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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

(A Company Setup under Section 42 of the Companies Act, 2017)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY** (the Company), which comprise the statement of financial position as at June 30, 2025 and the statement of income and expenditure, the statement of other comprehensive income, the statement of changes in accumulated funds, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of income and expenditure, the statement of other comprehensive income, the statement of changes in accumulated funds and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2025 and of the surplus, the comprehensive surplus, the changes in accumulated funds and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (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.

Emphasis of Matter

We draw attention to Note 10 to the financial statements, which explains the reconciliation and adjustments made between receivables from the Government of the Punjab and payables to the State Life Insurance Corporation of Pakistan (SLIC) under the health insurance program. As disclosed in the note, upon completion of Phase III, the Company determined that the insurance expenses and the corresponding receivables and payables previously recognized on a provisional

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basis were higher than the actual amounts incurred. Consequently, total balances amounting to Rs. 168.285 billion have been adjusted during the year. These include: (i) an excess balance of Rs. 140.361 billion (Note 10.1.1) appearing in both receivables and payables, (ii) the Government's share held by SLIC relating to Phase III amounting to Rs. 23.760 billion (Note 10.1.6), and (iii) balances relating to Phase II amounting to Rs. 4.089 billion (Note 9.2.2). These amounts have been written off from receivables from the Government (Note 10.1) and correspondingly written back from balances due to SLIC (Note 9.2.1) in accordance with the terms of the Agreement. Our opinion is not modified in respect of this matter.

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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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:

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of income and expenditure, the statement of other comprehensive income, the statement of changes in accumulated funds and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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Other Matter

The financial statements of the Company for the year ended June 30, 2024, were audited by another auditor who expressed an unmodified opinion on those financial statements on January 01, 2025.

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

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Lahore
Dated: February 25, 2026
UDIN: AR202510051gxYLB4Dm2

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

FOR THE YEAR ENDED JUNE 30, 2025

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

(A Company Setup under Section 42 of the Companies Act, 2017)

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
ASSETS			
Non Current Assets			
Operating fixed assets	6	44,718,170	24,149,790
Long term deposits	7	1,360,000	1,360,000
		46,078,170	25,509,790
Current Assets			
Advances, deposits and prepayments	8	20,513,067	16,503,820
Balance due from State Life Insurance Corporation of Pakistan - Net	9	2,988,996,481	-
Receivable from the Government	10	-	137,330,446,828
Staff retirement benefits - Gratuity	11	2,728,809	5,289,730
Cash and bank balances	12	684,643,983	2,850,844,569
		3,696,882,340	140,203,084,947
Total Assets		3,742,960,510	140,228,594,737
FUNDS AND LIABILITIES			
Accumulated Funds			
Restricted funds:			
- Deferred grant - Income based	13	1,614,528,235	-
- Deferred grant - Asset based	14	44,718,170	24,149,790
		1,659,246,405	24,149,790
Current Liabilities			
Balance due to State Life Insurance Corporation of Pakistan - Net	9	-	140,123,523,692
Payable to the Government	10	1,169,226,358	-
Creditors, accrued and other liabilities	15	914,487,747	80,921,255
		2,083,714,105	140,204,444,947
Contingencies and Commitments	16	-	-
Total Funds and Liabilities		3,742,960,510	140,228,594,737

The annexed notes from 1 to 29 form an integral part of these financial statements.

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CHIEF FINANCIAL OFFICER | **CHIEF EXECUTIVE OFFICER** | **DIRECTOR**

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

(A Company Setup under Section 42 of the Companies Act, 2017)

STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
INCOME			
Grant related to income	13	68,489,933,219	140,932,614,242
Grant related to assets	14	9,534,095	9,358,062
Other income	17	5,852,740,920	2,523,217,449
		74,352,208,234	143,465,189,753
EXPENDITURE			
Program cost	18	73,971,392,468	143,149,715,188
Salaries and other benefits	19	287,424,731	243,853,822
Other operating expense	20	74,267,714	65,826,979
Finance cost	21	25,465	8,352
		74,333,110,378	143,459,404,341
PROGRAM COST ADJUSTMENT			
Liabilities written back	9.2.1	168,209,603,115	-
Balance written off	10.1	(168,209,603,115)	-
		-	-
Surplus before Levies and Taxation		19,097,856	5,785,412
Levies		-	-
Surplus before Taxation		19,097,856	5,785,412
Taxation		-	-
Net Surplus for the Year		19,097,856	5,785,412

The annexed notes from 1 to 29 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER | **CHIEF EXECUTIVE OFFICER** | **DIRECTOR**

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

(A Company Setup under Section 42 of the Companies Act, 2017)

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
Net Surplus for the Year		19,097,856	5,785,412
Other comprehensive income for the year			
Items that may be subsequently be re-classified to income and expenditure		-	-
Items that will not be re-classified to income and expenditure			
Re-measurement of post employment benefits	11.5	(19,097,856)	(5,785,412)
		(19,097,856)	(5,785,412)
Total Comprehensive Surplus for the Year		-	-

The annexed notes from 1 to 29 form an integral part of these financial statements.
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CHIEF FINANCIAL OFFICER | **CHIEF EXECUTIVE OFFICER** | **DIRECTOR**

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

(A Company Setup under Section 42 of the Companies Act, 2017)

STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Particulars	Note	Accumulated Funds - Restricted		Total
		Deferred grant-Income based	Deferred grant-Asset based	
		Rupees	Rupees	Rupees
Balance as at June 30, 2023		-	30,664,379	30,664,379
Grants received during the year	13	48,000,000,000	-	48,000,000,000
Funds utilized during the year	13	(47,997,156,527)	-	(47,997,156,527)
Capital expenditure	6	(2,843,473)	2,843,473	-
Depreciation for the year	6	-	(9,358,062)	(9,358,062)
Total comprehensive deficit for the year		-	(6,514,589)	(6,514,589)
Balance as at June 30, 2024		-	24,149,790	24,149,790
Grants received during the year	13.2	40,424,634,000	-	40,424,634,000
Funds utilized during the year	13	(38,780,003,290)	-	(38,780,003,290)
Capital expenditure	6	(30,102,475)	30,102,475	-
Depreciation for the year	6	-	(9,534,095)	(9,534,095)
Total comprehensive surplus for the year		1,614,528,235	20,568,380	1,635,096,615
Balance as at June 30, 2025		1,614,528,235	44,718,170	1,659,246,405

The annexed notes from 1 to 29 form an integral part of these financial statements.

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CHIEF FINANCIAL OFFICER **CHIEF EXECUTIVE OFFICER** **DIRECTOR**

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

(A Company Setup under Section 42 of the Companies Act, 2017)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
Surplus for the year		19,097,856	5,785,412
Net Adjustments for:			
- Depreciation - owned assets	6	9,534,095	9,358,062
- Amortization of grant	13 & 14	(68,499,467,314)	(140,941,972,304)
- Interest income	17	(687,699,636)	(793,640,569)
- Balance written off	10.1	168,209,603,115	-
- Liabilities written back	9.2.1	(168,209,603,115)	-
- Provision for gratuity	11.2	11,245,570	15,374,155
		(69,166,387,285)	(141,710,880,656)
Operating Deficit before Working Capital Changes		(69,147,289,429)	(141,705,095,244)
(Increase) / decrease in current assets:			
- Advances, deposits and prepayments	8	(4,009,247)	(48,157,777)
- Balance due from State Life Insurance Corporation of Pakistan - Net	9	(2,988,996,481)	(1,729,576,882)
Increase / (decrease) in current liabilities:			
- Balance due to State Life Insurance Corporation of Pakistan - Net	9	28,086,079,423	95,714,699,883
- Creditors, accrued and other liabilities	15	833,566,492	(172,377,027)
		25,926,640,187	93,764,588,197
Cash Used in Operations		(43,220,649,242)	(47,940,507,047)
Grant related to income received		40,394,531,525	47,997,156,527
Interest received		687,699,636	793,640,569
Gratuity paid	11.2	(27,782,505)	(59,016,249)
Net Cash (Used in) / Generated from Operating Activities		(2,166,200,586)	791,273,800
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets	6	(30,102,475)	(2,843,473)
Long term deposits	7	-	2,250,000
Net Cash Used in Investing Activities		(30,102,475)	(593,473)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant related to assets received	14	30,102,475	2,843,473
Net Cash Generated from Financing Activities		30,102,475	2,843,473
Net (Decrease) / Increase in Cash and Cash Equivalents		(2,166,200,586)	793,523,800
Cash and cash equivalents at the beginning of the year		2,850,844,569	2,057,320,769
Cash and Cash Equivalents at the End of the Year	12	684,643,983	2,850,844,569

The annexed notes from 1 to 29 form an integral part of these financial statements.

