



**Quarterly Report**  
**March 31, 2019**



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

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## Corporate Information

### **BOARD OF DIRECTORS**

Mr. Bilal Mustafa - Chairman  
Mr. Abdul Waseem - CEO (Acting)  
Mr. Dilshad Ali Ahmad  
Mr. Mohammad Farrukh Mansoor Malik  
Mr. Mohammad Mubeen Mufti  
Ms. Darakhshan S. Vohra

### **CHIEF EXECUTIVE OFFICER**

Mr. Abdul Waseem - CEO (Acting)

### **AUDIT COMMITTEE**

Ms. Darakhshan S. Vohra - Chairperson  
Mr. Mohammad Farrukh Mansoor Malik - Member  
Mr. Mohammad Mubeen Mufti  
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  
Mr. Abdul Waseem - Member  
Ms. Darakhshan S. Vohra  
Mr. Adnan Sajar - Committee Secretary

**COMPANY SECRETARY & CFO**

Sohail Imran

**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 March 31, 2019.

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 24 Million (Gross) was written while total recoveries from the portfolio aggregated Rupees 32.15 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 0.54 million. Revenues on the other hand recorded a decrease of Rupees 1.01 Million when compared with the corresponding period last year. Overall administrative expenses recorded decrease of 0.446 million despite increase in salary expenses due to annual increments and increase in office rent expenses as per rent agreements. Financial charges increased due to utilization of funding line for new business. The loss before tax during the period under review was Rs.6.84 Million compared to Rs. 4.59 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.104.75 Million as at 31st March 2019. The Company is fully compliant of SECP equity requirement for leasing companies. The current and non-current liabilities decreased by Rs. 1.01 Million whereas the total assets recorded a net decrease of Rs 6.93 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.

The matter of privatization of SME Bank, our major shareholder is currently pending with the Government. 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.

On behalf of Board of Directors



**Bilal Mustafa**  
Chairman

Dated: April 24, 2019

## ڈائریکٹرز کا جائزہ


ایس ایم ای لیزنگ لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز 31 مارچ 2019ء کی اختتامی مدت کیلئے غیر آڈٹ شدہ مجموعی مالیاتی حسابات پیش کر رہے ہیں۔

کمپنی کا نقطہ نظر مستقل طور پر وصولی اور اچھے کاروبار کے پورٹ فولیو پر ہے۔ زیر جائزہ مدت کے دوران نئے کاروبار میں مجموعی طور پر 24 ملین روپے کا اضافہ ہوا، مجموعی طور پر 32.15 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 0.54 ملین روپے کی کمی ریکارڈ کی گئی ہے۔ دوسری جانب آمدنی میں 1.01 ملین روپے کی کمی ہوئی جس کا موازنہ گزشتہ سال کی اسی مدت سے کیا جاسکتا ہے۔ انتظامی اخراجات میں 0.446 ملین روپے کی کمی واقع ہوئی جبکہ سالانہ انکریمنٹ کی وجہ سے تنخواہ اور معاہدہ کرایہ داری کے مطابق آفس کے کرایہ میں اضافہ ہوا۔ زیر جائزہ مدت کے دوران قبل از ٹیکس خسارہ مبلغ 6.84 ملین روپے ہوا جس کا موازنہ گزشتہ سال کی اسی مدت کے 4.59 ملین روپے سے کیا جاسکتا ہے۔ فنڈنگ پر دشواریاں کمپنی کو منافع بخش ادارے میں تبدیل کرنے میں ایک بڑی رکاوٹ ہے۔

31 مارچ 2019ء کو کمپنی کی ایکونٹی 104.75 ملین روپے رہی۔ جو کہ لیزنگ کمپنیوں کیلئے ایس ای سی پی ایکونٹی کی ضروریات کے مطابق ہے۔ موجودہ اور غیر موجودہ قرضہ جات میں 1.01 ملین روپے کی کمی واقع ہوئی جبکہ مجموعی اثاثہ جات میں مبلغ 6.93 ملین کی کمی ہوئی 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۔

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

بورڈ اپنے شیئرز 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  
 چیئر مین

