Shifa
International
Hospitals Ltd.

Pride in Service

Annual
Report
2016

At Shifa, “Pride in Service” represents our belief that only right knowledge and expertise coupled with a remarkable sense of pride in service can guarantee the provision of best possible healthcare services to the patients

بسم الله الرحمن الرحيم

Financial Statements

For the year ended June 30, 2016

Notice of the 30th Annual General Meeting

Notice is hereby given that the 30th Annual General Meeting of the shareholders of Shifa International Hospitals Limited will be held at the registered office of the Company at Sector H-8/4, Islamabad on Saturday, October 29, 2016 at 1100 hours to transact the following business:

ORDINARY BUSINESS

1 To confirm the minutes of the last Annual General Meeting of the Company held on October 31, 2015.

2 To receive, consider and adopt the annual audited accounts and consolidated audited accounts of the Company and its subsidiary for the year ended June 30, 2016 together with the directors' and auditors' report thereon.

3 To approve the payment of final cash dividend @ Rs. 3.00 per share for the year ended June 30, 2016 as recommended by the directors. This is in addition to the interim cash dividend of Rs. 2.00 per share already paid during the year.

4 To appoint auditors for the year ending June 30, 2017 and to fix their remuneration.

SPECIAL BUSINESS

5 To consider, and if thought fit, to pass the following resolutions as special resolutions:

"RESOLVED THAT the Articles No. 45 and 60 of the Articles of Association of the Company be and are hereby amended to be read as follows:

45. Ten (10) members present in person representing not less than twenty five (25%) of the total voting power, either of their own account or as proxies, shall be quorum for a general meeting. Furthermore, the Company may provide video conference facility to its members for attending general meeting at places other than the town in which general meeting is taking place after considering the geographical dispersal of its members, provided that if members, collectively holding ten percent (10%) or more shareholding residing at a geographical location, convey their consent to participate in the meeting through video conference at least ten (10) days prior to date of meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city.

60. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing. A proxy must be a member of the Company. Notwithstanding the above, a non-member may be appointed as a proxy by a member participating in General Meetings through e-voting in the manner stipulated under the applicable laws.

FURTHER RESOLVED THAT the Chief Executive Officer and/or Company Secretary be and is/are hereby authorized to give effect to this resolution."

6 To consider, and if thought fit, to pass the following resolutions as special resolutions:

"RESOLVED THAT the Company is hereby authorized to make an investment of Rs. 120,000/- to acquire 1.2 million shares of its subsidiary company namely Shifa Consulting Services (Pvt.) Limited whereafter Shifa Consulting Services (Pvt.) Limited shall become the wholly owned subsidiary company of Shifa International Hospitals Limited.

FURTHER RESOLVED THAT the Chief Executive Officer and/or Company Secretary be and is/are hereby authorized to do or cause to do be done all acts, deeds and things that deems necessary to give effect to these resolutions."

Statement of Material Facts u/s 160 (1)(b) of Companies Ordinance, 1984 is annexed with this notice.

By Order of the Board

MUHAMMAD NAEEM
Company Secretary

ISLAMABAD
September 16, 2016

Notes:

i) The share transfer books of the Company will remain closed from October 22, 2016 to October 29, 2016 (both days inclusive). No transfer will be accepted for registration during this period. Transfers received in order at the share registrar's office of the Company i.e. M/s Corplink (Pvt.) Limited situated at Wings Arcade, 1-K, Commercial, Model Town, Lahore at the close of business on Friday, October 21, 2016 will be considered in time for the purpose of payment of dividend to the transferees.

ii) A member entitled to attend and vote at this meeting is entitled to appoint another member as his/her proxy to attend and vote for him/her. Proxies in order to be effective must be received at the registered office of the Company at Sector H-8/4, Islamabad, not less than 48 hours before the time of holding the meeting. Proxy form is attached.

iii) Members are requested to notify any change in their registered addresses immediately.

iv) CDC shareholders entitled to attend and vote at this meeting must bring their original CNIC or Passport along with the participant's ID numbers and account numbers to prove their identity. In case of proxy, the attested copy of CNIC or passport of the CDC shareholder must be enclosed. Representatives of corporate members should bring the usual documents required for such purpose.

v) SUBMISSION OF COPIES OF CNIC

Pursuant to the directive of the Securities & Exchange Commission of Pakistan, CNIC numbers of shareholders are mandatorily required to be mentioned on dividend warrants. Shareholders are, therefore, requested to submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, M/s Corplink (Pvt.) Limited.

vi) PAYMENT OF CASH DIVIDEND ELECTRONICALLY (OPTIONAL)

The Company wishes to inform its shareholders that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Shareholders wishing to exercise this option may submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant)/ CDC.

vii) DEDUCTION OF INCOME TAX FROM DIVIDEND

Pursuant to the provision of Finance Act 2016, the rates of Income tax from dividend payment under section 150 of the Income Tax Ordinance, 2001 have been revised as under:

- For filers - 12.5%
- For non-filers - 20.0%

All shareholders are requested to make it sure that copy of their valid CNIC/NTN should be available with the Shares Registrar. Please also note that in case of non-availability of CNIC/NTN, the Share Registrar could not check their status and would be constrained to apply tax rate prescribed for non-filers.

viii) WITHHOLDING TAX ON DIVIDEND IN CASE OF JOINT ACCOUNT HOLDERS

In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal Shareholder) for deduction of Withholding Tax on dividends of the Company, shareholders are requested to please complete the form (earlier dispatched) to furnish the shareholding ratio, details of themselves as Principal Shareholder and their Joint Holders to the Company's Share Registrar, enabling the Company to compute Withholding Tax of each shareholder accordingly. In the event of non-receipt of the information by October 21, 2016 each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

ix) ELECTRONIC TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS AND NOTICES

Pursuant to Notification vide SRO. 787(I)/2014 of September 08, 2014, the Securities and Exchange Commission of Pakistan has directed to facilitate the members of the Company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through email in future. In this respect members are hereby requested to send their consent on a standard request form which is available at Company's website http://www.shifa.com.pk/files/finst/Financial-Statements-Request-Form.pdf duly signed alongwith copy of CNIC/PoA to the Company's Shares Registrar.

- نان فائلرز کیلئے 20.0%

تمام شیئر ہولڈرز سے درخواست ہے کہ ان کی کمپیوٹرائزڈ قومی شناختی کارڈاور NTN کی کاپی شیئر جسٹرار کے پاس موجود ہو۔ مزید برآں یہ نوٹ فرمالیں کہ کمپیوٹرائزڈ قومی شناختی کارڈاور NTN کی کاپی کی عدم دستیابی کی صورت میں شیئرر جسٹراران کی حیثیت کی جانچ پڑتال نہیں کر پائے گا اور مجبور ہوگا کہ ان کیلئے نان فائلرز کے ٹیکس ریٹس لاگو کرے۔

viii. **جوائنٹ اکاؤنٹ ہولڈرز کی صورت میں ودہولڈنگ ٹیکس:**

شیئر ہولڈرز سے درخواست ہے کہ وہ متعلقہ فارم (پہلے سے ارسال شدہ) کمپنی شیئر رجسٹرار کو بھجوائیں، جس میں وہ شیئر ہولڈنگ تناسب اپنی بطور پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈرز کی تفصیل پیش کریں تاکہ اسی تناسب سے ہر شیئر ہولڈر کا انفرادی ودہولڈنگ ٹیکس کا تعین کیا جاسکے۔تاکہ کمپنی نگراں ادارے کی جانب سے دی گئی ہدایات کے مطابق جوائنٹ اکاؤنٹ ہولڈر/ہولڈرز (جہاں پرنسپل شیئر ہولڈر کی جانب سے شیئر ہولڈنگ تعین نہیں کیا گیا) شیئر ہولڈنگ کے تناسب کا تعین کر سکے تاکہ کمپنی کے منافع سے ودہولڈنگ ٹیکس کی وصولی کی جاسکے۔21اکتوبر2016 تک تفصیلات کی عدم دستیابی کی صورت میں ہر شیئر ہولڈر کا شیئر میں برابر کا حق تسلیم کیا جائے گااور اسی تناسب سے ٹیکس کی کٹوتی کی جائے گی۔

ix. **سالانہ فنانشل سٹیٹمنٹس اور نوٹسز کی بذریعہ الیکٹرانک طریقہ ترسیل:**

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے نوٹیفیکیشن نمبر SRO.787(1)/2014 بتاریخ 8 ستمبر،2014 کے مطابق یہ ہدایات دی گئی ہیں کہ کمپنی کے ممبران کو سالانہ فنانشل سٹیٹمنٹس اور نوٹسز بذریعہ الیکٹرانک میل سسٹم (ای میل) کی سہولت فراہم کی جائے۔ ہمیں اپنے ممبران کو اس سہولت کی پیشکش کرتے ہوئے خوشی محسوس ہو رہی ہے جو آئندہ ای میل کے ذریعے سالانہ فنانشل سٹیٹمنٹس وصول کرنا چاہتے ہوں۔ چنانچہ ممبران سے درخواست ہے کہ وہ اپنی رضامندی مقررہ درخواست فارم کے ذریعے جو کہ کمپنی کی ویب سائٹ http://www.shifa.com.pk/files /finst/Financial-Statments-Request-form.pdf پر دستیاب ہے، دستخط کر کے کمپیوٹرائزڈ قومی شناختی کارڈ /PoA کی کاپی، کمپنی رجسٹرار کو ارسال کریں۔

نوٹس برائے 30واں سالانہ اجلاس عام

کمپنیز آرڈیننس، 1984 کے سیکشن 160(1)(b) کے تحت سٹیٹمنٹ آف مٹیریل فیکٹس اس نوٹس کے ساتھ منسلک ہے۔

بحکم بورڈ

محمد نعیم
کمپنی سیکرٹری

اسلام آباد
16 ستمبر، 2016

نوٹس:

i. کمپنی کے شیئر ٹرانسفر کھاتے 22 اکتوبر 2016 سے 29 اکتوبر 2016 (بشمول دونوں دن) بند رہیں گے۔ اس مدت کے دوران کوئی بھی ٹرانسفر، رجسٹریشن کیلئے قبول نہیں ہوگی۔ 21 اکتوبر 2016 بروز جمعہ کو کاروبار کے اختتام تک کمپنی کے شیئر رجسٹرار آفس یعنی میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، 1-K، کمرشل، ماڈل ٹاؤن، لاہور کو موصول ہونے والی ٹرانسفر کو منافع کی ادائیگی کی غرض سے بروقت تصور کیا جائے گا۔

ii. ایک ممبر جو اس اجلاس میں شرکت اور ووٹ کا حقدار ہے، اس طرح وہ حقدار ہے کہ وہ دوسرے ممبر کو اپنی پراکسی مقرر کر سکے تاکہ وہ اس کی جگہ اجلاس میں شرکت اور ووٹ استعمال کر سکے۔ پراکسی موثر ہونے کیلئے اجلاس سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس واقع سیکٹر H-8/4، اسلام آباد میں وصول ہو جانی چاہئیں۔ پراکسی فارم ساتھ منسلک ہے۔

iii. ممبران سے درخواست کی جاتی ہے کہ وہ اپنے رجسٹرڈ پتہ میں تبدیلی سے فوراً مطلع کریں۔

iv. سی ڈی سی شیئر ہولڈرز، جو کہ اس اجلاس میں شرکت اور ووٹنگ کے حقدار ہیں، اپنا اصلی قومی شناختی کارڈ یا پاسپورٹ، شریک آئی ڈی نمبر اور اکاؤنٹ نمبر لازمی ساتھ لائیں تاکہ وہ اپنی شناخت کروا سکیں۔ پراکسی کی صورت میں سی ڈی سی شیئر ہولڈر کی تصدیق شدہ قومی شناختی کارڈ یا پاسپورٹ کی کاپی لازمی منسلک ہو۔ کارپوریٹ ممبران کے نمائندگان معمول کے دستاویزات ہمراہ لائیں جو اس مقصد کیلئے ضروری ہوتے ہیں۔

v. **کمپیوٹرائزڈ قومی شناختی کارڈ کی کاپی جمع کروانا:**

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی روشنی میں کمپیوٹرائزڈ قومی شناختی کارڈ نمبر، ڈیویڈنڈ وارنٹس پر لکھنا لازمی ہے۔ لہذا ممبران سے گزارش ہے کہ وہ موثر شناختی کارڈ کی ایک کاپی (اگر پہلے سے فراہم نہیں کی گئی ہے تو) کمپنی شیئر رجسٹرار، میسرز کارپ لنک (پرائیویٹ) لمیٹڈ میں جمع کرائیں۔

vi. **نقد منافع کی ادائیگی بذریعہ الیکٹرانک طریقہ کار (اختیاری)**

کمپنی شیئر ہولڈرز کو یہ مطلع کرنا چاہتی ہے کہ وہ اس بات کے حقدار ہیں کہ نقد منافع بجائے ڈیویڈنڈ وارنٹس کے ذریعے موصول کرنے کے براہ راست ان کے بینک اکاؤنٹ میں منتقل کیا جائے۔ وہ شیئر ہولڈرز جو اس سہولت کا حصول چاہتے ہیں اپنی درخواست ہمراہ اپنے نام، فولیو نمبر، بینک اکاؤنٹ نمبر، اکاؤنٹ ٹائٹل اور بینک کا مکمل پتہ تفصیل کے ساتھ کمپنی شیئر رجسٹرار کو جمع کروائیں۔ سی ڈی سی اکاؤنٹ ہولڈر اپنی درخواست براہ راست اپنے بروکر (شریک)/ سی ڈی سی کو جمع کرائیں۔

vii. **ڈیویڈنڈ سے انکم ٹیکس کی کٹوتی:**

فنانس ایکٹ 2016 کے مطابق، انکم ٹیکس آرڈیننس، 2001 کے سیکشن نمبر 150 کے تحت منافع کی ادائیگی سے انکم ٹیکس کی کٹوتی کے ریٹس نظر ثانی کے بعد درج ذیل ہے:

- فائلرز کیلئے 12.5%

نوٹس برائے 30واں سالانہ اجلاس عام

بذریعہ نوٹس مطلع کیا جاتا ہے کہ شفاانٹرنیشنل ہسپتال لمیٹڈ کے شیئر ہولڈرز کا 30واں سالانہ اجلاسِ عام کمپنی کے رجسٹرڈ آفس واقع سیکٹرH-8/4، اسلام آباد میں بروز ہفتہ، 29اکتوبر2016 دن 11:00 بجے درج ذیل معاملات کے سلسلے میں منعقد ہوگا:

عام کاروبار:

1. گزشتہ سال31اکتوبر2015 کو منعقد کئے گئے کمپنی کے سالانہ اجلاسِ عام کے منٹس کی توثیق کرنا۔
2. ڈائریکٹرزاور آڈیٹرز کی رپورٹ کے ساتھ اختتامی سال30جون2016 کمپنی اوراس کے ذیلی ادارے کے سالانہ آڈٹ شدہ اکاؤنٹس اور مجموعی آڈٹ شدہ اکاؤنٹس کی وصولی، غوروخوض اور عمل درآمد کرنا۔
3. اختتامی سال30 جون 2016کیلئے ڈائریکٹرز کے سفارش کردہ 3.00 روپے فی شیئر کے حتمی نقد منافع کی ادائیگی کی منظوری دینا۔ یہ پہلے سے اداشدہ عبوری نقد منافع2.00روپے فی شیئر کے علاوہ ہے۔
4. اختتامی سال 30جون2017 کے لئے آڈیٹرز کی تقرری اور ان کے معاوضہ کی منظوری دینا۔

خاص کاروبار:

5. اگر موزوں سمجھا جائے تودرج ذیل قرارداد کو زیر غور لاتے ہوئے خاص قرارداد کے طور پر منظور کیا جائے:

"طے پایا کہ کمپنی کے آرٹیکلز آف ایسوسی ایشن کے آرٹیکلز نمبر45 اور60 میں ترمیم کے ساتھ اب انہیں اس طرح پڑھا جائے گا:

45۔ اجلاسِ عام کے کورم کیلئے دس(10) ممبران کا خود سے حاضر ہونا جو کہ کل ووٹنگ پاور کا پچیس فیصد(25%) بنتا ہے، جو کہ ان کے اپنے اکاؤنٹ کے ہیں یا پراکسیز کے، ضروری ہے۔ مزید برآں کمپنی اپنے ممبران کے جغرافیائی پھیلاؤ، اس شہر کے علاوہ جہاں اجلاسِ عام کا انعقاد ہو رہا ہے، کو مدنظر رکھتے ہوئے ویڈیو کانفرنس کی سہولت فراہم کرسکتی ہے بصورت کہ اس جغرافیائی مقام میں ممبران کی مجموعی طور پر دس فیصد (10%) یا زیادہ مقامی شیئر ہولڈنگ ہو اور وہ اجلاس کی تاریخ سے کم از کم دس (10)دن پہلے اجلاس میں بذریعہ ویڈیو کانفرنس شامل ہونے کی رضامندی ظاہر کریں تو اس صورت میں کمپنی ان کے لئے ویڈیو کانفرنس کی سہولت فراہم کرے گی بشرطیکہ اس طرح کی سہولت شہر میں پہلے سے دستیاب ہو۔

60۔ پراکسی نامزد کرنے کا ذریعہ تقرر کنندہ کے ہاتھ سے لکھی ہوئی تحریر یا پھر اس کے وکیل کی مجاز کردہ تحریر ہوگی۔ پراکسی کے لئے کمپنی کا ممبر ہونا ضروری ہے۔ تاہم کوئی بھی ممبر کسی غیر ممبر کو اجلاس عام میں بذریعہ ای-ووٹنگ شرکت کے لئے مقرر کردہ قوانین کے تحت پراکسی مقرر کر سکتا ہے۔

مزید طے پایا کہ چیف ایگزیکٹو آفیسر اور/یا کمپنی سیکرٹری اس قرارداد کی تعمیل کریں گے۔"

6. اگر موزوں سمجھا جائے تودرج ذیل قرارداد کو زیر غور لاتے ہوئے خاص قرارداد کے طور پر منظور کیا جائے:

"طے پایا کہ کمپنی اب مجاز ہے کہ وہ 120,000 روپے کی سرمایہ کاری کرتے ہوئے اپنے ذیلی ادارے یعنی شفا کنسلٹنگ سروسز (پرائیویٹ) لمیٹڈ کے 1.2 ملین شیئرز حاصل کرے جس کے بعد شفا کنسلٹنگ سروسز (پرائیویٹ) لمیٹڈ، شفاانٹرنیشنل ہسپتال لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی بن جائے گی۔

مزید طے پایا کہ چیف ایگزیکٹو آفیسر اور/یا کمپنی سیکرٹری اس بات کے مجاز ہیں کہ وہ خود یا کسی اور کے ذریعے وہ تمام کارروائیاں، اعمال اور اقدامات کریں جن کے ذریعے ان قراردادوں کو موثر بنایا جاسکے۔"

Statement of Material Facts Under Section 160 (1)(b) of the Companies Ordinance, 1984

AMENDMENTS IN THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles of Association of the Company are being amended in order to comply with the amendment in the Companies Ordinance, 1984 or rules or regulations made from time to time. The Board of Directors have recommended to amend the Articles of Association of the Company as envisaged in the notice. The proposed amendments shall be incorporated in the Articles of Association of the Company after the approval of special resolutions. All necessary requirements of law will be complied with in this regard, therefore, the proposal for incorporation in Articles of Association of the Company is hereby being placed before the shareholders for their consideration and approval. The existing and proposed Articles No. 45 and 60 are as under:

Article No.	Existing Articles	Proposed Articles
45	No business shall be transacted at any general meeting unless a quorum of members is present at that time when the meeting proceeds to business. Three members present personally who represent not less than twenty five percent of the total voting power, either of their own account or as proxies shall be a quorum.	Ten (10) members present in person representing not less than twenty five (25%) of the total voting power, either of their own account or as proxies, shall be quorum for a general meeting. Furthermore, the Company may provide video conference facility to its members for attending general meeting at places other than the town in which general meeting is taking place after considering the geographical dispersal of its members, provided that if members, collectively holding ten percent (10%) or more shareholding residing at a geographical location, convey their consent to participate in the meeting through video conference at least ten (10) days prior to date of meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city.
60	The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing. A proxy must be a member of the Company.	The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing. A proxy must be a member of the Company. Notwithstanding the above, a non-member may be appointed as a proxy by a member participating in General Meetings through e-voting in the manner stipulated under the applicable laws.

INVESTMENT IN RELATED PARTY

Mr. Sohail A. Siddiqi, Chief Executive Officer of Shifa Consulting Services (Pvt.) Limited (SCS) who owns 40% equity of SCS (1,200,000 shares), have offered these shares to Shifa International Hospitals Limited at nil consideration. The Board of Directors, however, decided to purchase these shares at token price of Rupee 0.10 per share which would entail investment of Rs. 120,000/- whereafter SCS shall become the wholly owned subsidiary company of Shifa International Hospitals Limited. The Board is of the considered opinion that SCS shall gain more confidence of the clients if Shifa International Hospitals Limited becomes the 100% stakeholders in SCS. The fair market value of the shares of SCS ranges between Re. 0.82 to Rs. 2.21 as ascertained by duly approved Chartered Accountant Firm. After the purchase of said 1.2 million shares, Mr. Sohail A. Siddiqi shall remain the Chief Executive Officer of the SCS so that SCS remain benefitted from his personal skills and expertise. Currently SCS has five (5) directors on its Board, three (3) are nominee directors of Shifa International Hospitals Limited, after this arrangement Mr. Sohail A. Siddiqi shall become the nominee director of Shifa International Hospitals Limited whereas fifth director shall also be replaced by another nominee director of Shifa International Hospitals Limited.

As per requirements of the Companies (Investment in Associated Companies and Associated Undertaking) Regulations, 2012, following information is provided to the shareholders:-

Statement of Material Facts Under Section 160 (1)(b) of the Companies Ordinance, 1984

Sr. #	Description	Information Required
(i)	Name of the associated company or associated undertaking alongwith criteria based on which the associated relationship is established.	Shifa Consulting Services (Pvt.) Ltd will become wholly owned subsidiary company of Shifa International Hospitals Limited.
(ii)	Purpose, benefits and period of investment.	To contribute in equity - to be long term investment.
(iii)	Maximum amount of investment.	Invest upto Rs.120,000/- excluding ancillary expenses.
(iv)	Maximum price at which securities will be acquired.	Re. 0.10 per share.
(v)	Maximum number of securities to be acquired.	1.2 million shares within one month.
(vi)	Number of securities and percentage thereof held before and after the proposed investment.	1.8 million shares at present (60%). Afterward – 3 million shares (100%)
(vii)	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired.	Not applicable
(viii)	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1).	Re. 0.82 to Rs. 2.21
(ix)	Break-up value of securities intended to be acquired on the basis of the latest audited financial statement.	Rs. 2.21
(x)	Earnings per share of the associated company or associated undertaking for the last three years.	______Year Ended_______ 2015 - 2016 Rs. Rs. (3.6) (4.2) (SCS was incorporated on December 18, 2014)
(xi)	Sources of fund from which securities will be acquired.	Internal generation of resources.
(xii)	Where the securities are intended to be acquired using borrowed funds:	Not applicable
	1. Justification for investment through borrowing; and	-
	2. Details of guarantees and assets pledged for obtaining such funds.	-

(xiii)	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment.	Not applicable.
(xiv)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, If any, in the associated company or associated undertaking or the transaction under consideration.	Holding company will have 100% equity interest.
(xv)	Any other important details necessary for the members to understand the transaction; and	None
(xvi)	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely;- i. Description of the project and its history since conceptualization; ii. Starting and expected dated of completion of work; iii. Time by which such project shall become commercially operational; and iv. Expected time by which the project shall start paying return on investment.	Not applicable.

The directors in their meeting held on August 25, 2016 signed the undertaking as required under sub regulation 3 of Regulation 3 of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 and the duly signed recommendations of the due diligence report shall be available for inspection in the 30th Annual General Meeting of the Company scheduled to be held on October 29, 2016.

MUHAMMAD NAEEM
Company Secretary

OPERATING RESULTS

	2016	2015
	------------ (Rupees in 000) ------------	
Net revenue	8,730,803	7,410,022
Other income	86,760	55,288
Operating costs	(7,668,538)	(6,579,618)
Finance costs	(108,997)	(158,914)
Profit before taxation	1,040,028	726,778
Provision for taxation	(279,930)	(193,768)
Profit for the year	760,098	533,010
	------------ (Rupees) ------------	
		(Restated)
Earnings per share-basic and diluted	14.68	10.52

1 During the year under review your Company earned revenue to the tune of Rs. 8,731.0 million versus Rs. 7,410.0 million in the last year. However, operating costs with the more utilization of services entailed the increase in costs pertaining to salaries, wages & benefits, supplies, medicines, repair & maintenance etc. resultantly operating cost increased to Rs. 7,668.5 million against Rs. 6,579.6 million in the last corresponding year. Profit before taxation worked out to be Rs. 1,040.0 million as against Rs. 726.8 million in the last year. However, your Company posted net profit after taxation of Rs. 760.1 million as compared to Rs. 533.0 million in the last corresponding year.

2 During the year under review earnings per share increased from Rs. 10.52 to Rs. 14.68.

3 The Board is pleased to declare the final cash dividend of Rs. 3.00 per share, in addition to interim dividend of Rs. 2.00 per share already paid during the year ended June 30, 2016.

4 Company intends to acquire 1.2 million shares of its subsidiary company namely Shifa Consulting Services (Pvt.) Limited, whereafter Shifa Consulting Services (Pvt.) Limited shall become the wholly owned subsidiary company of Shifa International Hospitals Limited.

5 The financial statements, prepared by the management of Shifa International Hospitals Limited, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

6 Proper books of accounts of Shifa International Hospitals Limited have been maintained as required by the Companies Ordinance, 1984.

7 Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

8 International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

9 The system of internal control is sound in design and has been effectively implemented and monitored.

10 There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

11 During the year under review, Syed Ilyas Ahmed Director, have successfully completed the directors' training program that meets the criteria specified by the SECP.

12 There are no significant doubts upon Company's ability to continue as a going concern.

13 Summary of key operating and financial data of last six years has been given on page No 160.

14 Note 9.3 of the notes to the financial statements reflect the value of investments of gratuity fund account.

15 For the purpose of Code xvi (l) and Code xxiii of the Code of Corporate Governance all the General Managers and above shall be considered as the executives of the Company besides CEO, COO, CFO, Head of Internal Audit & Company Secretary.

