

Financial Statements

For the Half Year ended
December 31, 2019

(Un-audited)



Pakistan Poverty Alleviation Fund



PAKISTAN POVERTY ALLEVIATION FUND MANAGEMENT REVIEW



The Management is pleased to present the un-audited condensed interim financial statements of the Company for the half year ended December 31, 2019.

During six months (July-December, 2019) PPAF initiated activities under National Poverty Graduation Program which is designed to graduate households out of poverty, building largely (but not exclusively) upon BISP beneficiaries and leveraging the Interest Free Loan (IFL) scheme to build a smooth ‘seamless service’ where the poorest can move out of poverty through a blended programme extending from consumption support to asset transfers to interest free loans to microcredit. PPAF continued its integrated programmes in Balochistan and KPK through Programme for Poverty Reduction - PPR (funded by Italian Government through Government of Pakistan - GoP) and two phases of Livelihoods and Small-scale Infrastructure Programme – LACIP (funded by KfW through GoP). The Hydro and Renewable Energy Project (funded by KfW through GoP) focused on energy access in KPK is nearing completion. The interest free loan scheme financed by GoP is being successfully implemented in selected priority districts across the country where the financial inclusion indicators are the poorest. Through its associate company (Pakistan Microfinance Investment Company – PMIC), PPAF is providing responsible financial services to the poor and financially excluded individuals of Pakistan.

Operational and Financial Results:

The Company’s operations continued steadily during the first half year of the financial year 2019-20. Total funds managed during six months were Rs. 20,659 million (Jul – Dec 18: Rs 18,502 million). Total income generated during six months was Rs. 1,798 million compared to Rs. 1,172 million during the corresponding period last year indicating an increase of Rs. 626 million, 53%. Service charges on loans to partner organizations and PMIC increased to Rs. 696 million from 443 million corresponding period last year, representing an increase of Rs253 million, 57%. Income on investments/saving accounts was Rs 962 million as compared to Rs 545 million for corresponding period last year indicating an increase of Rs. 417 million, 76%. Services charges and investment income is linked to discount rate. Increase in discount rate (Dec 2019: 13.75%; Dec 2018: 10.00%) resulted in increase in income in these heads. The Company received Rs. 61

million as operational support from donors (Jul - Dec 18: Rs. 28 million). The major portion related to Amortized income (difference between present value and loan proceeds recognizable as income over loan period) for six months was Rs 79 million as compared to Rs. 76 million during corresponding period last year. Surplus before project and relief activities during six months was Rs. 1,261 million (Jul - Dec 18: Rs. 719 million).

The general and administrative expenses increased by 26% to Rs. 386 million (Jul - Dec 18: Rs. 306 million) mainly on account of increase in salary, traveling, communications, vehicle running & maintenance and utilities expenses. Salary and benefits increased due to hiring of additional staff and impact of annual increments for staff. Travel expenses increased due to increased activity in projects (IFAD-NPGP), appraisals and IFL launching ceremony. Under communications, Rs. 3.9 million pertains to internet expense which increased due to both inflation and PKR/USD exchange rate. Hence, there is a significant increase from last year. Vehicle running & maintenance is increased mainly on account of fuel prices (increased by 21% from last year) and increase in prices of parts and labor charges. While major increase in utilities is due to an increase in the cost of electricity which increased by 46% from last year. Seminar, workshops and training expenses were Rs 9 million (Jul – Dec 2018: Rs 5 million); technical and other studies - Rs. 30 million (Jul – Dec 2018: Rs. 42 million); and financial charges - Rs 119 million (Jul – Dec 2018: Rs. 122 million). In addition, an amount of Rs 35 million (Jul – Dec 2018: Rs 100 million) was spent on projects and relief activities from PPAF's own resources.

PPAF continued to make steady progress towards sustainable growth. Its equity has grown over Rs. 20.6 billion which is a key element in the sustainability of the organization. As of December 31, 2019, total equity and reserves stood at Rs 20,659 million (June 30, 2019: Rs 19,433 million); total assets at Rs 32,767 million (June 30, 2019: Rs 31,598 million); debt repayable to GoP at Rs. 10,428 million (June 30, 2019: Rs. 11,068 million) and loans receivable from POs and PMIC at Rs 9,547 million (June 30, 2019: Rs 10,118 million).

By the end of December 31, 2019, PPAF has cumulatively disbursed Rs 221 billion (credit Rs 146 billion: Grants Rs 75 billion) through 148 partner organizations since inception. PPAF deployed resources in both urban and rural areas of the country. Aggregately, PPAF has by December 31, 2019 completed more than 34,500 water and infrastructure projects, supported and

financed more than 3,600 health and education facilities, transferred 114,400 productive assets to ultra and vulnerable poor (45% women), 18,000 skill development and managerial training events for 1,136,000 individuals (49% women) and issued around 1,021,000 interest free loans to individuals (56% women). Additionally, PPAF facilitated 1.8 million households affected by natural disasters under relief and early recovery projects and managed reconstruction of 122,000 seismically safe houses affected by 2005 earthquake. The lending operations were managed by PPAF till August 2016 after which these were span off to PMIC. PPAF enumerated a record spread of 8.4 million microcredit loans, of which 60% loans to women and 80% of the financing extended in rural areas.

Key Highlights

On July 5, 2019, the Prime Minister launched the National Poverty Graduation Initiative (NPGI). The NPGI is part of the Ehsaas strategy. It aims to graduate the poorest households out of poverty and set them on a course of economic and social prosperity. Its components include (i) asset transfers; (ii) interest free loans and; (iii) vocational and skills training to make assets productive. The initiative will be executed by Pakistan Poverty Alleviation Fund (PPAF) and BISP. More than forty partnering NGOs will be involved in executing this initiative including the Rural Support Programmes and Akhuwat.

The graduation initiative aims to reduce dependence of the population at the bottom of the economic pyramid on government-led social safety nets (BISP, Zakat and Baitul Mal programmes) and helps to bring this population into the mainstream of economic development and financial inclusion. The government, in addition to its own funding, is partnering with the International Fund for Agricultural Development (IFAD) and the Asian Development Bank (ADB) in this initiative. Total projected cost of the initiative is Rs. 42.65 billion. The initiative will be executed by Pakistan Poverty Alleviation Fund (PPAF) and BISP. More than forty partnering NGOs will be involved in executing this initiative including the Rural Support Programmes and Akhuwat.

