

25 Years of  
Quality Healthcare



# Condensed Interim Financial Information

for the first quarter ended

September  
30, 2018





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## COMPANY INFORMATION

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

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

**Human Resource & Remuneration Committee:** Syed Ilyas Ahmed (Chairman)  
 Dr. Habib-Ur-Rahman  
 Dr. Manzoor H. Qazi  
 Shah Naveed Saeed

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

**Medical Director:** Dr. Zeeshan Bin Ishtiaque

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

**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 first quarter ended September 30, 2018. Condensed Interim Consolidated Financial Information for the first quarter ended September 30, 2018 incorporating the financial results of subsidiary i.e. Shifa Consulting Services (Private) Limited is also annexed herewith.

Financial Highlights	First Quarter ended September 30, (Rs. in millions)		
	2018	2017	%
Net Revenue	2,813	2,498	12.6
Profit before taxation	194	230	(15.7)
Profit after taxation	134	164	(18.3)
Earnings Per Share - (Rs.)	2.45	3.00	(18.3)

The above results indicate an overall revenue growth of 12.6 % as compared to corresponding period of the last year. During the period under review we suspended our liver transplant program in the month of September 2018 due to unavoidable reasons, which resulted in decline in expected revenue growth of the Company. The operating cost has been increased by 15.1 % from Rs. 2,274 million to Rs. 2,617 million, which is mainly due to significant increase in utilities cost. Besides this, salaries and wages, cost and volume of supplies and medicines consumed, depreciation, and rent etc. have also been increased in line with increase in volume of the business. Finance cost has also been increased because of the increase in long term loan. All these factors translated into increase in costs and hence translated in to earnings per share of Rs. 2.45 against Rs. 3.00 in the corresponding period last year.

### Future Outlook:

The management is optimistic in maintaining excellent results in the future as we have planned to enhance patient services which will Insha Allah contribute significantly towards the financial health of the Company. Further, we are also planning to restart our liver transplant program in the coming week. We are confident that we can generate increased value for shareholders as well as deliver better services to our customers.

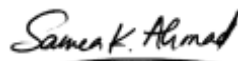
### Acknowledgement

The Board would like to thank and appreciate its consultants, employees, customers and strategic partners for their dedication, commitment and contributions in the challenging times. The Board also extends its gratitude to Government authorities, suppliers, banks and shareholders for their unwavering support and cooperation.

For and on behalf of the Board of Directors



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



**DR. SAMEA KAUSER AHMAD**  
Director

## ڈائریکٹرز رپورٹ

معزز ممبران،

بورڈ کے ڈائریکٹرز کی جانب سے ہم کمپنی کی 30 ستمبر 2018 کو ختم ہونے والی پہلی سہ ماہی کی مجموعی عبوری مالیاتی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 30 ستمبر 2018 کو ختم ہونے والی پہلی سہ ماہی کی مجموعی عبوری مالیاتی رپورٹ میں کمپنی کے ذیلی ادارے یعنی شفا کنسلٹنگ سروسز پرائیویٹ لمیٹڈ کے مالیاتی نتائج بھی منسلک ہیں۔

30 ستمبر کو ختم ہونے والی پہلی سہ ماہی (پاکستانی روپے ملین میں)			مالیاتی جھلکیاں
فیصد	2017	2018	
12.6	2,498	2,813	خالص آمدنی
(15.7)	230	194	منافع قبل از ٹیکس
(18.3)	164	134	منافع بعد از ٹیکس
(18.3)	3.00	2.45	آمدنی فی شیئر - (روپے)

مذکورہ بالا نتائج ظاہر کرتے ہیں کہ گزشتہ سال اسی عرصے کی نسبت اس بار آمدنی میں 12.6 فیصد بہتری ہوئی۔ زیر جائزہ سال کے دوران ستمبر 2018 کے مہینے میں ہم نے لیور ٹرانسپلانٹ پروگرام ناگزیر وجوہات کی بناء پر معطل کر دیا تھا جس کے نتیجے میں کمپنی کی متوقع آمدنی میں کمی آئی۔ آپریٹنگ لاگت 15.1 فیصد اضافے کے ساتھ 2,274 ملین روپے سے بڑھ کر 2,617 ملین روپے ہو گئی ہے جو کہ جس کی بنیادی وجہ یوٹیلیٹیز کی لاگت میں نمایاں اضافہ ہے۔ اس کے علاوہ کاروبار کے حجم میں اضافے کے ساتھ ساتھ تنخواہوں اور اجرتوں میں اضافہ، سپلائرز اور ادویات کے استعمال کی لاگت، اثاثوں کی بوسیدگی اور کرایوں وغیرہ میں بھی اضافہ واقع ہوا ہے۔ طویل مدتی قرضوں کی ادائیگی میں اضافے سے فنانس کاسٹ میں بھی اضافہ ہوا ہے۔ ان تمام عوامل کے نتیجے میں لاگت میں اضافہ ہوا اور لہذا فی شیئر آمدنی گزشتہ سال کی اسی عرصے کی نسبت 3.00 روپے کے مقابلے میں 2.45 روپے رہی۔

## مستقبل کا منظر نامہ

منیجمنٹ مستقبل میں ایسے ہی شاندار نتائج کو برقرار رکھنے کے لئے پرامید ہے اس سلسلے میں ہم نے مریضوں کی خدمات کو بڑھانے کی منصوبہ بندی کی ہے جس سے کمپنی کی مالی حالت میں انشاء اللہ نمایاں اضافہ ہوگا۔ مزید یہ کہ آنے والے ہفتے میں ہم اپنے لیورڈانسپلائٹ پروگرام کو پھر سے شروع کرنے کی منصوبہ بندی کر رہے ہیں۔ ہم پر اعتماد ہیں کہ ہم اپنے شیئر ہولڈرز کے لئے اضافی قدر پیدا کرنے کے ساتھ ساتھ اپنے صارفین کو بہتر خدمات فراہم کر سکتے ہیں۔

اظہار تشکر

بورڈ اپنے کنسلٹنٹس، ملازمین، صارفین اور سٹریٹجک پارٹنرز کا شکریہ ادا کرتا ہے اور ان کی لگن، عزم اور کردار کو سراہتا ہے۔ بورڈ سرکاری حکام، سپلائرز، بینکوں اور شیئر ہولڈرز کا ان کی غیر متزلزل حمایت اور تعاون پر بھی شکر گزار ہے۔

