

*Quarterly Report
September 30,
2018*



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



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Corporate Information

BOARD OF DIRECTORS

Mr. Bilal Mustafa - Chairman
Mr. Ihsan ul Haq Khan
Mir Javed Hashmat - CEO
Mr. Dilshad Ali Ahmad
Mr. Muhamamd Farrukh Mansoor Malik
Mr. Abdul Waseem
Ms. Darakshan S. Vohra

CHIEF EXECUTIVE OFFICER

Mir Javed Hashmat

AUDIT COMMITTEE

Mr. Abdul Waseem - Chairman
Mr. Mohammad Farrukh Mansoor Malik - Member
Ms. Darakshan S. Vohra - Member
Mr. Naeem-ul-Hasan - Committee Secretary

RISK MANAGEMENT COMMITTEE

Mr. Dilshad Ali Ahmad - Chairman
Mr. Abdul Waseem - Member
Mr. Bilal Mustafa - Member
Mr. Naeem-ul-Hasan - Secretary

HUMAN RESOURCE COMMITTEE

Mr. Bilal Mustafa - Chairman
Mr. Dilshad Ali Ahmad - Member
Mir Javed Hashmat - Member
Ms. Darakshan S. Vohra - Member
Mr. Adnan Sajar - Committee Secretary



COMPANY SECRETARY & CFO

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 the un-audited condensed financial statements for the period ended September 30, 2018.

The company remained focus on recoveries and enhancing its performing portfolio by writing fresh new business. During the period under review, fresh business worth Rupees 96 Million was written while total recoveries from the portfolio aggregated Rupees 83 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 4.8 million. Revenues on the other hand recorded an increase of Rupees 4.7 Million (24%) when compared with the corresponding period last year. Administrative expenses recorded increase of 9.8 percent on inflation and increase in legal expenses on accelerated efforts on recoveries. Financial charges increased due to utilization of funding line for new business. The loss before tax during the period under review was Rs.14.2 Million compared to Rs. 17.7 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.118.7 Million as at 30th September 2018. The Company is fully compliant of SECP equity requirement for leasing companies. The current and non-current liabilities increased by Rs. 45 Million whereas the total assets recorded a net increase of Rs 30 Million, principally on account of fresh leases written. Our efforts for recoveries from the portfolio and exploring new avenues of funding shall continue, going forward.

As reported in the 2017 annual report, IFRS 9 on financial instruments is now effective. The IFRS 9 will change the focus from incurred credit losses to expected credit losses during the 12 months period as well as during the life time of the instruments. The implementation of IFRS 9 will increase the level of provisions currently held against non- performing portfolio. The net impact is being assessed and once cleared by the external auditors will be incorporated in the audited accounts as at 31st December 2019 to meet the requirement of IFRS 9.

The matter of privatization of SME Bank, our major shareholder is currently with the concerned Ministry. We shall keep our shareholders informed of development, in this regard.

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 23, 2018

Bilal Mustafa
Chairman

ڈائریکٹرز رپورٹ

ایس ایم ای لیزنگ لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز 30 ستمبر 2018ء کی اختتامی مدت کیلئے غیر آڈٹ شدہ مجموعی مالیاتی حسابات پیش کر رہے ہیں۔


