

**Shifa**  
International  
Hospitals Ltd.



**Condensed Interim  
Financial Information**

**for the Third Quarter and Nine  
Months Ended March 31, 2018**



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## COMPANY INFORMATION

**Board of Directors:** Dr. Habib-Ur-Rahman  
Chairman  
Dr. Manzoor H. Qazi  
CEO  
Mr. Muhammad Zahid  
Dr. Mohammad Salim Khan  
Mr. Shafquat Ali Chaudhary  
Shah Naveed Saeed  
Mr. Qasim Farooq Ahmad  
Dr. Samea Kauser Ahmad  
Syed Ilyas Ahmed  
Prof. Dr. Shoab Ahmed Khan

**Audit Committee:** Shah Naveed Saeed  
Chairman  
Dr. Habib-Ur-Rahman  
Dr. Samea Kauser Ahmad  
Syed Ilyas Ahmed

**H R & R Committee:** Dr. Habib-Ur-Rahman  
Chairman  
Dr. Manzoor H. Qazi  
Shah Naveed Saeed

**Chief Operating Officer:** Mr. Aziz A. Jan

**Chief Financial Officer:** Mr. Ahmad Sana

**Company Secretary:** Mr. Muhammad Naeem

**Head of Internal Audit:** Mr. Muhammad Saeed

**Auditors:** M/s Grant Thornton Anjum Rahman  
Chartered Accountants

**Legal Advisor:** M/s Bashir Ahmad Ansari & Company

**Bankers:** Meezan Bank Limited  
Al Baraka Bank (Pakistan) Limited  
Habib Bank Limited  
United Bank Limited  
Faysal Bank Limited  
Askari Bank Limited  
Dubai Islamic Bank Limited  
MCB Bank Limited  
First Habib Modaraba

**Registered Office:** Sector H-8/4, Islamabad

**Share Registrar:** M/s Corplink (Private) Limited  
Wings Arcade, 1-K,  
Commercial, Model Town,  
Lahore.

## DIRECTORS' REVIEW

### Dear Members,

On behalf of the Board of Directors, we are pleased to present the Condensed Interim Financial Information of the Company for the nine months ended March 31, 2018. Condensed Interim Consolidated Financial Information for the nine months ended March 31, 2018 incorporating the financial results of subsidiary i.e. Shifa Consulting Services (Private) Limited is also annexed herewith.

Financial Highlights	Nine months ended March 31 (Rs. in million)		
	2018	2017	Change%
Net Revenue	<b>7,709</b>	7,013	10
Profit before taxation	<b>660</b>	773	(14.6)
Profit after taxation	<b>470</b>	562	(16.4)
Earnings Per Share - (Rs.)	<b>8.63</b>	10.30	(16.2)

The above results indicate an overall revenue growth of 10.0% as compared to corresponding period of the last year. The operating cost has been increased by 11.8% from Rs. 6,289 million to Rs. 7,030 million mainly due to increase in salaries & wages, depreciation, repair & maintenance and rent etc. Finance cost has been increased by 25.3% as compared to corresponding period of last year due to availing new long term loan. Had there been no investment in land and equipment in order to expand our services geographically finance cost would have been reduced by 13.3% and would have been resulted into better earnings per share as is being reported. All these factors entailed the increase in costs and hence resulted into earnings per share of Rs. 8.63 against Rs. 10.30 in the corresponding period last year.

Due to some unforeseen circumstances, the commissioning of Block-C could not be achieved in the anticipated time period. However, we are confident that the Block-C shall be made operational during the current quarter.

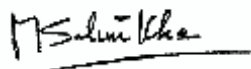
The Company appointed JCR-VIS Credit Rating Company Limited to assign credit rating as a result of which your Company has been assigned initial entity ratings of A-1 and AA- whereas Outlook on the assigned rating is 'Stable'.

The Board would like to put on record its appreciation for consultants, employees, customers and strategic partners for their dedication, commitment and contributions towards the growth of the Company. The Board also extends its gratitude to government authorities, suppliers, banks and shareholders for their unrelenting support and cooperation.

For and on behalf of the Board of Directors



**DR. MANZOOR H. QAZI**  
Chief Executive Officer



**DR. MOHAMMAD SALIM KHAN**  
Executive Director

Islamabad  
April 26, 2018

## ڈائریکٹر رپورٹ

معزز ممبران،

بورڈ کے ڈائریکٹر کی جانب سے ہم کمپنی کی 31 مارچ 2018ء کو ختم ہونے والی تیسری سہ ماہی کی مجموعی عبوری مالیاتی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 31 مارچ 2018ء کو ختم ہونے والی تیسری سہ ماہی کی مجموعی عبوری مالیاتی رپورٹ میں کمپنی کے ذیلی ادارے یعنی شفا کنسلٹنگ سروسز (پرائیویٹ) لمیٹڈ کے مالیاتی نتائج بھی منسلک ہیں۔

31 مارچ کو ختم ہونے والی تیسری سہ ماہی (پاکستانی روپے ملین میں)			مالیاتی جھلکیاں
تبدیلی (فیصد)	2017	2018	
10	7,013	7,709	خالص آمدنی
(14.6)	773	660	منافع قبل از ٹیکس
(16.4)	562	470	منافع بعد از ٹیکس
(16.2)	10.30	8.63	آمدنی فی شیئر - (روپے)

مندرجہ بالا نتائج خالص آمدنی میں گزشتہ سال اسی مدت کے مقابلے میں 10 فیصد کا اضافہ ظاہر کرتے ہیں۔ آپریٹنگ لاگت 11.8 فیصد اضافے کے ساتھ 6,289 ملین روپے سے بڑھ کر 7,030 ملین روپے ہو گئی ہے جس کی بنیادی وجوہات تنخواہوں و اجرتوں میں اضافہ، اثاثوں کی بوسیدگی، مرمت و بحالی اور کرائے وغیرہ کے اخراجات میں اضافہ ہیں۔ فنانس کاسٹ گزشتہ سال اسی مدت کے مقابلے میں 25.3 فیصد بڑھ گئی ہے جس کی وجہ نئے طویل مدتی قرضوں کا حصول ہے۔ اگر اپنی خدمات کو جغرافیائی طور پر بڑھانے کے لئے اراضی اور ساز و سامان میں سرمایہ کاری نہ کی گئی ہوتی تو فنانس کاسٹ میں 13.3 فیصد کمی ہو گئی ہوتی اور اس کے نتیجے میں آمدنی فی شیئر کی شرح رپورٹ کردہ شرح سے بہتر ہوتی۔ یہ تمام عوامل اخراجات میں اضافے کا باعث بنے لہذا اس کے نتیجے میں آمدنی فی شیئر 8.63 روپے رہی جو کہ گزشتہ سال اسی عرصے کے مقابلے میں 10.30 روپے تھی۔

