

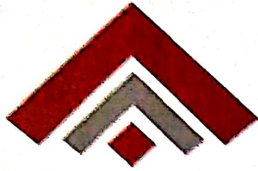


SME Leasing Limited
(A Subsidiary of SME Bank Ltd.)

Main Office:
Office No. 304, 3rd Floor,
Business Arcade,
Shahra-e-Faisal, Karachi.
Phone: +92-21-34322128-9
Facsimile: +92-21-34322082
Website: www.smelease.com

SME Leasing Limited 1st Quarterly Report 2020

1st Quarterly Report 2020



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Bilal Mustafa, Chairman
Mr. Dilshad Ali Ahmad
Mr. Mohammad Mubeen Mufti
Mr. Javed Mehmood
Ms. Darakhshan S. Vohra

CHIEF EXECUTIVE OFFICER

(The position is vacant due to sad and untimely demise of the Acting CEO, Mr Abdul Waseem on 24 May 2020)

AUDIT COMMITTEE

Mr. Javed Mehmood, Chairman
Mr. Mohammad Mubeen Mufti
Ms. Darakhshan S. Vohra
Mr. Asad Ali, Committee Secretary

RISK MANAGEMENT COMMITTEE

Mr. Javed Mehmood, Chairman
Mr. Bilal Mustafa
Ms. Darakhshan S. Vohra
Mr. Naeem ul Hasan, Secretary

HUMAN RESOURCE COMMITTEE

Mr. Bilal Mustafa – Chairman
Mr. Dilshad Ali Ahmad
Ms. Darakhshan S. Vohra
Mr. Adnan Sajar – Committee Secretary

COMPANY SECRETARY & CFO

Mr. M Shahzad

EXTERNAL AUDITORS

Grant Thornton Anjum Rahman, Chartered Accountants

1st Quarterly Report 2020

INTERNAL AUDITOR

Mr. Asad Ali

TAX CONSULTANTS

Ernst Young Ford Rhodes, Chartered Accountants

LEGAL ADVISOR

Mohsin Tayebaly & Co., Advocate & Legal Consultant

CREDIT RATING

Long Term: B Short Term: B

REGISTERED OFFICE

56-F, Nazim-ud-Din Road, F-5/1, Blue Area, Islamabad

MAIN OFFICE

Office No.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 CERTIFICATE

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 the un-audited condensed interim financial statements for the period ended March 31, 2020.

The company remained focused on recoveries and enhancing its performing portfolio by writing fresh new business. During the period under review, fresh business worth Rupees 10 Million (Gross) was written while total recoveries from the portfolio aggregated Rupees 24.50 Million. The utilization of the funding line from SME Bank also increased. The Company continued to follow up for early settlements of non-performing portfolio through legal process and negotiations. Provisions for non performing portfolio as a result recorded a net reversal of Rupees 0.53 million. Revenues on the other hand recorded a decrease of Rupees 0.97 Million when compared with the corresponding period last year. Overall administrative expenses recorded decrease of 1.08 million. Financial charges increased due to increase in cost of fund. The loss before tax during the period under review was Rs.9.62 Million compared to Rs. 6.84 Million in the corresponding period last year. Funding constraint remained a major obstacle in converting the company into a profit-making institution.

The Net equity of the Company amounted to Rs.67.42 Million as at 31st March 2020. The Company is fully compliant of SECP equity requirement for leasing companies. The current liabilities increased by Rs.10.69 million and non-current liabilities decreased by Rs. 11.46 Million whereas the total assets recorded a net decrease of Rs 10.45 Million, principally on account of fresh leases written. The efforts for recoveries from the portfolio and exploring new avenues of funding shall continue, going forward.

The matter of privatization of SME Bank, majority shareholder is at advanced stage. We shall keep our shareholders informed of development, in this regard.

The reduction in discount rate to 8% by the SBP will reduce the finance cost of the Company. However, The COVID-19 caused unprecedented challenges for the whole world. The lockdown and economic slowdown effected the financial sector as a whole. The Company has taken various measures to mitigate the risk and hope that it will safely sail through the storm.

