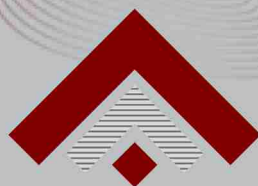


Quarterly Report

2010

(Un-audited September 30)



**SME Leasing Limited**

(A subsidiary of SME Bank Ltd.)



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# Corporate Information

## **BOARD OF DIRECTORS**

Mr. R.A. Chughtai  
Mrs. Arjumand A. Qazi  
Mr. Nasser Durrani  
Mr. Mehboob Hussain  
Mr. Zubair F. Tufail  
Mr. Masood Naqi  
Mr. Ali A. Rahim

Chairman  
Director/CEO  
Director  
Director  
Director  
Director  
Director

## **AUDIT COMMITTEE**

Mr. Ali A. Rahim  
*Chairman*  
Mr. Mehboob Hussain  
*Member*  
Mr. Zubair F. Tufail  
*Member*  
Ms. Shafque Akhtar

(Non-Executive Director)  
(Non-Executive Director)  
(Non-Executive Director)  
Committee Secretary

## **MANAGEMENT COMMITTEE**

Mrs. Arjumand A. Qazi  
Mr. Tanveer Ul Bari  
Mr. Shaheen Akhtar

## **HUMAN RESOURCE COMMITTEE**

Mr. Zubair F. Tufail  
*Chairman*  
Mrs. Arjumand A. Qazi  
*Member*  
Mr. Nasser Durrani  
*Member*

## **COMPANY SECRETARY & CFO**

Mr. Tanveer Ul Bari

## **EXTERNAL AUDITORS**

Anjum Asim Shahid Rahman,  
Chartered Accountants

## **INTERNAL AUDITORS**

Ford Rhodes Sidat Hyder & Company,  
Chartered Accountants

## **TAX CONSULTANT**

A.F. Ferguson & Co.,  
Chartered Accountants

## **LEGAL ADVISOR**

Mohsin Tayebaly & Company,  
Advocate & Legal Consultant

## **CREDIT RATING**

Long-term: BBB+      Short-term: A-3

## **REGISTERED OFFICE**

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

## **MAIN OFFICE**

2nd Floor, Tower-B, Finance & Trade Center (FTC),  
Shahra-e-Faisal, Karachi.  
Phone: 021-99204751-53 Fax: 021-99204754

## **REGISTRAR AND SHARE TRANSFER OFFICE**

Progressive Management Services (Pvt) Ltd.  
10th Floor, Mehdi Towers, A-115, S.M.C.H.S.,  
Shahra-e-Faisal, Karachi.  
Phone: 021-34526983-84 Fax: 021-34526985

## **BANKS AND LENDING INSTITUTIONS**

Allied Bank Limited  
Emirates Global Islamic Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Pak Oman Investment Co. Limited  
SME Bank Limited  
United Bank Limited



The Board of Directors of SME Leasing Limited present their report and review of financial statements for the quarter and nine months period ended September 30, 2010.

The overall economic scenario of the country remained under pressure during the period under review due to the external and domestic factors. The State Bank of Pakistan, in recently announced monetary, has again made upward changes in the discount rate with a view to reduce prevailing inflation in the country. This step will impact the existing liquidity crises, besides further increasing cost of doing business. The continued stance regarding the monetary policy and the ensuing liquidity crises and non-availability of funding lines for the NBFC sector has made the revival of the NBFC sector a very difficult and challenging task.

During the period under review the operating activities of the company remained under pressure due to these liquidity constraints. The hold on disbursements due to the liquidity constraints caused further deterioration of the portfolio and has caused decline in the revenues of the company. The gross revenue of the company has decreased to Rs. 67.81 million as compared to Rs. 103 million in the corresponding period of the previous year. Operating expenses have substantially gone down to Rs. 70.29 million as against Rs. 107.79 million in the prior period mainly due to decrease in financial charges resulting from reduction in borrowing level as well as decline in interest rates. The operating loss for the period is Rs. 2.48 million as compared to of Rs. 4.79 million in the corresponding period of the previous year. Loss before taxation for the period amounts to Rs. 17.74 million (2009: Rs. 25.59 million) owing to the provision against non-performing portfolio.