مورخہ: 24 اپریل 2019ء


## Condensed Interim Balance Sheet (Un-audited)


As at March 31, 2019

	Note	March 31, 2019 (Un-Audited)	December 31, 2018 (Audited)
Rupees .....			
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	3	3,408,884	6,130,435
Mark-up accrued		151,907	51,276
Loans and advances		7,896,036	3,345,945
Deposits, prepayments and other receivables		902,102	1,158,965
Current maturity of non current assets		144,416,999	153,691,926
<b>Total current assets</b>		<b>156,775,928</b>	<b>164,378,547</b>
<b>Non-current assets</b>			
Long term finances and loans	4	68,848,881	65,390,531
Net investment in leases	5	269,048,479	273,329,996
Long-term deposits and prepayments		1,564,887	824,901
Property and equipment	6	4,825,542	5,076,809
<b>Total Non-current assets</b>		<b>344,287,789</b>	<b>344,622,237</b>
<b>Total assets</b>		<b>501,063,717</b>	<b>509,000,784</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and others payable		5,198,740	3,743,855
Unclaimed dividend		19,694	19,694
Markup accrued		1,281,397	1,299,884
Short term borrowings		145,947,470	141,556,042
Current Maturity of non current liabilities	7	60,973,234	51,707,395
Provision for compensated absences		2,099,905	2,491,591
Taxation Payable		7,866,522	8,208,790
<b>Total current liabilities</b>		<b>223,386,962</b>	<b>209,027,251</b>
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease		-	-
Long-term deposits		165,735,780	179,200,619
Deferred liabilities		7,186,862	9,090,662
<b>Total liabilities</b>		<b>172,922,642</b>	<b>188,291,281</b>
<b>NET ASSETS</b>		<b>396,309,604</b>	<b>397,318,532</b>
<b>FINANCED BY</b>			
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 )		(263,712,216)	(256,784,077)
		<b>104,754,113</b>	<b>111,682,252</b>
Unrealized Gain on available for sale investments		-	-
<b>Total shareholder's equity</b>		<b>104,754,113</b>	<b>111,682,252</b>
Contingencies and commitments	8		

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

  
**Farrukh Mansoor Malik**  
Director

  
**Sohail Imran**  
Chief Financial Officer

  
**Abdul Waseem**  
Chief Executive Officer

## Condensed Interim Profit And Loss Account (Un-audited)


For the period ended March 31, 2019

	Note	March 31, 2019 (Un-Audited)	March 31, 2018 (Un-Audited)
		Rupees .....	
<b>REVENUE</b>			
Income from operations	9	6,658,307	7,514,460
Other operating income	10	27,316	185,217
Total revenue		6,685,623	7,699,677
<b>EXPENSES</b>			
Administrative	11	10,450,612	10,896,615
Finance cost	12	3,620,402	3,133,532
Total expenses		14,071,014	14,030,147
Operating (loss) / Gain before provisions		(7,385,391)	(6,330,470)
<b>PROVISIONS</b>			
Provision for potential lease losses		(496,325)	(1,778,171)
Provision for loans and receivables		(44,132)	41,461
Total provisions		(540,457)	(1,736,710)
(Loss) / Gain before taxation		(6,844,934)	(4,593,760)
<b>TAXATION</b>			
For the period	13	83,205	93,931
Prior year		-	-
		83,205	93,931
(Loss) / Gain for the period		(6,928,139)	(4,687,691)
(Loss) / Gain per share - basic and diluted		(0.22)	(0.15)

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

  
**Farrukh Mansoor Malik**  
 Director

  
**Sohail Imran**  
 Chief Financial Officer

  
**Abdul Waseem**  
 Chief Executive Officer



## Condensed Interim Statement of Comprehensive Income (Un-audited)

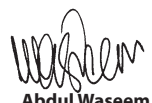
For the period ended March 31, 2019

	March 31, 2019	March 31, 2018
	..... Rupees .....	
<b>(Loss) after Taxation</b>	<b>(6,928,139)</b>	(4,687,691)
<b>Other comprehensive income</b>		
(Deficit) on revaluation of available-for-Sale Investment - Net	-	-
<b>Total comprehensive (Loss) for the period</b>	<b>(6,928,139)</b>	(4,687,691)

