

**ORGANIZATION FOR POVERTY REDUCTION
AND COMMUNITY TRAINING PROGRAM
AUDITORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD JUNE 30, 2018**



H.A.M.D. & Co.

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of

ORGANIZATION FOR POVERTY REDUCTION AND COMMUNITY TRAINING PROGRAM

(Company Limited by Guarantee)

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **ORGANIZATION FOR POVERTY REDUCTION AND COMMUNITY TRAINING PROGRAM (Limited by Guarantee)** (the Company), which comprise the statement of financial position as at **June 30 2018**, income and expenditure statement, the statement of cash flows and the statement of changes in funds for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit. In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the income or expenditure statement, the statement of changes in funds and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **June 30 2018** and of the income and expenditure statement, the changes in fund and its cash flows for the period then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubts on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

H.A.M.D.

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We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, statement income and expenditure, the statement of changes in funds and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investment made and expenditure incurred were for the purpose of the Company's business. No guarantees extended during the period.
- No zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

As more fully described in note (1.3), company recorded assets and liabilities in the period on the basis of audited financial statements of Orangi Charitable Trust for the half period ended as on December 31, 2017. In accordance with direction from Security and Exchange Commission of Pakistan (SECP) those balances have been transferred into the company as of January 1, 2018;

The engagement partner on the audit resulting in this independent auditor's report is Mr. Idrees Dawson (FCA).

Chartered Accountants

Karachi

Date: 29-Sep-2018



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ORGANIZATION FOR POVERTY REDUCTION AND COMMUNITY TRAINING PROGRAM
(COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS AT JUNE 30, 2018

	Notes	June 30, 2018 Rupees
ASSETS		
Current Assets		
Cash and Bank Balances	4	50,720,371
Microcredit Loans		
Microcredit Interest Bearing Loans	5	360,926,977
Microcredit Interest Free Loans	6	9,346,985
		370,273,962
Short Term Investments	7	90,667,686
Other Advances, Deposits & Receivables	8	16,022,328
Accrued Markup On Loans		8,902,894
		115,592,908
Total Current Assets		536,587,241
Non Current Assets		
Long Term Investments	9	42,542,932
Property, Plant & Equipment	10	7,426,243
Intangible Fixed Assets	11	360,282
Long Term Deposits		502,500
		50,831,958
TOTAL ASSETS		587,419,199
LIABILITIES		
Current Liabilities		
Short Term borrowings from banks- (secured)	12	107,470,201
Other loans and advances	13	102,775,624
		210,245,825
Accrued Interest on borrowing	14	49,756,631
Accrued Expenses		1,459,526
		261,461,982
Non-Current Liabilities		
Long term borrowing from PPAF- (secured)	15	120,042,709
		120,042,709
TOTAL LIABILITIES		381,504,691
NET ASSETS		205,914,508
REPRESENTED BY		
Capital Structure And Equity Funds		
Equity Funds	16	136,868,584
Revolving, Unrestricted And Restricted Funds	17	61,579,056
General Reserve For Loan Loss	18	2,069,043
		200,516,683
Accumulated surplus / (deficit)		5,397,825
TOTAL CAPITAL		205,914,508

The annexed note from 1 to 29 form an integral part of these financial statements.



CHIEF EXECUTIVE

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DIRECTOR

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CHIEF FINANCIAL OFFICER

**ORGANIZATION FOR POVERTY REDUCTION AND COMMUNITY TRAINING PROGRAM
(COMPANY LIMITED BY GUARANTEE)
INCOME AND EXPENDITURE STATEMENT
FOR THE PERIOD FROM AUGUST 9, 2017 TO JUNE 30, 2018**

	Notes	30-Jun-18 ---- Rupees ----
INCOME		
Markup/ return / interest earned	19	55,238,435
Markup/ return / interest expensed	20	(22,722,440)
Net Markup/ return / interest earned		32,515,995
OTHER OPERATING INCOME		
Investment Income	21	5,591,169
Fee And Processing Charges	22	5,804,074
Other Income		276,431
		11,671,674
TOTAL INCOME		44,187,669
Operating Expenses		
General And Admin Expenses	23	(29,308,186)
Provision for loan	24	(6,544,927)
		(35,853,113)
(Deficit) / Income From Operations		8,334,556
Other Projects		
Program Expenses	25	(2,936,731)
Surplus Before Tax		5,397,825
Taxation	26	-
Surplus After Tax		5,397,825

The annexed note from 1 to 29 form an integral part of these financial statements.

Note: Although company was incorporated on August 9, 2017, no activities was performed by the company. All cost incurred during the period from August 9 2017 to January 1 2018, have been absorbed and paid by Orangi Charitable Trust. (HAM)



CHIEF EXECUTIE



DIRECTOR



CHIEF FINANCIAL OFFICER

ORGANIZATION FOR POVERTY REDUCTION AND COMMUNITY TRAINING PROGRAM
(COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED FROM AUGUST 9, 2017 TO JUNE 30, 2018

2018
June 30
Rupees

CASH FLOW FROM OPERATING ACTIVITIES

Net Surplus For The Period	5,397,825
Add/(Less) Items Involving No Cash Movements	
Depreciation	701,159
Amortization	71,194
Provision For Non Performing Loans	6,544,927
Bad Debts written off from General Reserve	(2,000,000)
Non Performing Loans Write Off Through Provision	(9,898,944)
Amortization Of Investment Income (Long Term)	3,499,236
Amortization Of Investment Income (Short Term)	2,741,326
Finance Cost	22,722,440
	24,381,337
Surplus Before Working Capital Changes	29,779,162
(Increase)/Decrease In Current Assets	
Advances And Other Receivables	(16,022,328)
Microcredit Interest Bearing Loans	(360,926,977)
Microcredit Interest Free Loans	(9,346,985)
Accrued Markup On Loan	(8,902,894)
	(395,199,184)
Increase / (Decrease) In Current Liabilities	
Loans And Advances	102,775,624
Accrued Interest on borrowings	49,756,631
Accrued Markup	1,459,526
	153,991,781
Cash Generated From Operation	(211,428,241)
Finance Cost Paid	(18,351,879)
NET CASH FLOW FROM OPERATING ACTIVITIES	(229,780,120)

