FINANCIAL STATEMENTS

For the year ended June 30, 2017

Notice of the 31st
Annual General Meeting

Notice is hereby given that the 31st Annual General Meeting of the shareholders of Shifa International Hospitals Limited will be held at the registered office (C-0 Auditorium) of the Company at Sector H-8/4, Islamabad on Friday, October 27, 2017 at 1030 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 29, 2016.

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, 2017 together with the directors' and auditors' report thereon.

3- To approve the payment of cash dividend @ Rs. 5.00 per share for the year ended June 30, 2017 as recommended by the directors.

4- To appoint auditors for the year ending June 30, 2018 and to fix their remuneration.

SPECIAL BUSINESS

5- To consider, and if thought fit, to pass with or without modification the following resolution as special resolution:

"**RESOLVED** that a private limited company under the name and style of "Shifa CARE (Pvt.) Limited" be incorporated as an associated company.

FURTHER RESOLVED that the Company is hereby authorized to make investment upto Rs. 250 million in the paid-up capital of the said associated company within 5 years from the date of incorporation.

FURTHER RESOLVED that the Chief Executive Officer and/or Company Secretary be and is/are hereby authorized singly or jointly to give effect to these resolutions."

6- To consider, and if thought fit, to pass with or without modification the following resolution as special resolution for alteration in Memorandum and Articles of Association, as recommended by the Board of Directors:

"**RESOLVED** that the Authorized Capital of the Company be and is hereby increased from Rs. 545,379,000/- divided into 54,537,900 ordinary shares of Rs. 10/- each to Rs. 1,000,000,000/- divided into 100,000,000 ordinary shares of Rs. 10/- each.

FURTHER RESOLVED that the new shares when issued shall rank pari passu with the existing shares in all respects/matters.

FURTHER RESOLVED that the Clause V and Clause III of the Memorandum of Association and Articles of Association respectively be altered accordingly.

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

7- To consider, and approve the transmission of Annual Audited Accounts to the shareholders at their registered addresses through CD/DVD/USB instead of transmitting the said accounts in hard copies as notified by the Securities & Exchange Commission of Pakistan vide its SRO No. 470(I)/2016 dated May 31, 2016 and if thought fit, to pass with or without modification the following resolution as ordinary resolution:

"**RESOLVED** that transmission of Annual Audited Accounts to the shareholders through CD/DVD/USB instead of transmitting the same in hard copy be and is hereby approved.

FURTHER RESOLVED that the Chief Executive Officer and/or Company Secretary be and is/are hereby authorized singly or jointly to give effect to foregoing resolution."

Statement of Material Facts u/s 134 (3) of Companies Act, 2017 is annexed with this notice.

By Order of the Board

ISLAMABAD
September 18, 2017

MUHAMMAD NAEEM
Company Secretary

Notes:

i) The share transfer books of the Company will remain closed from October 18, 2017 to October 27, 2017 (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 Tuesday, October 17, 2017 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) 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) The Company wishes to inform its shareholders that pursuant to section 242 of the Companies Act, 2017 and circular 18/2017 issued by Securities & Exchange Commission of Pakistan, any dividend payable in cash declared by the listed company shall only be paid through electronic mode directly into the respective bank account designated by the entitled shareholder instead of receiving it through dividend warrants. In this regard, shareholders are advised to provide the particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank to the Company's Share Registrar. CDC account holders should submit their particulars to their broker (participant)/ CDC.

vii) Pursuant to the provision of Finance Act 2017, the rates of Income tax from dividend payment under section 150 of the Income Tax Ordinance, 2001 have been revised as under:

- For filers - 15 %
- For non-filers - 20 %

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) 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 17, 2017 each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

ix) 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 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.

x) If the Company receives consent from members holding 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility.

In this regard, please fill the following and submit at the registered office of the Company situated at Sector H-8/4, Islamabad at least 10 days prior to the date of Annual General Meeting:

I/We ______________________________ of _____________________ being a member(s) of Shifa International Hospitals Limited, holding ______________ ordinary shares as per registered Folio / CDC Account No. ______________________ hereby opt for video conference facility at ___________________.