برائے اور بجانب بورڈ آف ڈائریکٹرز

Sameer K. Ahmad

ڈاکٹر سمعیہ کوثر احمد  
ڈائریکٹر

Maryam Hayat

ڈاکٹر منظور ایچ قاضی  
چیف ایگزیکٹو آفیسر

اسلام آباد

26 اکتوبر 2018

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2018

		Un-audited September 30, 2018	Audited June 30, 2018
	Note	(Rupees in '000')	
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
100,000,000 ordinary shares of Rs. 10 each (June 30, 2018: 100,000,000)		<b>1,000,000</b>	1,000,000
Issued, subscribed and paid up capital		<b>545,379</b>	545,379
<b>Capital reserves</b>			
Share premium account		<b>1,046,025</b>	1,046,025
Surplus on revaluation of property, plant and equipment		<b>721,053</b>	723,310
<b>Revenue reserve</b>			
Unappropriated profit		<b>2,947,061</b>	2,811,117
		<b>5,259,518</b>	5,125,831
<b>NON - CURRENT LIABILITIES</b>			
Long term financing - secured	4	<b>1,620,120</b>	1,506,890
Deferred taxation		<b>371,980</b>	375,186
		<b>1,992,100</b>	1,882,076
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	<b>2,994,919</b>	2,917,424
Unclaimed dividend		<b>33,554</b>	33,981
Markup accrued		<b>15,709</b>	12,264
Short term borrowing	6	<b>61,846</b>	5,974
Current portion of long term financing	4	<b>85,341</b>	168,228
		<b>3,191,369</b>	3,137,871
		<b>10,442,987</b>	10,145,778
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		

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

*Danish M. Rahman*

**CHAIRMAN**

		Un-audited September 30, 2018	Audited June 30, 2018
	Note	(Rupees in '000')	
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	8	6,331,182	6,028,882
Investment property		1,443,143	1,401,837
Intangible assets		31,031	33,477
Long term investment - at cost		18,120	18,120
Long term deposits		61,453	60,736
		<b>7,884,929</b>	7,543,052
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		104,002	119,607
Stock-in-trade		485,973	468,819
Trade debts - considered good	9	835,596	714,034
Loans and advances - considered good		542,005	419,201
Trade deposits, short term prepayments and other receivables		66,936	53,151
Markup accrued		23	-
Investment - held to maturity		3,000	-
Tax refunds due from the government (net of provision)		345,834	348,461
Cash and bank balances		174,689	479,453
		<b>2,558,058</b>	2,602,726
		<b>10,442,987</b>	10,145,778



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM  
STATEMENT OF PROFIT OR LOSS (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018**

	September 30, 2018	September 30, 2017
	(Rupees in '000')	
Net revenue	2,812,620	2,497,817
Other income	14,925	19,278
Operating costs	(2,617,205)	(2,273,627)
Finance costs	(16,376)	(13,552)
Profit before taxation	193,964	229,916
Provision for taxation	(60,277)	(66,284)
Profit after taxation	133,687	163,632
<b>Earnings per share - basic and diluted - (Rupees)</b>	<b>2.45</b>	<b>3.00</b>

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



**CHAIRMAN**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM  
STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018**

	September 30, 2018	September 30, 2017
	(Rupees in '000')	
Profit after taxation	133,687	163,632
Other comprehensive income for the period - net of tax	-	-
Total comprehensive income for the period	<u>133,687</u>	<u>163,632</u>

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



**CHAIRMAN**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018**

	September 30, 2018	September 30, 2017
	(Rupees in '000')	
Note		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	193,964	229,916
Adjustments for:		
Depreciation/amortization on tangible assets	132,438	122,045
Amortization on intangible assets	2,446	676
Provision for doubtful debts	10,562	8,596
Property, plant and equipment written off	1,354	70
Gain on disposal of property, plant and equipment	(1,725)	(443)
Provision for compensated absences	10,855	9,084
Provision for gratuity	23,710	22,599
Provision for slow moving stores	546	-
Profit on investments and bank deposits	(1,180)	(7,900)
Loss on foreign currency translation	481	38
Finance cost	15,895	13,514
Operating cash flows before changes in working capital	<b>389,346</b>	398,195
Changes in working capital:		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	15,059	(11,118)
Stock-in-trade	(17,154)	(36,968)
Trade debts	(132,124)	(108,413)
Loans and advances	(122,804)	9,182
Trade deposits and short term prepayments	(13,785)	(33,519)
Increase/(decrease) in current liabilities:		
Trade and other payables	65,582	(37,876)
Cash generated from operations	<b>184,120</b>	179,483
Finance cost paid	(36,537)	(13,632)
Income tax paid	(60,856)	(61,012)
Payment to SIHL Employees' Gratuity Fund	(5,678)	(32,003)
Compensated absences paid	(16,974)	(16,545)
Net cash from operating activities	<b>64,075</b>	56,291
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(408,755)	(193,794)
Addition in investment property	(45,037)	-
Encashment of Investment - held to maturity	-	50,000
Proceeds from disposal of property, plant and equipment	2,206	1,116
Markup received	1,157	8,331
Increase in long term deposits	(717)	(284)
Net cash used in investing activities	<b>(451,146)</b>	(134,631)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing - repayments	(84,193)	(83,932)
Long term financing - proceeds	114,536	-
Dividend paid	(427)	(187)
Net cash generated from/(used in) financing activities	<b>29,916</b>	(84,119)
Net decrease in cash and cash equivalents	<b>(357,155)</b>	(162,459)
<b>Cash and cash equivalents at beginning of the period</b>	<b>473,479</b>	781,194
Effect of exchange rate changes on cash and cash equivalents	(481)	(38)
<b>Cash and cash equivalents at end of the period</b> 12	<b>115,843</b>	618,697

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



**CHAIRMAN**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM  
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018**

	Share capital	Share Premium account	Surplus on revaluation of property, plant and equipment (Rupees in '000')	Unappro- priated profit	Total
<b>Balance at July 01, 2017</b>	545,379	1,046,025	726,760	2,553,295	4,871,459
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	163,632	163,632
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	163,632	163,632
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to the period	-	-	(2,248)	2,248	-
<b>Balance at September 30, 2017</b>	<u>545,379</u>	<u>1,046,025</u>	<u>724,512</u>	<u>2,719,175</u>	<u>5,035,091</u>
<b>Balance at July 01, 2018</b>	545,379	1,046,025	723,310	2,811,117	5,125,831
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	133,687	133,687
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	133,687	133,687
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to the period	-	-	(2,257)	2,257	-
<b>Balance at September 30, 2018</b>	<u>545,379</u>	<u>1,046,025</u>	<u>721,053</u>	<u>2,947,061</u>	<u>5,259,518</u>

