

Shifa



Condensed Interim Financial Information

**for the Half Year Ended
December 31, 2017**



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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 Faysal Bank Limited Askari Bank Limited Dubai Islamic Bank Limited Habib 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 half year ended December 31, 2017 independently reviewed by the external auditors. Condensed Interim Consolidated Financial Information for the half year ended December 31, 2017 incorporating the financial results of subsidiary i.e. Shifa Consulting Services (Private) Limited is also annexed herewith.

Financial Highlights	Half year ended December 31, 2017 Rs. in million		
	2017	2016	Change %
Net Revenue	5,145	4,623	11
Profit before taxation	448	513	(13)
Profit after taxation	318	379	(16)
Earnings Per Share - (Rs.)	5.83	6.95	(16)

The above results indicate an overall revenue growth of 11 % as compared to corresponding period of the last year. Had there been no sit-in procession followed by political turmoil during the period under review, the revenue growth of your Company would have been better. The operating cost has been increased by 13 % from Rs.4,148 million to Rs. 4,703 million, which is mainly due to increase in salaries and wages, depreciation, repair and maintenance and rent etc. Finance cost has been declined because of the repayment of long term loan. All these factors excluding finance cost has resulted into increase in costs and hence translated into earnings per share of Rs. 5.83 against Rs. 6.95 in the corresponding period last year.

Due to thin margins the provision of healthcare is a precarious business and any untoward political, law & order situation may hit adversely such business. In order to mitigate such unfavorable effects we planned and are now implementing both in-house and geographical expansion of the operations of your company which are as under:

- After the renovation/restructuring of Block-C of the Hospital, we are hopeful to make it operational while offering certain facilities including OPD services, inpatient beds, critical care beds, etc. by March 2018.
- Architectural designs of the planned facility at F-11 have already been submitted with the regulator and we are ready to construct the same once we receive its approval.
- In pursuance of the MoU executed with the local entity/partner in Tanzania for the establishment of a hospital in Dar Es Salam, United Republic of Tanzania, management & operation agreement for the said project has also been executed. The grey structure of the building is available and the Company under whose auspices the hospital would function has already been bestowed with the status of Strategic Investor Group by the government of United Republic of Tanzania.



- Your Company has achieved one more milestone of executing management & operation agreement with a hospital in Sialkot which is expected to be operational in the next calendar year.
- We are also planning to target different parts of the country for the establishment of single specialty/multispecialty hospitals while being mindful towards needs and demands of the population of that particular parts and their catchment areas.

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

DR. MOHAMMAD SALIM KHAN
Executive Director

Islamabad
February 24, 2018



ڈائریکٹرز کا جائزہ

معزز ممبران،

مجلس منتظمین کی جانب سے ہمیں 31 دسمبر 2017 کو ختم ہونے والے نصف سال کیلئے بیرونی آڈیٹر کی جانب سے آزادانہ طور پر نظر ثانی شدہ کمپنی کی عبوری مالی معلومات پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔ 31 دسمبر 2017 کو ختم ہونے والے نصف سال کی عبوری مجموعی مالی معلومات میں ذیلی ادارے شفاء کنسلٹنگ سروسز (پرائیویٹ) لمیٹڈ کے مالی نتائج بھی شامل کیے گئے ہیں جو حسب ذیل ہیں۔

31 دسمبر 2017 کو ختم ہونے والا نصف سال (پاکستانی روپے ملین میں)			مالیاتی حتمکیاں
تبدیلی فیصد	2016	2017	
11 فیصد	4,623	5,145	خالص آمدنی
13- فیصد	513	448	منافع قبل از ٹیکس
16- فیصد	379	318	منافع بعد از ٹیکس
16- فیصد	6.95	5.83	آمدنی فی شیئر۔ (روپے)

مذکورہ بالا نتائج گذشتہ برس اسی عرصے کے مقابلے میں مجموعی آمدنی میں 11 فیصد اضافہ ظاہر کر رہے ہیں۔ اگرگزیر جائزہ عرصے میں دھرنانا اور اس کے بعد سیاسی انتشار کی فضا پیدا نہ ہوتی تو آپ کی کمپنی کی آمدن میں مزید بہتری ہوتی۔ کاروباری اخراجات میں 4,148 ملین روپے سے 4,703 ملین روپے یعنی 13 فیصد کا اضافہ ہوا اس کی بڑی وجوہات میں تنخواہوں اور اجرتوں، مختلف اثاثوں کی بوسیدگی، مرمت اور کرایوں وغیرہ کے اخراجات میں اضافہ شامل ہیں۔ فنانس کاسٹ میں کمی واقع ہوئی ہے جس کی وجہ طویل دورانیے کے قرضوں کی ادائیگی ہے۔ فنانس کاسٹ کے علاوہ مذکورہ بالا تمام عوامل کے اخراجات میں اضافہ ہوا جس کے باعث فی شیئر آمدنی 5.83 روپے رہی جو کہ گذشتہ برس اسی عرصے کے دوران 6.95 روپے تھی۔