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.

Due to the sad and unfortunate demise of the Acting CEO / Director, Mr Abdul Waseem on 24 May 2020, the financial statements and other related documents have been signed by Mr Dilshad Ali Ahmed, Director of the Company, in place of the Acting CEO, Mr. Waseem.

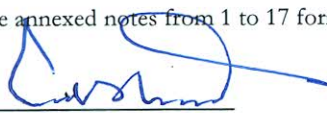
Dated: 28 May 2020

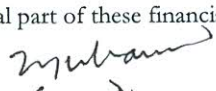
Bilal Mustafa
Chairman

SME LEASING LIMITED
Condensed Interim Statement of Financial Position (Unaudited)
As at March 31, 2020

		March 31,2020	December 31, 2019
ASSETS			
	Note	----- Rupees-----	-----
Non-current assets			
Property and equipment	3	4,338,794	4,510,324
Right-of-use asset		11,317,067	12,053,712
Net investment in finance leases	4	225,099,013	237,195,651
Long term finances and loans - secured	5	55,510,939	57,932,105
Long-term loans to employees - secured	5.1	643,229	732,683
Long-term deposits and prepayments		2,092,415	1,162,410
Total non-current assets		299,001,457	313,586,885
Current assets			
Advances		3,607,052	3,369,958
Prepayments and other receivables		631,720	903,786
Accrued interest on loan		219,887	47,368
Current maturity of non current assets	4.1	165,891,046	163,024,745
Cash and bank balances	6	1,919,301	787,718
Total current assets		172,269,006	168,133,575
Total assets		471,270,463	481,720,460
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
100,000,000 (2019: 100,000,000) ordinary shares of Rs. 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up share capital		320,000,000	320,000,000
Reserves		48,466,329	48,466,329
Accumulated losses		(301,042,287)	(291,358,265)
Total shareholder's equity		67,424,042	77,108,064
Non-current liabilities			
Liabilities against assets subject to finance lease		10,310,322	10,505,675
Long-term deposits		152,665,094	163,545,094
Deferred liabilities		7,242,894	7,623,230
Total non-current liabilities		170,218,310	181,673,999
Current liabilities			
Trade and other payables		4,444,192	4,870,238
Unclaimed dividend		19,694	19,694
Mark-up accrued on borrowings		1,946,113	2,143,384
Short term borrowings - secured		143,284,045	142,156,359
Current maturity of non-current liabilities	7	71,103,414	60,590,939
Current maturity of liabilities against assets subject to finance lease		2,106,985	2,489,296
Provision for compensated absences		2,569,502	2,500,565
Taxation - net		8,154,166	8,167,922
Total current liabilities		233,628,111	222,938,397
Total equity and liabilities		471,270,463	481,720,460
Contingencies and commitments			
	8		

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


Chief Executive Officer
 Director



Chief Financial Officer

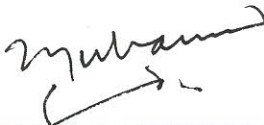

Director

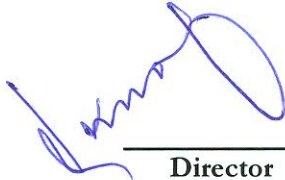
SME LEASING LIMITED
Condensed Interim Statement of Profit and Loss (Un-Audite
For the period ended March 31, 2020

		March 31,2020	March 31,2019
	Note	----- Rupees-----	
REVENUE			
Income from operations	9	5,691,240	6,658,307
Other operating income			
Other income	10	24,753	27,316
Total revenue		<u>5,715,993</u>	<u>6,685,623</u>
EXPENSES			
Administrative and general expenses	11	<u>(9,374,940)</u>	<u>(10,450,612)</u>
Finance cost	12	<u>(6,488,545)</u>	<u>(3,620,402)</u>
Total expenses		<u>(15,863,485)</u>	<u>(14,071,014)</u>
Operating loss before reversals / (provisions)		<u>(10,147,492)</u>	<u>(7,385,391)</u>
REVERSALS/(PROVISIONS)			
Reversals for potential lease losses		<u>485,064</u>	<u>496,325</u>
Reversals for loans and receivables		<u>47,257</u>	<u>44,132</u>
Total reversals / (provisions)		<u>532,321</u>	<u>540,457</u>
LOSS BEFORE TAXATION		<u>(9,615,171)</u>	<u>(6,844,934)</u>
Taxation	13	(68,851)	(83,205)
LOSS FOR THE YEAR		<u>(9,684,022)</u>	<u>(6,928,139)</u>
Loss per share - basic and diluted		(0.30)	(0.22)