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CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE OFFICER	DIRECTOR

PUNJAB HEALTH INITIATIVE MANAGEMENT COMPANY

(A Company Setup under Section 42 of the Companies Act, 2017)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Note 1
Status and Nature of the Business

Punjab Health Initiative Management Company ('PHIMC' or 'the Company') was incorporated on February 7, 2015 as a Company limited by guarantee and not having share capital under section 42 of the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The Company has been registered with the Registrar Joint Stock Company, City District Government, Lahore. The principal objective of the Company is management of special initiatives in health sector including improving universal health coverage/insurance for benefit of the people living across the province of Punjab.

Geographical location

The registered office of the Company is situated at H-42/D-E-1, Ghalib Road, Gulberg III, Lahore.

Significant Business Activities

1.1 Sehat Sahulat Program (Phase-III)

Government of the Punjab, through its Specialized Healthcare and Medical Education Department, approved the appointment of the Company as the executing agency for the "Universal Health Insurance – Implementation of Health Insurance for 100% Population of Punjab Province," via its letter No. SO(DEV-I) 25-69/2020(P-I) dated March 17, 2021.

Based on this appointment, the Company entered into an Insurance Agreement (the "Agreement") on December 29, 2021 (the "Effective Date"), executed at Islamabad, Pakistan. The Agreement was made by the President of the Islamic Republic of Pakistan, for and on behalf of the Islamic Republic of Pakistan, through its Ministry of National Health Services, Regulations and Coordination (NHSRC), acting through the Sehat Sahulat Program, together with the Government of the Punjab, acting through the Chief Executive Officer of Punjab Health Initiative Management Company (the Company), and the State Life Insurance Corporation of Pakistan (SLIC).

The Agreement was later amended through Addendum No. I dated September 26, 2024, and Addendum No. II dated January 1, 2025. Under Addendum II, Government of the Punjab launched the Chief Minister's Special Initiative for the Transplant Program and the Chief Minister's Special Initiative for the Dialysis Program.

Under this Agreement and addendums thereto:

- **Scope of Services:** SLIC is responsible for the procurement, implementation, and provision of health services to eligible beneficiaries across Punjab. The objective of the Sehat Sahulat Program is to improve access to quality medical services for all permanent residents of Punjab through a micro health insurance scheme. The Company periodically reviews the scope of services, which may be revised with mutual consent, subject to compliance with applicable laws.
- **Coverage:** Approximately 34 million families across Punjab province are eligible beneficiaries. Families may enroll in the program at any time during the term through registration with NADRA, after which they become entitled to cashless health services from empanelled service providers.
- **Service Period:** SLIC provides services for each nominated district for a period of three years, commencing from the start date of services in that district.
- **Premium and Payment Terms:**
    - The applicable annual premium was initially fixed at Rs. 4,350 per family per year, which was subsequently reduced to Rs. 3,452 by the end of Phase-III. In addition, an administration charge equivalent to 6% of the premium was charged by SLIC as an administrative cost.
    - Payment to SLIC is structured as under:
        - 50% of annual premium of the relevant nominated district prior to commencement of services (i.e. at the start of the program),
        - 25% after six months of the start of the program, and
        - 25% after nine months of the start of the program, along with any premium due in respect of newly enrolled/migrated families.

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Note 1, Status and Nature of the business - Continued...

- **Accounts Structure:**

    - Premium Account: Receives premium payments from PHIMC
    - Premium Stabilization Reserve (PSR) Account: Receives surplus from premium account at year-end
    - Reserve Fund Claims Account: Holds special claim provisions deposited by PHIMC at its discretion
    - Claims Payment Account: Utilized by SLIC for making payments to service providers against approved claims

- **Investment policy:**

  The segregated bank accounts for each fund were established under Clause 15 for the Company jointly. All funds are to be invested in Government securities only, and all investment income are to be credited to the respective fund/account.

- **Claims & Reporting:**

  SLIC is required to maintain a digital, paperless claims processing system with a complete electronic transaction trail. At the end of each underwriting year, SLIC conducts a performance review and arranges for the accounts of each district to be audited by a reputable third-party auditor. The final audit report is to be submitted to the Company within 60 days of completion of each district underwriting year.

As per the terms of the Agreement, the final settlement at the conclusion of Phase III (June 30, 2025) is to be made on the basis of actual expenses (hospital claims and administration cost) incurred during the phase.

This Agreement formally came to an end on June 30, 2025, and the Government of Punjab subsequently approved an extension in the gestation period till June 30, 2026.

1.2 Chief Minister's Children Heart Surgery Program

The Government of the Punjab / Provincial Cabinet, through its Specialized Healthcare and Medical Education Department, approved the appointment of the Company as the executing agency for the "Chief Minister's Children Heart Surgery Program" via letter No. SO(B&A)9-159/2016 dated October 22, 2024. The Company has been authorized to act as a Special Purpose Vehicle (SPV) for the implementation of the Chief Minister's Children Heart Surgery Program (CM-CHSP). The objective of CM-CHSP is to provide timely and quality cardiac care to patients suffering from congenital heart diseases by strengthening the capacity of public hospitals and leveraging private sector resources within the Province of Punjab.

1.3 Chief Minister's Special Initiative for Transplant Program

The Company has been appointed by the Government of the Punjab / Provincial Cabinet, via letter No. PO(SP)16-148/2024 dated December 23, 2024, as the implementing agency for the Chief Minister's Special Initiative for Transplant Program (CM-SITP). The objective of CM-SITP is to provide a sustainable, long-term solution for critical and high-cost diseases by covering essential organ transplants, including liver, kidney, bone marrow, and cochlear implants.

1.4 Chief Minister's Special Initiative for Dialysis Program

The Company has been appointed by the Government of the Punjab / Provincial Cabinet, via letter No. PO(SP)16-149/2025 dated January 24, 2025, as the executing agency for the implementation of the Chief Minister's Special Initiative for Dialysis Program (CM-SIDP). The objective of CM-SIDP is to establish a dedicated coverage program that provides comprehensive support for dialysis-related medical expenses, ensuring that patients receive holistic care without the risk of exhausting their coverage limits.

Note 2
Basis of Preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified by Companies Act, 2017;

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Note 2, Basis of Preparation - Continued...

- Accounting standard for Not for Profit Organizations (Accounting standards for NPOs) issued by Institute of Chartered Accountants of Pakistan (ICAP) as notified under the provisions of the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, unless otherwise stated.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee, which is the Company's functional currency.

2.4 *Standards, interpretations and amendments to approved accounting standards which became effective during the year*

2.4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2025

The following standards, amendments and interpretations are effective for the year ended June 30, 2025. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	Effective Date - Annual periods beginning on or after
IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current [Amendments]	January 1, 2024
IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants [Amendments]	January 1, 2024
IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial instruments disclosures' -Supplier Finance Arrangements [Amendments]	January 1, 2024
IFRS 16 'Leases' - Lease Liability in a Sale and Leaseback [Amendments]	January 1, 2024

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after January 1, 2024. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

2.4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective Date - Annual periods beginning on or after
IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and Measurement of Financial Instruments [Amendments]	January 01, 2026

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Note 2, Basis of Preparation - Continued...

	Effective Date - Annual periods beginning on or after
IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Contracts Referencing Nature-dependent Electricity [Amendments]	January 01, 2026
IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability [Amendments]	January 01, 2025
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	July 01, 2027
IFRS S2 Climate-Related Disclosures	July 01, 2027

The Management is currently in the process of assessing the full impact of these amendments on the financial statements of the Company.

