

**Quarterly** Report '08  
(Unaudited) September 30, 2008



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

[www.smelease.com](http://www.smelease.com)



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# Corporate Information

## **BOARD OF DIRECTORS**

Mr. S.M. Naseem	Chairman
Mr. R.A. Chughtai	Director
Mrs. Arjumand A. Qazi	Director/CEO
Sardar Usman Rashid	Director
Mr. Bashir A. Nadeem	Director
Mr. M.A. Ghazali Marghoob	Director
Mr. Hussain Ahmad Ozgen	Director

## **AUDIT COMMITTEE**

Mr. S.M. Naseem	Chairman
(Non-Executive Director)	
Mr. M.A. Ghazali Marghoob	Member
(Non-Executive Director)	
Ms. Shafque Akhtar	Committee Secretary

## **EXECUTIVE CREDIT COMMITTEE**

Mr. S.M. Naseem
Mrs. Arjumand A. Qazi
Mr. Shaheen Akhtar

## **MANAGEMENT COMMITTEE**

Mrs. Arjumand A. Qazi
Mr. Tanveer-ul-Bari
Mr. Shaheen Akhtar

## **COMPANY SECRETARY & CFO**

Mr. Tanveer-ul-Bari

## **EXTERNAL AUDITORS**

Anjum Asim Shahid Rahman,  
Chartered Accountants

## **INTERNAL AUDITORS**

Ford Rhodes Sidat Hyder & Company,  
Chartered Accountants

## **TAX CONSULTANT**

A.F. Ferguson & Co.,  
Chartered Accountants

## **LEGAL ADVISOR**

Mohsin Tayebaly & Company,  
Advocate & Legal Consultant

## **CREDIT RATING**

Long-Term: A-      Short-Term: A-2

## **REGISTERED OFFICE**

40, Jang Building, A.K. Fazal-ul-Haq Road,  
Blue Area, Islamabad.

## **MAIN OFFICE**

2nd Floor Tower-B,  
Finance & Trade Center (FTC),  
Shahra-e-Faisal, Karachi.  
Phone: 021-9204751-53  
Fax: 021-9204754

## **REGISTRAR AND SHARE TRANSFER OFFICE**

Progressive Management Services (Pvt) Ltd.  
10th Floor, Mehdi Towers,  
A-115, S.M.C.H.S.,  
Shahra-e-Faisal, Karachi.  
Phone: 021-4526983-84  
Fax: 021-4526985

## **BANKS AND LENDING INSTITUTIONS**

Allied Bank Limited  
Askari Commercial Bank Limited  
Emirates Global Islamic Bank Limited  
Faysal Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Pak Libya Holding Co. (Pvt) Limited  
Pak Oman Investment Co. Limited  
Saudi Pak Commercial Bank Limited  
United Bank Limited

# DIRECTORS' REPORT

The Board of Directors of SME Leasing Limited is pleased to present its report for the quarter and nine months ended September 30, 2008.

During the period under review the financial sector remained under immense pressure caused by the uncertain political and economic conditions of the country. The rise in interest rates and flooring decline of stock market index have slowed down the business activities and growth, which have resulted in reduced and selective business for the NBFC sector. The situation is being watched very closely and a more cautious and prudent investment policy has been pursued by the Company to avoid any losses while maintaining a reasonable growth level.

The total assets have shown growth over corresponding period figure of last year and stood at Rs. 2.0 billion. The gross revenue for the period amounted to Rs. 124.80 million as compared to Rs. 129.36 million of the previous corresponding period. Profit after tax for the period amounted to Rs. 16.65 million as compared to Rs. 24.07 million for the corresponding period. Operating expenses remained approximately the same as the corresponding period and well below from budgeted limit. Whereas, financial charges despite being well below the respective budgeted limits have shown increase over the corresponding figure which is attributable to the abrupt rise in the KIBOR. Keeping in view the management's ongoing review of the existing exposure to maintain a quality portfolio and to provide necessary reserves for absorbing any adverse effects and the present unstable economic and business conditions the decline in net profit is fairly reasonable. The core focus is on quality investment with adequate security deposit margins and additional collateral to ensure reasonable return.

