gain per share - basic and diluted		(0.56)	(0.13)	(0.06)	(0.06)

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



Mir Javed Hashmat
Chief Executive Officer



Bilal Mustafa
Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the 3rd Quarter ended September 30, 2017

	Nine months period ended		Three Months period ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	----- (Rupees) -----			
(Loss) after Taxation	(17,871,370)	(4,114,014)	(1,992,682)	(1,797,405)
Other comprehensive income				
(Deficit) on revaluation of available-for-Sale Investment - Net	-	-	-	-
Total comprehensive (Loss) for the period	(17,871,370)	(4,114,014)	(1,992,682)	(1,797,405)

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



Mir Javed Hashmat
Chief Executive Officer



Bilal Mustafa
Director

Condensed Interim Cash Flow Statement (Un-audited)

For the period ended September 30, 2017

Note	September 30, 2017	September 30, 2016
..... Rupees		
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before Tax	(17,709,364)	(3,832,258)
Adjustment for :		
-- Depreciation and Amortization	1,235,801	1,359,316
-- Gratuity expense	259,864	232,588
-- Finance Cost	7,613,884	10,199,659
-- Profit on Bank accounts / return on investment	(97,757)	(30,517)
-- Financial charges on leased assets	11,343	94,062
-- (Gain) on disposal of property and equipment	(545,867)	(2,670,014)
-- Provision for potential lease losses	(1,730,461)	(3,162,867)
-- Provision for loans and receivables	1,601,309	467,952
	8,348,116	6,490,179
Cash generated/ (Consumed) from operations before working capital changes	(9,361,248)	2,657,921
Working capital changes		
(Increase) / decrease in Operating assets		
-- Other receivable / Interest accrued	(18,114)	10,518
-- Deposits, prepayments & Other receivables	775,457	(931,137)
-- Loans and advances	(52,041)	(235,439)
	705,302	(1,156,058)
Increase / (Decrease) in current liabilities		
-- Trade and other payables	(324,683)	(2,080,532)
-- Provision for compensated absences	(317,475)	(167,793)
	(642,158)	(2,248,325)
Total Working capital changes	63,144	(3,404,383)
Cash generated from operations after working capital changes	(9,298,104)	(746,462)
(Increase)/Decrease in loans and receivables	1,643,297	20,265
(Increase)/Decrease in net investment in leases	10,673,375	32,044,211
Financial charges paid	(7,540,758)	(9,194,352)
Income received	97,757	(1,538,961)
Gratuity paid	(337,740)	(648,010)
Taxes paid	(167,160)	(309,678)
Long term deposits received / (paid)	4,628,341	(15,414,218)
	8,997,112	4,959,257
Long term Deposits & prepayments		
Net cash used in operating activities	(300,992)	4,212,795
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(111,129)	(745,226)
Dividend Income		(196,625)
(Increase)/Decrease in Investment - sale of Namco M. Fund		2,749,478
Long term Deposits & prepayments	(351,690)	(485,015)
Proceeds from disposal of fixed Assets	1,056,400	6,650,000
Net cash from / (used-in) investing activities	593,581	7,972,612
CASH FLOW FROM FINANCING ACTIVITIES		
Lease rentals paid	(601,306)	(856,204)
Net cash from financing activities	(601,306)	(856,204)
Net increase / (decrease) in cash and cash equivalents	(308,717)	11,329,203
Cash and cash equivalents at beginning of the year	(102,319,486)	(125,951,315)
Cash and cash equivalents at end of the period	(102,628,203)	(114,622,112)

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


Mir Javed Hashmat
Chief Executive Officer


Bilal Mustafa
Director

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

For the 3rd Quarter ended September 30, 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 -----

Balance as at January 01, 2016 - restated	320,000,000	10,000,000	28,019,277	10,447,052	(198,196,367)	3,103,091	173,373,053
Net change to Retained Earning						(3,103,091)	(3,103,091)
(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	(202,310,381)	-	166,155,948
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						-	-
(Loss) after Taxation					(17,871,370)	-	(17,871,370)
Balance as at September 30, 2017	320,000,000	10,000,000	28,019,277	10,447,052	(229,382,132)	-	139,084,197

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



Mir Javed Hashmat
Chief Executive Officer



Bilal Mustafa
Director

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

For the 3rd Quarter ended September 30, 2017

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% (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 30, September 2017 is Rs.139.08 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 2017, the Company incurred loss after tax of Rs.17.87 million and accumulated losses as at 30 September 2017, amounted to Rs.229.38 million. Further, the net assets of the Company amounting to Rs.139.08 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.