2.4.3 Other than the aforementioned standards, interpretations, and amendments, IASB has also issued the following standards, which have not been notified locally, in relation to the Company, by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2025:

IFRS 1 First Time Adoption of IFRS
IFRS 18 Presentation and Disclosure in Financial Statements
IFRS 19 IFRS 19 'Subsidiaries Without Public Accountability: Disclosures'

Note 3
Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires 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 the historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

	Note
Residual values and useful lives of depreciable assets	4.1
Amortization of deferred grants	4.2
Staff retirement benefits - Gratuity	4.5
Impairment of financial assets	4.8.1
Contingencies	4.10
Provisions	4.13

3.1 Useful lives and residual values of operating fixed assets

The Company reviews appropriateness of useful lives and residual values used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis.

In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future may affect the carrying amount of respective items of operating fixed assets, with corresponding effects on the depreciation charge and impairment.

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Note 4
Material Accounting Policy Information

The material accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost of operating fixed assets consists of historical cost and directly attributable cost of bringing the assets to their present location and condition. Depreciation is calculated using the straight line method at rates disclosed in Note 5 which are considered appropriate to write off the cost of the assets over their useful lives.

Depreciation on additions is charged from the date of capitalization till date of disposal.

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in the income currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is charged, the depreciation charge is adjusted for the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of income and expenditure during the period in which they are incurred.

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal or retirement of an asset represents the difference between the sale proceeds and the carrying amount of the asset and is recognized in statement of income and expenditure as an income or expense in the period it relates.

4.2 Government grants

Government grants, including the non-monetary grants are recognized at fair value when there is reasonable assurance that:

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

Government grants are recognized as income over the period necessary to match them with the related costs which they are intended to compensate on systematic basis. The grant receivable as compensation for expenses or loss already incurred or for the purpose of giving immediate financial support with no future related costs is recognized as income in the period in which it becomes receivable.

Government grants related to income is presented in the statement of financial position by setting up the grants as deferred income which is recognized as income on basis of expenditure incurred during the year.

Government grants related to assets, including non-monetary grants at fair value are presented in the statement of financial position by setting up the grants as deferred income which is recognized as income on systematic basis over the useful life of the asset.

4.3 Program Cost

The program cost for all current projects is determined on an actual basis, comprising claims incurred, related administrative and ancillary costs.

Previously, program costs for Universal Health Insurance (UHI) were determined based on the insurance expenses incurred for providing health coverage to families in the province of Punjab under UHI. The insurance expense, which directly correlated with the number of families enrolled in the program, served as the primary basis for calculating the total program cost.

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Note 4, Material Accounting Policy Information - Continued...

4.4 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and cash at banks on current and savings accounts.

4.5 Defined benefit obligation (Gratuity Fund)

The Company operates a funded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligation under the schemes on the basis of actuarial valuation and are charged to statement of income and expenditure for the year. The assumptions are determined by independent actuary.

4.6 Defined contribution plan (Provident Fund)

The Company operates a provident fund scheme for all its permanent employees. Equal monthly contributions are made to the fund, both by the Company and the employees at the rate of 10 percent of basic salary. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

4.7 Profit on bank deposit

Profit earned on saving account is accrued on time proportion basis by reference to the principal outstanding at the applicable rate of return.

4.8 Financial instruments - Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.8.1 Financial assets

a) Financial assets - Initial recognition

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of bank balance that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include long term deposits, advances and bank balances.

b) Financial assets - Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at fair value through profit or loss
b) Financial assets at amortized cost (debt instruments)

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Note 4, Material Accounting Policy Information - Continued...

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

c) Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized costs includes long term deposits, advances and cash and bank balances.

The Company does not have financial assets at fair value through profit or loss or fair value through OCI.

d) Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the statement of income and expenditure.

4.8.2 Financial liabilities

a) Financial liabilities - Initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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Note 4, Material Accounting Policy Information - Continued...

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include creditors and accrued and other liabilities.

b) Financial assets - Impairment

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments, excluding due from the Government, not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

c) Financial liabilities - Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of income and expenditure.

This category applies to creditors and accrued liabilities.

d) Financial liabilities - Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When 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 the respective carrying amounts is recognized in the statement of income and expenditure.

4.9 Taxation

a) Current

The company is approved as a non-profit organization under section 2(36) of the Income Tax Ordinance, 2001 till June 30, 2025 and, its income is subject to 100% tax credit in terms of section 100C of the Income Tax Ordinance, 2001.

b) Deferred

The Company has been established as a non-profit organization and has obtained the status of Non Profit Organization under the section 2 (36) of the Income Tax Ordinance, 2001. Hence according to section 100 (c) of Income Tax Ordinance 2001, the Company has been allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final taxes payable under any of the provisions of this Ordinance. Accordingly, no provision for deferred tax has been recognized in the financial statements.

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Note 4, Material Accounting Policy Information - Continued...

4.10 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.11 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

4.12 Creditors, accrued and other liabilities

Creditors, accrued and other liabilities are carried at cost which is the fair value of the consideration to be paid in future for goods and services whether or not billed to the Company.

4.13 Provisions

Provisions are recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past event, and it is probable that outflow of economic benefits will be required to settle the obligation. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

4.14 Restricted funds

Funds held for specific usage are restricted funds and are separately accounted for in financial statements.

Contributions against restricted funds are initially recognized at fair value in statement of financial position when there is reasonable assurance that the contribution will be received and the conditions specified for its receipt have been complied with. Restricted contributions are recognized as revenue in the statement of income and expenditure account on a systematic basis in the same period in which the related expenditure is incurred.

4.15 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as to any third party.

4.16 Other receivable

Company has a right to receive profit on unspent Premium paid to State Life Insurance Corporation of Pakistan. There are four specific accounts that SLIC will manage on the behalf of the Company:

i. Premium Account
ii. PSR Account
iii. Reserve funds claims Account
iv. Claim payment Account

The segregated bank accounts for each fund shall be established for by SLIC. Further all funds would be invested in Government securities only and all investment income must be credited to respective fund / account. Further no deduction would be made by SLIC as Funds management fee.

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Note 5
Rearrangement of Corresponding Figures

5.1 The management has rearranged certain corresponding figures, pertaining to State Life Insurance Corporation of Pakistan (SLIC), for better presentation. Previously the balances pertaining to SLIC were recorded in different account heads. However, the Company has rationalized to present the total balance payable to SLIC as a net figure. This change in presentation is more rational as SLIC is running different programs under the agreement, as disclosed in Note 1.1, and the Company will settle the overall balance on net basis. These changes have no impact on the profitability / net assets of the Company. The details are as follows:

From	To	2024 Rupees
Balance with State Life Insurance Corporation of Pakistan (Note 17):	**Balance due to State Life Insurance Corporation of Pakistan - Net (Note 9):**	
- Movement of unamortized insurance premium (Note 17.2)	- Movement of Insurance Premium payable (Note 9.1.1)	41,544,163,121
- Movement of unamortized insurance premium (Note 17.2)	- Movement of Insurance Premium payable (Note 9.1.1)	(141,251,528,907)
- Movement of unamortized insurance premium (Note 17.2)	- Movement of Insurance Premium payable (Note 9.1.1)	136,816,442,236
Advances, deposits and prepayments (Note 10):	**Balance due to State Life Insurance Corporation of Pakistan - Net (Note 9):**	
- Unspent premium receivable from SLIC (Note 10.2)	- Balance due from State Life Insurance Corporation of Pakistan (Note 9.3)	886,408,640
- Reserve fund deposited with SLIC (Note 10.3)	- Balance due from State Life Insurance Corporation of Pakistan (Note 9.3)	486,208,279
Other Receivables (Note 12):	**Balance due to State Life Insurance Corporation of Pakistan - Net (Note 9):**	
- Investment income from Treasury Bills (T-Bills) (Note 12.1)	- Balance due from State Life Insurance Corporation of Pakistan (Note 9.3)	2,942,831,536
- Profit on saving accounts (Phase-III)	- Balance due from State Life Insurance Corporation of Pakistan (Note 9.3)	2,784,823,413

5.2 Following are the rearrangements in the balances of advances, deposits and prepayments:

Suppliers (Note 10)	Assets insurance (Note 8.2)	502,854

5.3 Following are the rearrangements in the balances of creditor, accrued and other liabilities:

Accrued expense	Payable to consultants (Note 15)	54,922,362

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Note 6
Operating Fixed Assets

