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THE KIDNEY CENTRE POST GRADUATE TRAINING INSTITUTE

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network, State Life Building No. 1-C, I. I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007

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Independent Auditor's Report to the Board of Governors

Opinion

We have audited the annexed financial statements of The Kidney Centre Post Graduate Training Institute (the Institute), which comprise the statement of financial position as at June 30, 2026, and the statement of income and expenditure and other comprehensive income, the statement of changes in net assets and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the annexed financial statements give a true and fair view of the financial position of the Institute as at June 30, 2026, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Responsibility of Management and Board of Governors for the Financial Statements

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

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

Board of Governors are responsible for overseeing the Institute's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

AFF

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network, State Life Building No. 1-C, I. I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

The engagement partner on the audit resulting in this independent auditor's report is Azhar Hussain.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: October 28, 2026

UDIN: AR2026102909XRKCrPpT

THE KIDNEY CENTRE POST GRADUATE TRAINING INSTITUTE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

	Note	2026	2025
		Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	1,113,254,540	1,059,095,571
Intangible assets	6	713,732	1,430,898
Long-term deposits		3,332,195	2,757,195
		1,117,300,467	1,063,283,664
CURRENT ASSETS			
Inventories	7	250,747,204	206,256,151
Accounts receivable	8	39,250,129	28,262,641
Advances, deposits, prepayments and other receivables	9	35,838,274	34,732,069
Short-term investments	10	3,373,252,485	2,983,107,232
Cash and bank balances	11	347,317,915	586,532,346
		4,046,406,007	3,838,890,439
TOTAL ASSETS		5,163,706,474	4,902,174,103
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred capital contribution	12	1,305,002,155	1,277,055,574
Long-term borrowing	13	-	20,096,616
		1,305,002,155	1,297,152,190
CURRENT LIABILITIES			
Trade and other payables	14	245,369,832	248,463,830
Current portion of long-term borrowing	13	32,169,613	50,731,999
Accrued interest		27,397	113,511
Deferred contribution	15	250,770,995	346,243,227
		528,337,837	645,552,567
NET ASSETS		3,330,366,482	2,959,469,346
FINANCED BY:			
Restricted endowment fund		3,352,828,897	3,017,873,876
General fund (deficit)		(22,462,415)	(58,404,530)
		3,330,366,482	2,959,469,346
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes 1 to 30 form an integral part of these financial statements.

Chairman

Treasurer

THE KIDNEY CENTRE POST GRADUATE TRAINING INSTITUTE
STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		Rupees	
INCOME			
Income from medical services - net	17	1,329,086,868	1,216,105,558
Value of services provided to welfare patients - net	18	926,480,890	782,521,284
Amortization of deferred capital contribution	12	80,440,135	54,900,024
		2,336,007,893	2,053,526,866
EXPENDITURE			
Cost of services			
Medicines consumed		688,690,159	648,322,454
Salaries and allowances		997,077,350	859,714,551
Utilities expenses		148,014,090	164,830,343
Depreciation	5.1.2	152,677,626	119,045,905
Repair, maintenance and others		59,641,366	77,342,330
Laboratory tests		17,546,331	13,984,998
Food supplies		21,964,602	20,848,831
Uniform and linen		6,432,385	5,131,181
Communication		1,538,052	1,319,658
Advertisement		2,236,334	1,954,378
Printing and stationery		11,463,752	10,935,328
Insurance		7,517,507	8,674,675
Fund raising cost		18,975,333	17,493,638
Training, development and seminars		6,087,929	4,470,923
Laundry, cleaning and sanitation		26,838,435	26,452,557
Security service		4,666,759	4,368,420
Allowance for expected credit losses	8.3	43,000	399,127
Others		357,310	336,824
		2,171,768,320	1,985,626,121
Administrative expenses	19	156,345,160	140,745,346
Finance cost	20	11,661,107	11,109,675
		2,339,774,587	2,137,481,142
Other income	21	(39,708,809)	(25,549,992)
		2,300,065,778	2,111,931,150
Operating income / (deficit)		35,942,115	(58,404,284)
Other comprehensive income		-	-
Total comprehensive income / (loss)		35,942,115	(58,404,284)

The annexed notes 1 to 30 form an integral part of these financial statements.

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Chairman **Treasurer**

THE KIDNEY CENTRE POST GRADUATE TRAINING INSTITUTE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2026

	Restricted Endowment Fund	General fund Accumulated (Deficit)	Total
	---------- Rupees ----------		
Balance as at June 30, 2024	2,628,976,853	(246)	2,628,976,607
Total comprehensive loss for the year	-	(58,404,284)	(58,404,284)
Income on investments	361,145,016	-	361,145,016
Fair value adjustment	27,752,007	-	27,752,007
Balance as at June 30, 2025	3,017,873,876	(58,404,530)	2,959,469,346
Total comprehensive income for the year	-	35,942,115	35,942,115
Income on investments	309,275,026	-	309,275,026
Fair value adjustment	25,679,995	-	25,679,995
Balance as at June 30, 2026	3,352,828,897	(22,462,415)	3,330,366,482

The annexed notes 1 to 30 form an integral part of these financial statements.