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	(Un-Audited) September 30, 2017	(Audited) December 31, 2016
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..... Rupees

	21,642	23,431
3.1	3,553,016	2,300,218
	81,030	139,384
	66,412	56,412
	3,722,100	2,519,445

3.1. These carry profit rate of 3.00% per annum (2016: 4% per annum)

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

For the 3rd Quarter ended September 30, 2017

Note	(Un-Audited) September 30, 2017	(Audited) December 31, 2016
..... Rupees		
4. LONG TERM FINANCES AND LOANS - Secured		
Related Parties - Considered good Employees	1,889,182	1,361,073
Customers: Considered good	18,930,107	17,873,824
Considered doubtful	66,874,266	70,101,955
	85,804,373	87,975,779
Less: Provision	(10,650,642)	(9,049,333)
	75,153,731	78,926,446
	77,042,913	80,287,519
Less: Current maturity		
Related parties - Employees	(380,000)	(250,000)
Other than Related parties - Customers	(67,007,542)	(72,784,569)
Employees	(67,387,542)	(73,034,569)
	9,655,371	7,252,950
5. NET INVESTMENT IN LEASES		
Minimum lease payments receivable	393,476,528	411,595,179
Add: Residual value of leased assets	225,044,042	220,415,701
Lease contract receivable	618,520,570	632,010,880
Less: Unearned lease income	(73,958,834)	(76,622,854)
Less: Provision for potential lease losses	(146,727,593)	(148,455,991)
	(220,686,427)	(225,078,845)
Net investment in leases	397,834,143	406,932,035
Less: Current maturity of net investment in leases	(345,157,760)	334,945,397
Net investment in leases	52,676,383	71,986,638

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

For the 3rd Quarter ended September 30, 2017

5.1 Net investment in leases

Particulars	September 30, 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	372,337,568	21,138,960	393,476,528	362,640,027	48,955,152	411,595,179
Add : Residual Value of Leased Assets	186,811,432	38,232,610	225,044,042	189,101,696	31,314,005	220,415,701
Gross Investment in Leases	559,149,000	59,371,570	618,520,570	551,741,723	80,269,157	632,010,880
Unearned lease Income	(12,634,682)	(6,695,187)	(19,329,869)	(11,333,465)	(8,282,519)	(19,615,984)
Markup held in Suspense Account	(54,628,965)	-	(54,628,965)	(57,006,870)	-	(57,006,870)
	(67,263,647)	(6,695,187)	(73,958,834)	(68,340,335)	(8,282,519)	(76,622,854)
	491,885,353	52,676,383	544,561,736	483,401,388	71,986,638	555,388,026
Provision for potential lease losses	(146,727,593)	-	(146,727,593)	(148,455,991)	-	(148,455,991)
Net Investment in Finance leases	345,157,760	52,676,383	397,834,143	334,945,397	71,986,638	406,932,035

The Internal Rate of Return (IRR) on lease contract receivable ranges from 9.00% to 27.00% (2016: 8.42% to 28.01%) per annum.

6. Property and equipments

Note	(Un-Audited)	(Audited)
	September 30, 2017	December 31, 2016
	Rupees	
Fixed Assets	6,643,610	8,100,442
Intangible Assets	368,912	547,284
	7,012,522	8,647,726

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

	September 30, 2017 (Un-Audited)		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	2,143,000	(1,664,100)	1,732,500	(364,534)
	2,143,000	(1,664,100)	3,013,292	(1,678,621)
Leased Assets				
Vehicles	-	-	(1,732,500)	-
	2,143,000	(1,664,100)	1,280,792	(728,621)

* Suzuki Cultas and vagonR transfer from Leased Assets to owned Assets.
Suzuki VagonR sold from owned assets.

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

For the 3rd Quarter ended September 30, 2017

	(Un-Audited) September 30, 2017	(Audited) December 31, 2016
 Rupees	
7 Current Maturity of Non-Current Liabilities		
Long term finances	373,233	373,233
Liabilities against assets subject to finance lease	-	601,306
Long term deposits	186,811,432	189,101,696
	187,184,665	190,076,235
8. CONTINGENCIES AND COMMITMENTS		
Lease disbursements	5,000,000	2,300,000

	Un-Audited September 30, 2017	Un-Audited September 30, 2016	Un-Audited September 30, 2017	Un-Audited September 30, 2016
	----- (Rupees) -----			
9. INCOME FROM OPERATIONS				
Income from finance lease operations	14,905,681	21,544,660	6,041,477	5,754,843
Gain/(Loss) on termination of leases	83,502	-	83,502	-
	14,989,183	21,544,660	6,124,979	5,754,843
Income on finances and loans to Customers	3,572,651	4,173,211	1,069,211	1,336,076
	18,561,834	25,717,871	7,194,190	7,090,919
10 OTHER OPERATING INCOME				
Income from Investments	3,423	1,589,015	704	1,577,358
Income from financial assets	94,334	10,980	61,410	2,445
Dividend Income	-	196,625	-	196,625
Gain from non-financial assets	562,507	2,670,014	16,640	-
	660,264	4,466,634	78,754	1,776,428