منافع کی کم شرح کے باعث سہولیات صحت کی فراہمی ایک نازک کاروبار ہے۔ سیاست یا امن و امان کے حوالے سے کوئی بھی ناگہانی صورتحال اس کو بری طرح متاثر کر سکتی ہے۔ اس طرح کے غیر موزوں حالات کے اثرات کو کم کرنے کے لئے ہم نے منصوبہ بندی کر لی ہے اور آپ کی کمپنی کے کاروبار کی توسیع کے لئے ہسپتال کے ساتھ ساتھ ان منصوبوں کو جغرافیائی حوالے سے دیگر مقامات پر بھی لاگو کر رہے ہیں، جس کی تفصیل درج ذیل ہے:

- ہم پُر امید ہیں کہ مارچ 2018ء میں تزئین و ترتیب نو کے بعد ہسپتال کالک بلاک سی (C) اوپنی ڈی سروسز ان پینڈنٹ ہیڈز اور انتہائی نگہداشت کے ہیڈ سہمیٹ کئی دیگر خدمات کے لئے زیر استعمال آجائے گا۔



- ایف ایون (F-11) کے ہسپتال کے تعمیراتی نقشے ریگولیشن کو جمع کروادینے گئے ہیں اور ہم ان کی منظوری کے بعد ہسپتال کی تعمیر کے لئے تیار ہیں۔
- دارالسلام، تترانیہ میں ایک ہسپتال کے قیام کے لئے مقامی شراکت دار کے ساتھ مفاہمت کی یادداشت کے بعد مذکورہ پراجیکٹ کے انتظام و انصرام کا معاہدہ بھی کیا جا چکا ہے۔ ہسپتال کی عمارت کا گرے اسٹرکچر موجود ہے اور جس کمپنی کے زیر انتظام یہ ہسپتال کام کرے گا اسے یونائیٹڈ ری پبلک آف تترانیہ کی جانب سے ”تزدیاتی سرمایہ کار گروپ“ (سٹرٹجیک انویسٹر گروپ) کا درجہ دیا جا چکا ہے۔
- سیالکوٹ میں ایک ہسپتال کے انتظام و انصرام کا معاہدہ کر کے آپ کی کمپنی نے ایک اور سنگ میل عبور کر لیا ہے۔ یہ ہسپتال متوقع طور پر اگلے سال کام کرنا شروع کر دے گا۔
- ہم ملک کے مختلف حصوں اور ملحقہ علاقوں کی آبادی کی ضروریات اور طلب کو پیش نظر رکھتے ہوئے وہاں واحد اور متعدد شعبوں والے ہسپتالوں کے قیام کی منصوبہ بندی بھی کر رہے ہیں۔

اظہار تشکر:

بورڈ اپنے کنسلٹنٹس، ملازمین، کسٹمرز اور سٹرٹجیک شراکت داروں کا شکریہ ادا کرتا ہے اور مشکل وقت میں ان کی لگن، عزم اور کردار کو سراہتا ہے۔ بورڈ سرکاری حکام، سپلائرز، بینکوں اور کھاتہ داروں کی غیر متزلزل حمایت اور تعاون پر بھی شکرگزار ہے۔

برائے اور بجانب بورڈ آف ڈائریکٹرز

M. Salim Khan

ڈاکٹر محمد سلیم خان
ایگزیکٹو ڈائریکٹر

Maryam H. Qureshi

ڈاکٹر منظور امجد قاضی
چیف ایگزیکٹو آفیسر

اسلام آباد

24 فروری 2018ء

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Shifa International Hospitals Limited** (the Company) as at **December 31, 2017** and the related 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 together with the notes forming part thereof for the six month period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2017 have not been reviewed, as we are required to review the cumulative figures only for the six months ended December 31, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim reporting.



GRANT THORNTON ANJUM RAHMAN
Chartered Accountants
Engagement Partner: Khaliq ur Rahman
Islamabad
February 24, 2018



**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2017**

		Un-audited December 31, 2017	Audited June 30, 2017
	Note	(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Share capital		545,379	545,379
Capital reserve		1,046,025	1,046,025
Unappropriated profit		2,603,054	2,553,295
		4,194,458	4,144,699
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		722,265	726,760
NON - CURRENT LIABILITIES			
Long term financing - secured	4	493,577	168,228
Deferred taxation		400,547	413,646
		894,124	581,874
CURRENT LIABILITIES			
Trade and other payables	5	2,277,931	1,958,990
Markup accrued		4,303	398
Short term borrowing	6	49,953	-
Current portion of long term financing	4	335,741	335,764
		2,667,928	2,295,152
		8,478,775	7,748,485
CONTINGENCIES AND COMMITMENTS			
	7		