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

  
**Farrukh Mansoor Malik**  
Director

  
**Sohail Imran**  
Chief Financial Officer

  
**Abdul Waseem**  
Chief Executive Officer

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


For the 1st Quarter ended March 31, 2019

	Capital reserves		Revenue reserves			Total shareholder's equity
	Issued, subscribed and paid-up capital	Share premium	Statutory reserve	Reserve against future losses	Un-appropriated profit	Surplus/ Deficit on revaluation of available for sale investments
----- Rupees -----						
<b>Balance as at January 01, 2018</b>	320,000,000	10,000,000	28,019,277	10,447,052	(235,215,727)	- 133,250,602
Net change to Retained Earning						- -
Actuarial Loss on obligation					(207,332)	(207,332)
( Loss ) after Taxation					(21,361,018)	(21,361,018)
<b>Balance as at December 31, 2018</b>	320,000,000	10,000,000	28,019,277	10,447,052	(256,784,077)	- 111,682,252
<b>Balance as at January 01, 2019</b>	320,000,000	10,000,000	28,019,277	10,447,052	(256,784,077)	- 111,682,252
Actuarial Gain on obligation					-	-
Net change to Retained Earning					-	-
( Loss ) after Taxation					(6,928,139)	(6,928,139)
<b>Balance as at March 31, 2019</b>	320,000,000	10,000,000	28,019,277	10,447,052	(263,712,216)	- 104,754,113

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

  
**Farrukh Mansoor Malik**  
 Director

  
**Sohail Imran**  
 Chief Financial Officer

  
**Abdul Waseem**  
 Chief Executive Officer

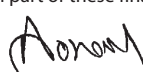
## Condensed Interim Cash Flow Statement (Un-audited)


For the 1st Quarter ended March 31, 2019

	Note	March 31, 2019	March 31, 2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
..... Rupees .....			
(Loss) before Tax		<b>(6,844,934)</b>	(4,593,760)
Adjustment for :			
-- Depreciation and Amortization		<b>266,267</b>	403,534
-- Gratuity expense		<b>225,000</b>	200,000
-- Finance Cost		<b>3,620,402</b>	3,133,532
-- Profit on Bank accounts / return on investment		<b>(24,816)</b>	(30,227)
-- Financial charges on leased assets		-	-
-- (Gain) on disposal of property and equipment		<b>(2,500)</b>	(154,990)
-- Provision for potential lease losses		<b>(496,325)</b>	(1,778,171)
-- Provision for loans and receivables		<b>(44,132)</b>	41,461
		<b>3,543,896</b>	1,815,139
<b>Cash generated/ (Consumed) from operations before working capital changes</b>		<b>(3,301,038)</b>	(2,778,621)
Working capital changes			
(Increase) / decrease in Operating assets			
-- Deposits, prepayments & Other receivables		<b>256,863</b>	(147,503)
-- Accrued interest on loan		<b>(100,631)</b>	(37,841)
Loans and advances		<b>(4,550,091)</b>	(88,411)
		<b>(4,393,859)</b>	(273,755)
<b>Increase / (Decrease) in current liabilities</b>			
-- Trade and other payables		<b>1,454,885</b>	(216,657)
-- Provision for compensated absences		<b>(391,686)</b>	(43,600)
		<b>1,063,199</b>	(260,257)
Total Working capital changes		<b>(3,330,660)</b>	(534,012)
Cash generated from operations after working capital changes		<b>(6,631,698)</b>	(3,312,633)
(Increase)/Decrease in loans and receivables		<b>(2,269,103)</b>	(38,133,515)
(Increase)/Decrease in net investment in leases		<b>13,992,654</b>	413,796
Financial charges paid		<b>(3,655,291)</b>	(2,899,846)
Income received		<b>24,816</b>	30,227
Gratuity paid		<b>(2,128,800)</b>	-
Taxes paid		<b>(425,473)</b>	(89,847)
Long term deposits received / (paid)		<b>(5,284,000)</b>	9,219,600
		<b>254,803</b>	(31,459,585)
Net cash used in operating activities		<b>(6,376,895)</b>	(34,772,218)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure		<b>(15,000)</b>	(9,539)
Proceeds from Asset held for sale		-	(126,053)
Long term deposits & prepayments		<b>(739,986)</b>	-
Proceeds from disposal of fixed Assets		<b>18,900</b>	154,990
Net cash from / (used-in) investing activities		<b>(736,086)</b>	19,398
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Lease rentals paid		-	-
Net cash from financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		<b>(7,112,981)</b>	(34,752,820)
Cash and cash equivalents at beginning of the year		<b>(135,425,605)</b>	(108,449,079)
Cash and cash equivalents at end of the period	15	<b>(142,538,586)</b>	(143,201,899)

