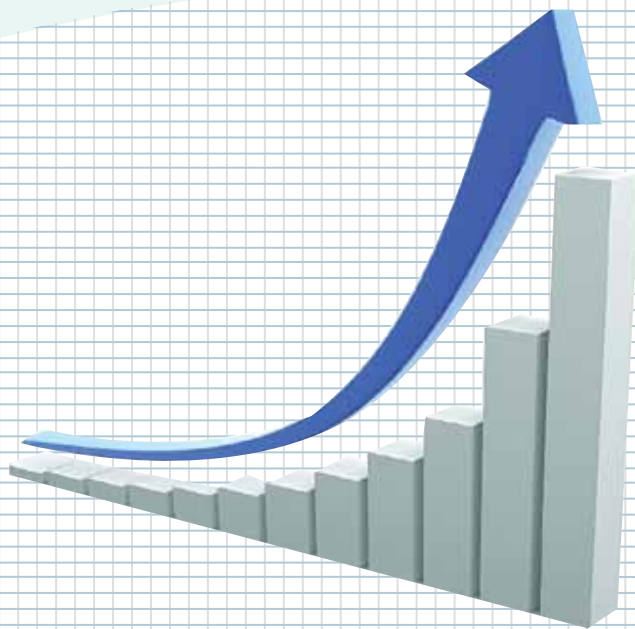


REALIZING THE  
**PROMISE**  
OF HEALTHCARE QUALITY  
**ANNUAL REPORT 2012**



**Memon Medical Institute Hospital**  
A Project of Memon Health and Education Foundation





# **Memon Medical Institute Hospital**

A Project of Memon Health and Education Foundation

## CHAIRMAN'S MESSAGE



I am very pleased to share with all the stakeholders that first project of Memon Health and Education Foundation (MH&EF) the Memon Medical Institute Hospital is on the track of rapid progress serving the humanity and society. This has been possible due to sound policies of the Board of Trustees of MH&EF, consistent monitoring of office bearers of the Foundation and Hospital Management Board and hard work of the employees of the Hospital. First initiative of the Foundation of developing a Hospital has received overwhelming support from all the Trustees of the Foundation and Philanthropists from within the country and overseas. I am pleased that foundation for sound management practices has been laid and it will bring desired results in due course of time to make MMI Hospital provider of Medical Services of users' choice.

By the grace of ALLAH and support of all stakeholders cash liquidity of the Hospital has stabilized. New projects are progressing at a satisfactory pace. Quality of Services is improving. These will help Memon Health and Education Foundation to expand the facilities to put in place 332 bedded Hospital in operation soon. The Board of Trustees is conscious of need to put up a nursing college and medical university. I feel now is the time that the Foundation initiates immediately to put up the nursing college. Various options for resource mobilization are being pursued. I hope these will materialized soon to start the construction.

In conclusion, I thank all the Trustees for their support for the cause, members of the Board of Trustees for their commitment to the mission, office bearers and members of the Hospital Management Board for their continuous oversight of the operations of the Hospital. I also record my appreciation for all employees of the Hospital for their hard work for the progress of MMI Hospital.

**Mr. Arif Habib**  
**Hon. Chairman**

## MANAGING TRUSTEE'S MESSAGE



Many things have changed over the years. From a dream, we have grown into one of the premiere care facilities in the city, comparable to other recognized medical facilities in the state-of-the-art care we are able to provide. But one thing that has not changed, and what sets us apart from other institutions, is that we have not forgotten our Mission and Vision to serve humanity.

To keep pace and stay strong we rely upon the collective force of our trustees, management team, medical staff and dedicated employees. We focus on enabling highly talented medical professionals to choose to serve patients with us and to serve community at large.

In the last three years we have made measurable progress in improving the experience of patients and their loved ones; now, patient satisfaction ratings are a key indicator of quality care. We are moving towards a completely electronic health record (EHR). We are establishing a robust physician engagement program that creates greater alignment between hospital-based services and physician practices in the community.

Here I would like to thank our entire community, friends, our corporate friends and all the supporters for their continued trust and support – you allow us to grow, and we work hard each day to deliver excellence you can trust it is only through your support that we have reached where we are and it will be only through your support that this Gift from the Memon Community for the community at large will become a bench mark for other communities. May Allah SWT help us achieve what we have aimed to achieve.

**Mr. Muhammad Ajaz Saya**  
**Hon. Managing Trustee**



## CEO'S MESSAGE



Alhamd-o-Lillah we are completing our 3<sup>rd</sup> operational year. It has been a challenging year for us. We have added new specialties and increased the capacity of In-patient beds to more than 100. We have also achieved cash flow breakeven. This has been possible with the guidance and supervision of the Governance and hard work and sincerity of the Management Team.

Next year we would like to focus more on the quality of services in line with our Vision and Mission and we aim for achieving customer satisfaction and meeting International Benchmarks for quality. We have also taken steps in this direction by developing Key Performance Indicators (KPIs) which are monitored by HMB.

Our aim is to focus on patients' satisfaction and patients centered policies including patients' safety. It is a challenging but not an impossible task and I am sure we can achieve it with the guidance and monitoring of the Governance and good team work by the management.

**Dr. M. Tufail Bawa**  
CEO

## MEDICAL DIRECTOR'S MESSAGE



By the grace of Almighty 'ALLAH', MMIH is now completing its third year of operations. Starting from basic outpatient clinics and fifteen beds, we have grown into a tertiary care hospital; performing major surgeries like Neuro surgery, Joint replacement etc and are now moving towards an Institute.

With our focus on quality healthcare at affordable prices, we are working intensely on our credentials to establish the name of MMI and its brand. We have a team of highly qualified healthcare professionals working towards achieving the mission and vision laid by the Memon health and education foundation.

We aim to Make MMIH an institute where the rich come for the world's best health care. The poor come here for the world's kindest care, for no one here is turned away for lack of funds. We believe that no patient should be deprived of the best healthcare solely because they cannot afford it. Caring with Compassion, this hospital is set to be transformed into one of the best healthcare institutes in the city.

I would end by requesting all the readers to pray for the success of MMI and wish And pray for us that 'ALLAH' (SWT) given us the strength to help those who needs our help.

**Dr. Shahzad Alam**  
Medical Director



## VISION

To be a role model for caring, curing, education, training, research and employment.

## MISSION

To provide accessible and affordable quality healthcare and health education to all with empathy, dignity and respect, **IRRESPECTIVE OF THEIR CASTE, CREED, COLOR, RELIGION OR ABILITY TO PAY.**

## AIM

To lead Pakistan towards international quality of healthcare standards while at the same time, providing quality education to medical and nursing personnel.

## VALUES

- |          |              |
|----------|--------------|
| Caring   | Transparency |
| Teamwork | Respect      |
| Ethical  | Integrity    |
| Empathy  | Honesty      |
| Fairness | Dignity      |



# MEMON HEALTH & EDUCATION FOUNDATION

## OFFICE BEARERS COMMITTEE

- Mr. Arif Habib - Honorary Chairman
- Mr. Muhammad Ajaz Saya - Honorary Managing Trustee
- Mr. Muhammed Shabbir Kassim - Honorary General Secretary
- Mr. Muhammad Ashraf Bhesania - Honorary Deputy General Secretary
- Mr. Abdul Wahab Lakhani - Honorary Treasurer

## BOARD OF TRUSTEES

- Mr. Arif Habib - Honorary Chairman
- Mr. Muhammad Ajaz Saya - Honorary Managing Trustee
- Mr. Muhammad Shabbir Kassim - Honorary General Secretary
- Mr. Muhammad Ashraf Bhesania - Honorary Deputy General Secretary
- Mr. Abdul Wahab Lakhani - Honorary Treasurer
- Mr. Abdul Jabbar Amin Motiwala
- Mr. Abdul Razak Diwan
- Mr. Ahmed Ibrahim
- Mr. Arif Sharif Bilwani
- Mr. Ebrahim Qassim
- Mr. Haji Haroon Tayub Bilwani
- Mr. Jan Mohammad Gandhi - (WMO)
- Mr. Khalid Tabba
- Mr. M. Salim H. A. Sattar Bilwani
- Mr. Muhammad Hanif Godil
- Mr. Muhammad Haroon Qassim
- Mr. Muhammad Iqbal Mandvia
- Mr. Muhammad Reyaz Ahmed
- Mr. Muhammad Shoaib Ismail Mangroria
- Mr. Muhammad Yasin Saya
- Mr. Muhammad Yousuf Adil
- Mr. Muhammad Zubair Amin Motiwala
- Mr. Peer Mohammed Diwan
- Mr. Pir Muhammad A. Kaliya
- Mr. Rizwan Diwan
- Mr. Zakaria Sattar Bilwani
- Mr. M. Tufail Bawa - (CEO)