____________________ ____________________

Date Signature

دی گئی ہدایات کے مطابق جوائنٹ اکاؤنٹ ہولڈر/ہولڈرز(جہاں پرنسپل شیئر ہولڈر کی جانب سے شیئر ہولڈنگ کا تعین نہیں کیا گیا)شیئر ہولڈنگ کے تناسب کا تعین کر سکے تاکہ کمپنی کے منافع سے ود ہولڈنگ ٹیکس کی وصولی کی جا سکے۔17اکتوبر2017 تک تفصیلات کی عدم دستیابی کی صورت میں ہر شیئر ہولڈر کا شیئر میں برابر کا حق تصور کیا جائے گااوراسی تناسب سے ٹیکس کی کٹوتی کی جائے گی۔

ix. سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے نوٹیفیکیشن نمبرSRO.787(1)/2014بتاریخ8 ستمبر،2014کے 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 رضا مندی 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۔

x. اگر کمپنی کو اجلاس کی تاریخ سے کم از کم 10 دن پہلے ویڈیو کانفرنس کے ذریعے اجلاس میں شرکت کرنے کے لئے کسی جغرافیائی محل وقوع میں رہنے والے 10 فیصد یا اس سے زائد شیئرہولڈنگ والے ارکان کی طرف سے درخواست موصول ہوتی ہے تو کمپنی ویڈیو کانفرنس کی سہولت کا بندوبست کرے گی۔

اس سلسلے میں، مندرجہ ذیل فارم پر کریں اور سالانہ اجلاس عام کی تاریخ کے کم از کم 10 دن پہلے کمپنی کے رجسٹرڈ دفتر واقع سیکٹر H-8/4، اسلام آباد میں جمع کرائیں:

میں / ہم ____________ساکن ____________ شفا انٹرنیشنل ہسپتال لمیٹڈ کے رکن کی حیثیت سے ____________ عام حصص کا مالک بمطابق رجسٹرڈ فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر ____________ ویڈیو کانفرنس کی سہولت بمقام____________ منعقد کرانے کا انتخاب کرتا /کرتی/ کرتے ہیں۔

____________ ____________

تاریخ دستخط

کمپنیز ایکٹ، 2017 کے سیکشن (3)134 کے تحت سٹیٹمنٹ آف مٹیریل فیکٹس اس نوٹس کے ساتھ منسلک ہے۔

بحکم بورڈ

محمد نعیم

کمپنی سیکرٹری

اسلام آباد

18 ستمبر 2017

نوٹس

i. کمپنی کے شیئر ٹرانسفر کھاتے 18 اکتوبر 2017 سے 27 اکتوبر 2017 (بشمول دونوں دن) بند رہیں گے ۔اس مدت کے دوران کوئی بھی ٹرانسفر، رجسٹریشن کیلئے قبول نہیں ہوگی۔ 17 اکتوبر 2017 بروز منگل کو کاروبار کے اختتام تک کمپنی کے شیئرز رجسٹرار آفس یعنی میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1، 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. سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی روشنی میں کمپیوٹرائزڈ قومی شناختی کارڈ نمبر،ڈیویڈنڈ وارنٹس پر لکھنا لازمی ہے۔ لہٰذا ممبران سے گزارش ہے کہ وہ موثر شناختی کارڈ کی ایک کاپی (اگر پہلے سے فراہم نہیں کی گئی ہے تو) کمپنی شیئرز رجسٹرار، میسرز کارپ لنک (پرائیویٹ) لمیٹڈ میں جمع کرائیں ۔

vi. کمپنی اپنے شیئر ہولڈرز کو مطلع کرنا چاہتی ہے کمپنیز ایکٹ، 2017 اور سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ سرکلر 18/2017 کے سیکشن 242 کے مطابق، لسٹڈ کمپنی کی طرف سے اعلان شدہ نقد منافع کی ادائیگی شیئر ہولڈرز کو منافع وارنٹ کے ذریعے موصول ہونے کے بجائے صرف الیکٹرانک طریقہ کار کے ذریعہ ان کے نامزد متعلقہ بینک اکاؤنٹ میں براہ راست ادا کی جائے گی ۔ اس سلسلے میں شیئر ہولڈرز کونصیحت کی جاتی ہے کہ وہ 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. فنانس ایکٹ 2017 کے مطابق ، انکم ٹیکس آرڈیننس، 2001 کے سیکشن 150 کے تحت منافع کی ادائیگی سے انکم ٹیکس کی کٹوتی کے ریٹس نظر ثانی کے بعد درج ذیل ہے:

- فائلرز کیلئے 15 ٪
- نان فائلرز کیلئے 20 ٪

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

viii. 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 کے انفرادی ود ہولڈنگ ٹیکس کا تعین کیا جاسکے۔تاکہ کمپنی نگراں ادارے کی جانب سے

نوٹس برائے

31واں سالانہ اجلاسِ عام

بذریعہ نوٹس مطلع کیا جاتا ہے کہ شفا انٹرنیشنل ہسپتال لمیٹڈ کے شیئر ہولڈرز کا 31واں سالانہ اجلاسِ عام کمپنی کے رجسٹرڈ آفس (سی زیرو آڈیٹوریم) واقع سیکٹر H-8/4،اسلام آباد میں بروز جمعہ 27 اکتوبر 2017 دن 10:30 بجے درج ذیل معاملات کے سلسلے میں منعقد ہو گا:

عام کاروبار:

1. گزشتہ سال 29 اکتوبر2016 کو منعقد کئے گئے کمپنی کے سالانہ اجلاسِ عام کے منٹس کی توثیق کرنا۔
2. ڈائریکٹرز اور آڈیٹرز کی رپورٹ کے ساتھ اختتامی سال 30 جون2017 کمپنی اور اس کے ذیلی ادارے کے سالانہ آڈٹ شدہ اکاؤنٹس اور مجموعی آڈٹ شدہ اکاؤنٹس کی وصولی، غور و خوض اور عمل در آمد کرنا۔
3. اختتامی سال 30 جون 2017 کیلئے ڈائریکٹرز کے سفارش کردہ 5.00 روپے فی شیئر کے حتمی نقد منافع کی ادائیگی کی منظوری دینا۔
4. اختتامی سال 30 جون 2018 کے لئے آڈیٹرز کی تقرری اور ان کے معاوضہ کی منظوری دینا۔

خاص کاروبار:

5. اگر موزوں سمجھا جائے تو درج ذیل قرار داد کو زیرِ غور لاتے ہوئے خاص قرار داد کے طور پر منظور کیا جائے:

"طے پایا کہ شفا کیئر (پرائیویٹ) لمیٹڈ" کی طرز اور نام کے تحت ایک پرائیویٹ لمیٹڈ کمپنی ایک منسلک کمپنی کے طور پر تشکیل دی جائے۔

مزید طے پایا کہ کمپنی اس منسلک کمپنی کے قائم ہونے کے 5 سال کے اندر اندر اس کے ادا شدہ سرمائے میں250 ملین روپے تک کی سرمایہ کاری کرنے کی مجاز ہے۔

مزید طے پایا کہ چیف ایگزیکٹو آفیسر اور/ یا کمپنی سیکرٹری اس بات کے مجاز ہیں کہ وہ فرداً یا مشترکہ طور پر ان قراردادوں کو موثر بنائیں۔"

6. اگر موزوں سمجھا جائے تو بورڈ آف ڈائریکٹرز کی سفارش کردہ درج ذیل قرار داد کو کمپنی کے دستور اور کمپنی کے قوائد و ضوابط میں ترمیم کے ساتھ یا بغیر ترمیم کے زیرِ غور لاتے ہوئے خاص قرار داد کے طور پر منظور کیا جائے:

"طے پایا کہ کمپنی کا منظور شدہ سرمایہ جو کہ-/545,379,000 روپے ہے اور 54,537,900 عام حصص بمالیت -/10 روپے ہے، سے بڑھا کر -/1,000,000,000روپے جو کہ 100,000,000 عام حصص بمالیت -/ 10 روپے کرنے کی منظوری دی جاتی ہے۔

مزید طے پایا کہ نئے حصص کے اجرا کو ہر لحاظ سے / تمام معاملات میں موجودہ حصص کے ساتھ پاری پاسو کی درجہ بندی دی جائے گی۔

مزید طے پایا کہ کمپنی کے دستور اور کمپنی کے قوائد و ضوابط کی شق نمبر V اور شق نمبر III کو اس کے مطابق بالترتیب تبدیل کیا جائے گا۔

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 کاروائیاں،اعمال اور اقدامات کریں جن کے ذریعے ان قراردادوں کو موثر بنایا جا سکے۔"

7. اگر موزوں سمجھا جائے تو سکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ایس آر او 470 (I)/2016 مورخہ 31-05-2016 کے مطابق کمپنی کے شئیر ہولڈرز کو سالانہ آڈٹ شدہ اکاؤنٹس ان کے رجسٹرڈ پتے پر پرنٹنگ فارم میں ارسال کرنے کے بجائے سی ڈی / ڈی وی ڈی / یو ایس بی کے ذریعے بھیجنے پر غور کرنے کی منظوری اور اگر مناسب ہو تو، ترمیم کے ساتھ یا بغیر ترمیم کے ساتھ عام قرارداد کے طور پر مندرجہ ذیل قرارداد کو منظور کیا جائے:

"طے پایا کہ کمپنی کے شئیر ہولڈرز کو سالانہ آڈٹ شدہ اکاؤنٹس ان کے رجسٹرڈ پتے پر پرنٹنگ فارم میں ارسال کرنے کے بجائے سی ڈی / ڈی وی ڈی / یو ایس بی کے ذریعے بھیجنے کی منظوری دی جاتی ہے۔

