



**Shifa**  
International  
Hospitals Ltd.

## Condensed Interim Financial Information

for the Half Year Ended  
December 31, 2015

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## COMPANY INFORMATION

<b>Board of Directors:</b>	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
<b>Audit Committee:</b>	Shah Naveed Saeed Chairman Dr. Habib-Ur-Rahman Dr. Mohammad Salim Khan Mr. Muhammad Zahid Dr. Samea Kauser Ahmad
<b>H R &amp; R Committee:</b>	Dr. Habib-Ur-Rahman Chairman Dr. Manzoor H. Qazi Shah Naveed Saeed
<b>Chief Operating Officer:</b>	Mr. Aziz A. Jan
<b>Chief Finance Officer:</b>	Syed Muneer Hussain
<b>Company Secretary:</b>	Mr. Muhammad Naeem
<b>Head of Internal Audit:</b>	Mr. Muhammad Saeed
<b>Auditors:</b>	M/s Grant Thornton Anjum Rahman Chartered Accountants
<b>Legal Advisor:</b>	M/s Bashir Ahmad Ansari & Company
<b>Bankers:</b>	Meezan Bank Limited Al Baraka Bank (Pakistan) Limited Faysal Bank Limited Askari Bank Limited Burj Bank Limited Habib Bank Limited MCB Bank Limited First Habib Modaraba
<b>Registered Office:</b>	Sector H-8/4, Islamabad
<b>Share Registrar:</b>	M/s Corplink (Private) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore.

## DIRECTORS' REVIEW

### Dear Members,

The Directors of the Company are pleased to submit the half year report along with the reviewed Condensed Interim Financial Information of the Company for the Half Year ended December 31, 2015. Condensed Interim Consolidated Financial Information for the Half Year ended December 31, 2015 incorporating the financial results of subsidiary of Shifa International Hospitals Limited i.e. Shifa Consulting Services (Private) Limited is also annexed herewith.

During the second half of 2015, the sociopolitical situation of the country remained unchanged. Despite multiple challenges including volatile security environment the Company has improved its volume and growth.

We are pleased to report the following results, delivering solid top line growth and improved profitability.

The financial performance for the six months period is summarized below:

	July-December 2015 PKR Million	July-December 2014 PKR Million	Change %
Net Revenue	4,240	3,435	+23
Profit before taxation	525	273	+92
Profit after taxation	375	190	+97
Earnings Per Share-(Rs.)	7.41	3.76	+97

### Net Revenue:

The net revenue stood at PKR 4,240 million and yielded a growth of +23% as compared to same period last year. Although in last year our revenue was low because of political situation in Islamabad.

### Profit Before Taxation:

Profit before taxation increased to PKR 525 million, registering a growth of +92% vs. same period last year, this was achieved through improved services and effective cost management.

### Profit after taxation:

Our net profit after tax stood at PKR 375 million, registering a growth of +97% vs. same period last year.

### Earnings Per share:

Our earnings per share stood at Rs. 7.41 registering a growth of +97% vs. same period last year.

### Future Outlook:

Despite the challenges being faced we are selectively expanding our services in the areas where it is inevitable in line with our business strategy and demands of our valued patients.

### Acknowledgement

The management would like to thank our shareholders, bankers and suppliers for their continued support. We would also like to thank our employees and consultants for their loyalty and commitment towards the Company.

For and on behalf of the Board of Directors



**DR. MANZOOR H. QAZI**

Chief Executive Officer

Islamabad

February 22, 2016



**Grant Thornton**

An instinct for growth™

**Grant Thornton Anjum Rahman**

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**INDEPENDENT AUDITORS' 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, 2015** 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 (here-in-after referred to as "interim financial information"), for the six months period then ended. Management is responsible for the preparation and fair 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, 2015 have not been reviewed, as we are required to review the cumulative figures only for six months ended December 31, 2015.

**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 as of and for the half year ended December 31, 2015, is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim reporting.