# TRUSTEES MEMON HEALTH & EDUCATION FOUNDATION

- Mr. Peer Mohammad Diwan
- Mr. Muhammad Ajaz Saya
- Mr. Pir Muhammad A. Kaliya
- Mr. Muhammad Zubair Amin Motiwala
- Mr. Muhammad Yousuf Adil
- Mr. Muhammad Yasin Saya
- Mr. Khalid Tabba
- Mr. Ebrahim Qassim
- Mr. Abdul Jabbar Amin Motiwala
- Mr. Muhammad Hanif Godil
- Mr. Muhammad Iqbal Mandvia
- Mr. Muhammad Ashraf Bhesania
- Mr. Muhammad Reyaz Ahmed
- Mr. Zakaria Sattar Bilwani
- Mr. Ahmed Ebrahim
- Mr. Ahmed Tabba
- Mr. Aqeel Karim Dhedhi
- Mr. Abdul Razak Diwan
- Mr. Arif Baig Muhammad
- Mr. Muhammad Shabbir Kassim
- Mr. Arif Habib
- Mr. Yousuf A. Razzak Mukaty
- Mr. Salim N. Mukaty
- Mr. Haroon Aziz
- Mr. Haroon Tayub Bilwani
- Mr. Rafiq Habib Godil
- Mr. Muhammad Amin Chapal
- Mr. Ismail Abdul Karim Gadit
- Mr. Zakaria Ahmed Bawany
- Mr. Shabbir Haroon Bilwani
- Mr. Abdul Rashid Soorty
- Mr. Aziz Ahmed Kath
- Mr. Iqbal Shakoor Bilwani
- Mr. Arif Sharif Bilwani
- Mr. Usman Habib Bilwani
- Mr. Abdul Majid Alimahomed
- Mr. Saleem Dalal
- Mr. Rizwan Diwan
- Mr. M. Shoaib Ismail Mangrora
- Mr. Shabbir Diwan
- Mr. M. Salim H. A. Sattar Bilwani
- Mr. Mohammad Ilyas Pariyani
- Mr. Muhammad Asif Zakaria
- Mr. Muhammad Ashraf Dawood
- Mr. Arif Lakhani
- Mr. Ahmed Shaikhani
- Mr. Ahmed Abdul Karim Gadit
- Mr. Muhammad Haroon Qassim
- Mr. Siraj Kassam Teli
- Mr. Mohammed Hanif Tawakkal
- Mr. Shahid Soorty
- Mr. Fuad Cochinwala
- Mr. Abdul Wahab Lakhani
- Mr. Muhammad M. Ismail
- Mr. Habib H. Khanani
- Mr. Amir Amin Kothawala
- Mr. Jan Mohammad Gandhi (WMO)
- Mr. Nowsad A. Gani
- Mr. Munaf Ibrahim Wadalawala
- Dr. M .Umer Chappra
- Mr. Mohammed Ali Tabba
- Mr. Muhammad Jamil Qassim
- Mr. Muhammad A. Wahab Lakhani
- Mrs. Sharmin Shahid
- Mr. Haji Abdul Ghani Haji Osman Adhi
- Mr. Mohammad Amin Diwan
- Mr. Fawad Yusuf
- Mr. Amin Issa Tai
- Mr. Azneem Bilwani
- Mr. Muhammad Iqbal Haji Usman
- Mr. Abdul Kadir Adam
- Mr. Mohammad Bashir Jan Mohammad
- Mr. Muhammad Rafiq Tumbi
- Mr. Abdul Sattar Dada
- Mr. Mohammad Taufique Amdani
- Mr. Abdul Qadir Bashir

## Corporate Membership

- Arif Habib Corporation Ltd.
- Zuleikhabai V.M. Gany  
Rangoonwala Trust
- Dawood Foundation
- Summit Bank Ltd.

# CORPORATE FRIENDS & WELL WISHERS OF MMIH

 ARIF HABIB REIT MANAGEMENT LIMITED	 AlliedBank <i>asap kay saath saath</i>	 Shield®
 Arif Habib Investments Pakistan Mutual Funds <i>An Investment Plan for Everyone</i>	 Fatima Fertilizer Company Limited	 Dolmen Mall
 THE MALL	 The Legend Leads...	 CENTRAL DEPOSITORY COMPANY
 efu GENERAL	 KSE The Karachi Stock Exchange (Guarantee) Limited	 Standard Chartered Here for good
 Lucky Cement Concrete Progress		 Pharmvo® <i>Our dream, a healthier society</i>
 JAVEDAN CORPORATION LIMITED	 Summit S Bank	 Bonanza®
 Jubilee GENERAL INSURANCE	 RAS ROYAL ARABIAN SERVICES	 ORIX ORIX Leasing Pakistan Limited
 Lotte Pakistan PTA Ltd	 WallStreet EXCHANGE COMPANY (PVT) LTD.	 Mitsubishi Corporation
 NBP National Bank of Pakistan	 Premier Agencies Premier Distributors	 NAUDERO SUGAR MILLS (PVT) LTD.
 pakarab FERTILIZERS LIMITED		 The Residence





## EXECUTIVE COMMITTEE

**MMI is run by a team of experienced professionals;**

- Dr. M.Tufail Bawa	Chief Executive Officer
- Dr. Shahzad Alam	Medical Director
- Dr. Iflikharuddin	GM Quality Assurance
- Capt Jabbir Bin Yousuf	GM General Support Services
- Dr. M. Hanif Baig	GM Procurement
- Mr. Munawar Awan	GM Human Resources
- Mr. Abdul Razak Jangda	Hon. I.T Consultant
- Mr. Saqib Abdul Razzak	GM Finance
- Mr. M. Suleman Memon	Chief Internal Auditor



## HOSPITAL MANAGEMENT BOARD

– Mr. Muhammad Ajaz Saya	Hon.Chairman
– Mr. Abdul Razak Diwan	Member
– Mr. Peer Mohammad Diwan	Member
– Mr. Muhammad Haroon Qassim	Member
– Mr. Muhammad Ashraf Bhesania	Member
– Mr. Salim Bilwani	Member
– Mr. Khalid Tabb	Member
– Mr. M. Shoaib Ismail Mangroria	Member
– Mr. Muhammad Reyaz Ahmed	Member
– Prof. A Gaffar Billoo	Member
– Prof. Salim Marfani	Member
– Mr. Abdul Jabbar	Member
– Dr. M. Ashraf Ebrahim	Member
– Dr. Jawed Warind	Member
– Dr. Sohail Salat	Member
– Dr. M. Tufail Bawa	Ceo
– Mr. Farooq Habib	Secretary to the Board

## AUDIT COMMITTEE

– Mr. Muhammad Yousuf Adil	Hon.Chairman
– Mr. Abdul Wahab Lakhani	Member
– Mr. Pir Muhammad A. Kaliya	Member

## VISITS DURING THE YEAR 2012

## Visit of American Rotarians



## Visit of Mr.Syed Mustafa Kamal



## Women Wing Delegation from Malir Cantt



## Visit of National Institute of Management



## Visit of Textile Institute of Pakistan



## Visit of Dow University Medical Student



## Student Visit from “THE CITIZENS FOUNDATION”



## Visit of Indian Delegations





## VALUABLE COMMENTS BY VISITORS

### **Dr.Satyajit Bose**

Chairman-The Mission Hospital, India

*"Awesome! Fantastic! Cool! No words to describe the thoughts that have gone to construct this masterpiece. you are in the right track. God Bless"*

### **Mr.Syed Mustafa Kamal**

Ex Mayor - Karachi City

*" I wish MMIH all the best for your future endeavored"*

### **Dr.Girdhan j. Gyani**

Secretary General- Quality Council of India

*"It has been extra-ordinary experience to go around the hospital. It has wonderful infrastructure meeting all quality norms. Above all, management & all staff are highly motivated to serve mankind. This should be one of the best hospital."*

### **Mr.Atif Bajwa**

CEO-Bank Alfalah

*"I have been thoroughly impressed by the excellent execution of the vision of the dedication sponsors. It shows that we have the capability of matching the best in the world in this field. Best of luck and thanks for the inspiration to us to contribute through excellence in our field also. Bank Alfalah will be strong supporter InshaAllah"*

### **Mr.Ahmed Chinoy**

CPLC Chief

*"A Wonderful attempt on behalf of Memon community to provide quality & subsidized & welfare healthcare to the residents of Pakistan & humanity in particular"*

### **Mr. S.M.Muneer**

Chairman-Chiniot Anjuman-e-Islamia

*"I am very impressed. This is today the best hospital of Pakistan with State of the Art facilities. Well done Memon Community! You are super community. God Bless you All"*

### **Mr.Randy Hatfield**

USAID/Karachi

*"Memon is a Remarkable Institute that is playing a significant role in preventing medical support to surrounding communities. Well Done!"*

## **CME , SEMINARS & OTHER ACTIVITES DURING THE YEAR 2012**

### **Certification Ceremony of 2nd Nursing Assistant Course**



### **Women Health Awareness Program at Rangoonwala Hall**



### **MMIH Gold Cards For Trustees, Donors & Well Wishers**

 **Memon Medical Institute Hospital**  
A Project of Memon Health and Education Foundation



## Participation in Family Mela at Malir Cantt



## Inauguration Ceremony of Critical Care Technician Course



## Seminar on Management of Asthama in Children & Adult



## Women Health Awareness Program at Gulzar Community Hall





# CAMPS DURING THE YEAR 2012

## Free Eye Screening Camp at Badin



## Blood Camp



## Orthopaedic Camp at MMIH



## Free Eye Screening Camp at MMIH



## Free Plastic Surgery Camp



## Free Eye Screening Camp at Malir





## Free Orthopaedic Camp at Al-Mustafa Centre



## Free Dental Screening Camp



## Free Breast Screening Camp



## CURRENT SERVICES & FACILITIES

- Fully Functional Out Patient Department
- Vaccination service
- 24 hr Emergency Services
- 24 hr Pharmacy
- 24 hr Fully functional Laboratory Services
- Trauma Rooms
- Daycare Services
- Chemo therapy preparation
- Pharmacy Compounding Services
- Private, Semi Private & General Wards
- Labour Rooms
- Well Baby Nursery
- Fully equipped Operating Theaters
- Recovery Rooms
- ICU with Ventilators
- Step Down Unit
- Endoscopy Suite
- Dialysis Service
- Radiology with:
  - X-Rays - C-arm - Ultrasounds - CT Scan
  - Mammography- Echocardiography - ETT
- Outreach Blood collection points
- NICU
- PAEDS
- ICU
- OPG
- PFT
- UFM
- LITHOTRIPSY

## IN PATIENT DEPARTMENT (IPD)



## OUT PATIENT DEPARTMENT (OPD)





## 24 HR.EMERGENCY SERVICES



A photograph of an operating room. Four surgeons in green scrubs and masks are performing a procedure on a patient lying on an operating table. Large overhead surgical lights illuminate the scene. Medical equipment and monitors are visible in the background.

## OPERATION THEATRE

A photograph of a hospital nursery. Several hospital beds are arranged in the room, some with infants lying in them. A nurse in a white uniform is standing near one of the beds. The room has light blue walls, a pink accent wall, and various medical equipment like monitors and IV stands.