ناگزیر حالات کی وجہ سے بلاک C کی تکمیل متوقع وقت کے اندر نہ ہو سکی۔ البتہ ہم پر اعتماد ہیں کہ موجودہ سہ ماہی کے دوران بلاک C آپریشنل ہو جائے گا۔

کمپنی نے کریڈٹ ریٹنگ کی تفویض کے لئے JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کو مقرر کیا جس کے نتیجے میں آپ کی کمپنی کو A-1 اور AA کی ابتدائی اداریاتی درجہ بندی دی گئی ہے جبکہ تفویض کردہ درجہ بندی پر آؤٹ لک ”مستحکم“ ہے۔

بورڈ کمپنی کی نشوونما کے پیش نظر اپنے کنسلٹنٹس، ملازمین، صارفین اور سٹریٹجک پارٹنرز کی لگن، عزم اور کردار کو سراہتا ہے۔ مزید یہ کہ بورڈ سرکاری حکام، سپلائرز، بینکوں اور شیئر ہولڈرز کی لگاتار حمایت اور تعاون کا بھی شکر گزار ہے۔

برائے اور بجانب بورڈ آف ڈائریکٹر

M. Salim Khan

ڈاکٹر محمد سلیم خان  
ایگزیکٹو ڈائریکٹر

M. Mansoor Ali

ڈاکٹر منظور علی قاضی  
چیف ایگزیکٹو آفیسر

اسلام آباد

26 اپریل 2018

## CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2018

		Un-audited March 31, 2018	Audited June 30, 2017
	<u>Note</u>	(Rupees in '000')	
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		545,379	545,379
Capital reserve		1,046,025	1,046,025
Unappropriated profit		2,757,788	2,553,295
		4,349,192	4,144,699
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
		720,017	726,760
<b>NON - CURRENT LIABILITIES</b>			
Long term financing - secured	4	1,493,484	168,228
Deferred taxation		392,546	413,646
		1,886,030	581,874
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	2,322,272	1,958,990
Markup accrued		11,790	398
Current portion of long term financing	4	252,129	335,764
		2,586,191	2,295,152
		9,541,430	7,748,485
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6		

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

*Danish M. Rahman*

CHAIRMAN

		Un-audited March 31, 2018	Audited June 30, 2017
	Note	(Rupees in '000')	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	6,059,496	5,457,545
Intangible		33,262	10,585
Long term investment - at cost		18,120	18,120
Long term loans and advances	8	1,000,000	-
Long term deposits		61,781	45,273
		7,172,659	5,531,523
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		96,304	81,195
Stock-in-trade		462,752	380,052
Trade debts - considered good	9	747,488	447,770
Loans and advances - considered good		308,467	339,614
Trade deposits, short term prepayments and other receivables		50,595	38,498
Markup accrued		-	1,165
Other financial assets		-	189,451
Tax refunds due from the government (net of provision)		271,577	97,474
Cash and bank balances		431,588	641,743
		2,368,771	2,216,962
		9,541,430	7,748,485



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM  
PROFIT AND LOSS ACCOUNT [UN-AUDITED]  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2018**

	For the quarter ended		For the nine months ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	<b>(Rupees in '000')</b>			
Net revenue	<b>2,564,260</b>	2,390,066	<b>7,708,804</b>	7,012,823
Other income	<b>9,885</b>	26,537	<b>45,501</b>	101,121
Operating costs	<b>(2,326,996)</b>	(2,140,940)	<b>(7,029,598)</b>	(6,289,343)
Finance costs	<b>(35,278)</b>	(15,727)	<b>(64,928)</b>	(51,817)
Profit before taxation	<b>211,871</b>	259,936	<b>659,779</b>	772,784
Provision for taxation	<b>(59,385)</b>	(77,276)	<b>(189,339)</b>	(210,968)
Profit after taxation	<b>152,486</b>	182,660	<b>470,440</b>	561,816
<b>Earnings per share basic and diluted (Rupees)</b>	<b>2.80</b>	3.35	<b>8.63</b>	10.30

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



**CHAIRMAN**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM  
STATEMENT OF COMPREHENSIVE INCOME [UN-AUDITED]  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2018**

	For the quarter ended		For the nine months ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	(Rupees in '000')			
Profit after taxation	152,486	182,660	470,440	561,816
<b>Other comprehensive income</b>				
Realization of revaluation surplus on disposal of asset	-	3,221	-	3,221
Other comprehensive income for the period - net of tax	-	3,221	-	3,221
<b>Total comprehensive income for the period</b>	<b>152,486</b>	<b>185,881</b>	<b>470,440</b>	<b>565,037</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

*Dawood M. Rahman*

**CHAIRMAN**

*Marguerite J. B. J.*

**CHIEF EXECUTIVE**

*ALS*

**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM CASH FLOW STATEMENT [UN-AUDITED]  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2018**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Note</b>	<b>(Rupees in '000')</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	659,779	772,784
Adjustments for:		
Depreciation/amortization of property, plant and equipment	368,998	343,953
Amortization of intangible	3,049	-
Provision for doubtful debts	24,116	23,480
Property, plant and equipment written off	2,285	10,253
Gain on disposal of property, plant and equipment	(1,143)	(8,101)
Provision for compensated absences	30,410	29,381
Provision for gratuity	67,999	63,000
Provision for slow moving stores	318	(2,296)
Profit on investments and bank deposits	(11,185)	(52,694)
Loss/ (gain) on foreign currency translation	31	(25)
Finance cost	64,928	51,817
Operating cash flows before changes in working capital	1,209,585	1,231,552
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(16,738)	69,044
Stock-in-trade	(82,700)	(181,176)
Trade debts	(323,835)	(285,211)
Loans and advances	31,147	(199,713)
Trade deposits and short term prepayments	(12,097)	(6,652)
Increase/(decrease) in current liabilities:		
Trade and other payables	328,814	256,909
Cash generated from operations	1,134,176	884,753
Finance cost paid	(53,536)	(51,715)
Income tax paid	(384,543)	(234,800)
Payment to SIHL Employees' Gratuity Fund	(47,654)	(29,558)
Compensated absences paid	(25,565)	(22,948)
Net cash from operating activities	622,878	545,732
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(999,001)	(992,248)
Encashment of other financial assets	50,000	-
Proceeds from disposal of property, plant and equipment	2,495	19,457
Markup received	12,350	53,836
Investment in subsidiary	-	(120)
Increase in long term loans and advances	(1,000,000)	-
Increase in long term deposits	(16,508)	(3,983)
Net cash used in investing activities	(1,950,664)	(923,058)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing - repayments	(251,814)	(251,701)
Long term financing - proceeds	1,493,435	-
Dividend paid	(263,410)	(174,235)
Net cash generated from/ (used in) financing activities	978,211	(425,936)
Net decrease in cash and cash equivalents	(349,575)	(803,262)
<b>Cash and cash equivalents at beginning of period</b>	<b>781,194</b>	<b>1,582,690</b>
Effect of exchange rate changes on cash and cash equivalents	(31)	25
<b>Cash and cash equivalents at end of period</b>	<b>431,588</b>	<b>779,453</b>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

