



**CONDENSED INTERIM
FINANCIAL STATEMENTS
OF
SME LEASING LIMITED
FOR THE HALF YEAR ENDED
JUNE 30, 2023**

BDO Ebrahim & Co. Chartered Accountants

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Javed Mehmood, Chairman
Tahir Saeed Effendi
Muhammad Mubeen Mufti
Darakhshan S. Vohra
Asghar Maqsood

CHIEF EXECUTIVE OFFICER

Asghar Maqsood

AUDIT COMMITTEE

Tahir Saeed Effendi, Chairman
Muhammad Mubeen Mufti

RISK MANAGEMENT COMMITTEE

Javed Mehmood, Chairman
Muhammad Mubeen Mufti

HUMAN RESOURCE COMMITTEE

Tahir Saeed Effendi, Chairman
Muhammad Mubeen Mufti
Asghar Maqsood

PROCUREMENT COMMITTEE

Tahir Saeed Effendi, Chairman

NOMINATION COMMITTEE

Tahir Saeed Effendi, Chairman
Muhammad Mubeen Mufti

COMPANY SECRETARY & CFO

Uzma Ehsan

EXTERNAL AUDITORS

BDO Ebrahim & Co,
Chartered Accountants

HEAD INTERNAL AUDIT

Syed Khurram Ali

TAX CONSULTANTS

EY Ford Rhodes
Chartered Accountants

LEGAL ADVISOR

Mohsin Tayebaly & Company
Advocate & Legal Consultant

REGISTERED OFFICE

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

MAIN OFFICE

Office No.304, 3rd Floor, Business Arcade, Shakra-e-Faisal, Karachi

Tel: (+92-21) 34322128-129-137

E-mail: info@smelease.com

REGISTRAR AND SHARE TRANSFER CERTIFICATE

Corptec Associates (Pvt.) Limited

503-E, Johar Town, Lahore

BANKS AND LENDING INSTITUTIONS

SME Bank Limited

Meezan Bank Limited

Directors' Review Report

The Board of directors of SME Leasing Limited (the Company) is pleased to present the unaudited condensed interim financial statements for the period ended June 30, 2023.


The Company remained focused on recoveries from Non-performing loans (NPLs). During the period under review, the Company wrote a new business of Rs 2.17 Million, while total recoveries from the portfolio aggregated to Rs 22.35 Million.

The Company continued to follow up for early settlements of NPLs through legal processes and negotiations. As a result, provisions for non-performing portfolio recorded a net reversal of Rupees 1.86 million. The revenues recorded a decrease of Rupees 2.07 million compared to last year's corresponding period. The administrative expenses recorded a decrease of Rs 4.62 million due to Laying off employees lowers the payroll costs. Financial charges increase by 5.40 million due to an increase in the financing rate. The loss after tax during the period under review was Rs. 27.10 Million compared to a loss of Rs. 1.746 Million in the corresponding period last year. The funding constraint remained a significant obstacle in converting the Company into a profit-making institution.

The Company's negative Net equity amounted to Rs 19.24 Million as of June 30, 2023, against the minimum prescribed equity requirement of Rs.50 million for non-deposit taking leasing companies. The current liabilities increased by Rs. 6.27 million, and non-current liabilities increased by Rs 6.21 million, whereas the total assets recorded a net decrease of Rs. 14.62 Million. The Company would continue the efforts for recoveries from the portfolio and explore new funding avenues.

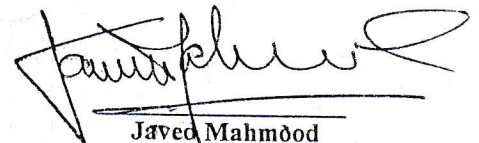
The CCoP in its meeting held on December 28, 2022 has approved the delisting of the holding Company from the privatization list. Subsequent to year-end, the federal Cabinet, in a meeting held on March 17, 2023, approved winding down plan for the Holding Company. In this scenario we had approached the SME Bank Limited (The Parent Company) to give a way forward plan for the SME Leasing Limited. Ministry of Finance vide letter no. F.No.3(27) IF-III/2005-435 dated February 19, 2024 has advised SME Bank Limited (The Parent Company) to process liquidation of SME Leasing Limited at the time of liquidation of the Bank. In view of the winding up of the SME Bank Limited (The Parent Company) is going on, lack of a viable plan for the Company going forward from Parent Company and related matters, the Company was unable to release its financial results on time. The vacancy of two members on the Board still persist as the parent company (SME Bank holding 73.14% shares) has not yet nominated its candidates as yet. The Company will promptly resubmit the new nominations once they are received from the Bank.

The Board recognises and appreciates the continued support of all stakeholders.



Asghar Maqsood
Chief Executive Officer

Dated: April 29, 2024



Javed Mahmood
Chairman

ڈائریکٹرز کی جائزہ رپورٹ

ایس ایم ای لیزنگ لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز 30 جون 2023ء کی اختتامی مدت کیلئے غیر آڈٹ شدہ مجموعی مالیاتی حسابات پیش کر رہے ہیں۔

دوران مدت کمپنی کی توجہ ریکوریز اور نئے کاروبار لکھ کر اپنے پورٹ فولیو کی کارکردگی میں اضافے پر مرکوز رکھی۔ زیر جائزہ مدت کے دوران مبلغ 2.17 ملین روپے کا نیا کاروبار لکھا گیا جبکہ پورٹ فولیو سے مجموعی طور پر مبلغ 22.35 ملین روپے کی وصولی ہوئی۔

