

Financial Statements

For the Half Year ended

31 December 2022

(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 31 December 2022.

During the period July to December 2022, KfW approved an amount of EUR 9.5 million as additional financing for 16 flood-affected Union Councils of D.I. Khan, Tank, and Lakki Marwat of Khyber Pakhtunkhwa. Under the Project, PPAF shall finance 100 Integrated Area Uplift Programs (IAUPs) where 1 IAUP on an average shall comprise on 4-5 community infrastructure schemes (CPI), in combination reinforcing each other's impact for the community. A total of 2000 participants shall be trained from adults and youth around skill trainings, 50% of which shall be women. In addition to this, 5000 members shall participate in citizen-state dialogue events across the project region, 30 of which shall be women.

PPAF remained the first organization to respond against the devastated floods that hit the vast areas of Pakistan in July and August 2022. PPAF Board approved Rs. 250 million for emergency response and relief activities which were carried out in the most affected areas of all four provinces. In addition to this, the ITC has approved the provision of 14,500 wheat seed bags through PPAF to the local farmers on an immediate basis to address the crop production forecasted in near future.

PPAF continued its integrated programs through its own resources; Livelihoods and Small-scale Infrastructure Program – LACIP (funded by KfW through GoP); Hydro and Renewable Energy Project (funded by KfW through GoP) focused on energy access in KP is nearing completion. Further, the matching grants for the development of local small and medium enterprises around value chains under Growth for Rural Advancement and Sustainable Progress (GRASP) was initiated in the targeted provinces of Sindh and Baluchistan.

Operational and Financial Results:

The Company's operations continued steadily during the first half year of the financial year 2022-23. Total income generated in six months was Rs. 2,054 million compared to Rs. 1,518 million during the corresponding period last year indicating an increase of Rs. 536 million;

increase of 35%. Service charges on loans to Pakistan Microfinance Investment Company (PMIC)/POs increased to Rs. 529 million from 326 million corresponding period last year, representing a increase of Rs. 203 million; 62%. The increase was due to increase in KIBOR to which pricing is linked.

Income from investments/saving accounts was Rs 1,176 million as compared to Rs 940 million for the corresponding period last year indicating an increase of Rs. 236 million; 25%. Increase in income was mainly due to the increase in KIBOR rate. The Company received Rs. 64 million as operational support from donors (Jul - Dec 21: Rs. 61 million). The amortized income (difference between present value and loan proceeds recognizable as income over loan period) for six months was Rs 87 million as compared to Rs. 84 million during the corresponding period last year. Surplus before project and relief activities for six months was Rs. 1,430 million (Jul - Dec 21: Rs. 859 million). Net surplus for six months was Rs 1,239 million (Jul - Dec 21: Rs. 814 million).

The general and administrative expenses decreased by 6% to Rs. 477 million (Jul - Dec 21: Rs. 508 million) mainly on account of transfer of NPGP Project to Ministry of PA&SS due to which there was a decrease in salary, travel expenses and other related expenses. Seminar, workshops, and training expenses were Rs 2.8 million (Jul – Dec 2021: Rs 3 million); technical and other studies - Rs. 31 million (Jul – Dec 2021: Rs. 27 million); and financial charges - Rs 127 million (Jul – Dec 2021: Rs. 135 million). In addition, an amount of Rs 191 million (Jul – Dec 2021: Rs 45 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. 25 billion which is a key element in the sustainability of the organization. As of 31 December 2022, total equity and reserves stood at Rs 25,134 million (June 30, 2022: Rs 23,894 million); total assets at Rs 32,850 million (June 30, 2022: Rs 32,168 million); debt repayable to Government of Pakistan (GoP) at Rs. 6,699 million (June 30, 2022: Rs. 7,229 million) and loans receivable from POs and PMIC at Rs 6,125 million (June 30, 2022: Rs 6,689 million).



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.

20 April 2023



Nadir Gul Barech
Acting Chief Executive Officer

PAKISTAN POVERTY ALLEVIATION FUND
(A Company incorporated under section 42 of the Companies Act, 2017)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