For the year 2024 - 2025

Description	Furniture and Fixtures	Leasehold Improvements	IT Equipment	Office Equipment	Vehicles	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Cost						
Balance as at June 30, 2024	7,966,139	4,319,783	39,650,733	6,154,846	28,402,660	86,494,161
Additions	-	-	7,347,937	-	22,754,538	30,102,475
Disposals	-	-	-	-	-	-
Balance as at June 30, 2025	7,966,139	4,319,783	46,998,670	6,154,846	51,157,198	116,596,636
Accumulated Depreciation						
Balance as at June 30, 2024	7,866,270	4,319,783	35,842,417	5,863,251	8,452,650	62,344,371
Depreciation charge for the year	99,869	-	2,969,320	212,043	6,252,863	9,534,095
Disposals	-	-	-	-	-	-
Balance as at June 30, 2025	7,966,139	4,319,783	38,811,737	6,075,294	14,705,513	71,878,466
Carrying value as at June 30, 2025	**-**	**-**	**8,186,933**	**79,552**	**36,451,685**	**44,718,170**
Depreciation Rate	15%	20%	33%	33%	20%	

For the year 2023 - 2024

Description	Furniture and fixtures	Leasehold improvements	IT equipment	Office equipment	Vehicles	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Cost						
Balance as at June 30, 2023	7,966,139	4,319,783	36,999,748	5,962,358	28,402,660	83,650,688
Additions	-	-	2,650,985	192,488	-	2,843,473
Disposals	-	-	-	-	-	-
Balance as at June 30, 2024	7,966,139	4,319,783	39,650,733	6,154,846	28,402,660	86,494,161
Accumulated Depreciation						
Balance as at June 30, 2023	7,289,907	4,308,831	32,961,089	5,656,490	2,769,992	52,986,309
Depreciation charge for the year	576,363	10,952	2,881,328	206,761	5,682,658	9,358,062
Disposals	-	-	-	-	-	-
Balance as at June 30, 2024	7,866,270	4,319,783	35,842,417	5,863,251	8,452,650	62,344,371
Carrying value as at June 30, 2024	**99,869**	**-**	**3,808,316**	**291,595**	**19,950,010**	**24,149,790**
Depreciation Rate	15%	20%	33%	33%	20%	

6.1 The depreciation charge for the year has been allocated to other operating expense (Note 20).

6.2 There are fully depreciated assets having cost of Rs. 54.298 million (2024: Rs. 8.59 million) that are still in use as of the reporting date.

6.3 Grant amounting to Rs. 30.102 million (2024: Rs. 2.843 million) is capitalized during the year in operating fixed assets.

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Note 7
Long Term Deposits

	Note	2025 Rupees	2024 Rupees
Security deposits	7.1	1,360,000	3,610,000
Less: Current portion of long term deposits		-	(2,250,000)
		1,360,000	1,360,000

7.1 Long term deposits consist of refundable security deposits amounting to Rs. 1.360 million (2024: Rs. 1.360 million) against fuel cards. These deposits do not carry any interest or mark-up. IFRS 9 requires long-term non interest bearing financial assets to be discounted at average borrowing rate of the Company. Due to immaterial impact, these have not been discounted.

Note 8
Advances, Deposits and Prepayments

	Note	2025 Rupees	2024 Rupees
Advance to employees	8.1	1,085,591	1,114,632
Security deposit against rental premises		4,823,076	2,250,000
Prepayments	8.2	14,604,400	13,139,188
		20,513,067	16,503,820

8.1 This includes advances provided to employees to meet business expenses.

8.2 Prepayments

	2025	2024
Prepaid rent - Head office building	10,044,828	9,372,056
Employees group life insurance	3,446,037	3,264,278
Assets insurance	1,113,535	502,854
	14,604,400	13,139,188

Note 9
Balance due from / (to) State Life Insurance Corporation of Pakistan - Net

	Note	2025 Rupees	2024 Rupees (Re-arrange)
Balance due from State Life Insurance Corporation of Pakistan	9.1	13,393,633,108	7,100,271,868
Balance due to State Life Insurance Corporation of Pakistan:			
- Payable to State Life Insurance Corporation of Pakistan	9.2	(10,285,795,769)	(147,223,795,560)
- Reserve fund payable	9.3	(118,840,858)	-
		(10,404,636,627)	(147,223,795,560)
		2,988,996,481	(140,123,523,692)

9.1 Balance due from State Life Insurance Corporation of Pakistan

	Note	2025	2024
Advance against hospital claims:			
- Chief Minister's Children Heart Surgery Program		224,051,791	-
- Chief Minister's Special Initiative for Transplant Program	9.1.1	90,269,337	-
- Chief Minister's Special Initiative for Dialysis Program	9.1.2	1,300,207,107	-
		1,614,528,235	-
Unspent premium receivable from SLIC (Phase I & II)	9.1.3	5,280,726,035	886,408,640
Investment income from Treasury Bills (T-Bills) (Phase-III)		3,054,909,595	2,942,831,536
Profit on saving accounts (Phase-III)	9.1.4	3,443,469,243	2,784,823,413
Reserve fund deposited with SLIC	9.3	-	486,208,279
	9.1.5	13,393,633,108	7,100,271,868

9.1.1 Chief Minister's Special Initiative for Transplant Program

	Note	2025	2024
Opening balance		-	-
Payment made to SLIC during the year		789,410,938	-
Claim raised by hospital during the year	18.3	(699,141,601)	-
Closing balance		90,269,337	-

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Note 9, Balance due from / (to) State Life Insurance Corporation of Pakistan - Net Continued...

9.1.2 Chief Minister's Special Initiative for Dialysis Program

	Note	2025 Rupees	2024 Rupees
Opening balance		-	-
Payment made to SLIC during the year		3,498,059,968	-
Claim raised by hospital during the year	18.4	(2,197,852,861)	-
Closing balance		1,300,207,107	-

9.1.3 Unspent insurance premium

This represents receivable from the State Life Insurance Corporation of Pakistan (SLIC) in respect of the unspent premium & investment income relating to Phase I for thirteen (13) districts (Rahim Yar Khan, Narowal, Sargodha, Khanewal, Vehari, Mianwali, Lodhran, Layyah, Khushab, Hafizabad, Bhakkar, Bahawalpur, and Bahawalnagar) for the period from October 21, 2016 to May 15, 2021, and Phase II for all permanent residents of Punjab's 36 districts for the period from February 22, 2019 to May 15, 2024, in accordance with the terms and conditions of the Agreement executed on June 16, 2016 for Phase - I and January 24, 2019 for Phase - II between the Ministry of National Health Services, Regulations and Coordination on behalf of the Government of Pakistan and the Company on behalf of the Government of Punjab, Department of Specialized Healthcare and Medical Education.

As part of the terms and conditions of the above-mentioned Agreement, the unspent premium is required to be calculated on an annual basis. However, payment of any unspent insurance premium is subject to the continuation of business for a minimum period of three years between the two parties (since any subsequent losses/shortfalls will be adjusted against prior year balances), submission of third-party audit report, and acknowledgement of the same by SLIC. Accordingly, amounts of Rs. 1.470 billion pertaining to Phase-I and Rs. 3.810 billion pertaining to Phase-II have been recognized in these financial statements as recovery is considered probable upon fulfilment of the above conditions (2024: Rs. 886.408 million).

9.1.4 This represents receivable against investment of funds made by SLIC as per Insurance Agreement for Phase-III. As per Agreement, this income belongs to the Company only and SLIC would not deduct any administration cost from this investment income.

9.1.5 The receivable from SLIC includes an amount of Rs. 9.012 billion utilized by the State Life Insurance Corporation of Pakistan (SLIC) towards claims and administrative expenses relating to beneficiaries of the Ministry of National Health Services, Regulations and Coordination (NHSRC), out of premium payments made by PHIMC. Under the Agreement, NHSRC is responsible for payment of the premium for the Federal and Kashmir regions; however, the premium relating to NHSRC has not yet been settled. Accordingly, SLIC has adjusted the related balances against premiums paid by PHIMC. Upon payment of the outstanding premium by NHSRC, the adjusted amount is expected to be released to PHIMC, and management anticipates recovery or settlement of the balance in due course.