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

*Dawood M. Rahman*

**CHAIRMAN**

*Margamulya Biji*

**CHIEF EXECUTIVE**

*ALLS*

**CHIEF FINANCIAL OFFICER**

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL  
INFORMATION [UN-AUDITED]  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 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 (now the Companies Act, 2017) 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 and Lab collection points in different cities of Pakistan.
- 1.2** This condensed interim financial information is separate financial information of the Company where 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** This condensed interim financial information of the Company for the three months ended September 30, 2018 has been prepared in accordance with the requirements of the:

- International Accounting Standard 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** This condensed interim financial information is un-audited and is being submitted to the members in accordance with the requirements of Section 237 of the Companies Act, 2017 (the Act) and the listing regulations of the Pakistan Stock Exchange. 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, 2018. Comparative condensed interim statement of financial position is extracted from annual financial statements as of June 30, 2018, whereas comparative condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from un-audited condensed interim financial information for the three months ended September 30, 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, 2018.

**4 LONG TERM FINANCING - SECURED**

From banking companies:

	<u>Note</u>	<b>Un-audited September 30, 2018</b>	<b>Audited June 30, 2018</b>
<b>(Rupees in '000')</b>			
Syndicated Islamic Finance Facility - 1	4.1	<b>83,333</b>	166,667
Syndicated Islamic Finance Facility - 2	4.2	<b>1,493,924</b>	1,493,678
Diminishing Musharakah facility	4.3	<b>128,204</b>	14,773
		<b>1,705,461</b>	1,675,118
Less: Current portion		<b>85,341</b>	168,228
		<b>1,620,120</b>	1,506,890

- 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 2018: 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 2018: Rs. 1,500 million) which shall be repaid by December 28, 2018. The financing is secured by ranking charge upgraded to 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** This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 0.85% (June 2018: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly installments. The Company availed Rs. 1,500 million out of the total sanction limit of Rs. 2,000 million which shall be repaid by November 22, 2023. The financing is secured by ranking charge of Rs. 2,667 million upgraded into first pari passu charge on all present and future movable fixed assets and land / building located at H-8/4, Islamabad.
- 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 and biomedical equipment. Principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 1.25% (June 2018: 3 months KIBOR plus 1.25%) for vehicles and for biomedical equipments principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 0.80% (June 2018: 3 months KIBOR plus 0.80%). The financing is secured by ranking charge on all present and future movable fixed assets (plant, machinery, tools and equipment) of Rs. 525 million for biomedical equipments and shared title over financed vehicles.

	Un audited September 30, 2018	Audited June 30, 2018
	(Rupees in '000')	
<b>4.4 Movement during the period / year</b>		
Opening Balance	1,675,118	503,992
Proceeds during the period / year	114,536	1,506,890
Repayment during the period / year	(84,193)	(335,764)
Closing Balance	<u>1,705,461</u>	<u>1,675,118</u>
<b>5 TRADE AND OTHER PAYABLES</b>		
This also includes payables to following related parties:		
Tameer -e- Millat Foundation	5,159	3,065
Shifa Tameer -e- Millat University	5,655	24,439
Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund	105,045	87,013
	<u>115,859</u>	<u>114,517</u>
<b>6 SHORT TERM BORROWING</b>		
Habib bank Limited	6.1	5,974
United bank limited	6.2	-
	<u>61,846</u>	<u>5,974</u>

- 6.1** This represented running finance facility obtained from Habib Bank Limited on markup basis at 3 months KIBOR plus 1% per annum with sanctioned limit of Rs. 90 million. The facility is secured by first pari passu charge on all present and future current assets of the Company.
- 6.2** This represents running finance facility obtained from United Bank Limited on markup basis at 1 months KIBOR plus 0.55% per annum with sanctioned limit of Rs. 300 million. The facility is secured by ranking Charge of Rs. 400 million over Fixed Assets of the Company (Excluding Land & Building).

		Un-audited September 30, 2018	Audited June 30, 2018
	Note	(Rupees in '000')	
<b>7 CONTINGENCIES AND COMMITMENTS</b>			
<b>7.1 Contingencies</b>			
Claims against the Company not acknowledged as debt			
Patients		1,000	1,000
Competition Commission of Pakistan (CCP)		20,000	20,000
Letter of guarantee		35,100	35,100
Income tax	7.3,7.4, 7.5 & 7.6	2,352,000	1,149,132
<b>7.2 Commitments</b>			
Capital expenditure		283,983	297,113
Letter of credit		151,677	37,463
<b>7.3</b>			
The tax authorities amended the assessments for tax years 2013, 2014, 2015 and 2016, under section 122(5A) of Income Tax Ordinance, 2001 and raised tax demands of Rs. 133.3 million, Rs. 85.5 million, Rs. 26.1 million and Rs. 566.2 million respectively. Being aggrieved the Company agitated the assessments in appeals before the Commissioner (Appeals) who in tax year 2015 and 2016 has decided the appeals against the Company and being aggrieved the Company filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue [ATIR], which are pending for adjudication. While for tax year 2013 and 2014 the Commissioner (Appeals) partly confirmed and partly allowed relief to the Company and being aggrieved on issues not decided in favor, the Company is in the process of filing appeal before the Appellate Tribunal. No provision has been recorded as the management is hopeful for favorable outcome.			
<b>7.4</b>			
The tax authorities levied tax of Rs. 178.4 million under section 161/205 of the Income Tax Ordinance, 2001 for tax year 2014 on the account of alleged non deduction of tax on payments. Being aggrieved, the Company agitated the assessment in appeal before the Commissioner (Appeals) on May 09, 2018 who confirmed the order of the sub-ordinate tax authority. Being not satisfied with order of the CIR(A), the Company preferred appeal before the ATIR, which is pending for adjudication. The Company is confident for a favorable outcome and therefore, no provision in respect of above matter has been recorded in these condensed interim financial information.			
<b>7.5</b>			
The tax authorities amended the assessments from tax years 2012 to 2017 u/s 122(5) of Income Tax Ordinance, 2001 and raised total tax demand of Rs. 1,350.9 million. Being aggrieved the Company agitated the assessments in appeals before the Commissioner (Appeals) who annulled all the assessment orders from 2012 to 2016 and hence demand stands deleted. While for tax year 2017 the main disputed issue has been annulled and two others issues remanded back to OIR for denovo consideration.			
<b>7.6</b>			
The Assistant Commissioner Inland Revenue (ACIR) has amended the Company's assessment for tax year 2014 and 2015 u/s 221 of the Income Tax Ordinance, 2001 which has resulted a tax demand of Rs. 11.8 million. Being aggrieved, the Company has filed an appeals before the Commissioner Inland Revenue (Appeals) (CIR(A)) wherein the CIR(A) has remanded back the said assessments to ACIR on November 30, 2017. The Company as well as the Department has filed cross appeals against the CIR(A) order before the Appellate Tribunal Inland Revenue, which are pending adjudication. The Company is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in these condensed interim financial information.			
		Un-audited September 30, 2018	Audited June 30, 2018
	Note	(Rupees in '000')	
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	8.1	5,835,730	5,702,928
Capital work in progress (CWIP)	8.2	495,452	325,954
		6,331,182	6,028,882