		Un-audited 31-Dec-22	Audited 30-Jun-22
	Note	----- Rupees '000 -----	
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	251,293	274,058
Intangible assets	5	22,779	27,435
Investment in the Associate	6	3,772,858	3,645,273
Long term investments	7	6,889,369	6,148,444
Long term loans to Associate	8	4,982,530	5,546,419
Long term loans and advances		5,327	6,147
Long term deposits		7,103	7,103
		15,931,259	15,654,879
CURRENT ASSETS			
Current portion of long term loans to Associate	8	1,142,938	1,142,938
Loans and advances		5,329	8,666
Grant fund receivable		183,195	181,681
Short term prepayments		12,778	845
Profit / service charges receivable	9	843,674	493,983
Advances and other receivables	10	305,281	134,655
Short term investments	11	10,958,770	13,000,468
Tax refunds due from the Government	12	424,449	420,032
Bank balances specific to projects	13	1,097,318	788,124
Cash and bank balances	14	1,945,408	341,800
		16,918,740	16,513,192
TOTAL ASSETS		32,849,999	32,168,071
FUNDS, RESERVES AND LIABILITIES			
FUNDS AND RESERVES			
Endowment fund	15	1,000,000	1,000,000
Grant fund		13,453,871	13,031,426
Accumulated surplus		7,053,119	6,935,629
		21,506,990	20,967,055
Reserve for grant based activities		3,626,668	2,927,267
		25,133,658	23,894,322
NON-CURRENT LIABILITIES			
Lease liabilities	16	185,979	173,043
Long term financing	17	4,579,774	5,022,640
Deferred benefit	17	993,794	1,081,082
		5,759,547	6,276,765
CURRENT LIABILITIES			
Current portion of lease liabilities	16	923	601
Current portion of long term financing	17	1,125,465	1,125,465
Deferred liabilities - grant fund	18	738,936	721,306
Deferred capital grant		11,761	1,320
Trade and other payables		69,036	136,472
Service charges payable		10,673	11,820
		1,956,794	1,996,984
TOTAL FUNDS, RESERVES AND LIABILITIES		32,849,999	32,168,071

The annexed notes from 1 to 23 form an integral part of these interim condensed financial statements.

Acting Chief Executive Officer

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Chief Financial Officer

PAKISTAN POVERTY ALLEVIATION FUND
(A Company incorporated under section 42 of the Companies Act, 2017)
INTERIM CONDENSED STATEMENT OF INCOME AND EXPENDITURE (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Note	Un-audited 31-Dec-22 ----- Rupees '000 -----	Un-audited 31-Dec-21 ----- Rupees '000 -----
INCOME			
Service charges on loans to Associate		529,247	325,543
Income on investments and saving accounts	19	1,176,150	940,485
Share of profit of the Associate	6	127,585	106,820
Amortization of deferred income - grant fund		124,947	61,001
Amortization of deferred benefit	17.2.1	87,288	83,964
Other income		8,910	183
		2,054,127	1,517,996
EXPENDITURE			
General and administrative expenses	20	477,223	507,688
Seminars, workshops and trainings		2,826	3,302
Technical and other studies		31,442	26,605
Reversal of allowance for expected credit losses		(14,500)	(13,340)
Financial charges	21	126,674	135,073
		623,665	659,328
SURPLUS BEFORE PROJECT AND RELIEF ACTIVITIES		1,430,462	858,668
Expenditure on project and relief activities	22	(191,126)	(44,864)
SURPLUS FOR THE YEAR		1,239,336	813,804

The annexed notes from 1 to 23 form an integral part of these interim condensed financial statements.


 Acting Chief Executive Officer


 Chief Financial Officer

PAKISTAN POVERTY ALLEVIATION FUND
(A Company incorporated under section 42 of the Companies Act, 2017)
INTERIM CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	For the half year ended	
	31-Dec-22	31-Dec-21
	----- Rupees '000 -----	
SURPLUS FOR THE PERIOD	1,239,336	813,804
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		
Items that will not be subsequently reclassified to statement of income and expenditure		
Share of other comprehensive income of Associate - net of tax	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>1,239,336</u>	<u>813,804</u>

The annexed notes from 1 to 23 form an integral part of these interim condensed financial statements.



 Acting Chief Executive Officer



 Chief Financial Officer

PAKISTAN POVERTY ALLEVIATION FUND

(A Company incorporated under section 42 of the Companies Act, 2017)

INTERIM CONDENSED STATEMENT OF CHANGES IN FUNDS AND RESERVES (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	FUNDS		RESERVES		TOTAL
	Endowment fund	Grant fund	Accumulated surplus	Reserve for grant based activities	
	----- Rupees '000 -----				
Balance at 30 June 2021 - Audited	1,000,000	12,363,651	6,731,415	3,025,542	23,120,608
Total comprehensive income for the period					
Surplus for the period	-	-	813,804	-	813,804
Other comprehensive income for the period	-	-	-	-	-
Transfer from accumulated surplus to reserve for grant based activities	-	-	813,804	-	813,804
Transfer from accumulated surplus to grant fund	-	-	(464,177)	464,177	-
Balance at 31 December 2021 - Un-audited	-	280,238	(280,238)	-	-
	1,000,000	12,643,889	6,800,804	3,489,719	23,934,412
Balance at 30 June 2022 - Audited	1,000,000	13,031,426	6,935,629	2,927,267	23,894,322
Total comprehensive income for the period					
Surplus for the period	-	-	1,239,336	-	1,239,336
Other comprehensive income for the period	-	-	-	-	-
Transfer from accumulated surplus to reserve for grant based activities	-	-	1,239,336	-	1,239,336
Transfer from accumulated surplus to grant fund	-	-	(699,401)	699,401	-
Balance at 31 December 2022 - Un-audited	-	422,445	(422,445)	-	-
	1,000,000	13,453,871	7,053,119	3,626,668	25,133,658

Balance at 30 June 2021 - Audited

Total comprehensive income for the period

Surplus for the period

Other comprehensive income for the period

Transfer from accumulated surplus to reserve for grant based activities

Transfer from accumulated surplus to grant fund

Balance at 31 December 2021 - Un-audited

Balance at 30 June 2022 - Audited

Total comprehensive income for the period

Surplus for the period

Other comprehensive income for the period

Transfer from accumulated surplus to reserve for grant based activities

Transfer from accumulated surplus to grant fund

Balance at 31 December 2022 - Un-audited

The annexed notes from 1 to 23 form an integral part of these interim condensed financial statements.