Chairman **Treasurer**

THE KIDNEY CENTRE POST GRADUATE TRAINING INSTITUTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		---------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating surplus / (deficit) for the year		35,942,115	(58,404,284)
Adjustments for non-cash charges and other items:			
- Depreciation of operating assets	5.1.2	153,140,624	119,625,439
- Amortization of intangible assets	6	717,166	1,720,336
- Value of services provided to welfare patients - net	18	(926,480,890)	(782,521,284)
- Amortization of deferred capital contribution	12	(80,440,135)	(54,900,024)
- Liabilities written Back		(4,221,050)	(2,659,046)
- Interest on long-term borrowings net of amortization		293,752	(3,648,707)
- Gain on disposal of operating assets	21	(16,526,963)	(5,853,439)
- Allowance for expected credit of losses	8.3	43,000	399,127
Deferred contributions received	15.2	831,008,660	815,197,827
Long-term deposits - net		(575,000)	-
Working capital changes	22	(55,500,693)	42,777,980
Net cash (utilised) / generated from operating activities		(62,599,414)	71,733,925
CASH FLOWS FROM INVESTING ACTIVITIES			
Short-term investments made		(5,451,904,512)	(4,991,840,385)
Short-term investments redeemed		5,146,827,774	4,182,047,448
Purchase of property and equipment		(207,372,700)	(201,834,414)
Proceeds from disposal of operating assets		16,600,070	6,821,250
Net cash used in investing activities		(495,849,368)	(1,004,806,101)
CASH FLOWS FROM FINANCING ACTIVITIES			
Deferred capital contribution received		108,386,716	634,625,096
Interest on long-term borrowings paid		(379,866)	(26)
Repayment of long-term borrowings net of amortization		(38,659,002)	(41,126,580)
Income received on restricted endowment fund		301,398,172	411,172,403
Net cash generated from financing activities		370,746,020	1,004,670,893
Net (decrease) / increase in cash and cash equivalents		(187,702,762)	71,598,717
Cash and cash equivalents at beginning		619,824,264	548,225,547
Cash and cash equivalents at end	23	432,121,502	619,824,264

The annexed notes 1 to 30 form an integral part of these financial statements.

Chairman **Treasurer**

THE KIDNEY CENTRE POST GRADUATE TRAINING INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

1. LEGAL STATUS AND OPERATIONS

The Kidney Centre, a society registered on November 6, 1986 under the Societies Registration Act, 1860, was reorganized and re-established as a Training Institute to be known as the Dorab Patel Post Graduate Institute for Nephrology and Urology. This was effected on February 10, 2001 through promulgation of The Dorab Patel Post Graduate Training Institute for Nephrology and Urology Ordinance, 2001 (No. XI) by the Governor of Sindh. However, on August 8, 2001 the aforementioned Ordinance was repealed and replaced by a new Ordinance i.e. The Kidney Centre Post Graduate Training Institute Ordinance, 2001 (No. XXVIII). Under the new Ordinance:

- The Kidney Centre is to be known as The Kidney Centre Post Graduate Training Institute (the Institute);

- Established within the Institute is a training and research center to be known as the Dorab Patel Post Graduate Training and Research Centre; and

- The principal objective of the Institute is to construct and operate one or more hospitals with such ancillary facilities appropriate for the prevention and treatment of renal and other related diseases on charitable basis to needy patients.

The Institute, located at 197/9, Rafiqui Shaheed Road, Karachi, provides all medical services as specified in note 18. In addition, the Institute also provides filter clinic services at its Korangi location - 19, Sector 31/A, Korangi Township, Karachi.

2. INITIAL APPLICATION OF STANDARDS, AMMENDMENTS AND IMPROVEMENTS TO EXISTING STANDARDS

a) Amendments to approved accounting and reporting standards that became effective during the year

There are certain amendments to existing approved accounting and reporting standards which became effective on the Institute for the financial year beginning on July 1, 2025; however these do not have any material impact on the Institute's financial reporting and, therefore, have not been disclosed in these financial statements.

b) Standards, amendments and improvements to approved accounting and reporting standards that are not yet effective and have not been early adopted by the Institute

There are standards, certain amendments and improvements to existing accounting and reporting standards that are not yet effective and have not been early adopted by the Institute for the financial year beginning on July 1, 2025. These are not expected to have any material impact on the Institute's financial reporting and, therefore, have not been presented in these financial statements except for:

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IFRS 18 - Presentation and Disclosure in Financial Statements (Effective July 1, 2027):

A new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss has been introduced. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (Effective July 1, 2026):

These amendments:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cashflows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

An important clarification brought about in these amendments is that a payment instruction (e.g. a cheque) that is prepared for a future payment will generally not meet the requirements for the financial liability to be discharged and hence can not be derecognised. The previous practice of financial liabilities being derecognised upon issuance of cheques would, hence, need to be reconsidered.

The management is currently in the process of assessing the impact of the aforementioned standards and amendments.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation

3.1.1 These financial statements have been prepared under the historical cost convention, except as otherwise disclosed in the relevant accounting policies below:

3.1.2 These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. Approved accounting and reporting standards comprise of IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as are notified by the Securities and Exchange Commission of Pakistan (SECP), Accounting Standard for Not for Profit Organizations (NPOs) and Accounting Standard - Financial Statements Disclosures of Zakat Received by an Entity' issued by the Institute of Chartered Accountants of Pakistan (ICAP).

3.1.3 The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Institute's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2 Property and equipment

3.2.1 Operating assets

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to the statement of income and expenditure and other comprehensive income using the straight-line method whereby the cost of an operating asset less its estimated residual value is written-off over its estimated useful life at rates given in note 5.1. Depreciation on additions is charged from the month in which the asset is available for use up to the month immediately preceding the disposal. Assets received as contributions in-kind are initially recognized at fair value and subsequently at valuation less accumulated depreciation and impairment, if any. Assets residual values and useful life are reviewed, and adjusted, if appropriate at each reporting date.

The carrying values of operating assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of operating assets is the greater of fair value less cost of disposal and value in use.

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably.

Maintenance and normal repairs are charged to the statement of income and expenditure and other comprehensive income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Disposal of assets is recognized when significant risks and rewards incidental to ownership have been transferred to the buyer. The gain or loss on disposal of an asset, represented by the difference between the sales proceeds and carrying amount of the asset, is recognized as an income or expense in the period of disposal.

3.2.2 Capital work-in-progress

These are stated at cost less impairment, if any, and consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant operating asset or intangible assets category as and when assets are available for use.

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3.3 Intangible assets

These are stated at cost less accumulated amortization and impairment loss, if any. Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Costs directly associated with acquiring software that have probable economic benefits exceeding one year, are recognized as an intangible asset. Direct costs include the purchase cost of software and related overhead cost. Subsequent directly attributable costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably.

