

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPD SUPPORT PROGRAM

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of OPD Support Program, which comprise the statement of financial position as at June 30, 2018, and the income and expenditure statement and other comprehensive surplus, the statement of changes in equity, the statement of cash flows for the year 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 equity and the statement of cash flows together with the notes forming part thereof confirm 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 and other comprehensive surplus, the changes in equity and its cash flows for the year 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 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.

Emphasis of Matter

Without qualifying our opinion we draw attention to note 1.2 to the financial statements which indicate that the company has applied to the Securities Exchange Commission of Pakistan (SECP) for the license of Investment Finance Services under Rule 5 of Non-Banking Finance Companies (Establishment and Regulations) Rules 2003. The license has not been issued yet.

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Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

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.

Board of directors are 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.

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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 doubt 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.

Report on Other Legal and Regulatory Requirements

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

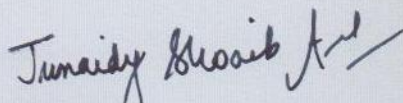
- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) The statement of financial position, the statement of profit or loss and other comprehensive income or the income and expenditure account, the statement of

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changes in equity 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;

- c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mr. Asad Feroze.


Signature

Lahore

Date: 19 SEP 2018

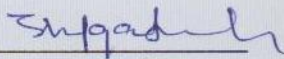
OPD SUPPORT PROGRAM

STATEMENT OF FINANCIAL POSITION

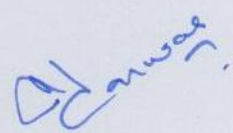
As at 30 June 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
<u>Non-Current Assets</u>			
Property and equipment	7	4,601,628	3,027,424
Intangible assets	7.5	500,246	625,308
Deferred Taxation	26.1	2,196,423	2,839,628
Long term security deposits	8	253,000	228,000
Total non-current assets		7,551,297	6,720,360
<u>Current Assets</u>			
Books	9	-	32,062
Loan and Advances - net	10	68,892,481	55,813,984
Short term investment	11	-	17,600,000
Advances, deposits and other receivables	12	6,553,589	4,958,291
Cash and cash equivalents	13	22,595,465	13,956,349
Total current assets		98,041,535	92,360,686
TOTAL ASSETS		105,592,832	99,081,046
FUNDS AND LIABILITIES			
<u>Funds</u>			
General funds		854,259	1,467,641
Members contribution		300,000	300,000
Endowment fund	14	17,600,000	17,600,000
Total funds		18,754,259	19,367,641
<u>Non-Current Liabilities</u>			
Deferred credit - related to operating assets	15	843,026	1,047,092
Deferred liabilities	16	1,526,741	410,648
Long-term loans	18	63,733,333	-
Total non-current liabilities		66,103,100	1,457,740
<u>Current Liabilities</u>			
Accrued and other liabilities	17	9,735,473	3,522,332
Current portion of long-term loans	18	11,000,000	74,733,333
Total current liabilities		20,735,473	78,255,665
<u>Contingencies and Commitments</u>	20	-	-
TOTAL FUNDS AND LIABILITIES		105,592,832	99,081,046

The annexed notes from 1 to 31 form an integral part of these financial statements



 DIRECTOR



 CHIEF EXECUTIVE OFFICER

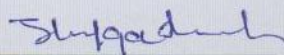
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OPD SUPPORT PROGRAM INCOME AND EXPENDITURE STATEMENT

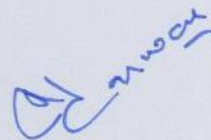
For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
INCOME			
Service charges on advances		24,724,168	11,945,807
Loan processing fee		4,705,400	1,328,500
Profit on bank deposits		959,648	353,459
Profit on investments		43,036	519,296
Amortization of grants relating to operating assets	15	204,066	113,432
Other income	21	190,188	121,195
		30,826,505	14,381,689
Less: EXPENDITURE			
Administrative, general and program expenses	22	26,450,664	13,133,067
Financial charges	15	5,978,940	3,174,917
Branchless bank charges		176,714	260,377
Provision against non- performing loans	10.2 & 12.3.1	(2,178,344)	(244,554)
		(30,427,975)	(16,323,807)
<i>Surplus / (Deficit) of income over expenditure for the period before taxation</i>		398,530	(1,942,118)
TAXATION			
Provision for the year	26	370,247	141,471
Deferred Tax	26	642,743	(2,839,628)
		(1,012,990)	2,698,157
<i>(Deficit) / Surplus for the year after tax</i>		(614,460)	756,039