*Danish M Rahman*

**CHAIRMAN**

*Mazumdar B*

**CHIEF EXECUTIVE**

*ALS*

**CHIEF FINANCIAL OFFICER**


**CONDENSED INTERIM  
STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2018**

	Share capital	Capital reserve	Unappro- priated profit	Surplus on revaluation of property, plant and equipment	Total
	(Rupees in '000')				
<b>Balance at July 01, 2016</b>	545,379	1,046,025	2,090,865	742,191	4,424,460
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	561,816	-	561,816
Other comprehensive income - net of tax	-	-	3,221	(3,221)	-
	-	-	565,037	(3,221)	561,816
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	6,742	(6,742)	-
<b>Distribution to owners</b>					
Final dividend 2016: Rs. 3 per share	-	-	(163,614)	-	(163,614)
<b>Balance at March 31, 2017</b>	<u>545,379</u>	<u>1,046,025</u>	<u>2,499,030</u>	<u>732,228</u>	<u>4,822,662</u>
<b>Balance at July 01, 2017</b>	545,379	1,046,025	2,553,295	726,760	4,871,459
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	470,440	-	470,440
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	470,440	-	470,440
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	6,743	(6,743)	-
<b>Distribution to owners</b>					
Final dividend 2017: Rs. 5 per share	-	-	(272,690)	-	(272,690)
<b>Balance at March 31, 2018</b>	<u>545,379</u>	<u>1,046,025</u>	<u>2,757,788</u>	<u>720,017</u>	<u>5,069,209</u>

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



**CHAIRMAN**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL  
INFORMATION [UN-AUDITED]  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2018**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

Shifa International Hospitals Limited ("the Company") was incorporated in Pakistan on September 29, 1987 as a private limited company under the Companies Ordinance, 1984 and converted into a public limited company on October 12, 1989. The Company is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Sector H-8/4, Islamabad.

- 1.1** The principal activity of the Company is to establish and run medical centers and hospitals in Pakistan. The Company has established its first hospital in 1993 in H-8/4, Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4, Islamabad. The Company is also running medical center, pharmacies in Islamabad and franchise pharmacies and Lab collection points in different cities of Pakistan.
- 1.2** This condensed interim financial information is separate financial information of the Company where in investment in subsidiary is recognized on the basis of direct equity interest rather than on the basis of reporting results of the subsidiary. Consolidated condensed interim financial information is prepared separately.

**2 BASIS OF PREPARATION**

- 2.1** The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 23 of 2017 has clarified that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. However the Companies whose financial year closes after December 31, 2017 shall prepare financial statements in accordance with the provision of the Companies Act, 2017.
- 2.2** This condensed interim financial information of the Company for the nine months ended March 31, 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34-Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.
- 2.3** This condensed interim financial information is un-audited and is being submitted to the shareholders in accordance with the requirements of Section 237 of the Companies Act 2017. This condensed interim financial information do not include all of the information required for annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2017. Comparative condensed interim balance sheet is extracted from annual financial statements as of June 30, 2017, whereas comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from un-audited condensed interim financial information for the nine months ended March 31, 2017.

**3 ACCOUNTING POLICIES**

The accounting policies, related judgments, estimates and assumptions adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the audited financial statements of the Company for the year ended June 30, 2017.

**4 LONG TERM FINANCING - SECURED**

From banking companies:

- Syndicated Islamic Finance Facility - 1
- Syndicated Islamic Finance Facility - 2
- Diminishing Musharakah facility

**Note**

**Un-audited  
March 31,  
2018**

**Audited  
June 30,  
2017**

**(Rupees in '000')**

	4.1	250,000	500,000
	4.2	1,493,435	-
	4.3	2,178	3,992
		<b>1,745,613</b>	<b>503,992</b>
Less: current portion		<b>252,129</b>	<b>335,764</b>
		<b>1,493,484</b>	<b>168,228</b>

- 4.1** This represents syndicated Islamic finance facility, arrange and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 1% (June 2017: 3 months KIBOR plus 1%) per annum, repayable in 18 equal quarterly installments. The sanction limit of this facility was Rs. 1,500 million (June 2017: Rs. 1,500 million) which shall be repaid by December 28, 2018. The financing is secured by ranking charge upgraded into first pari passu charge on all present and future fixed assets of the Company (excluding plot No.5, F-11 Markaz, Islamabad) amounting to Rs. 2,000 million. Meezan Bank Limited has the custody of original ownership documents of the Company's land located at sector H-8/4 Islamabad.
- 4.2** During the nine months ended March 31, 2018, the Company availed another syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 0.85% per annum, repayable in 14 equal quarterly installments. During the period ended March 31, 2018 the Company availed Rs. 1,500 million out of the total sanction limit of facility Rs. 2,000 million which shall be repaid by November 22, 2023. The financing is secured by ranking charge upgraded into first pari passu charge on all present and future movable fixed assets and land / building located at H-8/4, Islamabad to Rs. 2,667 million.
- 4.3** This represents a long term Islamic finance facility obtained under the Diminishing Musharakah basis from Al Baraka Bank (Pakistan) Limited to finance purchase of brand new vehicles. Principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 1.25 % (June 2017: 3 months KIBOR plus 1.25%).