Computer software costs are amortized from the year when such assets are available for use on a straight-line basis over the asset's useful life.

The asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

3.4 Financial instruments

3.4.1 Financial assets

The Institute classifies its financial assets in the following categories: at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) At amortized cost

Financial assets are measured at amortized cost where assets are held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) At fair value through other comprehensive income

Financial assets are measured at FVOCI where assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) At fair value through profit or loss

Financial assets, that are not measured at amortized cost or at FVOCI on initial recognition, are classified as FVPL.

3.4.1.1 Recognition and measurement

All financial assets are recognized at the time when the Institute becomes a party to the contractual position of the instrument. Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the Institute commits to purchase or sell the asset.

Financial assets at amortized cost are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method.

Investments, classified as FVOCI, are initially recognized at cost, being the fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair values. Increase or decrease in respect of these investments is recognized directly in other comprehensive income till the investment is sold or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously recognized in other comprehensive income is transferred to the respective fund.

Financial assets carried at FVPL are initially recognized at fair value, and transaction costs are expensed in the statement of income and expenditure and other comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Institute has transferred substantially all risks and rewards of ownership. Gains or losses arising from changes in the fair value are presented in the statement of income and expenditure and other comprehensive income within 'other income / other expenses' in the period in which they arise.

Any changes in the fair value of investments which are acquired from the funds restricted for capital expenditure purpose or endowment fund is recognized directly in deferred capital contribution or restricted endowment fund, respectively.

3.4.2 Impairment of financial assets

The Institute recognises lifetime Expected Credit Losses (ECL) for accounts receivable. The ECL on accounts receivable are estimated using a provision matrix based on the Institute's historical credit loss experience, adjusted for factors i.e. general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the institutes recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial asset has not increased significantly since initial recognition, the Institute measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

The amount of ECL is updated at each reporting date to reflect change in credit risk since initial recognition of the respective financial asset.

Accounts and other receivables considered irrecoverable are written-off.

3.4.3 Financial liabilities

All financial liabilities are recognized at the time when the Institute becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of income and expenditure and other comprehensive income.

3.4.4 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Institute or the counterparty.

3.5 Inventories

Inventories are valued at lower of cost, determined on weighted average basis, and net realizable value. Cost comprises invoice value plus other charges incurred thereon upto the reporting date.

Provision is made for slow moving and expired inventories, where necessary, and recognized in the statement of income and expenditure and other comprehensive income. Obsolete items are written-off and are recorded at Nil.

3.6 Accounts receivables

Accounts receivable are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognized at fair value. The Institute holds the accounts receivable with the objective to collect contractual cash flows and, therefore, measures them subsequently at amortized cost using the effective interest method. Provision for impairment is recognized for lifetime ECL under the simplified model for accounts receivables.

The amount of the provision for impairment is charged to the statement of income and expenditure and other comprehensive income.

3.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with banks on current, deposit and savings accounts and short-term investments with original maturities of three months or less.

3.8 Retirement benefits

The Institute operates an approved contributory provident fund for its permanent employees. Equal monthly contributions are made, both by the Institute and the employees, to the fund at the rate of 10% of basic salary.

3.9 Compensated absences

Annual leave earned and not availed may be accumulated in the employee's annual leave account to a maximum of 32 days, as of the first day of January of each year. An employee who has not availed annual leave will be allowed to encash his / her leave balance.

3.10 Trade and other payables

Trade and other payables are recognized initially at fair value of the consideration to be paid in the future for goods and services received, and are subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

3.11 Borrowings

Borrowings are recognized initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently stated at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of income and expenditure and other comprehensive income over the period of the borrowings using the effective interest method.

3.12 Government grants

Grants from the government, including reduced rate borrowings, relating to property and equipment are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Institute will comply with all attached conditions. Government grants are netted off against the carrying amount of the related property and equipment in the statement of financial position.

3.13 Provisions

Provisions are recognized when the Institute has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

3.14 Deferred contributions and deferred capital contributions

Specific donations and zakat contributed by donors are initially recognized as deferred contributions on receipt. Donations and grants restricted for capital expenditure and donations in kind, which are recognised at fair value, are recognized as 'deferred capital contribution' when received. Subsequently, they are recognized in the statement of income and expenditure and other comprehensive income to match the cost and expenses incurred in respect of the same.

3.15 Foreign currency transactions and translation

The financial statements are presented in Pakistan Rupees which is the Institute's functional currency. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at rates of exchange prevailing at the reporting date. Transactions in foreign currencies are accounted for in Pakistan Rupees at daily average rates. Exchange gains and losses on contribution received for capital expenditure are added to the balance of deferred capital contribution. All other exchange gains and losses are included in the statement of income and expenditure and other comprehensive income.

3.16 Income recognition

The Institute follows the deferral method of accounting for contributions, charities and grants. Under this method externally restricted contributions including zakat, charities and grants are deferred and recognized as income in the year the related expenses are recognized / services provided to welfare patients free of cost (such income is recognized at the value of medical services, net of discount); contributions externally restricted for capital assets are recorded as deferred capital contribution and are amortized on the same basis as the related asset is depreciated; and unrestricted contributions are recognized as income when received.

Income from medical services is recognized as and when services are provided.

Investment income related to (i) deferred contribution and deferred capital contribution are added to the balances thereof; (ii) restricted endowment fund are credited directly to the endowment fund; and (iii) other invested funds are recognized in the statement of income and expenditure and other comprehensive income.

Rental income is recognized over the term of the contract.

3.17 Taxation

The Institute has been granted approval as a non-profit organization under section 2(36) of the Income Tax Ordinance, 2001 (the Ordinance) by the Commissioner Inland Revenue. Therefore, the Institute based on its advice of its tax consultant, is of the view that its income would not be liable to tax in view of tax credit available under section 100C of the Ordinance.