Under the current economic scenario the Company will continue with its strategy to build and maintain a quality portfolio with reasonable and secure returns, wherever required a more conservative approach will also be applied to meet the changing market challenges and to safeguard the Company's investments.

The Board recognizes and appreciates the support and role of the lending institutions, regulatory authorities, management team and all the staff members in the steady growth of the Company.

For and on behalf of Board of Directors



S.M. Naseem  
Chairman

Karachi: October 28, 2008

# Balance Sheet

as at September 30, 2008

	Note	(Unaudited) September 30, 2008 Rupees	(Audited) December 31, 2007 Rupees
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances		17,656,640	23,704,847
Placements with financial institutions	4	100,000,000	-
Mark-up accrued		2,278,832	2,248,669
Loans and advances		1,680,605	1,930,106
Deposits, prepayments and other receivables		4,117,966	5,030,721
Investments - available-for-sale	5	27,145,831	2,087,500
Current maturity of loans and receivables	6	72,848,688	51,085,311
Current maturity of net investment in leases	7	584,847,890	569,842,136
<b>Total current assets</b>		<b>810,576,452</b>	<b>655,929,290</b>
<b>Non-current assets</b>			
Loans and receivables	6	55,214,247	33,510,480
Net investment in leases	7	1,122,287,368	1,206,948,281
Long-term loans		3,541,972	8,390,719
Long-term deposits and prepayments		650,361	851,675
Intangibles	8	352,999	43,542
Property and equipment	9	10,424,156	11,195,967
		1,192,471,103	1,260,940,664
<b>Total assets</b>		<b>2,003,047,555</b>	<b>1,916,869,954</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and others payable		11,386,616	20,987,695
Mark-up accrued		15,858,279	11,875,596
Short-term borrowings		25,137,403	8,556,259
Current maturity of long-term finances	10	240,664,174	300,588,787
Current maturity of liabilities against assets subject to finance lease		1,173,113	1,495,552
Current maturity of term finance certificate	11	116,666,667	-
Current maturity of long-term deposits		325,579,410	207,124,430
Provision for compensated absences		100,000	474,985
Taxation payable		8,694,378	8,769,151
<b>Total current liabilities</b>		<b>745,260,040</b>	<b>559,872,455</b>
Long-term finance	10	167,440,800	423,592,687
Liabilities against assets subject to finance lease		1,751,703	1,437,186
Term finance certificate	11	233,333,333	-
Long-term deposits		419,871,353	485,454,207
Deferred liabilities		11,937,242	11,273,363
		834,334,431	921,757,443
<b>Total liabilities</b>		<b>1,579,594,471</b>	<b>1,481,629,898</b>
<b>NET ASSETS</b>		<b>423,453,084</b>	<b>435,240,056</b>
<b>FINANCED BY</b>			
<b>Authorised share capital</b>			
50,000,000 (2007: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed and paid-up capital		320,000,000	320,000,000
Reserves		103,453,084	115,240,056
Total shareholders' equity		<b>423,453,084</b>	<b>435,240,056</b>
<b>Contingencies and commitments</b>			

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.