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

Danish M. Rahman

CHAIRMAN



		Un-audited December 31, 2017	Audited June 30, 2017
	Note	(Rupees in '000')	
NON-CURRENT ASSETS			
Property, plant and equipment	8	6,065,774	5,457,545
Intangible		16,844	10,585
Long term investment - at cost		18,120	18,120
Long term deposits		44,525	45,273
		6,145,263	5,531,523
CURRENT ASSETS			
Stores, spare parts and loose tools		104,679	81,195
Stock-in-trade		478,555	380,052
Trade debts - considered good	9	666,193	447,770
Loans and advances - considered good		276,377	339,614
Trade deposits, short term prepayments and other receivables		54,422	38,498
Markup accrued		3	1,165
Other financial assets		-	189,451
Tax refunds due from the government (net of provision)		216,562	97,474
Cash and bank balances		536,721	641,743
		2,333,512	2,216,962
		8,478,775	7,748,485

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CHIEF EXECUTIVE

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CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT [UN-AUDITED]
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	For the quarter ended		For the half year ended	
	December 31, 2017	December 31, 2016 (Rupees in '000')	December 31, 2017	December 31, 2016
Net revenue	2,646,727	2,393,037	5,144,543	4,622,758
Other income	16,337	34,049	35,617	74,585
Operating costs	(2,428,969)	(2,119,306)	(4,702,602)	(4,148,403)
Finance costs	(16,099)	(17,567)	(29,650)	(36,090)
Profit before taxation	217,996	290,213	447,908	512,850
Provision for taxation	(63,670)	(80,295)	(129,954)	(133,692)
Profit after taxation	154,326	209,918	317,954	379,158
Earnings per share - basic and diluted - (Rupees)	2.83	3.85	5.83	6.95

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 HALF YEAR ENDED DECEMBER 31, 2017**

	For the quarter ended		For the half year ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(Rupees in '000')			
Profit after taxation	154,326	209,918	317,954	379,158
Other comprehensive income for the period - net of tax	-	-	-	-
Total comprehensive income for the period	154,326	209,918	317,954	379,158

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

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM CASH FLOW STATEMENT [UN-AUDITED]
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

<u>Note</u>	December 31, 2017	December 31, 2016
	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	447,908	512,850
Adjustments for:		
Depreciation/amortization of property, plant and equipment	245,972	227,996
Amortization of intangible	1,513	-
Provision for doubtful debts	17,882	12,865
Property, plant and equipment written off	2,226	7,195
Gain on disposal of property, plant and equipment	(976)	(5,306)
Provision for compensated absences	18,410	17,378
Provision for gratuity	45,199	42,000
Provision for slow moving stores	(416)	(2,296)
Profit on investments and bank deposits	(10,270)	(40,033)
Loss/(gain) on foreign currency translation	34	(25)
Finance cost	29,650	36,090
Operating cash flows before changes in working capital	797,132	808,714
Changes in working capital:		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(24,379)	76,078
Stock-in-trade	(98,503)	(145,732)
Trade debts	(236,305)	(205,538)
Loans and advances	63,237	(130,717)
Trade deposits and short term prepayments	(15,924)	(18,774)
Increase in current liabilities:		
Trade and other payables	292,406	267,022
Cash generated from operations	777,664	651,053
Finance cost paid	(25,745)	(36,013)
Income tax paid	(262,141)	(160,960)
Payment to SIHL Employees' Gratuity Fund	(34,881)	(17,745)
Compensated absences paid	(16,968)	(17,384)
Net cash from operating activities	437,929	418,951
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment & intangible	(864,056)	(357,089)
Encashment of other financial assets	50,000	-
Proceeds from disposal of property, plant and equipment	2,143	5,657
Markup received	11,432	39,726
Investment in subsidiary	-	(120)
Decrease/(increase) in long term deposits	748	(5,717)
Net cash used in investing activities	(799,733)	(317,543)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - repayments	(167,871)	(167,826)
Long term financing - proceeds	493,197	-
Dividend paid	(257,914)	(151,367)
Net cash from/(used in) financing activities	67,412	(319,193)
Net decrease in cash and cash equivalents	(294,392)	(217,785)
Cash and cash equivalents at beginning of period	781,194	1,582,690
Effect of exchange rate changes on cash and cash equivalents	(34)	25
Cash and cash equivalents at end of period	486,768	1,364,930

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

Carrie M. Rahman

CHAIRMAN

Maryam A. Khan

CHIEF EXECUTIVE

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CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	Share capital	Capital reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Total
	(Rupees in '000')				
Balance at July 01, 2016	545,379	1,046,025	2,090,865	742,191	4,424,460
Total comprehensive income for the period					
Profit for the period	-	-	379,158	-	379,158
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	379,158	-	379,158
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	4,495	(4,495)	-
Distribution to owners					
Final dividend 2016: Rs. 3 per share	-	-	(163,614)	-	(163,614)
Balance at December 31, 2016	545,379	1,046,025	2,310,904	737,696	4,640,004
Balance at July 01, 2017	545,379	1,046,025	2,553,295	726,760	4,871,459
Total comprehensive income for the period					
Profit for the period	-	-	317,954	-	317,954
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	317,954	-	317,954
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	4,495	(4,495)	-
Distribution to owners					
Final dividend 2017: Rs. 5 per share	-	-	(272,690)	-	(272,690)
Balance at December 31, 2017	545,379	1,046,025	2,603,054	722,265	4,916,723