کمپنی کا نفع نظر مستقل طور پر وصولی اور اچھے کاروبار کے پورٹ فولیو پر ہے۔ زیر جائزہ مدت کے دوران نئے کاروبار میں 96 ملین روپے اضافہ ہوا، مجموعی طور پر 83 ملین روپے کے پورٹ فولیو کی وصولی ہوئی۔ ایس ایم ای بینک سے فنڈنگ لائن کا استعمال بھی بڑھ گیا۔ کمپنی کا عمل غیر مستحکم پورٹ فولیو کے سیٹلمنٹ کے لئے قانونی طریقہ کار اور مذاکرات کے ذریعے جاری رہا۔ نتیجہ کے طور پر غیر فعال کارکردگی کے پورٹ فولیو میں پروویژن میں 4.8 ملین روپے کی کمی ریکارڈ کی گئی ہے۔ دوسری جانب آمدنی میں 4.7 ملین روپے (24%) کا اضافہ ہوا جس کا موازنہ گزشتہ سال کی اسی مدت سے کیا جاسکتا ہے۔ انتظامی اخراجات میں 9.8 فیصد کا اضافہ ہوا ہے اس کے علاوہ وصولیوں کیلئے قانونی اخراجات میں اضافہ ہوا۔ نئے کاروبار کیلئے فنڈ لائن کے استعمال کی وجہ سے مالیاتی چارجز میں اضافہ ہوا۔ زیر جائزہ مدت کے دوران قبل از ٹیکس خسارہ مبلغ 14.2 ملین روپے ہوا جس کا موازنہ گزشتہ سال کی اسی مدت کے 17.7 ملین روپے سے کیا جاسکتا ہے۔ فنڈنگ پر دشواریاں کمپنی کو منافع بخش ادارے میں تبدیل کرنے میں ایک بڑی رکاوٹ ہے۔

30 ستمبر 2018ء کو کمپنی کی ایکٹیوٹی 118.7 ملین روپے رہی۔ جو کہ لیزنگ کمپنیوں کیلئے ایس ایم ای سی پی ایکٹیوٹی کی ضروریات کے مطابق ہے۔ موجودہ اور غیر موجودہ قرضہ جات میں 45 ملین روپے کا اضافہ ہوا جبکہ مجموعی اثاثہ جات میں مبلغ 30 ملین کا اضافہ ہوا جو کہ بنیادی طور پر حالیہ لیزز کے حساب سے دیکھا گیا۔ پورٹ فولیو سے وصولی اور نئی فنڈنگ کو جاری رکھنے کیلئے ہماری کوششیں جاری رہیں گی۔

2017ء کی سالانہ رپورٹ کے مطابق کمپنی پر اب آئی ایف آر ایس 9 لاگو ہے۔ آئی ایف آر ایس 9، 12 مہینے کے عرصہ کے دوران ہونے والے کریڈٹ خسارات اور متوقع کریڈٹ خسارات پر توجہ مرکوز کرے گا۔ آئی ایف آر ایس 9 کا نفاذ پورٹ فولیو کی حالیہ غیر کارکردگی کے خلاف پروویژن میں اضافہ کرے گا۔ مجموعی تخمینے کا جائزہ لیا جا رہا ہے اور ایکسٹرنل آڈیٹرز کی منظوری کے بعد آئی ایف آر ایس 9 کی ضروریات کو پورا کرنے کیلئے پروویژن 31 دسمبر 2019ء کے آڈٹ اکاؤنٹس میں شامل کیا جائے گا۔

ایس ایم ای بینک کی نجکاری کا معاملہ متعلقہ وزارت کے پاس ہے۔ ہم اپنے شیئر ہولڈرز کو اس سلسلے میں ہونے والی پیش رفت سے آگاہ رکھیں گے۔

بورڈ اپنے شیئر ہولڈرز، لینڈرز، ریگولیٹری اتھارٹیز کی جانب سے مستقل تعاون پر بے حد مشکور ہے اور انتظامی ٹیم کی مسلسل کوششوں اور کمپنی کے تمام اسٹاف ممبران کے تعاون کے بھی شکر گزار ہیں۔