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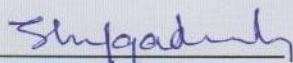
OPD SUPPORT PROGRAM

STATEMENT OF OTHER COMPREHENSIVE SURPLUS

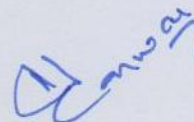
For the year ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
Surplus / (Deficit) for the year		(614,460)	756,039
Re-measurement of Plan Obligation			
Experience adjustments		1,540	-
Deferred Tax		(462)	-
		1,078	-
Total Comprehensive Income for the year		<u>(613,382)</u>	<u>756,039</u>

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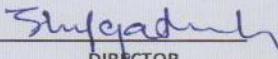
OPD SUPPORT PROGRAM

STATEMENT OF CHANGES IN FUNDS

As at 30 June 2018

PARTICULARS	General funds	Members contribution	Endowment fund	Total
	-----Rupees-----			
Balance transferred from OPD (the Society) as at January 1, 2017	711,602	-	17,600,000	18,311,602
Members contribution	-	300,000	-	300,000
Surplus / (Deficit) for the period	756,039	-		756,039
Balance as at June 30, 2017	1,467,641	300,000	17,600,000	19,367,641
Surplus / (Deficit) for the period	(613,382)	-		(613,382)
Balance as at June 30, 2018	854,259	300,000	17,600,000	18,754,259

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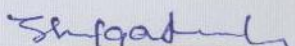
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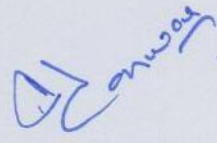
OPD SUPPORT PROGRAM CASH FLOW STATEMENT

For the year ended 30 June 2018

Note	2018 Rupees	2017 Rupees
<u>Cash flow from operating activities</u>		
Surplus / (Deficit) for the year	398,530	(1,942,118)
<u>Adjustments for non-cash items:</u>		
Depreciation and amortization	966,578	375,835
Provision against non-performing loans	(2,178,344)	(244,554)
Financial charges	5,978,940	3,174,917
Loss on disposal of operating fixed assets	43,534	205,689
Amortization of grants	(204,066)	(113,432)
Cash flows from operating activities before working capital changes	4,606,642	3,398,455
<u>Effect on cash flow due to working capital changes</u>		
Decrease in loans and advances - net	(8,718,144)	19,364,313
Increase in advances, deposits and other receivables	(3,508,557)	(190,676)
Decrease in accrued and other liabilities	234,475	(1,151,473)
	(11,992,226)	18,022,164
Service charges paid	(274)	(2,141,967)
Tax paid	(638,997)	(244,760)
Net cash flows from operating activities	(7,626,325)	17,091,774
<u>Cash flow from Investing activities</u>		
Purchase of operating fixed assets	(2,488,451)	(346,845)
Sales proceeds of operating fixed assets	29,197	29,290
Books	32,062	-
Long term security deposits	(25,000)	227,467
Short term investment	17,600,000	-
Net cash flows used in investing activities	15,147,808	(90,088)
<u>Cash Flow from Financing activities</u>		
Repayment of Commercial loan- net	-	(15,800,000)
Repayment of Microcredit loans - PPAF - net	-	(9,166,667)
Net proceeds from members contribution - Directors	-	300,000
Deferred liabilities	1,117,633	410,648
Net cash flows used in financing activities	1,117,633	(24,256,019)
Net decrease in cash and cash equivalents	8,639,116	(7,254,333)
Cash and cash equivalents at the beginning of the period	13,956,349	21,210,682
Cash and cash equivalents at the end of the period	13 22,595,465	13,956,349

The annexed notes from 1 to 31 form an integral part of these financial statements


DIRECTOR


CHIEF EXECUTIVE OFFICER