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


~~Chief Executive Officer~~
 Director


 Chief Financial Officer


 Director

SME LEASING LIMITED
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the period ended March 31, 2020

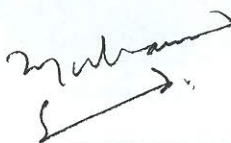
	March 31,2020	March 31,2019
	Note -----	Rupees-----
Loss for the year	(9,684,022)	(6,928,139)
Other comprehensive loss		
<i>Items to be reclassified to profit or loss account in subsequent years</i>		
Actuarial gain / (loss) on defined benefit obligation - Staff gratuity	-	-
<i>Items not to be reclassified to profit or loss account in subsequent years</i>	-	-
Total comprehensive loss for the year	<u>(9,684,022)</u>	<u>(6,928,139)</u>

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

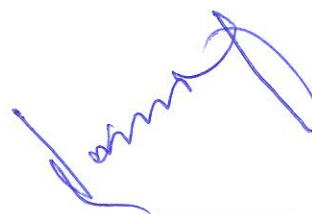


~~Chief Executive Officer~~

Director



Chief Financial Officer



Director

SME LEASING LIMITED
Condensed Interim Statement of Changes in Equity
For the period ended March 31, 2020

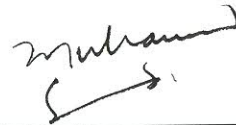
	Capital reserves		Revenue reserves		Total shareholder equity	
	Issued, subscribed and paid-up capital	Share premium	Statutory reserve	Reserve against future losses		Un-appropriated profit
----- Rupees -----						
Balance as at January 01, 2019	320,000,000	10,000,000	28,019,277	10,447,052	(256,784,077)	111,682,252
(Loss) after Taxation	-	-	-	-	(6,928,139)	(6,928,139)
Balance as at March 31, 2019 - Un-audited	<u>320,000,000</u>	<u>10,000,000</u>	<u>28,019,277</u>	<u>10,447,052</u>	<u>(263,712,216)</u>	<u>104,754,113</u>
Balance as at January 01, 2020	320,000,000	10,000,000	28,019,277	10,447,052	(291,358,265)	77,108,064
(Loss) after Taxation	-	-	-	-	(9,684,022)	(9,684,022)
Balance as at March 31, 2020	<u>320,000,000</u>	<u>10,000,000</u>	<u>28,019,277</u>	<u>10,447,052</u>	<u>(301,042,287)</u>	<u>67,424,042</u>

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




Chief Executive Officer

Director



Chief Financial Officer



Director

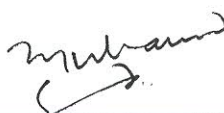
SME LEASING LIMITED
Condensed Interim Statement of Cash Flow Statement (Un-Audited)
For the period ended March 31, 2020