کمپنی نے قانونی عمل اور گرفت و شنید کے ذریعے نان پرفارمنگ پورٹ فولیو کے جلد از جلد تصفیے کے لیے فالو اپ جاری رکھا۔ جس کے نتیجے میں نان پرفارمنگ پورٹ فولیو کے حساب میں مبلغ 1.86 ملین روپے کا خالص ریورسل ہوا۔ گزشتہ سال کی اسی مدت کے مقابلے میں محصولات میں مبلغ 2.07 ملین روپے کی کمی ہوئی۔ ملازمین کو فارغ کرنے سے انتظامی اخراجات میں 4.62 ملین روپے کی کمی ہوئی جس سے پے رول کے اخراجات کم ہوئے۔ مالیاتی شرح میں اضافے کے سبب مالیاتی چارجز میں 5.40 ملین کا اضافہ ہوا۔ زیر جائزہ مدت کے دوران مبلغ 27.10 ملین روپے کا بعد از ٹیکس خسارہ ہوا جو کہ گذشتہ سال کی اسی مدت میں مبلغ 1.746 ملین روپے تھا۔ فنڈنگ کی رکاوٹ کمپنی کو منافع بخش ادارے میں تبدیل کرنے میں ایک بڑی رکاوٹ رہی۔

30 جون 2023ء تک کمپنی کی خالص ایکویٹی مبلغ 19.24 ملین روپے رہی جبکہ نان ڈپازٹ لیزنگ کمپنیوں کے لیے کم از کم تجویز کردہ ایکویٹی 50 ملین روپے ہے۔ موجودہ قرضہ جات میں مبلغ 6.27 ملین روپے کا اضافہ ہوا اور نان کرنٹ قرضہ جات میں مبلغ 6.21 ملین روپے کا اضافہ ہوا جبکہ کل اثاثہ جات میں مبلغ 14.62 ملین روپے کی خالص کمی ہوئی۔ کمپنی پورٹ فولیو سے وصولی اور فنڈنگ کی نئی راہیں تلاش کرنے کی کوششیں جاری رکھی جائیں گی۔

کابینہ کمیٹی برائے نجکاری (سی سی او پی) نے 28 دسمبر 2022ء کو ہونے والے اپنے اجلاس میں ہولڈنگ کمپنی کو نجکاری کی فہرست سے خارج کرنے کی منظوری دی۔ بعد ازاں سال کے اختتام کے بعد، وفاقی کابینہ نے 17 مارچ 2023ء کو ہونے والے اجلاس میں ہولڈنگ کمپنی کے لیے وائٹنگ پلان کی منظوری دی۔ اس منظر نامے میں، ہم نے ایس ایم ای بینک لمیٹڈ (پیرنٹ کمپنی) سے رابطہ کیا تاکہ ایس ایم ای لیزنگ لمیٹڈ کے لیے آگے کا منصوبہ فراہم کیا جاسکے۔ وزارت خزانہ نے بذریعہ لیٹر نمبر F.No.3(27) IF-III/2005-435 مورخہ 19 فروری 2024 کو SME بینک لمیٹڈ (پیرنٹ کمپنی) کو مشورہ دیا کہ وہ ایس ایم ای بینک کے ساتھ، ایس ایم ای لیزنگ کی لیکویڈیشن کا عمل بھی شروع کرے۔ ایس ایم ای بینک لمیٹڈ (پیرنٹ کمپنی) کے وائٹنگ اپ کے باعث پیرنٹ کمپنی کی جانب سے کمپنی کے مستقبل کے لیے ایک قابل عمل پلان کی کمی، اور متعلقہ معاملات کی وجہ سے، کمپنی اپنے مالیاتی نتائج وقت پر جاری کرنے سے قاصر رہی۔ مزید برآں، بورڈ کے دو ڈائریکٹرز، جنہیں ابتدائی طور پر ایس ایم ای بینک لمیٹڈ (پیرنٹ کمپنی) نے نامزد کیا تھا اور جن کے نام منظوری کے لیے کمیشن کو بھیجے گئے تھے، نے بینک سے استعفیٰ دینے کی وجہ سے اپنے عہدوں سے دستبردار ہونے کا فیصلہ کیا ہے۔ بینک سے نئی نامزدگیاں موصول ہونے کے بعد کمپنی انہیں فوری طور پر دوبارہ جمع کرائے گی۔

بورڈ اپنے تمام اسٹیک ہولڈرز کی جانب سے کئے جانے والے مستقل تعاون پر بے حد مشکور ہے۔

جاوید محمود
چیئر مین

اصغر مقصود
چیف ایگزیکٹو آفیسر

مورخہ: 29 اپریل 2024ء

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE MEMBERS OF SME LEASING LIMITED

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **SME LEASING LIMITED** ("the Company") as at June 30, 2023 and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cash flows and notes to the condensed interim financial statements for the half year then ended (here-in-after referred as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Adverse conclusion

For the period ended on June 30, 2023, the Company has incurred a loss of Rs. 27.097 million (December 31, 2022: profit of Rs. 1.230 million) resulting in accumulated losses of Rs. 387.710 million (December 31, 2022: Rs. 360.614 million) at the reporting date. The Company's current liabilities exceed its current assets by Rs. 155.615 million (December 31, 2022: Rs. 139.981 million) and as of that date the Company has negative cash and cash equivalent of Rs. 145.167 million (December 31, 2022: Rs. 138.343 million). The Company has been incurring losses since the year ended December 31, 2009 which has resulted in erosion of equity.

The Company requested the Holding Company vide letter no. SSL/2024/0030 dated January 31, 2024 to seek guidance from Ministry of Finance about the show cause notice and against which, Holding Company received a response from MOF vide their letter no. F. No. 3(27)IF-III/2005-435 dated February 19, 2024 in which it has been advised to process the liquidation of SME leasing Limited in conjunction with the liquidation of the Holding Company.