COMPONENTS OF NPGI

- i. Asset Transfer: 225,000 assets will be provided to the poorest of the poor to start their small businesses along with skills training and business planning. Recipients of asset transfers is determined by the partner organizations using the Poverty Score Card.
- ii. Interest Free Loan Programme: From July 2019 onwards, 80,000 interest free loans are to be disbursed every month. The range of the interest free loans is Rs. 20,000 — Rs. 75,000. As many as 3.8 million interest free loans will be provided (80,000 loans a month for the next 4 years) to 2.28 million households. In total, 14.7 million people will benefit from this component.
- iii. Vocational and Skills Training: Recipients will be provided skills and business development training as needed to ensure sustainable livelihoods. Furthermore, an additional 20,000 youth will be provided special skills to develop innovative businesses. This additional training will benefit 129,000 people. Certified training courses will be conducted by NAVTTC.

Valuing the importance of research and learning, PPAF commissioned independent studies to assess the quality and impact of its work. To better understand how its interventions had led to transforming lives of underserved communities, PPAF held its Third International Conference on Research and Learning titled ‘Beyond Action, Towards Transformation’ on the 30th and 31st of October in 2019 in Islamabad. The conference provided an opportunity for PPAF to showcase some of its high-quality external research with a diverse audience to help reflect, grow and improve. This conference allowed participants to discuss issues in a comparative and global context, with the aim of generating knowledge that could bring positive changes in and across the development sector. It presented an opportunity to develop new collaborations that could ultimately translate into more sustainable programmes and policies. The event was attended by PPAF staff, representatives of partner organizations of PPAF, academia, government officials and guests from corporates, embassies, institutes and international development organizations. Majority of the audience (62%) were from think tanks, embassies, corporates and other development agencies while 19% were from PPAF’s partner organizations and 12% were academia.

NDRMF has awarded PPAF a program for Building Resilience to Disaster and Climate Change in November 2019. The total worth of the project is Rs. 824.984 million in which 70% share is a grant from NDRMF (ie Rs. 575.112 million), while PPAF's share of 30 percent is Rs. 248.71 million. This project will increase institutional and physical capacity of local communities to reduce the socioeconomic and fiscal impacts of natural hazards and climate change. This program is in 16 UCs of 8 districts including Nasirabad, Swabi, Shangla, Multan, Jamshoro, Naushero, Feroze and Dadu. The project is designed to benefit around 400,000 people.

Conclusion

Maintaining the momentum will require PPAF to continue improving its business model to become even more nimble and adaptive in the way it operates. Delivering results in an evolving environment, while upholding PPAF's standards and quality, requires it to be flexible and creative. PPAF is nurturing a culture of greater innovation, empowerment, and accountability.

March 26, 2020

Qazi Azmat Isa
Chief Executive Officer

PAKISTAN POVERTY ALLEVIATION FUND
(A Company incorporated under Section 42 of the Companies Ordinance, 1984)
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

| | Note | Un-audited December 31, 2019 | Audited June 30, 2019 |
|--|------|---------------------------------|--------------------------|
| (Rupees in '000) | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 62,632 | 43,698 |
| Investment in associate | 5 | 3,143,225 | 3,143,225 |
| Long term investments | 6 | 7,114,893 | 982,280 |
| Long term loans to associate | 7 | 8,403,762 | 8,975,231 |
| Long term loans and advances | | 68,523 | 35,821 |
| Long term deposits and prepayments | | 7,103 | 7,104 |
| | | 18,800,138 | 13,187,359 |
| CURRENT ASSETS | | | |
| Grant fund receivable | | 55,226 | 55,226 |
| Loans and advances | 9 | 32,759 | 69,066 |
| Short term prepayments | | 15,769 | 27,431 |
| Profit/service charges receivable | 10 | 854,228 | 605,618 |
| Other receivables | | 62,737 | 62,033 |
| Current maturity of long term investments | 6 | 400,000 | 1,111,300 |
| Current maturity of loans to partner organizations | 8 | 37,702 | 43,648 |
| Current maturity of loans to associate | 7 | 1,142,938 | 1,142,938 |
| Short term investments | 11 | 8,700,493 | 13,731,925 |
| Tax refunds due from the Government | | 398,004 | 379,511 |
| Bank balances-specific to projects | 12 | 1,673,450 | 1,022,724 |
| Cash and bank balances | 13 | 593,729 | 159,190 |
| | | 13,967,035 | 18,410,610 |
| | | 32,767,173 | 31,597,969 |
| FUND AND RESERVES | | | |
| Endowment fund | 14 | 1,000,000 | 1,000,000 |
| Grant fund | 15 | 11,857,217 | 11,258,794 |
| Reserve for grant based activities | | 1,255,082 | 639,681 |
| Accumulated surplus | | 6,546,448 | 6,534,400 |
| | | 20,658,747 | 19,432,875 |
| NON-CURRENT LIABILITIES | | | |
| Long term financing | 16 | 7,656,820 | 8,217,984 |
| Deferred benefit | 16.1 | 1,491,712 | 1,570,342 |
| | | 9,148,532 | 9,788,326 |
| CURRENT LIABILITIES | | | |
| Deferred liabilities - grant fund | 17 | 1,644,649 | 1,056,760 |
| Deferred income - grant fund | | 899 | 1,797 |
| Current portion of long term loans | 16 | 1,279,596 | 1,279,597 |
| Trade and other liabilities | | 16,112 | 18,999 |
| Service charges payable | | 18,638 | 19,615 |
| | | 2,959,894 | 2,376,768 |
| | | 32,767,173 | 31,597,969 |

The annexed notes 1 to 24 are an integral part of these financial statements.

Chief Executive Officer

Senior Group Head
Financial Management & Corporate Affairs

PAKISTAN POVERTY ALLEVIATION FUND
STATEMENT COMPARING ACTUAL EXPENSES
CONDENSED STATEMENT OF INCOME AND EXPENDITURE
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

| | | for the half year ended | |
|---|--------|-------------------------|-------------------|
| | Note | December 31, 2019 | December 31, 2018 |
| INCOME | | | |
| Service charges on loans to Partner Organizations and associate | | 695,818 | 442,571 |
| Income from investment in associate | 5.1 | - | 80,292 |
| Income on investments and saving accounts | 18 | 961,849 | 544,965 |
| Amortization of deferred income - grant fund | | 60,628 | 27,734 |
| Amortization of deferred benefit of below market rate of interest on long term loan | 16.5.1 | 78,630 | 76,509 |
| Other income | | 623 | 40 |
| | | 1,797,548 | 1,172,111 |
| EXPENDITURE | | | |
| General and administrative expenses | 19 | 385,849 | 306,063 |
| Portfolio management fee to associate | 20 | - | 600 |
| Seminars, workshops and trainings | 21 | 8,645 | 5,425 |
| Technical and other studies | | 30,032 | 42,384 |
| Provision against loans / service charges | 8.2 | (7,421) | (23,631) |
| Financial charges | 22 | 119,177 | 122,216 |
| | | 536,282 | 453,057 |
| EXCESS OF INCOME OVER EXPENDITURE BEFORE PROJECT AND RELIEF ACTIVITIES | | 1,261,266 | 719,054 |
| Project and relief activities | | 35,394 | 99,970 |
| EXCESS OF INCOME OVER EXPENDITURE | | 1,225,872 | 619,084 |
| OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR | | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE HALF YEAR | | 1,225,872 | 619,084 |

The annexed notes 1 to 24 are an integral part of these financial statements.