**4.4 Movement during the period / year**

	Un.audited March 31, 2018	Audited June 30, 2017
(Rupees in '000')		
Opening Balance	503,992	839,655
Proceeds during the period / year	1,493,435	-
Repayment during the period / year	(251,814)	(335,663)
Closing Balance	1,745,613	503,992

**5 TRADE AND OTHER PAYABLES**

This also includes payables to following related parties:

Tameer-e-Millat Foundation	9,676	5,336
Shifa Tameer-e-Millat University	23,572	22,949
Shifa Consulting Services (Private) Limited	-	885
Shifa International Hospitals Limited (SIHL)		
Employees' Gratuity Fund	55,652	35,308
	88,900	64,478

**6 CONTINGENCIES AND COMMITMENTS**

**6.1 Contingencies**

Claims against the Company not acknowledged as debt

Patients	111,000	111,000
Others	20,000	20,000
Letter of guarantee	34,600	34,600

**6.2 Commitments**

Capital expenditure	583,016	96,548
Letter of credit	50,548	59,055

- 6.3** The tax authority amended the assessment for tax year 2016 under section 122 (5A) of the Income Tax Ordinance, 2001 and raised tax demand of Rs. 566.2 million. Being aggrieved, the Company agitated the assessment in appeal before the Commissioner (Appeal) which was decided unfavorably and against which the Company filed second appeal before the Appellate Tribunal Inland Revenue [ATIR], which is pending for adjudication. The Company is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in this condensed interim financial information.
- 6.4** The tax authority levied tax of Rs. 178.4 million under section 161/205 of the Income Tax Ordinance, 2001 for tax year 2014 on the alleged non deduction of tax on payments. Being aggrieved, the Company agitated the assessment in appeal before the Commissioner (Appeal) which is pending for adjudication. The Company is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in this condensed interim financial information.

		Un audited March 31, 2018	Audited June 30, 2017
		(Rupees in '000')	
<b>7</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>Note</b>	
	Operating fixed assets	7.1	5,448,136
	Capital work in progress (CWIP)	7.2	611,360
			<b>6,059,496</b>
<b>7.1</b>	<b>Operating fixed assets</b>		
	Written down value (WDV) at the beginning of the period/year		5,293,984
	Additions	7.1.1	526,786
			<b>5,820,770</b>
	WDV of disposals		(1,351)
	WDV of assets written off		(2,285)
	Depreciation for the period/year		(368,998)
	WDV at the end of the period/year		<b>5,448,136</b>
<b>7.1.1</b>	<b>Additions to operating fixed assets</b>		
	Freehold land		136,727
	Building on leasehold land		-
	Biomedical equipment		146,902
	Air conditioning equipment and machinery		49,926
	Electrical and other equipment		143,947
	Leasehold improvements		-
	Furniture and fittings		11,789
	Computer installations		35,329
	Construction equipment		500
	Vehicles		1,666
			<b>526,786</b>

5,293,984

163,561

5,457,545

4,551,370

1,241,570

5,792,940

(22,563)

(13,189)

(463,204)

5,293,984

565,777

102,941

387,034

20,945

34,015

35,295

25,353

62,097

830

7,283

1,241,570

		Un audited March 31, 2018	Audited June 30, 2017
	Note	(Rupees in '000')	
<b>7.2 Capital work in progress</b>			
Opening capital work in progress		163,561	55,245
Additions during the period/year		485,159	246,552
Transferred to operating fixed assets		(37,360)	(138,236)
Closing capital work in progress	7.2.1	611,360	163,561
<b>7.2.1 Capital work in progress</b>			
Construction work-in-progress - at cost		270,685	68,932
Stores held for capital expenditure		3,207	47,286
Installation of equipment in progress		158,672	47,343
Advance for acquisition of land		178,796	-
		611,360	163,561

**8. Long term Loans and Advances**

It represents advance paid for acquisition of land and building for future neuro sciences project.

		Un audited March 31, 2018	Audited June 30, 2017
	Note	(Rupees in '000')	
<b>9 TRADE DEBTS</b>			
Considered good - unsecured			
Related party - Shifa Foundation		31,371	12,979
Others		716,117	434,791
Considered doubtful			
Others		62,347	55,078
Considered bad			
Others		16,847	29,130
		826,682	531,978
Less: provision for doubtful debts	9.1	62,347	55,078
Less: bad debts written off		16,847	29,130
		747,488	447,770

- 9.1** Trade debts are provided on estimated irrecoverable amounts, on the basis of past experience of the management of the Company. The movement in the allowance for impairment in respect of trade debts during the period / year was as follow:

	Un audited March 31, 2018	Audited June 30, 2017
	(Rupees in '000')	
Balance at beginning of the period / year	55,078	47,559
Provision made during the period / year	24,116	36,649
Less: bad debts written off	16,847	29,130
	62,347	55,078



	Carrying Amount				Fair Value				
	Loans and receivables	Available for sale instruments	Fair value through profit or loss	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000')									
March 31, 2018 (Un-audited)									
Financial assets not measured at fair value									
Non-current assets									
Long term deposits	42,353	-	-	-	42,353	-	-	-	-
Current assets									
Trade debts - considered good	747,488	-	-	-	747,488	-	-	-	-
Trade deposits	21,256	-	-	-	21,256	-	-	-	-
Cash and bank balances	428,384	-	-	-	428,384	-	-	-	-
	1,239,481	-	-	-	1,239,481	-	-	-	-

	Carrying Amount				Fair Value				
	Loans and receivables	Available for sale instruments	Fair value through profit or loss	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000')								
Financial liabilities not measured at fair value									
Non-current liabilities									
Long term financing - secured	-	-	-	1,493,484	1,493,484	-	-	-	-
Current liabilities									
Trade and other payables	-	-	-	2,112,090	2,112,090	-	-	-	-
Markup accrued	-	-	-	11,790	11,790	-	-	-	-
Current portion of long term financing	-	-	-	252,129	252,129	-	-	-	-
	-	-	-	3,869,493	3,869,493	-	-	-	-
June 30, 2017 (Audited)									
Financial assets not measured at fair value									
Non-current assets									
Long term deposits	41,729	-	-	-	41,729	-	-	-	-
Current assets									
Trade debts - considered good	447,770	-	-	-	447,770	-	-	-	-
Trade deposits	21,187	-	-	-	21,187	-	-	-	-
Markup accrued	1,165	-	-	-	1,165	-	-	-	-
Other financial assets	189,451	-	-	-	189,451	-	-	-	-
Cash and bank balances	632,622	-	-	-	632,622	-	-	-	-
	1,333,924	-	-	-	1,333,924	-	-	-	-

	Carrying Amount				Fair Value				
	Loans and receivables	Available for sale instruments	Fair value through profit or loss	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000')									
Financial liabilities not measured at fair value									
Non-current liabilities									
Long term financing - secured									
Current liabilities									
Trade and other payables									
Markup accrued									
Current portion of long term financing									
-	-	-	-	168,228	168,228	-	-	-	-
-	-	-	-	1,759,064	1,759,064	-	-	-	-
-	-	-	-	398	398	-	-	-	-
-	-	-	-	335,764	335,764	-	-	-	-
-	-	-	-	2,263,454	2,263,454	-	-	-	-