3.18 Endowment fund

Represents a restricted fund which is retained for the benefit of the Institute. The main objective of the fund is to fund capital expenditure, training of doctors and welfare patients treatment. Only endowment contributions and investment income subject to restrictions stipulating that it be added to the principal amount of the endowment fund would be reported as income of the endowment fund. The utilization of this fund is subject to the Board's discretion.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Institute makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

4.1 Property and equipment

The Institute reviews appropriateness of the rate of depreciation and useful life used for recording the depreciation on an annual basis. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

	2026	2025
	---------- Rupees ----------	

5. PROPERTY AND EQUIPMENT

Operating fixed assets (note 5.1)	1,058,787,770	963,903,599
Capital work-in-progress (note 5.2)	54,466,770	95,191,972
	1,113,254,540	1,059,095,571

5.1 Operating fixed assets

	Leasehold land	Building (note 5.1.1)	Electro medical equipment	Laboratory Equipment	Machinery	Furniture and fixture	Vehicles	Office equipment	Computers	Electrical equipment and fittings	Elevators	Books	Total
	---Rupees---												
As at 01 July 2024													
Cost	12,586,845	190,992,938	587,264,449	21,574,038	70,172,965	16,101,502	18,275,463	36,437,310	42,530,458	3,987,766	12,582,414	513,191	1,013,019,339
Accumulated depreciation	-	(111,200,872)	(438,821,320)	(18,719,983)	(66,760,439)	(12,198,289)	(4,422,370)	(19,930,811)	(24,058,009)	(3,987,766)	(12,582,414)	(513,191)	(713,195,464)
Net book value	12,586,845	79,792,066	148,443,129	2,854,055	3,412,526	3,903,213	13,853,093	16,506,499	18,472,449	-	-	-	299,823,875
Year ended 30 June 2025													
Opening net book value	12,586,845	79,792,066	148,443,129	2,854,055	3,412,526	3,903,213	13,853,093	16,506,499	18,472,449	-	-	-	299,823,875
Additions including transfers - note 5.2	-	84,719,445	331,054,954	735,000	193,511,194	10,429,150	1,939,021	24,680,676	3,910,042	132,263,492	1,430,000	-	784,672,974
Less: Disposals													
Cost	-	-	52,302,813	425,688	32,000	-	614,710	864,808	332,755	-	-	-	54,572,774
Accumulated depreciation	-	-	(51,368,786)	(425,688)	(32,000)	-	(614,710)	(863,808)	(299,971)	-	-	-	(53,604,963)
	-	-	934,027	-	-	-	-	1,000	32,784	-	-	-	967,811
Less: Depreciation charge - note 5.1.2	-	9,818,858	70,806,273	1,177,763	13,441,326	1,254,987	3,241,827	3,980,293	6,923,958	8,920,571	59,583	-	119,625,439
Closing net book value	12,586,845	154,692,653	407,757,783	2,411,292	183,482,394	13,077,376	12,550,287	37,205,882	15,425,749	123,342,921	1,370,417	-	963,903,599
As at 01 July 2025													
Cost	12,586,845	275,712,383	866,016,590	21,883,350	263,652,159	26,530,652	19,599,774	60,253,178	46,107,745	136,251,258	14,012,414	513,191	1,743,119,539
Accumulated depreciation	-	(121,019,730)	(458,258,807)	(19,472,058)	(80,169,765)	(13,453,276)	(7,049,487)	(23,047,296)	(30,681,996)	(12,908,337)	(12,641,997)	(513,191)	(779,215,940)
Net book value	12,586,845	154,692,653	407,757,783	2,411,292	183,482,394	13,077,376	12,550,287	37,205,882	15,425,749	123,342,921	1,370,417	-	963,903,599
Year ended 30 June 2026													
Opening net book value	12,586,845	154,692,653	407,757,783	2,411,292	183,482,394	13,077,376	12,550,287	37,205,882	15,425,749	123,342,921	1,370,417	-	963,903,599
Additions including transfers - note 5.2	-	105,073,388	89,198,395	1,260,000	11,438,781	11,718,966	2,812,995	2,436,515	2,280,502	21,878,360	-	-	248,097,902
Less: Disposals													
Cost	-	-	18,529,664	-	11,164,109	-	807,470	203,000	131,074	2,400,522	-	-	33,235,839
Accumulated depreciation	-	-	(18,461,070)	-	(11,164,109)	-	(807,470)	(203,000)	(126,561)	(2,400,522)	-	-	(33,162,732)
	-	-	68,594	-	-	-	-	-	4,513	-	-	-	73,107
Less: Depreciation charge - note 5.1.2	-	11,936,091	87,757,718	1,478,107	19,998,579	2,140,766	3,777,551	5,039,917	6,548,628	14,320,267	143,000	-	153,140,624
Closing net book value	12,586,845	247,829,950	409,129,866	2,193,185	174,922,596	22,655,576	11,585,731	34,602,480	11,153,110	130,901,014	1,227,417	-	1,058,787,770
As at 30 June 2026													
Cost	12,586,845	380,785,771	936,685,321	23,143,350	263,926,831	38,249,618	21,605,299	62,486,693	48,257,173	155,729,096	14,012,414	513,191	1,957,981,602
Accumulated depreciation	-	(132,955,821)	(527,555,455)	(20,950,165)	(89,004,235)	(15,594,042)	(10,019,568)	(27,884,213)	(37,104,063)	(24,828,082)	(12,784,997)	(513,191)	(899,193,832)
Net book value	12,586,845	247,829,950	409,129,866	2,193,185	174,922,596	22,655,576	11,585,731	34,602,480	11,153,110	130,901,014	1,227,417	-	1,058,787,770
Annual rate of depreciation (%)		5	3.33 - 20	20	10	10	20	10	25	10	10	15	

Atlas

5.1.1 The building has been constructed on the land owned by the Military Lands and Cantonments. The lease for such land is still in process of being granted to the Institute.