Chief Executive Officer

Senior Group Head
Financial Management & Corporate Affairs

PAKISTAN POVERTY ALLEVIATION FUND
(A Company incorporated under Section 42 of the Companies Ordinance, 1984)
CONDENSED INTERIM STATEMENT OF CASH FLOW - UNAUDITED
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

| Note | December 31, 2019 | December 31, 2018 |
|--|-------------------------------------|-------------------|
| | (Rupees in '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Surplus for the half year ended | 1,225,872 | 619,084 |
| Adjustment for non cash and other item: | | |
| Depreciation | 13,204 | 3,538 |
| Amortization of deferred Income-grant fund | (60,628) | (27,734) |
| Transfer of deferred liabilities-grant fund to other income | | |
| Amortization of deferred benefit | (78,630) | (76,509) |
| Provision against loans/service charges | (7,421) | (23,631) |
| Gain on disposal of property and equipment | (11) | - |
| Financial charges | 97,268 | 88,664 |
| | <u>(36,218)</u> | <u>(35,672)</u> |
| | 1,189,654 | 583,412 |
| Working capital changes | | |
| Decrease / (Increase) in current assets: | | |
| Loan and Advances | 36,307 | 3,754 |
| Other Receivables | (704) | (1,294) |
| Long term deposits and prepayments | 1 | (99) |
| Short term prepayments | 11,662 | 14,735 |
| Profit/service charges receivables | (248,610) | (54,563) |
| Increase / (decrease) in current liabilities: | | |
| Trade and other liabilities | (2,887) | (31,138) |
| | <u>(204,231)</u> | <u>(68,605)</u> |
| Cash generated from operations | 985,423 | 514,807 |
| Loan to associate | - | (461,000) |
| Grants | (2,408,335) | (638,559) |
| Recovery of loan from: | | |
| partner organizations | 52,237 | 788,549 |
| associate | 571,469 | 19,362 |
| Income tax paid | (18,493) | (16,807) |
| Financial charges paid | (19,616) | (21,972) |
| | <u>(1,822,738)</u> | <u>(330,427)</u> |
| Cash utilized in operating activities | (837,315) | 184,380 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investments - net purchases | (389,881) | (371,068) |
| Investment in associate | - | (80,292) |
| Capital expenditure incurred | (32,255) | (17,843) |
| Proceeds from disposal of fixed assets | 128 | - |
| Cash generated from/ (utilized in) investing activities | (422,008) | (469,203) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long term loans - repaid | (639,798) | (639,798) |
| Deferred liabilities - grant fund receipts | 2,996,224 | (20,359) |
| Deferred income - grant fund receipts | 59,730 | 26,746 |
| Cash generated from financing activities | <u>2,416,156</u> | <u>(633,411)</u> |
| NET (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,156,833 | (918,234) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE HALF YEAR | 1,181,914 | 2,213,774 |
| CASH AND CASH EQUIVALENTS AT END OF THE HALF YEAR | <u>11 & 12</u> <u>2,338,747</u> | <u>1,295,540</u> |

The annexed notes 1 to 24 are an integral part of these financial statements.

Chief Executive Officer

Senior Group Head
Financial Management & Corporate Affairs

PAKISTAN POVERTY ALLEVIATION FUND
(A Company incorporated under Section 42 of the Companies Ordinance, 1984)
CONDENSED INTERIM STATEMENT OF CHANGES IN FUNDS AND RESERVES - UNAUDITED
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

| | Note | Endowment Fund | Grant fund | Reserve for grant based activities (Rupees in '000) | Accumulated Surplus | Total |
|---|------|-------------------|-------------------|--|------------------------|-------------------|
| Balance as at June 30, 2018 | | 1,000,000 | 10,358,191 | - | 6,515,798 | 17,873,989 |
| Total comprehensive income for the half year | | | | | | |
| Surplus for the half year ended December 31, 2018 | | - | - | - | 627,802 | 627,802 |
| Other comprehensive income | | - | - | - | - | - |
| | | - | - | - | 627,802 | 627,802 |
| Transfer from accumulated surplus to grant fund | | - | 334,087 | - | (334,087) | - |
| Transfer from accumulated surplus to reserve for grant based activities | | - | - | 243,776 | (243,776) | - |
| Transfer from reserve from grant based activities to grant fund | | | 243,776 | (243,776) | | |
| Balance as at December 31, 2018 | | <u>1,000,000</u> | <u>10,936,054</u> | <u>-</u> | <u>6,565,737</u> | <u>18,501,791</u> |
| Surplus for half year ended June 30, 2019 | | - | - | - | 932,839 | 932,839 |
| Other comprehensive income | | - | - | - | (1,755) | (1,755) |
| | | - | - | - | 931,084 | 931,084 |
| Transfer from accumulated surplus to grant fund | | - | 322,740 | - | (656,827) | - |
| Transfer from accumulated surplus to reserve for grant based activities | | - | - | 639,681 | (305,594) | - |
| Balance as at June 30, 2019 | | <u>1,000,000</u> | <u>11,258,794</u> | <u>639,681</u> | <u>6,534,400</u> | <u>19,432,875</u> |
| Total comprehensive income for the half year | | | | | | |
| Surplus for the half year ended December 31, 2019 | | - | - | - | 1,225,872 | 1,225,872 |
| Other comprehensive income | | - | - | - | - | - |
| | | - | - | - | 1,225,872 | 1,225,872 |
| Transfer from accumulated surplus to grant fund | | - | 598,423 | - | (598,423) | - |
| Transfer from accumulated surplus to reserve for grant based activities | 23 | - | - | 615,401 | (615,401) | - |
| Balance as at December 31, 2019 - Unaudited | | <u>1,000,000</u> | <u>11,857,217</u> | <u>1,255,082</u> | <u>6,546,448</u> | <u>20,658,747</u> |

The annexed notes 1 to 24 are an integral part of these financial statements.

Chief Executive Officer

Senior Group Head
Financial Management & Corporate Affairs

PAKISTAN POVERTY ALLEVIATION FUND
STATEMENT COMPARING ACTUAL EXPENSES

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

1 STATUS, BACKGROUND AND NATURE OF OPERATIONS

1.1 Pakistan Poverty Alleviation Fund ("the Company" / "PPAF") was registered in Pakistan on 06 February, 1997 as a public company, limited by guarantee, not having share capital and licensed under Section 42 of the Companies Ordinance, 1984 (now replaced by Companies Act 2017). The registered office of the Company is situated at plot 14, street 12, Mauve Area, G-8/1, Islamabad, Pakistan.