Acting Chief Executive Officer

Chief Financial Officer

PAKISTAN POVERTY ALLEVIATION FUND
(A Company incorporated under section 42 of the Companies Act, 2017)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

		Un-audited 31-Dec-22 ----- Rupees '000 -----	Un-audited 31-Dec-21 ----- Rupees '000 -----
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Surplus for the period		1,239,336	813,804
Adjustment for non cash and other items:			
Depreciation of property and equipment	4	35,048	57,380
Amortization of intangible assets	5	4,656	-
Share of profit of Associate	6	(127,585)	(106,820)
Reversal of allowance for expected credit losses		(72,079)	(13,340)
Amortization of deferred income - grant fund		(124,947)	(61,000)
Amortization of deferred benefit	17.2.1	(87,288)	(83,964)
Reversal of project and relief activities expense		-	(32,321)
Gain on disposal of property and equipment		(15)	(5)
Financial charges	21	126,674	135,073
		<u>(245,536)</u>	<u>(104,997)</u>
		993,800	708,807
Working capital changes			
Decrease / (increase) in current assets:			
Loans and advances		3,337	8,263
Short term prepayments		(11,933)	(10,818)
Profit / service charges receivable		(349,691)	67,600
Advances and other receivables		(170,626)	(612,365)
(Decrease) / increase in current liabilities:			
Trade and other payables		(67,436)	(30,717)
		<u>(596,349)</u>	<u>(578,037)</u>
		397,451	130,770
Disbursements to partner organizations - Grants	18.1	(990,215)	(1,637,711)
Repayment of long term loans to Associate	8	563,888	571,470
Recoveries of loans to partner organizations		72,479	21,100
Long term loans and advances		820	2,911
Income tax paid		(4,417)	(6,784)
Service charges paid		(27,110)	(31,880)
Financial charges paid		(165)	(507)
		<u>(384,720)</u>	<u>(1,081,401)</u>
Cash used in operating activities		12,731	(950,631)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments realised / (made) - net		1,496,771	(376,020)
Capital expenditure incurred	4 & 5	(12,411)	(18,158)
Proceeds from disposal of property and equipment	4	143	20
Cash used in investing activities		1,484,503	(394,158)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liabilities paid	16	-	(462)
Long term financing repaid	17	(530,153)	(639,797)
Deferred liabilities - grant fund receipts	18	1,017,874	224,015
Deferred income - grant fund receipts		123,845	61,000
Cash generated from / (used in) financing activities		611,566	(355,244)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		2,108,800	(1,700,033)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,502,924	3,424,021
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		3,611,724	1,723,988

The annexed notes from 1 to 23 form an integral part of these interim condensed financial statements.

Acting Chief Executive Officer

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Chief Financial Officer

PAKISTAN POVERTY ALLEVIATION FUND
(A Company incorporated under section 42 of the Companies Act, 2017)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

1. STATUS, BACKGROUND AND NATURE OF OPERATIONS

- 1.1** Pakistan Poverty Alleviation Fund (the Company/ PPAF) was registered in Pakistan on February 6, 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 section 42 of the Companies Act, 2017). The registered office of the Company is situated at plot 14, street 12, Mauve Area, G-8/1, Islamabad, Pakistan.
- 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 31 December 2022 are un-audited and have been prepared in accordance with the requirements of International Accounting Standard - 34: "Interim Financial Reporting". These interim condensed 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 30 June 2022. Comparative interim condensed statement of financial position is extracted from annual audited financial statements for the year ended 30 June 2022, whereas, comparative interim condensed statement of income and expenditure, interim condensed statement of cash flows, and interim condensed statement of changes in fund and reserves are stated from unaudited interim condensed financial statements for the half year ended 31
- 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 interim condensed financial statements are the same as those applied in preparation of the annual financial statements for the year ended 30 June 2022.