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

Casim M Rahman

CHAIRMAN

Maryam H Khan

CHIEF EXECUTIVE

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CHIEF FINANCIAL OFFICER



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UN-AUDITED] FOR THE HALF YEAR ENDED DECEMBER 31, 2017

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 repealed 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 centers, 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. Condensed interim consolidated 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 half year ended December 31, 2017 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 repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.
- 2.3** This condensed interim financial information is unaudited 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 unaudited condensed interim financial information for the half year ended December 31, 2016.

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.

	Un-audited December 31, 2017	Audited June 30, 2017
4 LONG TERM FINANCING - SECURED	(Rupees in '000')	
From banking companies:	Note	
Syndicated Islamic Finance Facility - 1	4.1	333,333
Syndicated Islamic Finance Facility - 2	4.2	493,197
Diminishing Musharakah Facility	4.3	2,788
		829,318
Less: current portion		503,992
		335,741
		493,577

- 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 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 half year ended December 31, 2017, 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. The Company availed Rs. 500 million out



of the total sanctioned limit of 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 amounting 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. Facility is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 1.25 % (June 2017: 3 months KIBOR plus 1.25%) per annum.

Un audited December 31, 2017	Audited June 30, 2017
(Rupees in '000')	
503,992	839,655
493,197	-
(167,871)	(335,663)
829,318	503,992
5 TRADE AND OTHER PAYABLES	
This also includes payables to following related parties:	
Tameer -e- Millat Foundation	5,336
Shifa Tameer -e- Millat University	22,949
Shifa Consulting Services (Private) Limited	885
Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund	35,308
45,626	35,308
73,994	64,478

6 SHORT TERM BORROWING

This represents running finance facility obtained on markup basis at 3 months KIBOR plus 1% per annum with sanctioned limit of Rs. 90 million (June 2017: Nil). The facility is secured by first pari passu charge on all present and future current assets of the Company.

Un audited December 31, 2017	Audited June 30, 2017
(Rupees in '000')	
7 CONTINGENCIES AND COMMITMENTS	
7.1 Contingencies	
Claims against the Company not acknowledged as debt	
Patients	111,000
Others	20,000
Letter of guarantee	34,600
7.2 Commitments	
Capital expenditure	96,548
Letter of credit	59,055

- 7.3** 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.

- 7.4** 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 December 31, 2017	Audited June 30, 2017
(Rupees in '000')	
8 PROPERTY, PLANT AND EQUIPMENT	
Operating fixed assets	5,293,984
Capital work-in-progress (CWIP)	163,561
5,479,635	5,457,545
586,139	163,561
6,065,774	5,457,545

8 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work-in-progress (CWIP)

Note

8.1
8.2



	Un audited December 31, 2017	Audited June 30, 2017
	(Rupees in '000')	
8.1 Operating fixed assets		
Written down value (WDV) at the beginning of the period/year	5,293,984	4,551,370
Additions	435,016	1,241,570
	5,729,000	5,792,940
WDV of disposals	(1,167)	(22,563)
WDV of assets written off	(2,226)	(13,189)
Depreciation for the period/year	(245,972)	(463,204)
WDV at the end of the period/year	5,479,635	5,293,984
8.1.1 Additions to operating fixed assets		
Freehold land	136,727	565,777
Building on leasehold land	-	102,941
Biomedical equipment	111,333	387,034
Air conditioning equipment and machinery	17,678	20,945
Electrical and other equipment	128,213	34,845
Leasehold improvements	-	35,295
Furniture and fittings	8,311	25,353
Computer installations	31,177	62,097
Construction equipment	127	-
Vehicles	1,450	7,283
	435,016	1,241,570
8.2 Capital work-in-progress		
Opening capital work-in-progress	163,561	55,245
Additions during the period/year	430,893	246,552
Transferred to operating fixed assets	(8,315)	(138,236)
Closing capital work-in-progress	586,139	163,561
8.2.1 Capital work-in-progress		
Construction work-in-progress - at cost	199,145	68,932
Stores held for capital expenditure	32,239	47,286
Installation of equipment in progress	175,959	47,343
Advance for acquisition of land	178,796	-
	586,139	163,561
9 TRADE DEBTS - CONSIDERED GOOD		
Considered good - unsecured		
Related party - Shifa Foundation	17,609	12,979
Related party - Shifa Consulting Services (Pvt) Ltd.	311	-
Others	648,273	434,791
Considered doubtful		
Others	56,109	55,078
Considered bad		
Others	16,851	29,130
	739,153	531,978
Less: provision for doubtful debts	56,109	55,078
Less: bad debts written off	16,851	29,130
	666,193	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 December 31, 2017	Audited June 30, 2017
	(Rupees in '000')	
Balance at beginning of the period/year	55,078	47,559
Provision made during the period/year	17,882	36,649
Bad debts written off	(16,851)	(29,130)
	56,109	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 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. 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	Level 1	Level 2	Level 3	Total
	41,107	-	-	-	41,107	-	-	-	-
	666,193	-	-	-	666,193	-	-	-	-
	21,187	-	-	-	21,187	-	-	-	-
	3	-	-	-	3	-	-	-	-
	533,638	-	-	-	533,638	-	-	-	-
	1,262,128	-	-	-	1,262,128	-	-	-	-

