

Half Yearly Report

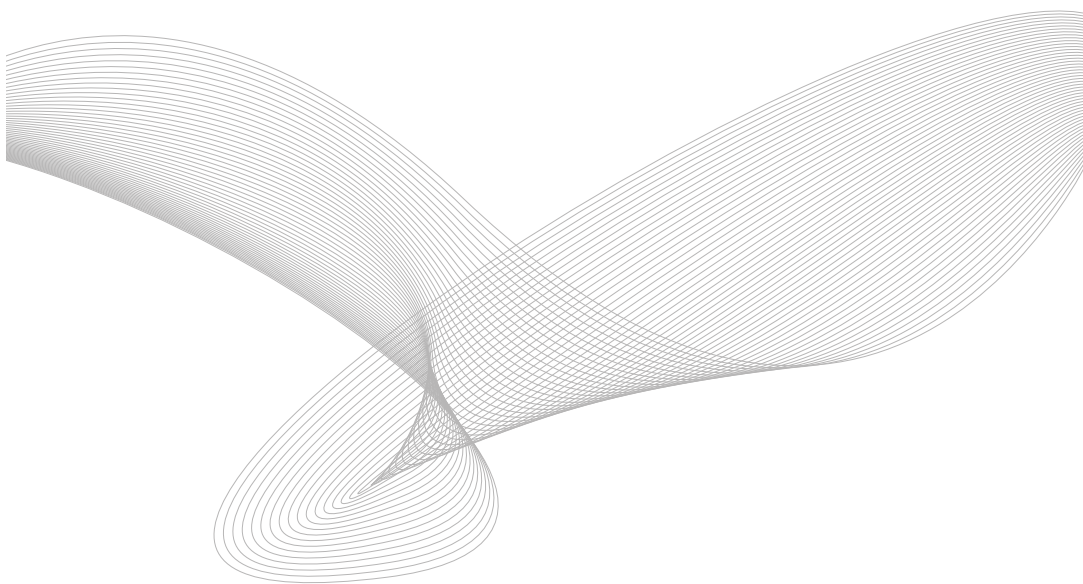
2010

(Un-audited June 30)



**SME Leasing Limited**

(A subsidiary of SME Bank Ltd.)



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# Corporate Information

## BOARD OF DIRECTORS

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

## AUDIT COMMITTEE

Mr. Ali A. Rahim	(Non-Executive Director)
<b>Chairman</b>	
Mr. Mehboob Hussain	(Non-Executive Director)
<b>Member</b>	
Mr. Zubair F. Tufail	(Non-Executive Director)
<b>Member</b>	
Ms. Shafque Akhtar	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 six months period ended June 30, 2010.

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. Most of the companies operating in leasing sector have not been able to generate any sizeable financial support from the banks and other lending institutions, and have stopped doing new business since quite some time. This is significantly affecting the financing portfolio and operating results of these companies. Going forward, the survival of the leasing sector is largely dependent upon the meaningful and tangible support from the regulatory and lending authorities.

During the period under review the operating activities of the company remained under pressure due to these liquidity constraints. The hold on disbursements 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. 48.98 million as compared to Rs. 67.64 million in the corresponding period of the previous year. Operating expenses have substantially gone down to Rs. 49.53 million as against Rs. 76.06 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; this has reduced the operating loss for the period to Rs. 0.55 as compared to Rs. 8.42 million in the corresponding period of the previous year. Loss before taxation for the period amounts to Rs. 12.65 million (2009: Rs. 24.39 million) owing to the provision against non-performing portfolio.

Despite challenging circumstances and liquidity constraints, the company has met all its financial obligations promptly and is confident in maintaining the continuity of the same in the future.

JCR-VIS Credit Rating company has revised the entity rating of the company to BBB+ (Triple B plus) for medium to long-term and A-3 (A minus three) for short-term with negative outlook on account of risks stemming from the macro-economic environment.