4. PROPERTY AND EQUIPMENT

	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Right of use asset (note 4.2)	Total
	Rupees in '000					
At 01 July 2021						
Cost	31,290	96,087	68,354	118,791	334,621	649,143
Accumulated depreciation	(24,107)	(56,961)	(48,823)	(83,227)	(76,113)	(289,231)
Net book value	7,183	39,126	19,531	35,564	258,508	359,912
Year ended 30 June 2022						
Opening net book value	7,183	39,126	19,531	35,564	258,508	359,912
Additions	124	-	5,027	15,834	-	20,985
Remeasurement of lease liability	-	-	-	-	(28,262)	(28,262)
Disposals						
Cost	(1,957)	-	(204)	(6,321)	-	(8,482)
Accumulated depreciation	1,957	-	184	4,225	-	6,366
	-	-	(20)	(2,096)	-	(2,116)
Depreciation charge	(2,432)	(11,186)	(5,818)	(15,054)	(41,971)	(76,461)
Closing net book value	4,875	27,940	18,720	34,248	188,275	274,058
At 30 June 2022 - Audited						
Cost	29,457	96,087	73,177	128,304	288,788	615,813
Accumulated depreciation	(24,582)	(68,147)	(54,457)	(94,056)	(100,513)	(341,755)
Net book value	4,875	27,940	18,720	34,248	188,275	274,058
Period ended 31 December 2022						
Opening net book value	4,875	27,940	18,720	34,248	188,275	274,058
Additions	-	-	868	11,543	-	12,411
Disposals						
Cost	-	-	-	(691)	-	(691)
Accumulated depreciation	-	-	-	563	-	563
	-	-	-	(128)	-	(128)
Depreciation charge	(1,162)	(5,639)	(3,164)	(8,162)	(16,921)	(35,048)
Closing net book value	3,713	22,301	16,424	37,501	171,354	251,293
At 31 December 2022 - Un-audited						
Cost	29,457	96,087	74,045	139,156	288,788	627,533
Accumulated depreciation	(25,744)	(73,786)	(57,621)	(101,655)	(117,434)	(376,240)
Net book value	3,713	22,301	16,424	37,501	171,354	251,293
Annual rate of depreciation (%)	20	20	20	25	11 - 25	

4.1 Depreciation for the year is charged to general and administrative expenses.

4.2 Right of use asset represents office premises obtained on rent by the Company.

4.3 No fixed assets having net book value in excess of Rs 5,000 thousand were sold during the year.

5. INTANGIBLE ASSETS

	Note	Satellite imageries	Computer Softwares	Total
		Rupees in '000		
At 01 July 2021				
Cost		19,078	19,157	38,235
Accumulated amortization		(19,078)	(19,157)	(38,235)
Net book value		-	-	-
Year ended 30 June 2022				
Opening net book value		-	-	-
Additions		-	28,889	28,889
Disposals		-	-	-
Amortization charge	5.1	-	(1,454)	(1,454)
Closing net book value		-	27,435	27,435
At 30 June 2022 - Audited				
Cost		19,078	48,046	67,124
Accumulated amortization		(19,078)	(20,611)	(39,689)
Net book value		-	27,435	27,435
Period ended 31 December 2022				
Opening net book value		-	27,435	27,435
Additions		-	-	-
Disposals		-	-	-
Amortization charge	5.1	-	(4,656)	(4,656)
Closing net book value		-	22,779	22,779
At 31 December 2022 - Un-audited				
Cost		19,078	48,046	67,124
Accumulated amortization		(19,078)	(25,267)	(44,345)
Net book value		-	22,779	22,779
Annual rate of amortization (%)		25	25-33	

5.1 Amortization charge for the year has been taken to general and administrative expenses.

6. INVESTMENT IN THE ASSOCIATE

	Un-audited 31-Dec-22	Audited 30-Jun-22
	----- Rupees '000 -----	
Balance at the beginning	3,645,273	3,386,298
Share of profit / (loss) of the Associate		
Recognized in the statement of income and expenditure	127,585	261,830
Recognized in the statement of other comprehensive income	-	(2,855)
	127,585	258,975
Balance at the end	3,772,858	3,645,273

- 6.1 The Company has a 49% interest (2,883,256 shares) in Pakistan Microfinance Investment Company Limited (PMIC), an unlisted public company registered with SECP on August 10, 2016, and licensed to act as an Investment Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. The registered office of PMIC is situated at 21st Floor, Ufone Tower, 55 C, Main Jinnah Avenue, Blue Area, Islamabad, Pakistan.
- 6.2 The Company's interest in PMIC is accounted for using the equity method in the financial statements, as the Company has significant influence over PMIC's operational and financial policies but does not have control over PMIC. Control is achieved when the Company is exposed, or has right to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee. The aforesaid investment in the associate have been made in accordance with the requirements under the Companies Act, 2017.

		Un-audited 31-Dec-22	Audited 30-Jun-22
	Note	----- Rupees '000 -----	
7. LONG TERM INVESTMENTS			
At Amortized cost			
Specific to Endowment fund			
Pakistan Investment Bonds (PIBs)	7.1	1,000,000	1,000,000
Unamortized premium on purchase of PIBs		3,626	3,626
		1,003,626	1,003,626
Specific to others			
Pakistan Investment Bonds (PIBs)	7.2	6,461,900	15,533,700
Unamortized discount on purchase of PIBs		(576,157)	(562,914)
		5,885,743	14,970,786
Less: amount due within twelve months shown under short term investments			
Pakistan Investment Bonds (PIBs)		-	(9,825,968)
		6,889,369	6,148,444

