

Detailed Facts Sheet on the

***Real Business behind Shaukat
Khanum Memorial Hospital &
some moral questions for Imran
Khan***

1- What this document is all about?

Trusts established to provide free health services by the government or the non-government services normally hold properties and other assets 'in Trust' and are supposed to be able to 'compete' with the similar profitable organizations.

Trusts operating in health care services have the status of Foundation Hospitals which means they are eligible for funding to and a greater degree of autonomy.

Shaukat Khanum headed by Mr.Imran Khan who is also heading a political party Pakistan Tehreek-e-Insaaf (PTI) being its founder Chairman according to its official website is primarily meant "To act as a model institution to alleviate the suffering of patients with cancer through the application of modern methods of curative and palliative therapy irrespective of their ability to pay, the education of health care professionals and the public and perform research into the causes and treatment of cancer".

But the question here, arises as to what are the sources of income of this hospital and whether the income generated through the sources identified on the official website and also claimed many times by Mr.Imran Khan directly goes to the ailing patients or the hospital has some alternate ways to make safe investment which are helpful in increasing these sources of income. Looking into the details as provided on the website of SKMH and the claims made by Mr.Imran Khan Chairman of SKMH trust and also the Chairman of Pakistan tehreek-e-Insaaf are:

- a- Donations from the general public living in Pakistan and the Overseas Pakistanis;
- b- Zakat collected within and outside Pakistan;
- c- Sponsor a cancer patient (one can directly undertake responsibility of the poor patients).

Quite interestingly the website nowhere identifies any other source or sources of income of SKMH other than these three. On the contrary some internal non-public though credible documents reveal that the hospital is not being run through the above mentioned sources of income only but it is pertinent to point out that the SKMH is engaged in some real-estate business outside Pakistan which becomes highly deplorable when the managements of this hospital continuously denies her involvement in any such business or at the minimum it keep on hiding these facts. This is certainly shocking for all those who on regular basis envisage their donation to SKMH as they think their money is going directly to help out the ailing patients of cancer but who knows this amount is being invested in the real estate business outside the country and nobody knows which credentials SKMH or Mr.Imran Khan holds to make this hospital or its management eligible to carry about such business using some undeclared and unknown companies whose accounts are not reachable for the donors and even their names are unheard for them. Following the principles of transparency this is the fundamental right of every single donor to know about nature of business and investment, details of the investments being made and the peoples running these companies and their capability to run those, the state of profit and/or the loss etc, but unfortunately and quite shamefully this right has been continuously infringed since years.

2- Which business Shahukat Khanum Memorial Hospital is engaged into?

Looking into the audit reports of SKMH for the years 2009 and 2010, following facts were revealed regarding business of SKMH which is yet undisclosed and is being kept in secrecy for some unknown reasons:

- 1- Sugarland Real Estate (BVI) Limited (SREL)
 - a. **Gross value in 2009** 28.319 USD
Gross Value in 2010 28.323 USD
 - b. **Impairment in 2009** 12.351 USD
Impairment in 2010 18.256 USD
 - c. **Carrying Value in 2009** 15.968 USD
Carrying value in 2010 10.067 USD
 - 2- Cinnabar International Services Limited (CISL)
 - a. **CISL Ownership Stake in SREL in 2009** 10.52%
CISL Ownership Stake in SREL in 2009 10.52%
 - b. **Gross value of CISL's stake in 2009** 2.979 USD
Gross value of CISL's stake in 2010 2.980 USD
 - c. **Estimated Current value of CISL's Stake in 2009** 1.680USD
Estimated Current value of CISL's Stake in 2010 1.059USD
 - d. **Impairment of CISL's Investment in 2009** 1.299USD
Impairment of CISL's Investment in 2010 1.921USD
 - e. **%Impairment in 2009** -44%
%Impairment in 2010 -64%
- The above mentioned companies are being headed by Mr.Imtiaz hydari who is CEO HBG and member of SKMT;
 - The above mentioned details are available in the audit report 2010 of SKMH and these documents are available on the website. One can safely and justifiably raise the question why the audit report for the year 2011 was not made available on the website 2010 tells us the real story how Imran Khan is using cancer Patients's money for promoting his real estate business to fulfill his wishful thoughts.

3- Not us but the Financial Report 2010 tells us the real story how Imran Khan is using cancer Patients's money for promoting his real estate business?

Para 11 of the Financial report 2010 elucidates:

“This represents investment in 3,000,000 class 'B' ordinary shares of USD 1 each of Cinnabar International Services Limited (CISL), a company incorporated in British Virgin Islands (BVI). The Trust owns the entire class 'B' ordinary share capital of the company, which do not carry any voting rights in the company. Consequently, the Trust does not have significant influence over the company due to which the company is not considered an associate of the Trust. This investment has been made through an investment company, HBG Management Partners Limited, based in Dubai, United Arab Emirates. Further, CISL is a subsidiary of HBG Investment Holdings Limited ('HBG') incorporated by HBG to undertake the development of a real estate project in Oman. Sugarland Real Estate (BVI) Limited is also a subsidiary of HBG. The land purchased and development costs for the project are currently appearing in the financial statements of Sugarland Real Estate (BVI) Limited at an aggregate cost of USD 28.323 million reduced by an impairment loss of USD 18.256 million, thereby resulting in a carrying amount of USD 10.067 million as at December 31, 2010.

