



Grant Thornton

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Punjab Health Initiative Management Company** ("the Company") as at **June 30, 2016** and the related income and expenditure account, cash flow statement and statement of changes in general fund together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - (i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, cash flow statement and statement of changes in general fund together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the surplus, cash flow statement and statement of changes in general fund for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Grant Thornton Anjum Rahman

CHARTERED ACCOUNTANTS

Engagement Partner: Imran Afzal

Lahore

Dated: *November 28, 2016*

Chartered Accountants

Member of Grant Thornton International Ltd

Offices in Karachi & Islamabad

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

Balance Sheet

As on June 30, 2016

	Note	June 2016 Rupees	June 2015 Rupees
Assets			
Current assets			
Advances	4	18,000	-
Advance tax		23,724	-
Cash and bank balances	5	243,761,086	-
Total current assets		243,802,810	-
Total assets		243,802,810	-
Funds and liabilities			
Funds			
General fund		2	-
Total funds		2	-
Liabilities			
Non current liabilities			
Deferred income	6	240,614,681	-
Total non current liabilities		240,614,681	-
Current liabilities			
Trade and other payables	7	3,188,127	-
Total current liabilities		3,188,127	-
Total funds and liabilities		243,802,810	-
Contingencies and commitments	8		

The annexed notes from 1 to 16 form an integral part of these financial statements.


DIRECTOR
CHIEF EXECUTIVE OFFICER

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

Income and Expenditure Account For the year ended June 30, 2016

	Note	June 2016 Rupees	June 2015 Rupees
Revenue			
Grant Income amortized		9,385,319	-
Other Income (Profit on bank deposit)		2	-
Total revenue		9,385,321	-
Expenses			
Salaries and other benefits		7,396,529	-
Other administrative expenses	9	1,988,790	-
Total expenses		9,385,319	-
Surplus before tax		2	-
ation		-	-
Net surplus after tax		2	-

The annexed notes from 1 to 16 form an integral part of these financial statements.

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DIRECTOR


CHIEF EXECUTIVE OFFICER

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

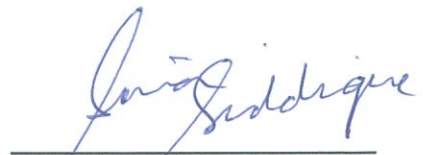
Statement of changes in funds
For the year ended June 30, 2016

	General fund Rupees
Balance as on 7 February 2015	-
Surplus for the period ended June 30, 2015	-
Balance as at June 30, 2015	-
Surplus for the year ended June 30, 2016	2
Balance as at June 30, 2016	2

The annexed notes from 1 to 16 form an integral part of these financial statements.



DIRECTOR



CHIEF EXECUTIVE OFFICER

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

Statement of cash flows

For the year ended June 30, 2016

	June 2016 Rupees	June 2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Net surplus for the year	2	-
Adjustments for non cash and other items		
Amortization of deferred grants	(9,385,319)	-
	(9,385,319)	-
Operating deficit before working capital changes	(9,385,317)	-
(Increase) in current assets		
Advances	(18,000)	-
	(18,000)	-
Increase in current liabilities		
Trade and other payables	3,188,127	-
	3,188,127	-
Cash used in operations	(6,215,190)	-
Income tax paid	(23,724)	-
Grants received	250,000,000	-
Net cash in flows from operating activities	243,761,086	-
Net increase in cash and cash equivalents	243,761,086	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	243,761,086	-

The annexed notes from 1 to 16 form an integral part of these financial statements.


DIRECTOR


CHIEF EXECUTIVE OFFICER

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

Notes to the financial statements

For the year ended June 30, 2016

1 STATUS AND NATURE OF BUSINESS

- 1.1 Punjab Health Initiative Management Company (the Company) was incorporated on February 07, 2015 as a company limited by guarantee and not having share capital under section 42 of the Companies Ordinance 1984. The company has been registered with the Registrar Joint Stock Company, City District Government, Lahore. The registered office of the Company is situated at 38 Poonch House, Multan Road, Lahore.
- 1.2 The principal objective of the Company is management of special initiatives in health sector including improving universal health coverage/insurance for benefit of people living across Province of Punjab.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards for Small and Medium sized entities issued by the International Accounting Standards Board and Accounting Standards for Non-Profit Organizations issued by ICAP 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 issued under the Companies Ordinance, 1984 shall prevail.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective policies and notes given hereunder.