Fresh funding lines for new disbursements remain the pivotal point in reviving the operating activities of the company. Various funding options are being considered to overcome this liquidity problem, a standby financing facility has been established with the parent sponsor, SME Bank Limited, to manage short-term liquidity gaps and long-term funding options are under consideration. Besides these, a more focused strategy is also being applied for raising funds through Certificates of Deposit. The management is confident that as the economy revives your company will also regain its pace, as the company has a very strong 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

  
R.A. Chughtai  
Chairman

# Independent Auditors' Report on Review of Condensed Interim Financial Information to the Members of SME Leasing Limited



SME Leasing Limited



Grant Thornton

Anjum Asim Shahid Rahman

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Other offices: Islamabad and Lahore

## Introduction

We have reviewed the accompanying condensed interim balance sheet of SME Leasing Limited as at June 30, 2010 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as "Interim financial information"), Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan, provisions of and directives issued under the Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2010.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information 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.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for half year ended June 30, 2010 is not prepared, in all material respects, in accordance with approved accounting standards, as applicable in Pakistan, provisions of and directives issued under the Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Karachi-August 24, 2010

  
Anjum Asim Shahid Rahman  
Chartered Accountants

# Condensed Interim Balance Sheet

As at June 30, 2010



SME Leasing Limited

	Note	(Un-Audited) June 30, 2010 Rupees	(Audited) December 31, 2009 Rupees
<b>ASSETS</b>			
Current assets			
Cash and bank balances		13,732,856	22,447,059
Loans and advances		2,104,282	1,926,959
Trade deposits and short-term prepayments		4,887,048	1,914,483
Interest accrued		317,142	404,440
Investments - available-for-sale	5	24,831,621	36,473,714
Current maturity of non-current assets	6	695,003,874	569,833,453
Total current assets		740,876,823	633,000,108
Non-current assets			
Long-term finances and loans	7	19,430,845	35,344,359
Net investment in leases	8	411,165,118	907,450,890
Long-term deposits and prepayments		674,009	939,250
Property and equipment	9	12,673,495	13,860,748
Intangibles		113,164	181,312
Total non-current assets		444,056,631	957,776,559
Total assets		1,184,933,454	1,590,776,667
<b>LIABILITIES</b>			
Current liabilities			
Accrued and others liabilities		8,907,854	11,559,297
Interest accrued		8,572,521	12,529,336
Short-term borrowings		107,359,192	116,739,950
Certificates of investment		7,920,325	3,220,781
Current maturity of non-current liabilities	10	324,978,983	553,736,927
Provision for compensated absences		910,304	785,231
Provision for income tax		11,948,451	11,121,234
Total current liabilities		470,597,630	709,692,756
Non-current liabilities			
Long-term finances	11	6,637,939	12,017,806
Privately placed Term Finance Certificates	12	28,311,672	86,217,504
Liabilities against assets subject to finance lease		384,550	860,305
Long-term deposits		339,398,408	428,317,666
Deferred liabilities		2,526,971	2,407,266
Total non-current liabilities		377,259,540	529,820,547
Total liabilities		847,857,170	1,239,513,303
NET ASSETS		337,076,284	351,263,364

## REPRESENTED BY SHAREHOLDERS' EQUITY

Share capital and reserves			
Issued, subscribed and paid-up capital		320,000,000	320,000,000
Reserves		16,070,213	29,615,200
		336,070,213	349,615,200
Unrealized surplus on remeasurement of available-for-sale investments		1,006,071	1,648,164
Total shareholders' equity		337,076,284	351,263,364

## CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 18 form an integral part of this condensed interim financial report.

Arjumand A. Qazi  
Chief Executive Officer

Ali A. Rahim  
Director

# Condensed Interim Profit and Loss Account

For the Half Year ended June 30, 2010 (Un-Audited)