	March 31, 2020	March 31, 2019
	Note	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(9,615,171)	(6,844,934)
Adjustment for:		
Depreciation and amortization	925,175	266,267
Gratuity expense	(380,336)	225,000
Provision for compensated absences	181,437	(391,686)
Finance cost	6,002,577	3,620,402
Profit on bank accounts/return on investments	(24,753)	(24,816)
Obligation under finance lease	(1,328,063)	-
Financial charges on leased assets	483,399	-
Gain on disposal of property and equipment	-	(2,500)
Provision for potential lease losses	(485,064)	(496,325)
Provision for loans and receivables	(47,257)	(44,132)
	<u>5,327,115</u>	<u>3,152,210</u>
Operating loss before working capital changes	(4,288,056)	(3,692,724)
Movement in working capital		
(Increase) / decrease in operating assets		
Accrued interest on loan	(172,519)	(100,631)
Net investment in lease	9,087,230	13,992,654
Finances and loans	2,112,934	(2,269,103)
Deposits, prepayments & other receivables	272,066	256,863
Long-term deposits and prepayments	(197,322)	(739,986)
Long term deposits (paid)/used-in	(367,525)	(5,284,000)
Advances	(237,094)	(4,550,091)
	<u>10,497,770</u>	<u>1,305,706</u>
(Decrease) / increase in operating liabilities		
Trade and other payables	(406,353)	1,454,885
Unclaimed dividend	-	-
	<u>(406,353)</u>	<u>1,454,885</u>
Cash generated from / (used in) operations	5,803,361	(932,133)
Financial charges paid	(5,842,318)	(3,655,291)
Interest income received	24,753	24,816
Obligation under Finance Lease	1,328,063	-
Gratuity paid	-	(2,128,800)
Taxes paid	(82,607)	(425,473)
	<u>(4,572,109)</u>	<u>(6,184,748)</u>
Net cash used in operating activities	1,231,252	(7,116,881)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	17,000	(15,000)
Financial charges on lease Finance	(483,399)	-
Proceeds from disposal of fixed assets	-	18,900
Net cash (used in) / generated from investing activities	(466,399)	3,900
CASH FLOW FROM FINANCING ACTIVITIES		
Lease rentals paid	(760,956)	-
Net cash used in financing activities	(760,956)	-
Net decrease in cash and cash equivalents	3,897	(7,112,981)
Cash and cash equivalents at beginning of the year	(141,368,641)	(135,425,605)
Cash and cash equivalents at end of the year	(141,364,744)	(142,538,586)

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


 Chief Executive Officer


 Chief Financial Officer


 Director

Director

SME LEASING LIMITED
Notes to the Condensed Interim Financial Statements (Un-Audited)
For the period ended March 31, 2020

1. THE COMPANY AND ITS OPERATIONS

SME Leasing Limited (the Company) 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 (the Holding Company), who holds 73.14% (2018: 73.14%) of the Company's shares. 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. The Company obtained license of non deposit taking NBFC and as per section 4 (Schedule I) of NBFC Regulations 2008, a non deposit taking NBFC shall have minimum equity of Rs 50 million. The Company being non deposit taking NBFC has complied with said requirement of NBFC Regulations 2008. The PACRA Credit Rating Agency has assigned a long term rating of B (2019: B) and a short-term rating of B (2019: B) to the Company in the month of April 2020.

1.2 The license of the Company to operate as a leasing company expired on May 20, 2019. Thereafter, the Company applied via application reference # SMEL/MO/2019 dated April 16, 2019 for its renewal in the manner so required by the NBFC rules, 2003. However, renewal of license was in progress till the year end.

1.3 The Company has been incurring losses since year ended December 31, 2009 which has resulted in erosion of equity. During the period ended March 31, 2020, the Company has incurred a loss of Rs.9.68 million (March 31, 2019: Rs.6.93 million) which has further increased accumulated losses to Rs.301.04 million (December 31, 2019: Rs. 291.36 million) as at the Quarter end. Further, the net assets of the Company amounting to Rs. 67.42 million (December 31, 2019: Rs. 77.11 million).

Further, the Company is dependent on the running finance facility granted by the Holding Company. The revised prudential regulation of State Bank of Pakistan (SBP) applicable from June 2015 has restricted the exposure by bank to a related party to the extent of 7.5% of its equity. However, SBP on letter BPRD/BA&CPD/646/332/20 dated January 06, 2020 has granted relaxation to the Holding Company from the Regulation till December 31, 2019 or completion of restructuring / privatization, whichever is earlier.