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

  
**Farrukh Mansoor Malik**  
Director

  
**Sohail Imran**  
Chief Financial Officer

  
**Abdul Waseem**  
Chief Executive Officer

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

For the 1st Quarter ended March 31, 2019

### 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 March 31, 2019 is Rs.104.754 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 March 31, 2019, the Company incurred loss after tax of Rs. 6.928 million and accumulated losses as at March 31, 2019, amounted to Rs. 263.712 million. Further, the net assets of the Company amounting to Rs.104.754 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 three months period ended March 31, 2019 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 is 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, 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, 2018.

#### 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, 2018.

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

For the 1st Quarter ended March 31, 2019

Note	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
..... Rupees .....		
<b>3. CASH AND BANK BALANCES</b>		
With State Bank of Pakistan in current account	<b>6,282</b>	21,642
With banks:		
in current accounts	<b>3,249,659</b>	5,955,850
in saving accounts	<b>86,531</b>	86,531
Cash in hand	<b>66,412</b>	66,412
	<b>3,408,884</b>	6,130,435

**3.1** These include balance with related party amounting to Rs. 0.056 million ( 2018: 1.562 million)

Note	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
..... Rupees .....		
<b>4. LONG TERM FINANCES AND LOANS - Secured</b>		
Related Parties - Considered good Employees	<b>1,405,582</b>	1,504,534
Customers: Considered good	<b>30,469,580</b>	27,211,350
Considered doubtful	<b>62,109,016</b>	62,999,191
	<b>92,578,596</b>	90,210,541
Less: Provision	<b>(10,670,381)</b>	(10,714,513)
	<b>81,908,215</b>	79,496,028
	<b>83,313,797</b>	81,000,562
Less: Current maturity		
Related parties - Employees	<b>(390,984)</b>	(429,377)
Other than Related parties - Customers	<b>(14,073,932)</b>	(15,180,654)
- Employees	<b>(14,464,916)</b>	(15,610,031)
	<b>68,848,881</b>	65,390,531
<b>5. NET INVESTMENT IN LEASES</b>		
Minimum lease payments receivable	<b>380,832,539</b>	391,364,518
Add: Residual value of leased assets	<b>226,335,781</b>	230,534,781
Lease contract receivable	<b>607,168,320</b>	621,899,299
Less: Unearned lease income	<b>68,801,776</b>	(70,625,101)
Less: Provision for potential lease losses	<b>139,365,982</b>	(139,862,307)
	<b>208,167,758</b>	(210,487,408)
Net investment in leases	<b>399,000,562</b>	411,411,891
Less: Current maturity of net investment in leases	<b>129,952,083</b>	138,081,895
Net investment in leases	<b>269,048,479</b>	273,329,996