SME Leasing Limited

	Half year ended		Quarter ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	----- Rupees -----		----- Rupees -----	
<b>REVENUE</b>				
Income from operations	48,319,976	70,092,148	23,087,620	37,010,419
Other operating income	659,967	570,372	222,828	263,905
	48,979,943	70,662,520	23,310,448	37,274,324
Impairment on investments	-	(3,027,158)	-	(1,337,072)
	48,979,943	67,635,362	23,310,448	35,937,252
<b>EXPENSES</b>				
Administrative and selling	21,587,432	22,304,980	11,044,998	11,408,481
Finance cost	27,941,920	53,754,144	13,113,136	24,202,598
Total expenses	49,529,352	76,059,124	24,158,134	35,611,079
Operating (loss)/profit before provisions	(549,409)	(8,423,762)	(847,686)	326,173
<b>PROVISIONS</b>				
Provision/(reversal of provision) for finance and loans	220,378	33,737	20,256	(119,026)
Provision for potential lease losses	11,881,010	15,941,231	2,939,249	5,078,914
Total provisions	12,101,388	15,974,968	2,959,505	4,959,888
Loss before taxation	(12,650,797)	(24,398,730)	(3,807,191)	(4,633,715)
Income tax expense				
- Current	894,190	1,584,660	365,157	1,584,660
- Deferred	-	(3,399,176)	-	(2,500,000)
	894,190	(1,814,516)	365,157	(915,340)
Loss for the half year	(13,544,987)	(22,584,214)	(4,172,348)	(3,718,375)
Loss per share - basic and diluted	(0.42)	(0.71)	(0.13)	(0.12)

The annexed notes 1 to 18 form an integral part of this condensed interim financial report.

Arjumand A. Qazi  
Chief Executive Officer

Ali A. Rahim  
Director



# Statement of Comprehensive Income

For the Half Year ended June 30, 2010 (Un-Audited)



SME Leasing Limited

	Half year ended		Quarter ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	----- Rupees -----		----- Rupees -----	
Loss for the half year after tax	(13,544,987)	(22,584,214)	(4,172,348)	(3,718,375)
Other comprehensive income				
Unrealized (loss)/gain on revaluation of available-for-sale investment	(472,484)	2,729,021	(177,366)	706,028
Reclassification adjustment	(169,609) (642,093)	- 2,729,021	- (177,366)	- 706,028
Total comprehensive loss for the half year	<u>(14,187,080)</u>	<u>(19,855,193)</u>	<u>(4,349,714)</u>	<u>(3,012,347)</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial report.

Arjumand A. Qazi  
Chief Executive Officer

Ali A. Rahim  
Director

# Condensed Interim Cash Flow Statement

For the Half Year ended June 30, 2010 (Un-Audited)



SME Leasing Limited

		Half year ended	
	Note	June 30, 2010 Rupees	June 30, 2009 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations after working capital changes	14	23,063,959	39,455,208
Decrease in net investment in leases		351,846,684	111,702,557
Decrease in long-term finances and loans		23,080,793	8,915,241
Long term deposits paid - lease key money		(230,337,302)	(10,324,291)
Financial charges paid		(31,898,735)	(55,832,099)
Interest received		204,957	631,925
Gratuity paid		(75,768)	(111,765)
Taxes paid		(66,973)	(71,503)
		<u>112,753,656</u>	<u>54,910,065</u>
Net cash from operating activities		<u>135,817,615</u>	<u>94,365,273</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(14,491)	(30,682)
Repossessed assets		-	(5,550,000)
Proceeds from disposal of property and equipment		-	168,000
Decrease in short-term placements		-	31,307,857
Decrease/(Increase) in investments		11,000,000	(1,300,000)
Decrease in long-term deposits and prepayments		265,241	95,465
Net cash from investing activities		<u>11,250,750</u>	<u>24,690,640</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Decrease) in long-term finances		(92,536,641)	(105,569,451)
(Decrease) in privately placed Term Finance Certificates		(57,905,832)	(58,333,332)
Increase in certificates of investments		4,699,544	1,996,701
Lease rentals paid		(658,881)	(728,992)
Net cash (used in) financing activities		<u>(146,401,810)</u>	<u>(162,635,074)</u>
Net increase/(decrease) in cash and cash equivalents		666,555	(43,579,161)
Cash and cash equivalents at beginning of the half year		(94,292,891)	(33,077,589)
Cash and cash equivalents at end of the half year	15	<u>(93,626,336)</u>	<u>(76,656,750)</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial report.