بلال مصطفیٰ
چیئرمین

مورخہ: 23 اکتوبر 2018ء




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

Statement of Financial Position

As at September 30, 2018

	Note	September 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
Rupees			
ASSETS			
Current assets			
Cash and bank balances	3	1,792,525	1,902,743
Mark-up accrued		12,418	9,337
Loans and advances		3,004,714	2,803,744
Deposits, prepayments and other receivables		1,194,948	956,092
Current maturity of non current assets		80,185,841	110,903,503
Total current assets		86,190,446	116,575,419
Non-current assets			
Long term finances and loans	4	65,571,848	64,098,814
Net investment in leases	5	349,681,161	289,282,913
Long-term deposits and prepayments		847,435	1,186,898
Property and equipment	6	5,381,091	6,500,443
Total Non-current assets		421,481,535	361,069,068
Total assets		507,671,981	477,644,487
LIABILITIES			
Current liabilities			
Trade and others payable		3,841,409	3,677,308
Unclaimed dividend		19,694	20,629
Markup accrued		1,180,519	918,407
Short term borrowings		137,709,073	110,351,822
Current Maturity of non current liabilities	7	16,280,213	41,275,989
Provision for compensated absences		2,802,942	2,379,069
Provision for taxation payable		8,209,841	8,215,355
Total current liabilities		170,043,691	166,838,579
Non-current liabilities			
Liabilities against assets subject to finance lease		-	-
Long-term deposits		211,288,802	170,644,000
Deferred liabilities		7,648,819	6,911,306
		218,937,621	177,555,306
Total liabilities		388,981,312	344,393,885
NET ASSETS		118,690,669	133,250,602
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)		(249,775,660)	(235,215,727)
		118,690,669	133,250,602
Unrealized Gain on available for sale investments		-	-
Total shareholder's equity		118,690,669	133,250,602
Contingencies and commitments	8		

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


Abdul Waseem
Director


Liaquat Ali
Chief Financial Officer


Mir Javed Hashmat
Chief Executive Officer




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

Condensed Interim Profit And Loss Account -Un-audited

For the period ended September 30, 2018

Note	Nine Months period ended		Three Months period ended		
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	
(Rupees)					
REVENUE					
Income from operations	9	23,652,467	18,561,834	8,068,232	7,194,190
Other operating income	10	259,465	660,264	35,564	78,754
Total revenue		23,911,932	19,222,098	8,103,796	7,272,944
EXPENSES					
Administrative	11	32,367,891	29,433,324	10,539,473	9,282,485
Finance cost	12	10,667,638	7,625,227	3,634,198	2,581,374
Total expenses		43,035,529	37,058,551	14,173,671	11,863,859
Operating (loss) / Gain before provisions		(19,123,597)	(17,836,453)	(6,069,875)	(4,590,915)
PROVISIONS					
Provision for potential lease losses		(4,812,476)	(1,728,398)	(771,038)	(2,636,908)
Provision for loans and receivables		(19,517)	1,601,309	(19,031)	(9,655)
Total provisions		(4,831,993)	(127,089)	(790,069)	(2,646,563)
(Loss) / Gain before taxation		(14,291,604)	(17,709,364)	(5,279,806)	(1,944,352)
TAXATION					
For the period	13	268,329	162,006	96,000	48,330
Prior year		-	-	-	-
		268,329	162,006	96,000	48,330
(Loss) / Gain for the period		(14,559,933)	(17,871,370)	(5,375,806)	(1,992,682)
(Loss) / Gain per share - basic and diluted		(0.45)	(0.56)	(0.17)	(0.06)

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


Abdul Waseem
Director


Liaquat Ali
Chief Financial Officer


Mir Javed Hashmat
Chief Executive Officer



Condensed Interim Statement of Comprehensive Income (Un-audited)

For the period ended September 30, 2018

Note	Nine Months period ended		Three Months period ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	----- (Rupees) -----			
(Loss) after Taxation	(14,559,933)	(17,871,370)	(5,375,806)	(1,992,682)
Other comprehensive income				
(Deficit) on revaluation of available-for-Sale Investment - Net	-	-	-	-
Total comprehensive (Loss) for the period	(14,559,933)	(17,871,370)	(5,375,806)	(1,992,682)

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


Abdul Waseem
Director


Liaquat Ali
Chief Financial Officer


Mir Javed Hashmat
Chief Executive Officer



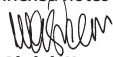
SME Leasing Limited
(A subsidiary of DBE Bank Ltd.)