  
Chief Executive Officer

  
Director





# Profit and Loss Account (Unaudited)

for the Nine months ended September 30, 2008

	Quarter Ended		Nine Months Ended	
	Sept. 30, 2008 Rupees	Sept. 30, 2007 Rupees	Sept. 30, 2008 Rupees	Sept. 30, 2007 Rupees
<b>REVENUE</b>				
Income from operations	38,131,338	45,443,815	121,059,914	128,618,559
Income from investments	3,076,371	225,000	3,076,371	225,000
Other operating income	416,477	159,672	660,991	511,988
<b>Total revenue</b>	<b>41,624,186</b>	<b>45,828,487</b>	<b>124,797,276</b>	<b>129,355,547</b>
<b>EXPENSES</b>				
Administrative	11,264,287	11,683,210	33,522,623	33,325,939
Finance Cost	27,869,325	24,468,944	69,971,759	63,533,337
<b>Total expenses</b>	<b>39,133,612</b>	<b>36,152,154</b>	<b>103,494,382</b>	<b>96,859,276</b>
Operating profit before provisions	2,490,574	9,676,333	21,302,894	32,496,271
<b>PROVISIONS</b>				
Provision for potential lease losses	863,539	523,268	3,863,539	1,920,806
Provision/(Reversal) for loans and receivables	104,119	48,549	(15,342)	50,994
<b>Total provisions</b>	<b>967,658</b>	<b>571,817</b>	<b>3,848,197</b>	<b>1,971,800</b>
Profit before taxation	1,522,916	9,104,516	17,454,697	30,524,471
Income tax expense				
Current	-	663,627	-	2,044,891
Deferred	300,000	694,944	800,000	4,431,913
	<b>300,000</b>	<b>1,358,571</b>	<b>800,000</b>	<b>6,476,805</b>
<b>Profit for the Period</b>	<b>1,222,916</b>	<b>7,745,945</b>	<b>16,654,697</b>	<b>24,047,666</b>
<b>Earnings per share - basic and diluted</b>	<b>0.04</b>	<b>0.24</b>	<b>0.52</b>	<b>0.75</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.

  
Chief Executive Officer

  
Director

# Cash Flow Statement (Unaudited)

for the Nine months ended September 30, 2008

	Note	September 30, 2008 Rupees	September 30, 2007 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations after working capital changes	13	82,172,944	88,525,181
(Increase)/Decrease in net investment in leases		(65,791,620)	(259,720,960)
(Increase) in loans and receivables		(43,451,802)	(7,240,085)
Mark-up paid		(63,515,258)	(63,752,098)
Mark-up received on loans to employees		263,870	460,484
Mark-up received		1,858,052	49,190
Financial charges paid		(310,320)	(336,699)
Gratuity paid		(849,252)	-
Taxes paid		(74,773)	164,948
Long-term deposits received		52,872,126	133,129,008
		<u>12,584,263</u>	<u>(197,246,212)</u>
<b>Net cash from (used in) operating activities</b>		<b>94,757,207</b>	<b>(108,721,031)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
(Increase) in short-term placements		(100,000,000)	-
Capital expenditure		(1,881,521)	(670,600)
(Increase)/Decrease in long-term loans and advances		4,848,747	(869,040)
(Increase)/Decrease in long-term deposits and prepayments		201,314	(68,717)
Investment made		(29,500,000)	-
Proceeds from redemption of units		823,561	-
<b>Net cash (used-in) investing activities</b>		<b>(125,507,899)</b>	<b>(1,608,357)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase/(Decrease) in long-term finance		(316,076,500)	188,947,368
Increase in term finance certificates		350,000,000	-
Dividend paid		(23,411,176)	-
Lease rentals paid		(2,390,983)	(1,443,482)
<b>Net cash from/(used in) financing activities</b>		<b>8,121,341</b>	<b>187,503,886</b>
		<u>(22,629,351)</u>	<u>77,174,498</u>
Cash and cash equivalents at beginning of the period		15,148,588	(89,832,326)
Cash and cash equivalents at end of the period	14	<u>(7,480,763)</u>	<u>(12,657,828)</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.