16 During the year under review, Syed Ilyas Ahmed, Director and Prof. Dr. Shoab A. Khan, Director purchased 9,500 and 10,000 shares of the Company respectively whereas one of the executive namely Mr. Mahmood Mirza also purchased 500 shares of the Company. Dr. Mohammad Salim Khan, Director and Tameer-e-Millat Foundation, substantial shareholder, sold 15,000 and 400,000 shares of the Company respectively. No other director, CEO, CFO, Company Secretary, Executives and their spouses and minor children carried out the trade in the shares of the Company during the year under review. However, all the directors and some executives subscribed the right shares offered to them in the ratio of 7.9663 (approx.) additional ordinary right shares for every 100 ordinary shares held i.e. 7.9663% (approx.). Additions in their shareholding after subscription of aforementioned right shares is being reflected in their respective shareholdings on page No. 254.

17 Sales proceeds of right issue i.e. Rs. 1,046,266,000/- after its completion was received by the Company on April 01, 2016. The Company have spent total of Rs. 256.78 million on the upgradation/expansion of medical equipment and services taking into account the needs and demands of our valued patients. These activities include but are not limited to establishment of the State of the Art IVF Centre, restructuring, renovation of operation theatres, extension of emergency rooms, procurement of equipment etc. Whereas capital commitments as at June 30, 2016 stands to the tune of Rs. 305 million. Vis-à-vis establishment of health care facility within Islamabad, it is in the planning phase.

18 The Company has put in place a mechanism for the annual evaluation of the performance of its board.

19 During the year under review, seven meetings of the Board of Directors were held on September 10, 2015, October 27, 2015, December 03, 2015, February 22, 2016, March 25, 2016, April 25, 2016 and June 24, 2016.

Number of meetings attended by each director is stated below:

Name of Director	No. of meetings held during the Year	No. of meetings attended
Dr. Habib-Ur-Rahman	7	7
Dr. Manzoor H. Qazi	7	7
Mr. Muhammad Zahid	7	7
Dr. Mohammad Salim Khan	7	7
Mr. Shafquat Ali Chaudhary	7	2
Shah Naveed Saeed	7	7
Mr. Qasim Farooq Ahmad	7	1
Dr. Samea Kauser Ahmad	7	7
Syed Ilyas Ahmed	7	4
Prof. Dr. Shoab Ahmed Khan	7	4

Leave of absence was granted to the directors who could not attend the respective Board Meeting(s).

20 During the year under review, seven meetings of the Audit committee were held. Shah Naveed Saeed, Dr. Habib-Ur-Rahman, Mr. Muhammad Zahid, Dr. Mohammad Salim Khan and Dr. Samea Kauser Ahmad attended seven, seven, five, five and six meeting(s) respectively. Syed Ilyas Ahmed was inducted in the Audit Committee on August 25, 2016.

21 During the year under review, the board of directors decided to raise share capital through issuance of 4,024,100 right shares of Rs. 10/- each to be issued at Rs. 260/- (including a premium of Rs. 250/- per share) to the shareholders which was fully subscribed and allotted on March 18, 2016. 65% of the right

shares were subscribed by the general public and the remaining 35% were subscribed by the underwriters appointed by the Company.

22 The pattern of shareholding and additional information regarding pattern of shareholding is given on page No 252.

23 The present auditors M/s Grant Thornton Anjum Rahman were appointed as the auditors of the Company on 08-10-2011. As per clause xxxvii (b) of the CCG, the Company is required to rotate the engagement partner of its external auditors after every five years. The present auditors M/s Grant Thornton Anjum Rahman retire at the conclusion of 30th AGM and being eligible on the condition of rotation of engagement partner, have offered themselves for re-appointment. On the suggestion of the Audit Committee, the Board of Directors of the Company recommended the re-appointment of M/s Grant Thornton Anjum Rahman, Chartered Accountants, as the auditors of the Company for the year ended June 30, 2017.

24 All the related party transactions have been approved by the Board of Directors. The Company maintains a full record of all such transactions, along with the terms and conditions.

25 Shifa International Hospitals Limited is on the web and can be accessed at www.shifa.com.pk.

26 During the year under review, the Company's contribution to the national exchequer is as under:

Direct Taxes	Rs. 263.4 million
Indirect Taxes	Rs. 123.9 million
Tax deducted and deposited from suppliers, employees etc.	Rs. 507.2 million
Total	Rs. 894.5 million

27 During the year under review, the Company donated Rs. 50 million to Shifa-Tameer-e-Millat University (STMU). Shifa International Hospitals Limited is one of the sponsors of STMU. Both Shifa College of Medicine and Shifa College of Nursing are its constituent colleges. STMU is also offering various degree programmes which includes Doctor of Physical Therapy, Doctor of Pharmacy, BS (Mechanical Technology), MBA (Health Services), B.Sc. (Medical Lab Technology), M.Sc. (Nursing).

28 The Company in order to conserve electricity has replaced energy efficient lights with conventional lights in certain IPD and OPD areas hence achieved 42 KW of energy conservation, besides conserving energy through waste heat recovery steam generator. We are targeting to achieve 60 KW of more electricity through installation of more energy efficient lights and VFDs.

29 Environmental protection measures being taken by the Company include:

Safety Management

- Established a safety committee comprising top management to oversee hospital safety Management Program.
- Safety Committee Meeting has been conducted on monthly basis to address issues related to facility management program.
- Established Safety Coordinator forum which is comprised of Head Nurses/Team leaders and supervisor for the implementation of safety program at ground level. Safety coordinator meets on bi-monthly basis.
- Yearly Training Calendar for facility inspection is being issued, and facility inspection is being carried out by multi functionally team on every Wednesday, all IPDS, OPDs, and some support functions department are covered up till now.
- Simultaneously Departmental Safety coordinators are being conducting same facility inspection on quarterly basis, so in this system each departmental will be inspected 04 times in a year.

Hazardous Material & Waste Management

- A Comprehensive document is prepared for effective monitoring of Environmental Protections Measures which include:
  - o Emission Tests

- Water Quality Tests
    - Negative Positive Pressure Areas
    - Sewer test
    - Temperature and Humidity.
- A comprehensive Waste Management flow chart has been prepared.
- Spill Management training has been conducted for all safety coordinators/ housekeeping related staff.
- Spill kit revised to address basic requirements e.g. Chemical, Mercury & Bio hazard and toxic spill management.
- A detail facility inspection being conducted for Lab and other areas and recommended some initiatives as per JCIA requirements e.g. Flammable Cabinet, suitable eye washer etc.
- All infectious waste has been weighted and 100% being disposed off in incinerator safely.
- Radiation waste and safety is being looked after by the Radiation Safety Committee.

Disaster Preparedness

- Hazard Vulnerability and Risk Analysis being conducted hospital wide, in which technical, natural, hazmat. internal and potential risk analysis being calculated.
- Basis on internal/external risk analysis, Hospital wide and departmental wide emergency management sub plan are being prepared to mitigate potential threats.

30 A Comprehensive Training program for all staff is launched to make them aware regarding hazardous, risks and how to prevent and response in case of emergencies, in this regard below topics are being covered, and more than 200 staff has been trained.

- Spill Management training and workshop (Drill)
- Slips Trips Falls
- Fire Safety (Prevention and Response)
- Basics of Electric Safety
- Emergency Management “What to do in case of earthquake”
- How to conduct Facility Inspection
    - All Safety Coordinators are supposed to conduct same trainings within their respective departments.
- Health screening policy is prepared by HR to cater yearly screening for FNSD, L&L, and Incinerator staff.
- Online training and staff awareness tool is being prepared and to be launched soon.

31 Shifa International Hospitals Ltd has non-discrimination policy through which we provide disabled employees with the same opportunities for promotion, career development and training as those afforded to other employees. Currently 18 individuals with special needs/disabled are employed with Shifa.

32 Shifa International Hospitals Ltd does its corporate restructuring every year based on the business needs and to give business leaders a new flavour into their experiences to be ready for the future positions and for unforeseen emergencies. Recent corporate restructuring was done on 21st of May, 2016.

33 Shifa is committed to maintaining the highest ethical standards and vigorously enforces the integrity of its business. The organization also enforces implementation of strong ethical environment through compliance with legal requirements, adherence to ethical standards, respect for patients, and respect for fellow employees, maintenance of accurate records and documents, avoidance of conflict of interest, adherence to proper business practices, reporting concerns and discipline of violations.

Shifa strongly discourages any act of corruption at all levels and without any prejudice. Through strong internal control equipped with ethics, a culture of honesty has become the face of the organization. Following measures are effective tools of Shifa to control corruption:

- Ensure all staff, suppliers, contractors and business partners are;
  - o Regularly reminded of our strict zero tolerance on corruption and
  - o Agreed by contract to adhere to our ethics and anti-corruption procedures
- Perform appropriate due diligence on all potential partners and refuse to associate with any firm or employ any individual suspected of corrupt behavior/practice
- Contractors, suppliers and employees are abiding to cooperate fully with any legitimately constituted investigative body which make inquiry in case of any corruption allegation
- Employees who violate the ethics on any law and regulation may also be subject to internal disciplinary action, including termination of employment
- Shifa has also strict policy on Conflict of Interest, Favoritism and Nepotism.

34 In order to ensure that our consumer (patients and their families) are protected from any unforeseen harm, Shifa international Hospitals Limited comply with International standards and have taken measures accordingly with respect to ISO 9001:2008.

35 For the awareness of general public Company celebrated following days and also offered free seminars/ screenings to the general public during the year under review:

- World Hepatitis Day (July 31, 2015) - Free screening for Hepatitis B & C
- World Heart Day (September 28, 2015) - Free seminar
- Global Hand Washing Day (October 12, 2015)
- World Stroke Day (October 29, 2015) – Seminar to highlight measures to prevent stroke
- World Diabetic Day (November 13, 2015) - Free Screening
- World Kidney Day (March 13, 2016)
- World No Tobacco Day (June 1, 2016).

36 The Social Welfare Activities Committee (SWAC) has been reconstituted and two funds namely Health Care Fund and Education Fund has been created for providing assistance to all employees in case of financial relief for healthcare and for the sponsorship of one male/female child of employees drawing salary upto Rs. 100,000/- to bear their educational expenses respectively.

37 Company is receiving patient referral from its Patient Facilitation Center in Dubai and Peshawar. We hope that with the passage of time patient referrals from these centers would increase owing to quality services being provided to patients.

38 We are deliberating and taking measures to expand our presence in the new areas including overseas which includes establishment of State of the Art hospitals, primary care networks in Pakistan, restructuring and enhancement of telemedicine services within Islamabad and Pakistan.

We feel obliged to put on record appreciation for our staff, management and consultants for their unrelenting efforts and for the vendors, bankers, regulators and shareholders for their unremitting patronage.

On behalf of the Board

ISLAMABAD
August 25, 2016

DR. MANZOOR H. QAZI
Chief Executive Officer

38. ہم نئے علاقوں میں بشمول بیرون ملک اپنی موجودگی کو وسعت دینے کے بارے میں سوچ رہے ہیں اور اس کیلئے عملی اقدامات کر رہے ہیں جس کے تحت سٹیٹ آف دی آرٹ ہسپتال، پاکستان میں پرائمری کیئر نیٹ ورکس، اسلام آباد اور پاکستان میں ٹیلی میڈیسن سروسز کی تشکیل نو اور اضافہ شامل ہیں۔

ہم ممنون ہیں اور اپنی قدر شناسی کو ریکارڈ پر لاتے ہوئے اپنے عملے، انتظامیہ اور کنسلٹنٹس کی ناقابل فراموش کوششوں کو اور اپنے وینڈرز، بینکرز، ریگولیٹرز اور شیئر ہولڈرز کی مسلسل معاونت کو سراہتے ہیں۔

بورڈ کی جانب سے

ڈاکٹر منظور ایچ قاضی
چیف ایگزیکٹو آفیسر

اسلام آباد
25اگست2016

33. شفا اعلیٰ ترین اخلاقی معیارات کو قائم رکھنے کیلئے پُرعزم ہے اور اپنے کاروبار کی سالمیت پر بھرپور طریقے سے نفاذ کرواتا ہے۔ ادارہ مضبوط اخلاقی ماحول کا بھی عملی نفاذ کرواتا ہے جو کہ قانونی ضروریات، اخلاقی معیارات سے مطابقت، مریضوں اور ساتھی ملازمین کے احترام، صحیح ریکارڈز اور دستاویزات کی دیکھ بھال، مفادات کے تصادم سے بچاؤ، صحیح بزنس کے طریقہ کار سے مطابقت، خدشات کی رپورٹنگ اور نظم وضبط کی خلاف ورزیوں سے تعلق رکھتے ہیں۔

شفا تعصب سے بالاتر ہو کر کسی بھی عمل کی سختی سے حوصلہ شکنی کرتا ہے۔ اخلاقیات سے لیس مضبوط اندرونی کنٹرول کی بدولت ہمارے ہاں ایمانداری کی ثقافت نے جنم لیا ہے جو کہ ادارے کی شناخت بن کر سامنے آئی ہے۔ کرپشن کو کنٹرول کرنے کیلئے شفا کے پاس مندرجہ ذیل موثر ٹولز ہیں:

- تمام سٹاف، سپلائرز، کنٹریکٹرز اور بزنس پارٹنرز کو یہ باور کرانا کہ؛
  - باقاعدگی سے کرپشن سے متعلق ہماری سخت عدم برداشت کی پالیسی یاددہانی کروانا اور
  - کنٹریکٹ کے ذریعے ہماری اخلاقیات اور اینٹی کرپشن طریقہ کار سے اتفاق رائے کروانا
- تمام ممکنہ پارٹنرز کے ساتھ سمجھداری سے معاملات کرنا اور کسی بھی ایسی مشتبہ فرم یا شخص کے ساتھ وابستگی سے انکار کرنا جو کہ کرپٹ روئیے/عمل کا مرتکب پایا گیا ہو
- کسی بھی قانونی طور پر وضع کی گئی تفتیشی تشکیل (باڈی) سے جو کہ کرپشن کے الزام کی تحقیقات کیلئے بنائی گئی ہو سے کنٹریکٹرز، سپلائرز اور ملازمین کی بھرپور معاونت پر یقین دہانی
- کسی بھی قانون اور ضابطے کی اخلاقی طور پر خلاف ورزی پر ملازمین کے ساتھ اندرونی انضباطی کارروائی کی جاتی ہے جس میں ملازمت سے برترفی بھی شامل ہے
- شفا کی مفادات کے تصادم، جانبداری اور اقرباءپروری کے خلاف بھی سخت پالیسی ہے۔

34. شفا انٹرنیشنل ہسپتال لمیٹڈ نے بین الاقوامی معیارات سے ہم آہنگ ہونے کیلئے آئی ایس او 2008:9001 کے تحت اقدامات کئے ہیں تاکہ یہ یقینی بنایا جائے کہ ہمارے صارف (مریض اور ان کی فیملیز) کی کسی بھی ان دیکھے نقصان سے محفوظ رہ سکیں۔

35. عوام الناس کی آگہی کیلئے کمپنی نے زیر جائزہ سال میں مندرجہ ذیل دنوں کو منایا اور اس تناظر میں عوام کیلئے مفت سیمینارز/سکریننگز کا انعقاد کیا گیا:

- ہیپاٹائٹس کا عالمی دن (31 جولائی 2015) ۔ مفت سکریننگ برائے ہیپاٹائٹس B اور C
- امراض قلب کا عالمی دن (28 ستمبر 2015) ۔ مفت سیمینار
- ہاتھ دھونے کا عالمی دن (12 اکتوبر 2015)
- فالج کا عالمی دن (29 اکتوبر 2015) ۔ فالج سے بچاؤ کے اقدامات کو وضع کرنے پر سیمینار
- ذیابیطس کا عالمی دن (13 نومبر 2015) - مفت سکریننگ
- امراض گردہ کا عالمی دن (13 مارچ 2016)
- ترک تمباکو نوشی کا عالمی دن (1 جون 2016)

36. سوشل ویلفیئر ایکٹویٹیز کمیٹی (SWAC) کی تشکیل نو کی گئی ہے اور دو فنڈز "ہیلتھ کیئر" اور "ایجوکیشن فنڈ" کے نام سے تشکیل دیئے گئے ہیں جو کہ بالترتیب تمام ملازمین کی صحت کی دیکھ بھال میں معاونت اور ان ملازمین کیلئے جو 1 لاکھ روپے تک تنخواہ لے رہے ہیں، ایک بچہ/بچی کی تعلیمی اخراجات اٹھانے کیلئے مالی معاونت کریں گے۔

37. کمپنی کو دبئی اور پشاور میں قائم اس کے سہولت مراکز برائے مریضاں سے مریض بھجوائے جارہے ہیں۔ ہمیں امید ہے کہ مریضوں سے متعلق ہماری معیاری خدمات کی فراہمی کی بنیاد پر گزرتے وقت کے ساتھ ان مراکز سے ہمارے مریضں کی آمد میں اضافہ ہوگا۔

- گٹر ٹیسٹس
- درجہ حرارت اور نمی

- ایک جامع ویسٹ مینجمنٹ کا فلو چارٹ بنایا گیا ہے۔
- تمام سیفٹی کو آرڈینیٹر/ہاؤس کیپنگ سے متعلقہ سٹاف کیلئے سپل مینجمنٹ ٹریننگ کا انعقاد کرایا گیا ہے۔
- سپل کٹ پر نظرثانی کر کے بنیادی ضروریات کا خیال رکھا گیا ہے مثلاً کیمیکل، مرکری، حیاتیاتی خطرہ اور ٹاکسک سپل کی مینجمنٹ شامل ہے۔
- لیب اور دیگر ایریاز کیلئے تفصیلی فسلیٹی کا معائنہ کرایا جاتا ہے اور جے سی آئی اے کی معلومات کے مطابق بعض اقدامات کی سفارش کی گئی ہے مثلاً فلیم ایبل کیبنٹ، مناسب آئی واشر وغیرہ۔
- تمام متعدی فضلے کا وزن کر کے اسے 100 فیصد طور پر انسنیریٹر کے ذریعے احتیاط سے ٹھکانے لگایا جاتا ہے۔
- ریڈی ایشن سیفٹی کمیٹی کے ذریعے ریڈی ایشن کے فضلے کو محفوظ طریقے سے تلف کیا جا رہا ہے۔

آفات سے نمٹنے کی تیاری:

- پورے ہسپتال میں آفت کی صورت میں آفت سے دوچار ہونے والی اشیاء اور خطرے کا تجزیہ کرایا گیا ہے جس میں ٹیکنکل، قدرتی حضمت، اندرونی اور ممکنہ خطرے کا تجزیہ کیا جا رہا ہے۔
- اندرونی/بیرونی ممکنہ خطرات کی بنیاد پر پورے ہسپتال اور ڈیپارٹمنٹ کی سطح پر ایمرجنسی مینجمنٹ کیلئے ذیلی منصوبے بنائے جا رہے ہیں تاکہ ممکنہ خطرے کو کم کیا جا سکے۔

30. تمام اسٹاف کیلئے ایک جامع ٹریننگ پروگرام شروع کیا گیا ہے جس میں خطرات، رسک اور ایمرجنسی کی صورت میں کس طرح روک تھام اور رد عمل کرنا ہے شامل ہیں۔ اس اعتبار سے مندرجہ ذیل عنوانات کا احاطہ کیا گیا ہے اور 200 سے زائد سٹاف کی تربیت کی گئی ہے۔

- سپل مینجمنٹ ٹریننگ اور ورکشاپ (ڈرل)
- سلپس ٹرپس فالز
- فائر سیفٹی (روک تھام اور رد عمل)
- بجلی سیفٹی کے بنیادی حقائق
- ایمرجنسی مینجمنٹ " زلزلے کی صورت میں کیا کیا جائے؟"
- سہولت کا معائنہ کیسے کیا جائے:
  - تمام سیفٹی کو آرڈینیٹرز سے توقع کی جاتی ہے کہ وہ اپنے متعلقہ ڈیپارٹمنٹ میں ایسی ٹریننگ کا انعقاد کرائیں۔
- ایچ آر نے ہیلتھ سکریننگ پالیسی بنائی ہے جس کے تحت ایف این ایس ڈی، ایل اینڈ ایل اور انسینٹریٹر سٹاف کی سالانہ بنیادوں پر سکریننگ کی جائے گی۔
- جلد ہی آن لائن ٹریننگ اور سٹاف آگہی ٹول کا بھی آغاز کیا جا رہا ہے۔

31. شفا انٹرنیشنل ہسپتال لمیٹڈ غیر امتیازی سلوک کی پالیسی پر عمل پیرا ہے جس کے تحت ہم معذور ملازمین کو وہی پروموشن کے مواقع، کیریئر میں ترقی اور ٹریننگ فراہم کرتے ہیں جو کہ دیگر ملازمین کیلئے ہے۔ موجودہ طور پر شفا میں ایسے 18 خصوصی معذور افراد ملازمت پر رکھے گئے ہیں۔

32. ہر نئی ضروریات کو مد نظر رکھتے ہوئے اور بزنس لیڈرز کو ایک نئے طریقہ کار سے آگہی کیلئے ہر سال شفا انٹرنیشنل ہسپتال لمیٹڈ اپنی کارپوریٹ تنظیم نو کرتا ہے تاکہ مستقبل کی پوزیشنز اور ان دیکھی ایمرجنسی سے نمٹنے کیلئے وہ تیار رہ سکیں۔ حالیہ کارپوریٹ تنظیم نو 21 مئی 2016 کو کی گئی۔

26. زیر جائزہ سال میں کمپنی کی قومی خزانے میں پیش کردہ حصہ درج ذیل ہے:

ڈائریکٹ ٹیکسز	263.4 ملین روپے
ان ڈائریکٹ ٹیکسز	123.9 ملین روپے
سپلائرز، ملازمین وغیرہ سے ٹیکس کٹوتی	507.2 ملین روپے
کل رقم	894.5 ملین روپے

27. زیر جائزہ سال میں شفا تعمیر ملت یونیورسٹی (STMU) کو کمپنی نے 50 ملین روپے عطیہ کئے۔ شفا انٹرنیشنل ہسپتال لمیٹڈ STMU کے سپانسرز میں سے ایک ہے۔ شفا کالج برائے میڈیسن اور شفا کالج برائے نرسنگ، دونوں اس کے منسلک ادارے ہیں۔ اس کے علاوہ STMU مختلف ڈگری پروگرامز جیسا کہ ڈاکٹر آف فزیکل تھراپی، ڈاکٹر آف فارمیسی، بی ایس (میکینیکل ٹیکنالوجی)، ایم بی اے (ہیلتھ سروسز)، بی ایس سی (میڈیکل لیب ٹیکنالوجی)، ایم ایس سی (نرسنگ) بھی کروا رہا ہے۔

28. کمپنی نے بجلی بچانے کیلئے مخصوص آئی پی ڈی اور او پی ڈی حصوں میں عام لائٹس کو توانائی کی بچت کی خصوصی لائٹس سے تبدیل کر کے KW42 توانائی کی بچت کی ہے جو کہ ویسٹ ہیٹ ریکوری سسٹم جنریٹر کے ذریعے بجلی کی بچت کے علاوہ ہے۔ ہمارا ہدف مزید توانائی کی بچت کی خصوصی لائٹس اور VFDs کی تنصیب کے ذریعے مزید KW60 بجلی کی بچت کا حصول ہے۔

29. کمپنی کے ماحولیاتی تحفظ کے اقدامات میں شامل ہے:

حفاظت کے انتظامات:

- سیفٹی کمیٹی کا قیام جو کہ اعلیٰ افسران پر مشتمل ہے تاکہ ہسپتال کے سیفٹی مینجمنٹ پروگرام کی نگرانی کی جا سکے۔
- فسیلیٹی مینجمنٹ پروگرام کے مسائل کو حل کرنے کیلئے سیفٹی کمپنی کی میٹنگ کا انعقاد ماہانہ بنیادوں پر کیا جا رہا ہے۔
- سیفٹی کوآرڈینیٹر فورم کا قیام عمل میں لایا گیا ہے جو کہ ہیڈ نرسز/ٹیم لیڈرز اور سپروائزر پر مشتمل ہے تاکہ سیفٹی پروگرام کو بنیادی درجے تک عمل درآمد کرایا جا سکے۔ سیفٹی کوآرڈینیٹر 2 ماہ میں ایک بار میٹنگ کرتا ہے۔
- سہولت کے معائنے کیلئے سالانہ ٹریننگ کیلنڈر کا اجراء کیا گیا ہے اور کثیر المقاصد ٹیم کے ذریعے ہر بدھ کو سہولت کا معائنہ کیا جاتا ہے۔
- اب تک اس کے ذریعے تمام آئی پی ڈیز، او پی ڈیز اور سپورٹ فنکشنز ڈیپارٹمنٹس کا احاطہ کیا گیا ہے۔
- ساتھ ہی ساتھ سہ ماہی بنیادوں پر ڈیپارٹمنٹل سیفٹی کوآرڈینیٹرز اسی فسیلیٹی کا معائنہ کر رہی ہے۔ اس کے تحت ہر ڈیپارٹمنٹ کا ایک سال میں 4 دفعہ معائنہ ہو گا۔

مضر مواد اور فضلہ کی مینجمنٹ:

- ماحولیاتی تحفظ کے اقدامات کیلئے ایک جامع دستاویز تیار کی گئی ہے جس میں شامل ہے:
    - اخراج کے ٹیسٹس
    - پانی کے معیار کے ٹیسٹس
    - منفی و مثبت پریشر ایریا

ہر ڈائریکٹر کی میٹنگز میں شرکت کا شمار درج ذیل ہے:

ڈائریکٹر کا نام	دوران سال منعقدہ میٹنگز کی تعداد	میٹنگز میں شرکت کا شمار
ڈاکٹر حبیب الرحمن	7	7
ڈاکٹر منظور ایچ قاضی	7	7
جناب محمد زاہد	7	7
ڈاکٹر محمد سلیم خان	7	7
جناب شفقت علی چوہدری	7	2
شاہ نوید سعید	7	7
جناب قاسم فاروق احمد	7	1
ڈاکٹر سمیعہ کوثر احمد	7	7
جناب الیاس احمد	7	4
پروفیسر ڈاکٹر شعیب احمد خان	7	4

جو ڈائریکٹر متعلقہ میٹنگ/میٹنگز میں شرکت نہیں کر سکے انہیں رخصت برائے غیر حاضری دے دی گئی تھی۔