December 31, 2017 (Un-audited)**Non-current assets**

Long term deposits

Current assets

Trade debts - considered good

Trade deposits

Markup accrued

Other financial assets

Cash and 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')								
Non-current liabilities									
Long term financing - secured	-	-	-	493,577	493,577	-	-	-	-
Current liabilities									
Trade and other payables	-	-	-	2,057,910	2,057,910	-	-	-	-
Markup accrued	-	-	-	4,303	4,303	-	-	-	-
Short term borrowings	-	-	-	49,953	49,953	-	-	-	-
Current portion of long term financing	-	-	-	335,741	335,741	-	-	-	-
	-	-	-	2,941,484	2,941,484	-	-	-	-
June 30, 2017 (Audited)									
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	-	-	-	-



Loans and receivables	Carrying Amount			Fair Value				
	Available for sale instruments	Fair value through profit or loss	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
	-	-	168,228	168,228	-	-	-	-
	-	-	1,759,064	1,759,064	-	-	-	-
	-	-	398	398	-	-	-	-
	-	-	335,764	335,764	-	-	-	-
	-	-	2,263,454	2,263,454	-	-	-	-

(Rupees in '000')

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

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 current period were as follows:

	Un-audited	
	December 31, 2017	December 31, 2016
	(Rupees in '000')	
Shifa Foundation: (Related party by virtue of common directorship)		
Revenue from services earned by the Company	66,419	61,040
Revenue from rent	22	22
Expenses paid by and reimbursed to the Company	2,101	-
Other services provided to the Company	7,920	7,920
Donation paid by the Company	200	1,200
Tameer-e-Millat Foundation: (Related party by virtue of common directorship)		
Revenue from rent	52	155
Other supplies provided to the Company	8,287	10,153
Other services provided to the Company	10,915	3,235
Rent paid by the Company	1,631	1,343
SIHL Employees' Gratuity Fund		
Payments made by the Company during the period	34,881	17,745
Shifa Tameer-e-Millat University: (Relate party by virtue of common directorship)		
Revenue from services earned by the Company	22,716	13,138
Revenue from rent	993	10,565
Expenses paid by and reimbursed to the Company	970	10,422
Donation paid by the Company	25,000	25,000
Advance given by the Company	-	12,500
Shifa Consulting Services (Private) Limited: (A wholly owned subsidiary)		
Revenue from services earned by the Company	-	17
Expenses paid by and reimbursed to the Company	311	172
Other supplies provided to the Company	-	360
Consultancy services provided to the Company	-	9,000
Remuneration including benefits and perquisites of key management personnel	155,512	144,230
12 CASH AND CASH EQUIVALENTS		
Cash and bank balances	536,721	441,803
Other financial assets	-	993,111
Short term borrowing	(49,953)	(69,984)
	486,768	1,364,930
13 GENERAL		
13.1 Figures have been rounded off to the nearest one thousand Pak Rupees.		
13.2 This condensed interim financial information has been authorized for issue by the Board of Directors of the Company on February 24, 2018.		

Dawood M. Rahman

CHAIRMAN

Maryam H. Beg

CHIEF EXECUTIVE

ALS

CHIEF FINANCIAL OFFICER

Shifa International Hospitals Ltd.
Condensed Interim Consolidated Financial
Information for the Half Year Ended
December 31, 2017





CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2017

		Un-audited December 31, 2017	Audited June 30, 2017
	Note	(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Share capital		545,379	545,379
Capital reserve		1,046,025	1,046,025
Unappropriated profit		2,587,627	2,539,594
		4,179,031	4,130,998
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		722,265	726,760
NON - CURRENT LIABILITIES			
Long term financing - secured	4	493,577	168,228
Deferred taxation		400,547	413,646
		894,124	581,874
CURRENT LIABILITIES			
Trade and other payables	5	2,279,951	1,959,884
Markup accrued		4,303	398
Short term borrowings	6	49,953	-
Current portion of long term financing	4	335,741	335,764
		2,669,948	2,296,046
		8,465,368	7,735,678
CONTINGENCIES AND COMMITMENTS			
	7		