3.2 Significant Accounting Estimates and Judgements

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements related to the useful life of depreciable assets and provisions for doubtful receivables. However, assumptions and judgements made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amount of assets and liabilities during the next year.

3.3 Revenue

Revenue is recognized to the extent that the economic benefits will flow to the entity and revenue can be reliably measured. Revenue from different sources is recognized on following basis:

3.3.1 Grants

Government grants, include the non monetary grants at fair value are recognized when there is reasonable assurance that;

- a) the entity will comply with the conditions attaching to them if any; and
- b) the grants will be received.

Governments grants are recognized as income over the period necessary to match them with the related costs which they are intended to compensate on a systemic basis. The grant receivable as compensation for expense or loss already incurred or for the purpose of giving immediate financial support with no future related cost is recognized as income in the period in which it become receivable. Government grants related to assets, including non monetary grant at fair value, is presented in the balance sheet by setting up the grant as deferred income which is recognized as income on a systematic and rational basis over the useful life of asset, unless the fair value cannot be determined in which case these are recorded at nil value

3.3.2 Other Revenue

Return on investments is recognized on accrual basis;

3.4 Borrowings

Loans and borrowings are recorded on the cash basis. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Financial charges are accounted for on accrual basis and are included in current liabilities to the extent of amount remaining unpaid, if any.

Notes to the financial statements

For the year ended June 30, 2016

3.5 Taxation

The Company is in process of getting itself approved under section 2 (36) of the Income Tax Ordinance, 2001 for getting entitlement of tax relaxation of section 100C (100% credit of tax liability). The Company has not made any provision for taxation as its management and tax advisor are confident of getting such approval for tax year 2016.

3.6 Trade and other Payables

Trade and other payables are stated at amortized cost.

3.7 Advances, prepayments and other receivables

These are stated at their nominal values net of any allowance for uncollectable amounts. Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future.

3.8 Short term investments - held to maturity

Investments classified as held to maturity are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition these are measured at amortised cost using the effective interest method.

3.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For purpose of cash flow statement, cash and cash equivalents include cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

3.10 Provisions

Provisions are recognized when, and only when, the Company has a present obligation (legal or constructive) 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 a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.11 Use of Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances.

3.12 Financial instruments

Financial assets and liabilities are recognized at fair value of consideration given or received at the time when the Company become party to contractual provisions of the instrument. Financial asset or part thereof is derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets or part thereof. Such control is deemed to be lost if the Company realizes the rights to the benefits specified in the contract, the right expires or the Company surrender those rights. A financial liability or part thereof is removed from the balance sheet when it is extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. A financial asset and financial liability is set off and the net amount is reported in the balance sheet if the Company has the legal enforceable right to set off the transaction and also intends either to settle on net basis or to realize the asset and settle the liability simultaneously.

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

Notes to the financial statements For the year ended June 30, 2016

	Note	June 2016 Rupees	June 2015 Rupees
4 ADVANCES-considered good			
Advances to employees		18,000	-
Total		18,000	-
5 BANK BALANCES			
Current accounts		93,760,084	-
Deposit accounts	5.1	150,001,002	-
Total		243,761,086	-

5.1 The rate of return on deposit accounts ranges from 4.0% to 7.0% per annum (2015: - Nil).

6 DEFERRED INCOME

Opening balance		-	-
Add: Grants received during the year / period		250,000,000	-
Less: Amortization of grants		(9,385,319)	-
Closing balance		240,614,681	-

6.1 This represents grants received from Department of Specialized Healthcare and Medical Education (SH&ME), Government of Punjab under the contract executed between Ministry of National Health Services, Regulations and Coordination (NHSRC), on behalf of Government of Pakistan and Punjab Health Initiative Management Company Limited, on behalf of SH&ME, under "Prime Minister National Health Program". Under terms of this contract, the company will shall develop, promote and administer a programme for the selected beneficiaries in 4 districts of Punjab i.e. Rahim Yar Khan, Sargodha, Narowal and Khanewal. The Program will provide insurance coverage for the cost of hospitalization and associated services for the beneficiaries up to annual coverage limits.