20. زیر جائزہ سال میں آڈٹ کمیٹی کی 7 میٹنگز منعقد ہوئیں۔ شاہ نوید سعید، ڈاکٹر حبیب الرحمن، جناب محمد زاہد، ڈاکٹر محمد سلیم خان اور ڈاکٹر سمیعہ کوثر احمد نے بالترتیب 7، 7، 5، 5 اور 6 میٹنگز میں شرکت کی۔ سید الیاس احمد کو 25 اگست، 2016 کو آڈٹ کمیٹی کا رکن نامزد کیا گیا۔

21. زیر جائزہ سال میں بورڈ آف ڈائریکٹرز نے شیئرز کا سرمایہ بڑھانے کا فیصلہ کیا ہے جس کے تحت 4,024,100 رائٹ شیئرز جو کہ -/10 روپے فی شیئر کے، -/260 روپے (بشمول -/250 روپے فی شیئر کا پریمئیم) پر شیئر ہولڈرز کیلئے جاری کئے جو کہ مکمل طور پر 18 مارچ 2016 کو ادا اور نامزد کئے گئے تھے۔ رائٹ شیئرز کا 65 فیصد عوام نے حاصل کیا اور بقایا 35 فیصد ذمہ نویسوں نے حاصل کیا۔

22. شیئر ہولڈنگ کا طریقہ کار اور اس سے متعلق اضافی معلومات صفحہ نمبر 252 پر دی گئی ہیں۔

23. کمپنی کے آڈیٹرز کے طور پر موجودہ آڈیٹرز میسرز گرانٹ تھارٹن انجم رحمن مورخہ 08-10-2011 کو مقرر کئے گئے تھے۔ سی سی جی کی شق نمبر xxxvii(b) کے تحت کمپنی کے بیرونی آڈیٹر کے مقرر کئے ہوئے پارٹنر کو ہر پانچ سالوں کے بعد تبدیل کرنا ضروری ہے۔ 30 ویں اجلاس عام کے اختتام پر موجودہ آڈیٹرز میسرز گرانٹ تھارٹن انجم رحمن دستبردار ہو رہے ہیں اور منسلکہ پارٹنر کو تبدیل کرنے اور دوبارہ تعیناتی کی شرط کے مطابق انہوں نے دوبارہ اپنے آپ کو پیش کیا ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارشات پر میسرز گرانٹ تھارٹن انجم رحمن چارٹرڈ اکاؤنٹنٹس کی برائے سال 30 جون 2017 تک کیلئے دوبارہ تعیناتی کی سفارش کی ہے۔

24. ساری متعلقہ پارٹی معاملات کو بورڈ آف ڈائریکٹرز نے منظوری دے دی ہے۔ کمپنی کے پاس ایسے تمام معاملات کا مکمل ریکارڈ بشمول شرائط وضوابط موجود ہے۔

25. شفا انٹرنیشنل ہسپتال لمیٹڈ ویب پر موجود ہے اور www.shifa.com.pk پر قابل رسائی ہے۔

8. مالیاتی گوشواروں کے بنانے میں، پاکستان میں قابل عمل بین الاقوامی اکاؤنٹنگ سٹینڈرڈز کو ملحوظ خاطر رکھا گیا ہے۔

9. اندرونی کنٹرول کا نظام بہترین خدوخال پر بنایا گیا ہے، موثر طور پر لاگو کیا گیا ہے اور مونیٹر کیا جاتا ہے۔

10. لسٹنگ ضوابط کے مطابق کارپوریٹ گورننس کے بہترین طریقوں کو مدنظر رکھتے ہوئے ان سے روگردانی نہیں کی گئی۔

11. ایس ای سی پی کے بتائے ہوئے معیار کے مطابق زیر جائزہ سال کے درمیان ڈائریکٹر سید الیاس احمد نے کامیابی سے ڈائریکٹرز ٹریننگ پروگرام مکمل کر لیا ہے۔

12. چلتے ہوئے کاروباری ادارہ کے طور پر کمپنی کی صلاحیت پر کوئی اہم شکوک وشبہات نہیں پائے گئے۔

13. صفحہ نمبر 160 پر گذشتہ چھ سال کی کلیدی کارروائیوں اور مالیاتی اعداد و شمار کا خلاصہ دیا گیا ہے۔

14. نوٹس برائے مالیاتی گوشوارے کا نوٹ نمبر 9.3 سرمایہ کاری کی قدر برائے گریجویٹی فنڈ اکاؤنٹ ظاہر کرتا ہے۔

15. سی ای او، سی او او، سی ایف او، ہیڈ آف انٹرنل آڈٹ اور کمپنی سیکرٹری کے علاوہ تمام جنرل منیجرز اور ان سے اوپر والے افسران کو کوڈ آف کارپوریٹ گورننس کے کوڈ xvi(l) اور کوڈ xxiii کے مقاصد کے تناظر میں کمپنی ایگزیکٹو سمجھا جائے گا۔

16. زیر جائزہ سال میں ڈائریکٹر سید الیاس احمد اور ڈائریکٹر پروفیسر شعیب اے خان نے بالترتیب 9500 اور 10,000 کمپنی شیئرز خریدے جبکہ ایگزیکٹوز میں سے جناب محمود مرزا نے بھی کمپنی کے 500 شیئرز خریدے۔ ڈائریکٹر ڈاکٹر محمد سلیم خان اور تعمیر ملت فاؤنڈیشن، اہم شیئر ہولڈر، نے کمپنی کے بالترتیب 15,000 اور 400,000 شیئرز بیچے۔ زیر جائزہ سال میں کسی بھی اور ڈائریکٹر، سی ای او، سی ایف او، کمپنی سیکرٹری، ایگزیکٹوز اور ان کی ازدواج اور چھوٹے بچوں نے کمپنی کے شیئرز میں کاروبار نہیں کیا۔ تاہم تمام ڈائریکٹرز اور چند ایگزیکٹوز نے آفر کردہ ہر 100 عام شیئرز پر (تقریباً) 7.9663 کے تناسب سے ایڈیشنل عام رائٹ شیئرز حاصل کئے جو کہ (تقریباً) 7.9663 فیصد ہیں. صفحہ نمبر 254 پر اوپر بتائے گئے رائٹ شیئرز کی شمولیت کے بعد ان کی شیئر ہولڈنگ میں اضافہ درج کیا گیا ہے۔

17. کمپنی کو رائٹ اجرا کی فروخت آمدنی جو کہ -/1,046,266,000 روپے ہے، اس کی تکمیل کے بعد 1 اپریل، 2016 کو موصول ہوئی۔ ہمارے قابل قدر مریضوں کی ضروریات اور مطالبات کو ملحوظ خاطر رکھتے ہوئے کمپنی نے اب تک ٹوٹل 256.78 ملین روپے میڈیکل کے ساز و سامان میں اضافے/اپ گریڈیشن پر خرچ کئے ہیں۔ ان میں چند بڑے اقدامات سٹیٹ آف دی آرٹ آئی وی ایف سینٹر، تشکیل نو، آپریشن تھیٹرز کی مرمت و درستگی، ایمرجنسی رومز کی توسیع، ساز و سامان کا حصول وغیرہ۔ جبکہ سرمائے کے اخراجات 30 جون 2016 تک تقریباً 305 ملین کی مد پر تھے۔ اس بابت میں اسلام آباد کی حدود میں ایک ہیلتھ کیئر سہولت مرکز کا قیام بھی منصوبہ بندی کے عمل میں ہے۔

18. بورڈ کی کارکردگی کے سالانہ جائزہ کیلئے کمپنی نے طریقہ کار وضع کیا ہوا ہے۔

19. زیر جائزہ سال میں بورڈ آف ڈائریکٹرز کی 7 میٹنگز بالترتیب 10 ستمبر 2015، 27 اکتوبر 2015، 3 دسمبر 2015، 22 فروری 2016، 25 مارچ 2016، 25 اپریل 2016 اور 24 جون 2016 کو منعقد ہوئیں۔

نتائج و عملی کارکردگی

	2016	2015
	(روپے000میں)	
خالص آمدنی	8,730,803	7,410,022
دیگر آمدنی	86,760	55,288
آپریٹنگ لاگت	(7,668,538)	(6,579,618)
فنانس لاگت	(108,997)	(158,914)
منافع قبل از ٹیکسیشن	1,040,028	726,778
فراہمی برائے ٹیکسیشن	(279,930)	(193,768)
منافع برائے سال	760,098	533,010
	(روپے)	
		(اعادہ)
تقسیم اور فی شیئر کی بنیاد پر کمائی	14.68	10.52

1. زیر جائزہ سال میں آپ کی کمپنی کو پچھلے سال کے 7,410.0 ملین روپے کے مقابلے میں 8,731.0 ملین روپے کی آمدنی ہوئی، تاہم بہتر خدمات کے زیادہ استعمال سے، تنخواہوں کی مد میں اضافے، اجرتوں اور فوائد کی فراہمی، سپلائنز، ادویات، مرمت اور بحالی کے کاموں وغیرہ کی وجہ سے آپریٹنگ لاگت پچھلے سال کے 6,579.6 ملین روپے کے مقابلے میں بڑھ کر 7,668.5 ملین روپے ہو گئی۔ منافع قبل از ٹیکسیشن کا شمار پچھلے سال کے 726.8 ملین روپے کے مقابلے میں 1,040.0 ملین روپے رہا۔ تاہم آپ کی کمپنی نے پچھلے سال کے 533.0 ملین روپے کے مقابلے میں 760 ملین روپے کا کل منافع بعد از ٹیکسیشن کا حصول کیا۔

2. زیر غور سال کی فی شیئر آمدنی 10.52 روپے سے بڑھ کر 14.68 ہو گئی ہے۔

3. بورڈ کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ حتمی نقد منافع 3.00 روپے فی شیئر مقرر ہوا ہے جو کہ اختتامی سال 30 جون 2016 کے درمیان میں دیئے جانے والے 2.00 روپے فی شیئر کے منافع کے علاوہ ہے۔

4. کمپنی اپنے ذیلی ادارے شفا کنسلٹنگ سروسز (پرائیویٹ) لمیٹڈ کے 1.2 ملین شیئرز حاصل کرنے کا ارادہ رکھتی ہے جس کے بعد شفا کنسلٹنگ سروسز (پرائیویٹ) لمیٹڈ شفا انٹرنیشنل ہسپتال لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی بن جائے گی۔

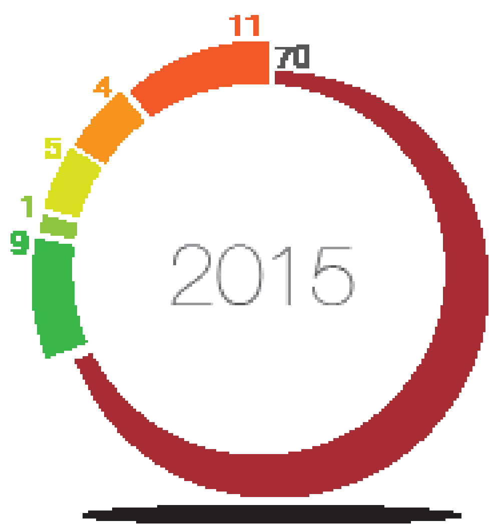
5. شفا انٹرنیشنل ہسپتال لمیٹڈ کی مینجمنٹ کی تیار کردہ مالیاتی گوشوارے ان کے کاروباری معاملات، ان کے آپریشنز کے نتائج، نقدی گوشوارے اور کاروبار میں تبدیلی کی اصل حالت کو پیش کر رہے ہیں۔

6. شفا انٹرنیشنل ہسپتال لمیٹڈ کے کھاتوں کو باقاعدگی سے کمپنیز آرڈیننس، 1984 کے مطابق برقرار رکھا گیا ہے۔

7. مالیاتی گوشواروں کے تیار کرنے میں مناسب پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینوں کی بنیاد مناسب اور دانشمندانہ فیصلے ہیں۔

Statement of Value Addition

	2016 Rs. in '000'	%	2015 Rs. in '000'	%
Value added				
Total Revenue inclusive of other income	8,817,563		7,465,310	
Supplies and other operating costs	4,467,404		4,048,100	
Total value added	4,350,159		3,417,210	
Value allocated				
To employees				
Salaries, wages and other benefits	3,053,772	70	2,395,523	70
To Government				
Income tax, sales tax and federal excise duty etc	403,896	9	320,468	9
To society				
Donation	50,000	1	20,000	1
To providers of capital				
Dividend to shareholders	336,388	8	151,541	5
Finance cost of borrowed funds	82,393	2	148,209	4
	418,781	10	299,750	9
Retained in the Company	423,710	10	381,469	11
Total value allocated	4,350,159	100	3,417,210	100



- Salaries, wages and other benefits
- Income tax and sales tax
- Donation
- Dividend to shareholders
- Finance cost of borrowed funds
- Retained in the Company

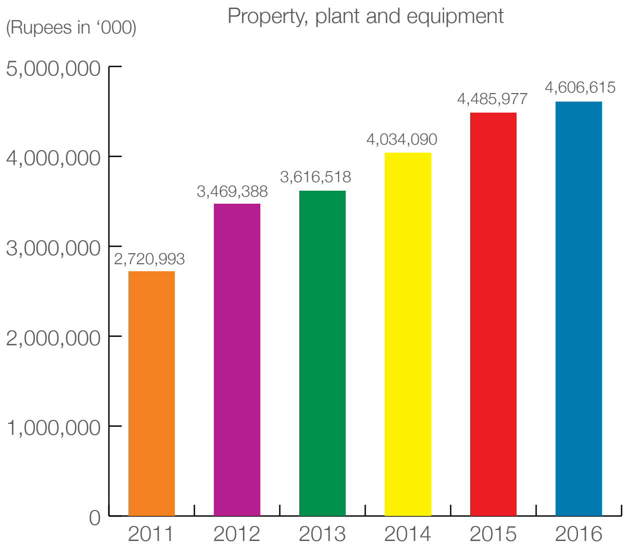
Value Addition

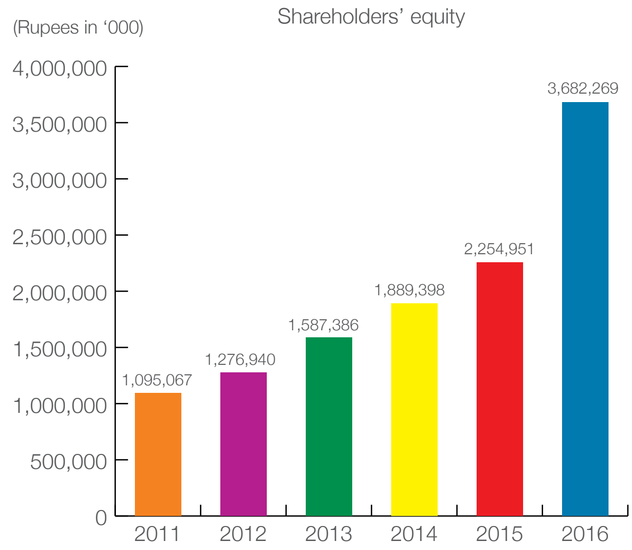
Six years at a Glance

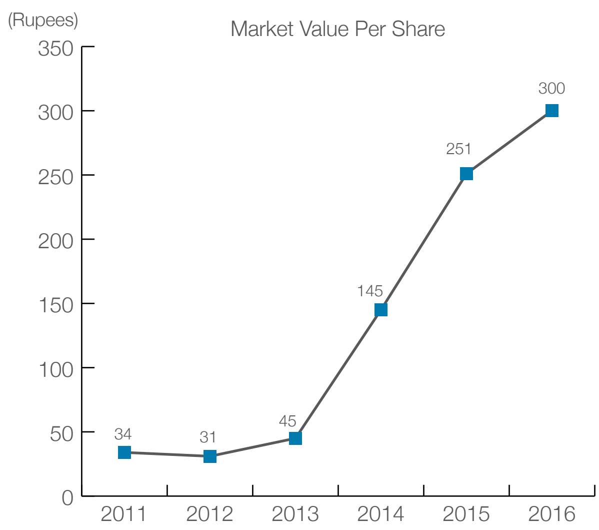
PERFORMANCE		2016	2015	2014	2013	2012	2011
Operating profit margin	%	13.16	11.95	12.95	13.74	11.72	14.16
Net profit margin	%	8.71	7.19	7.27	7.30	5.86	7.58
Return on equity	%	25.60	25.72	26.72	27.10	21.99	24.91
Return on assets	%	15.97	14.47	14.14	13.90	11.20	13.99
Asset turnover	Times	1.21	1.21	1.09	1.01	0.96	0.99
CAPITAL MARKET / CAPITAL STRUCTURE ANALYSIS							
Market value per share (year end)	Rs.	300	250.50	144.58	44.86	30.94	33.87
Breakup value per share	Rs.	67.52	44.64	37.40	31.42	25.28	21.68
Market price to breakup value	Times	4.44	5.61	3.87	1.43	1.22	1.56
Earnings per share	Rs.	14.68	10.52	9.20	7.68	5.16	5.12
Price earning ratio	Times	20.44	23.81	15.72	5.84	5.99	6.62
Dividend per share (total)	Rs.	6.5	3	3	1.50	1.50	3.00
Dividend yield / effective dividend rate	%	2.17	1.20	2.07	3.34	4.85	8.86
Interest cover	Times	10.54	5.57	4.33	3.84	3.46	4.18
Debt : equity	Ratio	19:81	34:66	44:56	52:48	54:46	36:64
LIQUIDITY							
Current ratio		1.37	0.87	0.93	1.66	1.04	0.70
Quick ratio		1.16	0.66	0.69	1.29	0.76	0.53

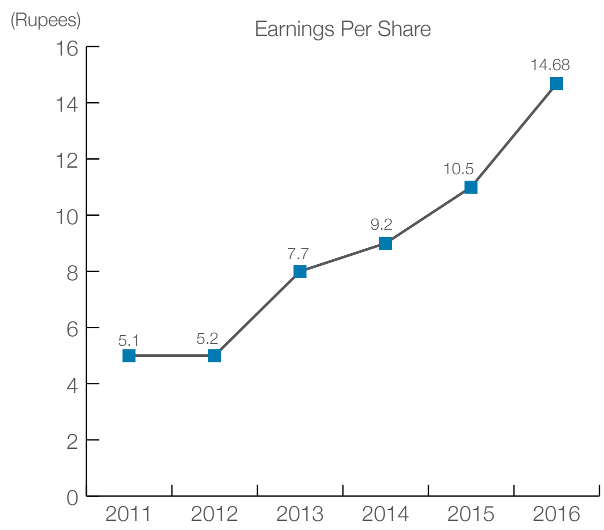
HISTORICAL TRENDS

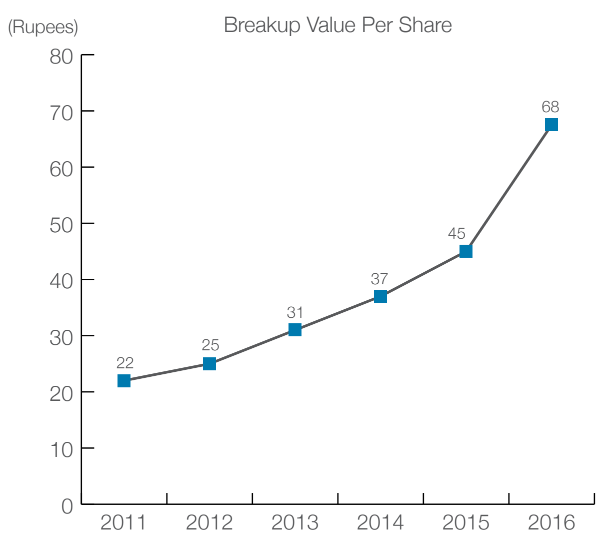
FINANCIAL POSITION	Rs in '000'					
Authorized capital	545,379	545,379	545,379	545,379	545,379	545,379
Share capital	545,379	505,138	505,138	505,138	505,138	505,138
Capital reserve	1,046,025	40,000	40,000	40,000	40,000	40,000
Unappropriated profit	2,090,865	1,709,813	1,344,260	1,042,248	731,802	549,929
Share holders' equity	3,682,269	2,254,951	1,889,398	1,587,386	1,276,940	1,095,067
Surplus on revaluation of PP&E	742,191	751,182	760,176	583,373	590,552	597,730
Non current liabilities	927,597	1,290,733	1,608,133	2,118,224	1,663,787	732,354
Current liabilities	1,842,642	1,822,423	1,597,824	968,684	1,128,439	1,027,811
Total	7,194,699	6,119,289	5,855,531	5,257,667	4,659,718	3,452,962
Property, plant and equipment (PP&E)	4,606,615	4,485,977	4,034,090	3,616,518	3,469,388	2,720,993
Long term investment	18,000	18,000	-	-	-	-
Long term deposits	39,677	38,129	40,651	31,041	22,066	10,296
Current assets	2,530,407	1,577,183	1,483,316	1,610,108	1,168,264	721,673
Non current asset held for sale	-	-	297,474	-	-	-
Total	7,194,699	6,119,289	5,855,531	5,257,667	4,659,718	3,452,962
OPERATING RESULTS						
Net revenue	8,730,803	7,410,022	6,393,105	5,315,589	4,451,781	3,412,688
Operating costs	(7,668,538)	(6,579,618)	(5,622,197)	(4,625,532)	(3,944,838)	(2,942,407)
Other income	86,760	55,288	56,894	40,540	14,812	12,928
Operating profit	1,149,025	885,692	827,802	730,597	521,755	483,209
Finance cost	(108,997)	(158,914)	(191,229)	(190,279)	(150,800)	(115,680)
Provision for taxation	(279,930)	(193,768)	(172,017)	(152,166)	(110,161)	(108,929)
Profit after taxation	760,098	533,010	464,556	388,152	260,794	258,600
CASH FLOW SUMMARY						
Net cash flows from operating activities	1,033,182	1,158,863	962,854	670,655	504,482	547,908
Net cash used in investing activities	(498,613)	(534,181)	(829,793)	(404,875)	(987,042)	(307,126)
Net cash flows from / (used in) financing activities	398,912	(485,424)	(385,228)	190,915	784,743	(277,029)
Changes in cash & cash equivalent (C&CE)	933,481	139,258	(252,167)	456,695	302,183	(36,247)
Cash & cash equivalents at begining of year	649,702	510,612	763,546	306,452	4,216	40,480
Effect of exchange rate change on C&CE	(493)	(168)	(767)	399	53	(17)
Cash & cash equivalents at end of year	1,582,690	649,702	510,612	763,546	306,452	4,216

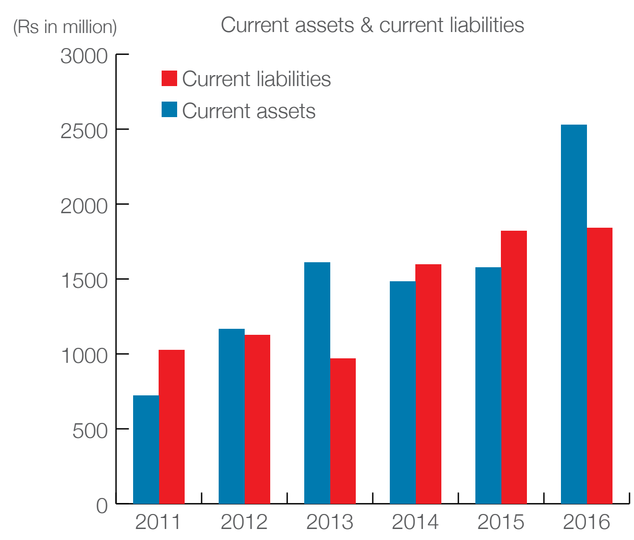

Property, plant and equipment
(Rupees in '000)
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
2,720,993
3,469,388
3,616,518
4,034,090
4,485,977
4,606,615
2011
2012
2013
2014
2015
2016


Shareholders' equity
(Rupees in '000)
4,000,000
3,500,000
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
1,095,067
1,276,940
1,587,386
1,889,398
2,254,951
3,682,269
2011
2012
2013
2014
2015
2016


Market Value Per Share
(Rupees)
350
300
250
200
150
100
50
0
34
31
45
145
251
300
2011
2012
2013
2014
2015
2016


Earnings Per Share
(Rupees)
16
14
12
10
8
6
4
2
0
5.1
5.2
7.7
9.2
10.5
14.68
2011
2012
2013
2014
2015
2016


Breakup Value Per Share
(Rupees)
80
70
60
50
40
30
20
10
0
22
25
31
37
45
68
2011
2012
2013
2014
2015
2016


Current assets & current liabilities
(Rs in million)
Current liabilities
Current assets
3000
2500
2000
1500
1000
500
0
2011
2012
2013
2014
2015
2016

Horizontal Analysis

	2016		2015	
	Rs in '000'	16 Vs. 15 %	Rs in '000'	15 Vs. 14 %
BALANCE SHEET				
SHARE CAPITAL & RESERVES				
Share capital	545,379	8	505,138	-
Capital reserve	1,046,025	2,515	40,000	-
Unappropriated profit	2,090,865	22	1,709,813	27
Shareholders' equity	3,682,269	63	2,254,951	19
Surplus on revaluation of PP&E	742,191	(1)	751,182	(1)
Non current liabilities	927,597	(28)	1,290,733	(20)
Current liabilities	1,842,642	1	1,822,423	14
Total	7,194,699	18	6,119,289	5
ASSETS				
Property, plant and equipment (PP&E)	4,606,615	3	4,485,977	11
Long term investment	18,000	-	18,000	100
Long term deposits	39,677	4	38,129	(6)
Current assets	2,530,407	60	1,577,183	6
Non current asset held for sale	-	-	-	(100)
Total	7,194,699	18	6,119,289	5
PROFIT & LOSS ACCOUNT				
Net revenue *	8,730,803	17.8	7,410,022	16
Operating costs **	(7,668,538)	16.5	(6,579,618)	17
Other income	86,760	57	55,288	(3)
Operating profit	1,149,025	29.7	885,692	7
Finance cost	(108,997)	(31)	(158,914)	(17)
Provision for taxation	(279,930)	44	(193,768)	13
Profit after taxation	760,098	43	533,010	15

* Revenue earned during the year under review increased from Rs. 7,410 million to Rs. 8,731 million as compared to last year due to increased number of patient visits, procedures, tests, surgeries etc.

** With the increase in staff costs, supplies/ medicine consumed and increase in volume, the operating cost has been increased to Rs. 7,669 million from Rs. 6,580 million.