CASH FLOW FROM INVESTING ACTIVITIES

Long Term Investment	(42,542,932)
Short Term Investment Made	(90,667,686)
Addition To tangible Fixed Assets	(7,426,243)
Addition To intangible Fixed Assets	(360,282)
Long Term Deposits	(502,500)

NET CASH USED IN INVESTING ACTIVITIES **(141,499,644)**

CASH FLOW FROM FINANCING ACTIVITIES

Equity Funds subscribe	500,000
Equity and other funds transferred in from OCT	200,016,683
Long term borrowing from PPAF- Transferred In	120,042,709
Short Term borrowings from banks- (secured)	107,470,201

NET CASH USED IN FINANCING ACTIVITIES **428,029,593**

Net Increase In Cash & Cash Equivalent From All Activities **56,749,830**

Cash & Cash Equivalent At The End Of The Period **56,749,830**

Cash & Cash Equivalent Is Represented By:

Cash And Bank Balances	50,720,371
Bank Borrowings	(107,470,201)
	(56,749,830)

The annexed notes 1 to 29 form an integral part of these financial statements.



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 DIRECTOR

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 CHIEF FINANCIAL OFFICER

ORGANIZATION FOR POVERTY REDUCTION AND COMMUNITY TRAINING PROGRAM
 (COMPANY LIMITED BY GUARANTEE)
 STATEMENT OF CHANGES IN FUNDS
 FOR THE PERIOD FROM AUGUST 9, 2017 TO JUNE 30, 2018

	EQUITY FUND	Revolving, Unrestricted And Restricted Funds	GENERAL RESERVE FOR LOAN LOSS	TOTAL
	-----RUPEES-----			
Balance As At August 9, 2017	-	-	-	-
Transferred in the period From Orangi Charitable Trust on Jan 1, 2018	136,868,584	61,579,056	4,512,993	202,960,633
Net Surplus For The Period	5,397,825		(2,000,000)	3,397,825
Provision against Interest Free Loans			(443,950)	(443,950)
Balance As At June 30, 2018	142,266,409	61,579,056	2,069,043	205,914,508

The annexed note from 1 to 29 form an integral part of these financial statements.

Note: All funds have been brought forward from Orangi Charitable Trust.


 CHIEF EXECUTIVE


 DIRECTOR

11/11/18

ORGANIZATION FOR POVERTY REDUCTION AND COMMUNITY TRAINING PROGRAM
(COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM AUGUST 9, 2017 TO JUNE 30, 2018

1. STATUS AND ACTIVITIES

- 1.1 The Organization For Poverty Reduction and Community Training Program (hereinafter referred to as The Company or OPRCT), was incorporated on August 9, 2017, under section 42 of the repealed Companies Ordinance, 1984 (now companies act 2017) as a guarantee limited company. The company is "Not for Profit" Organization. The company was granted license to carry out investment finance services as (Non-Banking Finance Company) by the Securities and Exchange Commission Of Pakistan (SECP) vide License No. SC/NBFCs/156/OPRCTP/2017 dated October 31, 2017 under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. The registered office of the company is situated at ST-4, Sector 5-A, Qasba Township, Mangopir Road, Karachi.

The company operates its activities through 13 branches in the province of Sindh and it also made arrangements with 23 partner organizations (P.Os) operating elsewhere in other cities of province of Sindh and Punjab..

- 1.2 The company mission is to enhance the scale, quality, diversity and sustainability of Microfinance Institutions (MFIs) in Pakistan and to endeavor to pursue the following objectives;
- a) Social and economic uplift and empowerment of marginalized communities/ institutions, particularly in rural areas and urban slums to enable the communities to enhance their capacity building for income generation in order to eradicate their problems sustainable social.
 - b) To reduce poverty in Pakistan by carrying on self-income generation activities to large number of poor people (living below poverty line) in rural and urban areas and to help them, and their families and to rise out of poverty by direct interaction or through local institutions;
 - c) Promote Integrated self-reliant and long term development of the communities for enhancement of small businesses, infrastructure development, social safety net, social development (health' and education), support to community saving groups, training and skill development programs of poverty alleviation.
 - d) Enhancing cause of women development by initiating programs for income generation, awareness of their legal and basic rights; and
 - e) Training human resources for overseeing development projects and programs.
- 1.3 These financial statements have been derived and included from the assets and liabilities of Orangi Charitable Trust as of Dec 31, 2017. The company in accordance with the directions issued by the SECP (vide their order no CLD/CCD/Co.42/25/2016 Date 26th May 2017) have transferred all assets and liabilities of the Orangi Charitable Trust as of that date.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), Accounting Standard for Not For Profit Organizations (NPOs) and International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the repealed Companies Ordinance, 1984, the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulation), the Non Banking Finance Companies (Establishment and Regulations) Rules 2003, provisions of and directives issued under the Companies Act 2017 and Companies Ordinance, 1984 (as Repealed). In case requirements differ, the provisions or directives issued under the Companies Act, 2017 and repealed Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement / presentation

2.2.1 Basis of measurement

The financial statements have been prepared on the accrual basis of accounting and historical cost convention in accordance with the accounting principles generally followed in preparation of accounts of not for profit and non governmental organizations.