  
Chief Executive Officer

  
Director

# Statement of Changes in Equity (Unaudited)

for the Nine months ended September 30, 2008

Issued, subscribed and paid-up capital	Capital Reserves			Revenue Reserves		Total shareholders' 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, 2007	320,000,000	10,000,000	20,343,720	7,206,049	47,435,918	-	404,985,687
Profit for the nine months	-	-	-	-	24,047,666	-	24,047,666
Transferred to statutory reserve @ 20%	-	-	4,809,533	-	(4,809,533)	-	-
Transferred to reserve against future losses	-	-	-	1,066,277	(1,066,277)	-	-
Unrealised loss on re-measurement of available-for-sale investment	-	-	-	-	-	(125,000)	(125,000)
<b>Balance as at Sep. 30, 2007-carried forward</b>	<b>320,000,000</b>	<b>10,000,000</b>	<b>25,153,253</b>	<b>8,272,326</b>	<b>65,607,774</b>	<b>(125,000)</b>	<b>428,908,353</b>
Balance as at January 1, 2008	320,000,000	10,000,000	26,477,094	8,354,766	70,820,696	(412,500)	435,240,056
Unrealised gain/loss on re-measurement of available-for-sale investment	-	-	-	-	-	(4,441,669)	(4,441,669)
Profit for the nine months	-	-	-	-	16,654,697	-	16,654,697
Transferred to statutory reserve @ 20%	-	-	3,330,939	-	(3,330,939)	-	-
Final dividend for the year ended December 31, 2007 declared and issued subsequently to year end	-	-	-	-	(24,000,000)	-	(24,000,000)
Transferred to reserve against future losses	-	-	-	100,000	(100,000)	-	-
<b>Balance as at September 30, 2008</b>	<b>320,000,000</b>	<b>10,000,000</b>	<b>29,808,033</b>	<b>8,454,766</b>	<b>60,044,454</b>	<b>(4,854,169)</b>	<b>423,453,084</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.

  
Chief Executive Officer

  
Director



# Notes to the Interim Condensed Financial Statements

for the Nine months ended September 30, 2008

## 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, which holds 73.14% (2006: 73.14%) of the shareholding of the company. The company is listed on Lahore Stock Exchange and its registered office is situated at 40 Jang Building, A.K.Fazal-ul-Haq Road, 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.

## 2. STATEMENT OF COMPLIANCE

These interim financial statements i.e 'interim information' have been prepared in accordance with approved accounting standards as applicable in Pakistan, requirements of the Companies Ordinance, 1984 (Ordinance), the Non-Banking Finance Companies (Establishment & Regulation) Rules 2003, (the Rules), and the Non-Banking Finance Companies and Notified Entities Regulation 2007 (the Regulations). Approved accounting standards comprise such International Financial Reporting Standards (IFRS) as are notified under the Ordinance. In case requirements differ, the Ordinance, the Rules, or the Regulations shall prevail.

## 3. ACCOUNTING POLICIES

The accounting policies and methods of computations followed for the preparation of this condensed interim financial information is same as those applied in preparing the annual accounts for the year ended December 31, 2007

## 4. Placements with Financial Institutions

### Un-Secured

		(Unaudited) Sept. 30, 2008 Rupees	(Audited) Dec. 31, 2007 Rupees
With Investment Banks	4.1	50,000,000	-
With Leasing Companies	4.2	50,000,000	-
		<u>100,000,000</u>	<u>-</u>

4.1 This represents short-term placement of Rs. 50 million with investment banks. The rate of return on these facility ranges from 15% to 19% per annum. This finance is repayable between October 2008 to November 2008.

4.2 This represents short-term placement of Rs. 50 million with leasing companies at the mark-up rate of 20% per annum. This finance is repayable during October 2008.

## 5. INVESTMENTS

### Available-for-sale - Mutual Funds

		(Unaudited) Sept. 30, 2008 Rupees	(Audited) Dec. 31, 2007 Rupees
- Open end		29,500,000	-
- Close end		2,500,000	2,500,000
		<u>32,000,000</u>	<u>2,500,000</u>
Unrealised gain/loss		(4,854,169)	(412,500)
Fair value at the end of the period		<u>27,145,831</u>	<u>2,087,500</u>