	2026	2025
	Rupees	
5.1.2 Depreciation charge for the year has been allocated as follows:		
Cost of services	152,677,626	119,045,905
Administrative expenses (note 19)	462,998	579,534
	153,140,624	119,625,439

5.2 Capital work-in-progress

	Civil works and construction	Machinery and electro- medical equipment	Total
	Rupees		
Year ended June 30, 2025			
Balance at July 1, 2024	115,439,876	558,588,396	674,028,272
Additions (notes 5.2.1 and 5.2.2)	14,052,531	158,359,735	172,412,266
Transfers to operating assets	(115,439,876)	(635,808,690)	(751,248,566)
Balance at June 30, 2025	14,052,531	81,139,441	95,191,972
Year ended June 30, 2026			
Balance at July 1, 2025	14,052,531	81,139,441	95,191,972
Additions	101,280,764	83,179,830	184,460,594
Transfers to operating assets	(105,073,388)	(120,112,408)	(225,185,796)
Balance at June 30, 2026	10,259,907	44,206,863	54,466,770

5.2.1 During the previous year, capital work-in-progress included costs amounting to Rs. 513,309,069 incurred in respect of plant and machinery and electro-medical equipment for a state-of-the-art Modular Operation Theatre Complex (MOTC) constructed by the Institute at its premises. The MOTC was completed and transferred to operating fixed assets subsequently on November 25, 2024.

5.2.2 During the previous year, borrowing costs amounting to Rs. 4,002,258 were capitalised at a rate of 13.35% per annum, as applied by Bank Al Habib Limited under the Refinance Facility for Combatting COVID-19 scheme, as referred to in note 13.1.

Subsequent to transfer of MOTC to operating fixed assets, borrowing costs have been charged-off as interest on long-term borrowings, referred in note 20.

		2026	2025
6.	**INTANGIBLE ASSETS**	---------- Rupees ----------	
	Gross carrying value		
	Cost - Computer software	6,599,436	6,599,436
	Less: Accumulated amortization	(5,885,704)	(5,168,538)
	Net book value	713,732	1,430,898
	Net carrying value		
	Movement during the year		
	Balance at beginning of the year	1,430,898	3,151,234
	Less: Amortization (note 19)	(717,166)	(1,720,336)
	Balance at end of the year	713,732	1,430,898
	Amortization rate per annum (%)	25	25

6.1 Computer software costs include license fees for Windows server, antiviruses and other software programs.

		2026	2025
		---------- Rupees ----------	
7.	**INVENTORIES**		
	Medicines	232,426,775	187,857,554
	General store	18,320,429	18,398,597
		250,747,204	206,256,151
8.	**ACCOUNTS RECEIVABLE - unsecured**		
	Considered good (notes 8.1 and 8.2)	39,250,129	28,262,641
	Considered doubtful (note 8.3)	1,328,100	1,285,100
		40,578,229	29,547,741
	Allowances for expected credit losses (note 8.3)	(1,328,100)	(1,285,100)
		39,250,129	28,262,641

8.1 As at June 30, 2026, accounts receivables amounting to Rs. 17,832,251 (2025: Rs. 10,554,132) were neither past due nor impaired.

8.2 As at June 30, 2026, accounts receivable aggregating to Rs. 21,417,878 (2025: Rs. 17,708,508) were past due but not impaired. These relate to various patients including corporate patients and autonomous bodies for which there is no history of default. The aging of these accounts receivable is as follows:

	2026	2025
	---------- Rupees ----------	
Upto 3 months	16,627,657	13,686,471
3 to 6 months	4,790,221	4,022,037
	21,417,878	17,708,508

		2026	2025
		---------- Rupees ----------	
8.3	Movement in the allowance balance is as follows:		
	Balance at beginning of the year	1,285,100	885,973
	Addition during the year	43,000	399,127
	Balance at end of the year	1,328,100	1,285,100

9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances to:		
- suppliers and others	6,821,132	4,243,645
- employees	110,477	778
Prepayments	6,051,547	5,699,124
Taxation refundable	13,650,485	12,463,539
Unbilled medical services	5,438,688	8,264,172
Other receivables	3,765,945	4,060,811
	35,838,274	34,732,069

10. SHORT-TERM INVESTMENTS

Treasury Bills (notes 10.1 and 10.2)	1,369,565,807	2,067,401,720
Pakistan Investment Bonds (notes 10.1 to 10.3)	1,323,610,940	398,220,343
Foreign Currency Deposits (notes 10.1, 10.2 and 10.5)	84,803,587	33,318,145
Term Deposits (notes 10.1, 10.2 and 10.4)	595,272,151	484,167,024
	3,373,252,485	2,983,107,232

10.1 The above pertains to investments made out of Restricted Endowment Fund except Term Deposits and Foreign Currency deposits having face value of Rs. 21,343,391 (2025: Rs. 20,555,719) and Rs. 84,803,587 (2025: Rs. 33,318,145), respectively.

10.2 Short-term investments includes profit / interest receivable amounting Rs. 56,586,755 (2025: Rs. 89,786,865) out of which profit / interest receivable amounting to Rs. 53,309,600 (2025: Rs. 89,342,484) pertains to investments made out of Restricted Endowment Fund.

10.3 These carry mark-up at rate ranging from 10.50 % to 14.00% (2025: 11.11 % to 21.10%) per annum having latest maturity in July 2027.

10.4 These carry mark-up at rate ranging from 07.00% to 12.00% (2025: 7.00% to 20.50%) per annum having latest maturity in August 2026.