9.2 Balance due to State Life Insurance Corporation of Pakistan

	Note	2025 Rupees	2024 Rupees
Insurance premium payable	9.2.1	10,285,795,769	147,223,795,560

9.2.1 Movement of Insurance Premium payable is given below:

	Note	2025 Rupees	2024 Rupees
Opening balance		147,223,795,560	51,509,095,677
Expense during the year - Insurance Premium	18.1	67,753,765,502	141,251,528,907
Payment made during the year		(36,482,162,178)	(45,536,829,024)
		178,495,398,884	147,223,795,560
Balance written back (Phase-II)	9.2.2	(4,088,847,060)	-
Balance written back (Phase-III)	10.1	(164,120,756,055)	-
		(168,209,603,115)	-
Closing balance		10,285,795,769	147,223,795,560

As fully explained in Note 10.1, the excess payable balance to SLIC was adjusted by Rs. 140.361 billion during the year.

9.2.2 This represents the amount of invoices cancelled during the year due to closure of Phase-II. In May 2024, Phase II was concluded, leaving certain invoices unpaid. A reconciliation with SLIC was carried out during the year, based on actual claims and administrative costs incurred under Phase II. It was determined that these invoices are no longer payable to SLIC.

9.3 Reserve fund payable / (receivable)

	Note	2025 Rupees	2024 Rupees
Opening balance	9.1	(486,208,279)	(453,066,894)
Expense during the year - special claims	18.1	1,677,206,617	1,707,106,859
Payment made during the year		(1,072,157,480)	(1,740,248,244)
Closing balance		118,840,858	(486,208,279)

This represents funds allocated by the Company to the reserve fund, specifically earmarked for addressing special claims managed through the Reserve Funds Claims (Special Claims Provision) account.

Note 10
Payable to / (Receivable from) the Government

	Note	2025 Rupees	2024 Rupees
Opening balance		(137,330,446,828)	(44,394,989,113)
Less: Grant received during the year	13.2	40,424,634,000	48,000,000,000
Add: Grant utilized during the year	13	(68,489,933,219)	(140,932,614,242)
Add: Grant capitalized during the year	6	(30,102,475)	(2,843,473)
		(165,425,848,522)	(137,330,446,828)
10.1 Adjustment in Payable from Government			
Receivable from the government of Punjab written off	10.1.1	140,361,155,624	-
Government share held by SLIC - written off	10.1.6	23,759,600,431	-
Balance written off (Phase-II)	9.2.2	4,088,847,060	-
		168,209,603,115	-
Prepayments of other initiatives	9.1	1,614,528,235	
Closing balance		1,169,226,358	(137,330,446,828)

10.1.1 From the commencement of the Agreement (refer to note 1.1), the Company had a contractual obligation to pay insurance premiums to State Life Insurance Corporation of Pakistan (SLIC) based on the agreed rate (i.e., number of families × premium rate per family per year). Accordingly, the Company recognized insurance expense and recorded receivables from the Government of the Punjab and corresponding payables to SLIC on this basis. As per the terms of the Agreement, the final settlement at the conclusion of Phase-III (June 30, 2025) was to be made on the basis of actual expenses (hospital claims & Admin cost) incurred during Phase-III. Upon completion of Phase-III, SLIC reported the actual expense incurred and provisional expense reported previously, it was identified that the expense previously recognized on the premium-rate basis reflected an excess in both the receivable from the Government of the Punjab and payable to SLIC. The excess balances have been written off / written back by the management in the financial statements.

In the current year, the Company has recognized insurance expense on an actual claim basis, and prior year excess amounts have been adjusted through receivables from the Government and payables to SLIC. The impact of this reconciliation is summarized below:

Description	Note	2022 Rupees	2023 Rupees	2024 Rupees	2025 Rupees	Total Rupees
Provisional Insurance Expense Recorded Previously						
Insurance expense (Phase-III)	10.1.2	36,593,213,788	114,992,254,720	139,922,035,560	67,753,765,502	359,261,319,570
Insurance expense (Phase-II)		15,774,218,561	4,673,782,387	1,329,443,347	-	21,777,444,295
		52,367,432,349	119,666,037,107	141,251,528,907	67,753,765,502	381,038,763,865
Actual Expense (Phase-III)						
Hospital claims	10.1.3	13,322,381,347	67,155,786,709	53,177,777,144	51,505,310,599	185,161,255,799
Admin cost	10.1.4	2,195,592,827	6,899,535,283	8,395,325,134	7,403,071,160	24,893,524,404
Experience refund provision	10.1.5	-	-	-	8,845,383,743	8,845,383,743
		15,517,974,174	74,055,321,992	61,573,102,278	67,753,765,502	218,900,163,946
Less: Insurance expense (Phase-II)		15,774,218,561	4,673,782,387	1,329,443,347	-	21,777,444,295
Excess balance recorded		21,075,239,614	40,936,932,728	78,348,983,282	-	140,361,155,624

Accordingly, excess receivables from the Government of the Punjab and excess payables to SLIC have been adjusted by Rs. 140.361 billion. This adjustment does not have any impact on the profitability / net assets, as incorporated in previous years on the basis of the agreed premium, of the Company, as the receivable from the Government of the Punjab recorded to pay claims by SLIC have been adjusted fully against each other. The adjustment has been recorded in the current year in line with the settlement terms of the Agreement.

10.1.2 Insurance expense was provisionally recorded on estimated basis, calculated by multiplying the premium per family per year (Rs. 4,350 at the start, later reduced to Rs. 3,452 by the end of Phase-III) with the number of families as per the NADRA portal (approximately 34 million), and amortized over the period of Phase-III.

10.1.3 These represent the actual hospital claims incurred during Phase-III, which have been incorporated based upon the audit reports of M/s Kreston Hyder Bhimji & Co., an independent third party appointed by SLIC up to December 31, 2024.

10.1.4 This represents the administrative cost, being 6% of the premium incurred during Phase-III, in accordance with Clause 13 of the "Agreement".

10.1.5 The experience refund provision is calculated based on the Premium Stabilization Reserve balance and bonus (determined through the SLIC's annual review) in accordance with clause 17 of the Agreement.

10.1.6 Through its letter No. SO(DEV-I) 25-69/2020(P-VI) dated June 15, 2023, the Specialized Healthcare and Medical Education Department, Government of the Punjab, directed that the "Government Share" (currently 66% of claims of public sector hospitals) be deposited directly by SLIC into either the Company's account or a designated bank account of the Government of the Punjab, instead of being deposited into the hospitals' accounts.

Subsequently, in the 97th meeting of the Board of Directors held on June 12, 2025, it was resolved that the Government share should be properly adjusted/recovered from SLIC. In accordance with this resolution, the Company's payable to SLIC was adjusted against the Government's share receivable from SLIC. As a result, the related receivable from the Government was written off.

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Note 11
Staff Retirement Benefits - Gratuity

The Company has a defined benefit obligation comprising a funded gratuity scheme for its permanent employees. The present value of gratuity payable is determined by an independent qualified actuary, as at June 30, 2025 using the projected unit credit method.

	2025	2024
	Rupees	Rupees
Staff retirement benefits - Gratuity	2,728,809	5,289,730

11.1 Amount recognized in statement of financial position

	2025	2024
Fair value of plan assets	78,951,132	58,071,540
Defined benefit obligation	(76,222,323)	(52,781,810)
Net asset	2,728,809	5,289,730

11.2 Movement in the net assets / (liability)

	2025	2024
Opening balance	5,289,730	(32,566,952)
Charge for the year	(11,245,570)	(15,374,155)
Contribution by employer	27,782,505	59,016,249
Remeasurement changes chargeable to other comprehensive income	(19,097,856)	(5,785,412)
	2,728,809	5,289,730

11.3 Movement in fair value of plan assets

	2025	2024
Opening balance	59,016,249	-
Interest income	9,958,638	-
Employer contributions	27,782,505	59,016,249
Benefit payments from plan fund	(3,548,748)	-
Return on plan assets (excluding interest income)	(12,103,537)	-
	81,105,107	59,016,249

11.4 Charged to the statement of income and expenditure

	2025	2024
Current service cost	14,063,167	10,244,860
Interest expense on defined benefit obligation	7,141,041	5,129,295
Interest income on plan assets	(9,958,638)	-
	11,245,570	15,374,155

11.5 Remeasurements chargeable to the other comprehensive income

	2025	2024
Effect of experience adjustments	(6,994,319)	(5,785,412)
Return on plan assets (excluding interest income)	(12,103,537)	-
	(19,097,856)	(5,785,412)

11.6 Movement in present value of defined benefit plan / obligation

	2025	2024
Balance at the beginning of the year	5,289,730	(32,566,952)
Current service cost	(14,063,167)	(10,244,860)
Interest expense	(7,141,041)	(5,129,295)
Interest income	9,958,638	-
Contribution by employer	27,782,505	59,016,249
Effect of experience adjustments	(6,994,319)	(5,785,412)
Experience adjustments	(12,103,537)	-
	2,728,809	5,289,730

11.7 Fair value of plan assets

	2025	2024
Cash at bank	25,065,918	30,914,290
Gratuity advance (paid-principal recovered)	56,039,190	28,101,959
	81,105,108	59,016,249

11.7.1 The Company has maintained a separate bank account.

11.8 Estimated expense to be charged to statement of income and expenditure in next year

	2026
	Rupees
Current service cost	18,058,389
Interest cost on defined benefit obligation - Net	9,527,790
Interest income on plan assets	(10,138,138)
Amount chargeable to statement of income and expenditure	17,448,041

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Note 11, Staff retirement benefits - Gratuity - Continued...