## 11 RELATED PARTY TRANSACTIONS

The Company entered into transactions with related parties during the period in the normal course of business on an arm's length basis. Significant transactions with related parties executed during the current period were as follows:

	Un-audited	
	March 31, 2018	March 31, 2017
	(Rupees in '000')	
<b>Shifa Foundation: (Related party by virtue of common directorship)</b>		
Revenue from services earned by the Company	111,580	92,015
Revenue from rent	33	33
Expenses paid by and reimbursed to the Company	1,120	812
Other services provided to the Company	11,880	11,880
Donation paid by the Company	-	1,800
<b>Tameer-e-Millat Foundation: (Related party by virtue of common directorship)</b>		
Revenue from rent	233	233
Other supplies provided to the Company	9,060	16,406
Other services provided to the Company	11,750	3,827
Expenses paid by and reimbursed to the Company	-	169
Rent paid by the Company	1,676	1,816
<b>SIHL Employees' Gratuity Fund</b>		
Payments made by the Company	47,654	29,558
<b>Shifa Tameer-e-Millat University (Related party by virtue of common directorship)</b>		
Revenue from services earned by the Company	31,132	20,006
Revenue from rent	1,539	13,086
Expenses paid by and reimbursed to the Company	1,491	13,162
Donation paid by the Company	25,000	37,500
<b>Shifa Consulting Services (Private) Limited (A wholly owned subsidiary)</b>		
Revenue from services earned by the Company	-	21
Expenses paid by and reimbursed to the Company	469	299
Other supplies provided to the Company	-	360
Consultancy services provided to the Company	-	13,500
<b>12 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	431,588	476,954
Other financial assets	-	392,395
Short term borrowings	-	(89,896)
	431,588	779,453

**13 GENERAL**

- 13.1** Figures have been rounded off to the nearest one thousand Pak Rupees.
- 13.2** Corresponding figures where necessary have been rearranged and reclassified for the purpose of comparison and better presentation. However, these are not considered material enough to be disclosed separately.
- 13.3** This condensed interim financial information has been authorized for issue by the Board of Directors of the Company on April 26, 2018.

**CHAIRMAN****CHIEF EXECUTIVE****CHIEF FINANCIAL OFFICER**



**SHIFA INTERNATIONAL HOSPITALS LIMITED**

**Condensed Interim Consolidated  
Financial Information for the  
third Quarter and Nine months ended  
March 31, 2018**

# CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

		Un-audited March 31, 2018	Audited June 30, 2017
	<u>Note</u>	(Rupees in '000')	
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		545,379	545,379
Capital reserve		1,046,025	1,046,025
Unappropriated profit		2,742,899	2,539,594
		4,334,303	4,130,998
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
		720,017	726,760
<b>NON - CURRENT LIABILITIES</b>			
Long term financing - secured	4	1,493,484	168,228
Deferred taxation		392,546	413,646
		1,886,030	581,874
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	2,324,239	1,959,884
Markup accrued		11,790	398
Current portion of long term financing	4	252,129	335,764
		2,588,158	2,296,046
		9,528,508	7,735,678

## CONTINGENCIES AND COMMITMENTS

6

The annexed notes 1 to 13 form an integral part of this condensed interim consolidated financial information.



**CHAIRMAN**

		Un-audited March 31, 2018	Audited June 30, 2017
	<u>Note</u>	(Rupees in '000')	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	6,060,062	5,458,261
Intangible		33,262	10,585
Long term loans and advances	8	1,000,000	-
Long term deposits		61,781	45,273
		7,155,105	5,514,119
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		96,304	81,195
Stock-in-trade		462,752	380,052
Trade debts - considered good	9	749,256	450,056
Loans and advances - considered good		308,512	339,628
Trade deposits, short term prepayments and other receivables		50,526	39,334
Markup accrued		-	1,165
Other financial assets		-	189,451
Tax refunds due from the government (net of provision)		271,646	97,543
Cash and bank balances		434,407	643,135
		2,373,403	2,221,559
		9,528,508	7,735,678

*Marguerite Singh*

CHIEF EXECUTIVE

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CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM CONSOLIDATED  
PROFIT AND LOSS ACCOUNT [UN-AUDITED]  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2018**

	For the quarter ended		For the nine months ended	
	March 31, 2018	March 31, 2017 (Rupees in '000')	March 31, 2018	March 31, 2017
Net revenue	<b>2,568,196</b>	2,392,190	<b>7,716,952</b>	7,017,728
Other income	<b>9,886</b>	25,851	<b>45,501</b>	100,436
Operating costs	<b>(2,330,036)</b>	(2,139,361)	<b>(7,038,231)</b>	(6,291,146)
Finance costs	<b>(35,285)</b>	(15,727)	<b>(64,944)</b>	(51,819)
Profit before taxation	<b>212,761</b>	262,953	<b>659,278</b>	775,199
Provision for taxation	<b>(59,737)</b>	(78,458)	<b>(190,026)</b>	(212,965)
Profit after taxation	<b>153,024</b>	184,495	<b>469,252</b>	562,234
<b>Attributable to:</b>				
Equity holders of SIHL	<b>153,024</b>	184,495	<b>469,252</b>	562,339
Non-Controlling interest	-	-	-	(105)
	<b>153,024</b>	184,495	<b>469,252</b>	562,234
<b>Earnings per share basic and diluted (Rupees)</b>	<b>2.81</b>	3.38	<b>8.60</b>	10.31

The annexed notes 1 to 13 form an integral part of this condensed interim consolidated financial information.



**CHAIRMAN**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM CONSOLIDATED  
STATEMENT OF COMPREHENSIVE INCOME [UN-AUDITED]  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2018**

	For the quarter ended		For the nine months ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	(Rupees in '000')			
Profit after taxation	153,024	184,495	469,252	562,234
<b>Other comprehensive income</b>				
Realization of revaluation surplus on disposal of asset	-	3,221	-	3,221
Other comprehensive income for the period - net of tax	-	3,221	-	3,221
<b>Total comprehensive income for the period</b>	<b>153,024</b>	<b>187,716</b>	<b>469,252</b>	<b>565,455</b>
<b>Attributable to:</b>				
Equity holders of SIHL	153,024	187,716	469,252	565,560
Non-Controlling interest	-	-	-	(105)
	<b>153,024</b>	<b>187,716</b>	<b>469,252</b>	<b>565,455</b>

The annexed notes 1 to 13 form an integral part of this condensed interim consolidated financial information.