		Un audited September 30, 2018	Audited June 30, 2018
		(Rupees in '000')	
	Note		
<b>8.1 Operating fixed assets</b>			
Written down value (WDV) at the beginning of the period/year		5,702,928	5,293,984
Additions	8.1.1	263,344	907,207
Revaluation		-	5,541
		<b>5,966,272</b>	6,206,732
WDV of disposals		(481)	(1,738)
WDV of assets written off		(1,354)	(8,643)
Depreciation for the period/year		(128,707)	(493,423)
WDV at the end of the period/year		<b>5,835,730</b>	5,702,928
<b>8.1.1 Additions to operating fixed assets</b>			
Freehold land		-	159,050
Building on leasehold land		73,494	239,886
Biomedical equipment		77,599	220,674
Air conditioning equipment and machinery		61,366	52,027
Electrical and other equipment		12,088	158,813
Furniture and fittings		5,674	22,631
Computer installations		31,007	50,139
Construction equipment		127	514
Vehicles		1,989	3,473
		<b>263,344</b>	907,207
<b>8.2 Capital work in progress</b>			
Opening capital work in progress		325,954	163,561
Additions during the period/year		243,592	421,445
Transferred to operating fixed assets		(74,094)	(259,052)
Closing capital work in progress	8.2.1	<b>495,452</b>	325,954
<b>8.2.1 Capital work in progress</b>			
Construction work-in-progress - at cost		167,262	156,690
Stores held for capital expenditure		3,008	3,608
Installation of equipment in progress		325,182	165,656
		<b>495,452</b>	325,954
<b>9 TRADE DEBTS</b>			
Considered good - unsecured			
Related party - Shifa Foundation		36,601	25,483
Others		798,995	688,551
Considered doubtful			
Others		76,718	66,156
Considered bad			
Others		-	16,846
		<b>912,314</b>	797,036
Less: provision for doubtful debts	9.1	76,718	66,156
Less: bad debts written off		-	16,846
		<b>835,596</b>	714,034

**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 September 30, 2018	Audited June 30, 2018
	(Rupees in '000')	
Balance at beginning of the period / year	66,156	55,078
Provision made during the period / year	10,562	27,924
Less: bad debts written off	-	16,846
	<b>76,718</b>	66,156



**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 Company 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 Company 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.

	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
	41,745	-	-	-	41,745	-	-	-	-
	835,596	-	-	-	835,596	-	-	-	-
	54,046	-	-	-	54,046	-	-	-	-
	23	-	-	-	23	-	-	-	-
	3,000	-	-	-	3,000	-	-	-	-
	171,628	-	-	-	171,628	-	-	-	-
	1,106,038	-	-	-	1,106,038	-	-	-	-

(Rupees in '000)

**September 30, 2018****Non-current assets**

Long term deposits

**Current assets**

Trade debts - considered good

Trade deposits

Markup accrued

Investment - held to maturity

Bank Balances

	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)					
<b>Non-current liabilities</b>									
Long term financing - secured	-	-	-	1,620,120					1,620,120
<b>Current liabilities</b>									
Trade and other payables	-	-	-	2,721,509					2,721,509
Markup accrued	-	-	-	15,709					15,709
Unclaimed dividend	-	-	-	33,554					33,554
Short term borrowings	-	-	-	61,846					61,846
Current portion of long term financing	-	-	-	85,341					85,341
	-	-	-	4,538,079					4,538,079
<b>June 30, 2018</b>									
<b>Non-current assets</b>									
Long term deposits	41,140	-	-	-					41,140
<b>Current assets</b>									
Trade debits - considered good	714,034	-	-	-					714,034
Trade deposits	40,717	-	-	-					40,717
Bank balances	479,015	-	-	-					479,015
	1,274,906	-	-	-					1,274,906

	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
	-	-	-	1,506,890	1,506,890	-	-	-	-
	-	-	-	2,575,037	2,575,037	-	-	-	-
	-	-	-	12,264	12,264	-	-	-	-
	-	-	-	33,981	33,981	-	-	-	-
	-	-	-	5,974	5,974	-	-	-	-
	-	-	-	168,228	168,228	-	-	-	-
	-	-	-	4,302,374	4,302,374	-	-	-	-

(Rupees in '000')

**Non-current liabilities**

Long term financing - secured

**Current liabilities**

Trade and other payables

Markup accrued

Unclaimed dividend

Short term borrowings

Current portion of long term financing

**10.1** Lands are carried at revalued amounts as determined by professional valuers based on their assessment of the market values and have been classified under level 3.