*Grant Thornton Anjum Rahman*

**GRANT THORNTON ANJUM RAHMAN**

Chartered Accountants

Engagement Partner: Nadeem Tirmizi

Islamabad

February 22, 2016

Chartered Accountants

Member of Grant Thornton International Ltd

Offices in Lahore and Karachi

## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2015

		Un-audited December 31, 2015	Audited June 30, 2015
	Note	(Rupees in '000')	
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		505,138	505,138
Capital reserve		40,000	40,000
Unappropriated profit		1,861,514	1,709,813
		<b>2,406,652</b>	2,254,951
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
		<b>746,687</b>	751,182
<b>NON - CURRENT LIABILITIES</b>			
Long term financing - secured	4	668,272	833,333
Deferred taxation		448,129	457,400
		<b>1,116,401</b>	1,290,733
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,564,872	1,488,297
Markup accrued		848	793
Current portion of long term financing		334,171	333,333
		<b>1,899,891</b>	1,822,423
		<b>6,169,631</b>	6,119,289
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5		

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.

*Danish M. Rahman*

CHAIRMAN

		Un-audited December 31, 2015	Audited June 30, 2015
	Note	(Rupees in '000')	
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	6	4,496,365	4,485,977
Long term investment - at cost		18,000	18,000
Long term deposits		39,014	38,129
		<b>4,553,379</b>	4,542,106
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		178,970	186,285
Stock-in-trade		187,632	202,463
Trade debts	7	473,155	334,242
Loans and advances - considered good		154,456	125,594
Trade deposits and short term prepayments		26,387	24,926
Markup accrued		1,220	1,908
Other financial assets - held to maturity		97,114	125,305
Tax refunds due from the government (net of provision)		11,572	52,063
Cash and bank balances		485,746	524,397
		<b>1,616,252</b>	1,577,183
		<b>6,169,631</b>	6,119,289



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM  
PROFIT AND LOSS ACCOUNT [UN-AUDITED]  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	For the quarter ended		For the half year ended	
	December 31, 2015	December 31, 2014 (Rupees in '000')	December 31, 2015	December 31, 2014
Net revenue	<b>2,264,244</b>	1,803,178	<b>4,239,623</b>	3,435,401
Other income	<b>18,914</b>	14,665	<b>32,343</b>	26,310
Operating costs	<b>(1,933,114)</b>	(1,576,554)	<b>(3,695,261)</b>	(3,099,353)
Finance costs	<b>(25,048)</b>	(43,507)	<b>(51,931)</b>	(89,070)
Profit before taxation	<b>324,996</b>	197,782	<b>524,774</b>	273,288
Provision for taxation	<b>(101,251)</b>	(60,930)	<b>(150,256)</b>	(83,581)
Profit after taxation	<b>223,745</b>	136,852	<b>374,518</b>	189,707
<b>Earnings per share-basic and diluted (Rupees)</b>	<b>4.43</b>	2.71	<b>7.41</b>	3.76

The annexed notes 1 to 9 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, 2015**

	For the quarter ended		For the half year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(Rupees in '000')			
<b>Profit after taxation</b>	<b>223,745</b>	136,852	<b>374,518</b>	189,707
Other comprehensive income for the period - net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>223,745</b>	136,852	<b>374,518</b>	189,707

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.