  
Arjumand A. Qazi  
Chief Executive Officer

  
Ali A. Rahim  
Director

# Condensed Interim Statement of Changes in Equity

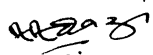
For the Half Year ended June 30, 2010 (Un-Audited)



SME Leasing Limited

	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves			Total
		Share premium	Statutory reserve	Reserve against future losses	Un-appropriated profit	Surplus/(Deficit) on revaluation of available-for-sale investments	
Rupees							
Balance as at January 1, 2009 brought forward	320,000,000	10,000,000	28,019,277	10,447,052	50,897,144	(8,783,337)	410,580,136
Total comprehensive loss for the half year	-	-	-	-	(22,584,214)	2,729,021	(19,855,193)
Impairment loss on available-for-sale investments	-	-	-	-	-	3,027,158	3,027,158
Balance as at June 30, 2009	<u>320,000,000</u>	<u>10,000,000</u>	<u>28,019,277</u>	<u>10,447,052</u>	<u>28,312,930</u>	<u>(3,027,158)</u>	<u>393,752,101</u>
Balance as at January 1, 2010 brought forward	320,000,000	10,000,000	28,019,277	10,447,052	(18,851,129)	1,648,164	351,263,364
Total comprehensive loss for the half year	-	-	-	-	(13,544,987)	(642,093)	(14,187,080)
Balance as at June 30, 2010	<u>320,000,000</u>	<u>10,000,000</u>	<u>28,019,277</u>	<u>10,447,052</u>	<u>(32,396,116)</u>	<u>1,006,071</u>	<u>337,076,284</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial report.

  
 Arjumand A. Qazi  
 Chief Executive Officer

  
 Ali A. Rahim  
 Director

# Selected Notes to the Condensed Interim Financial Report

## For the Half Year ended June 30, 2010 (Un-Audited)



SME Leasing Limited

### 1. THE COMPANY AND ITS OPERATIONS

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, which holds 73.14% (December 31, 2009: 73.14%) of the company's shares. 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.

### 2. STATEMENT OF COMPLIANCE

This condensed interim financial report of the company for the half year ended June 30, 2010 has been prepared in accordance with the requirements of the International Accounting Standard 34-Interim Financial Reporting and provision of and directives issued under the Companies Ordinance, 1984 (the Ordinance), The Non-Banking Finance Companies (Establishment and Regulation) Rules 2003, (the Rules), The Non-Banking Finance Companies and Notified Entities Regulation 2008 (the Regulations). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, or the Rules, or the Regulations have been followed.

This condensed interim financial report are un-audited but subject to limited scope review by the auditors as required by the Code of Corporate Governance and are circulated in accordance with section 245 of the Companies Ordinance, 1984.

### 3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended December 31, 2009.

### 4. FINANCIAL RISK MANAGEMENT

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

5. INVESTMENTS - Available-for-sale	Note	June 30, 2010 Rupees	December 31, 2009 Rupees
Government securities			
Special saving certificate	5.1	500,000	500,000
Mutual funds			
- Open end		22,145,550	36,500,000
- Close end		1,180,000	2,500,000
		23,325,550	39,000,000
Less: Impairment loss		-	(4,674,450)
		23,325,550	34,325,550
Add: Unrealized surplus on revaluation of available-for-sale investment		1,006,071	1,648,164
		24,331,621	35,973,714
Fair value at the end of the half year		24,831,621	36,473,714

5.1 This represents investments made in compliance with requirement under regulation 14(4)(i) of The Non-Banking Finance Companies and Notified Entities, Regulations, 2008 which requires that at least 15 percent of funds raised through issue of Certificates of Deposit shall be invested in Government Securities. The rate of return on these investment is 11.6 to 14.20 percent per annum.