7.1 Represents investments in PIBs as follows:

Principal Rupees '000	Issue date	Purchase Date	Maturity date	Coupon rate (per annum)	Payment terms (Coupon)
200,000	September 19, 2019	August 20, 2021	September 19, 2024	9.5%	Semi annually
400,000	September 19, 2019	July 28, 2022	September 19, 2024	9.5%	Semi annually
400,000	August 4, 2022	October 24, 2022	August 4, 2025	10.0%	Semi annually
1,000,000					

7.2 Represents investments in PIBs as follows:

Principal Rupees '000	Issue date	Purchase Date	Maturity date	Coupon rate (per annum)	Payment terms (Coupon)
994,700	September 19, 2019	March 27, 2020	September 19, 2024	9.5%	Semi annually
922,200	September 19, 2019	November 26, 2021	September 25, 2024	9.5%	Semi annually
3,987,000	October 15, 2020	December 22, 2021	October 15, 2025	7.5%	Semi annually
558,000	October 15, 2020	December 22, 2021	October 15, 2025	7.5%	Semi annually
6,461,900					

	Note	Un-audited 31-Dec-22 ----- Rupees '000 -----	Audited 30-Jun-22 ----- Rupees '000 -----
8. LONG TERM LOANS TO ASSOCIATE			
PMIC - unsecured	8.1 & 8.2	6,125,468	6,689,357
Less: Amount receivable within next twelve months shown as a current portion of long term loan to Associate		(1,142,938)	(1,142,938)
		4,982,530	5,546,419

8.1 The Company and PMIC signed a Master Subordinated Loan Framework Agreement, on November 17, 2016, for the provision of subordinated loans to PMIC, up to a total amount of Rs 12,347,520 thousand, utilizing funds available to the Company for lending activities, under the Financing Agreements with the Government of Pakistan (GoP). The subordinated loans were disbursed under separate subordinate loan agreements as and when the related repayments were received by the Company, against the Company's loans to its POs, within fifteen days after the end of each calendar quarter. These loans were unsecured and fully subordinated to all other indebtedness of PMIC, carrying service charges at the rate of six months KIBOR plus 100 basis points, unless otherwise agreed by both parties, pursuant to the occurrence of specified conditions. The due dates of these loans will not be later than January 7, 2032.

8.2 After obtaining appropriate approvals from SECP, pursuant to a special resolution passed by the Company's members in accordance with the requirements of section 199 of the Companies Act, 2017, the Company has disbursed ten separate loans in prior years. The pertinent information regarding these loans is as follows:

Date of disbursement	Principal amounts disbursed (Rupees '000)	First instalment date	Last instalment date	Outstanding principal amount (Rupees '000)	Remaining no of instalments
June 1, 2017	824,000	October 7, 2018	October 7, 2031	460,406	30
June 29, 2017	994,000	January 7, 2019	January 7, 2032	569,659	31
August 8, 2017	1,663,000	January 7, 2019	January 7, 2032	953,060	31
November 3, 2017	2,869,000	January 7, 2019	January 7, 2032	1,644,215	31
December 28, 2017	350,000	January 7, 2019	January 7, 2032	200,584	31
January 29, 2018	2,131,000	January 7, 2019	January 7, 2032	1,221,269	31
May 3, 2018	1,000,000	January 7, 2019	January 7, 2032	573,097	31
June 4, 2018	417,000	January 7, 2019	January 7, 2032	238,981	31
August 13, 2018	395,000	January 7, 2019	January 7, 2032	226,373	31
December 11, 2018	66,000	January 7, 2019	January 7, 2032	37,824	31
	10,709,000			6,125,468	

No new loan was disbursed to the associate during the period ended 31 December 2022 and year ended 30 June 2022.

		Un-audited 31-Dec-22	Audited 30-Jun-22
	Note	----- Rupees '000 -----	
9. PROFIT / SERVICE CHARGES RECEIVABLE			
Profit on Investments:			
Specific to Endowment Fund		45,910	36,896
Specific to others		536,527	457,087
		582,437	493,983
Service charges receivable on loans to Associate		261,237	-
Service charges receivable on loans to POs		117,518	149,536
Less: allowance for expected credit losses		(117,518)	(149,536)
		-	-
		843,674	493,983

10. ADVANCES AND OTHER RECEIVABLES

Advances to suppliers		4,682	136
Advances to partner organizations	10.1	241,543	77,279
Considered good, unsecured			
Withholding tax withheld by FBR	10.2	54,723	54,723
Employees		4,333	2,517
		305,281	134,655

10.1 It represents advances given to POs for the implementation of various projects sponsored from PPAF own resources against which utilization will be reported as expense.