*Dawood M. Rahman*

**CHAIRMAN**

*Margamulya Devi*

**CHIEF EXECUTIVE**

*Muneez Lubiani*

**CHIEF FINANCIAL OFFICER**

## CONDENSED INTERIM CASH FLOW STATEMENT [UN-AUDITED] FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	December 31, 2015	December 31, 2014
	(Rupees in '000')	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	524,774	273,288
Adjustments for:		
Depreciation / amortization of property, plant and equipment	201,871	176,331
Provision for doubtful debts	12,390	18,641
Property, plant and equipment written off	288	1,011
Gain on disposal of property, plant and equipment	(489)	(994)
Provision for compensated absences	19,723	14,454
Provision for gratuity	30,000	30,910
Provision for slow moving stores	6,585	3,860
Profit on investments and bank deposits	(11,210)	(14,009)
Gain on foreign currency translation	(28)	(6)
Finance costs	51,931	89,070
Operating cash flows before changes in working capital	835,835	592,556
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	1,318	(17,961)
Stock-in-trade	14,831	(43,776)
Trade debts	(151,303)	(75,749)
Loans and advances	(28,862)	29,810
Trade deposits and short term prepayments	(1,461)	(5,082)
Increase in current liabilities:		
Trade and other payables	72,611	194,081
Cash generated from operations	742,969	673,879
Finance cost paid	(51,876)	(88,462)
Income tax paid	(119,036)	(122,794)
Payment to gratuity fund	(61,499)	(7,260)
Compensated absences paid	(13,704)	(13,875)
Net cash from operating activities	496,854	441,488
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(213,456)	(359,653)
Proceeds from disposal of property, plant and equipment	810	1,010
Profit received	11,898	13,175
Investment in subsidiary	-	(5,995)
(Increase) / decrease in long term deposits	(885)	400
Net cash used in investing activities	(201,633)	(351,063)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing - repayments	(164,223)	(171,167)
Dividend paid	(197,868)	(130,219)
Net cash used in financing activities	(362,091)	(301,386)
Net decrease in cash and cash equivalents	(66,870)	(210,961)
<b>Cash and cash equivalents at beginning of period</b>	<b>649,702</b>	<b>510,612</b>
Effect of exchange rate changes on cash and cash equivalents	28	6
<b>Cash and cash equivalents at end of period</b>	<b>582,860</b>	<b>299,657</b>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.



**CHAIRMAN**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM  
STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Share capital	Capital reserve	Unappro- riated profit	Surplus on revaluation of property, plant and equipment	Total
	(Rupees in '000')				
<b>Balance at July 01, 2014</b>	505,138	40,000	1,344,260	760,176	2,649,574
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	189,707	-	189,707
Other comprehensive income	-	-	-	-	-
Transfer of depreciation / amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	189,707	-	189,707
	-	-	4,499	(4,499)	-
<b>Distribution to owners</b>					
Final dividend 2014: Rs. 3 per share	-	-	(151,541)	-	(151,541)
Total transactions with owners	-	-	(151,541)	-	(151,541)
<b>Balance at December 31, 2014</b>	<b><u>505,138</u></b>	<b><u>40,000</u></b>	<b><u>1,386,925</u></b>	<b><u>755,677</u></b>	<b><u>2,687,740</u></b>
<b>Balance at July 01, 2015</b>	505,138	40,000	1,709,813	751,182	3,006,133
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	374,518	-	374,518
Other comprehensive income	-	-	-	-	-
Transfer of depreciation / amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	374,518	-	374,518
	-	-	4,495	(4,495)	-
<b>Distribution to owners</b>					
Final dividend 2015: Rs. 4.5 per share	-	-	(227,312)	-	(227,312)
Total transactions with owners	-	-	(227,312)	-	(227,312)
<b>Balance at December 31, 2015</b>	<b><u>505,138</u></b>	<b><u>40,000</u></b>	<b><u>1,861,514</u></b>	<b><u>746,687</u></b>	<b><u>3,153,339</u></b>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.

*Casim M Rahman*

CHAIRMAN

*Maryam H Khan*

CHIEF EXECUTIVE

*Muneer Anwar*

CHIEF FINANCIAL OFFICER

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2015

### 1 LEGAL STATUS AND NATURE OF BUSINESS

Shifa International Hospitals Limited ("the Company") was incorporated in Pakistan on September 29, 1987 as a private limited company under the Companies Ordinance, 1984 and converted into a public limited company on October 12, 1989. The Company is listed on all the three stock exchanges of Pakistan. 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 centres 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. Besides this, the Company is running medical centre and pharmacies in Islamabad.
- 1.2** This condensed interim financial information is separate financial information of the Company where investment in subsidiary is recognised 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** This condensed interim financial information of the Company for the half year ended December 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984 and the listing regulations of Islamabad, Karachi & Lahore stock exchanges. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2** This condensed interim financial information is unaudited and is being submitted to the members as required under Section 245 of the Companies Ordinance, 1984. The disclosures in this condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements of the Company for the year ended June 30, 2015. Comparative condensed interim balance sheet is extracted from annual financial statements as of June 30, 2015, 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 of the Company for the half year ended December 31, 2014.