2014		2013		2012		2011	
Rs in '000'	14 Vs. 13 %	Rs in '000'	13 Vs. 12 %	Rs in '000'	12 Vs. 11 %	Rs in '000'	11 Vs. 10 %
505,138	-	505,138	-	505,138	-	505,138	-
40,000	-	40,000	-	40,000	-	40,000	-
1,344,260	29	1,042,248	42	731,802	33	549,929	26
1,889,398	19	1,587,386	24	1,276,940	17	1,095,067	12
760,176	30	583,373	(1)	590,552	(1)	597,730	(1)
1,608,133	(24)	2,118,224	27	1,663,787	127	732,354	(12)
1,597,824	65	968,684	(14)	1,128,439	10	1,027,811	23
5,855,531	11	5,257,667	13	4,659,718	35	3,452,962	6
4,034,090	12	3,616,518	4	3,469,388	28	2,720,993	5
-	-	-	-	-	-	-	-
40,651	31	31,041	41	22,066	114	10,296	17
1,483,316	(8)	1,610,108	38	1,168,264	62	721,673	11
297,474	100	-	-	-	-	-	-
5,855,531	11	5,257,667	13	4,659,718	35	3,452,962	6
6,393,105	20	5,315,589	19	4,451,781	30	3,412,688	34
(5,622,197)	22	(4,625,532)	17	(3,944,838)	34	(2,942,407)	37
56,894	40	40,540	174	14,812	15	12,928	18
827,802	13	730,597	40	521,755	8	483,209	17
(191,229)	0.5	(190,279)	26	(150,800)	30	(115,680)	27
(172,017)	13.04	(152,166)	38	(110,161)	1	(108,929)	(17)
464,556	20	388,152	49	260,794	1	258,600	37

Vertical Analysis

	2016		2015	
	Rs in '000'	%	Rs in '000'	%
BALANCE SHEET				
SHARE CAPITAL & RESERVES				
Share capital	545,379	8	505,138	8
Capital reserve	1,046,025	14	40,000	1
Unappropriated profit	2,090,865	29	1,709,813	28
Shareholders' equity	3,682,269	51	2,254,951	37
Surplus on revaluation of PP&E	742,191	10	751,182	12
Non current liabilities	927,597	13	1,290,733	21
Current liabilities	1,842,642	26	1,822,423	30
Total	7,194,699	100	6,119,289	100
ASSETS				
Property, plant and equipment (PP&E)	4,606,615	64	4,485,977	73
Long term investment	18,000	0.3	18,000	0.3
Long term deposits	39,677	0.6	38,129	0.7
Current assets	2,530,407	35.1	1,577,183	26
Non current asset held for sale	-	-	-	-
	7,194,699	100	6,119,289	100
PROFIT & LOSS ACCOUNT				
Net revenue	8,730,803	100	7,410,022	100
Operating costs	(7,668,538)	87.8	(6,579,618)	88.8
Other income	86,760	1.0	55,288	0.7
Operating profit	1,149,025	13.2	885,692	11.9
Finance cost	(108,997)	1.3	(158,914)	2.1
Provision for taxation	(279,930)	3.2	(193,768)	2.6
Profit after taxation	760,098	8.7	533,010	7.2

2014		2013		2012		2011	
Rs in ‘000’	%	Rs in ‘000’	%	Rs in ‘000’	%	Rs in ‘000’	%
505,138	9	505,138	10	505,138	11	505,138	15
40,000	1	40,000	1	40,000	1	40,000	1
1,344,260	23	1,042,248	20	731,802	16	549,929	16
1,889,398	33	1,587,386	31	1,276,940	28	1,095,067	32
760,176	13	583,373	11	590,552	12	597,730	17
1,608,133	27	2,118,224	40	1,663,787	36	732,354	21
1,597,824	27	968,684	18	1,128,439	24	1,027,811	30
5,855,531	100	5,257,667	100	4,659,718	100	3,452,962	100
4,034,090	69	3,616,518	69	3,469,388	74.5	2,720,993	79
-	-	-	-	-	-	-	-
40,651	1	31,041	0.6	22,066	0.5	10,296	0.3
1,483,316	25	1,610,108	30.4	1,168,264	25	721,673	20.7
297,474	5	-	-	-	-	-	-
5,855,531	100	5,257,667	100	4,659,718	100	3,452,962	100
6,393,105	100	5,315,589	100	4,451,781	100	3,412,688	100
(5,622,197)	88	(4,625,532)	87	(3,944,838)	88.6	(2,942,407)	86.2
56,894	1	40,540	0.7	14,812	0.3	12,928	0.4
827,802	13	730,597	13.7	521,755	11.7	483,209	14.2
(191,229)	3	(190,279)	3.6	(150,800)	3.4	(115,680)	3.4
(172,017)	2.7	(152,166)	2.8	(110,161)	2.5	(108,929)	3.2
464,556	7.3	388,152	7.3	260,794	5.8	258,600	7.6

Statement of Compliance with the Code of Corporate Governance

Shifa International Hospitals Limited-Year Ended June 30 - 2016

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation No. 35 of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Shah Naveed Saeed Syed Ilyas Ahmed Prof. Dr. Shoab Ahmed Khan
Executive Directors	Dr. Manzoor H. Qazi Dr. Mohammad Salim Khan Mr. Muhammad Zahid
Non-Executive Directors	Dr. Habib-Ur-Rahman Mr. Shafquat Ali Chaudhary Mr. Qasim Farooq Ahmad Dr. Samea Kauser Ahmad

   The independent directors meet the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No causal vacancy occurred in the Board during the year ended June 30, 2016.

5. The Company has prepared a “code of conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. All the meetings of the Board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. There were no new appointments of CFO, Company Secretary or Head of Internal Audit during the year.

10. During the year under review, one director of the Company namely Syed Ilyas Ahmed acquired the certification under the directors' training program that meets the criteria specified by the SECP.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee which is comprised of six members, of whom four are independent / non-executive directors. The chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee which is comprised of three members, of whom two are non-executive director. The chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they observed IFAC guidelines in this regard.

21. The 'closed period' prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

ISLAMABAD
August 25, 2016

DR. MANZOOR H. QAZI
Chief Executive Officer

Grant Thornton Anjum Rahman
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Trust Complex,
Aga Khan Road F-5/1,
Islamabad Pakistan

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Review Report to the Members

On Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of Shifa International Hospitals Limited, (the Company) for the year ended June 30, 2016, to comply with the requirements of Rule 5.19 of the Rule Book of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternative pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Grant Thornton Anjum Rahman

GRANT THORNTON ANJUM RAHMAN
Chartered Accountants
Engagement Partner: Nadeem Tirmizi

Islamabad
Date: August 25, 2016

Grant Thornton Anjum Rahman
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Auditors' Report to the Members

We have audited the annexed balance sheet of Shifa International Hospitals Limited (the Company) as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:-

a. in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b. in our opinion:-

    i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

    ii. the expenditure incurred during the year was for the purpose of the Company's business; and

    iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

c. in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

d. in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Grant Thornton Anjum Rahman

GRANT THORNTON ANJUM RAHMAN
Chartered Accountants
Audit Engagement Partner: Nadeem Tirmizi

Islamabad
Date: August 25, 2016

Balance Sheet

As at June 30, 2016

	Note	2016	2015
		(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Share capital	4	545,379	505,138
Capital reserve	5	1,046,025	40,000
Unappropriated profit		2,090,865	1,709,813
		3,682,269	2,254,951
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	6	742,191	751,182
NON-CURRENT LIABILITIES			
Long term financing - secured	7	503,991	833,333
Deferred taxation	8	423,606	457,400
		927,597	1,290,733
CURRENT LIABILITIES			
Trade and other payables	9	1,506,485	1,488,297
Markup accrued	10	483	793
Current portion of long term financing	7	335,674	333,333
		1,842,642	1,822,423
		7,194,699	6,119,289
CONTINGENCIES AND COMMITMENTS	11		

The annexed notes 1 to 38 form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

	Note	2016	2015
		(Rupees in '000')	
NON-CURRENT ASSETS			
Property, plant and equipment	12	4,606,615	4,485,977
Long term investment - at cost	13	18,000	18,000
Long term deposits	14	39,677	38,129
		4,664,292	4,542,106
CURRENT ASSETS			
Stores, spare parts and loose tools	15	145,524	186,285
Stock-in-trade	16	256,458	202,463
Trade debts - considered good	17	338,745	334,242
Loans and advances - considered good	18	159,157	125,594
Trade deposits and short term prepayments	19	21,352	24,926
Markup accrued		1,501	1,908
Other financial assets	20	1,096,241	125,305
Tax refunds due from the government (net of provision)	21	24,980	52,063
Cash and bank balances	22	486,449	524,397
		2,530,407	1,577,183
		7,194,699	6,119,289

CHIEF FINANCIAL OFFICER

Profit and Loss Account
For the year ended June 30, 2016

	Note	2016	2015
		(Rupees in '000')	
Net revenue	23	8,730,803	7,410,022
Other income	24	86,760	55,288
Operating costs	25	(7,668,538)	(6,579,618)
Finance costs	26	(108,997)	(158,914)
Profit before taxation		1,040,028	726,778
Provision for taxation	27	(279,930)	(193,768)
Profit after taxation		760,098	533,010
		---------(Rupees)---------	
			(Restated)
Earnings per share - basic and diluted	28	14.68	10.52

The annexed notes 1 to 38 form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

Statement of Comprehensive Income

For the year ended June 30, 2016

	2016	2015
	(Rupees in '000')	
Profit after taxation	760,098	533,010
Other comprehensive income		
Loss on remeasurement of staff gratuity fund benefit plan	(74,854)	(36,633)
Deferred tax credit relating to remeasurement of staff gratuity fund benefit plan	23,205	11,723
Loss on remeasurement of staff gratuity fund benefit plan (net of tax)	(51,649)	(24,910)
Total comprehensive income for the year	708,449	508,100

The annexed notes 1 to 38 form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

Cash Flow Statement
For the year ended June 30, 2016

	Note	2016	2015
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,040,028	726,778
Adjustments for:			
Depreciation / amortization of property, plant and equipment		415,241	379,664
Provision for doubtful debts		19,179	29,133
Property, plant and equipment written off		1,414	18,048
Gain on disposal of property, plant and equipment		(2,956)	(6,200)
Provision for compensated absences		44,902	28,407
Provision for gratuity		41,578	56,971
Provision for slow moving stores		4,399	5,981
Liabilities written back		(2,301)	(3,133)
Profit on investments and bank deposits		(37,314)	(25,193)
Loss on foreign currency translation		493	168
Finance cost		108,504	158,746
Operating cash flows before changes in working capital		1,633,167	1,369,370
Changes in working capital:			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		36,812	(19,846)
Stock-in-trade		(53,995)	10,075
Trade debts		(23,682)	(20,347)
Loans and advances		(33,563)	38,983
Trade deposits and short term prepayments		3,574	12,257
Increase / (decrease) in current liabilities:			
Trade and other payables		(17,124)	315,264
Cash generated from operations		1,545,189	1,705,756
Finance cost paid		(108,814)	(159,411)
Income tax paid		(263,437)	(239,461)
Payment to SIHL Employees' Gratuity Fund		(113,347)	(126,095)
Compensated absences paid		(26,409)	(21,926)
Net cash from operating activities		1,033,182	1,158,863
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(539,970)	(563,988)
Proceeds from disposal of property, plant and equipment		5,184	20,886
Profit received		37,721	24,398
Investment in subsidiary		-	(18,000)
(Increase) / decrease in long term deposits		(1,548)	2,523
Net cash used in investing activities		(498,613)	(534,181)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - repayments		(327,001)	(337,834)
Proceeds from issue of right shares		1,046,266	-
Dividend paid		(320,353)	(147,590)
Net cash generated / (used) in financing activities		398,912	(485,424)
Net increase in cash and cash equivalents		933,481	139,258
Cash and cash equivalents at beginning of year		649,702	510,612
Effect of exchange rate changes on cash and cash equivalents		(493)	(168)
Cash and cash equivalents at end of year	34	1,582,690	649,702

The annexed notes 1 to 38 form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

Statement of Changes in Equity

For the year ended June 30, 2016

	Note	Share capital	Capital reserve	Un-appropriated Profit	Surplus on revaluation of property, plant and equipment	Total
		(Rupees in 000)				
Balance at July 01, 2014		505,138	40,000	1,344,260	760,176	2,649,574
Total comprehensive income for the year						
Profit for the year		-	-	533,010	-	533,010
Other comprehensive income - net of tax		-	-	(24,910)	-	(24,910)
		-	-	508,100	-	508,100
Transfer of depreciation / amortization on incremental value arising on revaluation of property, plant and equipment attributed to current year		-	-	8,994	(8,994)	-
Distribution to owners						
Dividend 2014: Rs. 3 per share		-	-	(151,541)	-	(151,541)
Balance at June 30, 2015		505,138	40,000	1,709,813	751,182	3,006,133
Issue of further share capital - right issue	4	40,241	-	-	-	40,241
Share premium on issue of right shares	5	-	1,006,025	-	-	1,006,025
Total comprehensive income for the year						
Profit for the year		-	-	760,098	-	760,098
Other comprehensive income - net of tax		-	-	(51,649)	-	(51,649)
		-	-	708,449	-	708,449
Transfer of depreciation / amortization on incremental value arising on revaluation of property, plant and equipment attributed to current year		-	-	8,991	(8,991)	-
Distribution to owners						
Final dividend 2015: Rs. 4.5 per share		-	-	(227,312)	-	(227,312)
Interim dividend 2015-16: Rs. 2 per share		-	-	(109,076)	-	(109,076)
Balance at June 30, 2016		545,379	1,046,025	2,090,865	742,191	4,424,460

The annexed notes 1 to 38 form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

1 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. Previously, the shares of the Company were quoted on Karachi, Lahore and Islamabad stock exchanges of Pakistan. However, due to integration of these Stock Exchanges into Pakistan Stock Exchange Limited effective January 11, 2016 the shares of the Company are now 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 Company is to establish and run medical centers and hospitals in Pakistan. The Company has established its first hospital in 1993 in H-8/4 Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4 Islamabad. The Company is also running medical center, pharmacies in Islamabad and franchise pharmacies and Lab collection points in different cities of Pakistan.

1.2 These financial statements are separate financial statements of the Company whereas investment in subsidiary is recognised on the basis of direct equity interest rather than on the basis of reporting results of the subsidiary. Consolidated financial statements are prepared separately.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, modified by:-

- revaluation of certain items of property, plant and equipment; and

- recognition of certain employee benefits at present value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.4.1 Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation / amortization charge and impairment.

2.4.2 Provision for doubtful debts

The Company estimates the recoverability of the trade debts and provides for doubtful debts based on its prior experience. The carrying amounts of trade debts and provision for doubtful debts are disclosed in note 17 to these financial statements.

2.4.3 Stock in trade, stores, spares and loose tools

The Company reviews the net realizable value of stock in trade, stores, spares and loose tools to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditures to make the sale.

2.4.4 Employee benefits

The Company operates approved funded gratuity scheme covering all its employees who have completed the minimum qualifying period of service as defined under the scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

2.4.5 Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.4.6 Contingencies

The Company has disclosed significant contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognised at the balance sheet date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognise any liability at the balance sheet date.

2.5 New accounting standards, interpretations and amendments

During the year certain amendments to standards or new interpretations became effective, however, the amendments or interpretations did not have any material effect on these financial statements.

The following revised standards and amendments and interpretations to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below against the respective standard.

		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendments)	January 1, 2016
IAS 7	Statement of Cash Flows - Disclosure Initiative (Amendment)	January 1, 2016
IAS 12	Income taxes - Recognition of deferred tax assets for unrealized losses - (Amendment)	January 1, 2017
IAS 16	Property, Plant and Equipment - Clarification of acceptable method of depreciation (Amendments)	January 1, 2016
IAS 19	Employee Benefits (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements - Equity method in separate financial statements (Amendments)	January 1, 2016
IAS 28	Associates and Joint Ventures - Investment entities applying consolidation exceptions (Amendment)	January 1, 2016
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2016
IAS 38	Intangible Assets - Clarification of acceptable method amortization (Amendments)	January 1, 2016
IAS 41	Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	January 1, 2016
IFRS 2	Share based payments - Classification and measurement of share based payments transaction (Amendment)	January 1, 2018
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	January 1, 2016
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 1, 2016
IFRS 10	Consolidated Financial Statements - Investment entities applying consolidation exceptions (Amendment)	January 1, 2016
IFRS 11	Joint Arrangements - Accounting for acquisitions of interests in joint operations (Amendments)	January 1, 2016
IFRS 12	Disclosure of interests in other entities - Investment entities applying consolidation exceptions (Amendment)	January 1, 2016
IFRS 10 & IAS 28	Sale or Contribution of assets between an investor and its associate or joint venture (Amendment)	Not yet Finalized

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than the impact on presentation/ disclosures. The Company is yet to assess the full impact of the amendments.

The Company has adopted the following applicable accounting standards, amendments and interpretations of IFRSs which became effective for the current year:

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in other entities

IFRS 13 Fair Value measurement

The adoption of above accounting standards did not have any effect on the financial statements.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1 First-time Adoption of International Financial Reporting Standards

IFRS 9 Financial Instruments

IFRS 14 Regulatory Deferral Accounts

IFRS 15 Revenue from Contracts with Customers

IFRS 16 Leases

The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 4 Determining whether an Arrangement contains Lease

IFRIC 12 Service Concession Arrangements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property, plant and equipment

Property, plant and equipment except freehold, leasehold land and capital work-in-progress are stated at cost less accumulated depreciation / amortization and impairment in value, if any. Leasehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses while freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses, if any. Any revaluation increase arising on the revaluation of such assets is credited in ‘Surplus on Revaluation of Property, Plant and Equipment’. A decrease in the carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to a previous revaluation of that asset. Leasehold land is amortized over the lease period extendable up to 99 years.

The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation / amortization charged on the related asset is transferred to unappropriated profit.

Capital work-in-progress and stores held for capital expenditure are stated at cost less impairment loss recognised, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific items of property, plant and equipment when available for intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs that do not meet the recognition criteria are charged to profit and loss account as and when incurred.

Depreciation / amortization is charged to profit and loss account commencing when the asset is ready for its intended use, applying the straight-line method over the estimated useful life.

In respect of additions and disposals during the year, depreciation / amortization is charged when the asset is available for use and up to the month preceding the asset's classification as held for sale or derecognized, whichever is earlier.

Assets are derecognized when disposed off or when no future economic benefits are expected to flow from its use. Gain and loss on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized on net basis within "other income" in profit and loss account.

3.2 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases.

Finance leases as lessee

The Company recognizes finance leases as assets and liabilities in the balance sheet at amounts equal, at the inception of the lease, to the fair value of the asset or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments the discount factor used is the interest rate implicit in the lease. Initial direct costs incurred are included as part of the amount recognized as an asset. The liabilities are classified as current and long term depending upon the timing of payment. Lease payments are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Finance charges are charged directly to profit and loss account.

Operating leases / Ijarah contracts

As lessor

Rental income from operating leases is recognized on straight-line basis over the term of the relevant lease.

As lessee

Rentals payable under operating leases / Ijarah are charged to profit and loss account on straight-line basis over the term of relevant lease / Ijarah.

3.3 Impairment

Non - Financial assets

The Company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets and inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account except for the impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of depreciation / amortization) had no impairment loss been recognized for the asset in prior years. Reversal of impairment loss is recognized in profit and loss account.

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

3.4 Investments

All purchases and sales of investments are recognized using settlement date accounting. Settlement date is the date on which that investments are delivered to or by the Company. All investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.4.1 Investment in subsidiary

These investments are carried at cost less impairment losses. The profits and losses of the subsidiary are carried forward in the financial statements of the subsidiary and are not dealt with in or for the purpose of these financial statements except to the extent of dividend declared by the subsidiary company. Gain and loss on disposal of investment is included in income.

3.4.2 Investments held to maturity

Investments with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold till maturity are classified as investment held to maturity. These are initially recognized at cost inclusive of transaction cost and are subsequently carried at amortized cost using the effective interest rate method less impairment loss, if any. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the investment to its net carrying amount.

3.4.3 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise 'Advances, deposits and other receivables'.

3.5 Stores, spare parts and loose tools

These are valued at cost, determined on moving average cost basis or net realizable value, whichever is lower, less allowance for obsolete and slow moving items. For items which are slow moving or identified as surplus to the Company's requirement, a provision is made for excess of book value over estimated net realizable value. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores, spare parts and loose tools.

3.6 Stock-in-trade

Stock-in-trade is valued at lower of cost, determined on moving average basis or net realizable value. The cost includes expenditure incurred in acquiring the stock items and other cost incurred in bringing them to their present location and condition.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cheques in hand, balances with banks and highly liquid short term investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value with maturity of three months or less from the date of acquisition and short term borrowings.

3.8 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. These are derecognized when the Company looses control of contracted rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in profit and loss account.

The particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of the financial instruments.

3.8.1 Trade debts and other receivables

Trade debts and other receivables are carried at original bill amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off against provision.

3.8.2 Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.8.3 Offsetting

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Company has a legal enforceable right to set-off the recognized amounts and intends either to settle on net basis or to realize the asset and settle the liability simultaneously.

3.9 Employee benefits

Defined benefit plan

The Company operates approved funded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to income. The most recent valuation was carried out as at June 30, 2016 using the "Projected Unit Credit Method". The actuarial gains or losses at each evaluation date are charged to other comprehensive income. The results of actuarial valuation are summarized in note 9.3 of these financial statements.

The amount recognized in the balance sheet represents the present value of defined benefit obligations as reduced by the fair value of plan assets.

Calculation of gratuity requires assumptions to be made of future outcomes which mainly include increase in remuneration, expected long term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

Compensated absences

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leave is earned. Accrual to cover the obligations is made using the current salary levels of the employees.

3.10 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

3.11 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current

Provision for current taxation is based on taxable income at the current rates of tax after taking into account applicable tax credits, rebates, losses and exemptions available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.12 Foreign currencies

Transactions in currencies other than Pak Rupees are recorded at the rates of exchange prevailing on the dates of transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate prevailing on the balance sheet date. Gains and losses arising on retranslation are included in profit or loss for the year.

3.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for goods and services provided in the normal course of business. Revenue is recognised in the accounting period in which the services are rendered and goods are delivered and it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of the revenue can be measured reliably.

Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income is recognized on a straight line basis over the term of the rent agreement.

Scrap sales and miscellaneous receipts are recognised on realised amounts.

3.14 Borrowings

Borrowings are recognized initially at fair value net off transaction cost incurred and are subsequently measured at amortized cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of liability for at least twelve months after the balance sheet date.

3.15 Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are charged to profit or loss.

3.16 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholder and weighted average number of ordinary shares outstanding for the effects of all potential ordinary shares.

3.17 Dividend

Dividend is recognised as a liability in the period in which it is declared.

3.18 Non - current assets held for sale

Non - current assets are classified as held for sale when their carrying amounts are expected to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount immediately prior to their classification as held for sale and fair value less cost to sell. Once classified as held for sale, the assets are not subject to depreciation or amortization. In case where classification criteria of non current asset held for sale is no longer met such asset is classified on its carrying amount before the asset was classified as held for sale, adjusted for depreciation / revaluation that would have been recognised had the asset not been classified as held for sale. The required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale is charged in profit and loss account.

4 SHARE CAPITAL

Authorized capital

This represents 54,537,900 (2015: 54,537,900) ordinary shares of Rs. 10 each amounting to Rs. 545,379 thousand (2015: Rs. 545,379 thousand).

Issued, subscribed and paid up capital

2016	2015		2016	2015
Number			(Rupees in '000')	
50,513,800	50,513,800	Opening balance: Ordinary shares of Rs. 10 each	505,138	505,138
4,024,100	-	Addition: Right issue of ordinary shares of Rs. 10 each	40,241	-
54,537,900	50,513,800	Closing balance: Ordinary shares of Rs. 10 each fully paid in cash	545,379	505,138

4.1 The Company has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

4.2 In line with the Company's decision to raise capital through issue of further shares, the Company has issued 4,024,100 shares @ Rs. 260 per share to the members which have been fully subscribed and allotted as on March 18, 2016. This issue price includes premium of Rs. 250 per share.

4.3 The Company has no reserved shares for issuance under options and sales contracts.

5 CAPITAL RESERVE

This represents premium of Rs. 5 and Rs. 250 per share received on public issue of 8,000,000 and 4,024,100 ordinary shares of Rs.10 each in 1994 and 2016 respectively. This reserve cannot be utilized except for the purposes mentioned under section 83 of the Companies Ordinance, 1984.

	2016	2015
	(Rupees in '000')	
6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Balance at beginning of year	751,182	760,176
Transferred to unappropriated profits in respect of incremental depreciation charged during the year	(8,991)	(8,994)
Balance at end of year	742,191	751,182

6.1 Surplus on revaluation of fixed assets in respect of leasehold and freehold land, which were revalued in 1999, 2004, 2009 and 2014 as disclosed in note 12.1, cannot be utilized directly or indirectly by way of dividend or bonus. Due to revaluation of leasehold and freehold land, incidence of related deferred tax liability does not arise.

	Note	2016	2015
		(Rupees in '000')	
7 LONG TERM FINANCING - SECURED			
From banking and non-banking companies:			
Syndicated Islamic Finance Facility	7.2	833,333	1,166,666
Diminishing Musharika Facility	7.3	6,332	-
		839,665	1,166,666
Less: Current portion		335,674	333,333
		503,991	833,333

7.1 The Company has fully availed all the above facilities.

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

7.3 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 three months KIBOR plus 1.25 % (2015: Nil).