5.1

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

For the 1st Quarter ended March 31, 2019

### 5.1 Net investment in leases

Particulars	March 31, 2019 (Un-audited)			December 31, 2018 (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	79,642,509	301,190,030	380,832,539	99,481,326	291,883,192	391,364,518
Add : Residual Value of Leased Assets	60,600,001	165,735,780	226,335,781	51,334,162	179,200,619	230,534,781
Gross Investment in Leases	140,242,510	466,925,810	607,168,320	150,815,488	471,083,811	621,899,299
Unearned lease Income	(10,290,427)	(7,944,790)	(18,235,217)	(12,733,593)	(6,907,125)	(19,640,718)
Markup held in Suspense Account	-	(50,566,559)	(50,566,559)	-	(50,984,383)	(50,984,383)
	(10,290,427)	(58,511,349)	(68,801,776)	(12,733,593)	(57,891,508)	(70,625,101)
	129,952,083	408,414,461	538,366,544	138,081,895	413,192,303	551,274,198
Provision for potential lease losses	-	(139,365,982)	(139,365,982)	-	(139,862,307)	(139,862,307)
Net Investment in Finance leases	129,952,083	269,048,479	399,000,562	138,081,895	273,329,996	411,411,891

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

Note	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
Rupees .....		

### 6. Property and equipments

Fixed Assets	4,806,030	4,998,971
Intangible Assets	19,512	77,838
	4,825,542	5,076,809

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

	March 31, 2019 Unaudited		December 31, 2018 Audited	
	Additions	Deletions	Additions	Deletions
Rupees .....				
<b>Owned</b>				
Office Premises / Building improvements	-	-	-	-
Furniture and fixtures	-	-	-	-
Computers	-	-	7,956	-
Intangible	-	-	-	-
Office equipment & others	15,000	(18,900)	76,439	-
Computers	-	-	-	(20,000)
Vehicles	-	-	-	(1,549,900)
	15,000	(18,900)	84,395	(1,569,900)
<b>Leased Assets</b>				
Vehicles	-	-	-	-
	15,000	(18,900)	84,395	(1,569,900)



## For the 1st Quarter ended March 31, 2019

	Note	March 31, 2019 (Un-audited)	March 31, 2018 (Un-audited)
		Rupees	
<b>9. INCOME FROM OPERATIONS</b>			
Income from finance lease operations		5,140,784	6,513,090
Gain/(Loss) on termination of leases		-	-
		<b>5,140,784</b>	6,513,090
Income on finances and loans to Customers		1,517,523	1,001,370
		<b>6,658,307</b>	7,514,460
<b>10 OTHER OPERATING INCOME</b>			
Income from Investments		-	1,963
Income from financial assets		24,816	27,264
Other Income		-	1,000
Gain from non-financial assets		2,500	154,990
		<b>27,316</b>	185,217

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

For the 1st Quarter ended March 31, 2019

	March 31, 2019 (Un-audited)	March 31, 2018 (Un-audited)
	Rupees .....	
<b>11 ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Salaries, allowances and other benefits	6,791,189	6,574,575
Directors' fee	155,000	180,000
Rent	914,439	829,126
Electricity, gas and water	152,083	181,396
Telephone and postage	220,149	233,461
Repairs and maintenance	110,505	101,475
Books and periodicals	17,519	10,885
Vehicle running	68,740	62,400
Advertising	107,660	-
Training and Development	-	-
Travelling, conveyance and entertainment	387,746	364,032
Printing and stationery	50,329	198,762
Auditors' remuneration	-	4,000
Depreciation and amortization	266,267	403,534
Legal and professional	726,297	1,344,486
Insurance	231,977	251,640
Miscellaneous	250,712	156,843
COMMISSION AND BROKERAGE CHARGES	-	-
	<b>10,450,612</b>	<b>10,896,615</b>
<b>12. FINANCE COST</b>		
Mark-up on:		
Long term finance from banking companies and financial institutions	-	-
Short term borrowings	3,593,006	3,125,552
	<b>3,593,006</b>	<b>3,125,552</b>
Lease finance charges	-	-
Bank charges	27,396	7,980
	<b>3,620,402</b>	<b>3,133,532</b>
<b>Finance cost includes mark up expense related to SME Bank Limited, related party:</b>		
Short term borrowings	3,593,006	3,125,552
	<b>3,593,006</b>	<b>3,125,552</b>



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

For the 1st Quarter ended March 31, 2019

### 13. Taxation

#### Current Tax

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

March 31, 2019 (Un-audited)	March 31, 2018 (Un-audited)
Rupees .....	
<b>83,205</b>	93,931
-	-
<b>83,205</b>	<b>93,931</b>