### 3 ACCOUNTING POLICIES

The accounting policies, significant 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 financial statements of the Company for the year ended June 30, 2015.

	Note	Un-audited December 31, 2015	Audited June 30, 2015
		(Rupees in '000')	
<b>4 LONG TERM FINANCING - SECURED</b>			
From banking and non banking companies			
Syndicated islamic finance facility	4.2	1,000,000	1,166,666
Others		2,443	-
		<b>1,002,443</b>	1,166,666
Less: current portion		334,171	333,333
		<b>668,272</b>	<b>833,333</b>
<b>4.1</b> Movement during the period / year is as follows:			
Opening balance		1,166,666	1,504,499
Repayment during the period / year		(164,223)	(337,833)
Closing balance		<b>1,002,443</b>	<b>1,166,666</b>

- 4.2** This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on mark-up basis at 3 months KIBOR plus 1.25% (June 2015: 3 months KIBOR plus 1.25%) per annum, repayable in 18 equal quarterly installments. The sanction limit of this facility is Rs. 1,500 million (June 2015: 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.

		Un audited December 31, 2015	Audited June 30, 2015
		(Rupees in '000')	
<b>5</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>5.1</b>	<b>Contingencies</b>		
	Claims against the Company not acknowledged as debt		
	Patients	121,799	122,504
	Others	20,000	20,000
	Guarantees issued by bank on behalf of the Company	34,527	34,485
<b>5.2</b>	<b>Commitments</b>		
	Capital expenditure contracted	14,177	16,240
	Letter of credit	12,041	30,379
<b>6</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	4,422,637	4,431,462
	Capital work-in-progress (CWIP)	73,728	54,515
		4,496,365	4,485,977
<b>6.1</b>	<b>Operating fixed assets</b>		
	Written down value (WDV) at the beginning of the period / year	4,431,462	3,818,702
	Additions during the period / year	193,655	727,711
		4,625,117	4,546,413
	WDV of disposals	(321)	(14,686)
	WDV of assets written off	(288)	(18,049)
	WDV of leasehold land no longer reclassified as held for sale	-	287,878
	Depreciation for the period / year	(201,871)	(370,094)
	WDV at the end of the period / year	4,422,637	4,431,462
<b>6.1.1</b>	<b>Additions to operating fixed assets</b>		
	Freehold land	66,402	6,500
	Building on leasehold land	-	137,829
	Biomedical equipment	75,133	494,449
	Air conditioning equipment and machinery	1,483	3,947
	Electrical and other equipment	12,759	43,945
	Furniture and fittings	6,647	16,062
	Computer installations	19,834	23,129
	Vehicles	11,397	1,850
		193,655	727,711
<b>6.2</b>	<b>Capital work-in-progress</b>		
	Opening balance	54,515	215,388
	Additions during the period / year	19,213	85,853
	Transferred to operating fixed assets	-	(246,726)
	Closing balance	73,728	54,515
<b>7</b>	<b>TRADE DEBTS</b>		
	Considered good		
	Related party - Shifa Foundation	4,956	3,398
	Related party - Shifa Tameer-e-Millat University (STMU)	994	1,433
	Others	467,205	329,411
	Considered doubtful		
	Others	40,770	28,380
	Considered bad		
	Others	-	95,409
		513,925	458,031
	Less: provision for doubtful debts	40,770	28,380
	Bad debts written off	-	95,409
		473,155	334,242

- 7.1 Trade debts are provided on estimated irrecoverable amounts, on the basis of past experience of the management of the Company.