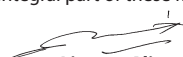
Condensed Interim Cash Flow Statement - Unaudited

For the 3rd Quarter ended September 30, 2018

Note	September 30, 2018	September 30, 2017
 Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before Tax	(14,291,604)	(17,709,364)
Adjustment for :		
-- Depreciation and Amortization	1,208,550	1,235,801
-- Gratuity expense	446,717	259,864
-- Finance Cost	10,667,638	7,613,884
-- Profit on Bank accounts / return on investment	(97,787)	(97,757)
-- Financial charges on leased assets	-	11,343
-- (Gain) on disposal of property and equipment	(161,678)	(562,507)
-- Provision for potential lease losses	(4,812,476)	(1,728,398)
-- Provision for loans and receivables	(19,517)	1,601,309
	7,231,447	8,333,539
Cash generated/ (Consumed) from operations before working capital changes	(7,060,157)	(9,361,248)
Working capital changes (Increase) / decrease in Operating assets		
-- Other receivable / Interest accrued	(3,081)	(18,114)
-- Deposits, prepayments & Other receivables	(252,476)	775,457
-- Loans and advances	(200,970)	(52,041)
	(456,527)	705,302
Increase / (Decrease) in current liabilities		
-- Trade and other payables	163,166	(324,683)
-- Provision for compensated absences	423,873	(317,475)
	587,039	(642,158)
Total Working capital changes	130,512	63,144
Cash generated from operations after working capital changes	(6,929,645)	(9,312,681)
(Increase)/Decrease in loans and receivables	(6,304,984)	1,643,297
(Increase)/Decrease in net investment in leases	(20,118,104)	10,673,375
Financial charges paid	(10,305,660)	(7,526,181)
Income received	97,787	97,757
Gratuity paid	290,796	(337,740)
Taxes paid	(273,843)	(167,160)
Long term deposits received / (paid)	15,649,026	4,628,341
	(20,964,982)	8,997,112
Long term deposits & prepayments	(27,894,627)	(300,992)
Net cash used in operating activities		
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(75,295)	(111,129)
Accrued Interest on loans	-	-
Long term deposits & prepayments	339,463	(351,690)
Proceeds from disposal of fixed Assets	162,990	1,056,400
Net cash from / (used-in) investing activities	427,158	593,581
CASH FLOW FROM FINANCING ACTIVITIES		
Lease rentals paid	-	(601,306)
Net cash from financing activities	-	(601,306)
Net increase / (decrease) in cash and cash equivalents	(27,467,469)	(308,717)
Cash and cash equivalents at beginning of the year	(108,449,079)	(102,319,486)
Cash and cash equivalents at end of the period	(135,916,548)	(102,628,203)

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


Abdul Waseem
Director


Liaquat Ali
Chief Financial Officer


Mir Javed Hashmat
Chief Executive Officer



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

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

For the 3rd Quarter ended September 30, 2018

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, 2017	320,000,000	10,000,000	28,019,277	10,447,052	(211,510,762)	-	156,955,567
Net change to Retained Earning						-	-
Actuarial Gain on obligatin					-	-	-
(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
Balance as at January 01, 2018	320,000,000	10,000,000	28,019,277	10,447,052	(235,215,727)	-	133,250,602
Actuarial Gain on obligatin							
Net change to Retained Earning						-	-
(Loss) after Taxation					(14,559,933)	-	(14,559,933)
Balance as at September 30, 2018	320,000,000	10,000,000	28,019,277	10,447,052	(249,775,660)	-	118,690,669

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


Abdul Waseem
Director


Liaquat Ali
Chief Financial Officer


Mir Javed Hashmat
Chief Executive Officer



Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 3rd Quarter ended September 30, 2018

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% (2017: 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 2018 is Rs.118.69 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 2018, the Company incurred loss after tax of Rs.14.5 million and accumulated losses as at 30 September 2018, amounted to Rs.249.78 million. Further, the net assets of the Company amounting to Rs.118.69 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 BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

These condensed interim financial information of the Company for the nine months period ended September 30, 2018 have been prepared in accordance with the requirement of the International Accounting Standards 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), 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.

2.2 Promulgation of Companies Act, 2017

The Companies Act 2017 applicable for periods ending after December 31, 2017 which result in additional disclosures and certain changes in financial statements presentation.

2.3. 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, 2017.



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

Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 3rd Quarter ended September 30, 2018

2.4 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, 2017.

2.5 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company as at December 31, 2017.