The license of the Company to operate as a leasing company expired on May 20, 2019. Thereafter, the Company applied via application reference no. SMEL/MO/2019 dated April 16, 2019 and thereafter the Company applied via application reference no. SMEL/MO/2022 dated April 15, 2022 for its renewal in the manner so required by the NBFC Rules, 2003. However, the Company has not obtained the license till the release date of these condensed interim financial statements.



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 not complied with said requirement of NBFC Regulations 2008 of maintaining minimum capital requirement.

The Company has received a show cause notice through letter no. SECP/SCD/Adj-1/30/2022-056 dated January 12, 2024 from SECP upon the continuous non-compliance of minimum equity requirements of Rs. 50 million and approval of winding down plan of Holding Company by Federal Government.

With respect to privatization of the Parent Company, SME Bank Limited (Bank) and its Subsidiary, the Cabinet Committee on Privatization (CCOP) had approved the new privatization program of the Bank on March 06, 2019, to divest the Government of Pakistan (GOP) equity stake in the Bank along with management control to a strategic investor as per the decision dated November 19, 2018, of the GOP, whereas the due process was started and various stakeholders participated including the prospective investors. However, due to lack of interest of prospective investors, the Board of Privatization Commission in its meeting held on November 25, 2021, recommended delisting of SME Bank Limited from the list of privatizations.

The Financial Adviser (FA) of Privatization Commission asserted that despite all efforts and iterative interactions with the pre-qualified bidders, to date, positive feedback from the pre-qualified bidders was not forthcoming and owing to the deteriorating financial position of the Bank, the FA recommended shelving the Transaction. Recommendation of the Board of Privatization was presented to the CCOP in its meeting held on December 31, 2021, where the CCOP decided to ascertain the way forward of the bank prior to delisting from the list of privatizations and in this regard constituted a committee consisting of Deputy Governor SBP, Secretary Finance, Secretary Privatization Commission, Chairman SECP, and Minister of Finance.

The CCoP meeting was held on December 26, 2022, wherein a summary dated December 24, 2022, submitted by the Ministry of Privatization regarding the privatization of the Holding Company was discussed and the recommendation of PC Board, in its meeting held on November 25, 2022, regarding the delisting of SME Bank Limited (the Holding Company) from the privatization program, was approved to enable Finance Division and SBP to proceed further in the matter. However, CCoP in its meeting held on December 28, 2022, approved the delisting of the Holding Company from the privatization list. The Federal Cabinet, in a meeting held on March 17, 2023, approved a winding-down plan for the Holding Company. The State Bank of Pakistan (SBP) via its Circular No. BPRD (R&PD) /SME/2023/3729 dated May 10, 2023, specified that the SBP had prohibited the Holding Company from receiving fresh deposits with effect from the close of business on March 27, 2023. Further, in terms of Clause (a) of Sub-Section (1) of Section 21 of the Deposit Protection Corporation Act, 2016, the Holding Company was hereby declared as a failed institution effective from the close of business as of March 27, 2023.

Based on the above-stated matters, we believe that the Company is not a going concern. However, these financial statements have been prepared on a going concern basis without any adjustment to the carrying amount of assets and liabilities. Accordingly, we do not agree with the management's preparation and presentation of the financial statements on a going concern basis. Had the financial statements been prepared on a liquidation basis of accounting, we believe that it would have had a significant negative effect on the Company's financial position and financial performance.



Adverse conclusion

Our review indicates that, because of the significant matters as described in preceding paragraph, this interim financial information does not present fairly the financial position of the Company as at June 30, 2023 and of its financial performance and its cash flows for the six-month period then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Other matters

The figures for the quarters ended June 30, 2023 and June 30, 2022 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on review resulting in this independent auditors' review report is Zulfikar Ali Causer.

KARACHI

DATED: 08 MAY 2024

UDIN:RR202310067ML5akQcJN

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

SME LEASING LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

		June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
	Note	Rupees	
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	3,736,513	4,125,665
Right-of-use assets	7	1,071,637	2,535,715
Net investment in finance leases	8	250,334,418	249,698,037
Long term finances and loans - secured	9	34,606,270	38,197,867
Long term loans to employees - secured	10	142,105	195,773
Long term deposits and prepayments	11	713,222	1,105,566
		290,604,165	295,858,623
CURRENT ASSETS			
Advances	12	2,319,909	2,499,935
Prepayments and other receivables	13	981,827	853,893
Current maturity of non current assets	14	21,634,308	34,795,101
Cash and bank balances	15	4,678,503	832,854
		29,614,547	38,981,783
TOTAL ASSETS		<u>320,218,712</u>	<u>334,840,406</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (2022: 100,000,000) Ordinary shares of Rs 10 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up capital 32,000,000 (2022: 32,000,000) Ordinary shares of Rs 10 each		320,000,000	320,000,000
Capital reserves		38,019,277	38,019,277
		358,019,277	358,019,277
REVENUE RESERVES			
Reserve against future losses		10,447,052	10,447,052
Accumulated losses		(387,710,692)	(360,613,560)
		(377,263,640)	(350,166,508)
		(19,244,363)	7,852,769
NON CURRENT LIABILITIES			
Long-term deposits		144,820,805	137,841,991
Deferred Liabilities		9,411,931	10,182,680
		154,232,736	148,024,671
CURRENT LIABILITIES			
Trade and other payables		7,052,032	5,764,896
Mark-up accrued on borrowings		12,950,493	6,479,106
Short term borrowings - secured	17	149,922,699	139,175,806
Current maturity of non-current liabilities	18	10,977,846	19,707,733
Current maturity of liabilities against assets subject to finance lease	16	1,745,244	3,871,502
Provision for compensated absences		2,233,043	3,613,944
Taxation - net		348,982	349,979
		185,230,339	178,962,966
TOTAL EQUITY AND LIABILITIES		<u>320,218,712</u>	<u>334,840,406</u>
CONTINGENCIES AND COMMITMENTS			
	19		