## 8 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. Aggregate of significant transactions with related parties are given below:

	Un-audited	
	December 31, 2015	December 31 2014
(Rupees in '000')		
<b>Shifa Foundation - (Related party by virtue of common directorship)</b>		
Revenue from services earned by the Company	23,480	20,198
Revenue from rent	202	202
Expenses paid by and reimbursed to the Company	-	774
Other services provided to the Company	7,920	-
<b>Tameer-e-Millat Foundation - (Related party by virtue of common directorship)</b>		
Revenue from services earned by the Company	8	-
Revenue from rent	22	22
Other supplies provided to the Company	7,243	8,067
Other services provided to the Company	1,439	1,919
Rent paid by the Company	897	-
<b>SIHL Employees' Gratuity Fund</b>		
Contributions made by the Company	61,499	7,260
<b>Shifa Tameer-e-Millat University - (Related party by virtue of common directorship)</b>		
Revenue from services earned by the Company	2,218	413
Revenue from rent	11,905	11,423
Expenses paid by and reimbursed to the Company	12,128	10,078
Other supplies provided to the Company	1,300	-
Donation given by the Company	50,000	-
<b>Shifa Consulting Services (Private) Limited - (Subsidiary Company)</b>		
Advance for acquisition of shares	-	5,995
Commitment against acquisition of shares	-	12,005
<b>Remuneration including benefits &amp; perquisites of key management personnel</b>	<b>118,284</b>	<b>101,661</b>

## 9 GENERAL

- 9.1 Figures have been rounded off to the nearest one thousand Pak Rupees.
- 9.2 This condensed interim financial information has been authorized for issue by the Board of Directors of the Company on February 22, 2016.
- 9.3 After current balance sheet date in line with the Company's decision to raise capital through issue of further shares (4,024,100 shares @ Rs. 260/share), circular under section 86 of the Companies Ordinance, 1984 along with letter of right to entitlement have been issued to the entitled shareholders. The last date for acceptance of entitlement offer is February 26, 2016.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



**Shifa International Hospitals Ltd.**  
Condensed Interim Consolidated Financial  
Information for the Half Year Ended  
December 31, 2015

## CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2015

		Un-audited December 31, 2015	Audited June 30, 2015
	Note	(Rupees in '000')	
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		505,138	505,138
Capital reserve		40,000	40,000
Unappropriated profit		1,849,785	1,703,323
		<b>2,394,923</b>	2,248,461
<b>NON - CONTROLLING INTEREST</b>			
		4,182	7,675
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
		746,687	751,182
<b>NON - CURRENT LIABILITIES</b>			
Long term financing - secured	4	668,272	833,333
Deferred taxation		448,129	457,400
		<b>1,116,401</b>	1,290,733
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,565,335	1,488,746
Markup accrued		848	793
Current portion of long term financing		334,171	333,333
		<b>1,900,354</b>	1,822,872
		<b>6,162,547</b>	6,120,923

### CONTINGENCIES AND COMMITMENTS

5

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.



**CHAIRMAN**



		Un-audited December 31, 2015	Audited June 30, 2015
	Note	(Rupees in '000')	
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	6	4,498,619	4,488,219
Long term deposits		39,324	38,439
		<b>4,537,943</b>	4,526,658
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		178,970	186,285
Stock-in-trade		187,632	202,463
Trade debts	7	477,338	337,005
Loans and advances- considered good		156,423	126,690
Trade deposits and short term prepayments		26,956	25,468
Markup accrued		1,220	1,908
Other financial assets- held to maturity		97,114	125,305
Tax refunds due from the government (net of provision)		11,770	52,154
Cash and bank balances		487,181	536,987
		<b>1,624,604</b>	1,594,265
		<b>6,162,547</b>	6,120,923