The Company's license under section 42 of the Companies Ordinance, 1984, issued by the Securities and Exchange Commission of Pakistan (SECP), expired in January, 2015. The Company's application for the renewal of the license, to SECP, submitted in January 2015, is awaiting clearance from the Ministry of Interior, Government of Pakistan. The management of the Company is confident that the license will be renewed in due course.

1.2 The primary object of the Company is to help the poor, the landless and the asset-less in order to enable them to gain access to resources for their productive self employment and to encourage them to undertake activities of income generation, poverty alleviation and for enhancing their quality of life. In order to achieve its objectives, the Company is mandated to work through Partner Organizations (POs), i.e., Non Government Organizations (NGOs), Community Based Organizations (CBOs), Rural Support Programmes (RSPs) and other private sector organizations.

2. These condensed interim financial statements for the half year ended December 31, 2019 are unaudited and have been prepared in accordance with the requirements of International Accounting Standard - 34: "Interim Financial Reporting". These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019. Comparative condensed interim balance sheet is extracted from annual audited financial statements for the year ended June 30, 2019, whereas, comparative condensed interim income and expenditure account, condensed interim cash flow statement, and condensed interim statement of changes in fund and reserves are stated from unaudited condensed interim financial statements for the half year ended December 31, 2018.

3. The accounting policies adopted, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in the preparation of these financial statements are the same as those applied in preparation of the annual financial statements for the year ended June 30, 2019.

4 PROPERTY AND EQUIPMENT

| | COST | | | | Rate | ACCUMULATED DEPRECIATION | | | | Written Down Value |
|--------------------------|----------------------------|---------------|-----------------|----------------|------|----------------------------|---------------------|---------------|------------------|--------------------|
| | As at 01 July | Additions | Disposals | As at 30 June | | As at 01 July | Charge for the year | on disposals | As at 30 June | As at 30 June |
| | ----- Rupees in '000 ----- | | | | | ----- Rupees in '000 ----- | | | | Rupees in '000 |
| Audited | | | | | | | | | | |
| June 30, 2019 | | | | | | | | | | |
| Furniture & Fixtures | 22,109 | 1,743 | - | 23,852 | 20 | (17,698) | (1,444) | - | (19,142) | 4,710 |
| Vehicles | 44,411 | 13,090 | (4,252) | 53,249 | 20 | (38,875) | (4,656) | 4,252 | (39,279) | 13,970 |
| Office Equipment | 44,596 | 5,105 | - | 49,701 | 20 | (37,189) | (4,167) | - | (41,356) | 8,345 |
| Computer equipment | 90,529 | 6,447 | (7,903) | 89,073 | 25 | (73,008) | (7,295) | 7,903 | (72,400) | 16,673 |
| | <u>201,645</u> | <u>26,385</u> | <u>(12,155)</u> | <u>215,875</u> | | <u>(166,770)</u> | <u>(17,562)</u> | <u>12,155</u> | <u>(172,177)</u> | <u>43,698</u> |
| Un-audited | | | | | | | | | | |
| December 31, 2019 | | | | | | | | | | |
| Furniture & Fixtures | 23,852 | 5,900 | - | 29,752 | 20 | (19,142) | (1,360) | - | (20,502) | 9,250 |
| Vehicles | 53,249 | 24,517 | - | 77,766 | 20 | (39,279) | (7,269) | - | (46,548) | 31,218 |
| Office Equipment | 49,701 | 1,796 | - | 51,497 | 20 | (41,356) | (1,293) | - | (42,649) | 8,848 |
| 4.1 Computer equipment | 89,073 | 42 | (1,836) | 87,279 | 25 | (72,400) | (3,282) | 1,719 | (73,963) | 13,316 |
| | <u>215,875</u> | <u>32,255</u> | <u>(1,836)</u> | <u>246,294</u> | | <u>(172,177)</u> | <u>(13,204)</u> | <u>1,719</u> | <u>(183,662)</u> | <u>62,632</u> |

4.1 Disposals- Computer Equipment

| | |
|---|--------------|
| Disposal of fully depreciated laptops given to employees | 1,556 |
| Disposal of fully depreciated laptops given to employees on resignation | 280 |
| | <u>1,836</u> |

| | Note | As At | |
|-----------------------------------|------|-------------------|------------------|
| | | Un-audited | Audited |
| | | December 31, 2019 | June 30, 2019 |
| (Rupees '000') | | | |
| 5. INVESTMENT IN ASSOCIATE | | | |
| Opening balance | | 3,143,225 | 2,976,238 |
| Share of income from associate | 5.2 | - | 166,987 |
| | | <u>3,143,225</u> | <u>3,143,225</u> |

5.1 This represents investment in 49% shares of Pakistan Microfinance Investment Company Limited (PMICL). The investment is accounted for using equity method of accounting.

5.2 As per financial projections of PMIC, it is expected to generate a return of 6% on equity. However, no income is projected on account of expected loss on loans extended to partner organizations.

5.3 PMICL was established in August 2016 and is registered as an Investment Finance Company under NBFCs regulations with Securities and Exchange Commission of Pakistan (SECP). It is setup to catalyze and lead the next phase of growth in the microfinance sector of Pakistan. PMIC has been formed to provide a wide range of financial services, including wholesale funding to promote financial inclusion in Pakistan to alleviate poverty and contribute to broad based development. Other promoters of PMIC include Karandaz Pakistan and KfW, a German Development Bank.

| | Note | As At | |
|---|------|-------------------|----------------|
| | | Un-audited | Audited |
| | | December 31, 2019 | June 30, 2019 |
| (Rupees '000') | | | |
| 6. LONG TERM INVESTMENTS - held to maturity | | | |
| Specific to Endowment fund | | | |
| Pakistan Investment Bonds (PIBs) | 6.1 | 1,000,000 | 1,000,000 |
| Others | | | |
| Pakistan Investment Bonds (PIBs) | 6.2 | 7,020,600 | 1,111,300 |
| | | 8,020,600 | 2,111,300 |
| Net unamortised discount on purchase of Pakistan Investment | 6.3 | 505,707 | 17,720 |
| | | 7,514,893 | 2,093,580 |
| Less: Long term investments maturing within next twelve months shown as current asset | | 400,000 | 1,111,300 |
| | | <u>7,114,893</u> | <u>982,280</u> |