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

SME LEASING LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2023

	Note	Half Year Ended		Quarter Ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
-----Rupees-----					
REVENUE					
Finance leases		3,790,150	3,561,894	1,864,834	1,915,994
Finance and loans		1,980,684	5,157,432	1,037,758	938,857
Other income	20	897,107	18,213	806,241	8,555
		<u>6,667,941</u>	<u>8,737,539</u>	<u>3,708,833</u>	<u>2,863,406</u>
EXPENSES					
Administrative and general expenses	21	19,817,045	24,434,917	9,887,131	9,840,479
Finance cost	22	15,729,518	10,323,639	9,095,343	6,130,933
		<u>35,546,563</u>	<u>34,758,556</u>	<u>18,982,474</u>	<u>15,971,412</u>
Operating loss before reversal		<u>(28,878,622)</u>	<u>(26,021,017)</u>	<u>(15,273,641)</u>	<u>(13,108,006)</u>
Reversal/(Provision) for potential lease losses		1,263,044	23,048,025	464,902	20,898,345
Credit losses on loans and receivables reversal		595,510	1,335,822	417,905	535,447
		<u>1,858,554</u>	<u>24,383,847</u>	<u>882,807</u>	<u>21,433,792</u>
(Loss)/profit for the period before taxation		<u>(27,020,068)</u>	<u>(1,637,170)</u>	<u>(14,390,834)</u>	<u>8,325,786</u>
Taxation	23	77,064	109,219	41,139	35,792
NET(LOSS)/PROFIT FOR THE PERIOD		<u><u>(27,097,132)</u></u>	<u><u>(1,746,389)</u></u>	<u><u>(14,431,973)</u></u>	<u><u>8,289,994</u></u>
(Loss)/earning per share - basic and diluted	24	(0.85)	(0.05)	(0.45)	0.26

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

SME LEASING LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2023

	<u>Half Year Ended</u>		<u>Quarter Ended</u>	
	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>
	-----Rupees-----			
Net(loss)/profit for the period	(27,097,132)	(1,746,389)	(14,431,973)	8,289,994
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income for the period	<u>(27,097,132)</u>	<u>(1,746,389)</u>	<u>(14,431,973)</u>	<u>8,289,994</u>

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR


SME LEASING LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2023

	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves		Total shareholder equity
		Share premium	Statutory reserve	Reserve against future losses	Accumulated loss	
----- Rupees -----						
Balance at January 01, 2022 - audited	320,000,000	10,000,000	28,019,277	10,447,052	(361,930,933)	6,535,396
Loss for the period	-	-	-	-	(1,746,389)	(1,746,389)
Balance at June 30, 2022	<u>320,000,000</u>	<u>10,000,000</u>	<u>28,019,277</u>	<u>10,447,052</u>	<u>(363,677,322)</u>	<u>4,789,007</u>
Balance at January 01, 2023 - audited	320,000,000	10,000,000	28,019,277	10,447,052	(360,613,560)	7,852,769
Loss for the period	-	-	-	-	(27,097,132)	(27,097,132)
Balance at June 30, 2023 - unaudited	<u>320,000,000</u>	<u>10,000,000</u>	<u>28,019,277</u>	<u>10,447,052</u>	<u>(387,710,692)</u>	<u>(19,244,363)</u>

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

SME LEASING LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2023

		Half year ended	
		June 30, 2023	June 30, 2022
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
		(27,020,068)	(1,637,170)
		Adjustment for:	
		Depreciation and amortization	
	21	1,808,705	1,794,799
		158,051	1,625,082
		(557,751)	1,219,530
		Provision for compensated absences	
		Finance cost	
	22	15,401,930	10,323,639
		Interest income	
	20	(564,106)	(18,213)
		Finance charge on right of use of assets	
		327,588	-
		(333,001)	-
		Gain on disposal of property and equipment	
		(1,263,044)	(23,048,025)
		(595,510)	(1,335,822)
		14,382,862	(9,439,010)
		(12,637,206)	(11,076,180)
Decrease / (increase) in current assets:			
		Net investment in finance leases	
	8	14,933,815	28,471,754
		Long term finances and loans - secured	
	9	2,974,595	5,269,812
		Long term loans to employees - secured	
	10	119,821	126,345
		Prepayments and other receivables	
	13	(127,934)	(856,164)
		Long term deposits and prepayments	
	11	392,344	-
		Advances	
	12	180,026	(384,569)
		18,472,667	32,627,178
(Decrease) / increase in current liabilities:			
		Long term deposits	
		(1,751,074)	(14,513,977)
		Trade and other payables	
		1,287,136	284,893
		(463,938)	(14,229,084)
Cash generated from operations			
		5,371,523	7,321,914
		Financial charges paid	
		(8,930,543)	(8,162,094)
		Interest income received	
		897,107	18,213
		Gratuity paid	
		(928,800)	(1,083,717)
		Compensated expenses paid	
		(821,900)	-
		Benefits paid	
		(1,250)	(841,219)
		(997)	(87,177)
		(9,786,383)	(10,155,994)
		(4,414,860)	(2,834,080)
Net cash used in operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
		Additions to property and equipment	
		(164,500)	(202,500)
		Disposal of property and equipment	
		12,813	-
		(151,687)	(202,500)
Net cash used in investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
		Lease rentals paid	
		(2,257,633)	(2,456,201)
		Net cash used in financing activities	
		(2,257,633)	(2,456,201)
		Net decrease in cash and cash equivalents	
		(6,824,180)	(5,492,781)
		Cash and cash equivalents at beginning of the period	
		(138,342,952)	(134,025,752)
		(145,167,132)	(139,518,533)
	28	(145,167,132)	(139,518,533)