## 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 are as follows:

	Un-audited	
	September 30, 2018	September 30, 2017
	(Rupees in '000')	
<b>Shifa Foundation: (Related party by virtue of common directorship)</b>		
Revenue from services earned by the Company	35,886	36,323
Revenue from rent earned by the Company	11	11
Expenses paid by and reimbursed to the Company	285	1,120
Other services provided to the Company	5,271	3,960
<b>Tameer-e-Millat Foundation: (Related party by virtue of common directorship)</b>		
Revenue from rent earned by the Company	78	78
Other supplies provided to the Company	5,322	5,491
Other services provided to the Company	2,201	7,302
Rent paid by the Company	963	1,059
<b>SIHL Employees' Gratuity Fund:</b>		
Payments made by the Company	5,678	32,003
<b>Shifa Tameer-e-Millat University: (Related party by virtue of common directorship)</b>		
Revenue from services earned by the Company	11,004	9,741
Revenue from rent	601	496
Expenses paid by and reimbursed to the Company	2,253	509
Donation paid by the Company	-	25,000
<b>Shifa Consulting Services (Private) Limited: (Subsidiary Company)</b>		
Expenses paid by and reimbursed to the Company	110	172
<b>12 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	174,689	568,604
Investment - held to maturity	3,000	140,010
Short term borrowing	(61,846)	(89,917)
	<b>115,843</b>	<b>618,697</b>
<b>13 GENERAL</b>		
<b>13.1</b>	Figures have been rounded off to the nearest one thousand of Pak Rupees unless otherwise stated.	
<b>13.2</b>	This condensed interim financial information has been authorized for issue by the Board of Directors of the Company on October 26, 2018.	

*Dawood M. Rahman*

CHAIRMAN

*Margamul Haq Begi*

CHIEF EXECUTIVE

*Ali S*

CHIEF FINANCIAL OFFICER





**SHIFA INTERNATIONAL HOSPITALS LIMITED**  
Condensed Interim Consolidated Financial  
Information For The First Quarter Ended  
September 30, 2018

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2018

		Un-audited September 30, 2018	Audited June 30, 2018
	Note	(Rupees in '000')	
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
100,000,000 ordinary shares of Rs. 10 each (June 30, 2018: 100,000,000)		<b>1,000,000</b>	1,000,000
Issued, subscribed and paid up capital		<b>545,379</b>	545,379
<b>Capital reserves</b>			
Share premium account		<b>1,046,025</b>	1,046,025
Surplus on Revaluation of property, plant and equipment		<b>721,053</b>	723,310
<b>Revenue reserve</b>			
Unappropriated profit		<b>2,936,785</b>	2,798,675
		<b>5,249,242</b>	5,113,389
<b>NON - CURRENT LIABILITIES</b>			
Long term financing - secured	4	<b>1,620,120</b>	1,506,890
Deferred taxation		<b>371,980</b>	375,186
		<b>1,992,100</b>	1,882,076
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	<b>2,998,628</b>	2,921,545
Unclaimed dividend		<b>33,554</b>	33,981
Markup accrued		<b>15,709</b>	12,264
Short term borrowing	6	<b>61,846</b>	5,974
Current portion of long term financing	4	<b>85,341</b>	168,228
		<b>3,195,078</b>	3,141,992
		<b>10,436,420</b>	10,137,457
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		

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

*Davide M. Rahman*

CHAIRMAN

		Un-audited September 30, 2018	Audited June 30, 2018
	Note	(Rupees in '000')	
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	8	6,331,846	6,029,463
Investment property		1,443,143	1,401,837
Intangible assets		31,031	33,477
Long term deposits		61,453	60,736
		<b>7,867,473</b>	7,525,513
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		104,002	119,607
Stock-in-trade		485,973	468,819
Trade debts - considered good	9	838,372	716,758
Loans and advances - considered good		542,005	419,220
Trade deposits, short term prepayments and other receivables		67,099	53,350
Markup accrued		23	-
Investment - held to maturity		8,007	-
Tax refunds due from the government (net of provision)		345,718	348,332
Cash and bank balances		177,748	485,858
		<b>2,568,947</b>	2,611,944
		<b>10,436,420</b>	10,137,457

*Dawood M. Rahman*

**CHAIRMAN**

*AUS*

**CHIEF FINANCIAL OFFICER**



**CONDENSED INTERIM  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018**

	September 30, 2018	September 30, 2017
	(Rupees in '000')	
Net revenue	<b>2,818,278</b>	2,498,534
Other income	<b>14,933</b>	19,278
Operating costs	<b>(2,620,275)</b>	(2,274,440)
Finance costs	<b>(16,389)</b>	(13,553)
Profit before taxation	<b>196,547</b>	229,819
Provision for taxation	<b>(60,694)</b>	(66,404)
Profit after taxation	<b>135,853</b>	163,415
Attributable to equity holders of Shifa International Hospitals Limited	<b>135,853</b>	163,415
<b>Earnings per share - basic and diluted - (Rupees)</b>	<b>2.49</b>	3.00

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



**CHAIRMAN**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM  
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
(UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018**

	September 30, 2018	September 30, 2017
	(Rupees in '000')	
Profit after taxation	<b>135,853</b>	163,415
Other comprehensive income for the period - net of tax	-	-
Total comprehensive income for the period	<b>135,853</b>	163,415
Attributable to equity holders of Shifa International Hospitals Limited	<b>135,853</b>	163,415

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



**CHAIRMAN**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM  
CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018**

Note	September 30, 2018	September 30, 2017
	(Rupees in '000')	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	196,547	229,819
Adjustments for:		
Depreciation/amortization on tangible assets	132,599	122,091
Amortization on intangible assets	2,446	676
Provision for doubtful debts	10,562	8,596
Property, plant and equipment written off	1,378	70
Gain on disposal of property, plant and equipment	(1,725)	(443)
Provision for compensated absences	10,855	9,084
Provision for gratuity	23,710	22,599
Provision for slow moving stores	546	-
Profit on investments and bank deposits	(1,188)	(7,900)
Loss on foreign currency translation	481	38
Finance cost	15,908	13,515
Operating cash flows before changes in working capital	392,119	398,145
Changes in working capital:		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	15,059	(11,118)
Stock-in-trade	(17,154)	(36,968)
Trade debts	(132,176)	(108,983)
Loans and advances	(122,785)	9,192
Trade deposits and short term prepayments	(13,749)	(32,880)
Increase/(decrease) in current liabilities:		
Trade and other payables	65,170	(36,854)
Cash generated from operations	186,484	180,534
Finance cost paid	(36,550)	(13,633)
Income tax paid	(61,286)	(61,133)
Payment to SIHL Employees' Gratuity Fund	(5,678)	(32,003)
Compensated absences paid	(16,974)	(16,545)
Net cash from operating activities	65,996	57,220
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(409,023)	(193,796)
Addition in investment property	(45,037)	-
Encashment of Investments - held to maturity	-	50,000
Proceeds from disposal of property, plant and equipment	2,206	1,116
Markup received	1,165	8,331
Increase in long term deposits	(717)	(284)
Net cash used in investing activities	(451,406)	(134,633)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing - repayments	(84,193)	(83,932)
Long term financing - proceeds	114,536	-
Dividend paid	(427)	(187)
Net cash generated from/(used in) financing activities	29,916	(84,119)
Net decrease in cash and cash equivalents	(355,494)	(161,532)
<b>Cash and cash equivalents at beginning of the period</b>	<b>479,884</b>	<b>782,586</b>
Effect of exchange rate changes on cash and cash equivalents	(481)	(38)
<b>Cash and cash equivalents at end of the period</b>	<b>123,909</b>	<b>621,016</b>