6.1 Represents investments in PIBs as follows:

| Principal (Rupees) | Issue Date | Maturity Date | Coupon rate % per annum | Payment terms |
|--------------------|-------------|---------------|-------------------------|---------------|
| 200,000 | 22-Jul-2010 | 22-Jul-2020 | 12.00 | Semi annually |
| 200,000 | 22-Jul-2010 | 19-May-2020 | 12.00 | Semi annually |
| 194,500 | 18-Aug-2011 | 28-Aug-2021 | 12.00 | Semi annually |
| 5,500 | 18-Aug-2011 | 18-Aug-2021 | 12.00 | Semi annually |
| 400,000 | 29-Apr-2014 | 19-Jul-2022 | 12.00 | Semi annually |
| <u>1,000,000</u> | | | | |

| Principal (Rupees) | Issue Date | Maturity Date | Coupon rate % per annum | Payment terms |
|--------------------|-------------|---------------|-------------------------|---------------|
| 2,186,000 | 19-Sep-2019 | 19-Sep-2022 | 12.57 | Semi annually |
| 613,000 | 19-Sep-2019 | 19-Sep-2022 | 12.60 | Semi annually |
| 175,000 | 19-Sep-2019 | 19-Sep-2022 | 11.65 | Semi annually |
| 175,300 | 19-Sep-2019 | 19-Sep-2022 | 11.68 | Semi annually |
| 2,747,300 | 19-Sep-2019 | 19-Sep-2022 | 11.80 | Semi annually |
| 1,124,000 | 19-Sep-2019 | 19-Sep-2022 | 11.76 | Semi annually |
| <u>7,020,600</u> | | | | |

| | Note | As At | |
|---|-------|-------------------|---------------|
| | | Un-audited | Audited |
| | | December 31, 2019 | June 30, 2019 |
| (Rupees '000') | | | |
| 7. Long term Loan to Associate | | | |
| Opening balance | 7.1.1 | 10,118,169 | 10,118,169 |
| Less: amount recovered | | (571,469) | - |
| | | 9,546,700 | 10,118,169 |
| Less: Amount receivable within next twelve months | | (1,142,938) | (1,142,938) |
| | | 8,403,762 | 8,975,231 |

7.1 PPAF issued subordinated loans to PMICL in accordance with the requirements of Companies Ordinance 1984 (now replaced by Companies Act 2017). The agreements were signed in pursuance of the Master Subordinated Loan Framework Agreement, dated November 17, 2016 signed between PPAF and PMICL for provision of subordinated loans to PMICL.

The loans carry markup rate of KIBOR plus 1% i.e. (14.13% p.a.). These loans are repayable as per quarterly repayment schedule agreed in respective agreements with first recovery started from October 7, 2018. Details of the agreements are as follows:

| 7.1.1 | S# | Date of Agreement | Amount (Rs.000) | Markup Rate | Repayment period | First Repayment date | Last Repayment date | No of installments |
|-------|----|-------------------|-----------------|---------------------|------------------|----------------------|---------------------|--------------------|
| | 1 | 31-May-17 | 824,000 | 6 months KIBOR + 1% | 13 years | 1-Oct-18 | 30-Sep-31 | 43 |
| | 2 | 29-Jun-17 | 994,000 | 6 months KIBOR + 1% | 13 years | 1-Jan-19 | 31-Dec-31 | 43 |
| | 3 | 8-Aug-17 | 1,663,000 | 6 months KIBOR + 1% | 13 years | 1-Jan-19 | 31-Dec-31 | 43 |
| | 4 | 3-Nov-17 | 2,869,000 | 6 months KIBOR + 1% | 13 years | 1-Jan-19 | 31-Dec-31 | 43 |
| | 5 | 27-Dec-17 | 350,000 | 6 months KIBOR + 1% | 13 years | 1-Jan-19 | 31-Dec-31 | 43 |
| | 6 | 29-Jan-18 | 2,131,000 | 6 months KIBOR + 1% | 13 years | 1-Jan-19 | 31-Dec-31 | 43 |
| | 7 | 2-May-18 | 1,000,000 | 6 months KIBOR + 1% | 13 years | 1-Jan-19 | 31-Dec-31 | 43 |
| | 8 | 1-Jun-18 | 417,000 | 6 months KIBOR + 1% | 13 years | 1-Jan-19 | 31-Dec-31 | 43 |
| | 9 | 13-Aug-18 | 395,000 | 6 months KIBOR + 1% | 13 years | 1-Jan-19 | 31-Dec-31 | 43 |
| | 10 | 11-Dec-18 | 66,000 | 6 months KIBOR + 1% | 13 years | 1-Jan-19 | 31-Dec-31 | 43 |
| | | | 10,709,000 | | | | | |

| | Note | As At | |
|--|------|-------------------|---------------|
| | | Un-audited | Audited |
| | | December 31, 2019 | June 30, 2019 |
| (Rupees in '000') | | | |
| 8. Long term loans to Partner Organizations | | | |
| considered good | | 38,868 | 45,000 |
| considered doubtful | | 924,897 | 932,132 |
| | 8.1 | 963,765 | 977,132 |
| Less: Loan loss provision against loans to other entities | 8.2 | 926,063 | 933,484 |
| | | 37,702 | 43,648 |
| Less: Amount receivable within next twelve months shown as current asset | | 37,702 | 43,648 |
| | | - | - |

8.1 Breakup of loans to Partner Organizations:

Considered good

| | | |
|--------------------------------------|--------|--------|
| AGAHE | 4,000 | 8,000 |
| Farmers Friend Organization | 6,000 | 6,000 |
| Dia Welfare Organization | 11,000 | 11,000 |
| Sayya Foundation | 1,868 | 4,000 |
| Shah Sachal Sami Welfare Association | 16,000 | 16,000 |
| | 38,868 | 45,000 |

| | Note | As At | |
|--|-------|-----------------------|-----------------------|
| | | Un-audited | Audited |
| | | December 31, 2019 | June 30, 2019 |
| (Rupees in '000') | | | |
| Considered doubtful | | | |
| Centre for Women Cooperative Development | | 253,639 | 255,739 |
| Asasah | | 197,096 | 197,096 |
| Orangi Charitable Trust | | 104,000 | 108,000 |
| Organization for Participatory Development | | 66,733 | 70,233 |
| Shadab Rural Development Organization | | 68,000 | 68,000 |
| Narowal Rural Development Programme | | 58,455 | 55,955 |
| Buksh Foundation | | 49,925 | 49,925 |
| SAATH Development Society | | 37,164 | 37,164 |
| Al Mehran Rural Development and Welfare Organization | | 16,821 | 19,821 |
| Mehran Education Society | | 21,748 | 21,748 |
| Baidarie | | 18,147 | 18,147 |
| Khajji Cooperative Society | | 12,620 | 12,620 |
| Young Pioneers Society | | 6,650 | 6,650 |
| Save The Poor | | 4,872 | 4,872 |
| Women Social Organization | | 3,830 | 3,828 |
| BEDF | | 2,865 | - |
| Poverty Eradication Network | | 1,827 | 1,827 |
| Mashal Development Organization | | 505 | 505 |
| | 8.1.1 | <u>924,897</u> | <u>932,132</u> |
| | | <u>963,765</u> | <u>977,132</u> |

8.1.1 The Company disbursed microcredit loans to POs under respective Financing Agreements at service charges based upon including KIBOR. These loans are secured through letter of hypothecation on receivables of POs created out of financing obtained from the Company. Further, the Company maintains a first charge on all assets / capital items created out of financing provided for capacity building and under the exclusive lien of the Company until full repayment of the principal, service charges and other outstanding amounts payable to the Company.