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

SME LEASING LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2023

1 THE COMPANY AND ITS OPERATIONS

1.1 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). 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 Company requested the Holding Company vide letter no. SSL/2024/0030 dated January 31, 2024 to seek guidance from Ministry of Finance about the show cause notice (refer 1.5) and against which, Holding Company received a response from MOF vide their letter no. F.No. 3(27)IF-III/2005-435 dated February 19, 2024 in which it has been advised to process the liquidation of SME leasing Limited in conjunction with the liquidation of the Holding Company(refer no 1.6)

Pakistan Stock Exchange through its notice No. PSX/N-32, dated January 10, 2024 has placed the SME leasing Limited under the Defaulters' Segment of PSX with effect from January 11, 2024 under PSX Regulation 5.11.1.(i).

These factors along with other factors mentioned below (refer 1.3 to 1.6) indicate that the Company's is not 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 condensed interim financial statements have been prepared by the management on a going concern basis of accounting without any adjustment to the carrying amounts of assets and liabilities.

1.3 For the period ended on June 30,2023, the Company has incurred a loss of Rs. 27.097 million (December 31,2022: profit of Rs. 1.230 million) resulting in accumulated losses of Rs.387.710 million (December 31,2022: Rs.360.614 million) at the reporting date. The Company's current liabilities exceed its current assets by Rs.155.615 million (December 31,2022: Rs.139.981 million) and as of that date the Company has negative cash and cash equivalent of Rs.145.167 million (December 31,2022: Rs.138.343 million).The Company has been incurring losses since the year ended December 31, 2009 which has resulted in erosion of equity.

- 1.4 The license of the Company to operate as a leasing company expired on May 20, 2019. Thereafter, the Company applied via application reference no. SMEL/MO/2019 dated April 16, 2019 and thereafter the Company applied via application reference no. SMEL/MO/2022 dated April 15, 2022 for its renewal in the manner so required by the NBFC Rules, 2003. However, the Company has not obtained the license till the release date of these condensed interim financial statements.
- 1.5 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 not complied with said requirement of NBFC Regulations 2008 of maintaining minimum capital requirement.

The Company has received a show cause notice through letter no. SECP/SCD/Adj-I/30/2022-056 dated January 12, 2024 from SECP upon the continuous non-compliance of minimum equity requirements of Rs. 50 million and approval of winding down plan of Holding Company by Federal Government (refer 1.6).

- 1.6 With respect to privatization of the Parent Company, SME Bank Limited (Bank) and its Subsidiary, the Cabinet Committee on Privatization (CCOP) had approved the new privatization program of the Bank on March 06, 2019, to divest the Government of Pakistan (GOP) equity stake in the Bank along with management control to a strategic investor as per the decision dated November 19, 2018, of the GOP, whereas the due process was started and various stakeholders participated including the prospective investors. However, due to lack of interest of prospective investors, the Board of Privatization Commission in its meeting held on November 25, 2021, recommended delisting of SME Bank Limited from the list of privatizations.

The Financial Adviser (FA) of Privatization Commission asserted that despite all efforts and iterative interactions with the pre-qualified bidders, to date, positive feedback from the pre-qualified bidders was not forthcoming and owing to the deteriorating financial position of the Bank, the FA recommended shelving the Transaction. Recommendation of the Board of Privatization was presented to the CCOP in its meeting held on December 31, 2021, where the CCOP decided to ascertain the way forward of the bank prior to delisting from the list of privatization; and in this regard constituted a committee consisting of Deputy Governor SBP, Secretary Finance, Secretary Privatization Commission, Chairman SECP, and Minister of Finance.

The CCoP meeting was held on December 26, 2022, wherein a summary dated December 24, 2022, submitted by the Ministry of Privatization regarding the privatization of the Holding Company was discussed and the recommendation of PC Board, in its B19 meeting held on November 25, 2022, regarding the delisting of SME Bank Limited (the Holding Company) from the privatization program, was approved to enable Finance Division and SBP to proceed further in the matter. However, CCoP in its meeting held on December 28, 2022, approved the delisting of the Holding Company from the privatization list. The Federal Cabinet, in a meeting held on March 17, 2023, approved a winding-down plan for the Holding Company. The State Bank of Pakistan (SBP) via its Circular No. BPRD (R&PD) /SME/2023/3729 dated May 10, 2023, specified that the SBP had prohibited the Holding Company from receiving fresh deposits with effect from the close of business on March 27, 2023. Further, in terms of Clause (a) of Sub-Section (1) of Section 21 of the Deposit Protection Corporation Act, 2016, the Holding Company was hereby declared as a failed institution effective from the close of business as of March 27, 2023.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements of the Company for the six-months period ended June 30, 2022 have been prepared in accordance with requirement of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), and 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 statements does not include all the disclosure required in the annual financial statements. Accordingly, the condensed interim financial statements should be read in conjunction with annual financial statements for the year ended December 31, 2022.