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



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED  
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018**

	Share capital	Share Premium account	Surplus on revaluation of property, plant and equipment (Rupees in '000')	Unappropriated profit	Total
<b>Balance at July 01, 2017</b>	545,379	1,046,025	726,760	2,539,594	4,857,758
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	163,415	163,415
Other comprehensive income-net of tax	-	-	-	-	-
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to the period	-	-	(2,248)	163,415	163,415
	-	-	2,248	-	-
<b>Balance at September 30, 2017</b>	<b>545,379</b>	<b>1,046,025</b>	<b>724,512</b>	<b>2,705,257</b>	<b>5,021,173</b>
<b>Balance at July 01, 2018</b>	<b>545,379</b>	<b>1,046,025</b>	<b>723,310</b>	<b>2,798,675</b>	<b>5,113,389</b>
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	135,853	135,853
Other comprehensive income-net of tax	-	-	-	-	-
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to the period	-	-	(2,257)	135,853	135,853
	-	-	2,257	-	-
<b>Balance at September 30, 2018</b>	<b>545,379</b>	<b>1,046,025</b>	<b>721,053</b>	<b>2,936,785</b>	<b>5,249,242</b>

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

*Dawid M. Rahman*

CHAIRMAN

*Margamulya Devi*

CHIEF EXECUTIVE

*ALLS*

CHIEF FINANCIAL OFFICER

**SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED  
FINANCIAL INFORMATION [UN-AUDITED] FOR THE FIRST QUARTER  
ENDED SEPTEMBER 30, 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 (SCSPL). SIHL was incorporated in Pakistan on September 29, 1987 as a private limited company under the Companies Ordinance, 1984 (now the Companies Act, 2017) and converted into a public limited company on October 12, 1989. The shares of the SIHL 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 and Lab collection points in different cities of Pakistan.
- 1.2** Shifa Consulting Services (Private) Limited was incorporated on December 18, 2014. The principal activity of SCSPL is to provide consulting services relating to healthcare facilities, medical staff, availability of human resource and hospital quality.

**2 BASIS OF PREPARATION**

- 2.1** This condensed interim consolidated financial information of the Group for the three months ended September 30, 2018 has been prepared in accordance with the requirements of the:

- International Accounting Standard 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements IAS 34, the provisions of and 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 members in accordance with the requirements of Section 237 of the Companies Act, 2017 (the Act) and the listing regulations of the Pakistan Stock Exchange. 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 Group for the year ended June 30, 2018. Comparative condensed interim consolidated statement of financial position is extracted from annual consolidated financial statements as of June 30, 2018, whereas comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of other comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity are extracted from unaudited condensed interim consolidated financial information for the three months ended September 30, 2017.

**3 BASIS OF CONSOLIDATION**

This condensed interim consolidated financial information includes the financial information of Shifa International Hospitals Limited and its subsidiary company Shifa Consulting Services (Private) Limited 100% owned. (June 2018: 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 condensed interim financial information 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 company have been consolidated on a line by line basis. There is no non-controlling interest in the condensed interim consolidated statement of financial position of Shifa International Hospitals Limited as Shifa Consulting Services (Private) Limited is the wholly owned subsidiary of SIHL.

**4 LONG TERM FINANCING - SECURED**

From banking companies:

	<b>Note</b>	<b>Un audited September 30, 2018</b>	<b>Audited June 30, 2018</b>
<b>(Rupees in '000')</b>			
Syndicated Islamic Finance Facility - 1	4.1	<b>83,333</b>	166,667
Syndicated Islamic Finance Facility - 2	4.2	<b>1,493,924</b>	1,493,678
Diminishing Musharakah facility	4.3	<b>128,204</b>	14,773
		<b>1,705,461</b>	1,675,118
Less: Current portion		<b>85,341</b>	168,228
		<b>1,620,120</b>	1,506,890

- 4.1** This represents syndicated Islamic finance facility, obtained by SIHL, arranged and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 1% (June 2018: 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 2018: 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** This represents syndicated Islamic finance facility, obtained by SIHL, arranged and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 0.85% (June 2018: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly installments. The SIHL availed Rs. 1,500 million out of the total sanction limit of Rs. 2,000 million which shall be repaid by November 22, 2023. The financing is secured by ranking charge of Rs. 2,667 million upgraded into first pari passu charge on all present and future movable fixed assets and land / building located at H-8/4, Islamabad.
- 4.3** This represents a long term Islamic finance facility, obtained by SIHL, under the Diminishing Musharakah basis from Al Baraka Bank (Pakistan) Limited to finance purchase of brand new vehicles and biomedical equipment. Principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 1.25% (June 2018: 3 months KIBOR plus 1.25%) for vehicles and for biomedical equipments principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 0.80% (June 2018: 3 months KIBOR plus 0.80%). The financing is secured by ranking charge on all present and future movable fixed assets (plant, machinery, tools and equipment) of Rs. 525 million for biomedical equipments and shared title over financed vehicles.

	Un audited September 30, 2018	Audited June 30, 2018
	(Rupees in '000')	
<b>4.4 Movement during the period / year</b>		
Opening Balance	1,675,118	503,992
Proceeds during the period / year	114,536	1,506,890
Repayment during the period / year	(84,193)	(335,764)
Closing Balance	<u>1,705,461</u>	<u>1,675,118</u>
<b>5 TRADE AND OTHER PAYABLES</b>		
This also includes payables to following related parties:		
Tameer-e-Millat Foundation	5,159	3,065
Shifa Tameer-e-Millat University	5,655	24,439
Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund	<u>105,045</u>	<u>87,013</u>
	<u>115,859</u>	<u>114,517</u>
<b>6 SHORT TERM BORROWING</b>		
Habib bank Limited	6.1	-
United bank limited	6.2	5,974
	<u>61,846</u>	<u>-</u>
	<u>61,846</u>	<u>5,974</u>

- 6.1** This represented running finance facility, obtained by SIHL from Habib Bank Limited on markup basis at 3 months KIBOR plus 1% per annum with sanctioned limit of Rs. 90 million. The facility is secured by first pari passu charge on all present and future current assets of the SIHL.
- 6.2** This represents running finance facility, obtained by SIHL from United Bank Limited on markup basis at 1 months KIBOR plus 0.55% per annum with sanctioned limit of Rs. 300 million. The facility is secured by ranking Charge of Rs. 400 million over Fixed Assets of the SIHL (Excluding Land & Building).