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED  
PROFIT AND LOSS ACCOUNT [UN-AUDITED]  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	For the quarter ended		For the half year ended	
	December 31, 2015	December 31, 2014 (Rupees in '000')	December 31, 2015	December 31, 2014
Net revenue	<b>2,265,129</b>	1,803,178	<b>4,243,778</b>	3,435,401
Other income	<b>18,949</b>	14,665	<b>32,378</b>	26,310
Operating costs	<b>(1,939,644)</b>	(1,580,269)	<b>(3,708,134)</b>	(3,103,068)
Finance costs	<b>(25,048)</b>	(43,507)	<b>(51,931)</b>	(89,070)
Profit before taxation	<b>319,386</b>	194,067	<b>516,091</b>	269,573
Provision for taxation	<b>(101,300)</b>	(60,930)	<b>(150,305)</b>	(83,581)
Profit after taxation	<b>218,086</b>	133,137	<b>365,786</b>	185,992
<b>Attributable to:</b>				
Equity holders of SIHL	<b>220,350</b>	134,623	<b>369,279</b>	187,478
Non-controlling interest	<b>(2,264)</b>	(1,486)	<b>(3,493)</b>	(1,486)
	<b>218,086</b>	133,137	<b>365,786</b>	185,992
<b>Earnings per share-basic and diluted (Rupees)</b>	<b>4.32</b>	2.64	<b>7.24</b>	3.68

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.



**CHAIRMAN**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM CONSOLIDATED  
STATEMENT OF COMPREHENSIVE INCOME [UN-AUDITED]  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	For the quarter ended		For the half year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(Rupees in '000')			
Profit after taxation	<b>218,086</b>	133,137	<b>365,786</b>	185,992
Other comprehensive income for the period - net of tax	-	-	-	-
Total comprehensive income for the period	<b>218,086</b>	133,137	<b>365,786</b>	185,992
<b>Attributable to:</b>				
Equity holders of SIHL	<b>220,350</b>	134,623	<b>369,279</b>	187,478
Non-controlling interest	<b>(2,264)</b>	(1,486)	<b>(3,493)</b>	(1,486)
	<b>218,086</b>	133,137	<b>365,786</b>	185,992

The annexed notes 1 to 9 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, 2015**

	December 31, 2015	December 31, 2014
	(Rupees in '000')	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	516,091	269,573
Adjustments for:		
Depreciation / amortization of property, plant and equipment	202,068	176,399
Provision for doubtful debts	12,390	18,641
Property, plant and equipment written off	288	1,011
Gain on disposal of property, plant and equipment	(489)	(994)
Provision for compensated absences	19,723	14,454
Provision for gratuity	30,000	30,910
Provision for slow moving stores	6,585	3,860
Profit on investments and bank deposits	(11,210)	(14,009)
Gain on foreign currency translation	(28)	(6)
Finance costs	51,931	89,070
Operating cash flows before changes in working capital	827,349	588,909
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	1,318	(17,961)
Stock-in-trade	14,831	(43,776)
Trade debts	(152,723)	(75,749)
Loans and advances	(29,733)	29,810
Trade deposits and short term prepayments	(1,488)	(5,624)
Increase in current liabilities:		
Trade and other payables	72,625	194,287
Cash generated from operations	732,179	669,896
Finance cost paid	(51,876)	(88,462)
Income tax paid	(119,192)	(122,794)
Payment to gratuity fund	(61,499)	(7,260)
Compensated absences paid	(13,704)	(13,875)
Net cash from operating activities	485,908	437,505
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(213,665)	(361,355)
Proceeds from disposal of property, plant and equipment	810	1,010
Profit received	11,898	13,175
(Increase) / decrease in long term deposits	(885)	90
Net cash used in investing activities	(201,842)	(347,080)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing - repayments	(164,223)	(171,167)
Dividend paid	(197,868)	(130,219)
Net cash used in financing activities	(362,091)	(301,386)
Net decrease in cash and cash equivalents	(78,025)	(210,961)
<b>Cash and cash equivalents at beginning of period</b>	<b>662,292</b>	<b>510,612</b>
Effect of exchange rate changes on cash and cash equivalents	28	6
<b>Cash and cash equivalents at end of period</b>	<b>584,295</b>	<b>299,657</b>

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.