	Note	2016	2015
		(Rupees in '000')	
8 DEFERRED TAXATION			
Deferred tax liability	8.1	480,334	497,566
Deferred tax asset	8.2	(56,728)	(40,166)
Net deferred tax liability		423,606	457,400
8.1 Deferred tax liability on taxable temporary differences:			
Accelerated depreciation allowance		480,334	497,566
8.2 Deferred tax asset on deductible temporary differences:			
Specific provisions		(25,628)	(9,082)
Retirement benefit obligation		(31,100)	(31,084)
		(56,728)	(40,166)

8.3 Movement in deferred taxation

Deferred tax liabilities / (assets)

	As at July 1, 2015	Profit and Loss	Other Comprehensive Income	As at June 30, 2016
	(Rupees in '000')			
The balance of deferred tax is in respect of the following temporary differences:				
Effect of taxable temporary differences				
Accelerated depreciation allowance	497,566	(17,232)	-	480,334
Effect of deductible temporary differences				
Provision for doubtful debts	(9,082)	(16,546)	-	(25,628)
Retirement benefit obligation	(31,084)	23,189	(23,205)	(31,100)
	457,400	(10,589)	(23,205)	423,606

Deferred tax liabilities / (assets)

	As at July 1, 2014	Profit and Loss	Other Comprehensive Income	As at June 30, 2015
	(Rupees in '000')			
The balance of deferred tax is in respect of the following temporary differences:				
Effect of taxable temporary differences				
Accelerated depreciation allowance	492,063	5,503	-	497,566
Effect of deductible temporary differences				
Provision for doubtful debts	(31,236)	22,154	-	(9,082)
Retirement benefit obligation	(19,361)	-	(11,723)	(31,084)
	441,466	27,657	(11,723)	457,400

9 TRADE AND OTHER PAYABLES

	Note	2016	2015
		(Rupees in '000')	
Creditors		566,898	605,456
Accrued liabilities		258,284	233,979
Advances		85,111	113,762
Medical consultants' charges		329,544	330,110
Payable to related parties - unsecured	9.1	6,289	5,040
Security deposits	9.2	85,875	69,050
Compensated absences	9.4	84,736	66,243
Unclaimed dividend		42,724	26,689
Retention money		11,911	5,664
Payable to Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund	9.3	35,113	32,304
		1,506,485	1,488,297

9.1 This represents payable to Tameer-e-Millat Foundation, Shifa Foundation and Shifa Tameer-e-Millat University having common directorship with the Company. Maximum amount due at the end of any month during the year was Rs. 4,138 thousand (2015: Rs. 4,678 thousand), Rs. 4,042 thousand (2015: Rs. 884 thousand) and Rs. 6,053 thousand (2015: Nil) respectively. Detail of balances of each related party are as under:

	2016	2015
	(Rupees in '000')	
Tameer-e-Millat Foundation	3,923	4,313
Shifa Foundation	709	727
Shifa Tameer-e-Millat University	1,657	-
	6,289	5,040

9.2 This represents customers' and employees' security deposits that are repayable on termination of respective agreements.

	Note	2016	2015
		(Rupees in '000')	

9.3 The amounts recognized in the balance sheet are as follows:

	Note	2016	2015
Present value of defined benefit obligations	9.3.1	373,315	298,537
Fair value of plan assets	9.3.2	(338,202)	(266,509)
Other adjustments		-	276
		35,113	32,304

9.3.1 Movement in the present value of funded obligation is as follows:

	2016	2015
Present value of defined benefit obligation at beginning	298,537	231,089
Interest cost	26,627	28,573
Current service cost	62,265	57,238
Past service cost	(18,192)	-
Benefits paid	(48,995)	(30,886)
Benefits payable	(1,882)	-
Non refundable loan to employees adjustable against gratuity	(1,400)	(4,750)
Remeasurement of defined benefit obligation	56,355	17,273
Present value of defined benefit obligation at year end	373,315	298,537

9.3.2 Movement in the fair value of plan assets is as follows:

	2016	2015
Fair value of plan assets at beginning	266,509	166,978
Expected return on plan assets	29,122	28,432
Contributions	113,347	126,095
Benefits paid	(48,995)	(30,886)
Benefits payable	(1,882)	-
Non refundable loan to employees adjustable against gratuity	(1,400)	(4,750)
Remeasurement on plan assets	(18,499)	(19,360)
Fair value of plan assets at year end	338,202	266,509

9.3.3 Charge for the year is as follows:

	2016	2015
Current service cost	62,265	57,238
Past service cost	(18,192)	-
Interest cost	26,627	28,573
Expected return on plan assets	(29,122)	(28,432)
	41,578	57,379

9.3.4 The charge has been allocated as follows:

	2016	2015
Salaries, wages and benefits	41,578	56,971
Capital work-in-progress	-	408
	41,578	57,379

	2016	2015
	(Rupees in '000')	

9.3.5 Remeasurements recognized in Other Comprehensive Income (OCI) during the year

	2016	2015
Remeasurement loss on obligation	56,355	17,273
Remeasurement loss on plan assets	18,499	19,360
Remeasurement loss recognized in OCI	74,854	36,633

9.3.6 Movement in liability recognised in balance sheet:

	2016	2015
Balance at beginning of year	32,304	64,111
Cost for the year	41,578	57,379
Total amount of remeasurement recognized in OCI during the year	74,854	36,633
Contributions during the year	(113,347)	(126,095)
Other adjustment	(276)	276
Balance at end of year	35,113	32,304

9.3.7 Plan assets comprise of:

	2016	2015
Accrued mark up	1,995	2,046
Term deposit receipts	231,000	231,000
Cash and bank balances	107,089	34,720
Payable to outgoing members	(1,882)	(1,257)
	338,202	266,509

9.3.8 The principal actuarial assumptions used in the actuarial valuation are as follows:

	2016	2015
Discount rate used for interest cost in profit and loss	9.75%	13.25%
Discount rate used for year end obligation	7.25%	9.75%
Expected rate of salary growth		
Salary increase FY 2016	N/A	8.75%
Salary increase FY 2017 onward	6.25%	8.75%
Mortality rate	SLIC 2001-2005 set back 1 year	SLIC 2001-2005 set back 1 year
Withdrawal rates	age based (per appendix)	age based (per appendix)
Retirement assumption	Age 60	Age 60

9.3.9 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / decreased as a result of a change in respective assumptions by one percent.

	Defined benefit obligation	
	Effect of 1% increase	Effect of 1% decrease
	(Rupees in '000')	
Discount rate	348,453	402,204
Future salary increase	402,835	347,436

9.3.10 The average duration of the defined benefit obligation as at June 30, 2016 is 7 years (2015: 7 years).

		Note	2016	2015
			(Rupees in '000')	
9.4	Opening Balance of provision for compensated absences		66,243	59,513
	Provision made for the year		44,902	28,407
			111,145	87,920
	Payment made during the year		(26,409)	(21,926)
	Charged to CWIP		-	249
	Closing balance as at year end		84,736	66,243

10 MARKUP ACCRUED

Long term financing - secured	483	787
Short term running finance - secured	-	6
	483	793

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

Claims against the Company not acknowledged as debts:

Patients	11.1.1	111,000	122,504
Others	11.1.2	20,000	20,000
Letter of guarantee	11.1.3	34,600	34,485

11.1.1 This represents claims lodged by patients and their heirs against the Company for alleged negligence on part of the consultants / doctors. The management is contesting the claims which are pending in courts and believes that the contention of the claimants will not be successful and no material liability is likely to arise.

11.1.2 This represents the penalty imposed by Competition Commission of Pakistan to each Gulf Cooperation Council's (GCC) Approved Medical Centers (GAMCs) including SIHL on account of alleged non competitive practice / arrangement of territorial division and equal allocation of GAMCs customers. Management of the Company and other GAMCs are jointly contesting the matter and firmly believe that the case will be decided in favor of the GAMCs including SIHL.

11.1.3 This represents letters of guarantees issued by bank in favour of Sui Northern Gas Pipelines Limited (SNGPL) and Ministry of Economy U.A.E. in ordinary course of Company's business.

		2016	2015
11.2	Commitments	(Rupees in '000')	
11.2.1	Capital expenditure contracted	282,614	16,240
11.2.2	Letters of credit	22,333	30,379

Notes to the Financial Statements

For the year ended June 30, 2016

12. PROPERTY, PLANT AND EQUIPMENT

Particulars	Owned assets												
	Freehold land	Leasehold land	Building on leasehold land	Leasehold Improvements	Biomedical equipment	Air conditioning equipment and machinery	Electrical and other equipment	Furniture and Fittings	Construction equipment	Computer installations	Vehicles	Capital work-in-progress (note 12.6)	Total
	(Rupees in 000)												
Cost / Revalued amount													
Balance as at July 01, 2014	250,850	673,081	1,793,065	73,922	1,798,068	183,470	335,892	107,634	8,671	201,146	104,823	215,388	5,746,010
Additions	6,500	-	-	-	385,552	3,947	43,945	16,062	-	23,129	1,850	85,853	566,838
Disposals	-	-	-	(18,885)	(983)	(1,319)	(6,768)	(1,018)	-	(3,577)	(6,650)	-	(39,200)
Write offs	-	-	-	(55,037)	(21,841)	-	(717)	(420)	-	(4,842)	-	-	(82,857)
Non current asset no longer classified as "held for sale"	-	287,878	-	-	-	-	-	-	-	-	-	-	287,878
Transfer	-	-	137,829	-	108,897	-	-	-	-	-	-	(246,726)	-
Balance as at June 30, 2015	257,350	960,959	1,930,894	-	2,269,693	186,098	372,352	122,258	8,671	215,856	100,023	54,515	6,478,669
Balance as at July 01, 2015	257,350	960,959	1,930,894	-	2,269,693	186,098	372,352	122,258	8,671	215,856	100,023	54,515	6,478,669
Additions	66,402	-	-	-	290,421	40,796	40,192	17,008	-	37,413	17,320	29,975	539,527
Disposals	-	-	-	-	(13,860)	-	(3,024)	-	-	(263)	(4,234)	-	(21,381)
Write offs	-	-	(221)	-	(5,130)	-	(49)	(214)	-	(789)	-	-	(6,403)
Transfers	-	-	29,245	-	-	-	-	-	-	-	-	(29,245)	-
Balance as at June 30, 2016	323,752	960,959	1,959,918	-	2,541,124	226,894	409,471	139,052	8,671	252,217	113,109	55,245	6,990,412
Depreciation / amortization													
Balance as at July 01, 2014	-	1,513	345,673	36,997	848,345	100,658	174,145	44,972	8,614	88,547	62,456	-	1,711,920
Charge for the year	-	11,474	55,712	12,608	175,530	14,604	37,980	10,131	25	39,893	12,137	-	370,094
On disposals	-	-	-	(10,339)	(438)	(762)	(3,040)	(326)	-	(2,995)	(6,614)	-	(24,514)
On write offs	-	-	-	(39,266)	(19,950)	-	(438)	(324)	-	(4,831)	-	-	(64,809)
Balance as at June 30, 2015	-	12,987	401,385	-	1,003,487	114,500	208,647	54,453	8,639	120,614	67,980	-	1,992,691
Balance as at July 01, 2015	-	12,987	401,385	-	1,003,487	114,500	208,647	54,453	8,639	120,614	67,980	-	1,992,691
Charge for the year	-	18,671	61,272	-	208,606	15,376	41,895	10,909	9	45,003	13,506	-	415,247
On disposals	-	-	-	-	(13,860)	-	(3,024)	-	-	(174)	(2,095)	-	(19,152)
On write offs	-	-	(221)	-	(3,800)	-	(42)	(160)	-	(766)	-	-	(4,989)
Balance as at June 30, 2016	-	31,658	462,436	-	1,194,433	129,876	247,476	65,202	8,648	164,677	79,391	-	2,383,797
Carrying value as at June 30, 2015	257,350	947,972	1,529,509	-	1,266,206	71,598	163,705	67,805	32	95,242	32,043	54,515	4,485,977
Carrying value as at June 30, 2016	323,752	929,301	1,497,482	-	1,346,691	97,018	161,995	73,850	23	87,540	33,718	55,245	4,606,615
Annual rate of depreciation %	-	1.34-3.03	2.5-10	20	10	10-15	10-15	10	10-20	15-30	20		

12.1 The Company had its leasehold land revalued in 1999, 2004, 2009 and 2014 and freehold land in 2009 and 2014 by independent valuers, using fair market value. These revaluations resulted in net surplus of Rs. 180,873 thousand, Rs. 63,891 thousand, Rs. 392,360 thousand and Rs. 184,284 thousand respectively. The revaluation surplus amounting to Rs. 821,409 thousand has been included in the carrying value of the respective assets. Out of the revaluation surplus, an amount of Rs. 742,191 thousand (2015: Rs. 751,182 thousand) remains undepreciated as at June 30, 2016.

Had there been no revaluation the carrying value would have been as under:

	Cost at June 30	Accumulated amortization at June 30	Carrying value at June 30
		(Rupees in '000')	
Leasehold land			
2016	**325,065**	**43,074**	**281,991**
2015	325,065	33,393	291,672
Freehold land			
2016	**228,870**	**-**	**228,870**
2015	162,468	-	162,468

12.2 Property, plant and equipment include items with aggregate cost of Rs. 639,721 thousand (2015: Rs. 551,552 thousand) representing fully depreciated assets that are still in use of the Company.

12.3 Property, plant and equipment of the Company are encumbered under an aggregate charge of Rs. 3,064.67 million (2015: 3,064.67 million) in favor of banking companies and non-banking financial institutions under various financing arrangements as disclosed in notes 7, 11.2.2 and 30.

12.4 The depreciation / amortization charge for the year has been allocated as follows:

	Note	2016	2015
		(Rupees in '000')	
Operating costs	25	415,241	379,664
Accumulated depreciation of asset previously classified as held for sale		-	(9,595)
Capital work-in-progress	12.6.1	6	25
		415,247	370,094

12.5 Detail of property, plant and equipment disposed off during the year, having caring value of more than fifty thousand rupees:

Sr. No.	Asset Particulars	Cost	Carrying Value	Sale Proceed	Purchaser	Mode of Disposal
		(Rupees in '000')				
1	Honda City	267	152	301	Mr. Shafqat Ali Hamidani	As per Company policy
2	Honda City	251	130	254	Mr. Muhammad Ahsan Hussain	As per Company policy
3	Honda City	248	78	256	Mr. Imran Farooqi	As per Company policy
4	Honda City	248	78	257	Ms. Nuzhat Sultana	As per Company policy
5	Honda City	248	78	257	Mr. Muhammad Aslam	As per Company policy
6	Suzuki Cultus	171	55	178	Mr. A.D. Zia	As per Company policy
7	Honda City	275	179	551	Ms. Yasmeen Saggu	As per Company policy
8	Honda Civic	2,526	1,389	2,021	Shifa Consulting Services (Pvt) Ltd.	Negotiation
		4,234	2,139	4,075		
Other assets having carrying value less than 50,000 rupees		17,147	89	1,109		
2016		21,381	2,228	5,184		
2015		39,200	14,686	20,886		

	Note	2016	2015
		(Rupees in '000')	

12.6 Capital work-in-progress

	Note	2016	2015
Construction work-in-progress - at cost	12.6.1	-	22,972
Stores held for capital expenditure	12.6.2	49,998	23,359
Installation of equipment in progress	12.6.3	5,247	8,184
		55,245	54,515

12.6.1 Construction work-in-progress - at cost

This was cost of civil works mainly comprising of cost of materials, payments to contractors and salaries and benefits pertaining to different blocks of hospital building in H-8/4. Given below was the break-up of these blocks:

	Note	2016 (Rupees in '000')	2015
Block "D"		-	5,125
Block "E"		-	9,494
Block "F"		-	3,852
Other constructions		-	4,476
Depreciation capitalised during the year	12.4	-	25
		-	22,972

	Note	2016	2015
		(Rupees in '000')	

12.6.2 Stores held for capital expenditure

	Note	2016	2015
Stores held for capital expenditure		53,105	26,016
Less: provision for slow moving items	12.6.2.1	3,107	2,657
		49,998	23,359

		2016	2015
12.6.2.1	Balance at beginning of the year	2,657	4,826
	Charged / (reversed) during the year	450	(2,169)
	Balance at the end of the year	3,107	2,657

12.6.3 Installation of equipment in progress

	2016	2015
Mobile C-Arm	5,247	-
Refrigerator Blood Bank	-	1,831
Medical - Grade LED	-	6,353
	5,247	8,184

13 LONG TERM INVESTMENT - AT COST

This represents investment in 60% fully paid ordinary shares of Shifa Consulting Services (Private) Limited, a subsidiary company having principal place of business in Islamabad. Fair value of this investment is not given as no reliable measures are available. The breakup value of this investment based on net assets of the investee company is Rs.2.21 (2015: 6.40) per share.

14 LONG TERM DEPOSITS

	Note	2016	2015
		(Rupees in '000')	
Lease key money deposits	14.1	4,009	7,729
Less: current portion of lease key money deposits	19	304	3,561
		3,705	4,168
Security deposits	14.2	35,972	33,961
		39,677	38,129

14.1 This represents lease key money deposits adjustable on expiry of respective Ijarah financing arrangements against transfer of titles of relevant assets.

14.2 This represents security deposits given to various institutions / persons and are generally refundable on termination of relevant services / arrangements.

15 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2016	2015
		(Rupees in '000')	
Stores		145,165	186,593
Spare parts		19,748	15,217
Loose tools		638	553
		165,551	202,363
Less: provision for slow moving items	15.1	20,027	16,078
		145,524	186,285

		Note	2016	2015
			(Rupees in ‘000’)	
15.1	Balance at beginning of year		16,078	7,928
	Charge for the year		3,949	8,150
	Balance at the end of year		20,027	16,078

16 STOCK-IN-TRADE

This represents medicines being carried at moving average cost.

17 TRADE DEBTS

	Note	2016	2015
Considered good			
Related party - Shifa Foundation	17.1	9,020	3,398
Related party - Shifa Tameer -e- Millat University (STMU)	17.2	-	1,433
Others		329,725	329,411
Considered doubtful			
Others		47,559	28,380
Considered bad			
Others		-	95,409
		386,304	458,031
Less: provision for doubtful debts	35.1.3	47,559	28,380
Bad debts written off		-	95,409
		338,745	334,242

17.1 Maximum amount due from Shifa Foundation at the end of any month during the year was Rs. 24,406 thousand (2015: Rs. 11,417 thousand).

17.2 Maximum amount due from STMU at the end of any month during the year ended June 30, 2015 was Rs. 12,598.

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

18 LOANS AND ADVANCES

	Note	2016	2015
		(Rupees in ‘000’)	
Considered good - unsecured			
Executives	18.1	10,473	4,459
Other employees		27,550	16,736
		38,023	21,195
Consultants		13,836	6,412
Suppliers	18.2	107,298	97,987
		159,157	125,594

18.1 Reconciliation of carrying amount of advances given to executives:

	2016	2015
Balance at beginning of year	4,459	7,129
Disbursements during the year	38,871	26,759
	43,330	33,888
Less: Repayments during the year	32,857	29,429
Balance at end of year	10,473	4,459

The above advances were given in accordance with the Company's service rules. The maximum amount due from executives at the end of any month during the year was Rs. 10,473 thousand (2015: Rs. 9,668 thousand).

18.2 This includes an advance amounting to Rs. 3,000 thousand (2015: Nil) given to Shifa Consulting Services (Private) Limited for consultancy services.

19 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2016	2015
		(Rupees in '000')	
Current portion of lease key money deposits	14	304	3,561
Other deposits		2,560	2,560
Short term prepayments		16,467	18,805
Receivable from Shifa Consulting Services (Pvt) Ltd - related party		2,021	-
		21,352	24,926

20 OTHER FINANCIAL ASSETS
(Held to Maturity Investment)

	Note	2016	2015
Meezan Bank Limited	20.1	75,222	-
Faysal Bank Limited	20.2	89,068	28,168
Al Baraka Bank (Pakistan) Limited	20.3	780,006	97,137
JS Bank Limited	20.4	101,460	-
Dubai Islamic Bank Limited	20.5	50,485	-
		1,096,241	125,305

20.1 This represents term deposit receipt (TDR) having face value of Rs. 75 million (2015: Nil) with three month maturity, due on September 08, 2016. TDR carry an effective interest rate of 4.69% (2015:Nil) per annum.

20.2 This represents three TDRs having face value of Rs. 50 million, Rs. 25 million and Rs. 13 million respectively (2015: two TDRs having face value of Rs. 10 million and Rs. 18 million) with three month maturity, due on July 08, 2016, August 02, 2016 and August 02, 2016 respectively. These TDRs carry an effective interest rate ranging from 5.5% to 6.15% per annum (2015: 6.9% and 5.75% per annum).

20.3 This represents five TDRs having face value of Rs. 200 million, Rs. 200 million, Rs. 200 million, Rs.102 million and Rs. 75 million respectively (2015: four TDRs having face value of Rs. 50 million, Rs. 15 million, Rs. 15 million and Rs. 17 million) with three month maturity. First four TDRs will mature on September 08, 2016 while the last TDR will due on September 14, 2016. These TDRs carry an effective profit rate ranging from 5% to 6.40% per annum (2015: 6.5% to 6.75% per annum).

20.4 This represents TDR having face value of Rs. 100 million (2015: Nil) with three month maturity, due on July 08, 2016 carrying effective interest rate of 6.50% (2015:Nil) per annum.

20.5 This represents TDR having face value of Rs. 50 million (2015: Nil) with three month maturity, due on September 09, 2016 carrying effective interest rate of 5.35% (2015:Nil) per annum.

	Note	2016	2015
		(Rupees in '000')	

21 TAX REFUNDS DUE FROM THE GOVERNMENT (NET OF PROVISION)

	Note	2016	2015
Balance at beginning of year - refundable / (payable)		52,063	(21,286)
Income tax paid / deducted at source during the year		263,437	239,461
Provision for taxation for the year		315,500	218,175
	27	(290,520)	(166,112)
Balance at end of year		24,980	52,063

22 CASH AND BANK BALANCES

	Note	2016	2015
Cash at banks in:			
Current accounts			
Local currency		71,358	104,864
Foreign currency		3,466	1,990
		74,824	106,854
Saving accounts:			
Local currency		400,400	407,746
Foreign currency		47	953
	22.1	400,447	408,699
	22.2	475,271	515,553
Cash in hand		11,178	8,844
		486,449	524,397

22.1 These carry effective profit rates ranging from 2.40 % - 6.00 % and 0.1% (2015: 3.25% - 6.4 % and 0.1%) per annum in respect of local and foreign currency accounts respectively.

22.2 Balances with banks includes Rs. 85,875 thousand (2015: Rs. 69,050 thousand) in respect of security deposits (note 9.2).

23 NET REVENUE

	Note	2016	2015
		(Rupees in '000')	
Inpatients		4,353,183	3,678,795
Outpatients		2,154,542	1,799,366
Pharmacy	23.1	1,981,494	1,754,098
Cafeteria		261,084	192,590
Rent of building	23.2	31,593	29,340
Other services		32,116	41,790
		8,814,012	7,495,979
Less: discount		83,209	85,957
Net revenue		8,730,803	7,410,022

23.1 This includes revenue of Rs. 124,822 thousand (2015: Rs. 310,908 thousand) from external pharmacy outlets.

23.2 This mainly includes rental income on operating leases to related parties.

	Note	2016	2015
		(Rupees in '000')	
24 OTHER INCOME			
Income from financial assets:			
Profit on investments and bank deposits		37,314	25,193
Income from other than financial assets:			
Gain on disposal of property, plant and equipment		2,956	6,200
Liabilities written back		2,301	3,133
Sale of scrap		7,316	4,735
Miscellaneous	24.1	36,873	16,027
		86,760	55,288

24.1 This mainly includes sale of Shifa News (magazine of Shifa Publications), related advertisement income from Shifa News and other miscellaneous income.

	Note	2016	2015
		(Rupees in '000')	
25 OPERATING COSTS			
Salaries, wages and benefits	25.1	3,053,772	2,395,523
Utilities		292,715	295,420
Supplies consumed		1,420,825	1,234,390
Medicines		1,568,520	1,439,396
Communication		22,900	24,904
Travelling and conveyance		21,480	11,420
Printing and stationery		57,562	54,530
Repairs and maintenance		373,683	329,748
Auditors' remuneration	25.2	2,347	2,122
Legal and professional		14,539	28,066
Rent		97,677	105,477
Rates and taxes		59,851	67,609
Advertising and sales promotion		35,445	19,987
Fee, subscription and membership		38,063	6,366
Vehicle and equipment rentals	25.3	7,612	9,240
Laundry charges		-	12,632
Cleaning and washing		62,387	51,507
Insurance		11,451	10,135
Property, plant and equipment written off	25.4	1,414	18,048
Provision for doubtful debts		19,179	29,133
Provision for slow moving stores		4,399	5,981
Depreciation / amortization	12.4	415,241	379,664
Donation	25.5	50,000	20,000
Other expenses		37,476	28,320
		7,668,538	6,579,618

25.1 This includes employee retirement benefits (gratuity) of Rs. 41,578 thousand (2015: Rs. 56,971 thousand), expense for accumulated compensated absences of Rs. 44,902 thousand (2015: Rs. 28,407 thousand) and provision for bonus to employees of Rs. 140,856 thousand (2015: Rs. 111,024 thousand).

	2016	2015
	(Rupees in '000')	

25.2 Auditors' remuneration

	2016	2015
Annual audit fee	1,478	1,331
Half yearly review fee	585	533
Other certifications	138	125
Out of pocket expenses	146	133
	2,347	2,122

25.3 This includes ujrah payments under an Ijarah. As required under Islamic Financial Accounting Standard (IFAS 2) "Ijarah" (notified through SRO 431 (I)/2007 by Securities & Exchange Commission of Pakistan) ujrah payments under an Ijarah are recognised as an expense in the profit and loss account on straight line basis over the Ijarah term.

The amounts of future ujrah payments and the periods in which these will be due are as follows:

	2016	2015
	(Rupees in '000')	
Within one year	5,986	6,981
After one year but not more than five years	3,134	8,420
Total ujrah payments	9,120	15,401

25.4 These represent assets written off that are determined to be irreparable after carrying out detailed physical verification exercise by the management.

	2016	2015
	(Rupees in '000')	

25.5 Donation

	2016	2015
Shifa Foundation	-	10,000
Shifa Tameer-e-Millat University (STMU)	50,000	10,000
	50,000	20,000

Shifa Foundation and Shifa Tameer-e-Millat University (STMU) are related parties due to common directorship and related information is as under:

Name of common directors	Interest in donee	Name & address of the donee
Dr. Manzoor H. Qazi	Director	Shifa Foundation and STMU, H-8/4, Islamabad
Dr. Habib ur Rahman	Director	Shifa Foundation and STMU, H-8/4, Islamabad
Dr. Mohammad Salim Khan	Director	Shifa Foundation, H-8/4, Islamabad
Mr. Muhammad Zahid	Director	Shifa Foundation, H-8/4, Islamabad
Dr. Samea Kauser Ahmad	Director	STMU, H-8/4, Islamabad

		Note	2016	2015
			(Rupees in '000')	
26	**FINANCE COSTS**			
	Mark-up on:			
	Long term loans		82,235	147,751
	Running finance and murabaha facilities		158	458
	Credit card payment collection charges		12,340	9,308
	Loss on foreign currency translation		493	168
	Bank charges and commission		13,771	1,229
			108,997	158,914
27	**PROVISION FOR TAXATION**			
	Current			
	for the year		313,709	163,381
	Prior year		(23,189)	2,731
		21	290,520	166,112
	Deferred		(10,590)	27,656
			279,930	193,768
27.1	**Reconciliation of tax charge for the year**			
	Profit before taxation		1,040,028	726,778
	Applicable tax rate		32.00%	33.00%
	Additional tax		3.00%	3.00%
	Total		35.00%	36.00%
	Add: Tax effect of amounts taxed at lower rates / others		9.53%	18.64%
	Less: Net tax effect of amounts that are deductible for tax purposes		17.61%	27.98%
	Average effective tax rate charged on income		26.92%	26.66%
28	**EARNINGS PER SHARE - BASIC AND DILUTED**			
	Profit after taxation for the year		760,098	533,010
			(Number of shares in '000')	
				(Restated)
	Weighted average number of ordinary shares in issue during the year		51,781	50,672
			(Rupees)	
				(Restated)
	Earnings per share - basic and diluted		14.68	10.52

28.2 Weighted average number of ordinary shares for the corresponding period has been restated to accommodate the bonus element as the right issue was made below the prevailing market price of shares at the date of issue (note 4.2).