Note	September 30, 2018 Un-Audited	December 31, 2017 (Audited)
 Rupees	
3. CASH AND BANK BALANCES		
With State Bank of Pakistan in current account	21,642	21,642
With banks:		
in current accounts	1,620,154	1,733,001
in saving accounts	84,317	81,688
Cash in hand	66,412	66,412
	1,792,525	1,902,743
4. LONG TERM FINANCES AND LOANS - Secured		
Related Parties - Considered good		
Employees	1,599,502	1,884,251
Customers: Considered good	26,699,126	18,135,402
Considered doubtful	63,410,683	65,384,674
	90,109,809	83,520,076
Less: Provision	(10,768,858)	(10,788,374)
	79,340,951	72,731,702
	80,940,453	74,615,953
Less: Current maturity		
Related parties - Employees	(379,435)	(390,984)
Other than Related parties - Customers	(14,989,170)	(10,126,155)
Employees	(15,368,605)	(10,517,139)
	65,571,848	64,098,814



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

Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 3rd Quarter ended September 30, 2018

	Note	September 30, 2018 Un-Audited	December 31, 2017 (Audited)
..... Rupees			
5. NET INVESTMENT IN LEASES			
Minimum lease payments receivable		402,961,301	397,763,577
Add: Residual value of leased assets		227,195,782	211,546,756
Lease contract receivable		630,157,083	609,310,333
Less: Unearned lease income		75,080,660	(74,250,554)
Less: Provision for potential lease losses		140,578,026	(145,390,502)
		215,658,686	(219,641,056)
Net investment in leases	5.1	414,498,397	389,669,277
Less: Current maturity of net investment in leases		64,817,236	100,386,364
Net investment in leases		349,681,161	289,282,913

5.1 Net investment in leases

Particulars	September 30, 2018 (Un-audited)			December 31, 2017 (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	338,144,065	64,817,236	402,961,301	72,400,332	325,363,245	397,763,577
Add: Residual Value of Leased Assets	211,288,802	15,906,980	227,195,782	40,902,756	170,644,000	211,546,756
Gross Investment in Leases	549,432,867	80,724,216	630,157,083	113,303,088	496,007,245	609,310,333
Unearned lease Income	(7,615,347)	(15,906,980)	(23,522,327)	(12,916,724)	(7,944,790)	(20,861,514)
Markup held in Suspense Account	(51,558,333)	-	(51,558,333)	-	(53,389,040)	(53,389,040)
	(59,173,680)	(15,906,980)	(75,080,660)	(12,916,724)	(61,333,830)	(74,250,554)
	490,259,187	64,817,236	555,076,423	100,386,364	434,673,415	535,059,779
Provision for potential lease losses	(140,578,026)	-	(140,578,026)	-	(145,390,502)	(145,390,502)
Net Investment in Finance leases	349,681,161	64,817,236	414,498,397	100,386,364	289,282,913	389,669,277



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

Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 3rd Quarter ended September 30, 2018

Note	September 30, 2018 Un-Audited	December 31, 2017 (Audited)
	Rupees	
	-----Rupees-----	
6. Property and equipments		
Fixed Assets	5,244,923	6,189,293
Intangible Assets	136,168	311,150
	5,381,091	6,500,443

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

	September 30, 2018 (Un-Audited)		December 31, 2017 Audited	
	Additions	Deletions	Additions	Deletions
	Rupees			
Owned				
Office Premises / Building improvements	-	-	-	-
Building improvements	-	-	88,495	-
Furniture and fixtures	-	-	22,634	-
Computers	7,956	-	-	-
Intangible	-	-	-	-
Office equipment & others	67,339	20,000	-	-
Computers	-	-	-	-
Vehicles	-	1,549,900	2,143,000	(1,664,100)
Computer Software	-	-	-	-
	75,295	1,569,900	2,254,129	(1,664,100)
Leased Assets				
Vehicles	-	-	-	(2,143,000)
	75,295	1,569,900	2,254,129	(3,807,100)