2.2.2 NEW / REVISED ACCOUNTING STANDARDS, AMENDMENTS TO PUBLISHED ACCOUNTING STANDARDS, AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements, other than increased disclosures in certain cases:

<i>Standard or Interpretation</i>	Effective date (annual periods beginning on or after)
IFRS 2 Classification and Measurement of Share Based Payment Transactions (Amendment)	1-Jan-18
IFRS 10 Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet not finalized
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative (Amendment) IAS 7 Financial Instruments: Disclosures - Disclosure Initiative (Amendment)	1-Jan-17
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	1-Jan-17
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance	1-Jan-18
IFRIC 22 Foreign Currency Transactions and Advance	1-Jan-18
Consideration IFRIC 23 Uncertainty over Income tax treatment	1-Jan-19

The Company expects that the adoption of the above standards and amendments will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments:	1-Jan-18
IFRS 14 - Regulatory Deferral	1-Jan-18
IFRS 15 - Revenue from Contracts	1-Jan-18
IFRS 16 - Leases	1-Jan-19
IFRS 17 - Insurance Contracts	1-Jan-21

The company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

Annual Improvements

IFRS 5 - Non Current Assets Held for Sale and Discontinued Operation - Changes in method of disposal.

IFRS 7 - Financial Instruments: Disclosures - Servicing Contracts.

IFRS 7 - Financial Instruments: Disclosures - Applicability of off-setting disclosure to condensed interim financial statements.

IFRS 19 - Employee Benefits - Discount rate: Regional market issue.

IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The Company expect that the adoption of the above standards and interpretation will not have any material impact on its financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB (International Accounting Standards Board). Such improvements are generally effective for accounting periods beginning on or after July 01, 2014. The Company expect that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

2.3 Basis of presentation

The financial statements include the activities of micro finance sector, capacity building sector in partnership with Pakistan Poverty Alleviation Fund (PPAF), and microfinance activities undertaken by OPRCT with its own funds.

The statement of financial activities set forth separately the income and expenses of micro finance and capacity building sector thereby giving recognition to their separate responsibilities as described in the agreements with PPAF.

2.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to nearest Rupees.

2.5 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenditures. The estimates and associated assumption are based on historical experience and various other factors the are believed to be reasonable under the circumstances, the result of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. revisions to accounting estimates are recognized in the period in which the estimates is revised in and in any future periods effective actual result may differ from these estimates.

The areas involving a higher degree of judgment or complexities, or areas where assumptions and estimates are significant to the financial statements are provision for doubtful accounts of micro credit loans, useful life and impairment of tangible and intangible assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same, as those applied in the preparation of financial statements of the Company for the year ended June 30, 2017 and are enumerated as follows:

3.1 Fixed Assets and Depreciation

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to revenue by reducing balance method. Depreciation is charged on prorata basis at the rates specified in note 10 to the financial statements so as to write off the cost over the estimated useful life of each asset. PPAF assets are recorded separately than OPRCT. OPRCT maintain fixed assets register incorporating each and every item of assets.

Normal repair and maintenance is recognized in the statement of financial activities as incurred. Gains and losses on disposal / retirement is recognized in income or expense in the period of disposal / retirement.

3.2 Intangible assets

These are stated at cost less accumulated amortization and impairment, if any. Amortization is charged to income applying reducing balance method.

3.3 Financial Instrument

The company classifies its financial assets at initial recognition in the following categories depending on the nature and purpose for which the financial assets were acquired.

a) At fair value through profit or loss

Financial asset at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial assets is classified as held for trading if acquired principally for the purpose of selling in short term. Assets in this category are classified as current assets.

b) Available for sale - Investment

Available for sale investment is initially recorded at cost and subsequently premeasured at fair value at each reporting date. Changes in fair value are taken to other comprehensive income. When investment classified as Available for sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in profit and loss account. Dividends on available for sale investment is recognized in statement of financial activities as part of "operating income" when the trust's right to receive payment is established.

The company assesses at each balance sheet date whether there is objective evidence that an available for sale investment is impaired. For such investment, a significant prolonged decline in the fair value of the investment below the carrying value is considered as indicator that the investment is impaired. If any such evidence exists, the cumulative loss is transferred from other comprehensive income to statement of financial activities. Impairment losses previously recognized in statement of financial activities on available for sale investment is not reversed through profit and loss account.

c) **Held to Maturity - Investment**

Held to maturity are financial investment with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. These assets are initially recognized at fair value plus any directly attributable transactions costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

3.4 Cash and Cash Equivalent

Cash and cash equivalents, for the purpose of statement of cash flows, comprise of cash on hand, cash at bank and highly liquid investment, if any, having original maturity of three months or less.

3.5 Loans, Advances, Other receivables

3.5.1 These are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date which are classified as non-current assets.

3.5.2 Loans and receivables comprise of microcredit loans, advances, deposits, other receivables and cash and cash equivalents which have initially been recorded at fair values.

3.6.1 Micro-credit loans and provisioning

Advances are stated net of provision against micro finance portfolio. Provision for advances is determined in accordance with the requirement of the Non Banking nking Finance Companies Rules 2003 and non Banking Finance Companies and Notified Entities Regulations, 2008 issued from time to time.

3.6.2 Provisioning

a Specific

Management continuously monitors loan performances and recoveries and made a specific provision whenever less likely recoveries and loss cases identified as per the requirements of Non Banking Financial Companies and Notified entities Regulations, 2008 issued by the SECP.

Specific Provision Time Based Criteria		
Category	Description	Provision Percentage of outstanding Balance
Other Assets Especially Mentioned (OAEM)	1 day - 60 Days overdue	0%
Sub-standard	61 Days - 90 Days	25%
Doubtful	91 Days - 180 Days	50%
Loss	Above 181 Days	100%

b General

In addition to the specific provision for bad and doubtful micro credit loans and advances, if any, a general provision is made equivalent to 0.5% of the net outstanding microfinance portfolio (finance net of specific provision) at the period end date. as per the requirement of Non

3.6.3 All known bad debts are written off.

3.7 Bank Borrowings

Loans and Borrowings are initially recognized at fair value of the consideration received less directly attributable transaction costs, if any.

