

## KASHF FOUNDATION

(A company setup under section 42 of Companies Ordinance, 1984)

### BALANCE SHEET AS AT DECEMBER 31, 2007

	Note	December 31, 2007 Rupees
<b>Assets</b>		
<b>Current Assets</b>		
Cash and bank balances	5	499,514,034
Short term investments	6	25,979,992
Micro-credit loan portfolio	7	3,008,778,012
Advances, deposits, prepayments and other receivables	8	91,753,260
Capacity building grants	9	66,910,955
		3,692,936,253
<b>Non-Current Assets</b>		
Long term deposit		620,000
Long term portion of micro-credit loan portfolio	7	72,163,303
Long term investments	10	116,695,452
Operating fixed assets	11	177,282,955
Assets subject to finance lease	12	4,309,834
		371,071,544
		4,064,007,797
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Current portion of		
Liabilities against assets subject to finance lease	13	1,402,604
Borrowings	14	1,141,812,088
Finances under mark-up arrangements	15	9,925,803
Borrower's security deposits	16	9,121,857
Creditors, accrued and other liabilities	17	178,371,900
		1,340,634,252
<b>Non-Current Liabilities</b>		
Long term portion of borrower's security deposits	16	3,577,320
Liabilities against assets subject to finance lease	13	2,483,648
Borrowings	14	1,259,449,608
		1,265,510,576
<b>Contingencies and commitments</b>	18	2,606,144,828
<b>Net Assets</b>		1,457,862,969
<b>Represented by</b>		
Donated funds		364,613,468
General funds		1,060,906,715
Grants related to fixed assets		31,362,794
Fair value reserve		979,992
		1,457,862,969

The annexed notes 1 to 27 form an integral part of these financial statements.

 FOR   
**CHAIRMAN**

  
**PRESIDENT**

## KASHF FOUNDATION

(A company setup under section 42 of Companies Ordinance, 1984)

### STATEMENT OF INCOME AND EXPENDITURE FOR THE PERIOD FROM FEBRUARY 15, 2007 TO DECEMBER 31, 2007

	Note	February 15, 2007 to December 31, 2007 Rupees
Service charges on micro-credit loans to borrowers		747,950,822
Capacity building grants recognized as income	9	122,442,353
		<u>870,393,175</u>
<b>Less</b>		
General and administration expenses	19	(263,807,368)
Seminar, workshop, research and staff training expenses		(6,094,380)
Loan loss provision	7.5	(69,172,894)
		<u>(339,074,642)</u>
		531,318,533
Other income	20	57,886,460
Financial Charges	21	(156,962,939)
		<u>432,242,054</u>
Other non-operating expenses	22	(2,838,995)
		<u>429,403,059</u>
<b>Surplus for the period</b>		
Portfolio at risk		<u>0.73%</u>
Adjusted Return on Assets (AROA)		<u>8.31%</u>
Adjusted Return on Equity (AROE)		<u>22.39%</u>
Operational self-sufficiency		<u>163.54%</u>
Financial self-sufficiency		<u>133.80%</u>
Active loan clients		<u>295,396</u>

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 FOR   
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PRESIDENT

## KASHF FOUNDATION

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### CASH FLOW STATEMENT FOR THE PERIOD FROM FEBRUARY 15, 2007 TO DECEMBER 31, 2007

	Note	February 15, 2007 to December 31, 2007 Rupees
<b>Cash flow from operating activities</b>		
<b>Surplus for the period</b>		429,403,059
<i>Adjustments for non cash items:</i>		
Depreciation on operating fixed assets		7,110,143
Depreciation on leased assets		868,209
Capacity building grants recognized as income		(122,442,353)
Return on investments and bank deposits		(36,901,717)
Amortization of deferred financial costs		4,787,141
Financial charges		152,175,798
Gain on disposal of fixed assets		(989,071)
Provision against doubtful receivables		959,421
Loan loss provision		69,172,894
		74,740,465
<b>Surplus before working capital changes</b>		504,143,524
<b>Effect on cash flow due to working capital changes</b>		
Increase in loan portfolio		(1,574,186,388)
Increase in advances, deposits, prepayments and other receivables		(29,758,525)
Increase in creditors, accrued and other liabilities		62,587,022
Increase in borrower's security deposits		3,509,229
		(1,537,848,662)
<b>Cash generated from operations</b>		(1,033,705,138)
Financial charges paid		(115,516,709)
<b>Net cash used in operating activities</b>		(1,149,221,847)
<b>Cash flow from investing activities</b>		
Fixed capital expenditure		(126,669,994)
Sales proceeds from disposal of fixed assets		1,981,285
Return on investments and bank deposits		31,710,727
Proceeds from investments - net		40,461,453
<b>Net cash used in investing activities</b>		(52,516,529)
<b>Cash flow from financing activities</b>		
Capacity building grant funds		101,062,441
Lease rentals paid		(475,145)
Proceeds from borrowings		2,290,144,890
Transaction cost paid for borrowings		(45,681,244)
Repayment for borrowings		(1,073,997,699)
<b>Net cash from financing activities</b>		1,271,053,243
<b>Net increase in cash and cash equivalents</b>		69,314,867
Cash and cash equivalents transferred from society		420,273,364
Cash and cash equivalents at the end of the year	23	489,588,231

  :egral part of these financial statements.

**CHAIRMAN**



**PRESIDENT**

**KASHF FOUNDATION**

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**STATEMENT OF CHANGES IN FUNDS FOR THE PERIOD FROM  
FEBRUARY 15, 2007 TO DECEMBER 31, 2007**

	Donated funds Rupees	General funds Rupees	Grants related to fixed assets Rupees	Fair value reserve Rupees	Total Rupees
<b>Balance transferred from Kashf Foundation (the society)</b>	364,613,468	627,443,789	12,425,592	2,146,219	1,006,629,068
Transferred from capacity building grant funds					
Surplus for the period		429,403,059	22,997,069		22,997,069
Grants related to fixed assets utilized during the year		4,059,867	(4,059,867)		429,403,059
Fair value gain during the year on available for sale investments				1,699,052	1,699,052
Gain realised on scale of available for sale investments				(2,865,279)	2,865,279
<b>Balance as at December 31, 2007</b>	364,613,468	1,060,906,715	31,362,794	979,992	1,457,862,969

On  
for *Amir Khan*

**CHAIRMAN**

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**PRESIDENT**