10.2 In 2018, FBR created a demand via letter dated September 19, 2017, under section 161/205 for the tax year 2014, whereby, an amount of Rs 61,727 thousand was determined to be payable by the Company. On October 4, 2017, the Company filed an appeal with the Commissioner Inland Revenue - Appeals [CIR(A)] against the demand and for grant of stay. The application for stay being dismissed, an amount of Rs 61,727 thousand was withdrawn by FBR on October 27, 2017 from the Company's bank account. The Company filed new appeal with CIR (A) who remanded back on April 23, 2018. On June 30, 2019 a new order reducing the demand to Rs 16,348 thousand was issued. The Company again filed an appeal on July 31, 2019, for which a order was received on June 23, 2021, reducing the demand to Rs 3,268 thousand along with default surcharge of Rs 3,736 thousand. The Company has accepted the order and is not pursuing it as per the recommendation by the Company's legal advisor. The Company is in a process of filling a refund application for the remaining amount.

		Un-audited 31-Dec-22	Audited 30-Jun-22
	Note	----- Rupees '000 -----	
11. SHORT TERM INVESTMENTS			
Current portion of long term investments			
Pakistan Investment Bonds (PIBs)		-	9,825,968
At Amortized cost			
Specific to others			
Term Deposit Receipts (TDRs)	11.1	1,571,500	3,174,500
Government Treasury Bills	11.2	9,387,270	-
		10,958,770	13,000,468

11.1 These funds are invested in Term Deposit Receipts (TDRs) maturing within one month to one year from the date of investment, at per annum mark-up rates ranging from 11.48% to 15.62% (2022: 11.48% to 15.62%) per annum.

11.2 These funds are invested in Government Treasury Bills maturing within one month to one year from the date of investment, at per annum mark-up rates ranging from 15.62% to 16.80% per annum.

12. TAX REFUNDS DUE FROM THE GOVERNMENT

- 12.1 This represents tax refunds in respect of withholding tax deducted on behalf of the Company, relating to tax years 2003 to 2022. Management is confident that the tax department will allow the refunds as these are valid refund claims of the Company under the Income tax Ordinance, 2001. All the related evidences are available and verifiable.

	Note	Un-audited 31-Dec-22 ----- Rupees '000 -----	Audited 30-Jun-22
13. BANK BALANCES SPECIFIC TO PROJECTS			
Current accounts - In local currency			
Government of Pakistan:			
- KfW Renewable Energy (RE)		96,838	102,153
- KfW Livelihood Support and Protection of Small Community Infrastructure (LACIP I)		32,320	32,320
- Prime Minister's Interest Free Loan (PMIFL I) Scheme		309,929	276,777
NDRMF - Building Resilience to Disasters and Climate Change (BRDCC)		42,560	47,572
	13.1	481,647	458,822
Saving accounts - In local currency			
Government of Pakistan - KfW Livelihood Support and Protection of Small Community Infrastructure (LACIP II)		161,595	20,556
UNHCR - Poverty Graduation for Refugees in Mansehra and Peshawar in KPK and Chaghi in Baluchistan (PGR)		24,273	34,169
International Trade Center - Growth for Rural Advancement and Sustainable Progress (GRASP)		366,782	230,371
Citi Foundation - Revitalizing Youth Enterprise (RYE)		13,818	13,819
Engro Foundation - The Dairy Development Program (DDP)		8,989	30,387
Citi Foundation - Emergency Relief Assistance		33,152	-
PepsiCo - Emergency Relief Assistance		7,062	-
	13.2	615,671	329,302
		1,097,318	788,124

- 13.1 Under the financing agreements signed with the donors, the Company is allowed to draw funds from these special accounts for carrying out eligible activities.
- 13.2 These balances carry mark-up ranging between 5.5% to 12.5% (2022: 5.5% to 12.5%) per annum.

	Note	Un-audited 31-Dec-22 ----- Rupees '000 -----	Audited 30-Jun-22
14. CASH AND BANK BALANCES			
Cash at banks in:			
- Current accounts		20	21
- Deposit accounts	14.1	1,945,388	341,779
		1,945,408	341,800

- 14.1 These balances carry mark-up ranging between 5.5% to 12.5% (2022: 5.5% to 12.5%) per annum.

15. ENDOWMENT FUND

This represents the amounts paid by GoP for the Endowment Fund under the Subsidiary Financing Agreements (SFAs) for IDA I and IDA II projects, directly credited in the statement of changes in funds and reserves. Under the SFA, the fund is to be invested in government schemes / bonds, and the income generated there from shall be utilized for revenue and capital expenditure of the Company.

		Un-audited 31-Dec-22	Audited 30-Jun-22
		----- Rupees '000 -----	
16. LEASE LIABILITIES			
Balance at the beginning		173,644	273,598
Remeasurement of lease liabilities		-	(30,228)
Unwinding of interest on lease liabilities		13,258	36,189
Payments during the year		-	(105,915)
Balance at the end		186,902	173,644
Less: transferred to current portion of lease liabilities		(923)	(601)
		185,979	173,043
17. LONG TERM FINANCING - UNSECURED			
Unsecured from Government of Pakistan - a related party:			
- PPAF - II (IDA financing)	17.1	2,864,456	3,222,534
- PPAF - III (IDA financing)	17.2	2,344,997	2,410,122
- IFAD financing - MIOP	17.3	458,724	496,951
- IFAD financing - PRISM	17.4	1,030,856	1,099,580
		6,699,033	7,229,187
Less: Deferred benefit of below market rate of interest on long-term financing - Government of Pakistan - PPAF-III (IDA financing)	17.2.1	(993,794)	(1,081,082)
		5,705,239	6,148,105
Less: amount due within the twelve month shown as a current liability		(1,125,465)	(1,125,465)
		4,579,774	5,022,640
17.1 Government of Pakistan - PPAF - II (IDA financing)			
Balance at the beginning		3,222,534	3,938,691
Amount repaid		(358,078)	(716,157)
Balance at the end		2,864,456	3,222,534