3.8 Revenue Recognition

Revenue / Income on loans and investments is recognized on accrual concept at time proportionate basis at effective yield rate.

In this regard **Service charges** on the micro credit loans are collected with the monthly installments and accounted for as such.

Microcredit Loans Processing Fees

The fees is recognized as income in the period when received.

These are recovered from the borrowers of micro credits financed by PPAF and OPRRCT against microcredit loans disbursed directly in the period.

Income on bank deposits are recognize on accrual basis.

Gain / Loss on sale of investment is taken to income in the period in which it arises.

Unrealized gain / losses arising on the remeasurement of securities classified as financial assets at fair value through profit or loss are included in the profit and loss account in the year in which there arise.

3.9 Borrowing Cost

Borrowing costs are recognized as an expense in the period in which these are incurred using the effective interest rate method except those which are directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of that asset.

3.9 Related party transactions

Related party transactions are made on terms negotiated between parties.

3.10 Taxation

Current

The income of the company is exempt from Tax under section 100 C of the income tax ordinance 2001 being income of Not for profit organization. No provision of taxation was therefore considered.

Deferred

As the income is exempt from tax, deferred tax would not arise, and therefore was not considered by the company.

3.11 Capital Structure, Equity Capital Funds

Under Rule 4 (Schedule I) of Non-Banking Finance Companies and Notified Entities Regulations 2008, NBFC carrying out microfinance activities have to comply with minimum capital requirement of Rs 50M as minimum capital. Company being Not for Profit Organization incorporated under section 42 of repealed companies ordinance (1984), was incorporated under without having a share capital. In order to make a compliance of this Regulation, alternatively the company brought forward fund balances from its previous entity (Note 1.3), and therefore, classified equity/capital into funds as under;

1: Equity Fund

2: Revolving Unrestricted and restricted fund

3: General Reserve for loan Losses.

June 30, 2018
Rupees

4 CASH AND BANK BALANCES

Cash On Hand		64,000
Imprest Account		64,000
Cash At Banks		8,937,584
Current Accounts	4.1	41,718,787
PLS Accounts		50,656,371
		<u>50,720,371</u>

4.1 This carry mark-up ranging from 3.75% to 4.25%.

5 MICROCREDIT INTEREST BEARING LOANS (UNSECURED)

Particulars	OPRCTP - Own Fund	PPAF LOAN				GRAND TOTAL June 30 2018
		Regular	MIOP		TOTAL	
			Prism			
						Rupees
Opening Balance	-	-	-	-	-	-
Transferred-In	92,254,008	225,344,160	-	90,728,496	-	316,072,656
Disbursed During The Period	67,234,000	187,050,000	-	59,015,000	-	246,065,000
	<u>67,234,000</u>	<u>187,050,000</u>	-	<u>59,015,000</u>	-	<u>246,065,000</u>
Less: Recovery During The Year	(73,270,428)	(201,480,853)	-	(61,972,440)	-	(263,453,293)
Less: Written Off Against provision	(3,574,968)	(677,631)	-	(5,202,395)	-	(5,880,026)
Less: Written Off Against Reserve	(2,000,000)	-	-	-	-	-
	80,642,612	210,235,676	-	82,568,661	-	292,804,337
Less: Specific Provision	(8,030,615)	(588,668)	-	(2,086,986)	-	(2,675,654)
Less: General Provision	(363,060)	(1,048,235)	-	(402,408)	-	(1,450,643)
Balance At June 30-2018	<u>72,248,937</u>	<u>208,598,773</u>	-	<u>80,079,267</u>	-	<u>288,678,040</u>
						<u>360,926,977</u>

5.1 The above microcredit interest bearing loans include a portfolio of microcredit loans disbursed through the partner organization (P.Os) aggregating to Rs. 152,328,204 in the current period and amount transferred in the period. The partner organization P.Os are organizations having objectives similar to the company's operation and operates in areas where company operation not carried out. The P.Os under an agreement after getting funds disbursed the loan amount to ultimate borrowers/beneficiaries and are responsible for recoveries and return to the company. Above loan disbursement through P.Os represent loan against agriculture, enterprise, and livestock. Recoveries are made monthly to annually at the markup rate between 0.54 to 0.98 paisas per thousand per day.

5.2 Loan provided by OPRCT from its own resources includes loan against agriculture, livestock and enterprise. Recoveries against the loan are made monthly, semi annually or annually at the markup rate between 0.54 to 0.98 paisas per thousand per day.

5.3 The above PPAF balances has been offered as security/ hypothecation against long term borrowing obtained.

6 MICROCREDIT INTEREST FREE LOAN (UNSECURED)

	June 30, 2018		
	PPAF Restricted	MISEREOR Unrestricted	Total
Opening Balance	1,897,750	1,968,597	3,866,347
Loan Disbursed During The Period	9,460,000	750,000	10,210,000
Loan Recovered During The Period	(3,824,300)	(461,112)	(4,285,412)
	7,533,450	2,257,485	9,790,935
Less: Provision	(391,950)	(52,000)	(443,950)
Balance At 30-06-2018	<u>7,141,500</u>	<u>2,205,485</u>	<u>9,346,985</u>

6.1 These amounts have been disbursed from the revolving fund for interest free loan.

7 SHORT TERM INVESTMENT - HELD TO MATURITY

Balance At Beginning Of Period	63,400,000
Balance (Transferred-In)	1,083,646
Accrued Mark-up (Transferred-in)	(1,081,486)
Accrued Mark-up (Transferred-out)	134,837,524
Total	19,830,162
Add: Current Maturity Of Long Term Investment (Transferred-In)	(64,000,000)
Less: Encashment In the period	90,667,686
Balance At 30-06-2018	

7.1 The above investment as at June 30 2018 included Rs 26,184,040 transferred from the previous organization OCT. Upon maturity the same would encased and reinvested in the name of the company.