Note	September 30, 2018 Un-Audited	December 31, 2017 (Audited)
	Rupees	
7 Current Maturity of Non-Current Liabilities		
Long term finances	373,233	373,233
Long term deposits	15,906,980	40,902,756
	16,280,213	41,275,989
8. CONTINGENCIES AND COMMITMENTS		
Lease disbursements	2,500,000	9,750,000



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

Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 3rd Quarter ended September 30, 2018

	Nine months period ended		Three Months period ended	
	(Un-Audited) September 30, 2018	(Un-Audited) September 30, 2017	(Un-Audited) September 30, 2018	(Un-Audited) September 30, 2017
----- (Rupees) -----				
9. INCOME FROM OPERATIONS				
Income from finance lease operations	20,457,755	14,905,681	6,971,685	6,041,477
Gain/(Loss) on termination of leases	-	83,502	0	83,502
	20,457,755	14,989,183	6,971,685	6,124,979
Income on finances and loans to Customers	3,194,712	3,572,651	1,096,547	1,069,211
	23,652,467	18,561,834	8,068,232	7,194,190
10 OTHER OPERATING INCOME				
Income from Investments	2,788	3,423	-	704
Income from financial assets	86,555	94,334	28,120	61,410
Other Income	8,444	-	7,444	16,640
Gain from non-financial assets	161,678	562,507	-	-
	259,465	660,264	35,564	78,754

	Nine months period ended		Three Months period ended	
	(Un-Audited) September 30, 2018	(Un-Audited) September 30, 2017	(Un-Audited) September 30, 2018	(Un-Audited) September 30, 2017
----- (Rupees) -----				
11 ADMINISTRATIVE & SELLING EXPENSES				
Salaries, allowances and other benefits	20,104,411	17,687,110	6,780,745	5,785,071
Directors' fee	570,000	535,000	170,000	175,000
Rent	2,404,212	2,274,251	736,696	761,491
Electricity, gas and water	735,849	710,428	327,836	225,175
Telephone and postage	735,496	552,131	276,351	151,339
Repairs and maintenance	340,637	353,616	120,279	103,380
Books and periodicals	32,666	21,410	10,874	7,548
Vehicle running	213,866	393,538	89,040	106,780
Advertising	248,187	246,550	8,187	114,943
Training and Development	19,500	114,943	-	-
Travelling, conveyance and entertainment	1,282,511	1,032,339	484,160	286,410
Printing and stationery	619,824	743,667	192,224	184,806
Auditors' remuneration	82,100	98,000	25,600	24,000
Depreciation and amortization	1,208,550	1,235,801	403,271	409,344
Legal and professional	2,564,824	2,181,261	530,542	590,163
Insurance	778,670	682,534	265,890	226,611
Miscellaneous	426,588	467,829	117,778	130,424
COMMISSION AND BROKERAGE CHARGES	-	102,916	-	-
	32,367,891	29,433,324	10,539,473	9,282,485



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

Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 3rd Quarter ended September 30, 2018

Nine months period ended Three Months period ended

(Un-Audited) (Un-Audited) (Un-Audited) (Un-Audited)
September 30, 2018 September 30, 2017 September 30, 2018 September 30, 2017

(Rupees)

12. FINANCE COST

Mark-up on:

Long term finance from banking companies and financial institutions

Short term borrowings

Lease finance charges

Bank charges

	(Un-Audited) September 30, 2018	(Un-Audited) September 30, 2017	(Un-Audited) September 30, 2018	(Un-Audited) September 30, 2017
Long term finance from banking companies and financial institutions	10,567,772	7,470,250	3,619,148	2,571,362
Short term borrowings	10,567,772	7,470,250	3,619,148	2,571,362
Lease finance charges	-	11,343	-	-
Bank charges	99,866	143,634	15,050	10,012
	10,667,638	7,625,227	3,634,198	2,581,374

Note September 30, 2018 Un-Audited September 30, 2017 Un-Audited
..... Rupees

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

Short term borrowings

	September 30, 2018 Un-Audited	September 30, 2017 Un-Audited
Short term borrowings	10,567,772	7,470,250
	10,567,772	7,470,250

Note September 30, 2018 Un-Audited September 30, 2017 Un-Audited
..... Rupees

13. Taxation

Current Tax

- Minimum Tax U/S 113.