These factors along with other factors may cast significant doubt on the Company's ability to continue as a going concern and the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

However, these financial statements have been prepared on a going concern basis considering the factors mentioned below:

- The Holding Company has granted a short term running finance facility to the Company amounting to Rs. 150 million out of which Rs. 143.284 million has been utilized as at March 31, 2020 (Dec. 31, 2019: Rs. 142.156 million). The said facility can be extended to the extent of Rs. 300 million as per the standby agreement for finance facility. The Holding Company will not call off the said amount till December 31, 2020 as the Holding Company will facilitate, assist and support the Company in arrangement of finance from external sources as and when required by the Company.
- The management of the Company has prepared cash flow projections which reflect that based on financial support by the Holding Company, the Company will be able to continue its business on going concern basis in the foreseeable future.
- Concerted efforts are being made for the recovery of non-performing leases and loans and finances and in this respect during the quarter ended March 31, 2020 Rs 4.243 million (March 31, 2019: Rs. 4.40 million) has been recovered.
- Efforts are also being made by the management to reduce the overall cost of the Company.
- Based on the above mentioned financial measures and the concerted operational measures being taken by the Company, the management is confident that the Company would be able to survive in the foreseeable future and therefore, has prepared the financial statements on going concern basis.

1.4 The existence of novel coronavirus (COVID 19) was confirmed in early 2020 and has spread across the globe, causing disruption to businesses and economic activities. The Company considers this outbreak to be a non-adjusting post statement of financial position date event. As this situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company. The impact of this outbreak on the Company's financial statements, if any, will be considered in the next financial statements. The Company has observed the following mitigating factors against the above condition:

- The Company offices are geographically spread in five cities; and in case of any eventuality, the work of branch will be managed from another city by staff working from home remotely.
- The customers can make payments through electronic transfer or deposit the cheques directly in the bank accounts of the Company.
- The company has successfully tested the above during the lockdown period.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These condensed interim financial information of the Company for the three months period ended March 31, 2020 have been prepared in accordance with the requirement of the International Accounting Standard 34 - Interim Financial Reporting and provision of the directives issued under the Companies Act 2017, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In case where requirements differ, the provision or directives issued under the Companies Act, 2017, NBFC Rules, 2003 and NBFC Regulations, 2008 shall prevail.

These condensed interim financial information does not include all the disclosures required in the annual financial statements. Accordingly, the condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2019.

2.2 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, 2019.

2.3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. However, actual results may differ from these estimates.

In preparing these condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimates uncertainty were the same as applied to the financial statements of the Company for the year ended December 31, 2019.

3. Property and equipments

Fixed Assets
 Intangible Assets

March 31, 2020 Un-Audited	December 31, 2019 Audited
-----Rupees-----	
4,338,794	4,510,324
-	-
4,338,794	4,510,324

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

Owned
 Computers
 Office equipment & others

March 31, 2020 (Un-Audited)		December 31, 2019 (Audited)	
Additions	Deletions	Additions	Deletions
17,000	-	37,501	-
-	-	234,510	(18,900)
17,000	-	272,011	(18,900)

SME LEASING LIMITED
Notes to the Condensed Interim Financial Statements (Un-Audited)
For the period ended March 31, 2020

	March 31, 2020 Un-Audited	December 31, 2019 Audited
4. NET INVESTMENT IN LEASES		
Minimum lease payments receivable	354,817,013	363,613,847
Add: Residual value of leased assets	223,395,275	223,762,800
Lease contract receivable	578,212,288	587,376,647
	67,704,365	(67,802,292)
Less: Unearned lease income	135,866,749	(136,351,813)
Less: Provision for potential lease losses	203,571,114	(204,154,105)
	374,641,174	383,222,542
Net investment in leases	149,542,161	146,026,891
Less: Current maturity of net investment in leases	225,099,013	237,195,651
Net investment in leases		
4.1 Current maturity of non current assets		
Finance lease	149,542,161	146,026,891
Long term loans and advances	15,987,657	16,636,626
Long term loans to employees	361,228	361,228
	165,891,046	163,024,745