8.1.2 Effective April 1, 2013 rates for service charges are revised on the basis of classification of POs into "for-profit" and "not-for-profit" and further sub categories into geographical areas 4.00% p.a. to 9.00% p.a. (June 2015: 4.61% p.a. to 11.68% p.a.). All financing agreements signed after September 30, 2015 with "for profit" Microfinance Institutional and Microfinance Banks are charged interest on the basis of internal rating system of PPAF 9.5% p.a (June 2019: 9.5%). All other financing facilities that have completed two years of subsidized funding are charged standard rate based on KIBOR, 8% p.a (June 2019: 8%)

| | As At | | | |
|--------------------------------------|-------------------|----------------|----------------|----------------|
| | Un-audited | | | Audited |
| | December 31, 2019 | | | June 30, 2019 |
| ----- (Rupees '000') ----- | | | | Rupees '000' |
| 8.2 | Specific | General | Total | Total |
| Movement of loan loss provision | | | | |
| Opening balance | 932,134 | 1,350 | 933,484 | 923,831 |
| Charge/ (reversal) during the period | - | - | - | 76,584 |
| Charge | (7,237) | (184) | (7,421) | (66,931) |
| | | | | 9,653 |
| Closing balance | <u>924,897</u> | <u>1,166</u> | <u>926,063</u> | <u>933,484</u> |

| | | As At | |
|-------------|--|--------------------------------|----------------------|
| | | Un-audited | Audited |
| Note | | December 31, 2019 | June 30, 2019 |
| | | ----- Rupees '000 ----- | |
| 9 | Loans and advances | | |
| | Loans - considered good, secured | | |
| | Employees | 95,592 | 98,711 |
| | Less: Long term portion of loan and advances | (68,523) | (35,821) |
| | | 27,069 | 62,890 |
| | Advances - considered good, unsecured | | |
| | Employees | 5,626 | 6,087 |
| | Suppliers | 64 | 89 |
| | | 5,690 | 6,176 |
| | | 32,759 | 69,066 |

9.1 This represents the interest free loan given to employees as salary advance and car loans. The principal amount is repayable within a maximum period of five years in equal installments.

| | | As At | |
|------------|--|--------------------------------|----------------------|
| | | Un-audited | Audited |
| | | December 31, 2019 | June 30, 2019 |
| | | ----- Rupees '000 ----- | |
| 10. | PROFIT / SERVICE CHARGES RECEIVABLE | | |
| | Profit receivable on | | |
| | Endowment fund investments | 51,738 | 50,893 |
| | Short term investments others | 458,649 | 251,564 |
| | | 510,387 | 302,457 |
| | Service charge receivable on loans to POs | 492,649 | 451,969 |
| | Less: Provision for doubtful service charges | (148,808) | (148,808) |
| | | 343,841 | 303,161 |
| | | 854,228 | 605,618 |

| | | As At | |
|-------------|-------------------------------|--------------------------------|----------------------|
| | | Un-audited | Audited |
| | | December 31, 2019 | June 30, 2019 |
| Note | | ----- Rupees '000 ----- | |
| 11. | SHORT TERM INVESTMENTS | | |
| | Treasury bills | 526,742 | 1,158,632 |
| | Term Deposit Receipts (TDRs) | 8,173,751 | 12,573,293 |
| | | 8,700,493 | 13,731,925 |

11.1 Investments are classified as investments specific to endowment fund and others. These include

11.1.1 These funds are invested in Government Treasury Bills maturing within one year from the date of investment, at annual mark up rate of 13.28% to 13.90% p.a (June 2019: 12.66% to 12.73% p.a).

11.1.2 These funds are invested in term deposit receipts maturing within one year from the date of investment, at annual mark up rates ranging from 12.90% p.a to 13.60% p.a (June 2019: 10.6% to 14.15% p.a).

| | As At | |
|---|-------------------------|------------------|
| | Un-audited | Audited |
| | December 31, 2019 | June 30, 2019 |
| | ----- Rupees '000 ----- | |
| 12. BANK BALANCES - SPECIFIC TO PROJECTS | | |
| Specific to KfW - Livelihood and Community Infrastructure I | 68,144 | 91,706 |
| Specific to KfW - Livelihood and Community Infrastructure II | 429,689 | 14,187 |
| Specific to KfW - Renewable Energy | 5,807 | 37,759 |
| Specific to Italian Project - Poverty Reduction Through Rural Development Activities in Baluchistan, KPK and FATA | 362,343 | 527,714 |
| Specific to Prime Minister's Interest Free Loan Scheme (PMIFL) | 351,358 | 351,358 |
| Specific to IFAD- National Poverty Graduation Program (NPGP) | 456,109 | - |
| | 1,673,450 | 1,022,724 |

- 12.1 Under the financing agreements signed with various donors, the Company is allowed to draw funds from the special accounts for carrying out eligible activities. Such funds may not be invested to earn profit, and are accordingly kept in current accounts.

| | Note | As At | |
|-----------------------------------|------|-------------------------|---------------|
| | | Un-audited | Audited |
| | | December 31, 2019 | June 30, 2019 |
| | | ----- Rupees '000 ----- | |
| 13. CASH AND BANK BALANCES | | | |
| Cash in hand | | 100 | 1 |
| Cash at banks in: | | | |
| Cash at banks - current accounts | | 7,376 | 7,117 |
| Cash at banks - deposit accounts | 13.1 | 586,253 | 152,072 |
| | | 593,629 | 159,189 |
| | | 593,729 | 159,190 |

- 13.1 These balances carry a per annum mark-up ranging between 11.25% to 12.75% (June 2018: 8% to 11.25%)

14. ENDOWMENT FUND

This represents the amounts paid by GOP for endowment fund in installments starting from 2000 till 2007 under the Endowment deed signed between GoP and PPAF, the fund is to be invested in the government schemes / bonds and income generated therefrom shall be utilized for revenue and capital expenditure of the Company.

| | As At | |
|-----------------------|-------------------------|---------------|
| | Un-audited | Audited |
| | December 31, 2019 | June 30, 2019 |
| | ----- Rupees '000 ----- | |
| 15. GRANT FUND | | |
| Grant Fund | 11,857,217 | 11,258,794 |