2.2 New and amended standards and interpretations to published accounting and reporting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2023, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

2.3 Standards, interpretations and amendments to accounting and reporting standards that are not yet effective

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2023, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

2.4 Standards, amendments and interpretations to the published standards that are notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standard have been issued by the International Accounting Standards Board (IASB) which are notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
Financial Instruments - IFRS 9	June 30, 2024

The SECP has issued S.R.O. 1827(I)/2022 and has extended the effective date for applicability of International Financial Reporting Standard - Financial Instruments (IFRS 9) in place of International Accounting Standard (IAS 39) (Financial Instruments: Recognition and Measurement) for Non-Banking Finance Companies from reporting period/year ending on or after June 30, 2024.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computations followed for the preparation of these condensed interim financial statements are same as those applied in preparing the financial statements for the year ended December 31, 2022.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that effects the application of accounting policies and reported amounts of assets and liabilities, income and expenses. However, actual results may differ from 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 are the same as applied to the financial statements of the Company for the year ended December 31, 2022.

5 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financials statements of the Company as at and for the year ended December 31, 2022

	June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
Note	----- Rupees -----	----- Rupees -----

6 PROPERTY AND EQUIPMENT

Opening carrying amount as at January 01		4,125,665	3,340,157
Additions for the period	6.1	164,500	1,428,281
Disposal during the period	6.2	(12,813)	-
Depreciation charge for the period / year		(540,839)	(642,773)
Closing carrying amount as at June 30		<u>3,736,513</u>	<u>4,125,665</u>

The following is the cost of additions to operating fixed assets during the period.

6.1 Additions for the period

Office equipment		68,000	143,000
Computers		45,000	166,266
Motor Vehicle		51,500	1,158,223
		<u>164,500</u>	<u>1,467,489</u>

6.2 During the reporting period the Company disposed off the assets having cost of Rs. 499,281 (Dec 31, 2022: 347,658) one of which is fully depreciated.

	June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
	----- Rupees -----	----- Rupees -----

7 RIGHT-OF-USE ASSETS

Balance as at January 1,		2,535,715	6,697,288
Disposal during the period / year		(196,212)	(1,235,155)
Depreciation charged for the period / year		(1,267,866)	(2,926,418)
		<u>1,071,637</u>	<u>2,535,715</u>

	June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
Note	----- Rupees -----	

8 NET INVESTMENT IN FINANCE LEASES

Net investment in finance leases	8.1	266,653,270	280,324,041
Less: Current maturity of net investment in leases		<u>(16,318,852)</u>	<u>(30,626,004)</u>
		<u>250,334,418</u>	<u>249,698,037</u>

8.1 Net investment in finance leases

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Total	Later than one year and less than five years	Not later than one year	Total	Later than one year and less than five years	Not later than one year
	----- (Rupees) -----					
Minimum lease payments	234,365,462	227,794,409	6,571,053	251,764,111	239,054,319	12,709,792
Add: Residual value of leased assets	155,425,417	144,820,805	10,604,612	157,176,491	137,841,991	19,334,500
Gross investment in leases	389,790,879	372,615,214	17,175,665	408,940,602	376,896,310	32,044,292
Less: Unearned lease income	(2,912,182)	(2,055,369)	(856,813)	(6,371,584)	(4,953,296)	(1,418,288)
Less: Markup held in suspense account	(39,900,483)	(39,900,483)	-	(40,656,989)	(40,656,989)	-
	(42,812,665)	(41,955,852)	(856,813)	(47,028,573)	(45,610,285)	(1,418,288)
	346,978,214	330,659,362	16,318,852	361,912,029	331,286,025	30,626,004
Less: Provision for potential lease losses	(80,324,944)	(80,324,944)	-	(81,587,988)	(81,587,988)	-
Net investment in finance leases	<u>266,653,270</u>	<u>250,334,418</u>	<u>16,318,852</u>	<u>280,324,041</u>	<u>249,698,037</u>	<u>30,626,004</u>

9 LONG TERM FINANCES AND LOANS - SECURED

Considered good		6,942,592	6,349,199
Considered doubtful		37,518,656	41,086,644
		44,461,248	47,435,843
Less: Provision		(4,621,482)	(5,216,992)
		39,839,766	42,218,851
Less: Current maturity	14	(5,233,496)	(4,020,984)
		<u>34,606,270</u>	<u>38,197,867</u>

10 LONG TERM LOAN TO EMPLOYEES - SECURED

Vehicle loan		224,065	343,886
Less: Current Maturity	14	(81,960)	(148,113)
		<u>142,105</u>	<u>195,773</u>

		June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
	Note	----- Rupees -----	
11	LONG TERM DEPOSITS AND PREPAYMENTS		
	Other deposits	<u>713,222</u>	<u>1,105,566</u>
12	ADVANCES		
	Considered good - unsecured		
	Employees	12.1 284,085	368,541
	Legal advisors	12.2 1,952,000	1,952,000
	SBP deposit	15,000	15,000
	Others	68,824	164,394
		<u>2,319,909</u>	<u>2,499,935</u>
12.1	This represents interest free advances given to employees against salaries. These are recovered through monthly deductions from salaries over a period up to one year from the date of granting loans.		
12.2	This represents advance payments made to the legal advisors of the Company for handling cases on behalf of the Company.		
13	PREPAYMENTS AND OTHER RECEIVABLES		
	Prepayments	981,827	788,893
	Other receivable	-	65,000
		<u>981,827</u>	<u>853,893</u>
14	CURRENT MATURITY OF NON CURRENT ASSETS		
	Current maturity of:		
	Net investments in finance lease	8 16,318,852	30,626,004
	Long term finances and loans	9 5,233,496	4,020,984
	Long term loans to employees	10 81,960	148,113
		<u>21,634,308</u>	<u>34,795,101</u>
15	CASH AND BANK BALANCES		
	Balances with banks in:		
	in current accounts	4,624,091	778,442
	Cash in hand	54,412	54,412
		<u>4,678,503</u>	<u>832,854</u>

19 Commitments

There are no commitments at June 30, 2023 (December 31, 2022: nil).