Despite difficult circumstances, and in the absence of considerable financial support from the financial institutions your company is working on various funding options in collaboration with the main sponsor SME Bank Limited, and has started new disbursements on a limited scale. Going forward as the overall liquidity position further improves the company is optimistic in reviving its operational activities. The management is confident that as the economy revives your company will also regain its pace, as the company has a very strong and loyal client base.

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

For and on behalf of the Board of Directors

Karachi-October 21, 2010

**R.A. Chughtai**  
Chairman

# Condensed Interim Balance Sheet

As at September 30, 2010 ( Un-Audited )



SME Leasing Limited

	Note	(Un-Audited) September 30, 2010 Rupees	(Audited) December 31, 2009 Rupees
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances		8,890,833	22,447,059
Mark-up accrued		298,267	404,440
Loans and advances		1,996,930	1,926,959
Deposits, prepayments and other receivables		4,316,578	1,914,483
Investments - available-for-sale	3	27,213,656	36,473,714
Current maturity long-term finances and loans	4	65,918,994	74,504,429
Current maturity of net investment in leases	5	438,037,087	495,329,024
<b>Total current assets</b>		<b>546,672,345</b>	<b>633,000,108</b>
<b>Non-current assets</b>			
Long-term finances and loans	4	14,621,025	35,344,359
Net investment in leases	5	537,770,799	907,450,890
Long-term deposits and prepayments		660,744	939,250
Property and equipment	6	12,197,623	14,042,060
		565,250,191	957,776,559
<b>Total assets</b>		<b>1,111,922,535</b>	<b>1,590,776,667</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and others payable		7,701,030	11,559,297
Mark-up accrued		5,668,827	12,529,336
Short term borrowings		96,916,062	116,739,950
Certificates of Investment		11,765,325	3,220,781
Current maturity of long-term finances	7	132,962,815	240,870,480
Current maturity of liabilities against assets subject to finance lease		579,314	1,162,884
Current maturity of long-term deposits		160,803,464	311,703,563
Taxation payable		12,106,880	11,121,234
<b>Total current liabilities</b>		<b>428,850,584</b>	<b>709,692,756</b>
<b>Non-current liabilities</b>			
Long-term finances	7	5,648,980	98,235,310
Liabilities against assets subject to finance lease		535,725	860,305
Long-term deposits		341,379,463	428,317,666
Deferred liabilities		2,608,338	2,407,266
		350,172,506	529,820,547
<b>Total liabilities</b>		<b>779,023,090</b>	<b>1,239,513,303</b>
<b>NET ASSETS</b>		<b>332,899,445</b>	<b>351,263,364</b>
<b>FINANCED BY</b>			
<b>Authorised share capital</b>			
100,000,000 (2008: 100,000,000) ordinary shares of Rs. 10 each		1,000,000,000	1,000,000,000
<b>Issued, subscribed and paid-up capital</b>			
Reserves		320,000,000	320,000,000
Unappropriated (loss)		48,466,329	48,466,329
		(37,654,990)	(18,851,129)
		330,811,339	349,615,200
Unrealized surplus on re-measurement of available-for-sale investments		2,088,106	1,648,164
<b>Total shareholders' equity</b>		<b>332,899,445</b>	<b>351,263,364</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		

The annexed notes 1 to 12 form an integral part of these financial statements.

**Arjumand A. Qazi**  
Chief Executive Officer

**Zubair F. Tufail**  
Director

# Condensed Interim Profit and Loss Account

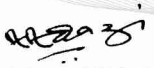
For the Nine Months ended September 30, 2010 (Un-Audited)



SME Leasing Limited

	Nine Months Ended		Quarter Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
	----- Rupees -----		----- Rupees -----	
<b>REVENUE</b>				
Income from operations	67,137,981	102,182,593	18,818,005	32,090,445
Income from investments	449,759	17,161	30,150	17,161
Other operating income	227,118	803,925	(13,240)	233,553
<b>Total revenue</b>	<b>67,814,858</b>	<b>103,003,679</b>	<b>18,834,915</b>	<b>32,341,159</b>
<b>EXPENSES</b>				
Administrative	32,206,102	33,804,162	10,618,670	11,499,182
Finance cost	38,088,244	73,993,248	10,146,324	20,239,104
<b>Total expenses</b>	<b>70,294,346</b>	<b>107,797,410</b>	<b>20,764,994</b>	<b>31,738,286</b>
<b>Operating (loss)/profit before provisions</b>	<b>(2,479,488)</b>	<b>(4,793,731)</b>	<b>(1,930,079)</b>	<b>602,873</b>
<b>PROVISIONS</b>				
Provision for potential lease losses	15,078,430	20,755,740	3,197,420	4,814,505
Provision for loans and receivables	185,975	40,792	(34,403)	7,055
<b>Total provisions</b>	<b>15,264,405</b>	<b>20,796,532</b>	<b>3,163,017</b>	<b>4,821,560</b>
<b>(Loss) before taxation</b>	<b>(17,743,893)</b>	<b>(25,590,263)</b>	<b>(5,093,096)</b>	<b>(4,218,687)</b>
<b>TAXATION</b>				
- Current	1,059,968	2,069,536	165,778	484,876
- Deferred	-	(3,399,176)	-	-
	1,059,968	(1,329,640)	165,778	484,876
<b>(Loss) for the period</b>	<b>(18,803,861)</b>	<b>(24,260,623)</b>	<b>(5,258,874)</b>	<b>(4,703,563)</b>
<b>(Loss) per share - basic and diluted</b>	<b>(0.59)</b>	<b>(0.82)</b>	<b>(0.42)</b>	<b>(0.11)</b>

The annexed notes 1 to 12 form an integral part of these financial statements.

  
**Arjumand A. Qazi**  
 Chief Executive Officer

  
**Zubair F. Tufail**  
 Director

# Statement of Comprehensive Income

For the Nine Months ended September 30, 2010 (Un-Audited)



SME Leasing Limited

	Nine Months Ended		Quarter Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
	----- Rupees -----		----- Rupees -----	
<b>Loss for the period after tax</b>	<b>(18,803,861)</b>	<b>(24,260,623)</b>	<b>(5,258,874)</b>	<b>(4,703,563)</b>
<b>Other comprehensive income</b>				
Unrealized gain/(loss) on revaluation of available-for-sale investment	439,942	6,262,316	(32,542)	3,533,295
Provision against impairment loss on Investments	-	(1,890,766)	-	1,136,392
	<b>439,942</b>	4,371,550	<b>(32,542)</b>	4,669,687
<b>Total comprehensive loss for the period</b>	<b>(18,363,919)</b>	<b>(19,889,073)</b>	<b>(5,291,416)</b>	<b>(33,876)</b>

The annexed notes 1 to 12 form an integral part of these financial statements.

**Arjumand A. Qazi**  
Chief Executive Officer

**Zubair F. Tufail**  
Director



# Condensed Interim Cash Flow Statement


For the Nine Months ended September 30, 2010 (Un-Audited)



SME Leasing Limited

	Note	September 30, 2010 Rupees	September 30, 2009 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations after working capital changes	9	29,549,222	65,173,312
(Increase)/Decrease in net investment in leases		411,921,500	194,004,249
(Increase)/Decrease in loans and receivables		29,122,794	17,700,178
Mark-up paid		(43,637,494)	(77,992,125)
Mark-up received on loans to employees		118,922	354,273
Mark-up received		108,197	511,205
Financial charges paid		(156,052)	(196,590)
Gratuity paid		(64,865)	(136,470)
Taxes paid		(74,322)	(105,932)
Long-term deposits received		(237,838,302)	(33,627,419)
		<u>159,500,378</u>	<u>100,511,369</u>
<b>Net cash used in operating activities</b>		<b>189,049,600</b>	<b>165,684,681</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(14,490)	(5,599,582)
(Increase)/Decrease in short-term placements		-	31,307,857
Proceeds from disposal of assets		-	168,000
(Increase)/Decrease in long-term loans and advances		(69,971)	-
Proceeds from redemption of mutual funds units		-	2,017,161
Dividend income		250,000	
(Increase) in investments		9,700,000	(11,500,000)
(Increase)/Decrease in long-term deposits and prepayments		278,506	(26,895)
<b>Net cash from/(used-in) investing activities</b>		<b>10,144,045</b>	<b>16,366,541</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase/(Decrease) in long-term finance		(200,493,995)	(249,889,790)
Increase in Certificates of Investment		8,544,544	2,930,889
Lease rentals paid		(976,532)	(1,093,825)
<b>Net cash from financing activities</b>		<b>(192,925,983)</b>	<b>(248,052,726)</b>
<b>Net increase /(decrease) in cash and cash equivalents</b>		<b>6,267,662</b>	<b>(66,001,505)</b>
Cash and cash equivalents at beginning of the year		(94,292,891)	(33,077,589)
<b>Cash and cash equivalents at end of the period</b>	10	<b>(88,025,229)</b>	<b>(99,079,094)</b>

The annexed notes 1 to 12 form an integral part of these financial statements.

  
**Arjumand A. Qazi**  
 Chief Executive Officer

  
**Zubair F. Tufail**  
 Director

# Condensed Interim Statement of Changes in Equity

For the Nine Months ended September 30, 2010



SME Leasing Limited

	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves			Total shareholders' equity
		Share premium	Statutory reserve	Reserve against future losses	Un-appropriated profit	Deficit on revaluation of available-for-sale investments	
<b>Rupees</b>							
<b>Balance as at January 1, 2009</b>	320,000,000	10,000,000	28,019,277	10,447,052	50,897,144	(8,783,337)	410,580,136
Impairment loss on available-for-sale investments	-	-	-	-	-	6,262,316	6,262,316
Loss for the period	-	-	-	-	(26,151,389)	-	(26,151,389)
Provision against impairment loss on available-for-sale investment	-	-	-	-	-	1,890,766	1,890,766
Transferred to reserve against future losses	-	-	-	-	-	-	-
<b>Balance as at September 30, 2009</b>	<b>320,000,000</b>	<b>10,000,000</b>	<b>28,019,277</b>	<b>10,447,052</b>	<b>24,745,755</b>	<b>(630,255)</b>	<b>392,581,829</b>
<b>Balance as at January 1, 2010</b>	320,000,000	10,000,000	28,019,277	10,447,052	(18,851,129)	1,648,164	351,263,364
Loss for the period	-	-	-	-	(18,803,861)	-	(18,803,861)
Unrealized gain or re-measurement of available-for-sale investments	-	-	-	-	-	439,942	439,942
Transferred to statutory reserve	-	-	-	-	-	-	-
Transferred to reserve against future losses	-	-	-	-	-	-	-
<b>Balance as at September 30, 2010</b>	<b>320,000,000</b>	<b>10,000,000</b>	<b>28,019,277</b>	<b>10,447,052</b>	<b>(37,654,990)</b>	<b>2,088,106</b>	<b>332,899,445</b>

The annexed notes 1 to 12 form an integral part of these financial statements.

  
**Arjumand A. Qazi**  
 Chief Executive Officer

  
**Zubair F. Tufail**  
 Director

# Selected Notes to the Condensed Interim Financial Report

For the Nine Months ended September 30, 2010 (Un-Audited)



SME Leasing Limited

## 1. THE COMPANY AND ITS OPERATIONS

SME Leasing Limited was incorporated in Pakistan on July 12, 2002 as an unlisted public company and acquired the status of a listed company on December 13, 2006. The company is a subsidiary of SME Bank Limited, which holds 73.14% (2008: 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 Lahore Stock Exchange and its registered office is situated at 40 Jang Building, A.K. Fazal-ul-Haq Road, Blue Area, Islamabad. The core objective of the company is to extend lease and working capital financing facilities to small and medium enterprises of the country.

The company is registered with the Securities and Exchange Commission of Pakistan as a leasing company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. These rules were amended vide SRO No. 1131 (1)/2007 on November 21, 2007, whereby Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC Regulations) were issued. Subsequently NBFC Regulations were amended vide SRO No. 1203 (1)/2008 on November 21, 2008, whereby Non-Banking Finance Companies and Notified Regulations, 2008 were issued.

## 2. STATEMENT OF COMPLIANCE

These un-audited financial statements are being presented and submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and has been presented in accordance with the requirements of International Accounting Standards 34 "Interim Financial Reporting" as applicable in Pakistan.

### 2.1 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, 2009.

### 2.2 FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies are consistent with disclose in the financial statement for the year ended December 31, 2009.

## 3. INVESTMENTS - Available-for-Sale

	Note	September 30, 2010 Rupees	December 31, 2009 Rupees
<b>Government Securities</b>	3.1	<b>1,800,000</b>	500,000
<b>Mutual Funds</b>			
- Open end		<b>20,825,550</b>	31,825,550
- Close end		<b>2,500,000</b>	2,500,000
		<b>23,325,550</b>	34,325,550
Less: Unrealized gain/(loss) on revaluation		<b>2,088,106</b>	1,648,164
		<b>25,413,656</b>	35,973,714
Fair value at the end of the period		<b>27,213,656</b>	36,473,714

3.1 Represents investments made as required under rule 12(3)(f) of the Non-Banking Finance Companies & Notified Entities Regulations, 2008 to maintain liquidity against certificates of investment. These are redeemable between October 2010 to July 2013 and carries profit rate ranging from 11.60% to 14.20% (2009:11.60% to 14.20%).

# Selected Notes to the Condensed Interim Financial Report

For the Nine Months ended September 30, 2010 (Un-Audited)



SME Leasing Limited

	September 30, 2010 Rupees	December 31, 2009 Rupees
<b>4. LONG-TERM FINANCES AND LOANS - Secured</b>		
<b>Considered good</b>		
Related Parties		
Executives	511,624	729,664
Employees	<u>2,150,751</u>	<u>2,341,017</u>
	<b>2,662,375</b>	<b>3,070,681</b>
<b>Others than Related parties</b>		
<b>Customers</b>		
Considered good	26,347,995	66,839,999
Considered doubtful	<u>52,024,007</u>	<u>40,246,491</u>
	<b>78,372,002</b>	<b>107,086,490</b>
Less: Provision	<u>(494,358)</u>	<u>(308,383)</u>
	<b>77,877,644</b>	<b>106,778,107</b>
	<b>80,540,019</b>	<b>109,848,788</b>
<b>Less: Current maturity</b>		
Related Parties		
Executives	<u>305,586</u>	<u>260,525</u>
Employees	<u>268,298</u>	<u>255,743</u>
	<b>573,884</b>	<b>516,268</b>
Customers	<u>65,345,110</u>	<u>73,988,161</u>
	<b>65,918,994</b>	<b>74,504,429</b>
	<b>14,621,025</b>	<b>35,344,359</b>
<b>5. NET INVESTMENT IN LEASES</b>		
Minimum lease payments receivable	680,712,271	909,931,436
Add: Residual value of leased assets	<u>502,182,927</u>	<u>740,021,229</u>
Lease contract receivable	<b>1,182,895,198</b>	<b>1,649,952,665</b>
Less: Unearned lease income	<u>127,825,032</u>	<u>182,960,999</u>
Less: Provision for potential lease losses	<u>79,262,280</u>	<u>64,211,752</u>
	<b>207,087,312</b>	<b>247,172,751</b>
Net investment in leases	<b>975,807,886</b>	<b>1,402,779,914</b>
Less: Current maturity of net investment in leases	<u>438,037,087</u>	<u>495,329,024</u>
Net investment in leases	<b>537,770,799</b>	<b>907,450,890</b>

# Selected Notes to the Condensed Interim Financial Report

For the Nine Months ended September 30, 2010 (Un-Audited)



SME Leasing Limited

## 6. PROPERTY AND EQUIPMENTS

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

	September 30, 2010		December 31, 2009	
	Additions	Deletions	Additions	Deletions
	----- Rupees -----			
<b>Owned</b>				
Office premises	-	-	5,550,000	-
Building improvements	-	-	139,710	-
Furniture and fixtures	14,490	-	54,150	-
Office equipment & others	-	-	43,900	-
Computers	-	-	13,182	-
Vehicles	878,890	-	1,155,000	-
Computer Software	-	-	-	-
	<b>893,380</b>	-	6,955,942	-
<b>Leased Assets</b>				
Vehicles	-	878,890	898,800	1,155,000
	<b>893,380</b>	<b>878,890</b>	<b>7,854,742</b>	<b>1,155,000</b>

September 30, 2010 Rupees	December 31, 2009 Rupees
------------------------------	-----------------------------

## 7. LONG TERM FINANCES

### Long-term Loans

SME Bank Limited (holding company) - related party  
Other financial institutions

11,192,780	13,561,137
11,607,343	122,660,483
<b>22,800,123</b>	136,221,620

### Privately Placed Term Finance Certificates

Less: Current maturity - long-term loans  
Current maturity - Privately Placed Term Finance Certificates

115,811,672	202,884,170
<b>138,611,795</b>	339,105,790
17,151,143	124,203,814
<b>115,811,672</b>	116,666,666
<b>132,962,815</b>	240,870,480
<b>5,648,980</b>	<b>98,235,310</b>

## 8. CONTINGENCIES AND COMMITMENTS

### Contingencies

None

-	-
---	---

### Commitments

Lease disbursements

-	-
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# Selected Notes to the Condensed Interim Financial Report

For the Nine Months ended September 30, 2010 (Un-Audited)



SME Leasing Limited

	September 30, 2010 Rupees	September 30, 2009 Rupees
<b>9. CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES</b>		
(Loss)/Profit before income tax expense	(17,743,893)	(27,481,029)
<b>Adjustment for non-cash charges and other items</b>		
Depreciation	1,858,928	1,736,335
Gratuity expense	136,207	54,840
Mark-up expense	36,776,985	72,194,645
Mark-up income	(108,196)	(511,204)
Mark-up on short-term placements	(199,759)	(17,161)
Dividend Income	(250,000)	-
Financial charges on leased assets	156,052	196,590
Loss/(Gain) on disposal of property and equipment	-	56,000
Interest income on loans to employees	(118,922)	(348,721)
Provision for potential lease losses	15,078,430	20,755,740
Provision for loans and receivables	185,975	40,792
Provision for impairment on available-for-sale investments	439,942	1,890,766
<b>Total adjustments for non-cash charges and other items</b>	<b>53,955,642</b>	<b>96,048,622</b>
<b>Cash generated from operations before working capital changes</b>	<b>36,211,749</b>	<b>68,567,593</b>
<b>Working capital changes</b>		
<b>(Increase)/Decrease in current assets</b>		
Mark-up accrued	106,170	60,278
Deposits, prepayments and other receivables	(2,402,095)	430,766
Loans and advances	(69,971)	(667,783)
	<b>(2,365,896)</b>	<b>(176,739)</b>
<b>Increase/(Decrease) in current liabilities</b>		
Provision for compensated absences	(438,364)	-
Trade and other payables	(3,858,267)	(3,217,542)
	<b>(4,296,631)</b>	<b>(3,217,542)</b>
Total working capital changes	<b>(6,662,527)</b>	<b>(3,394,281)</b>
<b>Cash generated from operations after working capital changes</b>	<b>29,549,222</b>	<b>65,173,312</b>
<b>10. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	8,890,833	10,726,310
Short-term borrowings	(96,916,062)	(109,805,404)
	<b>(88,025,229)</b>	<b>(99,079,094)</b>

# Selected Notes to the Condensed Interim Financial Report

For the Nine Months ended September 30, 2010 (Un-Audited)



SME Leasing Limited

## 11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprises SME Bank Limited and key management personnel. The aggregate transactions with related parties during the period under review are as follows:

	September 30, 2010		December 31, 2009	
	Rupees			
	Key management personnel	SME Bank Limited (Holding Company)	Key management personnel	SME Bank Limited (Holding Company)
<b>Borrowings</b>				
Balance as at January 1	-	101,894,472	-	97,513,918
Add: Borrowings during the period	-	148,916,056	-	60,000,000
Less: Repayments during the period	-	(109,368,355)	-	(55,619,446)
Balance as at September 30, 2010	-	141,442,173	-	101,894,472
<b>Loans and advances</b>				
Balance as at January 1	129,749	-	120,834	-
Add: Advances given during the period	335,000	-	323,000	-
Less: Repayments during the period	(198,166)	-	(314,085)	-
Balance as at September 30, 2010	266,583	-	129,749	-
Total rentals receivables (for the entire lease period)	-	8,646,285	-	11,577,021

	September 30, 2010		September 30, 2009	
	Rupees			
Mark-up expense for the period	-	2,730,408	-	13,009,354
Mark-up income for the period	-	-	-	-
<b>Other transactions</b>				
Lease facility provided to holding company	-	16,600,866	-	19,202,066
Deposit margin by holding company for the lease facility	-	8,436,723	-	9,882,723
Total rentals received during the period	-	563,891	-	2,724,010
Rent expense	-	201,330	-	201,330
Remuneration and salaries paid	4,221,000	-	4,221,000	-
Post retirement benefits	852,400	-	784,971	-
Provident fund - company's contribution	90,099	-	120,132	-

## 12. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 21, 2010 by the Board of Directors of the company.

**Arjumand A. Qazi**  
Chief Executive Officer

**Zubair F. Tufail**  
Director

# Branch Network

## KARACHI

### Main Branch

2nd Floor, Tower "B",  
Finance & Trade Center (FTC),  
Shahra-e-Faisal.  
Phone: 021-99204751-53  
Fax: 021-99204754

### F.B. Area Branch

Shop No. 9, Rahimabad, Block-14,  
F.B. Area, Shahra-e-Pakistan.  
Phone: 021-99246458, 36807584  
Fax: 021-36806940

## HYDERABAD

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

## LAHORE

### Gulberg Branch

13-L, Mini Market, Gulberg-II.  
Phone: 042-35714499  
Fax: 042-35714499

### Iqbal Town Branch

Office No. 17, 2nd Floor, Sky Centre,  
Karim Block, Allama Iqbal Town Road.  
Phone: 042-35295423  
Fax: 042-35295424

## ISLAMABAD

Office No. 2, 1st Floor, Rehmat Centre, I-8 Markaz.  
Phone: 051-9257524  
Fax: 051-9257520

## ABBOTTABAD

Office No. 12/13, 2nd Floor,  
Silk Plaza, Mansehra Road.  
Phone: 0992-341596

## SIALKOT

Small Industrial Estate Uggoki Road,  
Shahabpura.  
Phone: 052-3257138  
Fax: 052-3257138

## PESHAWAR

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

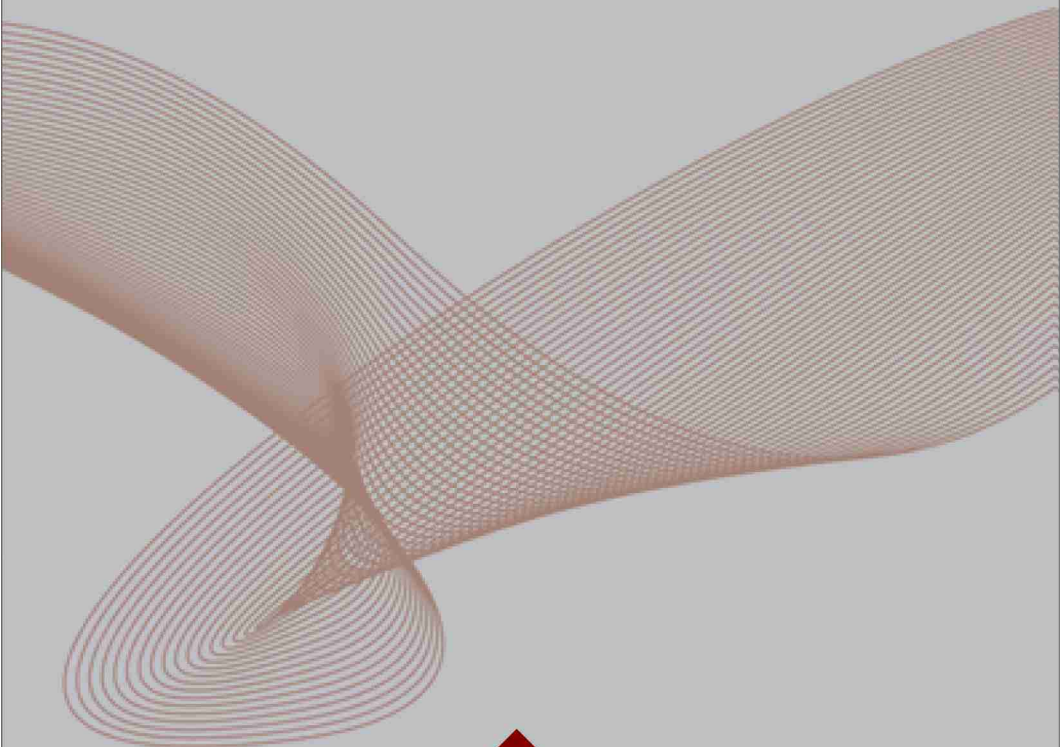
## MARDAN

Office No. L-21, 1st Floor,  
New PRC Plaza, Malakand Chowk.  
Phone: 0937-9230800  
Fax: 0937-867102

## MIRPURKHAS

Office No. 1572/11 Khad Plot,  
Umer Kot Road.  
Phone: 0233-874168  
Fax: 0233-9290411





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

**Main Office:** 2nd Floor, Tower "B", Finance & Trade Centre, Shakra-e-Faisal, Karachi.  
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