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

Danish M. Rahman

CHAIRMAN



		Un-audited December 31, 2017	Audited June 30, 2017
	Note	(Rupees in '000')	
NON-CURRENT ASSETS			
Property, plant and equipment	8	6,066,391	5,458,261
Intangible		16,844	10,585
Long term deposits		44,525	45,273
		6,127,760	5,514,119
CURRENT ASSETS			
Stores, spare parts and loose tools		104,679	81,195
Stock-in-trade		478,555	380,052
Trade debts - considered good	9	667,886	450,056
Loans and advances - considered good		276,477	339,628
Trade deposits, short term prepayments and other receivables		54,422	39,334
Markup accrued		3	1,165
Other financial assets		-	189,451
Tax refunds due from the government (net of provision)		216,631	97,543
Cash and bank balances		538,955	643,135
		2,337,608	2,221,559
		8,465,368	7,735,678

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM CONSOLIDATED
PROFIT AND LOSS ACCOUNT [UN-AUDITED]
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	For the quarter ended		For the half year ended	
	December 31, 2017	December 31, 2016 (Rupees in '000')	December 31, 2017	December 31, 2016
Net revenue	2,650,939	2,394,437	5,148,756	4,625,538
Other income	16,337	34,049	35,615	74,585
Operating costs	(2,434,568)	(2,121,637)	(4,708,195)	(4,151,784)
Finance costs	(16,107)	(17,568)	(29,659)	(36,091)
Profit before taxation	216,601	289,281	446,517	512,248
Provision for taxation	(64,005)	(81,048)	(130,289)	(134,507)
Profit after taxation	152,596	208,233	316,228	377,741
Attributable to:				
Equity holders of SIHL	152,596	208,431	316,228	377,846
Non-Controlling interest	-	(198)	-	(105)
	152,596	208,233	316,228	377,741
Earnings per share - basic and diluted - (Rupees)	2.80	3.82	5.80	6.93

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

Dawood M. Rahman

CHAIRMAN

Marguerite M. Byj

CHIEF EXECUTIVE

ALS

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME [UN-AUDITED]
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	For the quarter ended		For the half year ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(Rupees in '000')			
Profit after taxation	152,596	208,233	316,228	377,741
Other comprehensive income for the period - net of tax	-	-	-	-
Total comprehensive income for the period	<u>152,596</u>	<u>208,233</u>	<u>316,228</u>	<u>377,741</u>

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 HALF YEAR ENDED DECEMBER 31, 2017**

Note	December 31, 2017	December 31, 2016
	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	446,517	512,248
Adjustments for:		
Depreciation/amortization of property, plant and equipment	246,071	228,585
Amortization of intangible	1,513	-
Provision for doubtful debts	19,968	13,917
Property, plant and equipment written off	2,226	7,195
Gain on disposal of property, plant and equipment	(976)	(5,306)
Provision for compensated absences	18,410	17,378
Provision for gratuity	45,199	42,000
Provision for slow moving stores	(416)	(2,296)
Profit on investments and bank deposits	(10,270)	(40,033)
Loss/ (gain) on foreign currency translation	34	(25)
Finance cost	29,659	36,091
Operating cash flows before changes in working capital	797,935	809,754
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(24,379)	76,078
Stock-in-trade	(98,503)	(145,732)
Trade debts	(237,798)	(205,737)
Loans and advances	63,151	(127,986)
Trade deposits and short term prepayments	(15,088)	(20,710)
Increase in current liabilities:		
Trade and other payables	293,533	266,685
Cash generated from operations	778,851	652,352
Finance cost paid	(25,754)	(36,014)
Income tax paid	(262,476)	(161,789)
Payment to SIHL Employees' Gratuity Fund	(34,881)	(17,745)
Compensated absences paid	(16,968)	(17,384)
Net cash from operating activities	438,772	419,420
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(864,056)	(356,729)
Encashment of other financial assets	50,000	-
Proceeds from disposal of property, plant and equipment	2,143	5,657
Markup received	11,432	39,726
Investment in subsidiary	-	(120)
Increase in long term deposits	748	(5,407)
Net cash used in investing activities	(799,733)	(316,873)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - repayments	(167,871)	(167,826)
Long term financing - proceeds	493,197	-
Dividend paid	(257,915)	(151,367)
Net cash generated from/ (used in) financing activities	67,411	(319,193)
Net decrease in cash and cash equivalents	(293,550)	(216,646)
Cash and cash equivalents at beginning of period	782,586	1,582,942
Effect of exchange rate changes on cash and cash equivalents	(34)	25
Cash and cash equivalents at end of period	12	489,002
		1,366,321