## WELL BABY NURSERY



## X-RAY





A male doctor in a white lab coat is performing an ultrasound on a male patient lying on a hospital bed. The doctor is holding a probe against the patient's chest. A large ultrasound machine with a monitor displaying a scan is positioned to the left. The room has a wooden headboard and a wall-mounted IV stand.

## ULTRASOUND

A male patient is lying in a hospital bed, covered with a white blanket. Three medical professionals in white lab coats are standing around the bed. One woman on the left is looking at the patient, a man in the center is writing on a clipboard, and a woman on the right is holding a large folder. The room has a window with a view of the outdoors and a television mounted on the wall.

## PRIVATE ROOM



## 24 HR. PHARMACY SERVICES



## CT SCAN

28



## CURRENT SPECIALTIES

- Obstetrics and Gynecology
- Pediatrics
- Gen Surgery / Laparoscopic Surgery
- Gen Medicine
- Diabetes
- Urology
- Nephrology
- Thoracic surgery
- ENT (Ear, Nose & Throat)
- Eye
- Dentistry
- Fascio Maxillary Surgery
- Family Medicine
- Dermatology
- Cardiology
- Neurology
- Pulmonology
- Physiotherapy
- Nutrition and Diet control
- Orthopedics
- Gastroenterology
- Anesthesia Assessment
- Neurosurgery
- Psychiatry
- Oncology
- Plastic Surgery



## 24.HR LABORATORY SERVICES



# HOSPITAL PERFORMANCE



# Board of Trustee's Report

Dear Trustees,

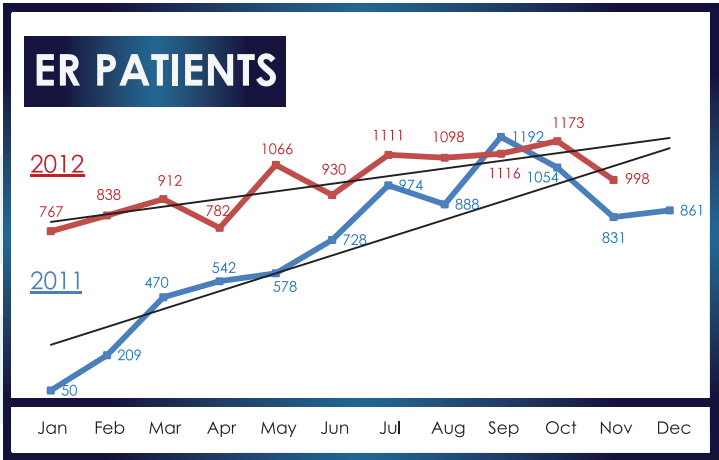
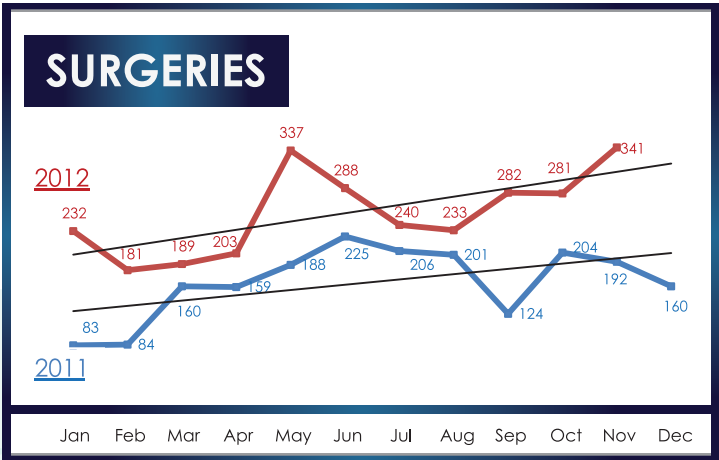
On behalf of the Board of Trustees of Memon Health and Education Foundation, I am pleased to present the Annual Report for the year ended on 30<sup>th</sup> June, 2012 along with annual audited Accounts of the foundation and Auditors Report thereon.

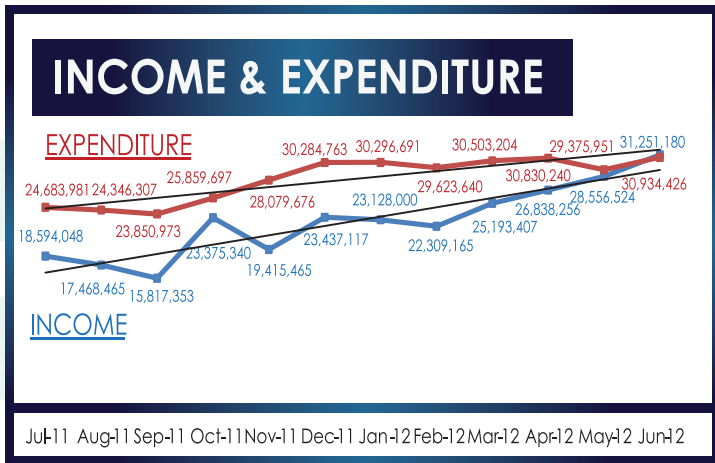
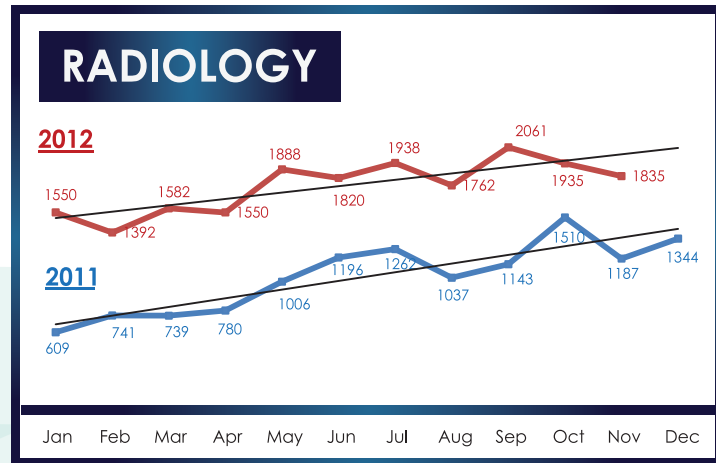
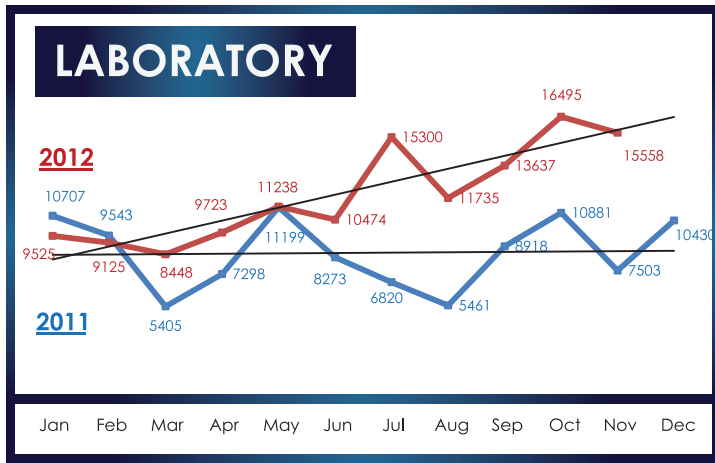
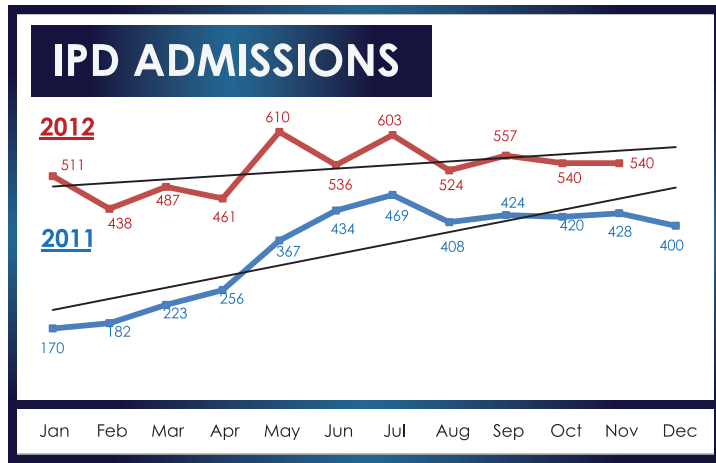
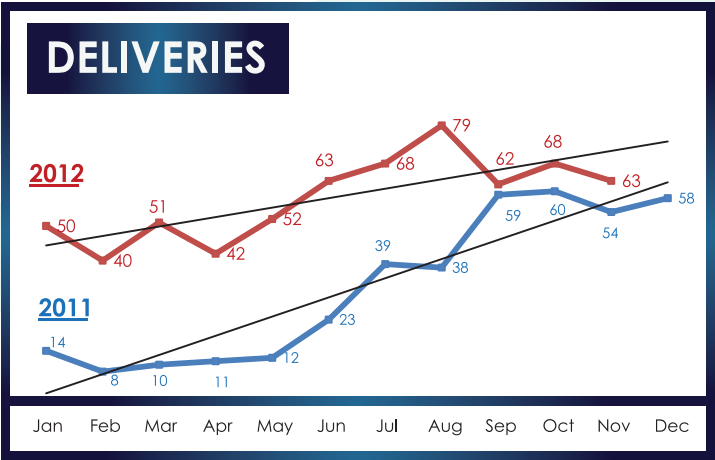
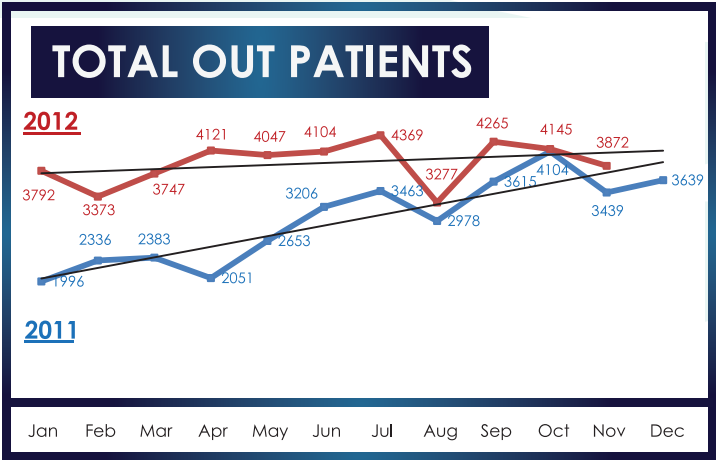
By the grace of Almighty Allah, during the financial year under review the Foundation's project Memon Medical Institute Hospital has completed its Third operational year. We started with 15 beds in 2010 and so far have commissioned 115 beds. The planned capacity of the Hospital is 332 beds.