### 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:

	March 31, 2019 Key Management Personnel (Un-audited)	SME Bank Limited (Un-audited)	December 31, 2018 Key Management Personnel (Audited)	SME Bank Limited (Audited)
	Rupees .....			
<b>Borrowings-Net</b>		<b>145,974,470</b>		141,556,042
<b>Staff Provident Fund</b>				
Receivables / ( Payable ) from staff provident Fund	-			

	March 31, 2019 (Un-audited)	March 31, 2018 (Un-audited)
Markup expense for the period	-	3,593,006
Rent expenses	-	105,822
Key Management Remuneration	<b>1,467,210</b>	1,942,920
P. F. - Company's Contribution	<b>4,640</b>	12,816

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

### 15 CASH AND CASH EQUIVALENTS

	March 31, 2019 (Un-audited)	March 31, 2018 (Un-audited)
Cash and bank balances	<b>3,408,884</b>	2,080,021
Short term borrowings	<b>(145,947,470)</b>	(145,281,920)
	<b>(142,538,586)</b>	(143,201,899)

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

For the 1st Quarter ended March 31, 2019

### 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	March 31, 2019				Total
	Finance Lease	Loans and Receivable	Investment	Others	
Segment Revenue	5,140,784	1,517,523	-	27,316	<b>6,685,623</b>
Segment Profit	5,637,109	1,561,655	-	27,316	<b>7,226,080</b>
Segment Result					<b>7,226,080</b>
<b>Unallocated Cost</b>					
Finance Cost					<b>3,620,402</b>
Administrative & selling expenses					<b>10,450,612</b>
					<b>14,071,014</b>
<b>Profit / (Loss) before Income Tax</b>					<b>(6,844,934)</b>
Income Tax Expense					<b>(83,205)</b>
<b>Profit / Loss for the year</b>					<b>(6,928,139)</b>
<b>Other Information</b>					
Segment Assets	399,000,562	81,908,215	-	-	<b>480,908,777</b>
Unallocated Assets	-	-	-	20,154,940	<b>20,154,940</b>
<b>Total Assets</b>					<b>501,063,717</b>
Segment Liabilities	231,015,543	-	-	-	<b>231,015,543</b>
Unallocated Liabilities				165,294,061	<b>165,294,061</b>
<b>Total Liabilities</b>					<b>396,309,604</b>
<b>Net Assets</b>					<b>104,754,113</b>
<b>Capital Expenditure</b>				15,000	<b>15,000</b>

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

For the 1st Quarter ended March 31, 2018

Particulars	March 31, 2018				
	Finance Lease	Loans and Receivable	Investment	Others	Total
Segment Revenue	6,513,090	1,001,370	-	185,217	7,699,677
Segment Profit	8,291,261	959,909	-	185,217	9,436,387
Segment Result					9,436,387
Unallocated Cost					
Finance Cost					3,133,532
Administrative & selling expenses					10,896,615
					14,030,147
Loss before Taxation					(4,593,760)
Taxation					(93,931)
Loss for the period after Taxation					(4,687,691)

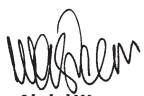
Particulars	December 31, 2018				
	Finance Lease	Loans and Receivable	Investment	Others	Total
<b>Other Information</b>					
Segment Assets	411,411,891	79,496,028	-	-	490,907,919
Unallocated Assets	-	-	-	18,092,865	18,092,865
<b>Total Assets</b>					<b>509,000,784</b>
Segment Liabilities	233,427,946	-	-	-	233,427,946
Unallocated Liabilities				163,890,586	163,890,586
<b>Total Liabilities</b>					<b>397,318,532</b>
<b>Net Assets</b>					<b>111,682,252</b>
<b>Capital Expenditure</b>				84,395	<b>84,395</b>

### 17 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on April 24, 2019 by the Board of Directors of the company.

  
**Farrukh Mansoor Malik**  
Director

  
**Sohail Imran**  
Chief Financial Officer

  
**Abdul Waseem**  
Chief Executive Officer

## Branch Network

### KARACHI

#### **Main Branch:**

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(A subsidiary of SME Bank Ltd.)

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CORPORATE