		Un audited September 30, 2018	Audited June 30, 2018
		(Rupees in '000')	
<b>7</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>7.1</b>	<b>Contingencies</b>		
	Claims against the SIHL not acknowledged as debt		
	Patients	1,000	1,000
	Competition Commission of Pakistan (CCP)	20,000	20,000
	Letter of guarantee	35,100	35,100
	Income tax		
		7.3,7.4,7.5	
		7.6 & 7.7	
		<b>2,352,200</b>	1,149,332
<b>7.2</b>	<b>Commitments</b>		
	Capital expenditure	283,983	297,113
	Letter of credit	151,677	37,463
<b>7.3</b>	The tax authorities amended the assessments for tax years 2013, 2014, 2015 and 2016, under section 122(5A) of Income Tax Ordinance, 2001 and raised tax demands of Rs. 133.3 million, Rs. 85.5 million, Rs. 26.1 million and Rs. 566.2 million respectively. Being aggrieved the SIHL agitated the assessments in appeals before the Commissioner (Appeals) who in tax year 2015 and 2016 has decided the appeals against the SIHL and being aggrieved the SIHL filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue (ATIR), which are pending for adjudication. While for tax year 2013 and 2014 the Commissioner (Appeals) partly confirmed and partly allowed relief to the SIHL and being aggrieved on issues not decided in favor, the SIHL is in the process of filing appeal before the Appellate Tribunal. No provision has been recorded as the management is hopeful for favorable outcome.		
<b>7.4</b>	The tax authorities levied tax of Rs. 178.4 million under section 161/205 of the Income Tax Ordinance, 2001 for tax year 2014 on the account of alleged non deduction of tax on payments. Being aggrieved, the SIHL agitated the assessment in appeal before the Commissioner (Appeals) on May 09, 2018 who confirmed the order of the sub-ordinate tax authority. Being not satisfied with order of the CIR(A), the SIHL preferred appeal before the ATIR, which is pending for adjudication. The SIHL is confident for a favorable outcome and therefore, no provision in respect of above matter has been recorded in these condensed interim consolidated financial information.		
<b>7.5</b>	The tax authorities amended the assessments from tax years 2012 to 2017 u/s 122(5) of Income Tax Ordinance, 2001 and raised total tax demand of Rs. 1,350.9 million. Being aggrieved the Company agitated the assessments in appeals before the Commissioner (Appeals) who annulled all the assessment orders from 2012 to 2016 and hence demand stands deleted. While for tax year 2017 the main disputed issue has been annulled and two others issues remanded back to OIR for denovo consideration.		
<b>7.6</b>	The Assistant Commissioner Inland Revenue (ACIR) has amended the SIHL's assessment for tax year 2014 and 2015 u/s 221 of the Income Tax Ordinance, 2001 which has resulted a tax demand of Rs. 11.8 million. Being aggrieved, the SIHL has filed an appeals before the Commissioner Inland Revenue (Appeals) (CIR(A)) wherein the CIR(A) has remanded back the said assessments to ACIR on November 30, 2017. The SIHL as well as the Department has filed cross appeals against the CIR(A) order before the Appellate Tribunal Inland Revenue, which are pending adjudication. The SIHL is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in these condensed interim consolidated financial information.		
<b>7.7</b>	During the year ended June 30, 2017 the Deputy Commissioner Inland Revenue (DCIR) concluded an ex-party assessment against the Company under the Islamabad Capital Territory (Tax on Services) Ordinance 2001 (the Ordinance) and charged sales tax on the entire receipts of the Company for the tax year 2016 representing consulting income. The above assessment resulted in a demand of Rs. 2.5 million against which a provision of Rs. 2.1 million had been recorded in the financial statements of the year ended June 30, 2017 as the Company intended to pay the balance amount of Rs. 0.7 million considering that the tax authorities had recovered Rs. 1.4 million from the bank accounts. The un-provided balance represented a calculation error and management of the Company has filed an appeal with the Commissioner Inland Revenue (Appeals) and rectification application with the DCIR on which DCIR had partially accepted and rectified the demand of Rs. 2.5 million to Rs. 2.3 million. However, the decision of Commissioner Inland Revenue (Appeals) is still pending. The Company is confident for a favorable outcome and therefore, no further provision in respect of this matter has been recorded in these condensed interim consolidated financial information.		

		Un-audited September 30, 2018	Audited June 30, 2018
	Note	(Rupees in '000')	
<b>8</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	8.1	5,836,394	5,703,509
Capital work in progress (CWIP)	8.2	495,452	325,954
		<b>6,331,846</b>	<b>6,029,463</b>
<b>8.1</b>	<b>Operating fixed assets</b>		
Written down value (WDV) at the beginning of the period/year		5,703,509	5,294,700
Additions	8.1.1	263,612	907,328
Revaluation		-	5,541
		<b>5,967,121</b>	6,207,569
WDV of disposals		(481)	(1,738)
WDV of assets written off		(1,378)	(8,699)
Depreciation for the period/year		(128,868)	(493,623)
WDV at the end of the period/year		<b>5,836,394</b>	5,703,509
<b>8.1.1</b>	<b>Additions to operating fixed assets</b>		
Freehold land		-	159,050
Building on leasehold land		73,494	239,886
Biomedical equipment		77,599	220,674
Air conditioning equipment and machinery		61,366	52,027
Electrical and other equipment		12,088	158,838
Leasehold improvements		-	-
Furniture and fittings		5,674	22,632
Computer installations		31,148	50,233
Construction equipment		127	514
Vehicles		2,116	3,474
		<b>263,612</b>	907,328
<b>8.2</b>	<b>Capital work in progress</b>		
Opening capital work in progress		325,954	163,561
Additions during the period/year		243,592	421,445
Transferred to operating fixed assets		(74,094)	(259,052)
Closing capital work in progress	8.2.1	495,452	325,954
<b>8.2.1</b>	<b>Capital work in progress</b>		
Construction work-in-progress - at cost		167,262	156,690
Stores held for capital expenditure		3,008	3,608
Installation of equipment in progress		325,182	165,656
		<b>495,452</b>	325,954
<b>9</b>	<b>TRADE DEBTS</b>		
Considered good - unsecured			
Related party - Shifa Foundation		36,601	25,483
Others		801,771	691,275
Considered doubtful			
Others		76,718	66,156
Considered bad			
Others		-	18,932
		<b>915,090</b>	801,846
Less: provision for doubtful debts	9.1	76,718	66,156
Less: bad debts written off		-	18,932
		<b>838,372</b>	716,758