11.9 Expected benefits for the next 10 years

	Rupees
Less than a year	10,443,080
Between 1-2 years	2,531,535
Between 2-3 years	2,563,543
Between 3-4 years	2,855,794
Between 4-5 years	2,930,994
Between 6-10 years	19,871,308

11.10 Significant Actuarial Assumptions

Projected unit credit method, based on the following significant assumptions, is used for valuation of gratuity:

	2025	2024
Discount rate used for interest cost	14%	15.75%
Discount rate used for year end obligation	12.50%	14%
Expected rates of salary increase in future years	11.50%	13%
Retirement age of employee	60 years	60 years

11.11 Mortality rate

The rates assumed were based on the SLIC 2001-2005 setback 1 year mortality table (2024: SLIC 2001-2005 setback 1 year mortality table).

11.12 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at year end would have been as follows:

	Increase in assumption	Decrease in assumption
	Rupees	Rupees
Discount rate (100 bps change)	68,827,582	85,196,375
Salary increase (100 bps change)	85,276,758	68,610,513

11.13 Risks associated with the scheme:

Salary increase / inflation risk

The increase in salary in the future years being higher than assumed will increase the liability.

Discount rate risk

The risk of changes in Discount rate will have an impact on the actuarial liability. Any increase in discount rate will reduce the liability and vice versa.

Demographic risks

- **Mortality risk**

Any reduction in the mortality rates being assumed will increase the liability.

- **Withdrawal risk**

Any differences in the assumed withdrawal rates will have a corresponding impact on the liability depending on the benefits payable on withdrawal.

11.14 The average duration of the defined benefit obligation is 11 years (2024: 11 years).

Note 12
Cash and Bank Balances

	Note	2025	2024
		Rupees	Rupees
Cash in hand		14,212	100,000
Cash at banks - Saving account	12.1	684,629,771	2,850,744,569
		684,643,983	2,850,844,569

12.1 The balance in saving accounts bear markup at the rates from 6.50% to 19% per annum (2024: 20.50% per annum, effectively). The bank account is maintained at the Bank of Punjab (a related party).

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Note 14
Deferred Grant - Asset Based

	Note	2025 Rupees	2024 Rupees
Opening balance		24,149,790	30,664,379
Transferred from grant related to income - additions	6 & 13	30,102,475	2,843,473
Less: Depreciation - Recognized in statement of income and expenditure	6	(9,534,095)	(9,358,062)
Closing balance		44,718,170	24,149,790

Note 15
Creditors, Accrued and Other Liabilities

	Note	2025 Rupees	2024 Rupees
Payable to National Database & Registration Authority (NADRA)	15.1	505,319,130	-
Chief Minister's Children Heart Surgery Program	15.2	289,186,000	-
Payable to consultants		70,038,155	54,922,362
Creditors against services and supplies / accrued expenses		49,944,462	25,998,893
		914,487,747	80,921,255

15.1 This represents balance payable against services rendered by NADRA under the Sehat Sahulat Program Phase-III. Amounts of Rs. 120.424 million, relating to services for the year 2022-23 and services for the year 2023-24, expenses of Rs. 91.974 million were recorded in the current year.

15.2 Chief Minister's Children Heart Surgery Program

	Note	2025	2024
Opening balance		-	-
Claim raised by hospital during the year	18.2	1,026,830,000	-
Claim paid to hospitals by the Company during the year		(737,644,000)	-
Closing balance		289,186,000	-

This represents claims payable to panel hospitals under the Chief Minister's Children Heart Surgery Program. These were currently being managed by the Company, however, effective from July 1, 2025, the management of this program has been transferred to SLIC.

15.2.1 Following are the details of transactions that are done by the Company with panel hospitals under Chief Minister's Children Heart Surgery Program:

Particulars	Invoices raised during the year	Payments made against invoices during the year	Net amount due
	Rupees	Rupees	Rupees
Chaudhary Pervaiz Elahi Institute of Cardiology, Multan	29,110,000	13,817,000	15,293,000
The Children's Hospital and The institute of Child Health, Multan	11,890,000	4,223,000	7,667,000
Faisalabad Institute of Cardiology, Faisalabad	24,928,000	7,134,000	17,794,000
Punjab Institute of Cardiology, Lahore	9,389,000	-	9,389,000
The Children's Hospital, University of Child Health Sciences, Lahore	43,173,000	6,970,000	36,203,000
Bahria International Hospital, Rawalpindi	64,650,000	55,150,000	9,500,000
Bahria International Hospitals Orchard, Lahore	163,170,000	135,015,000	28,155,000
Sharif Medical City Hospital, Lahore	181,915,000	142,465,000	39,450,000
Rawalpindi Institute Of Cardiology, Rawalpindi	27,265,000	6,765,000	20,500,000
Buch International Hospital, Multan	19,950,000	16,050,000	3,900,000
Farooq Hospital Islamabad Branch Rawalpindi	12,200,000	11,400,000	800,000
Farooq Hospital West Wood Lahore	11,850,000	5,850,000	6,000,000
University of Lahore Teaching Hospital	131,180,000	110,260,000	20,920,000
Ittefaq Hospital Trust, Lahore	108,065,000	107,175,000	890,000
Maroof Healthcare Services Islamabad	69,125,000	42,900,000	26,225,000
Medicare Hospital, Multan	72,195,000	39,445,000	32,750,000
Mukhtar A. Sheikh Memorial Welfare Hospital, Multan	46,775,000	33,025,000	13,750,000
	1,026,830,000	737,644,000	289,186,000

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Note 13
Deferred Grant - Income Based

Balance as at June 30, 2025

Project	Balance as at June 30, 2024	Grant Received during the Year	Income for the Year - Grants Utilized	Grant Capitalized	Receivable from the Government	Balance as at June 30, 2025
	A Rupees	B Rupees	C Rupees	D Rupees	E=A+B+C-D Rupees	F Rupees
Sehat Sahulat Program	-	35,124,634,000	(64,547,340,222)	(7,347,937)	29,430,054,159	-
Chief Minister's Children Heart Surgery Program	-	1,000,000,000	(1,031,192,026)	(22,754,538)	277,998,355	224,051,791
Chief Minister's Special Initiative for Transplant Program	-	800,000,000	(717,226,372)	-	7,495,709	90,269,337
Chief Minister's Special Initiative for Dialysis Program	-	3,500,000,000	(2,194,174,599)	-	(5,618,294)	1,300,207,107
	-	40,424,634,000	(68,489,933,219)	(30,102,475)	29,709,929,929	1,614,528,235

Balance as at June 30, 2024

Project	Balance as at June 30, 2023	Grant Received during the Year	Income for the Year - Grants Utilized	Grant Capitalized	Receivable from the Government	Balance as at June 30, 2024
	A Rupees	B Rupees	C Rupees	D Rupees	E=A+B+C-D Rupees	F Rupees
Sehat Sahulat Program	-	48,000,000,000	(140,932,614,242)	(2,843,473)	92,935,457,715	-

13.1 This represents the grant received from the Government of the Punjab for the provision of micro health insurance coverage (Qaumi Sehat Card) to the people of Punjab province under the Sehat Sahulat Program (Phase-III), as well as for three new initiatives launched by the Chief Minister of Punjab i.e. (i) Chief Minister's Children Heart Surgery Program, (ii) Chief Minister's Special Initiative for Transplant Program, and (iii) Chief Minister's Special Initiative for Dialysis Program.