During the year we have not only expanded our services and also taken quality initiatives to improve the quality of services, new departments have been added and some are in pipeline as well. We have developed Key Performance Indicators (KPIs) to monitor quality of services and also achieved cash flow breakeven in 2012.

## HOSPITAL PERFORMANCE

Hospital Services throughout the year showed positive & Significant growth compared to previous year.





## ACHIEVEMENTS

During the year several new facilities like Lithotripsy, OPG X-Ray, NICU (Ground Floor), ETT (Exercise-Tolerance Test), 4 Additional Dialysis were added. Also Critical Care Technician training program started & additional 25 inpatients beds commissioned. A state of the Art Theatre complex, ICU, Cath Lab & Cardiac Surgery Facility will be added by the end of Dec 2012.

## FINANCIALS

During the year under review foundation was able to raise Rs. 291.73 million from its trustees and well wishers which includes donation of Rs. 179.58 million and Zakat of Rs. 112.15 million. During the year needy patients were provided medical services worth Rs. 109.15 million out of Zakat Funds collected by the Foundation. Hospital Operations incurred a cash loss of Rs. 74.520 million excluding depreciation and amortization of Rs. 92.17 million, exchange loss of Rs. 14.15 million and financial expenses of Rs. 16.44 million aggregating to an accounting loss of Rs. 64.20 million. Due to consolidation of Donations and Hospital Revenues Net Surplus comes to Rs. 144.27 million.

## NEAR TERM OUTLOOK

During the year under review gross revenues from medical services reached to Rs. 275.38 million as against previous year of Rs. 123.31 million. During the upcoming year several new projects will be commissioned including CCU, NICU, MRI, X-Ray Fluoroscopy, Endoscopy, more Ultrasound machines, Colordropper, Physiotherapy Department and School of Nursing. Total Funds required to complete these projects are Rs. 202.5 million. Board of Trustees were able to raise Rs. 30 million in last meeting held on 1st December 2012. Balance amount Rs. 172.5 million needs to be arranged. With functioning of these new units hospital will achieve another milestone towards its Vision & will also move towards financial stability.

## THANKS

The Board of Trustees is grateful to all the trustees and other well-wishers for their support to the cause of the Foundation particularly financial contribution for the completion of the Memon Medical Institute Hospital. I am also grateful to all the donors for their generous contributions for the cause. I record our appreciation for the staff of the Foundation and the Hospital for their hard work and commitment towards the institution.

On behalf of Board of Trustees

**Arif Habib**  
Hon. Chairman



**DONATION  
FOR THE  
NEXT LIFE  
AND  
BETTER**

**tomorrow**



## **WAYS OF GIVING**

- **Trusteeship**
- **Corporate Membership**
- **Dedication**
- **Adoption**
- **Donation**
- **Zakat**
- **Logo Display**
- **Sponsor a Child (Child Screening Program)**
- **Sponsor a Breast Surgery / Breast Camp**
- **Sponsor a Dialysis Patient**
- **Sponsor a Delivery**
- **Sponsor a Surgery**
- **Sponsor a Cataract Surgery**
- **Donate Funds for Welfare Treatment**

## MMI Banking Details

### **Bank Al Habib Ltd. (NON ZAKAT WELFARE ACCOUNT)**

Account Title: Memon Health & Education Foundation  
Memon Medical Institute Branch: Swift Code: BAHLPKKA  
A/c # 1130-0981-000001-08-01

### **Bank Al Habib Ltd. (ZAKAT ACCOUNT)**

Account Title: Memon Health and Education Foundation  
Memon Medical Institute Branch: Swift Code: BAHLPKKA  
Account No. 1130-0981-000001-02-5. Phone: 34691094-97

### **UK Account (FOREIGN CURRENCY)**

Account Title: Memon Health & Education Foundation  
Habib Bank AG Zurich: UK Zonal Office/Moorgate Branch  
Current A/c No. 7-1-1-20311-402-168911  
Habib House, 42 Moorgate. London EC2R 6JJ, UK  
Phone. (0044)-020-7452-0200: 0044-2074-520200  
Fax. 020-7638-8316: Routing No: NWBKGB2L. Swift: HBZUGB2L  
Email: info@habibbank.com

### **Bank Al Habib Ltd. (DONATION ACCOUNT)**

Account Title: Memon Health and Education Foundation  
Main Branch, I.I.Chundrigar Road, Karachi  
Current A/C No. 1001-0081-166765-01-5. Swift Code: BAHLPKKA  
Phone. 32412421, 32412986 and 111-786-110  
Fax. 32419752, 32401171. Telex. 21286 ALHAB PK

### **Bank Al Habib Ltd. (DONATION ACCOUNT)**

Account Title: Memon Health and Education Foundation  
Memon Medical Institute Branch, Swift Code: BAHLPKKA  
Account No. 1130-0981-000001-01-4. Phone: 34691094-97

### **NIB Bank Limited (DONATION ACCOUNT PAK RUPEES)**

Account Title: Memon Health and Education Foundation  
8th Floor, Muhammadi House, P.O. Box # 6942, Karachi  
Account No. 10051-22222222. Swift Code: NIBPPKKA  
UAN. 111-333-111, Fax. (92-21) 32469467

### **NIB Bank Limited (ZAKAT ACCOUNT PAK RUPEES)**

Account Title: Memon Health and Education Foundation  
8th Floor, Muhammadi House, P.O. Box # 6942, Karachi  
Account No. 10051-33333333. Swift Code: NIBPPKKA  
UAN 111-333-111, Fax. (92-21) 32469467



# NOTICE FOR ANNUAL GENERAL MEETING

December 14, 2012

Notice is hereby given that Annual General Meeting of the members of Memon Health and Education Foundation will be held on Sunday December 30, 2012 at 11.00 a.m. (followed by Lunch) at MMI Hospital, Karachi to transact the following business:

1. To confirm the minutes of last Annual General Meeting held on December 24, 2011.
2. To present and approve Board of Trustees' Report for the year ended June 30, 2012.
3. To present and approve Audited Accounts for the year ended June 30, 2012 as recommended by the Board of Trustees.
4. To Appoint Auditors to hold the office till the next Annual General Meeting and fix their remuneration.
5. Any other matter with the permission of the Chair.

**Mohammad Shabbir Kassim**  
Honorary General Secretary

# FINANCIAL STATEMENTS

## AUDITORS' REPORT TO THE TRUSTEES

We have audited the annexed balance sheet of the Memon Health and Education Foundation ("the Foundation") as at 30 June 2012 and the related income and expenditure account, statement of comprehensive income, statement of cash flows and statement of changes in fund and reserves together with the notes forming part thereof (here-in-after referred to as the financial statements for the year then ended).

It is the responsibility of the Trustees to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly in all material respects the financial position of the Foundation as at 30 June 2012 and of its surplus, cash flows and changes in fund and reserves for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Date: 01 December 2012

Karachi

*KPMG Taseer Hadi & Co.*

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Mazhar Saleem



# Memon Health and Education Foundation

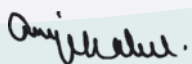
## Balance Sheet

### As at 30 June 2012

	Note	2012 ----- (Rupees) -----	2011 ----- (Rupees) -----		Note	2012 ----- (Rupees) -----	2011 ----- (Rupees) -----
General Fund		480,517,258	480,517,258	Non-current assets			
Accumulated surplus		333,262,859	188,995,026	Property and equipment	10	1,077,031,256	1,105,118,072
		813,780,117	669,512,284	Intangible assets	11	7,425,958	9,776,662
Non-current liabilities						1,084,457,214	1,114,894,734
Qarz-e-Hasna	4	30,500,000	42,500,000	Long term security deposits	12	2,699,850	17,617,787
Liabilities against assets held under finance lease	5	5,434,998	103,540,584	Current assets			
Long term financing	6	129,998,066	-	Stock-in-trade	13	23,570,698	30,773,600
Long term advances	7	1,766,670	3,164,186	Debtors	14	14,507,951	2,059,571
Deferred income	8	65,635,088	64,646,916	Advances, deposits, prepayments and other receivables	15	15,674,445	5,110,584
Deferred taxation	18	-	133,081,849	Short term investment	16	12,500,000	2,500,000
Current liabilities				Cash and bank balances	17	94,157,145	36,007,156
Trade and other payables	9	188,218,380	130,057,849			160,410,239	76,450,911
Accrued mark-up		1,334,713	5,897,077				
Current portion of liabilities against assets held under finance lease	5	10,899,271	56,562,687				
		200,452,364	192,517,613				
		<u>1,247,567,303</u>	<u>1,208,963,432</u>			<u>1,247,567,303</u>	<u>1,208,963,432</u>