10.5 These carry a mark-up at a rate ranging from 1.75% to 3.00% (2025: 3.00%) per annum, having maturity in July 2026.

		2026	2025
		Rupees	
11.	**CASH AND BANK BALANCES**		
	Balances with banks in:		
	- savings accounts - local currency (note 11.1 and 11.2)	314,728,587	529,486,623
	- current accounts - local currency	22,147,622	7,123,707
	- foreign currency	5,859,671	45,844,262
		28,007,293	52,967,969
		342,735,880	582,454,592
	Cash in hand	4,582,035	4,077,754
		347,317,915	586,532,346

11.1 These carry mark-up at rates ranging from 6.33% to 10.25% (2025: 7.00% to 9.50%) per annum.

11.2 Balances with banks include Rs. 74,044,535 pertaining to Restricted Endowment Fund.

		2026	2025
		Rupees	
12.	**DEFERRED CAPITAL CONTRIBUTION**		
	Balance at beginning of the year	1,277,055,574	695,364,773
	Deferred capital contribution received (note 12.1 and 12.2)	108,386,716	634,625,096
	Income on short-term investments	-	1,965,729
		1,385,442,290	1,331,955,598
	Less: Amortization of deferred capital contribution	(80,440,135)	(54,900,024)
	Balance at end of the year	1,305,002,155	1,277,055,574

12.1 During the previous year, contributions received specifically for capital expenditure included a specific donation of Rs. 5,000,000 for the Modular Operation Theatre Complex (MOTC), as referred to in note 5.2.1.

12.2 This includes a one-time grant amounting to Nil (2025: Rs. 500,000,000) received from the Government of Sindh, specifically for the expansion of Intensive Care Unit (ICU) beds, renovation of patient care areas, automation of Institute IT systems by integrated HMIS & digitized services, replacement of demised machinery & equipment and rehabilitation & refurbishing of the existing facility.

		2026	2025
		Rupees	
13.	**LONG-TERM BORROWING**		
	Loans from Bank Al Habib Limited (BAHL), a related party		
	- Refinance Facility for Combatting COVID-19 scheme	32,169,613	70,828,615
		32,169,613	70,828,615
	Less: Current portion shown under current liabilities	(32,169,613)	(50,731,999)
		-	20,096,616

13.1 During the financial year 2022, the Institute entered into a long-term loan agreement amounting to Rs. 200,000,000 under the Refinance Facility for Combatting COVID-19 scheme (introduced by State Bank of Pakistan) for construction of MOTC, referred in note 5.2.2. The principal amount of loan is repayable in nine equal semi-annual installments to be commenced after a grace period of six months. The loan is secured against 100% lien over Pakistan Investment Bonds held with Bank Al-Habib Limited.

The loan carries a mark-up of 0.5% per annum and is payable on quarterly basis in arrears. Any late payment by the Institute is subject to the markup of 20% per annum or as decided by the bank.

13.2 The value of below-market interest rate on the loan, has been accounted for as government grant under IAS - 20 "Government Grant" and deducted from the cost of MOTC (note 5.2.2). Movement in the balance of long-term borrowing is as follows:

	2026	2025
	Rupees	
Balance at beginning of the year	70,828,615	111,955,195
Principal paid during the year	(44,444,442)	(50,731,999)
Add: Amortization of loan during the year	5,785,440	9,605,419
Balance at end of the year	32,169,613	70,828,615

14. TRADE AND OTHER PAYABLES

Creditors	79,790,703	88,405,964
Accruals, provisions and other liabilities	99,793,536	85,150,203
Retention money	6,629,835	4,734,674
Book overdraft	49,639,976	57,859,250
Advances from patients and others	9,515,782	12,313,739
	245,369,832	248,463,830

15. DEFERRED CONTRIBUTION

Zakat	92,920,530	210,934,870
Sponsor a patient and other charities	157,850,465	135,308,357
	250,770,995	346,243,227

15.1 Represents unutilized amount of restricted contributions relating to zakat, sponsor a patient, patient contribution and other charities received, close to the year end, for treatment of welfare patients.

	2026	2025
	Rupees	

15.2 Movement in deferred contribution:

Balance at beginning of the year	346,243,227	313,566,684
Deferred contribution received during the year (note 15.4)	831,008,660	815,197,827
Less: Funds utilized during the year (note 18)	(926,480,892)	(782,521,284)
Balance at end of the year	250,770,995	346,243,227

15.3 The Institute has appointed an Independent Shariah Advisor (ISA) to review, on an ongoing basis, the documents and procedures followed in respect of Zakat. The ISA has certified, vide their report, that the collection and utilization of Zakat funds by the Institute is as per Shariah rules and regulations.

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		2026	2025
		Rupees	
15.4	Movement in zakat:		
	Balance at beginning of the year	210,934,870	209,411,889
	Received during the year	257,615,037	240,208,829
	Less: Funds utilized during the year for providing service to the patients	(368,429,377)	(238,685,848)
	Balance at end of the year	100,120,530	210,934,870

15.4.1 Zakat balance is represented by bank balances.

15.5 Includes funds received from:

a) Grant in Aid from the Government of Sindh amounting to Rs. 300,000,000 (2025: Rs. 300,000,000) spent on various medical services.

b) Sindh Zakat Fund from the Ministry of Religious Affairs amounting to Rs. 8,000,000 (2025: Rs. 8,000,000) which was fully utilized during the year on mustahiq dialysis patients.

16. CONTINGENCIES AND COMMITMENTS

16.1 Commitments

The facility for opening letters of credit as at June 30, 2026 amounted to Rs. 105,000,000 (2025: Rs. 105,000,000) of which the amount remaining unutilized as at year-end was Rs. 48,167,000 (2025: Rs. 91,496,240). The Institute has pledged the balance in investor Portfolio Securities accounts to the extent of Rs. 105,000,000 (2025: Rs. 105,000,000) against the aforementioned facility.

16.2 Bank guarantees have been provided to SSGCL for supply of high pressure gas line amounting to Rs. 3,300,000 (2025: Rs. 3,300,000) and to K-Electric for load extension of supply of electricity amounting to Rs. 868,909 (2025: Rs. 868,909).