*Dawood M. Rahman*

**CHAIRMAN**

*Maryam Nisreen*

**CHIEF EXECUTIVE**

*Muneez Ishaq*

**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM CONSOLIDATED  
STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Share capital	Capital reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Non-Controlling Interest	Total
	(Rupees in '000')					
<b>Balance at July 01, 2014</b>	505,138	40,000	1,344,260	760,176	-	2,649,574
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	187,478	-	(1,486)	185,992
Other comprehensive income	-	-	-	-	-	-
	-	-	187,478	-	(1,486)	185,992
Transfer of depreciation / amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	4,499	(4,499)	-	-
<b>Distribution to owners</b>						
Final dividend 2014: Rs. 3 per share	-	-	(151,541)	-	-	(151,541)
Total transactions with owners	-	-	(151,541)	-	-	(151,541)
<b>Balance at December 31, 2014</b>	<b>505,138</b>	<b>40,000</b>	<b>1,384,696</b>	<b>755,677</b>	<b>(1,486)</b>	<b>2,684,025</b>
<b>Balance at July 01, 2015</b>	505,138	40,000	1,703,323	751,182	(4,325)	2,995,318
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	369,279	-	(3,493)	365,786
Other comprehensive income	-	-	-	-	-	-
	-	-	369,279	-	(3,493)	365,786
Transfer of depreciation / amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	4,495	(4,495)	-	-
<b>Distribution to owners</b>						
Final dividend 2015: Rs. 4.5 per share	-	-	(227,312)	-	-	(227,312)
Total transactions with owners	-	-	(227,312)	-	-	(227,312)
<b>Balance at December 31, 2015</b>	<b>505,138</b>	<b>40,000</b>	<b>1,849,785</b>	<b>746,687</b>	<b>(7,818)</b>	<b>3,133,792</b>

The annexed notes 1 to 9 form an integral part of this condensed interim consolidated financial information.

*Dawood M. Rahman*

CHAIRMAN

*Margamulhaq Begi*

CHIEF EXECUTIVE

*Muneez Ishaq*

CHIEF FINANCIAL OFFICER

## SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2015

### 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 Companies Ordinance, 1984 and converted into a public limited company on October 12, 1989. SIHL is listed on all the three stock exchanges of Pakistan. 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 centres 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. Besides this, the SIHL is running medical centre and pharmacies in Islamabad.
- 1.2 Shifa Consulting Services (Private) Limited 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 This condensed interim consolidated financial information of the Company for the half year ended December 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984 and the listing regulations of Islamabad, Karachi & Lahore stock exchanges. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 This condensed interim consolidated financial information is un-audited and is being submitted to the members as required under Section 245 of the Companies Ordinance, 1984. The disclosures in this condensed interim consolidated financial information do not include all of the information reported for full annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements for the year ended June 30, 2015. Comparative condensed interim consolidated balance sheet is extracted from annual consolidated financial statements as of June 30, 2015, 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, 2014.

### 3 BASIS OF CONSOLIDATION

The condensed consolidated financial information includes the financial information of Shifa International Hospitals Limited and its subsidiary company Shifa Consulting Services (Private) Limited 60% 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 company 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 line item in the condensed interim consolidated financial information.

		Un-audited December 31, 2015	Audited June 30, 2015
	<b>Note</b>	<b>(Rupees in '000')</b>	
<b>4 LONG TERM FINANCING - SECURED</b>			
From banking and non banking companies			
Syndicated Islamic Finance Facility	4.2	1,000,000	1,166,666
Others		2,443	-
		<b>1,002,443</b>	1,166,666
Less: Current portion		<b>334,171</b>	333,333
		<b>668,272</b>	<b>833,333</b>
<b>4.1 Movement during the period / year is as follows:</b>			
Opening balance		<b>1,166,666</b>	1,504,499
Repayment during the period / year		<b>(164,223)</b>	(337,833)
Closing balance		<b>1,002,443</b>	1,166,666

- 4.2** This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on mark-up basis at 3 months KIBOR plus 1.25% (June 2015: 3 months KIBOR plus 1.25%) per annum, repayable in 18 equal quarterly installments. The sanction limit of this facility is Rs. 1,500 million (June 2015: 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.