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

KAMISHA



Honorary  
Chairman



Honorary  
Managing Trustee



Honorary  
General Secretary



Honorary  
Treasurer

# Memon Health and Education Foundation

## Income and Expenditure Account

### For the Year Ended 30 June 2012


	Note	2012 ----- (Rupees) -----	2011 -----
<b>Net income</b>			
Income from medical services - net	19	275,384,320	123,312,650
Other income	20	208,466,504	190,585,352
		<b>483,850,824</b>	<b>313,898,002</b>
<b>Expenditure</b>			
Salaries and allowances		170,374,625	128,378,504
Medicine and other consumables		94,339,497	36,344,046
Laboratory test		10,834,378	3,380,947
Communications		2,238,214	2,032,223
Utilities		34,709,159	23,823,544
Employee medical expenses		3,343,800	1,842,874
Printing and stationery		375,123	668,763
Legal and professional charges		300,000	-
Housekeeping		8,552,904	5,408,161
Vehicle fuel and maintenance		1,116,355	1,023,297
Repairs and maintenance		3,604,208	4,315,792
Advertisement		1,808,807	3,207,667
Insurance		1,501,362	764,332
Office expenses		1,782,700	1,930,876
Auditor's remuneration		100,000	100,000
Travelling and conveyance		3,398,205	2,679,978
Depreciation	10.1	89,817,607	88,749,357
Amortisation	11	2,350,704	1,910,105
Fee and subscription		35,005	87,940
Provision for bad debts		532,396	-
Financial charges		16,443,249	17,717,706
Accommodation for foreign experts		-	98,439
Security service charges		1,558,677	1,251,117
Exchange loss		14,148,687	-
Others		9,399,178	5,164,175
		<b>472,664,840</b>	<b>330,879,843</b>
<b>Surplus / (deficit) for the year before taxation</b>		<b>11,185,984</b>	<b>(16,981,841)</b>
Taxation			
Current		-	-
Deferred		133,081,849	9,226,880
		<b>133,081,849</b>	<b>9,226,880</b>
<b>Surplus / (deficit) for the year after taxation</b>		<b>144,267,833</b>	<b>(7,754,961)</b>


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

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Honorary  
Chairman

  
Honorary  
Managing Trustee

  
Honorary  
General Secretary

  
Honorary  
Treasurer

Memon Health and Education Foundation  
Statement of comprehensive Income  
For the Year Ended 30 June 2012

	2012 ----- (Rupees) -----	2011 ----- (Rupees) -----
Surplus / (deficit) for the year after taxation	144,267,833	(7,754,961)
Other comprehensive income for the year	-	-
Total comprehensive surplus / (deficit) for the year	<u>144,267,833</u>	<u>(7,754,961)</u>

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

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Honorary  
Chairman



Honorary  
Managing Trustee



Honorary  
General Secretary



Honorary  
Treasurer



# Memon Health and Education Foundation

## Statement of Cash Flows

### For the Year Ended 30 June 2012

	Note	2012 ----- (Rupees) -----	2011 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net surplus / (deficit) for the year before taxation		11,185,984	(16,981,841)
Adjustment for:			
Depreciation	10.1	89,817,607	88,749,357
Amortisation	11	2,350,704	1,910,105
Donations for mosque realised	20	520,049	529,846
Gain on sale and leaseback	20	1,500,494	750,247
Exchange loss		14,148,687	-
Provision for bad debts		532,396	-
Financial charges		16,443,249	17,717,706
		<u>136,499,170</u>	<u>92,675,420</u>
<b>Working capital changes</b>			
Decrease / (increase) in current assets			
Stock in trade		7,202,902	(24,609,172)
Debtors		(12,980,776)	(1,204,179)
Advances, deposits, prepayments and other receivables		(10,563,861)	436,304
		<u>(16,341,735)</u>	<u>(25,377,047)</u>
<b>Increase / (decrease) in current liabilities</b>			
Creditors and accrued liabilities		44,011,844	(16,782,628)
Net cash from operations		164,169,279	50,515,745
Long term advance		(1,397,516)	(2,835,814)
Net cash inflows from operating activities		<u>162,771,763</u>	<u>47,679,931</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(61,730,791)	(134,030,474)
Investments - net		(10,000,000)	10,000,000
Long term security deposit		14,917,937	(7,695,275)
Net cash used in investing activities		<u>(56,812,854)</u>	<u>(131,725,749)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Qarz-e-Hasna		(12,000,000)	19,000,000
Donations received / (utilised) - net of income and expenditure items		(1,032,371)	(8,498,884)
Cash inflow through long term financing		129,998,066	-
Cash outflow through lease financing		(164,774,615)	72,639,078
Net cash flows from financing activities		<u>(47,808,920)</u>	<u>83,140,194</u>
Net increase in cash and cash equivalents		58,149,989	(905,624)
Cash and cash equivalents at the beginning of the year		36,007,156	36,912,780
Cash and cash equivalents at the end of the year		<u>94,157,145</u>	<u>36,007,156</u>

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

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*Amir Memon*

Honorary  
Chairman

*Amir Memon*

Honorary  
Managing Trustee

*T. Shauin*

Honorary  
General Secretary

*Amir Memon*

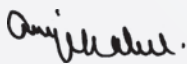
Honorary  
Treasurer

Memon Health and Education Foundation  
Statement of Changes in Fund and Reserves  
For the Year Ended 30 June 2012


	General Fund	Accumulated Surplus	Total
	(Rupees)		
Balance as at 30 June 2010	480,517,258	196,749,987	677,267,245
Deficit for the year ended 30 June 2011	-	(7,754,961)	(7,754,961)
Balance as at 30 June 2011	480,517,258	188,995,026	669,512,284
Surplus for the year ended 30 June 2012	-	144,267,833	144,267,833
Balance as at 30 June 2012	480,517,258	333,262,859	813,780,117


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

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Chairman

  
Honorary  
Managing Trustee

  
Honorary  
General Secretary

  
Honorary  
Treasurer

# Memon Health and Education Foundation

## Notes to the Financial Statements

### For the Year Ended 30 June 2012

1. **LEGAL STATUS AND NATURE OF ENTITY**

Memon Health and Education Foundation ("the Foundation") is a non-profit, non-political body of philanthropists and professionals which came into existence with effect from 28 May 2002 under the Societies Registration Act, 1860. The registered office of the Foundation is situated at Deh Dozan, Hyder Buksh Gabol Road, Safoora Goth, K.D.A., Scheme 33 Karachi. It is managed by a Board of Governors. The Foundation's core object is to establish hospital, medical university, nursing institute and consulting clinics to provide accessible and affordable quality healthcare and education to all with dignity, respect and empathy.

Memon Medical Institute (**MMI**) is the first flagship project of the Foundation which reflects the desire of the Memon Community to serve the humanity and the country through a major philanthropic initiative. MMI will be a large, 332 bed hospital with state-of-the-art infrastructure having a total area of 11.5 acres which will house hospital, medical university and nursing institute. The operations of MMI began in January 2010.

2. **BASIS OF PREPARATION**

2.1 **Statement of Compliance**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

2.2 **Basis of measurement**

These financial statements have been prepared under the historical cost convention except for certain assets and liabilities denominated in foreign currencies are translated at the year end rate of exchange.

2.3 **Functional and presentation currency**

These financial statements are presented in Pak Rupees which is the Foundation's functional and presentation currency and rounded to the nearest rupee.

2.4 **Standards, Interpretations and Amendments not yet effective**

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2012:

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- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Foundation.
- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendment has no impact on financial statements of the Foundation.
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard.
- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Foundation.
- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Foundation.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

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- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.
- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.
- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.
- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The impact of this has not been assessed at the balance sheet date.
- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.
- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.
- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Foundation.

## 2.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form various the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates and judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the subsequent years are as follows:

**Property and equipment**

The Foundation estimates the residual values and useful lives of property and equipment. Any changes in these estimates and judgments would have an impact on financial results of next and subsequent years.

**Intangible assets**

The Foundation reviews the rate of amortisation and value of intangible assets for possible impairment on annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding effect on the amortisation charge and impairment.

**Obsolete and slow moving stocks**

The management continuously reviews its inventory for existence of any items which may become obsolete. These estimates are based on historical experience and are continuously reviewed.

**Debtors**

Management reviews its debtors on a continuous basis to identify receivables where collection of the amount is no longer probable. These estimates are based on historical experience and are subject to change in conditions at the time of actual recovery.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below.

3.1 **Property and equipment**

Property and equipment, except capital work in progress, are stated at cost less accumulated depreciation, and impairment losses (if any). Capital work in progress are stated at cost less impairment (if any) and represents expenditure on fixed assets in the course of construction and installation and advances for capital expenditure. Transfers are made to relevant operating fixed assets category as and when the assets are available for intended use.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self constructed assets include the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

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### **Leased**

Leased assets in terms of which the Foundation assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated at amounts equal to the lower of their fair value and the present value of minimum lease payments at inception of the lease.

Depreciation and other expenditure on assets subject to finance lease is accounted for in the same manner as for owned fixed assets.

### **Depreciation**

Depreciation on property and equipment is charged to income and expenditure account by applying the reducing balance method at the rates specified in note 10.1.

In respect of additions and disposals during the year, depreciation is charged from the day of acquisition and upto the day preceding the disposal respectively.

Where separately identifiable parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

### **Subsequent costs**

Renewals and improvements are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. All other expenses including usual repairs and maintenance are charged to income and expenditure account as and when incurred.

Gains and losses on disposal of property and equipment are included in income and expenditure account currently.

## **3.2 Intangible assets - computer software**

Intangible assets are stated at cost less accumulated amortisation, and accumulated impairment losses (if any). Intangible assets are amortised on a straight line basis over their estimated useful lives. Amortisation on additions is charged from the month in which the asset is put to use where as no amortisation is charged in the month the asset is disposed off.

Costs that are directly associated with identifiable software products controlled by the Foundation and have probable economic benefit beyond one year are recognised as intangible assets.

Costs associated with maintaining computer software products are recognised as expense as and when incurred.

## **3.3 Investments**

### **Held to maturity**

Investments with fixed maturity where the management has both the intent and ability to hold till maturity are classified as held-to-maturity. These investments are stated at amortised cost less impairment losses, if any. Amortisation of premium / discount on acquisition of the investments is carried out using the effective yield method.

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#### Available-for-sale

Investments which do not fall under other categories are classified as available-for-sale. After initial recognition, investments classified as available-for-sale are remeasured at fair value, determined with reference to the year-end quoted rates. The surplus or deficit, if any, arising as a result of remeasurement of fair value is recognised directly in equity, through the statement of changes in equity, until realised when it is taken to income statement. Investments are recognised in statement of changes in equity. In respect of investments in open end funds, the quoted price is determined with reference to the redemption repurchase price per unit prevailing as at the balance sheet (as declared by the respective fund).