Net investment in leases	MARCH 31, 2020 (Un-audited)			December 31, 2019 (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
Minimum Lease payments	89,344,092	265,472,921	354,817,013	96,929,904	266,683,943	363,613,847
Add : Residual Value of Leased Assets	70,730,181	152,665,094	223,395,275	60,217,706	163,545,094	223,762,800
Gross Investment in Leases	160,074,273	418,138,015	578,212,288	157,147,610	430,229,037	587,376,647
Unearned lease Income	(10,532,112)	(7,592,041)	(18,124,153)	(11,120,719)	(6,999,903)	(18,120,622)
Markup held in Suspense Account	-	(49,580,212)	(49,580,212)	-	(49,681,670)	(49,681,670)
	(10,532,112)	(57,172,253)	(67,704,365)	(11,120,719)	(56,681,573)	(67,802,292)
	149,542,161	360,965,762	510,507,923	146,026,891	373,547,464	519,574,355
Provision for potential lease losses	-	(135,866,749)	(135,866,749)	-	(136,351,813)	(136,351,813)
Net Investment in Finance leases	149,542,161	225,099,013	374,641,174	146,026,891	237,195,651	383,222,542

	March 31, 2020 Un-Audited	December 31, 2019 Audited
5. LONG TERM FINANCES AND LOANS		
Customers:		
Considered good	21,414,628	24,244,705
Considered doubtful	59,530,742	59,818,056
	80,945,370	84,062,761
Less: Provision	(9,446,774)	(9,494,030)
	71,498,596	74,568,731
	71,498,596	74,568,731
Less: Current maturity	(15,987,657)	(16,636,626)
Total Value	55,510,939	57,932,105

	March 31, 2020 Un-Audited	March 31, 2019 Un-Audited
5.1 LONG TERM LOANS TO EMPLOYEES - secured		
Related parties - considered good	145,391	155,352
-house loans	859,066	938,559
-car loans	1,004,457	1,093,911
	(361,228)	(361,228)
Less: Current maturity	643,229	732,683

	March 31, 2020 Un-Audited	March 31, 2019 Un-Audited
6. CASH AND BANK BALANCES		
With State Bank of Pakistan in current account	6,282	6,282
With banks:		
in current accounts	1,752,473	633,408
in saving accounts	94,134	81,616
Cash in hand	66,412	66,412
	1,919,301	787,718

	March 31, 2020 Un-Audited	March 31, 2019 Un-Audited
7. Current Maturity of Non-Current Liabilities		
Long term finances	373,233	373,233
Long term deposits	70,730,181	60,217,706
	71,103,414	60,590,939

	March 31, 2020 Un-Audited	March 31, 2019 Un-Audited
8. CONTINGENCIES AND COMMITMENTS		
Lease disbursements	-	-

	March 31, 2020 Un-Audited	March 31, 2019 Un-Audited
9. INCOME FROM OPERATIONS		
Income from finance lease operations	4,908,112	5,140,784
Gain/(Loss) on termination of leases	-	-
	4,908,112	5,140,784
Income on finances and loans to Customers	783,128	1,517,523
	5,691,240	6,658,307
10. OTHER OPERATING INCOME		
Income from Investments	6,873	-
Income from financial assets	17,880	24,816
Gain from non-financial assets	-	2,500
	24,753	27,316

SME LEASING LIMITED
Notes to the Condensed Interim Financial Statements (Un-Audited)
For the period ended March 31, 2020

	March 31, 2020 Un-Audited	March 31, 2019 Un-Audited
-----Rupees-----		
11. ADMINISTRATIVE & SELLING EXPENSES		
Salaries, allowances and other benefits	6,329,423	6,791,189
Directors' fee	-	155,000
Rent	55,029	914,439
Electricity, gas and water	205,733	152,083
Telephone and postage	210,089	220,149
Repairs and maintenance	108,177	110,505
Books and periodicals	7,815	17,519
Vehicle running	66,868	68,740
Training and development	-	107,660
Travelling, conveyance and entertainment	170,326	387,746
Printing and stationery	98,375	50,329
Depreciation and amortization	925,175	266,267
Legal and professional	743,899	726,297
Insurance	311,436	231,977
Miscellaneous	142,595	250,712
	<u>9,374,940</u>	<u>10,450,612</u>
12. FINANCE COST		
Mark-up on:		
Long term finance from banking companies and financial institutions	-	-
Short term borrowings	<u>5,987,310</u>	<u>3,593,006</u>
Lease finance charges	5,987,310	3,593,006
Bank charges	483,399	-
	<u>17,836</u>	<u>27,396</u>
	<u>6,488,545</u>	<u>3,620,402</u>