# Selected Notes to the Condensed Interim Financial Report

For the Half Year ended June 30, 2010 (Un-Audited)



SME Leasing Limited

	Note	June 30, 2010 Rupees	December 31, 2009 Rupees
<b>6. CURRENT MATURITY OF NON-CURRENT ASSETS</b>			
Current portion of:			
- Long-term finance and loan	7	67,116,772	74,504,429
- Net investment in lease	8	627,887,102	495,329,024
		<u>695,003,874</u>	<u>569,833,453</u>
<b>7. LONG-TERM FINANCE AND LOANS - secured</b>			
Related parties-considered good			
- Executives		585,341	729,664
- Employees		2,215,189	2,341,017
		2,800,530	3,070,681
Other than related parties			
- Customers			
considered good		34,097,111	66,839,999
considered doubtful		50,178,737	40,246,491
		84,275,848	107,086,490
Less: Provision		(528,761)	(308,383)
		83,747,087	106,778,107
Less: Current maturity		86,547,617	109,848,788
Related parties			
Executives		301,266	260,525
Employees		264,046	255,743
Other than related parties			
Customers	6	66,551,460	73,988,161
		(67,116,772)	(74,504,429)
		<u>19,430,845</u>	<u>35,344,359</u>
<b>8. NET INVESTMENT IN LEASES</b>			
Minimum lease payments receivable		748,370,193	909,931,436
Add: Residual value of leased assets		509,683,927	740,021,229
Lease contract receivable		1,258,054,120	1,649,952,665
Less: Unearned lease income		142,909,138	182,960,999
Less: Provision for potential lease losses		76,092,762	64,211,752
		219,001,900	247,172,751
Net investment in leases		1,039,052,220	1,402,779,914
Less: Current maturity of net investment in leases	6	627,887,102	495,329,024
Net investment in leases		<u>411,165,118</u>	<u>907,450,890</u>

8.1 The internal rate of return on lease contract receivable ranges from 8.25 percent to 25.106 percent (December 31, 2009: 8.25 percent to 25.106 percent) per annum.

## 9. PROPERTY AND EQUIPMENT

### 9.1 Additions/Disposal to property and equipments

	June 30, 2010		June 30, 2009	
	Additions	Disposal	Additions	Disposal
	----- Rupees -----			
Office premises	-	-	5,550,000	-
Furniture and fixtures	14,491	-	-	-
Office equipment and others	-	-	17,500	-
Computers	-	-	13,182	-
Vehicles-owned (transfer)	879,890	-	570,100	-
Vehicles-less assets (transfer)	-	879,890	-	1,130,000
	<u>894,381</u>	<u>879,890</u>	<u>6,150,782</u>	<u>1,130,000</u>



# Selected Notes to the Condensed Interim Financial Report

For the Half Year ended June 30, 2010 (Un-Audited)



SME Leasing Limited

	June 30, 2010 Rupees	December 31, 2009 Rupees
<b>14. CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES</b>		
Loss before income tax expense	(12,650,797)	(24,398,730)
Adjustment for non-cash and other items		
Depreciation	1,201,744	1,129,758
Amortization	68,148	68,148
Gratuity	195,473	102,072
Finance cost	27,827,218	52,425,413
Financial charges on leased assets	114,702	138,299
Loss on disposal of property and equipment	-	56,000
Interest income	(204,957)	(626,372)
Provision for potential lease losses	11,881,010	15,941,231
Provision for loans and receivables	220,378	33,737
Impairment on investments	-	3,027,158
	<u>41,303,716</u>	<u>72,295,444</u>
Operating profit before working capital changes	<u>28,652,919</u>	<u>47,896,714</u>
Working capital changes		
(Increase)/Decrease in current assets		
Interest accrued	87,298	(213,103)
Trade deposits and short-term prepayments	(2,972,565)	563,812
Loans and advances	(177,323)	(2,438,841)
	<u>(3,062,590)</u>	<u>(2,088,132)</u>
Increase/(Decrease) in current liabilities		
Accrued and other liabilities	(2,651,443)	(6,357,421)
Provision for compensated absences	125,073	4,047
	<u>(2,526,370)</u>	<u>(6,353,374)</u>
Total working capital changes	<u>(5,588,960)</u>	<u>(8,441,506)</u>
Cash generated from operations after working capital changes	<u><u>23,063,959</u></u>	<u><u>39,455,208</u></u>
<b>15. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	13,732,856	11,025,116
Short-term borrowings	(107,359,192)	(87,681,866)
	<u><u>(93,626,336)</u></u>	<u><u>(76,656,750)</u></u>