The grant fund represents 85% of the surplus funds of the Company after deduction of microcredit reserve, capital adequacy reserve and reserve for grant based activities. Grant fund is invested in grant based health, education, infrastructure, emergency and other activities that fall within the overall strategic framework of the Company's objectives

17. DEFERRED LIABILITIES - GRANT FUND

| | As At | |
|---|-------------------|------------------|
| | Un-audited | Audited |
| | December 31, 2019 | June 30, 2019 |
| | (Rupees '000') | |
| Government of Pakistan - KfW Renewable Energy (RE) | 6,411 | 38,784 |
| Government of Pakistan - KfW Livelihood Support and Protection of Small Community Infrastructure (LACIP) I | 73,247 | 100,637 |
| Government of Pakistan - KfW Livelihood Support and Protection of Small Community Infrastructure (LACIP) II | 433,678 | 11,181 |
| Government of Pakistan - Poverty Reduction through Rural Development Activities | 357,340 | 527,709 |
| Government of Pakistan - Prime Minister's Interest Free Loan (PMIFL) Scheme | 348,310 | 345,810 |
| Government of Pakistan - IFAD National Poverty Graduation Program (NPGP) | 400,883 | - |
| Others | (30,446) | 32,639 |
| | <u>1,589,423</u> | <u>1,056,760</u> |

17.1 Deferred liabilities grant fund represents amounts payable to POs/(receivable from donors) on non-reimbursable basis under respective financing agreements.

17.2 Movement during the year:

| Note | KfW | KfW | KfW | Italian | PMIFL | NPGP | CMA | Un-audited | Audited |
|---|----------------------|-----------------|------------------|----------------|----------------|------------------|---------------|------------------|------------------|
| | Renewabl e Energy | Livelihood I | Liveliho d II | | | | | 31-Dec-19 | 30-Jun-19 |
| Opening balance | 38,784 | 100,637 | 11,181 | 527,709 | 345,810 | (55,226) | 32,639 | 1,001,534 | 1,598,141 |
| Amount received/(transferred) | (1,288) | (3,827) | 707,718 | (9,543) | - | 2,350,867 | - | 3,043,933 | 329,615 |
| Funds returned to Donor | - | - | - | - | - | - | - | - | (45,770) |
| Transfers to deferred income - grant fund | - | - | - | - | - | - | - | - | (89,855) |
| Transferred to other income | - | - | - | - | - | - | - | - | (93) |
| | <u>37,496</u> | <u>96,810</u> | <u>718,899</u> | <u>518,166</u> | <u>345,810</u> | <u>2,295,641</u> | <u>32,639</u> | <u>3,997,758</u> | <u>1,792,038</u> |
| Less: Disbursements for | | | | | | | | | |
| Water and infrastructure | - | 20,577 | 217,857 | 46,011 | - | - | - | 284,445 | 190,212 |
| Social sector development | - | - | - | 42,012 | - | - | - | 42,012 | 163,597 |
| Capacity/Institutional building | 31,085 | 2,986 | 12,428 | 907 | (2,500) | 1,894,758 | 15,382 | 1,955,046 | 239,322 |
| Social mobilization | - | - | - | - | - | - | - | - | 24,126 |
| Livelihood enhancement and protection | - | - | 54,936 | 71,896 | - | - | - | 126,832 | 173,247 |
| Microcredit access | - | - | - | - | - | - | - | - | - |
| | <u>31,085</u> | <u>23,563</u> | <u>285,221</u> | <u>160,826</u> | <u>(2,500)</u> | <u>1,894,758</u> | <u>15,382</u> | <u>2,408,335</u> | <u>790,504</u> |
| | <u>6,411</u> | <u>73,247</u> | <u>433,678</u> | <u>357,340</u> | <u>348,310</u> | <u>400,883</u> | <u>17,257</u> | <u>1,589,423</u> | <u>1,001,534</u> |
| Represented by: | | | | | | | | | |
| Deferred liabilities - grant fund | 6,411 | 73,247 | 433,678 | 357,340 | 348,310 | 456,109 | 17,257 | 1,644,649 | 1,056,760 |
| Grant fund receivable | - | - | - | - | - | (55,226) | - | (55,226) | (55,226) |
| | <u>6,411</u> | <u>73,247</u> | <u>433,678</u> | <u>357,340</u> | <u>348,310</u> | <u>400,883</u> | <u>17,257</u> | <u>1,589,423</u> | <u>1,001,534</u> |

17.3 Grants from Government of Pakistan - Kfw - Renewable Energy

On June 22, 2012 PPAF and German Financial Cooperation - Kfw signed financing and project agreement under which Kfw has agreed to make available an amount of EUR 10 million to the Company as grant on non reimbursable basis for the development of mini/micro hydro power plants, solar lighting systems, integrated water efficient solar irrigation systems and pilot projects in renewable energy in Khyber Pakhtunkhwa (North West Frontier Province-NWFP). The agreement will expire on December 31, 2017.

17.4 Grants from Government of Pakistan - KfW - Livelihood Support and Promotion of Small Community Infrastructure (LACIP)

On 12 June, 2010 the Company and German Financial Cooperation - KfW signed a loan, financing and project agreement under which KfW has agreed to make available an amount of EUR 31,562,661 to PPAF, as a grant on a non-reimbursable basis, for the support of livelihood measures and the promotion of small community economic and social infrastructure in Khyber Pakhtunkhwa (North West Frontier Province-NWFP). PPAF has entered into separate financing agreements with twenty three (23) POs for the implementation of the project. The agreement was to expire on 31 December, 2015, however, the project duration has now been extended to June 30, 2017.

17.5 Grants from Government of Pakistan - KfW - Livelihood Support and Promotion of Small Community Infrastructure Programme (LACIP-II)

On 18 August, 2017, the Company and German Financial Cooperation - KfW signed financing and project agreements under which KfW has agreed to make available an amount of EUR 10,000,000 to PPAF, as a grant on a non-reimbursable basis, for the support of (i) public physical infrastructure (CPI) schemes inclusive of disaster management and climate adaptation aspects (ii) livelihood development on group-based approach inclusive of skills and enterprise development training and related asset transfer and (iii) beneficiaries will be mobilized and organized in a variety of groups in three districts, Lakki Marwat, Shangla and Buner, of Khyber Pakhtunkhwa. PPAF has entered into financing agreements with three (03) POs for the implementation of the project. The agreement will expire on 30 December, 2021.