16.3 As at June 30, 2026, the outstanding purchase orders amounted to Rs. 27,509,380 (2025: Rs. 9,865,476).

		2026	2025
		Rupees	
17.	**INCOME FROM MEDICAL SERVICES - NET**		
	Dialysis clinic	467,452,080	436,038,476
	Pharmacy	222,558,871	201,244,311
	Operation theatre	676,306,760	553,359,432
	Laboratory	313,043,948	281,509,394
	Radiology	117,935,068	101,691,780
	Out-patient	258,232,058	210,111,383
	Lithotripsy	5,960,310	6,594,380
	Casualty	69,108,934	69,879,819
	Wards	178,118,704	153,701,676
	Intensive Care Unit	60,679,532	72,336,620
	Histopathology	5,246,690	5,195,598
	Cardiology	24,455,296	20,680,426
		2,399,098,251	2,112,343,295
	Less: Value of services provided to welfare patients including discounts	(1,070,011,383)	(896,237,737)
		1,329,086,868	1,216,105,558

18. VALUE OF SERVICES PROVIDED TO WELFARE PATIENTS - NET

This represents the amount transferred from deferred contribution being the value of medical services provided to welfare patients, net of discount, out of the funds received from zakat, sponsor a patient and other charities, as summarized below:

	2026		2025	
	Number of treatments	Rupees	Number of treatments	Rupees
Dialysis	45,324	307,550,278	43,999	274,194,385
Surgery and other related services	4,916	425,620,505	4,494	350,765,916
Medical procedures	47,669	274,536,984	40,226	226,131,592
Lithotripsy	128	3,678,936	164	4,101,514
Filter clinic	38,503	58,624,680	30,678	41,044,330
		1,070,011,383		896,237,737
Less : Discount		(143,530,493)		(113,716,453)
		926,480,890		782,521,284

19. ADMINISTRATIVE EXPENSES

	2026	2025
	Rupees	
Salaries and allowances	113,190,979	100,208,159
Communication	70,513	58,054
Advertisement & marketing	2,304,226	3,092,785
Printing and stationery	1,989,205	2,406,246
Insurance	5,284,529	3,946,836
Repair, maintenance and others	16,681,917	15,191,923
Training, development and seminars	5,284,529	3,946,836
Laundry, cleaning and sanitation	576,540	600,443
Depreciation (note 5.1.2)	462,998	579,534
Amortization (note 6)	717,166	1,720,336
Auditors' remuneration (note 19.1)	1,872,960	1,580,733
Legal and professional charges	7,808,350	7,315,924
Uniform and linen	101,248	97,537
	156,345,160	140,745,346

19.1 Auditors' remuneration

Audit fee	200,000	200,000
Fee for taxation services	1,606,160	1,315,733
Out of pocket expenses	66,800	65,000
	1,872,960	1,580,733

20. FINANCE COST

Interest on long-term borrowings (note 5.2.2)	6,079,192	5,956,712
Credit card collection fee	5,327,514	4,871,878
Bank charges	254,401	281,085
	11,661,107	11,109,675

		2026	2025
		---------- Rupees ----------	
21.	**OTHER INCOME**		
	From financial assets		
	Income on savings bank accounts	17,711,036	13,631,506
	Net income on foreign currency account	277,639	1,043,748
	Exchange gain on foreign currency account	-	1,416,374
	From other than financial assets		
	Gain on disposal of operating assets	16,526,963	5,853,439
	Rental income	640,536	573,001
	Liabilities written-back (note 21.1)	4,221,050	2,659,046
	Others	331,585	372,878
		39,708,809	25,549,992

21.1 This includes outstanding security deposit balances from various corporate and private patients written back during the year.

		2026	2025
		---------- Rupees ----------	
22.	**WORKING CAPITAL CHANGES**		
	(Increase) / Decrease in current assets		
	Inventories	(44,491,053)	74,617,078
	Accounts receivable	(11,030,488)	3,463,430
	Advance, deposits, prepayments and other receivables	(1,106,205)	(12,169,966)
		(56,627,746)	65,910,542
	(Decrease) in current liabilities		
	Trade and other payables	1,127,053	(23,132,562)
		(55,500,693)	42,777,980
23.	**CASH AND CASH EQUIVALENTS**		
	Foreign currency deposits	84,803,587	33,291,918
	Cash and bank balances (note 11)	347,317,915	586,532,346
		432,121,502	619,824,264

24. REMUNERATION OF KEY MANAGEMENT PERSONNEL

24.1 The aggregate amounts charged in these financial statements for remuneration; including all benefits to Administrator and certain executives of the Institute considered as key management personnel, are as follows:

	2026				2025			
	CEO	Administrator	Executives	Total	CEO	Administrator	Executives	Total
Managerial remuneration	18,000,000	10,767,922	83,478,178	112,246,100	13,620,000	9,345,253	80,565,798	103,531,051
Contribution for staff retirement benefits	-	574,044	821,761	1,395,805	-	574,044	798,202	1,372,246
Total	18,000,000	11,341,966	84,299,939	113,641,905	13,620,000	9,919,297	81,364,000	104,903,297
Number of person including those who worked part of the year	1	1	4		1	1	4	

24.2 No remuneration is paid to the members of the Board of Governors.

	2026	2025
	Rupees	

25. FINANCIAL INSTRUMENTS

25.1 Financial assets

Fair value at FVPL		
Short-term investments	1,323,610,940	398,220,343
Amortized cost:		
Long-term deposits	3,332,195	2,757,195
Short-term investments	2,049,641,545	2,584,886,889
Accounts receivable	39,250,129	28,262,641
Deposits and other receivables	3,765,945	4,060,811
Cash and bank balances	347,317,915	586,532,346
	3,766,918,669	3,604,720,225

25.2 Financial liabilities

Amortized cost:		
Long-term borrowings	32,169,613	70,828,615
Accrued interest	27,397	113,511
Trade and other payables	235,854,050	236,150,091
	268,051,060	307,092,217

25.3 Fair values of financial assets and liabilities

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

The Institute discloses the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: 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: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2026			
	Level 1	Level 2	Level 3	Total
	Rupees			
Financial Assets				
Short-term investments				
Pakistan Investments Bonds	-	1,323,610,940	-	1,323,610,940

	2025			
	Level 1	Level 2	Level 3	Total
	----------Rupees----------			
Financial Assets				
Short-term investments				
Pakistan Investments Bonds	-	398,220,343	-	398,220,343

There was no change in valuation techniques during the year i.e. Level 2 fair values have been determined on the basis of PKRV rates for government securities.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

26.1 Financial risk factors

The Institute's activities expose it to a variety of financial risks including market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Institute's overall risk management program focuses on having cost effective funding as well as to manage financial risk and to minimize earnings volatility for smooth operations of the Institute.