Half year ended		Quarter ended	
June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
----- Rupees -----			

20 OTHER INCOME

Income from financial assets	564,106	18,213	564,106	8,555
Income from non-financial assets	333,001	-	333,001	-
	<u>897,107</u>	<u>18,213</u>	<u>897,107</u>	<u>8,555</u>

Half year ended		Quarter ended	
June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
----- Rupees -----			

21 ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, allowances and other benefits	13,038,319	16,916,924	5,918,762	6,000,635
Directors' fee	220,000	375,000	-	220,000
Rent	67,601	113,138	43,649	89,192
Electricity, gas and water	599,086	528,090	424,763	319,002
Telephone and postage	384,579	400,991	226,576	197,259
Repairs and maintenance	343,675	260,931	206,854	136,350
Books and periodicals	29,215	23,580	14,625	19,030
Vehicle running	211,400	157,939	96,410	67,120
Advertising	-	12,200	-	5,500
Travelling, conveyance and entertainm	358,706	497,790	170,913	334,330
Printing and stationery	118,536	178,606	79,805	79,668
Auditors' remuneration	442,250	268,750	409,400	218,000
Depreciation	1,808,705	1,794,799	917,312	899,163
Staff training and development	-	13,000	-	-
Legal and professional	1,546,213	2,113,206	1,020,649	881,781
Insurance	309,702	407,935	154,851	201,531
Miscellaneous	320,558	372,039	184,062	171,918
Brokerage Expense	18,500	-	18,500	-
	<u>19,817,045</u>	<u>24,434,917</u>	<u>9,887,131</u>	<u>9,840,479</u>

22 FINANCE COST

Mark-up on short term borrowings	15,401,425	9,634,707	8,950,493	4,200,412
Lease finance charges	327,588	607,241	144,370	586,546
Bank charges	505	81,691	480	86,729
	<u>15,729,518</u>	<u>10,323,639</u>	<u>9,095,343</u>	<u>4,873,687</u>

	June 30, 2023 (Un-Audited)	June 30, 2022 (Un-Audited)
	-----Rupees-----	
23 TAXATION		
Minimum tax under Section 113 of the Income Tax Ordinance, 2001.	<u>77,064</u>	<u>109,219</u>

	Half year ended		Quarter ended	
	June 30, 2023 (Un-Audited)	June 30, 2022 (Un-Audited)	June 30, 2023 (Un-Audited)	June 30, 2022 (Un-Audited)
	-----Rupees-----			

24 LOSS PER SHARE - BASIC AND DILUTED

(Loss) / profit for the period attributable to ordinary shareholders	<u>(27,097,132)</u>	<u>(1,746,389)</u>	<u>(14,431,973)</u>	<u>8,289,994</u>
Weighted average number of ordinary shares outstanding during the period (Numbers)	<u>32,000,000</u>	<u>32,000,000</u>	<u>32,000,000</u>	<u>32,000,000</u>
Basic (loss) / earnings per share	(0.85)	(0.05)	(0.45)	0.26

25 TRANSACTIONS WITH RELATED PARTIES

The related party of the Company include SME Bank Limited (the Parent Company), Staff Provident fund, directors, key management personnel and companies in which directors are common or hold office. Transactions with related parties and the balances outstanding at the period ended given below:

	June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
	-----Rupees-----	
25.1 Balances		
SME Bank Limited (Parent Company)		
Short term borrowings		
Opening balance	139,175,806	137,183,616
Borrowings used during the period- net	10,746,893	1,992,190
Closing balance	<u>149,922,699</u>	<u>139,175,806</u>

25.2 Transactions

SME Bank Limited (Parent Company)		
Markup on short term borrowings	15,401,425	9,634,707
Utilization of short term borrowings facility-net	8,930,543	3,070,405
Rent expense paid for Peshawar branch	357,678	359,178

	June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
	----- Rupees -----	
Key Management Personnel		
Key management remuneration	4,230,261	4,176,596
Staff Provident Fund		
Contribution towards provident fund	515,887	422,715

All transactions with the Parent Company are carried out on commercial terms and on arm's length basis.

26 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 and loans and receivables. 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 particular segment.

Particulars	June 30, 2023 (Un-audited)			Total
	Finance Lease	Loans and Receivable	Others	
Segment Revenue	3,790,150	1,980,684	897,107	6,667,941
Reversal of provision - net	1,263,044	595,510	-	1,858,554
Segment Results	<u>5,053,194</u>	<u>2,576,194</u>	<u>897,107</u>	<u>8,526,495</u>
Unallocated Cost				
Finance Cost	-	-	-	15,729,518
Administrative & selling expenses	-	-	-	19,817,045
Reversal of income tax provision	-	-	-	-
				<u>35,546,563</u>
Loss before income tax	-	-	-	(27,020,068)
Income tax expense	-	-	-	77,064
Loss for the period				<u>(27,097,132)</u>

Particulars	June 30, 2023 (Un-audited)			
	Finance Lease	Loans and Receivable	Others	Total
Other Information				
Segment Assets	266,653,270	39,839,766	-	306,493,036
Unallocated Assets	-	-	13,725,676	13,725,676
Total Assets				<u>320,218,712</u>
Segment Liabilities	150,893,961	-	-	150,893,961
Unallocated Liabilities	-	-	188,569,114	188,569,114
Total Liabilities				<u>339,463,075</u>
Net Assets				<u>(19,244,363)</u>
Capital Expenditure	-	-	(164,500)	(164,500)
Segment Revenue	3,561,894	5,157,432	18,213	8,737,539
Reversal of provision - net	23,048,025	1,335,822	-	24,383,847
Segment Results	<u>26,609,919</u>	<u>6,493,254</u>	<u>18,213</u>	<u>33,121,386</u>
Unallocated Cost				
Finance Cost	-	-	-	10,323,639
Administrative & selling expenses	-	-	-	24,434,917
Reversal of income tax provision	-	-	-	-
				<u>34,758,556</u>
Loss before income tax	-	-	-	(1,637,170)
Income tax expense	-	-	-	109,219
Loss for the period				<u>(1,746,389)</u>
Other Information				
Segment Assets	269,918,778	49,184,451	-	319,103,229
Unallocated Assets	-	-	15,184,395	15,184,395
Total Assets				<u>334,287,624</u>
Segment Liabilities	160,233,491	-	-	160,233,491
Unallocated Liabilities	-	-	169,265,126	169,265,126
Total Liabilities				<u>329,498,617</u>
Net Assets				<u>4,789,007</u>
Capital Expenditure	-	-	(202,500)	(202,500)