13.2 During the year, the Company received grants from the Government of the Punjab as follows:

Program Name	File Number	Date of Letter	Grant Amount	Cheque Number	Clearing date
Sehat Sahulat Program	NO. SO(ABs)22-11/2024 (PHIMC)	24-Jul-24	13,500,000,000	124991	30-Jul-24
		01-Nov-24	10,649,267,000	124992	05-Nov-25
		30-Jan-25	7,975,367,000	124993	03-Feb-25
		29-May-25	3,000,000,000	124994	03-Jun-25
Chief Minister's Children Heart Surgery Program	NO. SO(ABs)31-3/2021	13-Nov-24	1,000,000,000	222994	11-Dec-24
Chief Minister's Special Initiative for Transplant Program	NO. SO(ABs)27-65/2025	16-Jan-25	800,000,000	223198	12-Mar-25
Chief Minister's Special Initiative for Dialysis Program	NO. SO(ABs)27-67/2025	09-Apr-25	2,000,000,000	797748	26-May-25
		11-Apr-25	1,500,000,000	797732	17-Apr-25
Total Grant Received			40,424,634,000		

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Note 16
Contingencies and Commitments

16.1 Contingencies

The Commissioner Inland Revenue, Zone-I, Range-II, CTO Lahore passed an assessment order under section 161(1) of the Income Tax Ordinance, 2001 for Tax Year 2019, creating a demand of Rs. 997,775 without providing an opportunity of being heard. The Company, being aggrieved by the order, preferred an appeal before the Commissioner Inland Revenue (Appeals), Lahore. Subsequently, a recovery notice under section 138 of the Ordinance was issued in respect of the said order. The Company applied for and obtained a stay order against recovery, which is valid until September 26, 2025. The hearing of the main appeal is still pending before the appellate forum. In the opinion of tax consultant, favourable outcome is expected. Accordingly, no provision has been made in these financial statements.

16.2 Commitments

There are no material commitments as at June 30, 2025 (2024: Nil).

Note 17
Other Income

	Note	2025 Rupees	2024 Rupees
Profit on bank deposits		687,525,344	792,799,739
Other income		174,292	840,830
Investment income from Phase - III		770,723,889	1,729,576,880
Investment income on unspent premium (Phase I & II)	9.1.3	4,394,317,395	-
		5,852,740,920	2,523,217,449

Note 18
Program Cost

	Note	2025 Rupees	2024 Rupees
Sehat Sahulat Programme	18.1	69,995,834,532	143,149,715,188
Chief Minister Children Heart Surgery Program	18.2	1,049,801,992	-
Chief Minister Special Initiative for Transplant	18.3	723,963,051	-
Chief Minister Special Initiative for Dialysis	18.4	2,201,792,893	-
		73,971,392,468	143,149,715,188

18.1 Sehat Sahulat Programme

	Note	2025	2024
Insurance premium	9.2.1	67,753,765,502	141,251,528,907
Special claims	9.3	1,677,206,617	1,707,106,859
Others	18.1.1	564,862,413	191,079,422
		69,995,834,532	143,149,715,188

18.1.1 It includes following expenses:

	Note	2025	2024
NADRA Services		505,319,130	88,577,585
Programme consultancies		50,138,500	88,204,544
Ceremonies expense		-	4,195,902
Advertisement and publicity		3,443,400	5,006,654
Field visits cost	18.1.2	5,961,383	5,094,737
		564,862,413	191,079,422

18.1.2 This includes travel and transportation, vehicle rental, and fuel expenses.

18.2 Chief Minister Children Heart Surgery Program

	Note	2025	2024
Hospital claims	15.2	1,026,830,000	-
Advertisement and publicity		19,056,872	-
Programme consultancies		3,046,300	-
Ceremony expense		868,820	-
		1,049,801,992	-

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Note 18, Program Cost - Continued...

18.3 Chief Minister Special Initiative For Transplant

	Note	2025 Rupees	2024 Rupees
Hospital claims	9.1.1	699,141,601	-
Advertisement and publicity		24,645,450	-
Ceremony expense		176,000	-
		723,963,051	-

18.4 Chief Minister Special Initiative For Dialysis

	Note	2025 Rupees	2024 Rupees
Hospital claims	9.1.2	2,197,852,861	-
Advertisement and publicity		3,940,032	-
		2,201,792,893	-

Note 19
Salaries and Other Benefits

	Note	2025 Rupees	2024 Rupees
Salaries		238,750,028	194,903,980
Medical		19,485,825	17,896,539
Gratuity fund		11,245,570	15,374,155
Provident fund	19.1	17,943,308	15,679,148
		287,424,731	243,853,822

19.1 This represents contribution @ 10% of basic salary by the employer.

Note 20
Other Operating Expense

	Note	2025 Rupees	2024 Rupees
Depreciation - Owned assets	6	9,534,095	9,358,062
Office rent	20.1	19,416,882	16,741,254
Travelling and transportation		3,355,802	5,029,076
Utilities		6,809,736	6,180,191
Repairs and maintenance		5,608,497	4,589,481
Auditor's remuneration	20.2	2,500,000	2,500,000
General consultancies	20.3	1,210,466	1,166,849
Communication		1,870,257	1,697,877
Printing and stationery		6,433,228	6,181,162
Security		3,239,071	2,615,618
Advertisement and publicity		818,611	341,927
Directors' meeting fee		12,086,000	6,975,000
Fee and subscription		353,110	1,139,207
Employee training		390,620	854,400
Entertainment		641,339	456,875
		74,267,714	65,826,979

20.1 This represents rent expense against rented premises. This has been classified as short-term due to the expiry of the agreement being less than 12 months or low value. The Company considers leases as operating leases having agreement expiring in less than 12 months. The Company applies the short-term lease recognition exemption to its short-term leases of its assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option or are of low value).

20.2 Auditor's remuneration

	2025	2024
Audit fee	2,375,000	2,375,000
Review fee	105,000	105,000
Out of pocket expense	20,000	20,000
	2,500,000	2,500,000

20.3 General consultancies

	2025	2024
Legal fee	751,483	412,000
Tax consultancy	458,983	563,349
Others	-	191,500
	1,210,466	1,166,849

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Note 21
Finance Cost

	2025	2024
	Rupees	Rupees
Bank charges	25,465	8,352

Note 22
Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of financial risks:

- Credit risk
- Liquidity risk
- Market risk

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's financial liabilities comprise of insurance premium payable and accrued liabilities. The Company has various financial assets such as long term deposits, advances to employees and bank balances.

22.1 Risk management framework

The Board of Directors has overall responsibility for establishment and over sight of the Company's risk management framework. The executives management team is responsible for developing and monitoring the Company's risk management policies. The team meets regularly and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

22.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

		2025	2024
	Note	Rupees	Rupees
Long term deposits	7	1,360,000	1,360,000
Bank balances	12	684,629,771	2,850,744,569
Balance due from State Life Insurance Corporation of Pakistan - Net	9	2,988,996,481	-
Receivable from the Government	10	-	137,330,446,828
		3,674,986,252	140,182,551,397

Credit quality of financial assets

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.

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Note 22, Financial Risk Management Objectives and Policies - Continued...

Bank balances

22.2.1 The Company's exposure to credit risk against balances with Bank of Punjab is as follows:

	2025	2024
	Rupees	Rupees
Balances with banks	684,629,771	2,850,744,569

The credit quality of Company's bank balances can be assessed with reference to external credit rating agencies as follows:

Rating				2025	2024
Bank	Agency	Short term	Long term	Rupees	Rupees
The Bank of Punjab	PACRA	A1+	AA+	684,629,771	2,850,744,569

Due to the Company's long standing business relationships with this counter party and after giving due consideration to their strong financial standing, management does not expect non performance by these counter party on their obligations to the Company. Accordingly, the credit risk is minimal.

22.2.2 Long term deposits

Based on past experience the management believes that no impairment allowance is necessary in respect of long term deposits as they relates to the rental premises and fuel cards and will be recovered after the expiry of contracts.