# Notes to the Interim Condensed Financial Statements

for the Nine months ended September 30, 2008

	(Unaudited) Sept. 30, 2008 Rupees	(Audited) Dec. 31, 2007 Rupees
<b>6. LOANS AND RECEIVABLES - Secured</b>		
Loans to customers - considered good	108,919,482	76,001,227
Loans to customers - considered doubtful	19,395,454	8,861,907
Less: Provision for doubtful loans and receivables	252,001	267,343
	<u>19,143,453</u>	<u>8,594,564</u>
	128,062,935	84,595,791
Less: Current maturity of loans and receivables	72,848,688	51,085,311
	<u>55,214,247</u>	<u>33,510,480</u>
<b>7. NET INVESTMENT IN LEASES</b>		
Minimum lease payments receivable	1,176,805,935	1,335,665,852
Add: Residual value of leased assets	745,450,763	692,578,637
Gross investment in lease	<u>1,922,256,698</u>	<u>2,028,244,489</u>
Less: Unearned lease income	205,576,469	245,772,640
Less: Provision for potential lease losses	9,544,971	5,681,432
	<u>215,121,440</u>	<u>251,454,072</u>
Net investment in leases	1,707,135,258	1,776,790,417
Less: Current maturity of net investment in leases	584,847,890	569,842,136
Net investment in leases	<u>1,122,287,368</u>	<u>1,206,948,281</u>

## 8. INTANGIBLES

The company's intangible assets comprise acquired software licenses and software. The carrying amount for the nine months ended September 30, 2008 can be analyzed as follows;

	Note	(Unaudited) Sept. 30, 2008 Rupees	(Audited) Dec. 31, 2007 Rupees
Gross carrying amount		711,930	350,500
Accumulated amortization and impairment		358,931	306,958
	<b>8.1</b>	<u>352,999</u>	<u>43,542</u>
<b>8.1</b> Carrying amount at the beginning of the period		43,542	1,872
Additions		361,430	47,500
Amortization		51,973	5,830
Carrying amount at the end of the period		<u>352,999</u>	<u>43,542</u>
Rate of amortization		33.33%	33.33%

# Notes to the Interim Condensed Financial Statements (Unaudited)

for the nine months ended September 30, 2008

## 9. PROPERTY AND EQUIPMENT

Following is the schedule of property and equipment of the company:

	Owned assets						Leased assets		
	Office premises	Building improvements and fixtures	Furniture and fixture	Tangible Office equipment & others	Computers	Vehicles	Total tangible assets	Motor vehicles	Total
Rupees									
<b>As at January 1, 2007</b>									
Cost	4,954,190	1,676,441	1,738,645	849,900	1,698,375	1,161,169	12,078,720	5,990,940	18,069,660
Accumulated depreciation	(582,683)	(1,515,274)	(1,091,218)	(312,039)	(1,331,116)	(379,640)	(5,211,970)	(1,661,723)	(6,873,693)
<b>Net book value</b>	<b>4,371,507</b>	<b>161,167</b>	<b>647,427</b>	<b>537,861</b>	<b>367,259</b>	<b>781,529</b>	<b>6,866,750</b>	<b>4,329,217</b>	<b>11,195,967</b>
<b>Period ended September 30, 2008</b>									
Opening net book value	4,371,507	161,167	647,427	537,861	367,259	781,529	6,866,750	4,329,217	11,195,967
Additions	-	46,290	84,605	78,950	31,150	1,237,007	1,478,002	2,238,089	3,716,091
Disposals - net	-	-	-	-	-	-	-	(2,681,680)	(2,681,680)
Depreciation charge	(185,788)	(102,936)	(217,366)	(98,807)	(164,066)	(282,842)	(1,051,805)	(754,417)	(1,806,222)
<b>Closing net book value</b>	<b>4,185,719</b>	<b>104,521</b>	<b>514,666</b>	<b>518,004</b>	<b>234,343</b>	<b>1,735,694</b>	<b>7,292,947</b>	<b>3,131,209</b>	<b>10,424,156</b>
<b>As at September 30, 2008</b>									
Cost	4,954,190	1,722,731	1,823,250	928,850	1,729,525	2,398,176	13,556,722	5,547,349	19,104,071
Accumulated depreciation	(768,471)	(1,618,210)	(1,308,584)	(410,846)	(1,495,182)	(662,482)	(6,263,775)	(2,416,140)	(8,679,915)
<b>Net book value</b>	<b>4,185,719</b>	<b>104,521</b>	<b>514,666</b>	<b>518,004</b>	<b>234,343</b>	<b>1,735,694</b>	<b>7,292,947</b>	<b>3,131,209</b>	<b>10,424,156</b>
<b>Rate of depreciation (%)</b>	<b>5</b>	<b>33.33</b>	<b>20</b>	<b>15</b>	<b>33.33</b>	<b>20</b>	<b>33.33</b>	<b>20</b>	<b>20</b>