- Final Tax Regime

	September 30, 2018 Un-Audited	September 30, 2017 Un-Audited
Current Tax	268,329	162,006
- Minimum Tax U/S 113.	-	-
- Final Tax Regime	268,329	162,006

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:



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

Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 3rd Quarter ended September 30, 2018

	Sep. 30, 2018		December 31, 2017	
	Key Management Personnel (Un-audited)	SME Bank Limited	Key Management Personnel (Audited)	SME Bank Limited
	Rupees			
Borrowings				
Balance as at January 1		110,351,822		104,838,931
Add: Further used during the year/ period -Net		27,357,251		5,512,891
Closing Balance	-	<u>137,709,073</u>	-	<u>110,351,822</u>
Staff Provident Fund				
Receivables / (Payable) from staff provident Fund	0			

	Sep. 30, 2018 (Un-Audited)		Sep. 30, 2017 (Un-Audited)	
	Rupees			
Markup expense for the period	-	10,567,772	-	7,470,250
Rent expenses	-	317,466	-	310,955
Key Management Remuneration	5,986,260	-	5,529,960	-
P.F. - Company's Contribution	38,448	-	48,752	-

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

Note	September 30, 2018		September 30, 2017	
	Un-Audited	Un-Audited	Un-Audited	Un-Audited
	Rupees			
15 CASH AND CASH EQUIVALENTS				
Cash and bank balances		1,792,525		3,722,100
Short term borrowings		(137,709,073)		(106,350,303)
		<u>(135,916,548)</u>		<u>(102,628,203)</u>



Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 3rd Quarter ended September 30, 2018

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, 2018				Total
	Finance Lease	Loans and Receivable	Investment	Others	
Segment Revenue	20,457,755	3,194,712	-	259,465	23,911,932
Segment Profit	25,270,231	3,214,229	-	259,465	28,743,925
Segment Result					28,743,925
Unallocated Cost					
Finance Cost					10,667,638
Administrative & selling expenses					32,367,891
					43,035,529
Profit / (Loss) before Income Tax					(14,291,604)
Income Tax Expense					(268,329)
Profit / Loss for the year					(14,559,933)
Other Information					
Segment Assets	414,498,397	79,340,951	-	-	493,839,348
Unallocated Assets	-	-	-	13,832,633	13,832,633
Total Assets					507,671,981
Segment Liabilities	230,328,982	-	-	-	230,328,982
Unallocated Liabilities				158,652,330	158,652,330
Total Liabilities					388,981,312
Net Assets					118,690,669
Capital Expenditure				75,295	75,295



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

Selected Notes To The Condensed Interim Financial Statements(Un-audited)

For the 3rd Quarter ended September 30, 2018

SEPTEMBER 30, 2017					
Particulars	Finance Lease	Loans and Receivable	Investment	Others	Total
Segment Revenue	14,989,183	3,572,651	-	660,264	19,222,098
Segment Profit	16,717,581	1,971,342	-	660,264	19,349,187
Segment Result					19,349,187
Unallocated Cost					
Finance Cost					7,625,227
Administrative & selling expenses					29,433,326
					37,058,553
Loss before Taxation					(17,709,364)
Taxation					(162,006)
Profit for the period after Taxation					(17,871,370)

DECEMBER 31, 2017					
Particulars	Finance Lease	Loans and Receivable	Investment	Others	Total
Other Information					
Segment Assets	389,669,277	72,731,702	-	-	462,400,979
Unallocated Assets	-	-	-	15,243,508	15,243,508
Total Assets					477,644,487
Segment Liabilities	214,248,329	-	-	-	214,248,329
Unallocated Liabilities				130,145,556	130,145,556
Total Liabilities					344,393,885
Net Assets					133,250,602
Capital Expenditure				111,129	111,129

17. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on October 23, 2018 by the Board of Directors of the company.


Abdul Waseem
Director


Liaquat Ali
Chief Financial Officer


Mir Javed Hashmat
Chief Executive Officer



Branch Network

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CORPORATE