7.2 Short Term Investments comprise of the following:

Particular	Issued date	Maturity Date	Profit Rate (p.a) (%)	Payments Terms	Amortized Cost
SME 19.4M	13-Apr-18	13-Apr-19	5.75	On Maturity	19,638,381
SME 13.2M	19-Oct-17	19-Oct-18	5.75	On Maturity	13,574,301
ABL 13656	30-Mar-18	30-Mar-19	5.05	On Maturity	37,470,964
					<u>37,470,964</u>

8 ADVANCES AND OTHER RECEIVABLES

Transferred-In In The Year

Advances	Note (8.1)	15,948,928
Other Receivable	Note (8.2)	73,400
		<u>16,022,328</u>

8.1 Advances

Advances To Staff	6,217,406
Advances To Others	180,001
Advances To Branches	727,381

Advance To Related Parties

OPP-Urban Resource Centre	200,000
OPP-Microcredit Trust	72,000
OPP-KHASDA	1,914,420
MON-PAK	1,857,520
EWEF	72,450
OPP-RTI	4,707,750
	<u>8,824,140</u>
	<u>15,948,928</u>

8.1 Other Receivables

Receivable From PPAF - Against Expenses	61,200
Receivable From PMN - Against Expenses	12,200
	<u>73,400</u>

9 LONG TERM INVESTMENT - HELD TO MATURITY

Opening Balance	Note	40,571,136
Amortized Cost (transferred-in)		-
Accrued Mark-up		1,971,796
Amortized Cost At End Of Period	9.1	42,542,932
Less: Transfer To Current Maturity		-
		<u>42,542,932</u>

9.1 The above investments are pledged with the banks as security against running finance facilities. (Note 12)

9.2 The above investment as at June 30 2018 represent amount transferred from the previous organization OCT. Upon maturity the same would encashed and reinvested in the name of the company.

9.3 Long term investments comprise of the following:

Particular	Issued date	Maturity Date	Profit Rate (p.a) (%)	Payments Terms	Amortized Cost
DSC - CDNS (Rs. 7.875 million)	28-3-2008	27-3-2018	10.15	On Maturity	-
DSC - CDNS (Rs. 7.875 million)	2-6-2008	1-6-2018	10.15	On Maturity	-
TDR - HBL (RS. 20 million)	30-9-2010	29-9-2020	10.24	On Maturity	42,542,932
					<u>42,542,932</u>

10 PROPERTY PLANT & EQUIPMENT

Particulars	COST				ACCUMULATED DEPRECIATION				W.D.V As At	W.D.V As At	Rate
	Transferred-In on Jan 1, 2018	Addition	Deletion	TOTAL	Transferred-In on Jan 1, 2018	Deletion	For the period	Total	Jan-1-2018	June-06-2018	
OWNED											
Building	1,622,396	-	-	1,622,396	564,380	-	26,450	590,831	1,058,016	1,031,565	5%
Motor Vehicles	6,622,732	-	-	6,622,732	4,038,549	-	258,418	4,296,967	2,584,183	2,325,765	20%
Office Equipment	1,289,578	-	-	1,289,578	1,189,978	-	9,960	1,199,938	99,600	89,640	20%
Power Generator	1,446,589	-	-	1,446,589	1,056,868	-	38,972	1,095,840	389,721	350,749	20%
Furniture And Fixture	1,258,368	19,500	-	1,277,868	505,210	-	38,633	543,843	753,158	734,025	10%
Electric Equipment	3,771,757	-	-	3,771,757	2,261,831	-	150,993	2,412,823	1,509,926	1,358,934	20%
Computer And Server	592,862	47,000	-	639,862	385,381	-	41,989	427,370	207,481	212,492	33%
	16,604,282	66,500	-	16,670,782	10,002,197	-	565,416	10,567,612	6,602,085	6,103,170	
PPAF FINANCED											
Motor Vehicles	5,078,096	-	-	5,078,096	4,259,958	-	81,814	4,341,772	818,138	736,324	20%
Office Equipment	1,915,682	-	-	1,915,682	1,681,899	-	23,378	1,705,278	233,783	210,404	20%
Office Equipment (TUP)	114,740	-	-	114,740	72,510	-	2,112	74,621	42,230	40,119	10%
Office Equipment (MIOP)	281,550	-	-	281,550	171,618	-	5,497	177,114	109,932	104,436	10%
Furniture And Fixture	455,225	-	-	455,225	289,242	-	8,299	297,541	165,983	157,684	10%
Computer	1,175,000	-	-	1,175,000	1,086,249	-	14,644	1,100,893	88,751	74,107	33%
	9,020,293	-	-	9,020,293	7,561,477	-	135,743	7,697,220	1,458,816	1,323,073	
As at January 30, 2018	25,624,575	66,500	-	25,691,075	17,563,673	-	701,159	18,264,832	8,060,902	7,426,243	
11 INTANGIBLE ASSETS											
MIS And FIS Software	2,972,500	-	-	2,972,500	2,541,024	-	71,194	2,612,218	431,476	360,282	33%
As at January 30, 2018	2,972,500	-	-	2,972,500	2,541,024	-	71,194	2,612,218	431,476	360,282	
	28,597,075	66,500	-	28,663,575	20,104,697	-	772,352	20,877,049	8,492,378	7,786,526	

12 SHORT TERM BORROWINGS FROM BANKS - Secured

SME Bank Running Finance
 ABL Running Finance
 Habib Bank - Prism Account
 Habib Bank Running Finance