When the carrying amount of the investment is impaired the cumulative gain or loss recognised in equity is removed from equity and recognised in the income and expenditure account even though the financial asset has not been derecognised. Impairment loss recognised in income and expenditure account is not reversed through income and expenditure account.

Gains or losses on disposals of investments are dealt with through the income and expenditure account in the year in which they arise.

#### Date of recognition

All purchase and sale of investments that require delivery within the time frame established by the regulations or market convention are recognised at the trade date, which is the date the Foundation commits to purchase or sell the investment.

### 3.4 Stock-in-trade

Stock-in-trade is valued at lower of cost determined on first-in-first-out (FIFO) basis and net realisable value. Net realisable value signifies the selling prices in the ordinary course of business less costs necessary to be incurred in order to make the sale.

### 3.5 Debtors

These are initially recognised at cost which represents fair value and are subsequently stated at amortised cost less impairment losses. Provision is made for doubtful receivables when collection of the amount is no longer probable and known bad debts are written off.

### 3.6 Cash and cash equivalents

Cash and cash equivalents comprise of cash and bank balances (including term deposits having maturity of up to three months at the reporting date) that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

### 3.7 Impairment

#### Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

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An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in income and expenditure account.

Non-financial assets

The carrying amount of the Foundation's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in the income and expenditure account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.8 Retirement benefits

The Foundation operates an approved contributory provident fund for its permanent employees. Equal monthly contributions are made both by the Foundation and the employees to the fund at the rate of 8.33% of basic salary plus cost of living allowance.

Compensated absences

Accrual is made for employees' compensated absences on the basis of the accumulated leaves and the last drawn pay.

3.9 Provisions

Provisions are recognised when the Foundation has a legal or constructive obligations as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

3.10 Financial assets and liabilities

Financial assets

Financial assets include investments, deposits, receivable from patients, other receivables and cash and bank balances. All the financial assets are initially recognised at fair value plus directly attributable transaction costs, if any, and subsequently measured at amortised cost, if applicable, less provision for impairment, if any. A provision for impairment is established if there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of the receivables. The Foundation derecognises the financial assets when it ceases to be a party to the contractual provisions of such assets.

Financial liabilities

Financial liabilities include trade and other payable, advance, deposits and other liability. All the financial liabilities are recognised initially at fair value plus directly attributable transaction cost, if any, and subsequently measured at amortised cost, if applicable. The Foundation derecognises the financial liabilities when it ceases to be a party to the contractual provisions of such instruments.

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### 3.11 Foreign currency translation

Transactions in foreign currencies are translated into Pakistani rupee at the exchange rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistani rupee at the exchange rates prevailing at the balance sheet date. Exchange differences are included in the income and expenditure account currently.

### 3.12 Offsetting

Financial assets and liabilities are set-off and the net amount is reported in the balance sheet when and only when, the Foundation has a legally enforceable right to set-off the amounts and the Foundation intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expenses are presented on a net basis only when permitted by the approved accounting standards.

### 3.13 Donations

Donations are accounted for on receipt basis. Donations restricted in use by the donors are utilized for the purpose specified and are classified as donations in the general fund account, except for religious donations (Zakat), which is recognised as deferred income. Any income from investments made from such restricted funds is also credited directly to the general fund account. Donations towards specific assets are classified as deferred income in the financial statements, while those towards operations are recognised as income in the income and expenditure account.

### 3.14 Taxation

#### Current

The Foundation has been approved as a non profit organisation under clause 2(36) of the Second Schedule to the Income Tax Ordinance, 2001 vide letter C.I.T/Jud-1/(Legal Division) RTO / 2009/ 1511 dated 25 June 2009. However, any income generated from any business activity carried out by the Foundation has not been exempted under the provisions of the said letter.

The donations and religious contributions received by the Foundation are exempt under clauses 58, 59 and 60 of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

Further, under clause 11(A)(IX) part IV of second schedule to the ITO, 2001, Foundation being a non-profit organization approved under clause 36 of section 2 of ITO, 2001 is also exempt from minimum tax.

Provision for current taxation against business income is based on taxable income at the current rates of taxation after taking into account the available tax credits and tax rebates.

#### Deferred

Deferred tax is recognised using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their tax base. This is recognised on the basis of the expected manner of the realisation or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

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3.15 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Foundation and the revenue can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and is recognised on the following basis:

- Income from medical services are recognised as and when services to the patients are rendered.
- Income from logo placement is recognised in the income and expenditure account on a straight-line basis over the term of the agreements.
- Return on term deposits is recognised on a time proportion basis at effective rate of return.
- Rental income is recognised in the income and expenditure account on a straight-line basis over the term of the rent agreements.
- Miscellaneous income is recorded on receipt basis.

4. QARZ-E-HASNA

Balance at the start of the year  
Received during the year  
Repayments  
Amount waived (taken to income and expenditure account)  
Balance at the end of the year

2012	2011
----- (Rupees) -----	
42,500,000	23,500,000
2,500,000	24,000,000
(4,500,000)	(5,000,000)
(10,000,000)	-
30,500,000	42,500,000

5. LIABILITIES AGAINST ASSETS HELD UNDER FINANCE LEASE

	2012	
	Minimum Lease Payments	Present Value
	----- (Rupees) -----	
Within one year	12,524,484	10,899,271
After one year but not more than five years	5,362,905	5,434,998
Total minimum lease payments	17,887,389	16,334,269
Amount representing finance charges	(1,553,120)	-
Present value of minimum lease payments	16,334,269	16,334,269
Current portion payable within one year	(10,899,271)	(10,899,271)
	5,434,998	5,434,998

	2011	
	Minimum Lease Payments	Present Value
	----- (Rupees) -----	
	77,109,473	56,562,687
	115,034,318	103,540,584
	192,143,791	160,103,271
	(32,040,520)	-
	160,103,271	160,103,271
	(56,562,687)	(56,562,687)
	103,540,584	103,540,584

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5.1 This represents the liability for central sterilisation system, generators and vehicles acquired under Ijarah agreement from various banks. The outstanding lease rentals due under the lease agreements are payable in monthly, quarterly and half yearly instalments latest by August 2014. The lease tenure varies as per the term of agreement. The discount rate implicit in these agreements range from KIBOR plus 0.5 percent to KIBOR plus 2.5 percent (2011: KIBOR plus 0.5 percent) per annum. The Foundation intends to exercise the option to purchase the assets upon completion of the period. These liabilities are secured against personal guarantees of Trustees, promissory notes and security deposits.

Islamic Financial Accounting Standard (IFAS) No. 2 "Ijarah" was notified by SECP vide S.R.O. 431 (I) / 2007 on 22 May 2007. The said IFAS requires the payments under Ijarah arrangements to be recognised as an expense over the Ijarah term. The Foundation intends to acquire such assets at the end of the lease term and has consequently recorded such arrangements under IAS-17 "Leases".

6. **LONG TERM FINANCING**

This represents long term financing of Rs. 129.99 million (2011: Nil ) obtained during the year under the diminishing musharakah basis to finance air conditioning equipment and machinery, bio medical, power and installation equipments with Meezan Bank and Bank Islami Pakistan Limited. Principal amount are payable in quarterly installments commencing from September 2014. Mark-up is payable quarterly ranging from 3 months KIBOR plus 0.5 percent to KIBOR plus 2.5 percent per annum at the date of disbursement and will subsequently be revised quarterly. The facilities are secured against promissory notes, joint hypothecation over specific equipments and machinery with 25% safety margin.

7. **LONG TERM ADVANCES**

		2012	2011
		----- (Rupees) -----	
Advance against rental	7.1	800,000	3,200,000
Advance against promotional logos	7.2	14,450,000	13,250,000
Others		4,476,101	1,364,186
		19,726,101	17,814,186
Current portion of advances	9	(17,959,431)	(14,650,000)
		1,766,670	3,164,186

7.1 This amount represents the balance of advance rent received from Bank Al-Habib amounting to Rs. 7,200,000 from 1 November 2009 till October 2012.

7.2 **Advance against promotional logos**

Balance at the beginning of the year	13,250,000	4,200,000
Received during the year	19,800,000	21,400,000
Transferred to income and expenditure account	(18,600,000)	(12,350,000)
Balance at the end of the year	14,450,000	13,250,000



## 8. DEFERRED INCOME

		2012	2011
		----- (Rupees) -----	
Zakat		53,153,918	50,145,203
Mosque		12,481,170	13,001,219
Sales and leaseback of property and equipment		-	1,500,494
		<u>65,635,088</u>	<u>64,646,916</u>

### 8.1 Zakat

Balance at the beginning of the year		50,145,203	58,734,642
Received during the year	8.1.1	112,154,260	64,316,769
Transferred to income and expenditure account (utilised during the year)	19.1	(109,145,545)	(72,906,208)
Balance at the end of the year		<u>53,153,918</u>	<u>50,145,203</u>

8.1.1 This includes Zakat received from related parties amounting to Rs. 43,950,000 (2011: Rs. 11,258,080).

### 8.2 Mosque

Balance at the beginning of the year		13,001,219	13,131,065
Received during the year		-	400,000
Transferred to income and expenditure account	20	(520,049)	(529,846)
Balance at the end of the year		<u>12,481,170</u>	<u>13,001,219</u>

### 8.3 Sales and leaseback of property and equipment

Balance at the beginning of the year		1,500,494	-
Income earned through sales and leaseback		-	2,250,741
Transferred to income and expenditure account	20	(1,500,494)	(750,247)
Balance at the end of the year		<u>-</u>	<u>1,500,494</u>

## 9. TRADE AND OTHER PAYABLES

Trade creditors	9.1	140,642,471	93,997,700
Current portion of long term advance	7	17,959,431	14,650,000
Accrued liabilities		24,820,376	19,547,747
Inpatient deposit		1,991,237	1,160,942
Consultant fees		2,804,865	701,460
		<u>188,218,380</u>	<u>130,057,849</u>