		Un-audited December 31, 2015	Audited June 30, 2015
	Note	(Rupees in '000')	
<b>5 CONTINGENCIES AND COMMITMENTS</b>			
<b>5.1 Contingencies</b>			
Claims against SIHL not acknowledged as debt			
Patients		121,799	122,504
Others		20,000	20,000
Guarantees issued by bank on behalf of the Company		34,527	34,485
<b>5.2 Commitments</b>			
Capital expenditure contracted		14,177	16,240
Letter of credit		12,041	30,379
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	4,424,891	4,433,704
Capital work-in-progress (CWIP)	6.2	73,728	54,515
		<b>4,498,619</b>	<b>4,488,219</b>
<b>6.1 Operating fixed assets</b>			
Written down value (WDV) at the beginning of the period / year		4,433,704	3,818,702
Additions during the period / year	6.1.1	193,864	730,171
		<b>4,627,568</b>	<b>4,548,873</b>
WDV of disposals		(321)	(14,686)
WDV of assets written off		(288)	(18,048)
WDV of leasehold land no longer reclassified as held for sale		-	287,878
Depreciation for the period / year		(202,068)	(370,313)
WDV at the end of the period / year		<b>4,424,891</b>	<b>4,433,704</b>
<b>6.1.1 Additions to operating fixed assets</b>			
Freehold land		66,402	6,500
Building on leasehold land		-	137,829
Biomedical equipment		75,133	494,449
Air conditioning equipment and machinery		1,483	3,947
Electrical and other equipment		12,764	44,564
Furniture and fittings		6,706	17,186
Computer installations		19,978	23,793
Vehicles		11,398	1,903
		<b>193,864</b>	<b>730,171</b>
<b>6.2 Capital work-in-progress</b>			
Opening balance		54,515	215,388
Additions during the period / year		19,213	85,853
Transferred to operating fixed assets		-	(246,726)
Closing balance		<b>73,728</b>	<b>54,515</b>

	Un-audited December 31, 2015	Audited June 30, 2015
(Rupees in '000')		
<b>7 TRADE DEBTS</b>		
Considered good		
Related party - Shifa Foundation	4,956	3,398
Related party - Shifa Tameer-e-Millat University (STMU)	994	1,433
Others	471,388	332,174
Considered doubtful		
Others	40,770	28,380
Considered bad		
Others	-	95,409
	<b>518,108</b>	460,794
Less: provision for doubtful debts	40,770	28,380
Bad debts written off	7.1	95,409
	<b>477,338</b>	337,005

- 7.1 Trade debts are provided on estimated irrecoverable amounts, on the basis of past experience of the management of SIHL.

	Un-audited	
	December 31, 2015	December 31, 2014
(Rupees in '000')		
<b>8 RELATED PARTY TRANSACTIONS</b>		
Significant transactions with related parties are as follows:		
<b>Shifa Foundation - (Related party by virtue of common directorship)</b>		
Revenue from services earned by the SIHL	23,480	20,198
Revenue from rent earned by the SIHL	202	202
Expenses paid by and reimbursed to the SIHL	-	774
Other services provided to the SIHL	7,920	-
<b>Tameer-e-Millat Foundation - (Related party by virtue of common directorship)</b>		
Revenue from services earned by the SIHL	8	-
Revenue from rent earned by the SIHL	22	22
Other supplies provided to the SIHL	7,243	8,067
Other services provided to the SIHL	1,439	1,919
Rent paid by the SIHL	897	-
<b>SIHL Employees' Gratuity Fund</b>		
Contributions made by the SIHL	61,499	7,260
<b>Shifa Tameer-e-Millat University - (Related party by virtue of common directorship)</b>		
Revenue from services earned by the SIHL	2,218	413
Revenue from rent earned by the SIHL	11,905	11,423
Expenses paid by and reimbursed to the SIHL	12,128	10,078
Other supplies provided to the SIHL	1,300	-
Donation given by the SIHL	50,000	-
<b>Remuneration including benefits &amp; perquisites of key management personnel</b>	<b>124,784</b>	103,306



**9 GENERAL**

- 9.1** Figures have been rounded off to the nearest one thousand Pak Rupees.
- 9.2** This condensed interim consolidated financial information has been authorised for issue by the Board of Directors of SIHL on February 22, 2016.

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

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