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

Dawood M. Rahman

CHAIRMAN

Maryam H. Beg

CHIEF EXECUTIVE

ALS

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	Share capital	Capital reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Non-Controlling Interest	Total
	(Rupees in '000')					
Balance at July 01, 2016	545,379	1,046,025	2,076,255	742,191	2,641	4,412,491
Total comprehensive income for the period						
Profit for the period	-	-	377,846	-	(105)	377,741
Other comprehensive income-net of tax	-	-	-	-	-	-
	-	-	377,846	-	(105)	377,741
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	4,495	(4,495)	-	-
Distribution to owners						
Final dividend 2016: Rs. 3 per share	-	-	(163,614)	-	-	(163,614)
Changes in ownership						
Acquisition of NCI without a change in control	-	-	2,416	-	(2,536)	(120)
Balance at December 31, 2016	545,379	1,046,025	2,297,398	737,696	-	4,626,498
Balance at July 01, 2017	545,379	1,046,025	2,539,594	726,760	-	4,857,758
Total comprehensive income for the period						
Profit for the period	-	-	316,228	-	-	316,228
Other comprehensive income-net of tax	-	-	-	-	-	-
	-	-	316,228	-	-	316,228
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	4,495	(4,495)	-	-
Distribution to owners						
Final dividend 2017: Rs. 5 per share	-	-	(272,690)	-	-	(272,690)
Balance at December 31, 2017	545,379	1,046,025	2,587,627	722,265	-	4,901,296

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 HALF YEAR ENDED DECEMBER 31, 2017

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 Company 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** During the year ended June 30, 2017, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 23 of 2017 dated October 4, 2017 communicated Commission's decision 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. This condensed interim consolidated financial information of the Group for the half year ended December 31, 2017 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 repealed Companies Ordinance, 1984 and the listing regulations of Pakistan Stock Exchange Limited. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.
- 2.2** This condensed interim consolidated financial information is unaudited and is being submitted to the shareholders in accordance with the requirements of Section 245 of the repealed Companies Ordinance, 1984. 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, 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 unaudited condensed interim consolidated financial information for the half year ended December 31, 2016.
- 2.3** In an independent auditor's report to the members on audit of financial statements of SCSPL for the year ended June 30, 2017 have given two emphasis of matters paragraphs on its separate financial statements, auditors' has added Emphasis of matter paragraph to note 1.2 and 12 respectively. During the half year ended December 31, 2017 Shifa Consulting Services (Pvt) Limited (SCSPL/the subsidiary) has earned a net loss of Rs. 1.78 million (December 2016: Rs. 1.7 million) showing a increase in loss by Rs. 0.08 million and as of that date the cumulative losses have eroded the equity by Rs. 26.86 million (June 2017: 25.08 million) leaving a net equity of Rs. 3.14 million (June 2017: 4.92 million). Due to accumulated losses, the subsidiary is dependent on the financial assistance of its parent company. The Group management is confident that the subsidiary company has the potential to gradually develop its business and overcome the financial difficulties and during this phase the subsidiary has available full financial and technical support of its parent company. In view of the above, the going concern assumption is appropriate and has, as such, prepared Shifa Consulting Services (Pvt) Limited financial statements for the year ended June 30, 2017 on a going concern basis and the legal basis for non-recognition of sales tax recorded.

**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. Non-controlling interests are that part of net results of the operations and of net assets of the subsidiary attributable to interests which are not owned by the parent company. Non-controlling interests are presented as a separate item in the consolidated financial statements.

	Note	Un-audited December 31, 2017	Audited June 30, 2017
(Rupees in '000')			
4 LONG TERM FINANCING - SECURED			
From banking companies:			
Syndicated Islamic Finance Facility - 1	4.1	333,333	500,000
Syndicated Islamic Finance Facility - 2	4.2	493,197	-
Diminishing Musharakah facility	4.3	2,788	3,992
		829,318	503,992
Less: Current portion		335,741	335,764
		493,577	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 land located at sector H-8/4 Islamabad.
- 4.2** During the half year ended December 31, 2017 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 December 31, 2017 the SIHL availed Rs. 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 Musharaka 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 December 31, 2017	Audited June 30, 2017
(Rupees in '000')		
4.4 Movement during the period / year		
Opening Balance	503,992	839,655
Proceeds during the period / year	493,197	-
Repayment during the period / year	(167,871)	(335,663)
Closing Balance	829,318	503,992



	Un-audited December 31, 2017	Audited June 30, 2017
	(Rupees in '000')	
Note		
8.1.1 Additions to operating fixed assets		
Freehold land	136,727	565,777
Building on leasehold land	-	102,941
Biomedical equipment	111,333	387,034
Air conditioning equipment and machinery	17,678	20,969
Electrical and other equipment	128,213	34,845
Leasehold improvements	-	35,295
Furniture and fittings	8,311	25,353
Computer installations	31,177	62,097
Construction equipment	127	-
Vehicles	1,450	7,320
	435,016	1,241,631
8.2 Capital work in progress		
Opening capital work in progress	163,561	55,245
Additions during the period/year	430,893	246,552
Transferred to operating fixed assets	(8,315)	(138,236)
Closing capital work in progress	586,139	163,561
9 TRADE DEBTS		
Considered good - unsecured		
Related party - Shifa Foundation	17,609	12,979
Others	650,277	434,791
Considered doubtful		
Others	56,109	55,078
Considered bad		
Others	18,937	29,130
	742,932	531,978
Less: provision for doubtful debts	9.1 56,109	55,078
Less: bad debts written off	18,937	29,130
	667,886	447,770