41,970,871
32,551,845
2,806
32,944,679
107,470,201

12.1 Terms and conditions

Description	SME		ABL	HBL		
	I	II	I	I	II	Prism Easy Loan Product
Limit	42 M	18 M	35 M	15 M	18 M	142.5 M
Tenure	30-10-2017 to 30-10-2018	28-03-2017 to 25-03-2018	30-09-2017 to 30-09-2018	30-09-2016 to 30-09-2019	30-09-2014 to 30-09-2018	30-09-2014 to 30-09-2018
Mark up	8.75 % p.a	11.25% p.a	KIBOR + 1.25% payable quarterly	Deposit rate + 0.75% payable quarterly	Deposit rate + 0.5% payable quarterly	Deposit rate + 0.5% payable quarterly
Security	DSCs of Rs. 15.75 M and TDR of Rs. 11 M	TDR of Rs. 19 M	TDR of Rs. 37 M (under lien)	Lien against PLS Account	TDR of Rs. 20 M	Lien on deposit of Rs.150 M in the name of PPAF
Purpose	To strengthen socio economic condition in rural & urban areas	To strengthen socio economic condition in rural & urban areas	For working capital requirement and microfinance	For lending money to micro business units	For lending money to micro business units	For lending money to micro business units

13 LOANS AND ADVANCES

Rupees

Loans (Unsecured)

Related Parties

Opp Research & Training Institute
 Opp Rural Development Trust
 Opp Employees Welfare Endowment Fund Trust
 Opp Micro Credit Trust
 Urban Resource Centre (Urc)
 Opp Rti (38 M)

22,200,000
10,515,000
3,600,000
2,680,500
300,000
63,500,000
102,795,500

Advances

Staff Life Insurance Premium
 Ehbab Buchat Investment
 Staff Insurance Payable
 Distress

(41,468)
17,225
34,268
(29,901)
(19,876)
102,775,624

- 13.1 The relationship of the Company with the related parties above is that the related parties are under the common control of the Company. Markup at rate of 9% per annum is paid on loan from related parties. The loans are unsecured and payable on availability of funds and demands from related parties.

14	ACCRUED INTEREST AND OTHER PAYABLES	Rupees
14.1	Accrued Interest/Markup	
	Markup on Long Term Loan	
	Interest On PPAF Loans	45,386,070
	Markup on Short Term Loan	
	Interest On Related Parties Loans	2,147,094
	Interest On RF Bank	2,223,467
		4,370,561
		49,756,631

15 LOAN TERM BORROWING FROM PPAF- Secured

	June 30, 2018		
	Regular		TOTAL
	Rupees		
Opening Balance	120,042,709	-	120,042,709
Transferred-In	-	-	-
Balance at Jun-30-2018	120,042,709	-	120,042,709

The above represents the balance amount of loan from PPAF obtained in the year 2014. Management under a negotiation with PPAF have decided to settle the amount stated in the financial statements of the Company. The aforesaid balance amount of loan is inclusive of any interest and is payable by June 2019. The loan is secured by way of hypothecation of relevant microfinance loans. (Note 14.1)

		Note	2018 June 30 Rupees
16	EQUITY FUND		
	Balance At Beginning Of Period		
	Transferred-In		136,368,584
	Membership Fee by Directors/Memers	16.1	500,000
	Balance at 30-06-2018	16.2	136,868,584

16.1 This represents amount subscribe by 5 Directors/Members of the company @ Rs 100,000 each at the time of incorporation of the company.

16.2 The above represents balances of accumulated surplus transferred on June 30, 2018 in the company as equity fund from the previous organization OCT.

2018
June 30
Rupees

17 REVOLVING, UNRESTRICTED AND RESTRICTED FUNDS

June 30, 2018					
	RESTRICTED	UNRESTRICTED		Total	
	Rupees				
Notes	17.2	-	17.4		
Balance At Beginning Of period	40,000,000	20,485,114	147,595	946,347	61,579,056
Transferred In	-	-	-	-	-
Received During The period	-	-	-	-	-
Members fees Directors					
Bad Debts		-	-	-	-
Bad Debts Written Off		-	-	-	-
Balance At End Of period	<u>40,000,000</u>	<u>20,485,114</u>	<u>147,595</u>	<u>946,347</u>	<u>61,579,056</u>

17.1 Available Assets At End Of period

Microcredit Interest Free Loan	7,533,450	2,257,485		9,790,935
Cash At Bank	32,466,550	18,227,629		50,694,179
	<u>40,000,000</u>	<u>20,485,114</u>	<u>147,595</u>	<u>946,347</u>
				<u>61,579,056</u>

17.2 The restricted fund from PPAF created out of disbursement of Rs. 40 million. The fund is given on account of interest free loan for the period of four years ending June 30, 2018 through community organizations. After completion of agreed period the funds shall be given as grant on discretion of PPAF to respective community organizations to whom the loan were granted. The Rs 40M balance was secured by a promissory note issued in favor of PPAF. No instruction has been given by PPAF

17.3 The represents unrestricted funds created out of amount received from Miserior Germany. The amounts have been disbursed to the flood affected people in interior Sindh and was included in micro finance loans.

17.4 This represent unspent balance on the projects completed. The related assets acquired out of the funds received have been included in fix

18 GENERAL RESERVE FOR LOAN LOSS

Balance At Beginning Of Period	-
Transferred-In	4,512,993
Bad Debts written off	(2,000,000)
Provision during the period	(443,950)
Balance At 30-06 2018	<u>2,069,043</u>

18.1 The reserve is created as per the agreement with PPAF at rate of 2% on amount of revolving fund disbursed by PPAF. It shall be released to income equal to the written off amount under interest free loan disbursed from funds of PPAF.

'June 30, 2018

Total

19 INCOME

Markup/ return / interest earned - OCT	8,862,041
Markup/ return / interest earned - PPAF	38,384,954
Markup/ return / interest earned - PRISM	7,991,440
	<hr/>
	55,238,435
	<hr/> <hr/>

20 MARKUP / RETURN / INTEREST EXPENSED

Markup/ return / interest expensed - PPAF	4,805,640
Markup/ return / interest expensed - RPT (Note 14)	5,475,708
Markup/ return / interest expensed - RFF (Note 14)	6,226,552
Bank Charges	6,214,540
	<hr/>
	22,722,440
	<hr/> <hr/>

21 INVESTMENT INCOME

Income From Long Term Investment	3,499,236
Income From Short Term Investment	1,064,188
Income From Bank Deposits	1,027,745
	<hr/>
	5,591,169
	<hr/> <hr/>

22 FEE AND PROCESSING CHARGES

Loan Processing Charges	5,804,074
	<hr/>
	5,804,074
	<hr/> <hr/>

The above represent loan application form charges recovered from borrowers upon processing of loan application.