The land represents capital contribution in kind by one of HBG Group's shareholders, Sheikh Salim Al Mashani ('the shareholder'). HBG's management have assessed the realizable value of the plot of land at December 31, 2010 by obtaining market valuation from an independent valuer and noted a decline in the value of the plot of land by USD 18.256 million, which is to be adjusted through reduction of capital contributed by the shareholder by virtue of an agreement with him. In accordance with the agreement with the shareholder dated December 15, 2010, the shareholder agreed for a reduction in his capital contribution commensurate with the reduction in the value of land which shall mutually be agreed between HBG and the shareholder. HBG's management is currently into advanced stages of negotiations with the shareholder to agree a final revised value of the plot of land, after which a resolution shall be passed at an extra-ordinary general meeting of the shareholders to effect the capital reduction. Based on the above, the carrying value of the plot of land has been adjusted based on the independent valuation obtained as of December 31, 2010 against proposed reduction in the capital by an equivalent amount in the financial statements of Sugarland Real Estate (BVI) Limited for the year ended December 31, 2010.

In line with the requirements of IAS 39 – Financial Instruments: Recognition and Measurement, the Trust's management has assessed whether there is an indication that the Trust's investment is impaired as at December 31, 2010. Under the above circumstances, the Trust's management feels that there is no indication that the investment is impaired since the impairment loss on the above mentioned land would be borne by the shareholder. However, based on the decline in the project land's value, the Trust's management performed a further evaluation by reviewing the recoverable amount of the asset (the project) by reference to the present value of expected future cash flows. The estimation of revenues on unsold properties depends on demand and market conditions. Based on these, the Trust's management is of the opinion that the net realizable value of the project upon completion of development will be higher than its carrying amount as at December 31, 2010. Consequently, no provision for impairment has been recognized in these financial statements as at December 31, 2010”.

4- What are the other investments mounting to 4.5 Million Dollars which have been made

- 1- CROCI Alpha paris 1 Million USD
- 2- Global Healthcare Sector 1 Million USD
- 3- Asian index 1 Million USD
- 4- Climate Change 1.5 Million USD

Every Pakistani has right to ask Imran Khan:

- a- Under which authority he took this money out of the country?
- b- Why he defeated the objective with which this money was donated?
- c- His continuous ranting on bringing back to Pakistan the assets held abroad by different individuals seems hollow in view of transferring the donation money abroad and investing in speculative/dubious ventures. Can Imran Khan Justify all this?

5- Questions must answered by Mr.Imran Khan and the management of Shaukat Khanum Memorial Hospital (SKMH)

- 1- How Imran Khan justifies that the Trust should be investing in illiquid and speculative real estate ventures without informing the donors and those who give alms, charities and zakat out of their personal pockets and incomes?
- 2- People donate their money to SKMH with specific religious intention. Islam has already determined the heads under which the money of ZAKAT, ALM, CHARITY and DONATIONS etc is can be spent. Imran Khan grabbed this money from the already poor people in the name of cancer patients but instead of spending this directly on those patients, he used this money in speculative business where uncertainty prevails all around.
- 3- The question arises why such losses were recorded and what measures were taken to avoid such losses in future and also it is a million dollars question as to who was responsible for this loss and what about the donors and Zakat money which was not meant for any business but solely for the purpose to save the lives of poor cancer patients. What would be the remedial measures to bring their money back to the trust?

- 4- The money received with specific intent is a trust (AMANAH) and it can't be spent without the consent of the donors. Did Imran Khan entered into the speculative business of real-estate informing his donors? No, certainly he didn't. what is the legitimacy of holding this business both under the Law and morality?
- 5- Under which principle of Islamic law or injunction this speculative investment was made?
- 6- Which channel Imran Khan shifted this money of poor to offshore for the purpose to invest through BENAMI Companies?
- 7- Imran Khan talks against money being abroad and always urges others to bring their investments back, why he invested through in the offshore (BENAMI) companies?
- 8- What selection criteria of the above companies?
- 9- Had Imran Khan any personal or business interest involved in these companies? If not, how HE negates it?
- 10- What were the reasons for the continuous operating losses? Was the property purchased making higher prices? Who was the ultimate and real beneficiary of Zakat, Sadqa and CHANDA (Donations) money etc?
- 11- Does Imran Khan accept responsibility for the above loss? Does he promise not to repeat this blunder of investing the public money received through donations, alms, charities and ZAKAT etc into such business?
- 12- Is Imran Khan ready to make everything transparent to his donors in future?
- 13- Is Imran Khan ready to apologize for the sins of making their money wasted in hidden and failed projects?

6- Conclusion

Is this the level of transparency you would like to have with an organization whose head and a prominent figure preaches morality?

Is this morality that on one hand you lambast the political leadership that they have their money abroad, but on the other hand, you yourselves are investing money raised from the general public in risky avenues?

What would happen if the investment of nearly 12.5 Million USD were to go bust? This is almost rs.1.062 Billions! Please think about it!!!