9.1 This includes Rs. 29,821,845 (2011: Rs. 21,540,190) due to related Parties.

## 10. PROPERTY AND EQUIPMENT

Operating assets	10.1	1,076,846,793	1,104,310,147
Capital work-in-progress	10.2	184,463	807,925
		<u>1,077,031,256</u>	<u>1,105,118,072</u>

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# OPERATING ASSETS

Operating assets		COST		ACCUMULATED DEPRECIATION			Annual rate of depreciation %				
30 June 2012		As at 1 July 2011	Additions	Disposals	Transfers	As at 30 June 2012		Charge for the year	Disposals	As at 30 June 2012	Carrying value as at June 2012
(Rupees)											
Owned											
Leasehold land	102,009,975	-	-	-	-	102,009,975	-	-	-	102,009,975	
Buildings on leasehold land	532,639,920	11,506,123	-	-	-	544,146,043	-	-	20,509,746	45,979,936	498,166,107
Buildings - mosque	13,574,982	-	-	-	-	13,574,982	-	-	520,049	573,763	12,481,170
Bio medical equipment	108,499,940	36,723,963	-	-	86,679,381	231,903,284	-	-	18,417,505	19,662,937	180,463,866
Air conditioning equipment and machinery	95,794,547	197,600	-	-	27,881,743	123,873,890	-	-	11,946,092	7,840,947	36,368,868
Power and other installations	84,555,763	10,911,945	-	-	12,414,319	107,882,027	-	-	8,012,979	2,433,696	21,296,334
Furniture and fixtures	52,231,403	131,400	(443,932)	-	25,112,596	77,031,667	-	-	4,771,796	4,282,972	15,315,833
Office equipment	5,165,112	675,413	-	-	-	5,840,525	-	-	561,271	2,154,516	3,686,009
Data processing equipment	12,521,051	200,745	-	-	-	12,721,796	-	-	2,277,107	7,305,148	5,416,648
Vehicles	4,526,626	2,350,000	-	-	-	6,876,626	-	-	589,268	3,357,163	3,519,463
<hr/>											
	1,011,519,519	62,697,189	(443,932)	152,088,039	1,225,860,815	82,585,659	67,605,813	34,220,552	(100,996)	184,311,028	1,041,549,787
<hr/>											
Assets held under Ijarah											
Air conditioning equipment and machinery	27,881,743	-	-	(27,881,743)	-	-	3,269,592	(7,840,947)	-	-	-
Bio medical equipment	106,911,603	-	-	(86,679,381)	20,232,222	11,938,074	13,343,256	(19,662,937)	-	5,618,393	14,613,829
Furniture and fixtures	25,112,596	-	-	(25,112,596)	-	2,091,570	2,191,402	(4,282,972)	-	-	-
Power and other installations	36,439,799	-	-	(12,414,319)	24,025,480	4,183,089	3,135,349	(2,433,696)	-	4,884,742	19,140,738
Vehicles	3,042,000	-	-	(152,088,039)	3,042,000	1,227,366	272,195	-	-	1,499,561	1,542,439
	199,387,741	-	-	(152,088,039)	47,299,702	24,011,454	22,211,794	(34,220,552)	-	12,002,696	35,297,006
<hr/>											
Total owned and leased assets	1,210,907,260	62,697,189	(443,932)	-	1,273,160,517	106,597,113	89,817,607	-	(100,996)	196,313,724	1,076,846,793
<hr/>											
30 June 2011											
Owned											
Leasehold land	102,009,975	-	-	-	-	102,009,975	-	-	-	-	102,009,975
Buildings on leasehold land	522,028,412	6,949,138	-	3,662,370	532,639,920	4,355,015	20,867,724	247,451	-	25,470,190	507,169,730
Buildings - mosque	13,174,982	400,000	-	-	13,574,982	43,917	529,846	-	-	573,763	13,001,219
Air conditioning plant	1,758,600	-	-	(1,758,600)	-	500,687	-	(500,687)	-	-	-
Bio medical equipment	113,186,174	60,181,827	(87,272,004)	22,403,943	108,499,940	1,860,595	12,872,429	784,617	(2,158,665)	13,358,976	95,140,964
Air conditioning equipment and machinery	78,222,067	384,315	-	17,188,165	95,794,547	1,285,842	14,639,646	656,341	-	16,581,829	79,212,718
Power and other installations	83,470,406	1,984,607	-	(899,250)	84,555,763	2,746,331	8,118,110	(14,782)	-	10,849,659	73,706,104
Furniture and fixtures	65,928,950	8,125,433	(25,260,214)	3,437,434	52,231,603	2,102,609	4,882,238	204,209	(826,995)	6,362,061	45,869,542
Office equipment	2,561,689	945,208	-	1,658,215	5,165,112	988,463	383,238	21,544	-	1,593,245	3,571,867
Data processing equipment	11,610,909	1,844,327	-	(934,185)	12,521,051	2,163,688	2,901,866	(37,513)	-	5,028,041	7,493,010
Vehicles	3,952,626	574,000	-	-	4,526,626	2,494,163	273,732	-	-	2,767,895	1,758,731
<hr/>											
	997,704,790	81,388,855	(112,532,218)	44,758,092	1,011,519,519	18,541,310	65,668,829	1,361,180	(2,985,660)	82,585,659	928,933,860
<hr/>											
Assets held under Ijarah											
Air conditioning equipment and machinery	47,812,581	286,062	-	(20,226,900)	27,881,743	785,960	4,117,892	(332,497)	-	4,571,355	23,310,388
Bio medical equipment	-	86,684,703	-	20,226,900	106,911,603	-	11,605,577	332,497	-	11,938,074	94,973,529
Furniture and fixtures	36,439,799	25,112,596	-	-	25,112,596	599,010	2,091,570	-	-	2,091,570	32,021,028
Power and other installations	3,042,000	-	-	-	36,439,799	907,136	3,584,079	-	-	4,183,089	32,256,710
Vehicles	87,294,380	112,093,361	-	-	199,387,741	2,292,106	320,230	-	-	1,227,366	1,814,634
	1,085,199,170	193,482,216	(112,532,218)	44,758,092	1,210,907,260	20,833,416	87,388,177	1,361,180	(2,985,660)	24,011,454	1,104,310,147
<hr/>											
Total owned and leased assets											

10.2 CAPITAL WORK-IN-PROGRESS

		2012 ----- (Rupees) -----	2011 ----- (Rupees) -----
Advance for the purchase of fixed assets	10.2.1	184,463	807,925
10.2.1 Advance for the purchase of fixed assets			
Opening balance		807,925	3,163,699
Additions during the year		184,463	51,274,170
Transferred to operating assets during the year		(807,925)	(53,629,944)
Closing balance		184,463	807,925

11. INTANGIBLE ASSETS - Computer software

		2012						Rate %	
		COST			AMORTISATION				Written down value as on 30 June 2012
		As at 1 July 2011	Addition/ (disposal)	As at 30 June 2012	As at 1 July 2011	For the year	As at 30 June 2012		
		(Rupees)							
Computer software		11,753,524	-	11,753,524	1,976,862	2,350,704	4,327,566	7,425,958	20

		2011						Rate %	
		COST			AMORTISATION				Written down value as on 30 June 2011
		As at 1 July 2010	Addition/ (disposal)	As at 30 June 2011	As at 1 July 2010	For the year	As at 30 June 2011		
		(Rupees)							
Computer software		4,061,026	7,692,498	11,753,524	66,757	1,910,105	1,976,862	9,776,662	20

11.1 Intangible assets includes cost of ERP solution Oracle 11g and related modules for the Foundation.

12. LONG TERM SECURITY DEPOSITS

This includes Rs. 2,561,850 as security deposit paid to banks in respect of Ijarah of central sterilisation system, generator and vehicles.

13. STOCK-IN-TRADE

This represents medicines and disposable surgical items.

14. DEBTORS - unsecured

	2012 ----- (Rupees) -----	2011 ----- (Rupees) -----
Considered good	14,507,951	2,059,571
Considered doubtful	532,396	-
	15,040,347	2,059,571
Provision for doubtful debts	(532,396)	-
	14,507,951	2,059,571

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15. **ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

		2012	2011
		----- (Rupees) -----	
Loans and advances	15.1	464,200	765,928
Advance to suppliers		9,865,302	2,567,389
Deposits		549,794	274,794
Prepayments		266,272	704,147
Profit receivable on term deposit receipts		560,391	153,125
Welfare receivable		3,304,681	-
Other receivable		663,805	645,201
		<u>15,674,445</u>	<u>5,110,584</u>

15.1 This includes interest-free loans given to employees amounting to Rs. 145,000 (2011: Rs. 109,099).

16. **SHORT TERM INVESTMENT**

Held to maturity - Term deposit receipts	<u>12,500,000</u>	<u>2,500,000</u>
--	-------------------	------------------

This represents term deposit placed with Al-Habib Limited and Bank Alfalah Limited amounting to Rs. 2.5 million and Rs. 10 million, maturing on 26 January 2013 and 13 December 2012 and carrying mark up of 12.5% and 12%, respectively.

17. **CASH AND BANK BALANCES**

Cash in hand		349,670	533,546
Balances with banks in:			
Local currency			
- current account		93,417,665	35,314,337
- saving account	17.1	218,418	-
		<u>93,636,083</u>	<u>35,314,337</u>
Foreign currency - current account		171,392	159,273
		<u>94,157,145</u>	<u>36,007,156</u>

17.1 These carry interest / mark-up of 7.5% per annum.

18. **TAXATION**

18.1 **Current taxation**

The tax returns for the Foundation have been submitted and finalised upto and including the financial year 2011, unless selected for audit by the tax authorities. During the year ended 30 June 2009, a notice no. CIT/Audit.Div.-II/RTO/2009 dated 13 May 2009 was sent to the Foundation by the Commissioner Income Tax, whereby the Foundation was selected for audit u/s 177 (4) (d) of the Income Tax Ordinance, 2001.