12.1 Finance cost includes mark up expense related to SME Bank Limited, related party:

Short term borrowings	<u>5,987,310</u>	<u>3,593,006</u>
	<u>5,987,310</u>	<u>3,593,006</u>

13. Taxation

Current Tax
- Minimum Tax U/S 113.

<u>68,851</u>	<u>83,205</u>
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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:

Borrowings
Closing Balance

March 31, 2020 (Un-Audited)		December 31, 2019 (Audited)	
Key management personnel	SME Bank Limited	Key management	SME Bank Ltd.
-	143,284,045	-	142,156,359

Markup expense for the period
Rent expenses
Key Management Remuneration
P. F. - Company's Contribution of Key Management

March 31, 2020 (Un-Audited)		March 31, 2019 (Un-Audited)	
-	5,987,310	-	3,593,006
-	137,568	-	105,822
1,755,000	-	1,467,210	-
-	-	4,640	-

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

15. CASH AND CASH EQUIVALENTS

Cash and bank balances
Short term borrowings

1,919,301	3,408,884
<u>(143,284,045)</u>	<u>(145,947,470)</u>
<u>(141,364,744)</u>	<u>(142,538,586)</u>

16 **SEGMENTAL 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.

March 31, 2020

Particulars	Finance Lease	Loans and Receivable	Investment	Others	Total
Segment Revenue	4,908,112	783,128	-	24,753	5,715,993
Segment Profit	5,393,176	830,385	-	24,753	6,248,314
Segment Result					6,248,314
Unallocated Cost					
Finance Cost					6,488,545
Administrative & selling expenses					9,374,940
					15,863,485
Profit / (Loss) before Income Tax					(9,615,171)
Income Tax Expense					(68,851)
Profit / Loss for the year					(9,684,022)
Other Information					
Segment Assets	374,641,174	71,498,596	-	-	446,139,770
Unallocated Assets	-	-	-	25,130,693	25,130,693
Total Assets					471,270,463
Segment Liabilities	226,580,199	-	-	-	226,580,199
Unallocated Liabilities				177,266,221	177,266,221
Total Liabilities					403,846,420
Net Assets					67,424,043
Capital Expenditure				17,000	17,000

March 31, 2019

Particulars	Finance Lease	Loans and Receivable	Investment	Others	Total
Segment Revenue	5,140,784	1,517,523	-	27,316	6,685,623
Segment Profit	5,637,109	1,561,655	-	27,316	7,226,080
Segment Result					7,226,080
Unallocated Cost					
Finance Cost					(3,620,402)
Administrative & selling expenses					(10,450,612)
					(14,071,014)
Loss before Taxation					(6,844,934)
Taxation					(83,205)
(Loss) for the year after Taxation					(6,928,139)

December 31, 2019

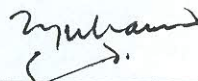
Particulars	Finance Lease	Receivable	Investment	Others	Total
Other Information					
Segment Assets	382,997,542	74,568,730	-	-	457,566,272
Unallocated Assets				24,075,781	24,075,781
Total Assets					481,642,053
Segment Liabilities	227,109,648				227,109,648
Unallocated Liabilities				177,265,908	177,265,908
Total Liabilities					404,375,556
Net Assets					77,266,497
Capital Expenditure				272,010	272,010

17. DATE OF AUTHORISATION FOR ISSUE

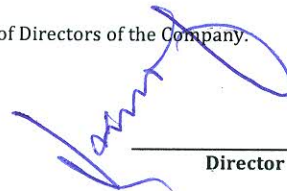
These financial statements were authorized for issue on _____ by the Board of Directors of the Company.



Chief Executive
Director



Chief Financial Officer



Director