**CHAIRMAN**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM  
CONSOLIDATED CASH FLOW STATEMENT [UN-AUDITED]  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2017**

Note	March 31, 2018 (Rupees in '000')	March 31, 2017 (Rupees in '000')
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	659,278	775,199
Adjustments for:		
Depreciation/amortization of property, plant and equipment	369,148	344,664
Amortization of intangible	3,049	-
Provision for doubtful debts	26,202	25,232
Property, plant and equipment written off	2,285	10,253
Gain on disposal of property, plant and equipment	(1,143)	(7,415)
Provision for compensated absences	30,410	29,381
Provision for gratuity	67,999	63,000
Provision for slow moving stores	318	(2,296)
Profit on investments and bank deposits	(11,185)	(52,694)
Loss/ (gain) on foreign currency translation	31	(25)
Finance cost	64,944	51,819
Operating cash flows before changes in working capital	1,211,336	1,237,118
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(16,738)	69,044
Stock-in-trade	(82,700)	(181,176)
Trade debts	(325,406)	(285,211)
Loans and advances	31,116	(198,771)
Trade deposits and short term prepayments	(11,192)	(7,247)
Increase/(decrease) in current liabilities:		
Trade and other payables	329,889	255,156
Cash generated from operations	1,136,305	888,913
Finance cost paid	(53,552)	(51,717)
Income tax paid	(385,229)	(236,108)
Payment to SIHL Employees' Gratuity Fund	(47,654)	(29,558)
Compensated absences paid	(25,565)	(22,948)
Net cash from operating activities	624,305	548,582
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(999,001)	(991,885)
Encashment of other financial assets	50,000	-
Proceeds from disposal of property, plant and equipment	2,495	20,468
Markup received	12,350	53,836
Investment in subsidiary	-	(120)
Increase in long term loans and advances	(1,000,000)	-
Increase in long term deposits	(16,508)	(3,673)
Net cash used in investing activities	(1,950,664)	(921,374)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing - repayments	(251,814)	(251,701)
Long term financing - proceeds	1,493,435	-
Dividend paid	(263,410)	(174,235)
Net cash generated from/ (used in) financing activities	978,211	(425,936)
Net decrease in cash and cash equivalents	(348,148)	(798,728)
<b>Cash and cash equivalents at beginning of period</b>	782,586	1,582,942
Effect of exchange rate changes on cash and cash equivalents	(31)	25
<b>Cash and cash equivalents at end of period</b>	434,407	784,239

The annexed notes 1 to 13 form an integral part of this condensed interim consolidated financial information.

*Danish M. Rahman*

CHAIRMAN

*Marguerite Jey*

CHIEF EXECUTIVE

*ALS*

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED  
STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2018**

	Share capital	Capital reserve	Unappro- priated profit	Surplus on revaluation of property, plant and equipment	Non- Controlling Interest	Total
	(Rupees in '000')					
<b>Balance at July 01, 2016</b>	545,379	1,046,025	2,076,255	742,191	2,641	4,412,491
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	562,339	-	(105)	562,234
Other comprehensive income-net of tax	-	-	3,221	(3,221)	-	-
	-	-	565,560	(3,221)	(105)	562,234
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	6,742	(6,742)	-	-
<b>Distribution to owners</b>						
Final dividend 2016: Rs. 3 per share	-	-	(163,614)	-	-	(163,614)
<b>Changes in ownership interests</b>						
Acquisition of NCI without a change in control	-	-	2,416	-	(2,536)	(120)
<b>Balance at March 31, 2017</b>	<b>545,379</b>	<b>1,046,025</b>	<b>2,487,359</b>	<b>732,228</b>	<b>-</b>	<b>4,810,991</b>
<b>Balance at July 01, 2017</b>	545,379	1,046,025	2,539,594	726,760	-	4,857,758
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	469,252	-	-	469,252
Other comprehensive income - net of tax	-	-	-	-	-	-
	-	-	469,252	-	-	469,252
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	6,743	(6,743)	-	-
<b>Distribution to owners</b>						
Final dividend 2017: Rs. 5 per share	-	-	(272,690)	-	-	(272,690)
<b>Balance at March 31, 2018</b>	<b>545,379</b>	<b>1,046,025</b>	<b>2,742,899</b>	<b>720,017</b>	<b>-</b>	<b>5,054,320</b>

The annexed notes 1 to 13 form an integral part of this condensed interim consolidated financial information.



**CHAIRMAN**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**

## SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

### 1 LEGAL STATUS AND NATURE OF BUSINESS

Shifa International Hospitals Limited ("the Group") comprises of Shifa International Hospitals Limited (SIHL / parent company) and its subsidiary Shifa Consulting Services (Private) Limited. SIHL was incorporated in Pakistan on September 29, 1987 as a private limited company under the repealed Companies Ordinance, 1984 and converted into a public limited company on October 12, 1989. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The registered office of the SIHL is situated at Sector H-8/4, Islamabad.

- 1.1 The principal activity of the SIHL is to establish and run medical centers and hospitals in Pakistan. The SIHL has established its first hospital in 1993 in H-8/4, Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4, Islamabad. The SIHL is also running medical center, pharmacies in Islamabad and franchise pharmacies and Lab collection points in different cities of Pakistan.
- 1.2 Shifa Consulting Services (Private) Limited (SCSPL) was incorporated on December 18, 2014. The principal activity of Shifa Consulting Services (Private) Limited is to provide consulting services relating to healthcare facilities, medical staff, availability of human resource and hospital quality.

### 2 BASIS OF PREPARATION

- 2.1 The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 23 of 2017 has clarified that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. However the Companies whose financial year closes after December 31, 2017 shall prepare financial statements in accordance with the provision of the Companies Act, 2017. This condensed interim consolidated financial information of the Company for the nine months ended March 31, 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act 2017 (the Act) and the listing regulations of Pakistan Stock Exchange Limited. In case where requirements differ, the provisions of or directives issued under the Companies Act 2017 have been followed.
- 2.2 This condensed interim consolidated financial information is un-audited and is being submitted to the shareholders in accordance with the requirements of Section 237 of the Companies Act 2017 (the Act). This condensed interim consolidated financial information do not include all of the information required for annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended June 30, 2017. Comparative condensed interim consolidated balance sheet is extracted from annual consolidated financial statements as of June 30, 2017, whereas comparative condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity are extracted from un-audited condensed interim consolidated financial information for the nine months ended March 31, 2017.
- 2.3 During the current nine months, the SCSPL has incurred a net loss of Rs. 1.3 million. Moreover, during the current quarter ended March 31, 2018, the SCSPL has earned a net profit of Rs. 0.5 million showing earnings per share of Rs. 0.17. Moreover, the management of the SCSPL is hopeful to materialize few more projects in near future. In view of above the SCSPL's management is of the firm view that the SCSPL is a viable business venture and fully capable to finance its operations necessary to continue as a going concern and therefore the condensed interim financial information of SCSPL have been prepared under a going concern assumption.