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

For the 3rd Quarter ended September 30, 2017

	Un-Audited September 30, 2017	Un-Audited September 30, 2016	Un-Audited September 30, 2017	Un-Audited September 30, 2016
----- (Rupees) -----				
11 ADMINISTRATIVE & SELLING EXPENSES				
Salaries, allowances and other benefits	17,687,110	16,058,206	5,785,071	4,959,695
Directors' fee	535,000	335,000	175,000	125,000
Rent	2,274,251	1,763,882	761,491	496,455
Electricity, gas and water	710,428	660,373	225,175	319,701
Telephone and postage	552,131	710,548	151,339	194,799
Repairs and maintenance	353,616	346,537	103,380	107,383
Books and periodicals	21,410	24,284	7,548	7,656
Vehicle running	393,538	135,878	106,780	40,031
Advertising	246,550	233,623	-	52,770
Training and development	114,943	6,300	0	-
Travelling, conveyance and entertainment	1,032,339	811,613	286,410	277,522
Printing and stationery	743,667	594,089	184,806	42,683
Auditors' remuneration	98,000	160,325	24,000	(53,000)
Depreciation and amortization	1,235,801	1,359,316	409,344	448,962
Legal and professional	2,181,261	2,125,418	590,163	676,775
Insurance	682,534	660,876	226,611	281,101
Miscellaneous	467,829	415,493	130,424	188,991
Commission and brokerage charges	102,916	16,196	-	-
	29,433,324	26,417,957	9,167,542	8,166,524

	Un-Audited September 30, 2017	Un-Audited September 30, 2016	Un-Audited September 30, 2017	Un-Audited September 30, 2016
----- (Rupees) -----				
12. FINANCE COST				
Mark-up on:				
Short term borrowings	7,470,250	10,112,166	2,571,362	3,144,987
	7,470,250	10,112,166	2,571,362	3,144,987
Lease finance charges	11,343	94,062	-	21,550
Bank charges	143,634	87,493	10,012	5,497
	7,625,227	10,293,721	2,581,374	3,172,034
Finance cost includes mark up expense related to SME Bank Limited related party:				
Short term borrowings	7,470,250	10,112,166	2,571,362	3,144,987
	7,470,250	10,112,166	2,571,362	3,144,987

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

For the 3rd Quarter ended September 30, 2017

(Un-Audited) (Un-Audited)
September 30, September 30,
2017 2016

..... Rupees

13. Taxation

Current Tax

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

	(Un-Audited) September 30, 2017	(Un-Audited) September 30, 2016
	162,006	281,756
	-	-
	162,006	281,756

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:

	September 30, 2017		December 31, 2016	
	Key Management (Un-audited)	SME Bank Ltd.	Key Management (Audited)	SME Bank Ltd.

..... Rupees

Borrowings

	September 30, 2017	December 31, 2016
Balance as at January 1	104,838,931	129,066,524
Less: Repayments during the period-Net	1,511,372	(24,227,593)
Closing Balance	-	104,838,931

	September 30, 2017		September 30, 2016	
	Key Management (Un-audited)	SME Bank Ltd.	Key Management (Audited)	SME Bank Ltd.

..... Rupees

Markup expense for the period	-	7,470,250	-	10,112,166
Rent expenses	-	310,955	-	310,955
Key Management Remuneration	5,529,960	-	3,967,350	-
P.F. - Company's Contribution	48,752	-	67,032	-

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

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

For the 3rd Quarter ended September 30, 2017

(Un-Audited) (Un-Audited)
September 30, September 30,
2017 2016

..... Rupees

15 CASH AND CASH EQUIVALENTS

Cash and bank balances	3,722,100	5,301,241
Short term borrowings	(106,350,303)	(119,923,353)
	<u>(102,628,203)</u>	<u>(114,622,112)</u>

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	September 30, 2017				
	Finance Lease	Loans and Receivable	Investment	Others	Total
Segment Revenue	14,989,183	3,572,651	-	643,624	19,205,458
Segment Profit	16,717,581	1,971,342	-	643,624	19,332,547
Segment Result					19,332,547
Unallocated Cost					
Finance Cost					7,625,227
Administrative & selling expenses					29,433,324
					<u>37,058,551</u>
Profit / (Loss) before Income Tax					(17,726,004)
Income Tax Expense					(162,006)
Profit / Loss for the year					<u>(17,888,010)</u>
Other Information					
Segment Assets	397,834,143	75,153,731	-	-	472,987,874
Unallocated Assets	-	-	-	17,650,496	17,650,496
Total Assets					<u>490,638,370</u>
Segment Liabilities	228,446,678	-	-	-	228,446,678
Unallocated Liabilities				123,107,495	123,107,495
Total Liabilities					<u>351,554,173</u>
Net Assets					<u>139,084,197</u>
Capital Expenditure				111,129	<u>111,129</u>

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

For the 3rd Quarter ended September 30, 2017

Particulars	September 30, 2016				
	Finance Lease	Loans and Receivable	Investment	Others	Total
Segment Revenue	21,544,660	4,173,211	1,766,103	2,700,531	30,184,505
Segment Profit	24,707,527	3,705,259	1,766,103	2,700,531	32,879,420
Segment Result					32,879,420
Unallocated Cost					
Finance Cost					10,293,721
Administrative & selling expenses					26,417,957
					36,711,678
Loss before Taxation					(3,832,258)
Taxation					(281,756)
Profit for the period after Taxation					(4,114,014)

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

17. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on October 19, 2017 by the Board of Directors of the company.



Bilal Mustafa
Director



Mir Javed Hashmat
Chief Executive Officer

Branch Network

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