# Notes to the Interim Condensed Financial Statements

for the Nine months ended September 30, 2008

	Note	(Unaudited) Sep. 30, 2008 Rupees	(Audited) Dec. 31, 2007 Rupees
<b>10. LONG-TERM FINANCE - Secured</b>			
SME Bank Limited (holding company) - related party		17,927,718	52,654,781
Other financial institutions		390,177,256	671,526,693
		<u>408,104,974</u>	<u>724,181,474</u>
Less: Current maturity shown under current liabilities		240,664,174	300,588,787
Long-term loans - due after one year		<u>167,440,800</u>	<u>423,592,687</u>
<b>11. TERM FINANCE CERTIFICATE - Secured</b>			
Privately placed term finance certificates	11.1	350,000,000	-
Less: Current maturity shown under current liabilities		116,666,667	-
Term finance certificate - due after one year		<u>233,333,333</u>	

11.1 The principal and profit of privately placed term finance certificates is payable quarterly at a base rate plus 150 bps. Base rate is three month ASK KIBOR.

11.2 These are secured by way of a hypothecation of the company's leased assets and related receivables.

		(Unaudited) Sep. 30, 2008 Rupees	(Audited) Dec. 31, 2007 Rupees
<b>12. CONTINGENCIES AND COMMITMENTS</b>			
<b>Commitments</b>			
Lease disbursements	12.1	<u>47,000,000</u>	<u>25,570,000</u>

12.1 Leasing contracts committed but not executed at the balance sheet date amounted to Rs. 47 million (December 2007: Rs. 25.57 million).

# Notes to the Interim Condensed Financial Statements (Unaudited)

for the Nine months ended September 30, 2008

	September 30, 2008 Rupees	September 30, 2007 Rupees
<b>13. CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES</b>		
Profit before income tax	17,454,697	30,524,471
<b>Adjustment for non-cash charges and other items</b>		
Depreciation	9 1,806,222	1,754,943
Amortization	8 51,973	-
Gratuity expense	713,131	-
Mark-up expense	67,497,941	61,026,663
Mark-up short-term placements	(544,109)	-
Mark-up income	(149,350)	(49,190)
Loss on disposal of property and equipment	(252,346)	-
Financial charges on leased assets	310,320	336,699
Interest income on loans to employees	(259,295)	(462,798)
Provision for potential lease losses	3,863,539	1,920,806
Provision for loans and receivables	(15,342)	50,994
	<u>73,022,684</u>	<u>64,578,116</u>
<b>Cash generated from operations before working capital changes</b>	<b>90,477,381</b>	<b>95,102,587</b>
<b>Working capital changes</b>		
<b>(Increase)/Decrease in current assets</b>		
Mark-up accrued	509,371	87,232
Deposits, prepayments and other receivables	912,755	(998,606)
Loans and advances	249,501	(367,711)
	<u>1,671,627</u>	<u>(1,279,085)</u>
<b>Increase/(Decrease) in current liabilities</b>		
Trade and other payables	(9,601,079)	(5,286,572)
Provision for compensated absences	(374,985)	(11,749)
	<u>(9,976,064)</u>	<u>(5,298,321)</u>
<b>Total working capital changes</b>	<b>(8,304,437)</b>	<b>(6,577,406)</b>
<b>Cash generated from operations after working capital changes</b>	<b>82,172,944</b>	<b>88,525,181</b>
<b>14. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	17,656,640	27,045,810
Short-term borrowings	(25,137,403)	(39,703,638)
	<u>(7,480,763)</u>	<u>(12,657,828)</u>