28.3 There is no dilutive effect on the basic earnings per share.

29 CAPACITY UTILIZATION

The actual inpatient available bed days, occupied bed days and room occupancy ratio of Shifa International Hospitals Limited (SIHL) are given below:

	2016	2015	2016	2015	2016	2015
	Available bed days		Occupied bed days		Occupancy Ratio	
SIHL H-8/4, Islamabad	166,579	163,765	118,698	114,636	71.26%	70.00%
SIHL G-10/4, Islamabad	8,110	4,850	2,795	1,001	34.46%	20.64%
SIHL Faisalabad	15,330	15,330	4,596	4,009	29.98%	26.15%

29.1 The under utilization reflects the pattern of patient turnover which is beyond the management's control.

30 UNAVAILED CREDIT FACILITIES

	2016	2015
	(Rupees in '000')	
Unavailed credit facilities at year end are as under:		
Running / Murabaha financing	136,900	140,000
Letter of credit	84,709	81,389
Ijara financing	10,000	10,295
	231,609	231,684

31 NUMBER OF EMPLOYEES

The Company had 4,459 employees (2015: 3,886) at the year end and average number of employees during the year were 4,315 (2015: 3,876).

32 RELATED PARTIES TRANSACTIONS

The related parties comprise of directors, major shareholders, key management personnel, SIHL Employees' Gratuity Fund and the entities over which directors are able to exercise influence. The amounts due from and due to these undertakings are shown under trade debts, loans and advances and trade and other payables. Other transactions with the related parties are given below:

	Note	2016	2015
		(Rupees in '000')	
Shifa Foundation: (Related party by virtue of common directorship)			
Revenue from services earned by the Company	32.1	91,289	33,120
Revenue from rent		404	404
Expenses paid by and reimbursed to the Company		-	1,940
Other services provided to the Company		15,840	-
Donation given by the Company		-	10,000
Tameer-e-Millat Foundation: (Related party by virtue of common directorship)			
Revenue from services earned by the Company	32.1	19	8
Revenue from rent		177	44
Other supplies provided to the Company		16,631	16,030
Other services provided to the Company	32.2	6,121	3,341
Rent paid by the Company		2,192	1,035

	Note	2016	2015
		(Rupees in '000')	
SIHL Employees' Gratuity Fund			
Payments made by the Company during the year		113,347	126,095
Shifa Tameer-e- Millat University: (Related party by virtue of common directorship)			
Revenue from services earned by the Company	32.1	2,991	1,221
Revenue from rent		24,134	23,199
Other services provided to the Company	32.2	17,209	6,616
Expenses paid by and reimbursed to the Company		25,537	20,732
Other supplies provided to the Company		1,300	-
Donation given by the Company		50,000	10,000
Shifa Consulting Services (Private) Limited (subsidiary company)			
Investment made by the Company		-	18,000
Revenue from services earned by the Company	32.1	-	275
Sale of vehicle by the Company	19	2,021	-
Advance given for consultancy services by the Company	18.2	3,000	-
Remuneration including benefits & perquisites of key management personnel	32.3	228,486	201,223

32.1 Revenue earned from related parties includes medical, surgical, clinical and lab services rendered to referred inpatients and outpatients, sale of medicines and provision of cafeteria services. These transactions are based on commercial terms which are approved by the Board of Directors.

32.2 Other services are received by the Company for nursing education / training and employees' children education. These transactions are based on commercial terms which are approved by the Board of Directors.

32.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors of the Company. There were no transactions with the key management personnel during the year other than their terms of employment / entitlements.

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements in respect of remuneration and allowances, including all benefits, to chief executive, directors and executives of the Company are given below:

	Chief Executive		Executive Directors		Non Executive Directors		Executives	
	2016	2015	2016	2015	2016	2015	2016	2015
	……………………………………………(Rupees in '000')……………………………………………							
Managerial remuneration	28,670	25,242	26,252	8,704	8,400	5,450	192,197	169,069
Rent and utilities	7,187	7,356	2,957	3,076	1,407	1,350	40,282	35,430
Bonus and incentives	2,196	1,997	-	-	430	350	19,328	15,648
Gratuity	-	-	-	-	-	-	10,863	22,343
Medical insurance	-	-	157	48	79	48	5,167	2,878
Leave encashment	-	-	-	-	-	-	5,585	5,376
	38,053	34,595	29,366	11,828	10,316	7,198	273,422	250,744
Number of persons	1	1	2	2	6	4	87	78

33.1 The chief executive is provided with a Company maintained car, while two other directors and forty three executives availed car facility.

33.2 Non executive directors' remuneration include Rs. 3,509 thousand (2015: 1,050 thousand) in respect of director fee paid to three independent directors.

33.3 Travelling expenses of directors for official purposes are reimbursed by the Company.

34 CASH AND CASH EQUIVALENTS

	Note	2016	2015
		(Rupees in '000')	
Cash and bank balances	22	486,449	524,397
Other financial assets	20	1,096,241	125,305
		1,582,690	649,702

35 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

35.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk in trade debts by limiting significant exposure to the customers not having good credit history. Furthermore, the Company has credit policy in place to ensure that services are rendered to customers with an appropriate credit history.

The Company is also exposed to credit risk from its operating and short term investing activities. The Company's credit risk exposures are categorised under the following headings:

35.1.1 Counterparties

The Company conducts transactions with the following major types of counterparties:

Trade debts

Trade debts are essentially due from government companies / institutions, private companies (panel companies) and individuals to whom the Company is providing medical services. Normally the services are rendered to the panel companies on agreed rates and limits from whom the Company does not expect any inability to meet their obligations. The Company manages credit risk in trade debts by limiting significant exposure to the customers not having good credit history. Furthermore, the Company has credit policy in place to ensure that services are rendered to customers with an appropriate credit history.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts. This allowance is based on the management's assessment of a specific loss component that relates to individually significant exposures.

Cash and investments

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a credit rating of at least A2 and A$^-$. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

35.1.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016	2015
	(Rupees in '000')	
Long term deposits	35,972	33,961
Trade debts - considered good	338,745	334,242
Loans and advances - considered good	51,859	27,607
Trade deposits	2,560	2,560
Markup accrued	1,501	1,908
Other financial assets	1,096,241	125,305
Bank balances	475,271	515,553
	2,002,149	1,041,136

The maximum exposure to credit risk for trade debts at the reporting date by type of customer was:

	2016	2015
	(Rupees in '000')	
Government companies	136,105	127,073
Private companies	127,662	144,856
Individuals	63,904	50,032
Related parties	9,020	4,831
Others	2,054	7,450
	338,745	334,242

35.1.3 Impairment losses

The aging of trade debts at the reporting date was:

	2016		2015	
	Gross debts	Impaired	Gross debts	Impaired
	(Rupees in '000')		(Rupees in '000')	
Not past due	198,836	-	169,170	-
1 - 4 months	75,836	-	90,898	-
5 - 7 months	1,846	92	19,121	956
8 - 12 months	61,902	1,302	54,851	2,412
13 - 18 months	28,434	26,715	7,668	4,098
19 - 23 months	19,450	19,450	20,914	20,914
	386,304	47,559	362,622	28,380

The movement in the allowance for impairment in respect of trade debts during the year was as follows:

	Note	2016	2015
		(Rupees in '000')	
Balance at beginning of year		28,380	94,656
Provision made during the year		19,179	29,133
Less: bad debts written off		-	95,409
Balance at end of year	17	47,559	28,380

The allowance account in respect of trade debts is used to record impairment losses where the Company is satisfied that recovery of the due amount is doubtful, and when the amount considered irrecoverable it is written off against the financial asset.

35.1.4 The Company believes that no impairment allowance is necessary in respect of loan and advances, accrued markup, deposits and other financial assets as the recovery of such amounts is possible.

35.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. For this purpose the Company has credit facilities as mentioned in notes 7 and 30 to the financial statements. Further liquidity position of the Company is monitored by the Board through budgets, cash flow projections and comparison with actual results.

Following is the maturity analysis of financial liabilities:

	Carrying amount	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
	----------------------------------(Rupees in '000')----------------------------------					
2016						
Long term financing	839,665	167,826	167,848	335,764	168,227	-
Trade and other payables	1,421,374	1,421,374	-	-	-	-
Mark up accrued	483	483	-	-	-	-
	2,261,522	1,589,683	167,848	335,764	168,227	-

	Carrying amount	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
	(Rupees in '000')					
2015						
Long term financing	1,166,666	166,667	166,667	333,332	500,000	-
Trade and other payables	1,374,535	1,374,535	-	-	-	-
Mark up accrued	793	793	-	-	-	-
	2,541,994	1,541,995	166,667	333,332	500,000	-

35.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, markup rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Company is exposed to currency and mark up rate risk.

35.3.1 Foreign currency risk

Exposure to foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and cash in foreign currency bank account. The transactions and balances in foreign currency are very nominal therefore the Company's exposure to foreign currency risk is very minimal. The Company's exposure to foreign currency risk is as follows:

	2016 (Amount in '000')			2015 (Amount in '000')		
	GBP	USD	AED	GBP	USD	AED
Bank balances	-	0.45	121.83	-	9.37	71.87
Letter of credit	(9.09)	(124.09)	-	-	(197.49)	-
	(9.09)	(123.64)	121.83	-	(188.12)	71.87

	2016 (Rupees in '000')			2015 (Rupees in '000')		
Bank balances	-	47	3,466	-	953	1,990
Letter of credit	(1,276)	(12,992)	-	-	(20,085)	-
	(1,276)	(12,945)	3,466	-	(19,132)	1,990

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2016	2015	2016	2015
	(Rupees)			
USD 1	103.39	101.50	104.70	101.70
AED 1	28.14	27.64	28.45	27.69
GBP 1	154.22	-	140.38	-

Foreign currency sensitivity analysis

A 10 percent variation of the PKR against the USD and AED at June 30 would have effected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular markup rates, remain constant.

	Change in Foreign Exchange Rates	Effect on Profit	Effect on Equity
	%	(Rupees in '000')	
2016			
Foreign currencies	+10%	(1,076)	(1,076)
Foreign currencies	-10%	1,076	1,076
2015			
Foreign currencies	+10%	(1,714)	(1,714)
Foreign currencies	-10%	1,714	1,714

35.3.2 Markup rate risk

The markup rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in the market markup rates. Sensitivity to markup rate risk arises from mismatches of financial assets and liabilities that mature in a given period. The Company's exposure to the risk of changes in market markup rates relates primarily to Company's long term debt obligations with floating markup rates.

The Company analyses its markup rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Company calculates the impact on profit and loss of a defined markup rate shift. For each simulation, the same markup rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major markup-bearing positions.

The Company adopts a policy to ensure that markup rate risk is minimized by investing its surplus funds in fixed rate investments like TDRs.

Profile

At the reporting date the markup rate profile of the Company's markup-bearing financial instruments is:

	Note	2016	2015
		(Rupees in '000')	
Financial assets			
Other financial assets	20	1,096,241	125,305
Bank balances	22	400,447	408,699
		1,496,688	534,004
Financial liabilities			
Long term financing - secured	7	839,665	1,166,666
		657,023	(632,662)

The effective markup rates for the financial assets and liabilities are mentioned in respective notes to the financial statements.

Markup rate sensitivity analysis

If markup rates had been 50 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended June 30, 2016 would decrease / increase by Rs. 5,209 thousand (2015: decrease / increase by Rs. 6,883 thousand). This is mainly attributable to the Company's exposure to markup rates on its variable rate borrowings.

35.4 Fair value of financial instruments

Fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values except investment held to maturity which are carried at amortized cost.

The fair value hierarchy has not been presented in these financial statements, as the Company does not hold any such financial instrument in its portfolio.

35.5 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year.

36 GENERAL

36.1 Corresponding figures, wherever necessary, have been rearranged and reclassified for the purposes of comparison and better presentation. However, these are not considered material enough to be disclosed separately.

36.2 Figures have been rounded off to the nearest one thousand of Pak Rupees unless otherwise stated.

37 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on August 25, 2016 have proposed a final dividend of Rs. 3 per share.

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on August 25, 2016.

CHAIRMAN	CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER

Consolidated Financial Statements

For the year ended June 30, 2016

Grant Thornton Anjum Rahman
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Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Shifa International Hospitals Limited (the Holding Company) and its subsidiary company, Shifa Consulting Services (Private) Limited as at 30 June 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Shifa International Hospitals Limited. The subsidiary company Shifa Consulting Services (Private) Limited was audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditor. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary company as at 30 June 2016 and the results of their operations for the year then ended.

Grant Thornton Anjum Rahman

GRANT THORNTON ANJUM RAHMAN
Chartered Accountants
Engagement Partner: Nadeem Tirmizi

Islamabad
Date: August 25, 2016

Consolidated Balance Sheet

As at June 30, 2016

	Note	2016	2015
		(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Share capital	4	545,379	505,138
Capital reserve	5	1,046,025	40,000
Unappropriated profit		2,076,255	1,703,323
		3,667,659	2,248,461
NON-CONTROLLING INTEREST		2,641	7,675
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	6	742,191	751,182
NON-CURRENT LIABILITIES			
Long term financing - secured	7	503,991	833,333
Deferred taxation	8	423,606	457,400
		927,597	1,290,733
CURRENT LIABILITIES			
Trade and other payables	9	1,508,344	1,488,746
Markup accrued	10	483	793
Current portion of long term financing	7	335,674	333,333
		1,844,501	1,822,872
		7,184,589	6,120,923
CONTINGENCIES AND COMMITMENTS	11		

The annexed notes 1 to 37 form an integral part of these consolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

	Note	2016	2015
		(Rupees in '000')	
NON-CURRENT ASSETS			
Property, plant and equipment	12	4,609,949	4,488,219
Long term deposits	13	39,987	38,439
		4,649,936	4,526,658
CURRENT ASSETS			
Stores, spare parts and loose tools	14	145,524	186,285
Stock-in-trade	15	256,458	202,463
Trade debts - considered good	16	345,495	337,005
Loans and advances - considered good	17	157,580	126,690
Trade deposits and short term prepayments	18	19,416	25,468
Markup accrued		1,501	1,908
Other financial assets	19	1,096,241	125,305
Tax refunds due from the government (net of provision)	20	25,737	52,154
Cash and bank balances	21	486,701	536,987
		2,534,653	1,594,265
		7,184,589	6,120,923

Muneer Bakhom
CHIEF FINANCIAL OFFICER

Consolidated Profit and Loss Account

For the year ended June 30, 2016

	Note	2016	2015
		(Rupees in ‘000’)	
Net revenue	22	8,744,058	7,415,719
Other income	23	86,163	55,288
Operating costs	24	(7,694,192)	(6,596,070)
Finance costs	25	(108,998)	(158,916)
Profit before taxation		1,027,031	716,021
Provision for taxation	26	(280,087)	(193,826)
Profit after taxation		746,944	522,195
Attributable to:			
Equity holders of Shifa International Hospitals Limited		751,978	526,520
Non-Controlling interest		(5,034)	(4,325)
		746,944	522,195
		---------(Rupees)---------	
			(Restated)
Earnings per share - basic and diluted	27	14.52	10.39

The annexed notes 1 to 37 form an integral part of these consolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2016

	2016	2015
	(Rupees in '000')	
Profit after taxation	746,944	522,195
Other comprehensive income		
Loss on remeasurement of staff gratuity fund benefit plan	(74,854)	(36,633)
Deferred tax credit relating to remeasurement of staff gratuity fund benefit plan	23,205	11,723
Loss on remeasurement of staff gratuity fund benefit plan (net of tax)	(51,649)	(24,910)
Total comprehensive income for the year	695,295	497,285
Attributable to:		
Equity holders of Shifa International Hospitals Limited	700,329	501,610
Non-Controlling interest	(5,034)	(4,325)
	695,295	497,285

The annexed notes 1 to 37 form an integral part of these consolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

Consolidated Cash Flow Statement

For the year ended June 30, 2016

	Note	2016	2015
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,027,031	716,021
Adjustments for:			
Depreciation / amortization of property, plant and equipment		415,746	379,883
Provision for doubtful debts		19,179	29,133
Property, plant and equipment written off		1,414	18,048
Gain on disposal of property, plant and equipment		(2,324)	(6,200)
Provision for compensated absences		44,902	28,407
Provision for gratuity		41,578	56,971
Provision for slow moving stores		4,399	5,981
Liabilities written back		(2,301)	(3,133)
Profit on investments and bank deposits		(37,314)	(25,193)
Loss on foreign currency translation		493	168
Finance cost		108,505	158,748
Operating cash flows before changes in working capital		1,621,308	1,358,834
Changes in working capital:			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		36,812	(19,846)
Stock-in-trade		(53,995)	10,075
Trade debts		(27,669)	(23,110)
Loans and advances		(30,890)	37,887
Trade deposits and short term prepayments		6,052	11,715
Increase / (decrease) in current liabilities:			
Trade and other payables		(15,714)	315,712
Cash generated from operations		1,535,904	1,691,267
Finance cost paid		(108,815)	(159,415)
Income tax paid		(264,259)	(239,609)
Payment to SIHL Employees' Gratuity Fund		(113,347)	(126,095)
Compensated absences paid		(26,409)	(21,926)
Net cash generated from operating activities		1,023,074	1,144,222
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(540,178)	(566,447)
Proceeds from disposal of property, plant and equipment		3,162	20,886
Profit received		37,721	24,398
Investment in subsidiary		-	12,000
(Increase) / decrease in long term deposits		(1,548)	2,213
Net cash used in investing activities		(500,843)	(506,950)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - repayments		(327,001)	(337,834)
Proceeds from issue of right shares		1,046,266	-
Dividend paid		(320,353)	(147,590)
Net cash generated / (used) in financing activities		398,912	(485,424)
Net increase in cash and cash equivalents		921,143	151,848
Cash and cash equivalents at beginning of year		662,292	510,612
Effect of exchange rate changes on cash and cash equivalents		(493)	(168)
Cash and cash equivalents at end of year	33	1,582,942	662,292

The annexed notes 1 to 37 form an integral part of these consolidated financial statements.

CHAIRMAN CHIEF EXECUTIVE CHIEF FINANCIAL OFFICER

Consolidated Statement of Changes in Equity

For the year ended June 30, 2016

	Note	Share capital	Capital reserve	Un-appropriated Profit	Surplus on revaluation of property, plant and equipment	Non - controlling interest	Total
		---------------------------------- (Rupees in '000') ----------------------------------					
Balance at July 01, 2014		505,138	40,000	1,344,260	760,176	-	2,649,574
Non controlling interest arising on incorporation of subsidiary		-	-	-	-	12,000	12,000
Total comprehensive income for the year							
Profit for the year		-	-	526,520	-	(4,325)	522,195
Other comprehensive income - net of tax		-	-	(24,910)	-	-	(24,910)
		-	-	501,610	-	(4,325)	497,285
Transfer of depreciation / amortization on incremental value arising on revaluation of property, plant and equipment attributed to current year		-	-	8,994	(8,994)	-	-
Distribution to owners							
Dividend 2014: Rs. 3 per share		-	-	(151,541)	-	-	(151,541)
Balance at June 30, 2015		505,138	40,000	1,703,323	751,182	7,675	3,007,318
Issue of further share capital - right issue	4	40,241	-	-	-	-	40,241
Share premium on issue of right shares	5	-	1,006,025	-	-	-	1,006,025
Total comprehensive income for the year							
Profit for the year		-	-	751,978	-	(5,034)	746,944
Other comprehensive income - net of tax		-	-	(51,649)	-	-	(51,649)
		-	-	700,329	-	(5,034)	695,295
Transfer of depreciation / amortization on incremental value arising on revaluation of property, plant and equipment attributed to current year		-	-	8,991	(8,991)	-	-
Distribution to owners							
Final dividend 2015: Rs. 4.5 per share		-	-	(227,312)	-	-	(227,312)
Interim dividend 2015-16: Rs. 2 per share		-	-	(109,076)	-	-	(109,076)
Balance at June 30, 2016		545,379	1,046,025	2,076,255	742,191	2,641	4,412,491

The annexed notes 1 to 37 form an integral part of these consolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

1 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. Previously, the shares of the Company were quoted on Karachi, Lahore and Islamabad stock exchanges of Pakistan. However, due to integration of these Stock Exchanges into Pakistan Stock Exchanges Limited effective January 11, 2016 the shares of the Company are now quoted on Pakistan Stock Exchanges 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 centres and hospitals in Pakistan. 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. SIHL is also running medical centre, pharmacies in Islamabad and franchise pharmacies and Lab collection points in different cities of Pakistan.

1.2 Shifa Consulting Services (Private) Limited was incorporated on December 18, 2014. The principal activity of 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 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, modified by:-

- revaluation of certain items of property, plant and equipment; and
- recognition of certain employee benefits at present value.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.4.1 Property, plant and equipment

The Group reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation / amortization charge and impairment.

2.4.2 Provision for doubtful debts

The Group estimates the recoverability of the trade debts and provides for doubtful debts based on its prior experience. The carrying amounts of trade debts and provision for doubtful debts are disclosed in note 16 to these financial statements.

2.4.3 Stock in trade, stores, spares and loose tools

The Group reviews the net realizable value of stock in trade, stores, spares and loose tools to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditures to make the sale.

2.4.4 Employee benefits

The SIHL operates approved funded gratuity scheme covering all its employees who have completed the minimum qualifying period of service as defined under the scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

2.4.5 Taxation

The Group takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.4.6 Contingencies

The Group has disclosed significant contingent liabilities for the pending litigations and claims against the Group based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognised at the balance sheet date. However, based on the best judgment of the Group and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognise any liability at the balance sheet date.

2.5 New accounting standards, interpretations and amendments

During the year certain amendments to standards or new interpretations became effective, however, the amendments or interpretations did not have any material effect on these financial statements.

The following revised standards and amendments and interpretations to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below against the respective standard.

		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendments)	January 1, 2016
IAS 7	Statement of Cash Flows - Disclosure Initiative (Amendment)	January 1, 2016
IAS 12	Income taxes - Recognition of deferred tax assets for unrealized losses - (Amendment)	January 1, 2017
IAS 16	Property, Plant and Equipment - Clarification of acceptable method of depreciation (Amendments)	January 1, 2016
IAS 19	Employee Benefits (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements - Equity method in separate financial statements (Amendments)	January 1, 2016
IAS 28	Associates and Joint Ventures - Investment entities applying consolidation exceptions (Amendment)	January 1, 2016
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2016
IAS 38	Intangible Assets - Clarification of acceptable method amortization (Amendments)	January 1, 2016
IAS 41	Agriculture Bearer Plants - Amendments to IAS 16 and IAS 41	January 1, 2016
IFRS 2	Share based payments - Classification and measurement of share based payments transaction (Amendment)	January 1, 2016
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	January 1, 2016
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 1, 2016
IFRS 10	Consolidated Financial Statements - Investment entities applying consolidation exceptions (Amendment)	January 1, 2016
IFRS 11	Joint Arrangements - Accounting for acquisitions of interests in joint operations (Amendments)	January 1, 2016
IFRS 12	Disclosure of interests in other entities - Investment entities applying consolidation exceptions (Amendment)	January 1, 2016
IFRS 10 & IAS 28	Sale or Contribution of assets between an investor and its associate or joint venture (Amendment)	Not yet Finalized

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the consolidated financial statements other than the impact on presentation / disclosures. The Group is yet to assess the full impact of the amendments.

The Company has adopted the following accounting standards, amendments and interpretations of IFRSs which became effective for the current year:

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in other entities

IFRS 13 Fair Value measurement

The adoption of above accounting standards did not have any effect on the financial statements.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1 First-time Adoption of International Financial Reporting Standards

IFRS 9 Financial Instruments

IFRS 14 Regulatory Deferral Accounts

IFRS 15 Revenue from Contracts with Customers

IFRS 16 Leases

The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 4 Determining whether an Arrangement contains Lease

IFRIC 12 Service Concession Arrangements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3.1 Basis of consolidation

These consolidated financial statements include the financial statements of Shifa International Hospitals Limited and its subsidiary company Shifa Consulting Services (Private) Limited (60% owned) for the year ended June 30, 2016. The accounting policies used by the subsidiary company in preparation of their financial statements are consistent with that of the parent Company.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognized from the date the control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in consolidated profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in consolidated profit or loss or as a change to consolidated statement of other comprehensive income. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

3.2 Property, plant and equipment

Property, plant and equipment except freehold, leasehold land and capital work-in-progress are stated at cost less accumulated depreciation / amortization and impairment in value, if any. Leasehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses while freehold land is stated at revalued amount being the fair value at the date of revaluation, less subsequent impairment losses, if any. Any revaluation increase arising on the revaluation of such assets is credited in 'Surplus on Revaluation of Property, Plant and Equipment'. A decrease in the carrying amount arising on revaluation is charged to consolidated profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to a previous revaluation of that asset. Leasehold land is amortized over the lease period extendable up to 99 years.

The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation / amortization charged on the related asset is transferred to unappropriated profit.

Capital work-in-progress and stores held for capital expenditure are stated at cost less any impairment loss recognised, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific items of property, plant and equipment when available for intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs that do not meet the recognition criteria are charged to consolidated profit and loss account as and when incurred.

Depreciation / amortization is charged to consolidated profit and loss account commencing when the asset is ready for its intended use, applying the straight-line method over the estimated useful life.

In respect of additions and disposals during the year, depreciation / amortization is charged when the asset is available for use and up to the month preceding the asset's classification as held for sale or derecognized, whichever is earlier.

Assets are derecognized when disposed off or when no future economic benefits are expected to flow from its use. Gain and loss on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized on net basis within "other income" in consolidated profit and loss account.