Risk management is carried out by the Administrator of the Institute, under policies approved by the Board of Governors.

a) Market risk

(i) Currency risk

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 Institute imports medical consumables (including medicines) and is exposed to currency risk, primarily with respect to liabilities denominated in US Dollars. The Institute manages its currency risk by close monitoring of currency markets.

As at June 30, 2026, if Pakistani Rupee had strengthened / weakened by 5% against the US Dollars and Euros with all other variables held constant, surplus for the year would have been higher / lower by Rs. 16,274 and Rs. 14,277 respectively (2025: Rs. 13,932 and Rs. 11,892) mainly as a net result of foreign exchange gains / losses on translation of US Dollar and Euro denominated foreign currency accounts and deposits and trade payables.

(ii) Interest rate risk

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 Institute has interest-bearing assets in the shape of investments in Treasury Bills, Term Deposits and Foreign Currency Deposits which are on fixed rates and Pakistan Investment Bonds which are on floating and fixed rates. Moreover, the Institute has interest bearing liability in the form of a long-term borrowings at fixed rate.

The Institute analyses its interest rates exposure on a regular basis by monitoring existing return on investments against prevailing market interest rates and taking into account various other investing options available.

As at June 30, 2026, if interest rates on the Institute's interest bearing financial instruments had been 1% higher / lower with all other variables held constant, the returns for the year on these financial instruments would have been higher / lower by Rs. 24,591,314 (2025: Rs. 31,589,585) mainly as a result of higher / lower interest exposure on interest bearing financial instruments.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Institute is only exposed to price risk in respect of it's investment in Pakistan Investment Bonds.

As at June 30, 2026, if market value of the Institute's Pakistan Investment Bonds had been 1% higher / lower with all other variables held constant, the deficit for the year would have been lower/higher by Rs. 13,236,109 (2025: Rs. 3,982,203).

b) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge an obligation. The Institute's credit risk is primarily attributable to its accounts receivables. The majority of receivables relate mainly to corporate clients who generally have good credibility. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2026	2025
	---------- Rupees ----------	
Short-term investments - at amortized cost	2,049,641,545	2,584,886,889
Long-term deposits	3,332,195	2,757,195
Accounts receivable	40,578,229	29,547,741
Deposits and other receivables	3,765,945	4,060,811
Bank balances	342,735,880	582,454,592
	2,440,053,794	3,203,707,228

The credit quality of receivables can be assessed with reference to their historical performance with no major defaults in recent history. The credit quality of the Institute's bank balances and short-term investments can be assessed with reference to external credit ratings as follows:

Bank	Rating Agency	Rating	
		Short term	Long term
Bank Al Habib Limited	PACRA	A1+	AAA
Habib Bank Limited	VIS	A1+	AAA
United Bank Limited	VIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AAA
Sindh Bank Limited	VIS	A1+	AA
Meezan Bank Limited	VIS	A1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	AA-
Pakistan Oman Investment Company Limited	VIS	A1+	AA+
HBL First Micro Finance Bank Limited	PACRA	A1	A+

(c) Liquidity risk

Liquidity risk represents the risk that the Institute will encounter difficulties in meeting obligations associated with financial liabilities. The Institute's liquidity risk management involves maintaining sufficient cash, projecting cash flows and considering the level of liquid assets necessary to meet obligations associated with financial liabilities.

The table below analyses the Institute's financial liabilities held at amortized cost into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2026			2025		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
Financial liabilities						
Long-term borrowings	32,169,613	-	32,169,613	44,745,387	33,425,743	78,171,130
Trade and other paybles	235,854,050	-	235,854,050	236,150,091	-	236,150,091
Accrued Interest	27,397	-	27,397	113,511	-	113,511

27. FUND MANAGEMENT

The Institute's objectives when managing fund balances is to safeguard its ability to continue as a going concern and to maintain strong fund base to support the sustained development of its operations.

28. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, retirement benefit funds, members of the Board of Governors and key management personnel. Details of the transactions with related parties, other than those which have been disclosed elsewhere in the financial statements, are as follows:

		2026	2025
		---------- Rupees ----------	
Nature of relationship	**Nature of transactions**		
Associated undertakings			
Jaffer Brothers (Pvt.) Limited	Funds / donations received	2,200,000	870,710
Jaffer Business Systems (Pvt.) Limited	Purchase of services	17,991,023	4,596,822
Patient Aid Foundation	Billing medical services	-	6,440
Marie Stopes Society	Purchase of goods	659,055	-
Vikor Enterprises (Pvt.) Limited	Purchase of goods	-	53,105
Wafi Energy Pakistan Ltd.	Funds / donations received	2,000,000	2,000,000
Agriauto Industries Limited	Funds / donations received	-	100,000
Bank Al Habib Limited	Donations	2,500,000	500,000
Coastal Converters (Pvt.) Limited	Funds / donations received	20,000	20,000
Khalid Anwer & Co.	Donations	-	700,000
Sindh Club	Funds / donations received	-	20,000
Pakistan Petroleum Limited	Billing medical services	19,799,146	8,371,432
Jaffer Agro Services (Pvt) Limited	Donations	1,100,000	-
SICPA Inks Pakistan (Pvt) Limited	Funds / donations received	1,000,000	1,000,000
Members of the Board of Governors	Donations	5,618,000	9,329,320
Staff retirement provident fund	Contributions	25,001,958	23,590,994
Key Management Personnel	Remuneration & allowance	113,641,905	104,903,297
Associated Persons	Donations	-	7,000,000
Senior doctors	Donations	11,857,599	9,956,050

29. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison, the effects of which are not material.

AHL

30. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 26 OCT 2026 by the Board of Governors of the Institute.

Chairman

Treasurer