# Notes to the Interim Condensed Financial Statements (Unaudited)

for the Nine months ended September 30, 2008

## 15. TRANSACTIONS WITH RELATED PARTIES

SME Leasing Limited is a subsidiary of SME Bank Limited. During the nine months ended, the following transactions were undertaken by the company with SME Bank Limited:

	September 30, 2008		September 30, 2007	
	Key management personnel	SME Bank Limited (Holding Company)	Key management personnel	SME Bank Limited (Holding Company)
Rupees				
<b>Borrowings</b>				
Balance as at January 1	-	52,654,781	-	95,406,175
Add: Borrowings during the period	-	-	-	30,000,000
Less: Repayments during the period	-	(34,727,063)	-	(61,683,572)
Balance as at September 30	-	17,927,718	-	63,722,603
<b>Term finance certificates</b>	-	100,000,000	-	-
<b>Loans and advances</b>				
Balance as at January 1	4,644,391	-	7,860,554	-
Add: Advances given during the period	210,000	-	700,000	-
Less: Repayments during the period	(4,323,544)	-	(2,082,151)	-
Balance as at September 30	530,847	-	6,478,403	-
Mark-up expense for the period	-	2,262,165	-	6,194,917
Mark-up on term finance certificates	-	4,252,795	-	-
Mark-up income for the period	209,699	-	266,886	-
<b>Other transactions</b>				
Lease facility provided to holding company	-	26,559,066	-	19,908,200
Deposit margin (50%) by holding company for the lease facility	-	13,561,223	-	10,099,500
Total rentals receivables (for the entire lease period)	-	8,868,703	-	12,505,465
Total rentals received during the period	-	2,931,381	-	3,456,497
Rent expense	-	254,085	-	273,779
Remuneration and salaries paid	4,593,201	-	5,967,772	-
Post retirement benefits	816,929	-	935,590	-
Provident fund - company's contribution	216,152	-	283,491	-

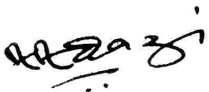
All transactions with the holding company are carried out on commercial terms and conditions.

## 16. RECLASSIFICATION

For the purpose of better presentation under IAS 1 'Presentation of Financial Statement', computer software has been reclassified from property and equipment to intangibles as a separate line item on the face of balance sheet. Comparative figure has also been reclassified.

## 17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on October 28, 2008 by the Board of Directors of the company.

  
Chief Executive Officer

  
Director



## Branch Network

### BRANCHES

#### KARACHI

##### Main Branch

2nd Floor, Tower "B",  
Finance & Trade Center (FTC),  
Shahra-e-Faisal.  
Phone: 021-9204751-53  
Fax: 021-9204754

##### F. B. Area Branch

Ground Floor,  
Gulshan-e-Amin Plaza, Block-21, F. B. Area.  
Phone: 021-9246458, 6807584  
Fax: 021-6806940

#### HYDERABAD

M-06, Mezzanine Floor,  
Rabi Shopping Center,  
Cantonment Area, Saddar.  
Phone: 022-9200747  
Fax: 022-9201060

#### LAHORE

##### Gulberg Branch

13-L, Mini Market, Gulberg-II.  
Phone: 042-5714499  
Fax: 042-5714499

##### Iqbal Town Branch

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Karim Block, Allama Iqbal Town Road.  
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Fax: 042-5295424

#### ISLAMABAD

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Phone: 051-9257524  
Fax: 051-9257520

#### SIALKOT

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Fax: 052-3257138

#### PESHAWAR

34, Ground Floor,  
State Life Building,  
The Mall, Peshawar Cantt.  
Phone: 091-9211683  
Fax: 091-9211683

#### MARDAN

The Mall Office No. 26,  
Adjacent Allied Bank Limited,  
Mardan Cantt.  
Phone: 0937-9230800  
Fax: 0937-9230800

#### MIRPURKHAS

Office No. 403/2, New Town.  
Phone: 0233-9290411  
Fax: 0233-9290411











**SME Leasing Limited**

(A subsidiary of SME Bank Ltd.)

**Main Office:**

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