3.3 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Finance leases as lessee

The Group recognizes finance leases as assets and liabilities in the balance sheet at amounts equal, at the inception of the lease, to the fair value of the asset or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease. Initial direct costs incurred are included as part of the amount recognized as an asset. The liabilities are classified as current and long term depending upon the timing of payment. Lease payments are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Finance charges are charged directly to consolidated profit and loss account.

Operating leases / Ijarah contracts

As lessor

Rental income from operating leases is recognized on straight-line basis over the term of the relevant lease.

As lessee

Rentals payable under operating leases / Ijarah are charged to consolidated profit and loss account on straight-line basis over the term of relevant lease / Ijarah.

3.4 Impairment

Non financial asset

The Group assesses at each balance sheet date whether there is any indication that assets except deferred tax assets and inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in consolidated profit and loss account except for the impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of depreciation / amortization) had no impairment loss been recognized for the asset in prior years. Reversal of impairment loss is recognized in consolidated profit and loss account.

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

3.5 Investments

All purchases and sales of investments are recognized using settlement date accounting. Settlement date is the date on which that investments are delivered to or by the Group. All investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Investments held to maturity

Investments with fixed or determinable payments and fixed maturity that SIHL has the positive intent and ability to hold till maturity are classified as investment held to maturity. These are initially recognized at cost inclusive of transaction cost and are subsequently carried at amortized cost using the effective interest rate method less impairment loss, if any. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the investment to its net carrying amount.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'advances, deposits and other receivables'.

3.6 Stores, spare parts and loose tools

These are valued at cost, determined on moving average cost basis or net realizable value, whichever is lower, less allowance for obsolete and slow moving items. For items which are slow moving or identified as surplus to the SIHL's requirement, a provision is made for excess of book value over estimated net realizable value. The Group reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence, if there is any change in usage pattern and physical form of related stores, spare parts and loose tools.

3.7 Stock-in-trade

Stock-in-trade is valued at lower of cost, determined on moving average basis or net realizable value. The cost includes expenditure incurred in acquiring the stock items and other cost incurred in bringing them to their present location and condition.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cheques in hand, balances with banks and highly liquid short term investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value with maturity of three months or less from the date of acquisition and short term borrowings.

3.9 Financial instruments

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. These are derecognized when the Group looses control of contracted rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in consolidated profit and loss account.

The particular recognition methods adopted by the Group are disclosed in the individual policy statements associated with each item of the financial instruments.

Trade debts and other receivables

Trade debts and other receivables are carried at original bill amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off against provision.

Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received.

Offsetting

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Group has a legal enforceable right to set-off the recognized amounts and intends either to settle on net basis or to realize the asset and settle the liability simultaneously.

3.10 Employee benefits

Defined benefit plan

The SIHL operates approved funded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to income. The most recent valuation was carried out as at June 30, 2016 using the “Projected Unit Credit Method”. The actuarial gains or losses at each evaluation date are charged to consolidated statement of other comprehensive income. The results of actuarial valuation are summarized in note 9.3 of these financial statements.

The amount recognized in the balance sheet represents the present value of defined benefit obligations as reduced by the fair value of plan assets.

Calculation of gratuity requires assumptions to be made of future outcomes which mainly include increase in remuneration, expected long term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

Compensated absences

The Group provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leave is earned. Accrual to cover the obligations is made using the current salary levels of the employees.

3.11 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

3.12 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in the consolidated profit and loss account except to the extent that it relates to items recognized directly in equity or in consolidated statement of other comprehensive income.

Current

Provision for current taxation is based on taxable income at the current rates of tax after taking into account applicable tax credits, rebates, losses and exemptions available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from difference between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.13 Foreign currencies

Transactions in currencies other than Pak Rupees are recorded at the rates of exchange prevailing on the dates of transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate prevailing on the balance sheet date. Gains and losses arising on retranslation are included in net consolidated profit or loss for the year.

3.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for goods and services provided in the normal course of business. Revenue is recognised in the accounting period in which the services are rendered and goods are delivered and it is probable that the economic benefits associated with the transactions will flow to the Group and the amount of the revenue can be measured reliably.

Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount.

Rental income is recognized on a straight line basis over the term of the rent agreement.

Scrap sales and miscellaneous receipts are recognised on realised amounts.

3.15 Borrowings

Borrowing are recognized initially at fair value net off transaction cost incurred and are subsequently measured at amortized cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of liability for at least twelve months after the balance sheet date.

3.16 Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are charged to consolidated profit or loss.

3.17 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholder and weighted average number of ordinary shares outstanding for the effects of all potential ordinary shares.

3.18 Dividend

Dividend is recognised as a liability in the period in which it is declared.

3.19 Non-current asset held for sale

Non-current assets are classified as held for sale when their carrying amounts are expected to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount immediately prior to their classification as held for sale and fair value less cost to sell. Once classified as held for sale, the assets are not subject to depreciation or amortization. In case where classification criteria of non current asset held for sale is no longer met such asset is classified on its carrying amount before the asset was classified as held for sale, adjusted for depreciation / revaluation that would have been recognised had the asset not been classified as held for sale. The required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale is charged in consolidated profit and loss account.

4 SHARE CAPITAL

Authorized capital

This represents 54,537,900 (2015: 54,537,900) ordinary shares of Rs. 10 each amounting to Rs. 545,379 thousand (2015: Rs. 545,379 thousand).

Issued, subscribed and paid up capital

2016	2015		2016	2015
Number			(Rupees in '000')	
50,513,800	50,513,800	Opening balance: Ordinary shares of Rs. 10 each	505,138	505,138
4,024,100	-	Addition: Right issue of ordinary shares of Rs. 10 each	40,241	-
54,537,900	50,513,800	Closing balance: Ordinary shares of Rs. 10 each fully paid in cash	545,379	505,138

4.1 The SIHL has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the SIHL. All shares rank equally with regard to the Company's residual assets.

4.2 In line with the SIHL's decision to raise capital through issue of further shares, the SIHL has issued 4,024,100 shares @ Rs. 260 per share to the members which have been fully subscribed and allotted as on March 18, 2016. This issue price includes premium of Rs. 250 per share.

4.3 The SIHL has no reserved shares for issuance under options and sales contracts.

5 CAPITAL RESERVE

This represents premium of Rs. 5 and Rs. 250 per share received on public issue of 8,000,000 and 4,024,100 ordinary shares of SIHL of Rs.10 each in 1994 and 2016 respectively. This reserve cannot be utilized except for the purposes mentioned under section 83 of the Companies Ordinance, 1984.

	2016	2015
	(Rupees in '000')	
6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Balance at beginning of year	751,182	760,176
Transferred to unappropriated profits in respect of incremental depreciation charged during the year	(8,991)	(8,994)
Balance at end of year	742,191	751,182

6.1 SIHL has Surplus on revaluation of fixed assets in respect of leasehold and freehold land, which were revalued in 1999, 2004, 2009 and 2014 as disclosed in note 12.1, cannot be utilized directly or indirectly by way of dividend or bonus. Due to revaluation of leasehold and freehold land, incidence of related deferred tax liability does not arise.

7 LONG TERM FINANCING - SECURED

	Note	2016	2015
		(Rupees in '000')	
From banking and non-banking companies:			
Syndicated Islamic Finance Facility	7.2	833,333	1,166,666
Diminishing Musharika Facility	7.3	6,332	-
		839,665	1,166,666
Less: Current portion		335,674	333,333
		503,991	833,333

7.1 The SIHL has fully availed all the above facilities.

7.2 This represents Syndicated Islamic Finance Facility, arranged and lead by Meezan Bank Limited, obtained on mark-up basis at 3 months KIBOR plus 1% (2015: 3 months KIBOR plus 1.25%) per annum, repayable in 18 equal quarterly installments. The sanction limit of this facility was Rs. 1,500 million (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 Company's land located at sector H-8/4 Islamabad.

7.3 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 three months KIBOR plus 1.25 % (2015: Nil).

8 DEFERRED TAXATION

	Note	2016	2015
		(Rupees in '000')	
Deferred tax liability	8.1	480,334	497,566
Deferred tax asset	8.2	(56,728)	(40,166)
Net deferred tax liability		423,606	457,400

8.1 Deferred tax liability on taxable temporary differences:

	2016	2015
Accelerated depreciation allowance	480,334	497,566

8.2 Deferred tax asset on deductible temporary differences:

	2016	2015
Specific provisions	(25,628)	(9,082)
Retirement benefit obligation	(31,100)	(31,084)
	(56,728)	(40,166)

8.3 Movement in deferred taxation

Deferred tax liabilities / (assets)	As at July 1, 2015	Profit and Loss	Other Comprehensive Income	As at June 30, 2016
	(Rupees in '000')			
The balance of deferred tax is in respect of the following temporary differences:				
Effect of taxable temporary differences				
Accelerated depreciation allowance	497,566	(17,232)	-	480,334
Effect of deductible temporary differences				
Provision for doubtful debts	(9,082)	(16,546)	-	(25,628)
Retirement benefit obligation	(31,084)	23,189	(23,205)	(31,100)
	457,400	(10,589)	(23,205)	423,606

Deferred tax liabilities / (assets)	As at July 1, 2014	Profit and Loss	Other Comprehensive Income	As at June 30, 2015
	(Rupees in '000')			
The balance of deferred tax is in respect of the following temporary differences:				
Effect of taxable temporary differences				
Accelerated depreciation allowance	492,063	5,503	-	497,566
Effect of deductible temporary differences				
Provision for doubtful debts	(31,236)	22,154	-	(9,082)
Retirement benefit obligation	(19,361)	-	(11,723)	(31,084)
	441,466	27,657	(11,723)	457,400

9 TRADE AND OTHER PAYABLES

	Note	2016	2015
		(Rupees in '000')	
Creditors		568,706	605,588
Accrued liabilities		258,335	234,296
Advances		85,111	113,762
Medical consultants' charges		329,544	330,110
Payable to related parties - unsecured	9.1	6,289	5,040
Security deposits	9.2	85,875	69,050
Compensated absences	9.4	84,736	66,243
Unclaimed dividend		42,724	26,689
Retention money		11,911	5,664
Payable to Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund	9.3	35,113	32,304
		1,508,344	1,488,746

9.1 This represents payable to Tameer-e-Millat Foundation, Shifa Foundation and Shifa Tameer-e-Millat University having common directorship with the Group. Maximum amount due at the end of any month during the year was Rs. 4,138 thousand (2015: Rs. 4,678 thousand), Rs. 4,042 thousand (2015: Rs. 884 thousand) and Rs. 6,053 thousand (2015: Nil) respectively. Detail of balances payable by SIHL to each related party are as under:

	2016	2015
	(Rupees in '000')	
Tameer-e-Millat Foundation	3,923	4,313
Shifa Foundation	709	727
Shifa Tameer-e-Millat University	1,657	-
	6,289	5,040

9.2 This represents customers' and employees' security deposits that are repayable on termination of respective agreements.

	Note	2016	2015
		(Rupees in '000')	

9.3 The amounts recognized in the balance sheet are as follows:

	Note	2016	2015
Present value of defined benefit obligations	9.3.1	373,315	298,537
Fair value of plan assets	9.3.2	(338,202)	(266,509)
Other adjustments		-	276
		35,113	32,304

9.3.1 Movement in the present value of funded obligation is as follows:

	2016	2015
Present value of defined benefit obligation at beginning	298,537	231,089
Interest cost	26,627	28,573
Current service cost	62,265	57,238
Past service cost	(18,192)	-
Benefits paid	(48,995)	(30,886)
Benefits payable	(1,882)	-
Non refundable loan to employees adjustable against gratuity	(1,400)	(4,750)
Remeasurement of defined benefit obligation	56,355	17,273
Present value of defined benefit obligation at year end	373,315	298,537

9.3.2 Movement in the fair value of plan assets is as follows:

	2016	2015
Fair value of plan assets at beginning	266,509	166,978
Expected return on plan assets	29,122	28,432
Contributions	113,347	126,095
Benefits paid	(48,995)	(30,886)
Benefits payable	(1,882)	-
Non refundable loan to employees adjustable against gratuity	(1,400)	(4,750)
Remeasurement on plan assets	(18,499)	(19,360)
Fair value of plan assets at year end	338,202	266,509

9.3.3 Charge for the year is as follows:

	2016	2015
Current service cost	62,265	57,238
Past service cost	(18,192)	-
Interest cost	26,627	28,573
Expected return on plan assets	(29,122)	(28,432)
	41,578	57,379

9.3.4 The charge has been allocated as follows:

	2016	2015
Salaries, wages and benefits	41,578	56,971
Capital work-in-progress	-	408
	41,578	57,379

	2016	2015
	(Rupees in '000')	

9.3.5 Remeasurements recognized in Other Comprehensive Income (OCI) during the year

	2016	2015
Remeasurement loss on obligation	56,355	17,273
Remeasurement loss on plan assets	18,499	19,360
Remeasurement loss recognized in OCI	74,854	36,633

9.3.6 Movement in liability recognised in balance sheet:

	2016	2015
Balance at beginning of year	32,304	64,111
Cost for the year	41,578	57,379
Total amount of remeasurement recognized in OCI during the year	74,854	36,633
Contributions during the year	(113,347)	(126,095)
Other adjustment	(276)	276
Balance at end of year	35,113	32,304

9.3.7 Plan assets comprise of:

	2016	2015
Accrued mark up	1,995	2,046
Term deposit receipts	231,000	231,000
Cash and bank balances	107,089	34,720
Payable to outgoing members	(1,882)	(1,257)
	338,202	266,509

9.3.8 The principal actuarial assumptions used in the actuarial valuation are as follows:

	2016	2015
Discount rate used for interest cost in profit and loss	9.75%	13.25%
Discount rate used for year end obligation	7.25%	9.75%
Expected rate of salary growth		
Salary increase FY 2016	N/A	8.75%
Salary increase FY 2017 onward	6.25%	8.75%
Mortality rate	SLIC 2001-2005 set back 1 year	SLIC 2001-2005 set back 1 year
Withdrawal rates	age based (per appendix)	age based (per appendix)
Retirement assumption	Age 60	Age 60

9.3.9 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / decreased as a result of a change in respective assumptions by one percent.

	Defined benefit obligation	
	Effect of 1% increase	Effect of 1% decrease
	(Rupees in '000')	
Discount rate	348,453	402,204
Future salary increase	402,835	347,436

9.3.10 The average duration of the defined benefit obligation as at June 30, 2016 is 7 years (2015: 7 years).

		Note	2016	2015
			(Rupees in '000')	
9.4	Opening Balance of provision for compensated absences		66,243	59,513
	Provision made for the year		44,902	28,407
			111,145	87,920
	Payment made during the year		(26,409)	(21,926)
	Charged to CWIP		-	249
	Closing balance as at year end		84,736	66,243

10 MARKUP ACCRUED

	2016	2015
Long term financing - secured	483	787
Short term running finance - secured	-	6
	483	793

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

Claims against the SIHL not acknowledged as debts:

	Note	2016	2015
Patients	11.1.1	111,000	122,504
Others	11.1.2	20,000	20,000
Letter of guarantee	11.1.3	34,600	34,485

11.1.1 This represents claims lodged by patients and their heirs against SIHL for alleged negligence on part of the consultants / doctors. The management is contesting the claims which are pending in courts and believes that the contention of the claimants will not be successful and no material liability is likely to arise.

11.1.2 This represents the penalty imposed by Competition Commission of Pakistan to each Gulf Cooperation Council's (GCC) Approved Medical Centers (GAMCs) including SIHL on account of alleged non competitive practice / arrangement of territorial division and equal allocation of GAMCs customers. Management of the Company and other GAMCs are jointly contesting the matter and firmly believe that the case will be decided in favor of the GAMCs including SIHL.

11.1.3 This represents letters of guarantees issued by bank in favour of Sui Northern Gas Pipelines Limited (SNGPL) and Ministry of Economy U.A.E. in ordinary course of SIHL's business.

		2016	2015
11.2	Commitments	(Rupees in '000')	
11.2.1	Capital expenditure contracted	282,614	16,240
11.2.2	Letters of credit	22,333	30,379

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

12. PROPERTY, PLANT AND EQUIPMENT

Particulars	Owned assets												
	Freehold land	Leasehold land	Building on leasehold land	Leasehold Improvements	Biomedical equipment	Air conditioning equipment and machinery	Electrical and other equipment	Furniture and Fittings	Construction equipment	Computer installations	Vehicles	Capital work-in-progress (note 12.6)	Total
	(Rupees in 000)												
Cost / Revalued amount													
Balance as at July 01, 2014	250,850	673,081	1,793,065	73,922	1,798,068	183,470	335,892	107,634	8,671	201,146	104,823	215,388	5,746,010
Additions	6,500	-	-	-	385,552	3,947	44,564	17,186	-	23,793	1,903	85,853	569,298
Disposals	-	-	-	(18,885)	(983)	(1,319)	(6,768)	(1,018)	-	(3,577)	(6,650)	-	(39,200)
Write offs	-	-	-	(55,037)	(21,841)	-	(717)	(420)	-	(4,842)	-	-	(82,857)
Non current asset no longer classified as "held for sale"	-	287,878	-	-	-	-	-	-	-	-	-	-	287,878
Transfer	-	-	137,829	-	108,897	-	-	-	-	-	-	(246,726)	-
Balance as at June 30, 2015	257,350	960,959	1,930,894	-	2,269,693	186,098	372,971	123,382	8,671	216,520	100,076	54,515	6,481,129
Balance as at July 01, 2015	257,350	960,959	1,930,894	-	2,269,693	186,098	372,971	123,382	8,671	216,520	100,076	54,515	6,481,129
Additions	66,402	-	-	-	290,421	40,796	40,196	17,067	-	37,557	17,320	29,975	539,734
Disposals	-	-	-	-	(13,860)	-	(3,024)	-	-	(263)	(2,844)	-	(19,991)
Write offs	-	-	(221)	-	(5,130)	-	(49)	(214)	-	(789)	-	-	(6,403)
Transfers	-	-	29,245	-	-	-	-	-	-	-	-	(29,245)	-
Balance as at June 30, 2016	323,752	960,959	1,959,918	-	2,541,124	226,894	410,094	140,235	8,671	253,025	114,552	55,245	6,994,469
Depreciation / amortization													
Balance as at July 01, 2014	-	1,513	345,673	36,997	848,345	100,658	174,145	44,972	8,614	88,547	62,456	-	1,711,920
Charge for the year	-	11,474	55,712	12,608	175,530	14,604	38,000	10,245	25	39,974	12,141	-	370,313
On disposals	-	-	-	(10,339)	(438)	(762)	(3,040)	(326)	-	(2,995)	(6,614)	-	(24,514)
On write offs	-	-	-	(39,266)	(19,950)	-	(438)	(324)	-	(4,831)	-	-	(64,809)
Balance as at June 30, 2015	-	12,987	401,385	-	1,003,487	114,500	208,667	54,567	8,639	120,695	67,983	-	1,992,910
Balance as at July 01, 2015	-	12,987	401,385	-	1,003,487	114,500	208,667	54,567	8,639	120,695	67,983	-	1,992,910
Charge for the year	-	18,671	61,272	-	208,606	15,376	41,957	11,084	9	45,158	13,619	-	415,752
On disposals	-	-	-	-	(13,860)	-	(3,024)	-	-	(174)	(2,095)	-	(19,153)
On write offs	-	-	(221)	-	(3,800)	-	(42)	(160)	-	(766)	-	-	(4,989)
Balance as at June 30, 2016	-	31,658	462,436	-	1,194,433	129,876	247,558	65,491	8,648	164,913	79,507	-	2,384,520
Carrying value as at June 30, 2015	257,350	947,972	1,529,509	-	1,266,206	71,598	164,304	68,815	32	95,825	32,093	54,515	4,488,219
Carrying value as at June 30, 2016	323,752	929,301	1,497,482	-	1,346,691	97,018	162,536	74,744	23	88,112	35,045	55,245	4,609,949
Annual rate of depreciation %	-	1.34-3.03	2.5-10	20	10	10-15	10-15	10	10-20	15-30	20		

12.1 The SIHL had its leasehold land revalued in 1999, 2004, 2009 and 2014 and freehold land in 2009 and 2014 by independent valuers, using fair market value. These revaluations resulted in net surplus of Rs. 180,873 thousand, Rs. 63,891 thousand, Rs. 392,360 thousand and Rs. 184,284 thousand respectively. The revaluation surplus amounting to Rs. 821,409 thousand has been included in the carrying value of the respective assets. Out of the revaluation surplus, an amount of Rs. 742,191 thousand (2015: Rs. 751,182 thousand) remains undepreciated as at June 30, 2016.

Had there been no revaluation the carrying value would have been as under:

	Cost at June 30	Accumulated amortization at June 30	Carrying value at June 30
Leasehold land		(Rupees in '000')	
2016	325,065	43,074	281,991
2015	325,065	33,393	291,672
Freehold land			
2016	228,870	-	228,870
2015	162,468	-	162,468

12.2 Property, plant and equipment include items with aggregate cost of Rs. 639,721 thousand (2015: Rs. 551,552 thousand) representing fully depreciated assets that are still in use of SIHL.

12.3 Property, plant and equipment of SIHL are encumbered under an aggregate charge of Rs. 3,064.67 million (2015: 3,064.67 million) in favor of banking companies and non-banking financial institutions under various financing arrangements as disclosed in notes 7, 11.2.2 and 29.

12.4 The depreciation / amortization charge for the year has been allocated as follows:

	Note	2016	2015
		(Rupees in '000')	
Operating costs	24	415,746	379,883
Accumulated depreciation of asset previously classified as held for sale		-	(9,595)
Capital work-in-progress	12.6.1	6	25
		415,752	370,313

12.5 Detail of property, plant and equipment disposed off during the year, having caring value of more than fifty thousand rupees:

Sr. No.	Asset Particulars	Cost	Carrying Value	Sale Proceed	Purchaser	Mode of Disposal
		(Rupees in '000')				
1	Honda City	267	152	301	Mr. Shafqat Ali Hamidani	As per Company policy
2	Honda City	251	130	254	Mr. Muhammad Ahsan Hussain	As per Company policy
3	Honda City	248	78	256	Mr. Imran Farooqi	As per Company policy
4	Honda City	248	78	257	Ms. Nuzhat Sultana	As per Company policy
5	Honda City	248	78	257	Mr. Muhammad Aslam	As per Company policy
6	Suzuki Cultus	171	55	178	Mr. A.D. Zia	As per Company policy
7	Honda City	275	179	551	Ms. Yasmeen Saggu	As per Company policy
		1,708	750	2,054		
Other assets having carrying value less than 50,000 rupees		18,283	88	1,108		
2016		19,991	838	3,162		
2015		39,200	14,686	20,886		

12.6 Capital work-in-progress

	Note	2016	2015
		(Rupees in '000')	
Construction work-in-progress - at cost	12.6.1	-	22,972
Stores held for capital expenditure	12.6.2	49,998	23,359
Installation of equipment in progress	12.6.3	5,247	8,184
		55,245	54,515

12.6.1 Construction work-in-progress - at cost

This was cost of civil works mainly comprising of cost of materials, payments to contractors and salaries and benefits pertaining to different blocks of hospital building in H-8/4. Given below was the break-up of these blocks:

	Note	2016	2015
		(Rupees in '000')	
Block "D"		-	5,125
Block "E"		-	9,494
Block "F"		-	3,852
Other constructions		-	4,476
Depreciation capitalised during the year	12.4	-	25
		-	22,972

	Note	2016	2015
		(Rupees in '000')	

12.6.2 Stores held for capital expenditure

	Note	2016	2015
Stores held for capital expenditure		53,105	26,016
Less: provision for slow moving items	12.6.2.1	3,107	2,657
		49,998	23,359

12.6.2.1		2016	2015
	Balance at beginning of the year	2,657	4,826
	Charged / (reversed) during the year	450	(2,169)
	Balance at the end of the year	3,107	2,657

12.6.3 Installation of equipment in progress

	2016	2015
Mobile C-Arm	5,247	-
Refrigerator Blood Bank	-	1,831
Medical - Grade LED	-	6,353
	5,247	8,184

13 LONG TERM DEPOSITS

	Note	2016	2015
Lease key money deposits	13.1	4,009	7,729
Less: current portion of lease key money deposits	18	304	3,561
		3,705	4,168
Security deposits	13.2	36,282	34,271
		39,987	38,439

13.1 This represents lease key money deposits adjustable on expiry of respective Ijarah financing arrangements of SIHL against transfer of titles of relevant assets.

13.2 This represents security deposits given by SIHL to various institutions / persons and are generally refundable on termination of relevant services / arrangements.

14 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2016	2015
		(Rupees in '000')	
Stores		145,165	186,593
Spare parts		19,748	15,217
Loose tools		638	553
		165,551	202,363
Less: provision for slow moving items	14.1	20,027	16,078
		145,524	186,285

14.1		2016	2015
	Balance at beginning of year	16,078	7,928
	Charge for the year	3,949	8,150
	Balance at the end of year	20,027	16,078

		Note	2016	2015
			(Rupees in '000')	
15	STOCK-IN-TRADE			

This represents medicines being carried at moving average cost.

16 TRADE DEBTS

	Note	2016	2015
Considered good			
Related party - Shifa Foundation	16.1	9,020	3,398
Related party - Shifa Tameer -e- Millat University (STMU)	16.2	-	1,433
Others		336,475	332,174
Considered doubtful			
Others		47,559	28,380
Considered bad			
Others		-	95,409
		393,054	460,794
Less: provision for doubtful debts	34.1.3	47,559	28,380
Bad debts written off		-	95,409
		345,495	337,005

16.1 Maximum amount due to SIHL from Shifa Foundation at the end of any month during the year was Rs. 24,406 thousand (2015: Rs. 11,417 thousand).

16.2 Maximum amount due to SIHL from STMU at the end of any month during the year ended June 30, 2015 was Rs. 12,598.

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

17 LOANS AND ADVANCES

	Note	2016	2015
		(Rupees in '000')	
Considered good - unsecured			
Executives	17.1	11,556	5,555
Other employees		27,890	16,736
		39,446	22,291
Consultants		13,836	6,412
Suppliers		104,298	97,987
	17.2	157,580	126,690

17.1 Reconciliation of carrying amount of advances given to executives:

	2016	2015
Balance at beginning of year	5,555	7,129
Disbursements during the year	40,871	28,358
	46,426	35,487
Less: Repayments during the year	34,870	29,932
Balance at end of year	11,556	5,555

The above advances were given in accordance with the Group's service rules. The maximum amount due from executives at the end of any month during the year was Rs. 13,612 thousand (2015: Rs. 10,933 thousand).