- 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 September 30, 2018	Audited June 30, 2018
	(Rupees in '000')	
Balance at beginning of the period / year	66,156	55,078
Provision made during the period / year	10,562	30,010
Less: bad debts written off	-	18,932
	<b>76,718</b>	<b>66,156</b>

## 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.

	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
<b>September 30, 2018</b>	(Rupees in '000')								
<b>Non-current assets</b>									
Long term deposits	41,745	-	-	-	41,745	-	-	-	-
<b>Current assets</b>									
Trade debts - considered good	838,372	-	-	-	838,372	-	-	-	-
Trade deposits	53,642	-	-	-	53,642	-	-	-	-
Markup accrued	23	-	-	-	23	-	-	-	-
Investment - held to maturity	8,007	-	-	-	8,007	-	-	-	-
Bank Balances	174,674	-	-	-	174,674	-	-	-	-
	<b>1,116,463</b>	-	-	-	<b>1,116,463</b>	-	-	-	-
<b>Non-current liabilities</b>									
Long term financing - secured	-	-	-	1,620,120	1,620,120	-	-	-	-
<b>Current liabilities</b>									
Trade and other payables	-	-	-	2,725,218	2,725,218	-	-	-	-
Markup accrued	-	-	-	15,709	15,709	-	-	-	-
Unclaimed dividend	-	-	-	33,554	33,554	-	-	-	-
Short term borrowings	-	-	-	61,846	61,846	-	-	-	-
Current portion of long term financing	-	-	-	85,341	85,341	-	-	-	-
	-	-	-	<b>4,541,788</b>	<b>4,541,788</b>	-	-	-	-

	Carrying Amount			Fair Value				Total
	Loans and receivables	Available for sale instruments	Fair value through profit or loss	Other financial instruments	Level 1	Level 2	Level 3	
(Rupees in '000')								
<b>June 30, 2018</b>								
<b>Non-current assets</b>								
Long term deposits	41,140	-	-	-	-	-	-	41,140
<b>Current assets</b>								
Trade debts - considered good	716,758	-	-	-	-	-	-	716,758
Trade deposits	40,915	-	-	-	-	-	-	40,915
Bank balances	485,387	-	-	-	-	-	-	485,387
	1,284,200	-	-	-	-	-	-	1,284,200
<b>Non-current liabilities</b>								
Long term financing - secured	-	-	-	1,506,890	-	-	-	1,506,890
<b>Current liabilities</b>								
Trade and other payables	-	-	-	2,579,158	-	-	-	2,579,158
Markup accrued	-	-	-	12,264	-	-	-	12,264
Unclaimed dividend	-	-	-	33,981	-	-	-	33,981
Short term borrowings	-	-	-	5,974	-	-	-	5,974
Current portion of long term financing	-	-	-	168,228	-	-	-	168,228
	-	-	-	4,306,495	-	-	-	4,306,495

**10.1** Lands are carried at revalued amounts as determined by professional valuers based on their assessment of the market values and have been classified under level 3.

		Un-audited	
		September 30, 2018	September 30, 2017
		(Rupees in '000')	
<b>11</b>	<b>RELATED PARTY TRANSACTIONS</b>		
	Significant transactions with related parties are as follow:		
	<b>Shifa Foundation: (Related party by virtue of common directorship)</b>		
	Revenue from services earned by the SIHL	35,886	36,323
	Revenue from rent earned by the SIHL	11	11
	Expenses paid by and reimbursed to the SIHL	285	1,120
	Other services provided to the SIHL	5,271	3,960
	<b>Tameer-e-Millat Foundation: (Related party by virtue of common directorship)</b>		
	Revenue from rent earned by the SIHL	78	78
	Other supplies provided to the SIHL	5,322	5,491
	Other services provided to the SIHL	2,201	7,302
	Rent paid by the SIHL	963	1,059
	<b>SIHL Employees' Gratuity Fund:</b>		
	Payments made by the SIHL	5,678	32,003
	<b>Shifa Tameer-e-Millat University: (Related party by virtue of common directorship)</b>		
	Revenue from services earned by the SIHL	11,004	9,741
	Revenue from rent	601	496
	Expenses paid by and reimbursed to the SIHL	2,253	509
	Donation paid by the SIHL	-	25,000
<b>12</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and bank balances	177,748	570,923
	Investment - held to maturity	8,007	140,010
	Short term borrowing	(61,846)	(89,917)
		<b>123,909</b>	<b>621,016</b>
<b>13</b>	<b>GENERAL</b>		
<b>13.1</b>	Figures have been rounded off to the nearest one thousand of Pak Rupees unless otherwise stated.		
<b>13.2</b>	This condensed interim consolidated financial information has been authorized for issue by the Board of Directors of the SIHL on October 26, 2018.		

*Danish M. Rahman*

CHAIRMAN

*Maryam H. Beg*

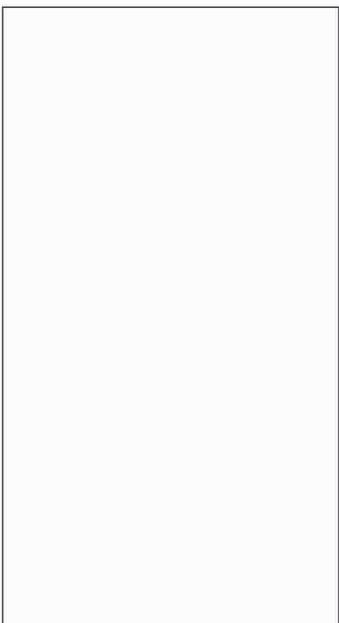
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