### 3 BASIS OF CONSOLIDATION

The consolidated financial statements includes the financial statements of Shifa International Hospitals Limited and its subsidiary company Shifa Consulting Services (Private) Limited 100% owned. (June 2017: 100% owned). Subsidiary is an enterprise in which parent company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the subsidiary is prepared for the same reporting period as the Parent Company, using consistent accounting

policies. Material intra-group balances and transactions have been eliminated. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis. There is no non-controlling interest in the consolidated balance sheet of Shifa International Hospitals Limited as Shifa Consulting Services (Private) Limited is the wholly owned (100% owned) subsidiary of SIHL.

		Un-audited March 31, 2018	Audited June 30, 2017
	Note	(Rupees in '000')	
<b>4 LONG TERM FINANCING - SECURED</b>			
From banking companies:			
Syndicated Islamic Finance Facility - 1	4.1	250,000	500,000
Syndicated Islamic Finance Facility - 2	4.2	1,493,435	-
Diminishing Musharakah facility	4.3	2,178	3,992
		1,745,613	503,992
		252,129	335,764
Less: Current portion		1,493,484	168,228

- 4.1** This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 1% (June 2017: 3 months KIBOR plus 1%) per annum, repayable in 18 equal quarterly installments. The sanction limit of this facility was Rs. 1,500 million (June 2017: Rs. 1,500 million) which shall be repaid by December 28, 2018. The financing is secured by ranking charge upgraded into first pari passu charge on all present and future fixed assets of the SIHL (excluding plot No.5, F-11 Markaz, Islamabad) amounting to Rs. 2,000 million. Meezan Bank Limited has the custody of original ownership documents of the SIHL's land located at sector H-8/4 Islamabad.
- 4.2** During the nine months ended March 31, 2018, the SIHL availed another syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 0.85% per annum, repayable in 14 equal quarterly installments. During the period ended March 31, 2018 the SIHL availed Rs. 1,500 million out of the total sanction limit of facility Rs. 2,000 million which shall be repaid by November 22, 2023. The financing is secured by ranking charge upgraded into first pari passu charge on all present and future movable fixed assets and land / building located at H-8/4, Islamabad to Rs. 2,667 million.
- 4.3** This represents a long term Islamic finance facility obtained under the Diminishing Musharakah basis from Al Baraka Bank (Pakistan) Limited to finance purchase of brand new vehicles. Principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 1.25% (June 2017: 3 months KIBOR plus 1.25%).

	Un-audited March 31, 2018	Audited June 30, 2017
	(Rupees in '000')	
<b>4.4 Movement during the period / year</b>		
Opening Balance	503,992	839,655
Proceeds during the period / year	1,493,435	-
Repayment during the period / year	(251,814)	(335,663)
Closing Balance	1,745,613	503,992

**5 TRADE AND OTHER PAYABLES**

This also includes payables to following related parties:

	Un-audited March 31, 2018	Audited June 30, 2017
	(Rupees in '000')	
Tameer-e-Millat Foundation	9,676	5,336
Shifa Tameer-e-Millat University	23,572	22,949
Shifa International Hospitals Limited (SIHL)		
Employees' Gratuity Fund	55,652	35,308
	<b>88,900</b>	<b>63,593</b>

**6 CONTINGENCIES AND COMMITMENTS****6.1 Contingencies**

Claims against the SIHL not acknowledged as debt

Patients	111,000	111,000
Others	20,000	20,000
Letter of guarantee	34,600	34,600

**6.2 Commitments**

Capital expenditure	583,016	96,548
Letter of credit	50,548	59,055

**6.3** The tax authority amended the assessment of SIHL for tax year 2016 under section 122 (5A) of the Income Tax Ordinance, 2001 and raised tax demand of Rs. 566.2 million. Being aggrieved, the SIHL agitated the assessment in appeal before the Commissioner (Appeal) which was decided unfavorably and against which the SIHL filed second appeal before the Appellate Tribunal Inland Revenue [ATIR], which is pending for adjudication. The SIHL is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in this condensed interim financial information.

**6.4** The tax authority levied tax of Rs. 178.4 million under section 161/205 of the Income Tax Ordinance, 2001 for tax year 2014 on the alleged non deduction of tax on payments. Being aggrieved, the SIHL agitated the assessment in appeal before the Commissioner (Appeal) which is pending for adjudication. The SIHL is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in this condensed interim financial information.

**7 PROPERTY, PLANT AND EQUIPMENT**

	Un-audited March 31, 2018	Audited June 30, 2017
	(Rupees in '000')	
Operating fixed assets	5,448,702	5,294,700
Capital work in progress (CWIP)	611,360	163,561
	<b>6,060,062</b>	<b>5,458,261</b>

Note

		Un-audited March 31, 2018	Audited June 30, 2017
		(Rupees in '000')	
	Note		
<b>7.1 Operating fixed assets</b>			
Written down value (WDV) at the beginning of the period/year		<b>5,294,700</b>	4,554,704
Additions	7.1.1	<b>526,786</b>	1,241,631
		<b>5,821,486</b>	5,796,335
WDV of disposals		<b>(1,351)</b>	(24,726)
WDV of assets written off		<b>(2,285)</b>	(13,189)
Depreciation for the period/year		<b>(369,148)</b>	(463,720)
WDV at the end of the period/year		<b>5,448,702</b>	5,294,700
<b>7.1.1 Additions to operating fixed assets</b>			
Freehold land		<b>136,727</b>	565,777
Building on leasehold land		-	102,941
Biomedical equipment		<b>146,902</b>	387,034
Air conditioning equipment and machinery		<b>49,926</b>	20,969
Electrical and other equipment		<b>143,947</b>	34,015
Leasehold improvements		-	35,295
Furniture and fittings		<b>11,789</b>	25,353
Computer installations		<b>35,329</b>	62,097
Construction equipment		<b>500</b>	830
Vehicles		<b>1,666</b>	7,320
		<b>526,786</b>	1,241,631
<b>7.2 Capital work in progress</b>			
Opening capital work in progress		<b>163,561</b>	55,245
Additions during the period/year		<b>485,159</b>	246,552
Transferred to operating fixed assets		<b>(37,360)</b>	(138,236)
Closing capital work in progress	7.2.1	<b>611,360</b>	163,561
<b>7.2.1 Capital work in progress</b>			
Construction work-in-progress - at cost		<b>270,685</b>	68,932
Stores held for capital expenditure		<b>3,207</b>	47,286
Installation of equipment in progress		<b>158,672</b>	47,343
Advance for acquisition of land		<b>178,796</b>	-
		<b>611,360</b>	163,561
<b>8. Long term loans and Advances</b>			

It represents advance paid for acquisition of land and building for future neuro sciences project.