7 TRADE AND OTHER PAYABLES

Withholding tax payable		355,983	-
Accrued expenses		2,832,144	-
Total		3,188,127	-

8 CONTINGENCIES AND COMMITMENTS

8.1 There are no contingencies and commitments at balance sheet date. (2015:Rs Nil).

	Note	June 2016 Rupees	June 2015 Rupees
9 OTHER ADMINISTRATIVE EXPENSES			
Legal and professional charges		98,000	-
Rent, rates and taxes		1,110,596	-
Office repair and maintenance		95,600	-
Electricity charges		373,727	-
Printing and stationary charges		20,625	-
Miscellaneous expenses		129,900	-
Bank charges		1,542	-
Audit fee		158,800	-
Total		1,988,790	-

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

Notes to the financial statements

For the year ended June 30, 2016

10 TAXATION

The Company is in process of getting itself approved under section 2 (36) of the Income Tax Ordinance, 2001 for getting entitlement of tax relaxation of section 100C (100% credit of tax liability). The Company has not made any provision for taxation its management and tax advisor are confident of getting such approval for tax year 2016.

11 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments.:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and review of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

11.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the balance sheet date if counter parties failed completely to perform as contracted. The Company's credit risk is primarily attributable to its bank balances. Out of the total financial assets of Rs. 243.761 million, the financial assets that are subjected to credit risk amounting to Rs. 243.761 million.

Concentration of credit risk arises when the number of counter parties engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly effected by the changes in economic, political or other conditions. The company is exposed to higher concentration of credit risk as all cash is placed with the bank of projects.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and investment held with some major counterparties at the balance sheet date.

Bank	Rating		June 2016 (Rupees)	June 2015 (Rupees)
	Short term	Long term		
The Bank of Punjab	A 1+	AA	243,761,086	-
Total			243,761,086	-

11.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation.

The following are the contractual maturities of financial liabilities as at June 30, 2016:

	Carrying amount (Rupees)	Less than one year (Rupees)		
Trade and other payables	3,188,127	3,188,127	-	-
Total	3,188,127	3,188,127	-	-

11.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

Notes to the financial statements For the year ended June 30, 2016

11.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. However, the entity is not subjected to any such risk.

11.3.2 Interest rate risk

Mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates.

At the reporting date, the variable interest rate profile of the Company's significant interest bearing financial instruments was as follows:

Variable rate instruments	June 2016 Effective rate of interest	June 2016 (Rupees)	June 2015 (Rupees)
Financial assets			
Cash at bank - deposit accounts	4.0 % to 7.0 %	150,001,002	-
Total		150,001,002	-

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased surplus for the year by the amounts shown below. This analysis assumes that all other variables remain constant.

	Income & expenditure 100 basis points	
	Increase Rupees	Decrease Rupees
As at 30 June 2016		
Cash flow sensitivity-variable rate financial assets	1,500,010	(1,500,010)
As at 30 June 2015	-	-

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / loss for the year and assets / liabilities of the Company.

11.3.3 Equity price risk

The entity is not exposed to any equity price risk.

11.4 Financial instruments by categories

	Held to maturity		Loans and receivables	
	June 2016	June 2015	June 2016	June 2015
Bank balances	-	-	243,761,086	-
Total	-	-	243,761,086	-
Financial liabilities at amortized cost				
	June 2016		June 2015	
Trade and other payables		3,188,127		-
Total		3,188,127		-

11.5 Fair values of financial assets and liabilities

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

11.6 Capital risk management

The company is not subject to capital risk management as this company is without share capital.

12 RUMENERATION OF CHIEF EXECUTIVE OFFICER

Remuneration (Including all allowances)	480,991	-
Total	480,991	-

12.1 Dr. Saira Siddique holds charge of Chief Executive Officer of the Company with w.e.f. May 19, 2016.

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

Notes to the financial statements
For the year ended June 30, 2016

June 2016 June 2015

13 TRANSACTIONS WITH RELATED PARTIES

Related parties include Government of Punjab, Federal Government, departments of Govt, companies managed by Govt, directors of the company, companies in which directors also hold directorship and CEO. Transactions and balances with related parties are as follows:

Rent	1,730,448	-
Grant received	250,000,000	-
Profit on bank deposit	2	-
Remuneration of CEO	480,991	-
Accrued expenses	2,832,144	-
Bank balances	243,761,086	-

June 2016 June 2015

14 NUMBER OF EMPLOYEES

Number of employees at year end	4	-
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15 GENERAL

15.1 Corresponding figures are not comparable as these represent less than 12 months.

15.2 Figures have been rounded off to the nearest rupee.

16 DATE OF AUTHORIZATION FOR ISSUE

The financial statements had been approved by the Board of Directors and authorized for issue on November 28, 2016.


DIRECTOR


CHIEF EXECUTIVE OFFICER