A second DCA was signed between IDA and the GoP on January 20, 2004, in respect of PPAF II. Under the agreement IDA made available to GoP a sum of SDR of 168.1 million, over a period of four years, to be utilized by the GoP, through the Company.

Under an SFA dated March 24, 2004, executed between the GoP and the Company, 56% of the amount was disbursed as a loan to the Company and the balance as a grant, on a non-reimbursable basis. The principal amount of the loan is repayable over a period of twenty three years, including the grace period of eight years, in thirty semi-annual instalments, payable on each February 1 and August 1, commencing from February 1, 2012 and ending on August 1, 2026. Each instalment, up to and including the instalment payable on August 1, 2017, shall be equal to 2.083% of such principal amount, and each instalment thereafter, shall be equal to 4.167% of such principal amount. These loans carry a service charge of 0.75% per annum on the principal amount of the loan withdrawn and outstanding from time to time, and a commitment charge at the rate set by IDA, on the principal amount of the loan not withdrawn from time to time. The service and commitment charges are payable on February 1 and August 1 each year.

		Un-audited 31-Dec-22 ----- Rupees '000 -----	Audited 30-Jun-22
17.2	Government of Pakistan - PPAF - III (IDA financing)		
	Balance at the beginning	2,410,122	2,540,372
	Amount repaid	(65,125)	(130,250)
	Balance at the end	2,344,997	2,410,122
	Less: Deferred benefit of below market rate of interest on long-term financing		
	17.2.1	(993,794)	(1,081,082)
		<u>1,351,203</u>	<u>1,329,040</u>

A financing agreement was signed between IDA and the GoP on June 9, 2009 in respect of PPAF III. Under the agreement, IDA shall make available to GoP a sum of SDR of 167.2 million over a period of 5 years to be utilized by GoP through the Company.

Under a Subsidiary Loan Agreement (SLA) dated June 15, 2009 executed between the GoP and the Company, the GoP agreed to provide 13% of the amount as a loan to the Company, and the balance as a grant on a non-reimbursable basis. The principal amount of the loan is repayable over a period of twenty three years, including the grace period of eight years, in thirty semi-annual instalments, payable on each June 15 and December 15 commencing from June 15, 2017 and ending on December 15, 2031. Each instalment, up to and including the instalment payable on December 15, 2022, shall be equal to 2.083% of such principal amount, and each instalment thereafter shall be equal to 4.167% of such principal amount. These loans carry a service charge of 0.75% per annum on the principal amount of the loan withdrawn and outstanding from time to time, and a commitment charge at the rate set by IDA, on the principal amount of the loan not withdrawn from time to time. The service and commitment charges are payable on June 15 and December 15 each year.

- 17.2.1** The loan is carried at its present value computed at a market based interest rate i.e. 15% per annum. The difference between the present value and the loan proceeds, is recognized as a deferred benefit. The deferred benefit is recognized as income using the effective interest method over the period of the loan. The movement in the deferred benefit during the year is as follows:

	Un-audited 31-Dec-22 ----- Rupees '000 -----	Audited 30-Jun-22
Deferred benefit		
Balance at the beginning	1,081,082	1,249,657
Amortization during the year	(87,288)	(168,575)
Balance at the end	<u>993,794</u>	<u>1,081,082</u>
17.3	Government of Pakistan - (IFAD financing - MIOP)	
	Balance at the beginning	496,951
	Amount repaid	(38,227)
	Balance at the end	<u>458,724</u>
		573,405
		(38,227)
		<u>535,178</u>

A programme loan agreement was signed between the International Fund for Agriculture Development (IFAD) and the GoP on January 18, 2006, in respect of the Micro-finance Innovation and Outreach Programme (MIOP). Under the agreement IFAD shall make available to GoP a sum of SDR of 18.30 million over a period of five years to be utilized by GoP through the Company.

Under a Subsidiary Loan and Grant agreement (SLGA) dated April 18, 2006, executed between the GoP and the Company, the GoP agreed to provide 50% of the amount as a loan to the Company, and the balance as a grant on a non-reimbursable basis on account of capacity building. The principal amount of the loan is repayable over a period of twenty three years, including a grace period of eight years, in thirty semi-annual instalments, commencing on June 1, 2014 and ending on December 1, 2028. These loans carry a service charge of 0.75% per annum on the principal amount of the loan withdrawn and outstanding from time to time, payable on June 1 and December 1, each year.