23 GENERAL AND ADMIN EXPENSES

Salaries, Wages And Benefits	17,037,428
Vehicle Running And Maintenance	1,300,090
Rent And Utilities	2,304,291
Legal And Consultancy	1,162,920
Meeting Expenses	1,289,927
Supplies, Maintenance And Repair-	860,172
Travelling And Conveyance	1,692,099
Printing, Stationary, Journal And Periodicals	795,174
Power Generator Maintenance	724,921
Charity And Donation	224,346
Transportation	338,794
Audit Fee	200,000
Fees, Subscription And Honorarium	605,531
Amortization Of Intangible Assets	71,334
Depreciation	701,159
	<hr/>
	29,308,186
	<hr/> <hr/>

24 MOVEMENT FOR PROVISION OF DOUBTFUL DEBTS

	OCT OWN			PPAF			Prism			Grand Total
	Specific	General	Total	Specific	General	Total	Specific	General	Total	
Opening Balance	2,767,620		2,767,620	6,760,325		6,760,325	5,902,094		5,902,094	15,430,039
Transferred in	4,445,791		4,445,791	(4,445,791)		(4,445,791)			-	-
Amounts written off during the period	(3,574,968)		(3,574,968)	(677,631)		(677,631)	(5,202,395)		(5,202,395)	(9,454,994)
	3,638,443	-	3,638,443	1,636,903	-	1,636,903	699,699	-	699,699	5,975,045
Amount charged to P/L Ac	4,392,172	363,060	4,755,232	(1,048,235)	1,048,235	-	1,387,287	402,408	1,789,695	6,544,927
Balance at Jun 30 2018	8,030,615	363,060	8,393,675	588,668	1,048,235	1,636,903	2,086,986	402,408	2,489,394	12,519,972

25 PROGRAM EXPENSES

Support to other NGOs

<u>Total</u>
2,936,731
<u><u>2,936,731</u></u>

Program expense represent cost incurred in the period for providing support to other NGOs mainly comprise of staff cost and sharing management cost.

26 TAXATION

26.1 Company was incorporated in the current period as Not for Profit Organization and has been registered with the income tax department under Tax registration number: 7881657. The income tax return of the company would be filed by the company on the due date complying to required provisions of the income tax ordinance 2001.

26.2 As per section 100 C of the Income Tax Ordinance, 2001, the income of Non-Profit Organizations, trusts and welfare institutions shall be allowed a tax credit equal to one hundred percent of the tax payable, including final taxes payables subject to the condition that a return has been filed, tax required to be collected or deducted has been collected or deducted and paid in accordance income tax provision 2001, and withholding tax statements for the immediately preceding tax year have been filed. As the company complies with the aforesaid provision, directors and management believe that no provision for tax would arise.

27 SEGMENT REPORTING

27.1 Segment of Statement of Financial Position

June 30, 2018
Rupees

	OPRCT	PPAF	TOTAL
ASSETS			
Current Assets			
Cash and Bank Balances	50,720,371		50,720,371
Microcredit Loans			
Microcredit Interest Bearing Loans	152,328,204	208,598,773	360,926,977
Microcredit Interest Free Loans	2,205,485	7,141,500	9,346,985
	154,533,689	215,740,273	370,273,962
Short Term Investments		90,667,686	90,667,686
Other Advances, Deposits & Receivables		16,022,328	16,022,328
Accrued Markup On Loans	2,805,650	6,097,244	8,902,894
	2,805,650	112,787,258	115,592,908
Total Current Assets	208,059,710	328,527,531	536,587,241
Non Current Assets			
Long Term Investments			42,542,932
Property, Plant & Equipment	6,103,170	1,323,073	7,426,243
Intangible Fixed Assets	360,282		360,282
Long Term Deposits			502,500
	6,463,452	1,323,073	50,831,958
TOTAL ASSETS	214,523,162	329,850,604	587,419,199
LIABILITIES			
Current Liabilities			
Short Term borrowings from banks- (secured)	107,470,201		107,470,201
Other loans and advances	102,775,624		102,775,624
	210,245,825	-	210,245,825
Accrued Interest on borrowing	49,756,631		49,756,631
Accrued Expenses	1,459,526		1,459,526
	51,216,157	-	51,216,157
	261,461,982	-	261,461,982
Non-Current Liabilities			
Long term borrowing from PPAF- (secured)		120,042,709	120,042,709
	-	120,042,709	120,042,709
TOTAL LIABILITIES	261,461,982	120,042,709	381,504,691
NET ASSETS			205,914,508
REPRESENTED BY			
Capital Structure And Equity Funds	200,516,683	-	200,516,683
Accumulated surplus / (deficit)	5,397,825		5,397,825
TOTAL CAPITAL	205,914,508	-	205,914,508

27.2 Segment of Income and Expenditure Statement

	30-Jun-18		
	OWN	PPAF	---- Rupees ----
INCOME			
Markup/ return / interest earned	8,862,041	46,376,394	55,238,435
Markup/ return / interest expensed	(17,916,800)	(4,805,640)	(22,722,440)
Net Markup/ return / interest earned	(9,054,759)	41,570,754	32,515,995
OTHER OPERATING INCOME			
Investment Income	5,591,169	-	5,591,169
Fee And Processing Charges	5,804,074	-	5,804,074
Other Income	276,431	-	276,431
	11,671,674	-	11,671,674
TOTAL INCOME	2,616,915	41,570,754	44,187,669
Operating Expenses			
General And Admin Expenses	(29,236,852)	(71,334)	(29,308,186)
Provision for loan	(4,755,232)	(1,789,695)	(6,544,927)
	-	-	-
	(33,992,084)	(1,861,029)	(35,853,113)
(Deficit) / Income From Operations	(31,375,169)	39,709,725	8,334,556
Other Projects			
Program Expenses	(2,936,731)	-	(2,936,731)
Net (Deficit) / Surplus For The Period	(34,311,900)	39,709,725	5,397,825