26.1 Revenue reported above represents revenue from external customers. There are no intersegment sales.

26.2 Revenue from finance lease includes income from finance lease operations and gain/(loss) on termination of lease. Revenue from loan and receivable includes markup income on loans to customers and employees and revenue from investment includes gain on disposal of investment.

27 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value of underlying financial assets are determined based on requirements of Regulation 66 of Non-Banking Finance Companies and Notified Entities Regulations, 2008 and directives if any, issued by the Securities and Exchange Commission of Pakistan.

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1 Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).
- Level 3 Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

At the reporting date, the Company held the following classes of financial instruments measured at fair value:

June 30, 2023	Carrying amount			Fair value				
	Fair value through other comprehensive income	Amortized Cost	Other Assets and Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and bank balance	-	4,678,503	-	4,678,503	-	-	-	-
Advances	-	-	2,319,909	2,319,909	-	-	-	-
Prepayments and other receivables	-	-	981,827	981,827	-	-	-	-
Long term finances and loans and accrued	-	39,839,766	-	39,839,766	-	-	-	-
Net investment in finance leases	-	266,653,270	-	266,653,270	-	-	-	-
	-	311,171,539	3,301,736	314,473,275	-	-	-	-
Financial liabilities								
Trade and other payables	-	7,052,032	-	7,052,032	-	-	-	-
Accrued mark-up on borrowings	-	12,950,493	-	12,950,493	-	-	-	-
Short term borrowings	-	149,922,699	-	149,922,699	-	-	-	-
Provision for compensated absences	-	-	2,233,043	2,233,043	-	-	-	-
Long term finance	-	373,233	-	373,233	-	-	-	-
Long term deposits	-	144,820,805	-	144,820,805	-	-	-	-
Defined benefit obligation	9,411,931	-	-	9,411,931	-	-	-	-
Lease liabilities	-	1,745,244	-	1,745,244	-	-	-	-
	9,411,931	316,864,506	2,233,043	328,509,480	-	-	-	-

December 31, 2022 (Audited)	Carrying amount			Fair value				
	Fair value through other comprehensive income	Loans and receivables	Other Assets and Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and bank balance	-	832,854	-	832,854	-	-	-	-
Advances	-	-	2,499,935	2,499,935	-	-	-	-
Prepayments and other receivables	-	-	853,893	853,893	-	-	-	-
Long term finances and loans and accrued	-	42,218,851	-	42,218,851	-	-	-	-
Net investment in finance leases	-	280,324,041	-	280,324,041	-	-	-	-
	-	323,375,746	3,353,828	326,729,574	-	-	-	-
Financial liabilities								
Trade and other payable	-	5,764,896	-	5,764,896	-	-	-	-
Accrued mark-up on borrowings	-	6,479,106	-	6,479,106	-	-	-	-
Short term borrowings	-	139,175,806	-	139,175,806	-	-	-	-
Provision for compensated absences	-	-	3,613,944	3,613,944	-	-	-	-
Long term finances	-	373,233	-	373,233	-	-	-	-
Long term deposits	-	137,841,991	-	137,841,991	-	-	-	-
Defined benefit obligation	10,182,680	-	-	10,182,680	-	-	-	-
Lease liabilities	-	3,871,502	-	3,871,502	-	-	-	-
	10,182,680	293,506,534	3,613,944	307,303,158	-	-	-	-

27.1 The Company has not disclosed the fair values for these financial instruments, because their carrying amounts are reasonable approximation of fair value.

27.2 For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the period ended June 30, 2023 there were no transfers between Level 1, Level 2 or Level 3 of fair value measurements.

		June 30, 2023	December 31, 2022
	Note	Un-Audited	Audited
		----- Rupees -----	
28	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	4,678,503	3,157,864
	Short term borrowings	(149,922,699)	(139,175,806)
		<u>(145,244,196)</u>	<u>(136,017,942)</u>

29 EVENTS AFTER REPORTING DATE

- 29.1 Pakistan Stock Exchange through its notice No. PSX/N-32, dated January 10, 2024 has placed the SME leasing Limited under the Defaulters' Segment of PSX with effect from January 11, 2024 under PSX Regulation 5.11.1.(i).
- 29.2 The Holding Company received a letter from Ministry of Finance (MOF) dated February 19, 2024 in which the Holding Company has been advised to process liquidation of SME Leasing Limited at the time of liquidation of the Bank.

30 CORRESPONDING FIGURES

These corresponding figures have been reclassified and rearranged where necessary to facilitate comparison, however there has been no significant reclassification.

31 GENERAL

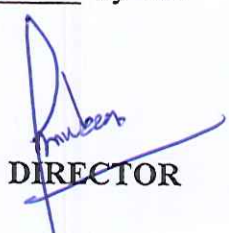
The figures are rounded off to the nearest rupee, unless otherwise stated.

32 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 29 April 2024 by the Board of Directors of the Company.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR