

Contents

02

Corporate Information

04

Directors' Review

05

Condensed Interim Balance Sheet

06

Condensed Interim Profit And Loss Account

07

Condensed Interim Statement of Comprehensive Income

08

Condensed Interim Cash Flow Statement

09

Condensed Interim Statement of Changes in Equity

10

Notes to the Condensed Interim Financial Statements

17

Branch Network

Corporate Information

BOARD OF DIRECTORS

Mr. Ihsan ul Haq Khan Chairman
Mr. Naveed Amin Chief Executive Officer
Mr. Ali A. Rahim
Ms. Mehnaz Kaludi
Mr. Junaid Mohmand
Mian Tahir Bashir
Mr. Ateeq Ur Rehman

AUDIT COMMITTEE

Mr. Ateeq Ur Rehman Chairman
Mr. Ali A. Rahim Member
Mian Tahir Bashir Member
Ms. Shafque Akhter Committee Secretary

HUMAN RESOURCE COMMITTEE

Ms. Mehnaz Kaludi Chairperson
Mr. Ihsan Ul Haq Khan Member
Mr. Junaid Mohmand Member
Mr. Naveed Amin Member / Committee Secretary

Corporate Information

COMPANY SECRETARY & CFO

Mr. Osama Iqbal

EXTERNAL AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

INTERNAL AUDITOR

Ms. Shafque Akhter

TAX CONSULTANT

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

LEGAL ADVISOR

Mohsin Tayebaly & Company,
Advocate & Legal Consultant

CREDIT RATING

Long-term: BB + Short-term: B

REGISTERED OFFICE

56-F, Nazim-ud-Din Road, F-6/1, Blue Area, Islamabad.

MAIN OFFICE

Office # 304, 3rd Floor, Business Arcade, Shakra-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 Twon, Lahore.

Tel: (+92-042) 35170336-7, Fax: (+92-042) 35170338

E-mail: info@corptec.com.pk

BANKS AND LENDING INSTITUTIONS

Allied Bank Limited

MCB Bank Limited

SME Bank Limited

Meezan Bank Limited



Directors' Review

The Board of Directors of SME Leasing Limited (the company) are pleased to present their report and review of un-audited financial statements for the quarter ended September 30, 2014.

During the period under review economic growth of Pakistan was hampered by an unprecedented protests of political parties, law and order situation, energy crises and floods etc. Which like other businesses also affected economics of the Company that already had been facing severe difficulties due to high NPLs and non-availability of low cost funds since the financial meltdown of 2008.

The prevailing conditions in the country have shaken confidence of small and medium investors that made the situation more adverse. The faced unhealthy business environment substantially depressed revenues of the Company in the quarter. During the quarter Company added to loss Rs. 2.13 Million that raised loss to Rs. 2.88 Million. Whereas loss for the corresponding period of year 2013 was Rs. 10.01 million. Total assets of the company have increased to Rs. 661.84 Million from Rs. 542.08 Million as of December 2013 due to the recovery efforts and disbursement of new loans. The gross revenue of the company was Rs. 31.84 Million for the nine months as compared to Rs. 18.71 Million in the corresponding period of the previous year. Equity of the company reduced to Rs. 196.65 Million as against Rs. 199.53 Million in the corresponding year ended December 31, 2013.

Though moral of the Company's management is high to diligently handle the current economic situations, but more focused concentration on new business opportunities, uncompromising pursuance to get back defaulted amount and arrangement of wide range of tailor made financial solutions are required. The company is working on various funding option in consultation with the main sponsor SME Bank Limited, in order to build new healthy assets during the year. The management is hopeful that their efforts will have positive impact on results of the near future.

The Board would like to take this opportunity to thank on behalf of the Board and Management of the Company to the shareholders for the trust they have reposed in the Company. We are also grateful to the Securities and Exchange Commission of Pakistan for their continued support and guidance and the customers for their patronage. We would also like to express sincere appreciation for the employees of the Company for their dedication and hard work.

On behalf of Board of Directors

Ihsan UI Haq Khan
Chairman

Dated: October 27, 2014

Condensed Interim Balance Sheet (Un-audited)

As at September 30, 2014.

	Note	September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
Rupees			
ASSETS			
Current assets			
Cash and bank balances	3	3,270,152	6,033,050
Mark-up accrued		685,232	132,771
Loans and advances		2,076,451	1,282,930
Deposits, prepayments and other receivables		1,127,689	2,128,180
Investments - available for sale	4	2,244,807	3,987,699
Current maturity of non current assets		348,957,581	407,463,578
Total current assets		358,361,912	421,028,208
Non-current assets			
Long term finances and loans	5	45,623,678	6,510,409
Net investment in leases	6	241,095,564	98,779,822
Long-term deposits and prepayments		1,762,500	1,560,055
Property and equipment	7	14,999,643	14,206,138
		303,481,385	121,056,424
Total assets		661,843,297	542,084,632
LIABILITIES			
Current liabilities			
Trade and others payable		15,754,308	6,840,078
Mark-up accrued		2,183,616	644,874
Short term borrowings		148,712,988	37,534,120
Certificates of Investment		100,000	200,000
Current maturity of non current liabilities	8	199,398,809	220,987,808
Provision for compensated absences		503,084	676,871
Taxation payable		12,340,007	12,415,094
Total current liabilities		378,992,812	279,298,845
Non-current liabilities			
Long-term finances	8	373,232	723,580
Liabilities against assets subject to finance lease		2,414,837	1,404,491
Long-term deposits		78,551,744	56,649,944
Deferred liabilities		3,799,298	3,674,069
		85,139,111	62,452,084
Total liabilities		464,131,923	341,750,929
NET ASSETS		197,711,374	200,333,703
FINANCED BY			
Authorised share capital		1,000,000,000	1,000,000,000
100,000,000 (2010: 100,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital		320,000,000	320,000,000
Reserves		48,466,329	48,466,329
Accumulated (Loss)		(171,819,762)	(168,940,325)
		196,646,567	199,526,004
Surplus on revaluation of available for sale investments		1,064,807	807,699
Total shareholder's equity		197,711,374	200,333,703
Contingencies and commitments	9		

The annexed notes 1 to 16 form an integral part of these financial statements.


Naveed Amin
Chief Executive Officer


Ali A. Rahim
Director

Condensed Interim Profit And Loss Account (Un-audited) For the Nine months ended September 30, 2014

Note	Nine months period ended		Three Months period ended		
	30, September 2014	30, September 2013	30, September 2014	30, September 2013	
----- (Rupees) -----					
REVENUE					
Income from operations	10	31,699,358	18,232,053	13,609,992	5,618,089
Other operating income		138,344	476,905	23,132	157,744
Total revenue		31,837,702	18,708,958	13,633,124	5,775,833
EXPENSES					
Administrative	11	27,467,413	20,778,946	9,228,329	6,054,810
Finance cost	12	10,855,961	6,536,716	5,566,714	1,276,678
Total expenses		38,323,374	27,315,662	14,795,043	7,331,488
Operating (loss) before provisions		(6,485,672)	(8,606,704)	(1,161,919)	(1,555,655)
PROVISIONS					
Provision for potential lease losses		(4,356,627)	805,143	780,526	980,154
Provision for loans and receivables		432,015	408,896	48,849	(625)
Total provisions		(3,924,612)	1,214,039	829,375	979,529
(Loss) before taxation		(2,561,060)	(9,820,743)	(1,991,294)	(2,535,184)
TAXATION					
Current		318,377	187,089	136,331	122,423
Deferred		-	-	-	-
		318,377	187,089	136,331	122,423
(Loss) for the period		(2,879,437)	(10,007,832)	(2,127,625)	(2,657,607)
Loss per share - basic and diluted		(0.09)	(0.31)	(0.07)	(0.08)

The annexed notes 1 to 16 form an integral part of these financial statements


Naveed Amin
Chief Executive Officer


Ali A. Rahim
Director

Condensed Interim Statement of Comprehensive Income (Un-audited) For the Nine months ended September 30, 2014

	Nine months period ended		Three Months period ended	
	30, September 2014	30, September 2013	30, September 2014	30, September 2013
	----- (Rupees) -----			
(Loss) for the period after tax	(2,879,437)	(10,007,832)	(2,127,625)	(2,657,607)
Other comprehensive income Surplus / (Deficit) on revaluation of available-for-sale investments-Net	257,108	410,748	(29,255)	336,317
Actuarial Gain on obligation	-	395,393	-	395,393
	257,108	806,141	(29,255)	731,710
Total comprehensive (loss) for the period	<u>(2,622,329)</u>	<u>(9,201,691)</u>	<u>(2,156,880)</u>	<u>(1,925,897)</u>

The annexed notes 1 to 16 form an integral part of these financial statements.


Naveed Amin
Chief Executive Officer


Ali A. Rahim
Director

Condensed Interim Cash Flow Statement (Un-audited) For the Nine months ended September 30, 2014

	Note	September 30, 2014	September 30, 2013
..... Rupees			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	9	14,392,899	(1,584,897)
(Increase)/Decrease in net investment in leases		(65,194,730)	62,799,408
(Increase)/Decrease in loans and receivables		(53,803,671)	11,139,287
Mark-up paid		(9,033,422)	(7,293,598)
Mark-up received		73,107	433,712
Gratuity paid		(172,394)	(843,760)
Taxes paid		(393,464)	(187,795)
Long term deposits received		1,792,230	(12,614,853)
		<u>(126,732,344)</u>	<u>53,432,401</u>
Net cash used in operating activities		(112,339,445)	51,847,504
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of fixed assets		245,670	-
Capital expenditure		(299,313)	-
Decrease in investments		2,000,000	500,000
(Increase)/Decrease in long-term deposits and prepayments		(202,445)	418,800
Net cash from / (used-in) investing activities		1,743,912	918,800
CASH FLOW FROM FINANCING ACTIVITIES			
(Decrease) in long-term finance		(1,876,013)	(10,145,394)
Decrease in Certificates of Investment		(100,000)	(8,112,646)
Lease rentals paid		(1,370,220)	(629,571)
Net cash from financing activities		(3,346,233)	(18,887,611)
Net (decrease) / increase in cash and cash equivalents		(113,941,766)	33,878,693
Cash and cash equivalents at beginning of the year		(31,501,070)	(48,567,198)
Cash and cash equivalents at end of the period	10	<u>(145,442,836)</u>	<u>(14,688,505)</u>

The annexed notes 1 to 16 form an integral part of these financial statements.


Naveed Amin
Chief Executive Officer


Ali A. Rahim
Director

Condensed Interim Statement of Changes in Equity (Un-audited) For the Nine months ended September 30, 2014

	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 on revaluation of available for sale investments	
----- Rupees -----							
Balance as at January 1, 2013	320,000,000	10,000,000	28,019,277	10,447,052	(160,709,956)	129,433	207,885,806
(Loss) after Taxation	-	-	-	-	(10,007,832)	-	(10,007,832)
Surplus on revaluation of available for-sale investments - Net	-	-	-	-	-	410,748	410,748
Actuarial Gain on obligation	-	-	-	-	395,393	-	395,393
Balance as at September 30, 2013	<u>320,000,000</u>	<u>10,000,000</u>	<u>28,019,277</u>	<u>10,447,052</u>	<u>(170,322,395)</u>	<u>540,181</u>	<u>198,684,115</u>
Balance as at January 01, 2014	320,000,000	10,000,000	28,019,277	10,447,052	(168,940,325)	807,699	200,333,703
(Loss) after Taxation	-	-	-	-	(2,879,437)	-	(2,879,437)
Surplus on revaluation of available for-sale investments - Net	-	-	-	-	-	257,108	257,108
Balance as at September 30, 2014	<u>320,000,000</u>	<u>10,000,000</u>	<u>28,019,277</u>	<u>10,447,052</u>	<u>(171,819,762)</u>	<u>1,064,807</u>	<u>197,711,374</u>

The annexed notes 1 to 16 form an integral part of these financial statements.


Naveed Amin
Chief Executive Officer


Ali A. Rahim
Director

Notes To The Condensed Interim Financial Statements (Un-audited) For the Nine months ended September 30, 2014

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% (2013: 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 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 Regulation 4 of Non-Banking finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations 2008) require a leasing company to maintain, at all times, minimum equity of Rs.700 millions by 30, June 2013. The equity of the Company as at 30, September 2014 is Rs.196.65 million which is Rs.503.35 million short of the minimum capital requirement. The Company has been incurring losses since the year ended 31 December 2009 which has resulted in erosion of equity. During the period ended 30 September 2014, the Company has after tax Loss of Rs.2.88 million and the accumulated losses as at 30 September 2014, amounting to Rs.171.82 million. Further, the net assets of the Company amounting to Rs. 197.71 million includes non performing loans, net of provision.

The license to conduct leasing business granted to the Company by the Securities and Exchange Commission of Pakistan (SECP) dated 30 June 2010, which expired on 20 May 2013, specifically mentions that the license is subject to consistent compliance with all the requirements of NBFC Regulations 2008.

The Company has applied for renewal of the license on 22 April 2013 and submitted a detailed business plan including measures to be taken for improvement of financial health of the Company and due compliance with minimum equity requirement as per NBFC Regulations 2008. Considering the financial health of the Company and expiry of leasing license, the SECP in letter dated 05 July 2013 instructed the Company to not to raise deposits from general public in any form till the compliance of the minimum equity requirement and the renewal of the leasing license.

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, the Companies Ordinance, 1984, the Non Banking Companies (NBFCs) Rules, 2003 (the Rules), Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) and directives issued by the SECP.

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, 2013.



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

Notes To The Condensed Interim Financial Statements(Un-audited) For the Nine months ended September 30, 2014

Note	September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
..... Rupees		
3.	CASH AND BANK BALANCES	
	23,095	3,095
	With State Bank of Pakistan in current account	
	With banks:	
	3,091,558	3,397,573
3.1	in current accounts	
	88,987	2,578,803
3.2	in saving accounts	
	66,512	53,579
	3,270,152	6,033,050

3.1. These include balance with related party amounting to Rs. 0.75 Million (2013: 1.69 Million).

3.2. This saving accounts carry profit rate of 7% per annum. (2013: 6 % per annum.)

Note	September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
..... Rupees		
4.	INVESTMENTS - Available for Sale	
	-	2,000,000
	2,500,000	2,500,000
	2,500,000	4,500,000
	(1,320,000)	(1,320,000)
	1,064,807	807,699
	(255,193)	(512,301)
	2,244,807	3,987,699
5.	LONG TERM FINANCES AND LOANS - Secured	
	1,236,518	1,506,965
	74,116,831	17,591,931
	36,064,970	38,515,752
	110,181,801	56,107,683
	(5,169,378)	(4,737,363)
	105,012,423	51,370,320
	106,248,941	52,877,285
	106,818	93,038
	60,518,445	46,273,838
	(60,625,263)	(46,366,876)
	45,623,678	6,510,409

**Notes To The Condensed Interim
Financial Statements(Un-audited)**
For the Nine months ended September 30, 2014

	Note	September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
..... Rupees			
6. NET INVESTMENT IN LEASES			
Minimum lease payments receivable		511,500,141	423,466,035
Add: Residual value of leased assets		275,342,223	273,549,993
Lease contract receivable	6.1	786,842,364	697,016,028
Less: Unearned lease income		104,486,743	79,855,137
Less: Provision for potential lease losses		152,927,739	157,284,367
		257,414,482	237,139,504
Net investment in leases		529,427,882	459,876,524
Less: Current maturity of net investment in leases		288,332,318	361,096,703
Net investment in leases		241,095,564	98,779,821

6-A Net investment in leases

	September 30, 2014			December 31, 2013		
	Total	Later than one year & less than Five years	Not later than One year	Total	Later than one year & less than Five years	Not later than One year
..... Rupees						
Minimum Lease payments	511,500,141	178,183,966	333,316,175	423,466,033	50,912,406	372,553,627
Add : Residual Value of Leased Assets	275,342,223	78,551,744	196,790,479	273,549,993	56,649,944	216,900,049
Gross Investment in Leases	786,842,364	256,735,710	530,106,654	697,016,026	107,562,350	589,453,676
Unearned lease Income	(46,462,558)	(15,640,146)	(30,822,412)	(22,138,122)	(8,782,529)	(13,355,593)
Markup held in Suspense Account	(58,024,185)	-	(58,024,185)	(57,717,015)	-	(57,717,015)
	(104,486,743)	(15,640,146)	(88,846,597)	(79,855,137)	(8,782,529)	(71,072,608)
	682,355,621	241,095,564	441,260,057	617,160,889	98,779,821	518,381,068
Provision for potential lease losses	(152,927,739)	-	(152,927,739)	(157,284,366)	-	(157,284,366)
Net Investment in Finance leases	529,427,882	241,095,564	288,332,318	459,876,523	98,779,821	361,096,702

6.1. The Internal Rate of Return (IRR) on lease contract receivable ranges from 9.5 % to 29 % (2013: 9.50% to 24 %) per annum.

Notes To The Condensed Interim Financial Statements(Un-audited) For the Nine months ended September 30, 2014

7. Property and equipments

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

	September 30, 2013 Unaudited		December 31, 2013 Audited	
	Additions	Deletions	Additions	Deletions
	Rupees			
Owned				
Office Premises / Building improvements	122,124	-	-	7,000,000
Furniture and fixtures	-	-	-	-
Computers	67,100	-	61,659	-
Intangible	20,312	-	24,200	-
Office equipment & others	89,777	-	8,825	-
Vehicles *	698,000	723,961	1,724,255	994,000
	<u>997,313</u>	<u>723,961</u>	<u>1,818,939</u>	<u>7,994,000</u>
Leased Assets				
Vehicles	2,143,000	698,000	1,732,500	2,378,755
	<u>3,140,313</u>	<u>1,421,961</u>	<u>3,551,439</u>	<u>10,372,755</u>

* Represents assets transferred from leased asset to owned assets for Rs.698,000/= (Dec. 31, 2013 Rs. 1,680,755/=.)

Note	September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
	Rupees	
8 LONG TERM FINANCES		
Long Term Loans		
Other financial institutions	8.1 1,904,825	3,780,838
Less: Current maturity-Long term loans	1,531,593	3,057,258
	<u>373,232</u>	<u>723,580</u>

8.1. The facility from ENERCON for financing lease operations of the company. This finance are secured by way of hypothecation of the company's leased assets and related receivables.

9. CONTINGENCIES AND COMMITMENTS

Commitments

Lease disbursements	<u>32,820,000</u>	<u>13,000,000</u>
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**Notes To The Condensed Interim
Financial Statements(Un-audited)**
For the Nine months ended September 30, 2014

	September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
 Rupees	
10. INCOME FROM OPERATIONS		
Income from finance lease operations	23,530,846	13,944,029
Gain/(Loss) on termination of leases	72,815	82,577
	<u>23,603,661</u>	<u>14,026,606</u>
Finances and loans		
Customers	<u>8,095,697</u>	<u>4,205,447</u>
OTHER OPERATING INCOME		
Income from Investments	73,107	374,994
Income from financial assets	54,237	58,718
Gain from non-financial assets	11,000	-
	<u>138,344</u>	<u>433,712</u>
11. ADMINISTRATIVE & SELLING EXPENSES		
Salaries, allowances and other benefits	15,665,798	10,613,876
Directors' fee	183,000	219,000
Rent	1,584,789	1,683,726
Electricity, gas and water	816,449	506,484
Telephone and postage	782,870	664,166
Repairs and maintenance	403,619	324,456
Books and periodicals	25,877	21,691
Fees and subscriptions	26,722	25,528
Vehicle running	381,788	143,059
Advertising	130,965	32,020
Training and development	33,000	15,000
Travelling, conveyance and entertainment	1,528,042	1,013,821
Printing and stationery	671,325	653,017
Auditors' remuneration	209,000	151,900
Depreciation and amortization	1,414,142	1,470,424
Legal and professional	2,299,919	2,087,324
Insurance	729,338	687,849
Commission & Brokerage charges	72,200	-
Miscellaneous	508,570	465,605
	<u>27,467,413</u>	<u>20,778,946</u>



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

Notes To The Condensed Interim Financial Statements(Un-audited) For the Nine months ended September 30, 2014

September 30, 2014
(Un-audited) September 30, 2013
(Un-audited)

..... Rupees

12. FINANCE COST

Mark-up on:

Long term finance from banking companies and
financial institutions

Certificates of Investment

Short term borrowings

Lease finance charges

Bank charges

	September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
	83,384	238,719
	19,830	530,935
	10,308,790	5,379,520
	10,412,004	6,149,174
	283,797	196,032
	160,160	191,510
	<u>10,855,961</u>	<u>6,536,716</u>

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

Long term finance

Short term borrowings

	September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
	-	17,494
	10,308,790	5,379,520
	<u>10,308,790</u>	<u>5,397,014</u>

13. CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES (Loss) before Tax

Adjustment for non-cash charges and other items

Depreciation

Gratuity expense

Mark-up expense

Mark-up income

Financial charges on leased assets

(Gain) on disposal of property and equipment

Provision for potential lease losses

Provision for loans and receivables

Total adjustments for non-cash charges and other items

	September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
	1,414,142	1,470,425
	297,623	664,713
	10,572,164	6,340,684
	(73,107)	(433,712)
	283,797	196,032
	(11,000)	(43,193)
	(4,356,627)	805,143
	432,015	408,896
	<u>8,559,007</u>	<u>9,408,988</u>

Cash generated from operations before
working capital changes

Working capital changes

(Increase) / decrease in current assets

Other receivable / Interest accrued

Deposits, prepayments & Other receivables

Loans and advances

	September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
	5,997,947	(411,756)
	(552,461)	311,453
	1,000,491	(459,466)
	(793,521)	46,392
	(345,491)	(101,621)

Increase / (Decrease) in current liabilities

Provision for compensated absences

Trade and other payables

	September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
	(173,787)	(394,395)
	8,914,230	(677,126)
	<u>8,740,443</u>	<u>(1,071,521)</u>

Total working capital changes

Cash generated from operations after working
capital changes

	September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
	8,394,952	(1,173,142)
	<u>14,392,899</u>	<u>(1,584,898)</u>

Notes To The Condensed Interim Financial Statements(Un-audited) For the Nine months ended September 30, 2014

	September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
14. CASH AND CASH EQUIVALENTS		
	Rupees	
Cash and Bank Balances	3,270,152	6,789,312
Short term Borrowings	<u>(148,712,988)</u>	<u>(21,477,817)</u>
	<u>(145,442,836)</u>	<u>(14,688,505)</u>

15. 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:

	September 30, 2014		December 31, 2013	
	Key Management Personnel (Un-audited)	SME Bank Limited	Key Management Personnel (Audited)	SME Bank Limited
	Rupees			
Borrowings				
Balance as at January 1	-	37,534,120	-	58,138,470
Add: Borrowings during the period	-	111,178,868	-	-
Less: Repayments during the period	-	-	-	<u>(20,604,350)</u>
Balance as at September 30, 2014.	<u>-</u>	<u>148,712,988</u>	<u>-</u>	<u>37,534,120</u>
Payable / Receivable from staff Provident fund	-	5,685	-	(3,488)
Markup expense for the period	-	10,308,790	-	6,055,149
Other Transactions				
Rent expenses	-	244,206	-	514,876
Key Management Remuneration	3,205,400	-	1,848,000	-
Post Retirement Benefits	-	-	76,000	-
P.F. - Company's Contribution	-	-	36,480	-

- All transactions with the holding company are carried out on commercial terms and conditions.
- Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The company considers all departmental heads, chief executives and directors to be key management personnel. There are no transactions with key management personnel other than under their terms of employment.

16. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on October 27th 2014 by the Board of Directors of the company.


Naveed Amin
Chief Executive Officer


Ali A. Rahim
Director

Branch Network

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