22.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise. For this purpose the liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

Following is the maturity analysis of financial liabilities:

Balance as at June 30, 2025

Description	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	Over 5 years
	Rupees	Rupees	Rupees	Rupees	Rupees
Payable to the Government	1,169,226,358	1,169,226,358	1,169,226,358	-	-
Creditors, accrued and other liabilities	914,487,747	914,487,747	914,487,747	-	-
	914,487,747	914,487,747	914,487,747	-	-

Balance as at June 30, 2024

Description	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	Over 5 years
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance due to State Life Insurance Corporation of Pakistan	140,123,523,692	140,123,523,692	140,123,523,692	-	-
Creditors, accrued and other liabilities	80,921,255	80,921,255	80,921,255	-	-
	80,921,255	80,921,255	80,921,255	-	-

22.3.1 It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

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Note 22, Financial Risk Management Objectives and Policies - Continued...

22.4 Financial instruments by categories

Description	Note	Carrying value: Financial assets at amortized cost	Carrying value: Financial liabilities at amortized cost	Carrying value: Total
		Rupees	Rupees	Rupees
Balance as at June 30, 2025				
Financial assets at amortized cost				
Long term deposits	7	1,360,000	-	1,360,000
Balance due from State Life Insurance Corporation of Pakistan - Net	9	2,988,996,481	-	2,988,996,481
Cash and bank balances	12	684,643,983	-	684,643,983
		3,675,000,464	-	3,675,000,464
Financial liabilities at amortized cost				
Payable to the Government	10	-	1,169,226,358	1,169,226,358
Creditors, accrued and other liabilities	15	-	914,487,747	914,487,747
		-	2,083,714,105	2,083,714,105
Balance as at June 30, 2024				
Financial assets at amortized cost				
Long term deposits	7	1,360,000	-	1,360,000
Receivable from the Government	10	137,330,446,828	-	137,330,446,828
Cash and bank balances	12	2,850,844,569	-	2,850,844,569
		140,182,651,397	-	140,182,651,397
Financial liabilities at amortized cost				
Balance due to State Life Insurance Corporation of Pakistan	9	-	140,123,523,692	140,123,523,692
Creditors, accrued and other liabilities	15	-	80,921,255	80,921,255
		-	140,204,444,947	140,204,444,947

22.4.1 The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

22.5 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and other price risk.

22.5.1 Foreign currency risk

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. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into, are denominated in foreign currencies. The Company is not exposed to foreign currency risk due to no transactions in foreign currency.

22.5.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rate will affect the fair value or future cash flows of financial instruments. The Company is exposed to interest rate risk for cash deposited in financial institutions, which have been disclosed in the relevant note to the financial statements.

22.5.3 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 interest rate risk or currency risk). The Company is not exposed to other price risks.

22.6 Capital management

The Company is not subject to capital risk as this Company is without any share capital.

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Note 23
Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 1: Quoted market price (unadjusted) in an active market for identical instrument.

Level 2: Inputs other than quoted price 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).

There are no financial instruments held by the Company which are measured at fair value as of June 30, 2025.

Note 24
Transactions with Related Parties

Related parties include Government of the Punjab (GoPb), Federal Government, Directors, CEO and companies in which there are common directors and key management. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties at arm's length basis. The Company is wholly owned by GoPb and therefore entities which are owned or controlled by the GoPb, or where the GoPb may exercise significant influence are related parties of the Company. Remuneration of Chief Executive and directors is disclosed in Note 25.

Details of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Related Party	Nature of Transaction	Relationship	2025	2024
			Rupees	Rupees
Government of Punjab (Parent)	Grants received	Controlling Government	40,424,634,000	48,000,000,000
	Grant utilized		68,489,933,219	140,932,614,242
	Grant utilized for operating fixed assets		30,102,475	2,843,473
	Balance written off		(168,209,603,115)	-
The Bank of Punjab	Finance charges	Common control	25,465	8,352
	Profit on bank deposits		687,525,344	792,799,739
Directorate General Public Relations	Invoices raised	Common control	26,437,517	5,348,581
	Payment made		4,920,389	6,145,393
State Life Insurance Corporation	Insurance expense	Common control	71,677,589,964	141,251,528,907
	Payment made		42,065,842,355	47,277,077,268
	Balance written back		(168,209,603,115)	-
National Database & Registration Authority (NADRA)	Services acquired	Common control	505,319,130	88,577,585
	Payment made		-	307,312,972
Punjab Health Initiative Management Company Employees' Provident Fund	Contribution to Provident fund	Provident fund	17,943,308	15,679,148
Punjab Health Initiative Management Company Employees Gratuity Fund	Contribution to Gratuity fund	Gratuity fund	27,782,505	59,016,249

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Note 24, Transactions with related parties - Continued...

24.1 Outstanding balances as at June 30,

Related party	Nature/ purpose	2025	2024
		Rupees	Rupees
Government of Punjab (Parent)	Payable to / (Receivable from) government	1,169,226,358	(137,330,446,828)
The Bank of Punjab	Bank balance	684,629,771	2,850,844,569
Directorate General Public Relations	Balance payable against Media & Advertisement services	36,595,795	15,078,667
State Life Insurance Corporation	Balance receivable / (payable)	2,988,996,481	(140,123,523,692)
NADRA	Balance payable	505,319,130	-

24.2 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers all members of its management team, including the Chief Executive Officer and the Directors as the key management personnel.

Name	Relationship
Khawaja Salman Rafique	Chairman
Ch. Shujaat Ali	Executive Director
Muhammad Adnan Khan	Independent Director
Zahid Pervaiz	Independent Director
Miss. Pareen Agha	Independent Director
Ch. Sultan Mahmood	Independent Director
Nabeel Ahmad Awan	Executive Director
Azmat Mahmud Khan	Executive Director
Dr. Muhammad Saqib Aziz	Executive Director
Bilal Hasham	Executive Director
Faisal Yousaf	Executive Director
Ali Razaque	Chief Executive Officer
Shamshad Ali Khan	Chief Operating Officer
Noman Hameed	Chief Internal Auditor
Muhammad Bilal Butt	Chief Financial Officer
Khurram Fayyaz khan Lodhi	Director Human Resource
Muhammad Munib	Director Porcurement & Contracts
M. Khurram Iqbal	Director IT / MIS
Faiza Muzaffar	Company Secretary
Haider Ali Haider	Additional Director Finance
Hasnat Ahmed	Additional Director M&E

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Note 25
Remuneration of Chief Executive Officer and Executives

The aggregate amounts charged in the financial statements for the year in respect of remuneration, including all benefits to Chief Executive and Executives of the Company are as follows:

	Chief Executive Officer		Executives	
	2025	2024	2025	2024
	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	24,760,638	19,533,600	170,100,377	138,054,237
Gratuity expense	1,156,650	1,392,711	9,457,570	13,653,394
Provident fund expense	2,233,038	1,953,360	16,569,229	13,096,812
Telephone and mobile expenses	-	-	914,189	867,000
Outpatient allowance	1,910,682	1,627,800	14,661,067	11,100,177
Leave encashment	1,382,117	1,164,625	9,845,518	8,106,918
Fuel	-	-	18,299,052	21,800,109
	31,443,125	25,672,096	239,847,002	206,678,647
Number of persons	1	1	39	41

25.1 An executive is defined as an employee, other than the chief executive officer and directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

25.2 The Chief executive has been given Company maintained car.

25.3 The Directors and Executives have not been provided with vehicles.

25.4 Amount of Rs. 12,086,000 (2024: Rs. 6,975,000) was paid to directors as meeting fee for attending the Board meetings.

25.5 The Company has 11 Directors (June 30, 2024: 11) including Chief Executive Officer.

Note 26
Number of employees

	2025	2024
	Number	Number
Number of employees as at June 30,	68	52
Average number of employees during the year	54	54

Note 27
Non-Adjusting Event After Reporting Date

No significant event has occurred subsequent to June 30, 2025.

Note 28
Authorization of Financial Statements

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on ________________.

Note 29
General

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. Except note 5, no material rearrangements / reclassifications have been made in these financial statements.

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CHIEF FINANCIAL OFFICER | **CHIEF EXECUTIVE OFFICER** | **DIRECTOR**