	Un-audited 31-Dec-22 ----- Rupees '000 -----	Audited 30-Jun-22
17.4 Government of Pakistan - (IFAD financing - PRISM)		
Balance at the beginning	1,099,579	1,237,027
Amount repaid	(68,723)	(68,723)
Balance at the end	<u>1,030,856</u>	<u>1,168,304</u>

A programme loan agreement was signed between the International Fund for Agriculture Development (IFAD) and the GoP on November 22, 2007 in respect of the Programme for Increasing Sustainable Microfinance (PRISM). Under the agreement IFAD shall make available to GoP a sum of SDR of 22.85 million over a period of five years, to be utilized by the GoP, through the Company.

Under an SFA dated January 12, 2008, executed between the GoP and the Company, the GoP agreed to provide 65% of the amount as a loan to the Company and the balance as grant, on a non-reimbursable basis, on account of capacity building. The principal amount of the loan is repayable over a period of twenty three years, including a grace period of eight years, in thirty equal semi-annual instalments, commencing on December 1, 2015 and ending on June 1, 2030. These loans carry a service charge of 0.75% per annum on the principal amount of the loan withdrawn and outstanding from time to time, payable on June 1 and December 1, each year.

	Un-audited 31-Dec-22 ----- Rupees '000 -----	Audited 30-Jun-22
18. DEFERRED LIABILITIES - GRANT FUND		
Government of Pakistan		
- KfW Renewable Energy (RE)	54,445	84,760
- KfW Livelihood Support and Protection of Small Community Infrastructure (LACIP II)	6,413	11,696
- Prime Minister's Interest Free Loan (PMIFL I) Scheme	273,730	273,730
UNHCR - Poverty Graduation for Refugees in Mansehra and Peshawar in KPK and Chaghi in Baluchistan (PGR)	22,912	30,630
Citi Foundation - Revitalizing Youth Enterprise (RYE)	13,818	13,818
NDRMF - Building Resilience to Disasters and Climate Change (BRDCC)	42,560	46,977
International Trade Centre - Growth for Rural Advancement and Sustainable Progress (GRASP)	275,855	229,309
Engro Foundation - The Dairy Development Program (DDP)	8,989	30,386
Citi Foundation - Emergency Relief Assistance	33,152	-
PepsiCo - Emergency Relief Assistance	7,062	-
	<u>738,936</u>	<u>721,306</u>

18.1 Movement during the year:

Movement during the year:										
RE	LACIP II	PMIFL I	PGR	RYE	BRDCC	GRASP	DDP	ERA	ERA	Total

Balance at the beginning
Receipts/(refund) during the year

Profit on project account

Transfers to:

- deferred income

- deferred capital grant

Less: Disbursements / (recovery) for

Water and infrastructure

Social sector development

Capacity/Institutional building

Social mobilization

Livelihood enhancement and protection

Poverty graduation

Emergency response

Less: Transferred (from)/ to grant fund receivable

Balance transferred to PASS Division

Balance at the end

		Un-audited For the half year ended 31-Dec-22	Un-audited 31-Dec-21 ----- Rupees '000 -----
19. INCOME ON INVESTMENTS AND SAVINGS ACCOUNTS	Note		
Income on investments			
Specific to Endowment Fund		62,950	51,861
Specific to others and savings accounts		1,113,200	888,624
		<u>1,176,150</u>	<u>940,485</u>
20. GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		343,701	357,587
Repairs and maintenance		7,545	6,436
Traveling, lodging and conveyance		28,857	37,792
Communication		5,559	4,609
Printing and stationery		1,584	556
Insurance		7,301	2,922
Vehicles running and maintenance		23,527	11,953
Utilities		8,972	7,491
Legal and professional charges		536	8,096
Auditors' remuneration		692	429
Fees for BOD/ committee meeting		2,870	4,410
Advertisement		613	1,565
Media projection		11	973
Newspapers, books and periodicals		43	35
Depreciation of property and equipment		35,048	57,380
Amortization of intangible assets		4,656	28
Security services		1,689	2,522
Others		4,019	2,904
		<u>477,223</u>	<u>507,688</u>
21. FINANCIAL CHARGES			
Service charges on long term financing		25,963	30,749
Imputed interest on long term loan at below	17.2.1	87,288	83,964
Unwinding of interest on lease liabilities		13,258	20,110
Bank charges		165	250
		<u>126,674</u>	<u>135,073</u>
22. EXPENDITURE ON PROJECT AND RELIEF ACTIVITIES			
Emergency Response		123,673	(4,085)
Infrastructure Schemes		33,016	(32,360)
Livelihood Enhancement and Protection		12,266	-
Health and Educational Interventions		10,825	19,481
Institutional Development - Social Mobilization		5,792	4,096
Other program activities		5,554	38,207
Poverty Graduation		-	6,857
Operational cost - NDRMF		-	12,668
		<u>191,126</u>	<u>44,864</u>
23. COMPARATIVE FIGURES			

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

Acting Chief Executive Officer

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Chief Financial Officer