27.3 TRANSACTION WITH RELATED PARTIES

NAMES	AMOUNT
1 <u>OPP-Urban Resource Centre</u>	
Opening Balance	-
Advances to URC Transferred-in on Jan 1 2018	200,000
Advance given/ (received) in the period	-
Loans from URC Transferred in	300,000
Net receivable at June 30, 2018	(100,000)
2 <u>OPP-Microcredit Trust</u>	
Opening Balance	-
Advances to Microcredit Truts Transferred-in on Jan 1 2018	72,000
Advance given/ (received) in the period	-
Loans from URC Transferred in	2,680,500
Net payable at June 30, 2018	(2,608,500)
3 <u>OPP-KHASDA</u>	
Opening Balance	-
Advances from Khasda Transferred-in on Jan 1 2018	1,914,420
Advance given/ (received) in the period	-
Loans from Khasda Transferred in	-
Net receivable at June 30, 2018	1,914,420
4 <u>MON-PAK</u>	
Opening Balance	-
Advances to MON-PAK Transferred-in on Jan 1 2018	1,857,520
Advance given/ (received) in the period	-
Loans from MON-PAK Transferred in	-
Net receivable at June 30, 2018	1,857,520
5 <u>Opp Employees Welfare Endowment Fund Trust</u>	
Opening Balance	-
Advances to EWEF Transferred-in on Jan 1 2018	72,450
Advance given/ (received) in the period	-
Loans from EWEF Transferred in	3,600,000
Net payable at June 30, 2018	(3,527,550)
6 <u>Opp Rural Development Trust</u>	
Opening Balance	-
Advances to EWEF Transferred-in on Jan 1 2018	-
Advance given/ (received) in the period	-
Loans from EWEF Transferred in	10,515,000
Net payable at June 30, 2018	10,515,000
7 <u>Opp Research & Training Institute</u>	
Opening Balance	-
Advances to RTI Transferred-in on Jan 1 2018	2,146,000
Advance given in the period	2,561,750
	4,707,750
Loans from RTI Transferred-in on Jan 1 2018	(50,200,000)
Loans from RTI (received) in the period	(35,500,000)
	(85,700,000)
Net payable at June 30, 2018	(80,992,250)

28 FINANCIAL INSTRUMENTS BY CATEGORY**On Balance Sheet Assets**
Financial assets**Held to maturity**
InvestmentsShort Term Investment
Long-term Investments

90,667,686
42,542,932
133,210,618

Loans and receivablesLong term deposits
Loans and advances
Mark-up accrued
Other receivables
Cash and bank balances

502,500
370,273,962
8,902,894
16,022,328
50,720,371
446,422,055

579,632,673**On Balance Sheet Liabilities****Financial liabilities****Financial liabilities measured at amortized cost**Long term loans
Mark-up accrued
Short-term borrowings
Other loans and advances

107,470,201
49,756,631
107,470,201
102,775,624
367,472,657

Reconciliation of financial assets and liabilities with total assets and liabilities**Total financial assets****Add: Non financial assets**Property and equipment
Intangibles assets

7,426,243
360,282
7,786,526

Total assets

587,419,199**Total financial liabilities****Add: Non financial liabilities**

367,472,657

Total liabilities

367,472,657

28.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The board of directors has the overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

This note presents the information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react changes in market conditions and the Company's activities.

28.1.2 Credit risk

Credit risk is the risk which arises with possibility that one party to financial instrument will fail to discharge its obligations and cause the other party to incur financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transaction with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk on long term loans, advances, deposits, trade debts and other bank balances. The Company seeks to minimize the credit risk exposure through exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is as follows:

28.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from commercial banks to meet its liquidity requirements. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the board.

28.1.4 Market risk

The company is not exposed to market risk.

28.1.5 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's long term and short term loan facilities.

28.1.6 Capital risk management

The Company finances its expansions projects through equity, further borrowings and own fund projections with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

28.2 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received so sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirements to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

28.2.1 Recognized fair value measurements - financial instruments

Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

As at June 30 2018	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Microcredit interest bearing loans			360,926,977	
Microcredit interest free loans			9,346,985	
Accrued Markup On Loans			8,902,894	
Property, Plant & Equipment			6,394,678	
Intangible Fixed Assets			360,282	
Long Term Deposits			502,500	
Short term investments			90,667,686	
Long term investments			42,542,932	
Total	-	-	-	519,644,934

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the

Level 1: The fair value of financial instruments **traded in active markets** (such as publicly traded derivatives, and trading and available-for-sale securities) is based on **quoted market prices** at the end of the reporting period. The quoted market price used for financial assets held by the Company is **the current bid price**. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

28.2.2 Recognized fair value measurements - non-financial assets

Fair value hierarchy

Judgments and estimates are made for non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.


As at 1 June 30, 2018	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Property and equipment:				-
- Building		1,031,565		1,031,565
				-
Total	-	1,031,565	-	1,031,565

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

29 GENERAL

- 29.1 Number average no of employees of the company in the period was 103. This represents staff transferred from the previous organization.
- 29.2 There have been no related party transactions other than those disclosed in the financial statements.
- 29.3 The figures have been rounded off nearest to the rupees.
- 29.4 These financial statements have been approved by the Board of Directors and authorized for issue on

29-Sep-2018

 1+MJD

 CHIEF EXECUTIVE



 DIRECTOR



 CHIEF FINANCIAL OFFICER