# Selected Notes to the Condensed Interim Financial Report

For the Half Year ended June 30, 2010 (Un-Audited)



SME Leasing Limited

## 16. TRANSACTIONS WITH RELATED PARTIES

During the period, the following transactions were undertaken with related parties by the company:

	June 30, 2010		December 31, 2009	
	Rupees			
	Key management	SME Bank Limited	Key management	SME Bank Limited
<i>Borrowings</i>				
Balance as at January 1	-	101,894,472	-	97,513,918
Add: Borrowings during the half year	-	159,359,191	-	60,000,000
Less: Repayments during the half year	-	(100,216,419)	-	(55,619,446)
Balance as at June 30	-	161,037,244	-	101,894,472
<i>Loans and advances</i>				
Balance as at January 1	129,749	-	120,834	-
Add: Advances given during the half year	162,000	-	323,000	-
Less: Repayments during the half year	(100,002)	-	(314,085)	-
Balance as at June 30	191,747	-	129,749	-
Total rentals receivables (for the entire lease period)	-	11,577,021	-	11,577,021

	June 30, 2010		June 30, 2009	
	Rupees			
Mark-up expense for the half year	-	1,199,332	-	9,019,110
<i>Other transactions</i>				
Lease facility provided to holding company	-	19,202,066	-	26,559,066
Deposit margin by holding company for the lease facility	-	9,882,723	-	13,241,723
Total rentals received during the period	-	664,173	-	2,049,241
Rent expense	-	201,330	-	201,330
Remuneration and salaries paid	2,814,000	-	2,814,000	-
Post retirement benefits	852,400	-	784,971	-
Provident fund - company's contribution	60,066	-	60,066	-



# Selected Notes to the Condensed Interim Financial Report

For the Half Year ended June 30, 2010 (Un-Audited)



SME Leasing Limited

## 17. SEGMENT INFORMATION

A segment is a distinguishable component of the company that is engaged in business activities from which the company earns revenues and incur expenses and its results are regularly reviewed by the company's chief operating decision-maker to make decision about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment.

The company's reportable segments under IFRS 8 are therefore finance lease, loans and receivables, and investments. Other operations, which are not deemed by the management to be sufficiently significant to disclose as separate items are reported under Others.

All assets and liabilities are allocated to reportable segments other than assets and liabilities not directly related to the particular segment.

	June 30, 2010				
	Finance lease	Loans and receivables	Investment	Others	Total
	----- Rupees -----				
Segment revenue	41,032,582	7,368,693	419,609	159,059	48,979,943
Segment profit	29,151,572	7,067,016	419,609	240,358	36,878,555
Segment result					36,878,555
Unallocated cost					
Finance cost					27,941,920
Administrative and selling expenses					21,587,432
					49,529,352
Loss before income tax					(12,650,797)
Income tax expense					894,190
Loss for the half year					(13,544,987)
Other information					
Segment assets	1,039,052,220	84,064,229	24,831,621	-	1,147,948,070
Unallocated assets				36,985,384	36,985,384
Total assets					1,184,933,454
Segment liabilities	516,796,258	-	-	-	516,796,258
Unallocated liabilities				331,060,912	331,060,912
Total liabilities					847,857,170
Net assets					337,076,284
Capital expenditure				14,491	14,491

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

17.2 Revenue from finance lease includes income from finance lease operations and gain/loss on termination of lease. Revenue from loans and receivable includes markup income on loans to customers and employees, and revenue from investments include gain on disposal of investments, dividend income and markup on government securities.



# Branch Network

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Phone: 021-99204751-53  
Fax: 021-99204754

F.B. Area Branch  
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F.B. Area, Shahra-e-Pakistan.  
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Fax: 021-36806940

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Fax: 022-9201060

## LAHORE

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Fax: 042-35295424

## ISLAMABAD

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## SIALKOT

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**SME Leasing Limited**  
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