18.2 **Deferred taxation**

Taxable temporary differences arising on:			
- Accelerated tax depreciation on owned and leased assets		225,440,233	173,107,667
Deductible temporary differences arising on:			
- Liabilities against assets held under finance lease		(5,716,994)	(40,025,818)
- Carry forward losses		(219,723,239)	-
		<u>-</u>	<u>133,081,849</u>

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18.3 During the year, the management re-evaluated the deferred tax asset against carry forward tax losses and has recognised it only to the extent of taxable temporary differences. Deferred tax asset in respect of carry forward losses amounting to Rs. 182.32 million has not been recorded due to improbability of its realisation in future.

19. **INCOME FROM MEDICAL SERVICES**

Pharmacy	56,869,283	11,242,911
Laboratory	47,514,990	32,357,315
Out-patient department	25,415,639	16,907,445
In-patient department	116,787,130	58,236,806
Radiology	22,960,690	7,981,027
Child health care	8,171,174	2,505,710
	277,718,906	129,231,214
Discount	(2,334,586)	(5,918,564)
	275,384,320	123,312,650

19.1 Income from medical services includes Zakat utilised amounting to Rs. 109,145,546 (2011: Rs. 72,906,208) for treatment of indigent patients.

20. **OTHER INCOME**

Return on investments	2,766,414	286,501
Rental income	2,892,000	2,760,000
Income from logo advertisement	18,600,000	12,350,000
Donations received during the year	20.1 179,584,527	172,862,200
Donations for Mosque	8.2 520,049	529,846
Gain on sale and leaseback of assets	8.3 1,500,494	750,247
Others	2,603,020	1,046,558
	208,466,504	190,585,352

20.1 This includes donations received from related parties amounting to Rs. 82,034,668 (2011: Rs. 118,372,187).

21. **FINANCIAL RISK MANAGEMENT**

The Foundation's principal financial liabilities comprise of loans and borrowings (Qarz-e-Hasna) and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Foundation's operations. The Foundation has Ijarah and diminishing musharakah financing and cash and short-term deposits that arrive directly from its operations.

The Foundation's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow risk, interest rate risk and price risk), credit risk and liquidity risk.

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The Foundation's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Foundation through internal risk reports which analyze exposures by degree and magnitude of risks.

The Foundation's senior management oversees the management of these risks. It is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Foundation. The committee provides assurance to the Foundation senior management that the Foundation's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Foundation policies and Foundation borrowing capacity. Being a not for profit setup, the institution does not indulge in that are highly risk. Funds required for interim cash flow gaps are arranged in focus with capacity to pay through future cash flows. The Board of trustees reviews and agrees policies for managing each of these risks.

#### 21.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter party to the financial instrument fails to perform as contracted. Out of the total financial assets of Rs. 135,931,161 (2011: Rs. 62,558,148), the financial assets which are subject to credit risk amounted to Rs. 135,581,491 (2011: Rs. 26,550,992).

The Foundation is exposed to credit risk from its operating activities (primarily for debtors and investments) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

##### 21.1.1 Credit risk related to financial instruments and cash deposits

The Foundation limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a high credit rating. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

#### 21.2 Liquidity risk management

Liquidity risk reflects the Foundation's inability in raising funds to meet commitments. Management closely monitors the Foundation's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

Ultimate responsibility for liquidity risk management rests with the board of trustees, which has built an appropriate liquidity risk management framework for the management of the Foundation's short, medium and long-term funding and liquidity management requirements. The Foundation manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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21.2.1 **Liquidity and interest risk table**

The following tables detail the Foundation's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Foundation can be required to pay. The table includes both interest and principal cash flows:

30 June 2012	Carrying amount	Contractual cash flows	Upto six months	Six months to one year	More than one year	No stated maturity
	(Rupees)					
Qarz-e-Hasna	30,500,000	30,500,000	-	-	-	30,500,000
Liabilities against assets held under finance lease	16,334,269	17,887,389	6,311,905	6,212,578	5,362,906	-
Long term financing	129,998,066	194,801,299	6,253,398	8,782,147	179,765,754	
Creditors and accrued liabilities	170,258,949	170,258,949	170,258,949	-	-	-
Accrued mark-up	1,334,713	1,334,713	1,334,713	-	-	-
As at 30 June 2012	<u>348,425,997</u>	<u>414,782,350</u>	<u>184,158,965</u>	<u>14,994,725</u>	<u>185,128,660</u>	<u>30,500,000</u>
30 June 2011	Carrying amount	Contractual cash flows	Upto six months	Six months to one year	More than one year	No stated maturity
	(Rupees)					
Qarz-e-Hasna	42,500,000	42,500,000	-	-	-	42,500,000
Liabilities against assets held under finance lease	160,103,271	192,143,791	41,933,575	35,175,898	115,034,318	-
Creditors and accrued liabilities	115,407,849	115,407,849	115,407,849	-	-	-
Accrued mark-up	5,897,077	5,897,077	5,897,077		-	-
As at 30 June 2011	<u>323,908,197</u>	<u>355,948,717</u>	<u>163,238,501</u>	<u>35,175,898</u>	<u>115,034,318</u>	<u>42,500,000</u>

21.3 **Market risk management**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Foundation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

21.3.1 **Interest rate risk management**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation's exposure to the risk of changes in market interest rates relates primarily to the Foundation's Ijarah's and diminishing musharakah's obligations and with floating interest rates and investment in term deposit receipts.

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Fair value sensitivity analysis for fixed rate instruments

The Foundation does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011

At the balance sheet date, the Foundation's interest rate profile of financial instruments bearing variable interest rate is as follows:

	2012	2011
	----- (Rupees) -----	
Accrued mark-up	1,334,713	5,897,077

The management considers that a change of 100 basis points in interest rates at the balance sheet date would have had an immaterial impact on the financial statements of the Foundation.

21.3.2 Foreign exchange risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation imports medical equipments and consumables and is exposed to currency risk primarily with respect to liabilities denominated in AED and US Dollars. Further, the Foundation also holds bank accounts denominated in foreign currencies:

Exposure to currency risk

The Foundation's maximum exposure to currency risk at the balance sheet date was as follows:

	2012				2011			
	Rupees (Equivalent)	Pound Sterling	USD	AED	Rupees (Equivalent)	Pound Sterling	USD	AED
Cash and bank balances	171,392	1,155	20	-	159,273	1,155	20	-
Trade Creditors	34,507,232	-	(64,500)	(1,108,434)	-	-	-	-
Net balance sheet exposure	34,678,624	1,155	(64,480)	(1,108,434)	159,273	1,155	20	-

The following significant exchange rates applied on the balance sheet date:

	2012	2011
Rupees / Pound Sterling	146.76	138.30
Rupees / US Dollars	94.20	86.05
Rupees / AED	25.65	23.43

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#### Sensitivity Analysis

A 10 percent strengthening of the Rupee against GBP, US Dollar and AED at 30 June would have increased / decreased the Foundation's surplus by Rs. 16,951 (2011: Rs. 9,939), Rs. 607,402 (2011: Rs. 47) and Rs. 2,843,133 (2011: Nil) respectively. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2011.

#### 21.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market price (other than those arising from currency risk or interest rate risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. At the balance sheet date, the Foundation was not exposed to financial instruments having other price risk.

#### 21.4 Fair values

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

##### Fair value hierarchy

The Foundation's accounting policy on fair value measurements is discussed in note 2.2. The Foundation measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer price quotations.

At the balance sheet date, the investments of the Foundation were not categorised in any fair value hierarchy, as the Foundation had investments only in term deposit receipts.

#### 21.5 Capital risk management

The Company finances its operations primarily from the revenue received through medical services. Apart from this, the Company also solicits donations for patient welfare as well as for financing its capital projects.

*KPMG*

22. TRANSACTIONS WITH RELATED PARTIES

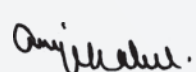



Related parties include Trustees, Directors, associated undertakings in which Trustees hold common directorship, key management personnel, close members of the family of all the aforementioned related parties, and staff provident fund of its project, the Memon Medical Institute. Remuneration to key management personnel are in accordance with the terms of their employment. Details of transactions and balances with related parties other than those mentioned below are disclosed elsewhere in these financial statements:

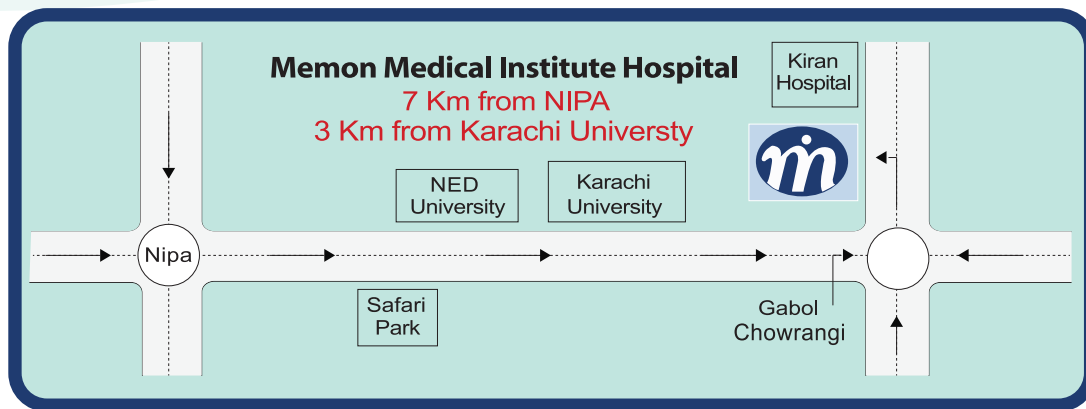
	2012 ----- (Rupees) -----	2011 -----
Purchase of medical supplies	<u>3,184,609</u>	<u>121,126</u>
Contribution to Memon Medical Institute Employees Provident Fund	<u>5,100,883</u>	<u>3,421,975</u>

23. GENERAL

These financial statements were authorised for issue by the Board of Trustees on December 1, 2012.

*K. P. Memon*

			
Honorary Chairman	Honorary Managing Trustee	Honorary General Secretary	Honorary Treasurer



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