17.6 Poverty Reduction Through Rural Development Activities in Baluchistan, Khyber Pakhtunkhwa, and Federally Administered Tribal Areas (Italian Project)

On 14 January, 2011, the Government of Italy and the Government of Pakistan signed a program agreement for the Italian Project. A financing agreement was signed between GoP and Artigiancassa S.p.A. (on behalf of Government of Italy) on 21 March, 2011 under which the Government of Italy has agreed to make available an amount of EUR 40 million to PPAF on a non-reimbursable basis. A Subsidiary Financing Agreement was signed between the GoP and PPAF on 02 December, 2011. The project focuses on poverty reduction through rural development in Baluchistan, Khyber-Pakhtunkhwa, Federally Administered Tribal Areas and neighboring areas. Under the Agreement, the World Bank would act as a Supervision Body, PPAF as Project Executing Agency, and interventions will be operated through POs. The financing part of the agreement has been extended till 30 September, 2018.

17.7 Prime Minister's Interest Free Loan Scheme

On May 14, 2014 Government of Pakistan has agreed to provide non-repayable grant of Rs. 3,500,000 thousand for provision of interest free loans to the poor and marginalized communities and those lacking access to financial services. The objective of the scheme is to reach marginalized men, women and youth not tapped by microfinance sector, support female participation by disbursing 50% of the loans, encourage behavioural change of beneficiaries and strengthen community-based institutions.

17.8 Grants from Government of Pakistan - IFAD NPGP

A Financing Agreement was signed between GoP and IFAD on November 14, 2017 and a Subsidiary Financing Agreement between the GoP and PPAF on January 10, 2018 for "National Poverty Graduation Programme". The total funding under this programme amounts to US\$ 150 million (IFAD portion USD 100 Million and GoP portion USD 50 Million) for a period of six years. The programme aims to assist the ultra-poor and very poor in graduating out of poverty on a sustainable basis while simultaneously improving their overall food security, nutritional status and resilience to climate change. The development objective of the project is to enable the rural poor and especially women and youth to realize their development potential and attain a higher level of social and economic wellbeing through a proven, flexible and responsive menu of assistance. The Programme consists of two key components; Poverty Graduation and Social Mobilization & Programme Management.

17.9 United Nations High Commissioner for Refugees (UNHCR)

A Financing Agreement was signed between UNHCR and Pakistan Poverty Alleviation Fund (PPAF) on 23 March, 2018. Project implementation period is 01 January - 31 December, 2018 while phase- I of six months is completed in December 2017. The Project "Poverty Graduation for Afghan Refugee and Hosting Families in Pishin (Baluchistan) and Swabi (KPK)". Pakistan Poverty Alleviation Fund (PPAF) will implement a graduation programme will target 2000 households including male and female young adults living in district Pishin in Baluchistan and district Swabi in Khyber Pakhtunkhwa. Under which financing is to be provided to Partner Organizations, for the implementation of the Project. The project focuses on Afghan refugees through this project to acquire transferable skills so that refugee families are able to support themselves in a dignified manner for the duration of their stay in Pakistan and after their voluntary repatriation to Afghanistan. The same skills training will be provided to their Pakistani hosting families to enable them to participate in the formal labour market to achieve a steady income support their families empowering the targeted poor with increased incomes, improved productive capacity and access to services to achieve sustainable livelihood. This would include stronger approaches to building institutions of the poor and to livelihood enhancement that would enable poor households and communities to be more successful at attracting financial and other service providers.

17.10 Other Funds

17.10.1 Engro Foundation - Flood Relief

Engro Foundation signed a memorandum of understanding with PPAF on August 14, 2010 for provision of relief and rehabilitation services to flood affectees of Punjab and Sindh. Such services include food, shelter, drinking water, clothing etc.

17.10.2 Mari Petroleum Company Limited

Mari Petroleum Company Limited (MPCL) signed a memorandum of understanding with PPAF on May 5, 2016 to embark on interventions including education, infrastructure, renewable energy and social sector service.

for the half year ended (Un-audited)
December 31, 2019 December 31, 2018
 ----- Rupees '000 -----

| | | | |
|------------|--|---------|---------|
| 18 | Income on investments and saving accounts | | |
| | Profit on investments | | |
| | Specific to Endowment Fund | 65,934 | 59,564 |
| | Specific to Grant Fund | 650,795 | 343,746 |
| | Others and savings accounts | 245,120 | 136,624 |
| | | 961,849 | 539,934 |
| 19. | GENERAL AND ADMINISTRATIVE EXPENSES | | |
| | Salaries, wages and other benefits | 267,472 | 226,320 |
| | Rent, rates and taxes | 19,952 | 19,620 |
| | Repairs and maintenance | 4,689 | 4,296 |
| | Traveling, lodging and conveyance | 48,027 | 26,692 |
| | Communication | 4,490 | 1,680 |
| | Printing and stationery | 1,231 | 947 |
| | Insurance | 2,564 | 4,584 |
| | Vehicles running and maintenance | 9,400 | 6,596 |
| | Utilities | 6,143 | 3,979 |
| | Legal and professional charges | 2,606 | 2,440 |
| | Marketing and Projections | 1,325 | 1,167 |
| | Newspapers, books and periodicals | 287 | 176 |
| | Depreciation | 13,204 | 3,537 |
| | Security services | 1,428 | 1,517 |
| | Others | 3,031 | 2,511 |
| | | 385,849 | 306,063 |

20. PMICL was entitled to a loan portfolio monitoring fee of 1% per annum, of the actual average daily value of the outstanding principal amounts, as full compensation of Rs. 1.2 million. The company has paid this amount in full and the contract expired on December 31, 2018.

| | | | |
|------------|--|-------|-------|
| 21. | SEMINARS, WORKSHOPS AND TRAININGS | | |
| | Staff Training | 3,768 | 3,130 |
| | Seminar and workshops | 4,877 | 2,295 |
| | | 8,645 | 5,425 |

| | | | |
|------------|--|---------|---------|
| 22. | FINANCIAL CHARGES | | |
| | On long term loans | 40,527 | 45,205 |
| | Imputed interest on below market rate long term loan | 78,630 | 76,509 |
| | Bank charges | 20 | 502 |
| | | 119,177 | 122,216 |

| | | | |
|------------|---|---------|---------|
| 23. | MOVEMENT IN RESERVE FOR GRANT BASED ACTIVITIES | | |
| 23.1 | Income earned during the period on grant fund investments | 650,795 | 343,746 |
| | Less: expenditure on project and relief activities | 35,394 | 99,970 |
| | | 615,401 | 243,776 |

23.1 The income earned on grant fund is utilized for grant based health, education, infrastructure, emergency and other activities that fall within the overall strategic framework of the Company's objectives. Any surplus or deficit for the period is added to or subtracted from reserve for grant based activities.

24. COMPARATIVE FIGURES
 Comparative figures have been rearranged and reclassified, wherever necessary, for better presentation.

 Chief Executive Officer

 Senior Group Head
 Financial Management & Corporate Affairs