17.2 This includes loan amounting to Rs. 1,083 thousand given to the CEO of the Shifa Consulting (Private) Limited.

		Note	2016	2015
			(Rupees in '000')	
18	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
	Current portion of lease key money deposits	13	304	3,561
	Other deposits		2,560	2,560
	Short term prepayments		16,552	19,347
			19,416	25,468

19	OTHER FINANCIAL ASSETS (Held to Maturity Investment)			
	Meezan Bank Limited	19.1	75,222	-
	Faysal Bank Limited	19.2	89,068	28,168
	Al Baraka Bank (Pakistan) Limited	19.3	780,006	97,137
	JS Bank Limited	19.4	101,460	-
	Dubai Islamic Bank Limited	19.5	50,485	-
			1,096,241	125,305

19.1 This represents term deposit receipt (TDR) having face value of Rs. 75 million (2015: Nil) with three month maturity, due on September 08, 2016. TDR carry an effective interest rate of 4.69% (2015:Nil) per annum.

19.2 This represents three TDRs having face value of Rs. 50 million, Rs. 25 million and Rs. 13 million respectively (2015: two TDRs having face value of Rs. 10 million and Rs. 18 million) with three month maturity, due on July 08, 2016, August 02, 2016 and August 02, 2016 respectively. These TDRs carry an effective interest rate ranging from 5.5% to 6.15% per annum (2015: 6.9% & 5.75% per annum).

19.3 This represents five TDRs having face value of Rs. 200 million, Rs. 200 million, Rs. 200 million, Rs.102 million and Rs. 75 million respectively (2015: four TDRs having face value of Rs. 50 million, Rs. 15 million, Rs. 15 million and Rs. 17 million) with three month maturity. First four TDRs will mature on September 08, 2016 while the last TDR will due on September 14, 2016. These TDRs carry an effective profit rate ranging from 5% to 6.40% per annum (2015: 6.5% to 6.75% per annum).

19.4 This represents TDR having face value of Rs. 100 million (2015: Nil) with three month maturity, due on July 08, 2016 carrying effective interest rate of 6.50% (2015:Nil) per annum.

19.5 This represents TDR having face value of Rs. 50 million (2015: Nil) with three month maturity, due on September 09, 2016 carrying effective interest rate of 5.35% (2015:Nil) per annum.

		Note	2016	2015
			(Rupees in '000')	
20	TAX REFUNDS DUE FROM THE GOVERNMENT (NET OF PROVISION)			
	Balance at beginning of year - refundable / (payable)		52,154	(21,286)
	Income tax paid / deducted at source during the year		264,259	239,609
			316,413	218,323
	Provision for taxation for the year	26	(290,676)	(166,169)
	Balance at end of year		25,737	52,154

		Note	2016	2015
			(Rupees in '000')	
21	CASH AND BANK BALANCES			
	Cash at banks in:			
	Current accounts:			
	Local currency		71,585	117,440
	Foreign currency		3,466	1,990
			75,051	119,430
	Saving accounts:			
	Local currency		400,400	407,746
	Foreign currency		47	953
		21.1	400,447	408,699
		21.2	475,498	528,129
	Cash in hand		11,203	8,858
			486,701	536,987

21.1 These carry effective profit rates ranging from 2.40 % - 6.00 % and 0.1% (2015: 3.25% - 6.4 % and 0.1%) per annum in respect of local and foreign currency accounts respectively.

21.2 Balances with banks includes Rs. 85,875 thousand (2015: Rs. 69,050 thousand) in respect of security deposits (note 9.2).

		Note	2016	2015
			(Rupees in '000')	
22	NET REVENUE			
	Inpatients		4,353,183	3,678,795
	Outpatients		2,154,542	1,799,366
	Pharmacy	22.1	1,981,494	1,754,098
	Cafeteria		261,084	192,590
	Rent of building	22.2	31,593	29,340
	Other services		45,371	47,487
			8,827,267	7,501,676
	Less: discount		83,209	85,957
	Net revenue		8,744,058	7,415,719

22.1 This includes revenue of Rs. 124,822 thousand (2015: Rs. 310,908 thousand) from external pharmacy outlets.

22.2 This mainly includes rental income on operating leases to related parties.

		Note	2016	2015
			(Rupees in '000')	
23	OTHER INCOME			
	Income from financial assets:			
	Profit on investments and bank deposits		37,314	25,193
	Income from other than financial assets:			
	Gain on disposal of property, plant and equipment		2,324	6,200
	Liabilities written back		2,301	3,133
	Sale of scrap		7,351	4,735
	Miscellaneous	23.1	36,873	16,027
			86,163	55,288

23.1 This includes sale of Shifa News (magazine of Shifa Publications), related advertisement income from Shifa News and other miscellaneous income.

24 OPERATING COSTS

	Note	2016	2015
		(Rupees in '000')	
Salaries, wages and benefits	24.1	3,071,527	2,405,901
Utilities		292,955	295,520
Supplies consumed		1,420,825	1,234,466
Medicines		1,568,520	1,439,396
Communication		23,133	24,988
Travelling and conveyance		24,769	13,063
Printing and stationery		57,826	54,686
Repairs and maintenance		373,955	330,223
Auditors' remuneration	24.2	2,572	2,272
Legal and professional		14,904	28,468
Rent		99,622	106,872
Rates and taxes		59,851	67,609
Advertising and sales promotion		35,445	19,987
Fee, subscription and membership		38,421	6,366
Vehicle and equipment rentals	24.3	7,612	9,240
Laundry charges		-	12,632
Cleaning and washing		62,387	51,507
Insurance		11,451	10,135
Property, plant and equipment written off	24.4	1,414	18,048
Provision for doubtful debts		19,179	29,133
Provision for slow moving stores		4,399	5,981
Depreciation / amortization	12.4	415,746	379,883
Donation	24.5	50,000	20,000
Other expenses		37,679	29,694
		7,694,192	6,596,070

24.1 This includes employee retirement benefits (gratuity) of Rs. 41,578 thousand (2015: Rs. 56,971 thousand), expense for accumulating absences of Rs. 44,902 thousand (2015: Rs. 28,407 thousand) and provision for bonus to employees of Rs. 140,856 thousand (2015: Rs. 111,024 thousand).

24.2 Auditors' remuneration

	2016	2015
	(Rupees in '000')	
Annual audit fee	1,478	1,431
Half yearly review fee	585	583
Other certifications	138	125
Out of pocket expenses	146	133
	2,347	2,272

24.3 This includes ujrah payments under an Ijarah. As required under Islamic Financial Accounting Standard (IFAS 2) "Ijarah" (notified through SRO 431 (I)/2007 by Securities & Exchange Commission of Pakistan) ujrah payments under an Ijarah are recognised as an expense in the profit and loss account on straight line basis over the Ijarah term.

The amounts of future ujrah payments and the periods in which these will be due are as follows:

	2016	2015
	(Rupees in '000')	
Within one year	5,986	6,981
After one year but not more than five years	3,134	8,420
Total ujrah payments	9,120	15,401

24.4 These represent assets written off that are determined to be irreparable after carrying out detailed physical verification exercise by the management.

	2016	2015
	(Rupees in '000')	
24.5 Donation		
Shifa Foundation	-	10,000
Shifa Tameer-e-Millat University (STMU)	50,000	10,000
	50,000	20,000

Shifa Foundation and Shifa Tameer-e-Millat University (STMU) are related parties due to common directorship and related information is as under:

Name of common directors	Interest in donee	Name & address of the donee
Dr. Manzoor H. Qazi	Director	Shifa Foundation and STMU, H-8/4, Islamabad
Dr. Habib ur Rahman	Director	Shifa Foundation and STMU, H-8/4, Islamabad
Dr. Mohammad Salim Khan	Director	Shifa Foundation, H-8/4, Islamabad
Mr. Muhammad Zahid	Director	Shifa Foundation, H-8/4, Islamabad
Dr. Samea Kauser Ahmad	Director	STMU, H-8/4, Islamabad

25 FINANCE COSTS

	Note	2016	2015
		(Rupees in '000')	
Mark-up on:			
Long term loans		82,235	147,751
Running finance and murabaha facilities		159	458
Credit card payment collection charges		12,340	9,308
Loss on foreign currency translation		493	168
Bank charges and commission		13,771	1,231
		108,998	158,916

26 PROVISION FOR TAXATION

	Note	2016	2015
Current			
for the year		313,865	163,438
Prior year		(23,189)	2,731
	20	290,676	166,169
Deferred		(10,589)	27,657
		280,087	193,826

	2016	2015
	(Rupees in '000')	

26.1 Reconciliation of tax charge for the year

	2016	2015
Profit before taxation	1,027,031	716,021
Applicable tax rate	32%	33%
Additional tax	3%	3%
Total	35%	36%
Add: Tax effect of amounts taxed at lower rates / others	10%	19%
Less: Net tax effect of amounts that are deductible for tax purposes	18%	28%
Average effective tax rate charged on income	27%	27%

27 EARNINGS PER SHARE - BASIC AND DILUTED

	2016	2015
Profit after taxation for the year	751,978	526,520
	(Number of shares in '000')	(Restated)
Weighted average number of ordinary shares in issue during the year	51,781	50,672
	(Rupees)	(Restated)
Earnings per share - basic and diluted	14.52	10.39

27.2 Weighted average number of ordinary shares for the corresponding period has been restated to accommodate the bonus element as the right issue was made below the prevailing market price of shares at the date of issue (note 4.2).

27.3 There is no dilutive effect on the basic earnings per share.

28 CAPACITY UTILIZATION

The actual inpatient available bed days, occupied bed days and room occupancy ratio of Shifa International Hospitals Limited (SIHL) are given below:

	2016	2015	2016	2015	2016	2015
	Available bed days		Occupied bed days		Occupancy Ratio	
SIHL H-8/4, Islamabad	166,579	163,765	118,698	114,636	71.26%	70.00%
SIHL G-10/4, Islamabad	8,110	4,850	2,795	1,001	34.46%	20.64%
SIHL Faisalabad	15,330	15,330	4,596	4,009	29.98%	26.15%

28.1 The under utilization reflects the pattern of patient turnover which is beyond the management's control.

	2016	2015
	(Rupees in '000')	

29 UNAVAILED CREDIT FACILITIES

	2016	2015
Unavailed credit facilities of SIHL at year end are as under:		
Running / Murabaha financing	136,900	140,000
Letter of credit	84,709	81,389
Ijara financing	10,000	10,295
	231,609	231,684

30 NUMBER OF EMPLOYEES

The Group had 4,471 employees (2015: 3,898) at the year end and average number of employees during the year were 4,328 (2015: 3,887).

31 RELATED PARTIES TRANSACTIONS

The related parties comprise of directors, major shareholders, key management personnel, SIHL Employees' Gratuity Fund and the entities over which directors are able to exercise influence. The amounts due from and due to these undertakings are shown under trade debts, loans and advances and trade and other payables. Other transactions with the related parties are given below:

	Note	2016	2015
		(Rupees in '000')	
Shifa Foundation: (Related party by virtue of common directorship)			
Revenue from services earned by the Company	31.1	91,289	33,120
Revenue from rent		404	404
Expenses paid by and reimbursed to SIHL		-	1,940
Other services provided to SIHL		15,840	-
Donation given by SIHL		-	10,000
Tameer-e-Millat Foundation: (Related party by virtue of common directorship)			
Revenue from services earned by SIHL	31.1	19	8
Revenue from rent		177	44
Other supplies provided to SIHL		16,631	16,030
Other services provided to SIHL	31.2	6,121	3,341
Rent paid by SIHL		2,192	1,035
SIHL Employees' Gratuity Fund			
Payments made by the Company during the year		113,347	126,095

	Note	2016	2015
		(Rupees in ‘000’)	
Shifa Tameer-e-Millat University: (Related party by virtue of common directorship)			
Revenue from services earned by SIHL	31.1	2,991	1,221
Revenue from rent		24,134	23,199
Other services provided to SIHL	31.2	17,209	6,616
Expenses paid by and reimbursed to SIHL		25,537	20,732
Other supplies provided to SIHL		1,300	-
Donation given by SIHL		50,000	10,000
Remuneration including benefits & perquisites of key management personnel	31.3	240,486	209,116

31.1 Revenue earned from related parties includes medical, surgical, clinical and lab services rendered to referred inpatients and outpatients, sale of medicines and provision of cafeteria services. These transactions are based on commercial terms which are approved by the Board of Directors.

31.2 Other services are received by SIHL for nursing education / training and employees' children education. These transactions are based on commercial terms which are approved by the Board of Directors.

31.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors of the Company. There were no transactions with the key management personnel during the year other than their terms of employment / entitlements.

32 REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements in respect of remuneration and allowances, including all benefits, to chief executive, directors and executives of the Group are given below:

	Chief Executives		Executive Directors		Non Executive Directors		Executives	
	2016	2015	2016	2015	2016	2015	2016	2015
	....(Rupees in ‘000’)....							
Managerial remuneration	41,170	33,135	26,252	8,704	8,400	5,450	192,197	169,069
Rent and utilities	7,187	7,356	2,957	3,076	1,407	1,350	40,282	35,430
Bonus and incentives	2,196	1,997	-	-	430	350	19,328	15,648
Gratuity	-	-	-	-	-	-	10,863	22,343
Medical insurance	-	-	157	48	79	48	5,167	2,878
Leave encashment	-	-	-	-	-	-	5,585	5,376
	50,553	42,488	29,366	11,828	10,316	7,198	273,422	250,744
Number of persons	2	2	2	2	6	4	87	78

32.1 The chief executives are provided with Company maintained cars, while two other directors and forty three executives of SIHL availed car facility.

32.2 Non executive directors' remuneration include Rs. 3,509 thousand (2015: 1,050 thousand) in respect of director fee paid to three independent directors of SIHL.

32.3 Travelling expenses of directors for official purposes are reimbursed by the Group.

	Note	2016	2015
		(Rupees in '000')	
33 CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	486,701	536,987
Other financial assets	19	1,096,241	125,305
		1,582,942	662,292

34 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

34.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group manages credit risk in trade debts by limiting significant exposure to the customers not having good credit history. Furthermore, the Group has credit policy in place to ensure that services are rendered to customers with an appropriate credit history.

The Group is also exposed to credit risk from its operating and short term investing activities. The Company's credit risk exposures are categorised under the following headings:

34.1.1 Counterparties

The Group conducts transactions with the following major types of counterparties:

Trade debts

Trade debts are essentially due from government companies / institutions, private companies (panel companies) and individuals to whom the SIHL is providing medical services. Normally the services are rendered to the panel companies on agreed rates and limits from whom the Group does not expect any inability to meet their obligations. The Group manages credit risk in trade debts by limiting significant exposure to the customers not having good credit history. Furthermore, the Group has credit policy in place to ensure that services are rendered to customers with an appropriate credit history.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts. This allowance is based on the management's assessment of a specific loss component that relates to individually significant exposures.

Cash and investments

The Group limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a credit rating of at least A2 and A⁻. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

34.1.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016	2015
	(Rupees in '000')	
Long term deposits	36,282	34,271
Trade debts - considered good	345,495	337,005
Loans and advances - considered good	53,282	28,703
Trade deposits	2,560	2,560
Markup accrued	1,501	1,908
Other financial assets	1,096,241	125,305
Bank balances	475,498	528,129
	2,010,859	1,057,881

The maximum exposure to credit risk for trade debts at the reporting date by type of customer was:

	2016	2015
	(Rupees in '000')	
Government companies	136,105	127,073
Private companies	134,412	147,619
Individuals	63,904	50,032
Related parties	9,020	4,831
Others	2,054	7,450
	345,495	337,005

34.1.3 Impairment losses

The aging of trade debts at the reporting date was:

	2016		2015	
	Gross debts	Impaired	Gross debts	Impaired
	(Rupees in '000')		(Rupees in '000')	
Not past due	198,836	-	169,170	-
1 - 4 months	80,936	-	93,661	-
5 - 7 months	3,496	92	19,121	956
8 - 12 months	61,902	1,302	54,851	2,412
13 - 18 months	28,434	26,715	7,668	4,098
19 - 23 months	19,450	19,450	20,914	20,914
	393,054	47,559	365,385	28,380

The movement in the allowance for impairment in respect of trade debts during the year was as follows:

	Note	2016	2015
		(Rupees in '000')	
Balance at beginning of year		28,380	94,655
Provision made during the year		19,179	29,133
Less: bad debts written off		-	95,409
Balance at end of year	16	47,559	28,380

The allowance account in respect of trade debts is used to record impairment losses where the Group is satisfied that recovery of the due amount is doubtful, and when the amount considered irrecoverable it is written off against the financial asset.

34.1.4 The Group believes that no impairment allowance is necessary in respect of loan and advances, accrued markup, deposits and other financial assets as the recovery of such amounts is possible.

34.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose the Group has credit facilities as mentioned in notes 7 and 30 to the financial statements. Further liquidity position of the Group is monitored by the Board through budgets, cash flow projections and comparison with actual results.

Following is the maturity analysis of financial liabilities:

	Carrying amount	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
	---------------------------------(Rupees in '000')---------------------------------					
2016						
Long term financing	839,665	167,826	167,848	335,764	168,227	-
Trade and other payables	1,423,233	1,423,233	-	-	-	-
Mark up accrued	483	483	-	-	-	-
	2,263,381	1,591,542	167,848	335,764	168,227	-

	Carrying amount	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
	----------------------------------(Rupees in '000')----------------------------------					
2015						
Long term financing	1,166,666	166,667	166,667	333,332	500,000	-
Trade and other payables	1,374,984	1,374,984	-	-	-	-
Mark up accrued	793	793	-	-	-	-
	2,542,443	1,542,444	166,667	333,332	500,000	-

34.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, markup rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Group is exposed to currency and mark up rate risk.

34.3.1 Foreign currency risk

Exposure to foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and cash in foreign currency bank account. The transactions and balances in foreign currency are very nominal therefore the Company's exposure to foreign currency risk is very minimal. The Group's exposure to foreign currency risk is as follows:

	2016 (Amount in '000')			2015 (Amount in '000')		
	GBP	USD	AED	GBP	USD	AED
Bank balances	-	0.45	121.83	-	9.37	71.87
Letter of credit	(9.09)	(124.09)	-	-	(197.49)	-
	(9.09)	(123.64)	121.83	-	(188.12)	71.87

	2016 (Rupees in '000')			2015 (Rupees in '000')		
Bank balances	-	47	3,466	-	953	1,990
Letter of credit	(1,276)	(12,992)	-	-	(20,085)	-
	(1,276)	(12,945)	3,466	-	(19,132)	1,990

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2016	2015	2016	2015
	----------------------(Rupees)----------------------			
USD 1	103.39	101.50	104.70	101.70
AED 1	28.14	27.64	28.45	27.69
GBP 1	154.22	-	140.38	-

Foreign currency sensitivity analysis

A 10 percent variation of the PKR against the USD and AED at June 30 would have effected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular markup rates, remain constant.

	Change in Foreign Exchange Rates	Effect on Profit	Effect on Equity
	%	(Rupees in '000')	
2016			
Foreign currencies	+10%	(1,076)	(1,076)
Foreign currencies	-10%	1,076	1,076
2015			
Foreign currencies	+10%	(1,714)	(1,714)
Foreign currencies	-10%	1,714	1,714

34.3.2 Markup rate risk

The markup rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in the market markup rates. Sensitivity to markup rate risk arises from mismatches of financial assets and liabilities that mature in a given period. The Group's exposure to the risk of changes in market markup rates relates primarily to Group's long term debt obligations with floating markup rates.

The Group analyses its markup rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined markup rate shift. For each simulation, the same markup rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major markup-bearing positions.

The Group adopts a policy to ensure that markup rate risk is minimized by investing its surplus funds in fixed rate investments like TDRs.

Profile

At the reporting date the markup rate profile of the Group's markup-bearing financial instruments is:

	Note	2016	2015
		(Rupees in '000')	
Financial assets			
Other financial assets	19	1,096,241	125,305
Bank balances	21	400,447	408,699
		1,496,688	534,004
Financial liabilities			
Long term financing - secured	7	839,665	1,166,666
		657,023	(632,662)

The effective markup rates for the financial assets and liabilities are mentioned in respective notes to the financial statements.

Markup rate sensitivity analysis

If markup rates had been 50 basis points higher / lower and all other variables were held constant, the Group's profit for the year ended June 30, 2016 would decrease / increase by Rs. 5,209 thousand (2015: decrease / increase by Rs. 6,883 thousand). This is mainly attributable to the Group's exposure to markup rates on its variable rate borrowings.

34.4 Fair value of financial instruments

Fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values except investment held to maturity which are carried at amortized cost.

The fair value hierarchy has not been presented in these financial statements, as the Group does not hold any such financial instrument in its portfolio.

34.5 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend to ordinary shareholders. There were no changes to the Group's approach to capital management during the year.

35 GENERAL

35.1 Corresponding figures, wherever necessary, have been rearranged and reclassified for the purposes of comparison and better presentation. However, these are not considered material enough to be disclosed separately.

35.2 Figures have been rounded off to the nearest one thousand of Pak Rupees unless otherwise stated.

36 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors of SHIL in their meeting held on August 25, 2016 have proposed a final dividend of Rs. 3 per share.

37 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements have been authorized for issue by the Board of Directors of SIHL on August 25, 2016.

CHAIRMAN	CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER

Pattern of Shareholding

As at June 30, 2016

Number of shareholders	Size of holding of shares		Total shares held
	From	To	
111	1	100	4,289
1,162	101	500	560,890
311	501	1,000	255,297
259	1,001	5,000	573,855
61	5,001	10,000	510,896
50	10,001	15,000	598,631
32	15,001	20,000	583,992
21	20,001	25,000	466,838
12	25,001	30,000	328,166
13	30,001	35,000	418,092
11	35,001	40,000	423,512
6	40,001	45,000	251,302
9	45,001	50,000	434,790
6	50,001	55,000	314,160
5	55,001	60,000	292,510
3	60,001	65,000	186,334
1	65,001	70,000	67,938
3	70,001	75,000	212,383
6	75,001	80,000	472,689
4	80,001	85,000	332,362
5	85,001	90,000	440,580
4	90,001	95,000	368,728
12	95,001	100,000	1,196,057
3	100,001	105,000	304,516
6	105,001	110,000	646,920
1	110,001	115,000	113,662
6	120,001	125,000	738,328
3	125,001	130,000	382,825
2	130,001	135,000	266,890
6	135,001	140,000	824,657
1	140,001	145,000	143,393
1	150,001	155,000	152,230
1	155,001	160,000	159,600
1	160,001	165,000	161,040
1	165,001	170,000	167,410
1	170,001	175,000	170,300
1	175,001	180,000	177,000
1	185,001	190,000	188,185
1	190,001	195,000	190,229
1	195,001	200,000	200,000
1	200,001	205,000	204,925
2	205,001	210,000	415,317
1	215,001	220,000	219,755
1	225,001	230,000	227,975
1	240,001	245,000	243,840
2	250,001	255,000	506,294
1	255,001	260,000	259,119
1	265,001	270,000	266,560
2	275,001	280,000	556,716
1	285,001	290,000	285,436
1	295,001	300,000	300,000
3	300,001	305,000	904,622

Number of shareholders	Size of holding of shares		Total shares held
	From	To	
2	305,001	310,000	616,663
1	310,001	315,000	313,650
1	325,001	330,000	327,548
1	330,001	335,000	332,852
2	345,001	350,000	692,817
1	350,001	355,000	354,370
1	380,001	385,000	382,539
2	390,001	395,000	786,988
1	415,001	420,000	415,304
1	450,001	455,000	452,850
2	455,001	460,000	915,909
1	520,001	525,000	523,924
1	530,001	535,000	533,400
1	555,001	560,000	557,500
1	565,001	570,000	567,846
1	585,001	590,000	588,229
1	665,001	670,000	668,851
1	730,001	735,000	732,766
1	735,001	740,000	737,688
1	860,001	865,000	863,730
1	970,001	975,000	970,351
1	1,030,001	1,035,000	1,031,036
1	1,090,001	1,095,000	1,094,800
1	1,150,001	1,155,000	1,152,810
1	1,470,001	1,475,000	1,471,850
1	1,765,001	1,770,000	1,768,307
1	1,885,001	1,890,000	1,885,205
1	2,030,001	2,035,000	2,032,981
1	2,400,001	2,405,000	2,400,995
1	2,410,001	2,415,000	2,412,537
1	2,995,001	3,000,000	3,000,000
1	5,275,001	5,280,000	5,279,569
2,197			54,537,900

Categories of shareholders	Number of shareholders	Shares held	Percentage
INDIVIDUAL	2128	38,934,729	71.39
FINANCIAL INSTITUTIONS	3	132,971	0.24
JOINT STOCK COMPANIES	12	282,301	0.52
OTHERS	54	15,187,899	27.85
Total	2,197	54,537,900	100.00

Disclosure in Connection with the Pattern of Shareholding as Required by the Code of Corporate Governance

As at June 30, 2016

Categories of shareholders	Number of shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouses and minor childern *	11	9,834,581	18.033
Associated Companies, Undertakings and related parties **	2	8,450,487	15.495
Banks, Development Financial Institutions, Non Banking Financial Institutions	3	132,971	0.244
Shareholders holding 5 % or more voting interest ***	2	11,721,413	21.492
Joint Stock Companies	12	282,301	0.518
Executives	12	51,028	0.094

* No. of Shares held by Directors, CEO and their spouses

Dr. Manzoor H. Qazi	1,031,036	1.890
Dr. Habib-Ur-Rahman	456,589	0.837
Mrs. Shahida Rahman W/o Dr. Habib-Ur-Rahman	13,117	0.024
Mr. Muhammad Zahid	431,942	0.792
Dr. Mohammad Salim Khan	227,975	0.418
Mr. Shafquat Ali Chaudhary	1,768,307	3.242
Shah Naveed Saeed	13,528	0.025
Mr. Qasim Farooq Ahmad	2,028,566	3.720
Dr. Samea Kauser Ahmad	3,840,849	7.043
Syed Ilyas Ahmed	11,336	0.021
Dr. Prof. Shoab Ahmad Khan	11,336	0.021

** Shares held by related parties

Shifa Foundation	569,923	1.045
Tameer-e-Millat Foundation	7,880,564	14.450

*** Shareholders with 5 % or more voting interest

Dr. Samea Kauser Ahmad	3,840,849	7.043
Tameer-e-Millat Foundation	7,880,564	14.450

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