**9 TRADE DEBTS**

Considered good - unsecured

Related party - Shifa Foundation

Others

Considered doubtful

Others

Considered bad

Others

Less: provision for doubtful debts

Less: bad debts written off

**Note****Un-audited  
March 31,  
2018****Audited  
June 30,  
2017****(Rupees in '000')****31,371**

12,979

**717,885**

437,077

**62,347**

55,078

**18,933**

33,630

**830,536**

538,764

**62,347**

55,078

**18,933**

33,630

**749,256**

450,056

- 9.1** Trade debts are provided on estimated irrecoverable amounts, on the basis of past experience of the management of the Group. The movement in the allowance for impairment in respect of trade debts during the period / year was as follow:

**Un-audited  
March 31,  
2018****Audited  
June 30,  
2017****(Rupees in '000')****Note**

Balance at beginning of the period

**55,078**

47,559

Provision made during the period

**26,202**

41,149

Less: bad debts written off

**18,933**

33,630

**62,347**

55,078

## 10 FINANCIAL INSTRUMENTS

### Fair value of financial instruments

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

"IFRS 13, 'Fair Value Measurements' requires the Group to classify fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs)."

### Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying Amount			Fair Value		
	Loans and receivables	Available for sale instruments	Fair value through profit or loss instruments	Other financial instruments	Total	Total
(Rupees in '000)						
42,353	-	-	-	-	42,353	-
749,256	-	-	-	-	749,256	-
21,187	-	-	-	-	21,187	-
431,190	-	-	-	-	431,190	-
1,243,986	-	-	-	-	1,243,986	-

### March 31, 2018 (Un-audited) Financial assets not measured at fair value

**Non-current assets**  
Long term deposits

### Current assets

Trade debts - considered good  
Trade deposits  
Cash and bank balances

Carrying Amount				Fair Value				
Loans and receivables	Available for sale instruments	Fair value through profit or loss instruments	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000')								
-	-	-	1,493,484	1,493,484	-	-	-	-
-	-	-	2,114,057	2,114,057	-	-	-	-
-	-	-	11,790	11,790	-	-	-	-
-	-	-	252,129	252,129	-	-	-	-
-	-	-	3,871,460	3,871,460	-	-	-	-

#### Financial liabilities not measured at fair value

##### Non-current liabilities

Long term financing - secured

##### Current liabilities

Trade and other payables

Markup accrued

Current portion of long term financing

#### June 30, 2017 (Audited)

#### Financial assets not measured at fair value

##### Non-current assets

Long term deposits

##### Current assets

Trade debts - considered good

Trade deposits

Markup accrued

Other financial assets

Cash and bank balances

41,729	-	-	-	41,729	-	-	-	-
450,056	-	-	-	450,056	-	-	-	-
22,023	-	-	-	22,023	-	-	-	-
1,165	-	-	-	1,165	-	-	-	-
189,451	-	-	-	189,451	-	-	-	-
634,002	-	-	-	634,002	-	-	-	-
1,338,426	-	-	-	1,338,426	-	-	-	-

	Carrying Amount			Fair Value			
	Available for sale instruments	Fair value through profit or loss	Other financial instruments	Total	Level 1	Level 2	Level 3
Loans and receivables							Total
(Rupees in '000')							
-	-	-	168,228	168,228	-	-	-
-	-	-	1,759,958	1,759,958	-	-	-
-	-	-	398	398	-	-	-
-	-	-	335,764	335,764	-	-	-
-	-	-	2,264,348	2,264,348	-	-	-

**Financial liabilities not measured  
at fair value**

**Non-current liabilities**

Long term financing - secured

**Current liabilities**

Trade and other payables

Markup accrued

Current portion of long term financing

**11 RELATED PARTY TRANSACTIONS**

Significant transactions with related parties are as follows:

**Shifa Foundation: (Related party by virtue of common directorship)**

Revenue from services earned by the SIHL

**111,580** 92,015

Revenue from rent

**33** 33

Expenses paid by and reimbursed to the SIHL

**1,120** 812

Other services provided to the SIHL

**11,880** 11,880

Donation paid by the SIHL

**-** 1,800

**Tameer-e-Millat Foundation: (Related party by virtue of common directorship)**

Revenue from rent

**233** 233

Other supplies provided to the SIHL

**9,060** 16,406

Other services provided to the SIHL

**11,750** 3,827

Expenses paid by and reimbursed to the SIHL

**-** 169

Rent paid by the SIHL

**1,676** 1,816

**SIHL Employees' Gratuity Fund**

Payments made by the SIHL during the period / year

**47,654** 29,558

**Shifa Tameer-e-Millat University (Related party by virtue of common directorship)**

Revenue from services earned by the SIHL

**31,132** 20,006

Revenue from rent

**1,539** 13,086

Expenses paid by and reimbursed to the SIHL

**1,491** 13,162

Donation paid by the SIHL

**25,000** 37,500

**12 CASH AND CASH EQUIVALENTS**

Cash and bank balances

**434,407** 481,740

Other financial assets

**-** 392,395

Short term borrowings

**-** (89,896)

**434,407** 784,239

**13 GENERAL**

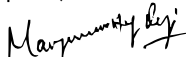
**13.1** Figures have been rounded off to the nearest one thousand Pak Rupees.

**13.2** Corresponding figures where necessary have been rearranged and reclassified for the purpose of comparison and better presentation. However, these are not considered material enough to be disclosed separately.

**13.3** This condensed interim consolidated financial information has been authorized for issue by the Board of Directors of the SIHL on April 26, 2018.



**CHAIRMAN**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**

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**Shifa International Hospitals Ltd.**

Sector : H-8/4, Islamabad - Pakistan