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 was as follow:

	Un-audited December 31, 2017	Audited June 30, 2017
	(Rupees in '000')	
Balance at beginning of the period	55,078	47,559
Provision made during the period	19,968	36,649
Bad debts written off	(18,937)	(29,130)
	56,109	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 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 SHIL 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	Level 1	Level 2	Level 3	Total
(Rupees in '000')									
December 31, 2017 (Un-audited)									
Financial assets not measured at fair value									
Non-current assets									
Long term deposits	41,107	-	-	-	41,107	-	-	-	-
Current assets									
Trade debts - considered good	667,886	-	-	-	667,886	-	-	-	-
Trade deposits	21,187	-	-	-	21,187	-	-	-	-
Markup accrued	3	-	-	-	3	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-	-
Cash and bank balances	535,846	-	-	-	535,846	-	-	-	-
	1,266,029	-	-	-	1,266,029	-	-	-	-



	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	-	-	-	493,577	493,577	-	-	-	-
Current liabilities									
Trade and other payables	-	-	-	2,059,930	2,059,930	-	-	-	-
Markup accrued	-	-	-	4,303	4,303	-	-	-	-
Short term borrowings	-	-	-	49,953	49,953	-	-	-	-
Current portion of long term financing	-	-	-	335,741	335,741	-	-	-	-
	-	-	-	2,943,504	2,943,504	-	-	-	-
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	450,056	-	-	-	450,056	-	-	-	-
Trade deposits	22,023	-	-	-	22,023	-	-	-	-
Markup accrued	1,165	-	-	-	1,165	-	-	-	-
Other financial assets	189,451	-	-	-	189,451	-	-	-	-
Cash and bank balances	634,002	-	-	-	634,002	-	-	-	-
	1,338,426	-	-	-	1,338,426	-	-	-	-

Financial liabilities not measured at fair value

Non-current liabilities
Long term financing - secured

Current liabilities
Trade and other payables

Markup accrued

Short term borrowings

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



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

(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



	Un-audited	
	December 31, 2017	December 31 2016
	(Rupees in '000')	
11 RELATED PARTY TRANSACTIONS		
Significant transactions with related parties are as follow:		
Shifa Foundation: (Related party by virtue of common directorship)		
Revenue from services earned by the SIHL	66,419	61,040
Revenue from rent	22	22
Expenses paid by and reimbursed to the SIHL	2,101	-
Other services provided to the SIHL	7,920	7,920
Donation paid by the SIHL	200	1,200
Tameer-e-Millat Foundation: (Related party by virtue of common directorship)		
Revenue from rent	52	155
Other supplies provided to the SIHL	8,287	10,153
Other services provided to the SIHL	10,915	3,235
Rent paid by the SIHL	1,631	1,343
SIHL Employees' Gratuity Fund		
Payments made by the SIHL during the period / year	34,881	17,745
Shifa Tameer-e-Millat University: (Related party by virtue of common directorship)		
Revenue from services earned by the SIHL	22,716	13,138
Revenue from rent	993	10,565
Expenses paid by and reimbursed to the SIHL	970	10,422
Donation paid by the SIHL	25,000	25,000
Advance given by the SIHL	-	12,500
Remuneration including benefits and perquisites of key management personnel	155,512	150,730
12 CASH AND CASH EQUIVALENTS		
Cash and bank balances	538,955	443,194
Other financial assets	-	993,111
Short term borrowings	(49,953)	(69,984)
	489,002	1,366,321
13 GENERAL		

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

13.2 This condensed interim consolidated financial information has been authorized for issue by the Board of Directors of the SIHL on February 24, 2018

David M. Rahman

CHAIRMAN

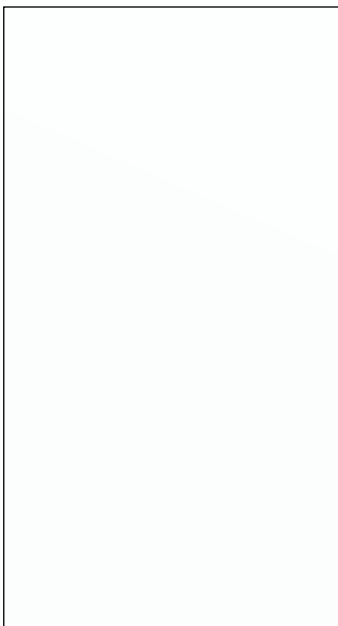
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