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 کاروائیاں،اعمال اور اقدامات کریں جن کے ذریعے مذکورہ بالا قرارداد کو موثر بنایا جا سکے۔"

Statement of Material Facts

U/S 134(3) of Companies Act, 2017

INVESTMENT IN ASSOCIATED COMPANY

The Board of Directors have approved establishment of an associated company under the name and style of "Shifa CARE (Pvt.) Limited" which will focus on providing IT solutions pertaining to the following:

1. Hospitals providing services from Primary to Tertiary Care
2. Clinics and Nursing Homes
3. Diagnostic Centers
4. Pharmacies
5. Medical Benefits Management Entities

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

Sr. #	Description	Information Required
(i)	Name of the associated company or associated undertaking alongwith criteria based on which the associated relationship is established.	Shifa CARE (Pvt.) Limited (Proposed) will be associated company of Shifa International Hospitals Ltd. The proposed company is being established in collaboration with CARE (Pvt.) Ltd. Initially the shareholding of both Shifa and CARE shall be 50% of the Paid-up Capital. In future at appropriate time investment shall/may be invited from third parties, however, the equity interest of Shifa shall not be less than 30% of the total equity at any given time.
(ii)	Purpose, benefits and period of investment.	To contribute in equity - to be long term investment.
(iii)	Maximum amount of investment;	Investment upto Rs. 250 million in five years.
(iv)	Maximum price at which securities will be acquired.	At par value of Rs.10/- per share.
(v)	Maximum number of securities to be acquired.	25 million shares in five years.

(vi)	Number of securities and percentage thereof held before and after the proposed investment.	None at present. Afterward – 25 million shares not less than 30 % at any given point of time
(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).	Not applicable
(ix)	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements.	Not applicable
(x)	Earnings per share of the associated company or associated undertaking for the last three years.	Not applicable
(xi)	Sources of fund from which securities will be acquired.	Internal generation of resources / issuance of right shares
(xii)	Where the securities are intended to be acquired using borrowed funds: (1) Justification for investment through borrowing; and (2) Details of guarantees and assets pledged for obtaining such funds.	Not applicable.
(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.	Following will have interest:- (i) Shifa will have equity interest and nomination of directors accordingly. (ii) Spouse of Dr. Shoab A. Khan, independent director on the Board of Shifa International Hospitals Ltd., is the director of CARE (Pvt.) Limited and holds 27.12 % shares of CARE (Pvt.) Limited so Dr. Shoab A. Khan shall be interested in the associated company by virtue of his spouse, being the director and substantial shareholder of CARE (Pvt.) Limited. (iii) Other directors are not interested in this business except as shareholders of the Company.
(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 September 11, 2017 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 31st Annual General Meeting of the Company scheduled to be held on October 27, 2017.

AMENDMENTS IN MEMORANDUM AND ARTICLES OF ASSOCIATION

The amendments in Memorandum and Articles of Association of the Company is proposed to enhance the Authorised Capital of the Company from Rs. 545,379,000/- to Rs. 1,000,000,000/-. The enhancement of its authorised capital will enable the Company to issue the right shares / bonus shares and others. The Directors do not have interest, directly or indirectly, in the aforementioned business except to the extent of their shareholding in the paid-up capital of the Company.

The proposed amendments shall be incorporated in the Memorandum and Articles of Association of the Company after the approval of special resolution. All necessary requirements of law will be complied with in this regard, therefore, the proposal for incorporation in Memorandum and Articles of Association of the Company is hereby being placed before the shareholders for their consideration and approval. The comparative statement of existing and proposed alteration in Memorandum and Articles of Association is as under:

Clause No.	Existing Clause	Proposed Clause
V of Memorandum of Association	The Authorised Capital of the Company is Rs. 545,379,000/- (Rupees Five Hundred Forty Five Million, Three Hundred Seventy Nine Thousand only) divided into 54,537,900 shares of Rs. 10/- each with power to increase or reduce the capital.	The Authorised Capital of the Company is Rs. 1,000,000,000/- (Rupees One Billion only) divided into 100,000,000 shares of Rs. 10/- each with power to increase or reduce the capital.
III of Articles of Association	The Authorised Capital of the Company is Rs. 545,379,000 (Rupees Five Forty Five Million Three Hundred Seventy Nine Thousand only) divided into 54,537,900 Ordinary Shares of Rs. 10/- each.	The Authorised Capital of the Company is Rs. 1,000,000,000/- (Rupees One Billion only) divided into 100,000,000 Ordinary Shares of Rs. 10/- each.

TRANSMISSION OF ANNUAL AUDITED ACCOUNTS THROUGH CD/DVD/USB

To give effect to the S.R.O. 470(I)/2016 dated May 31, 2016 issued by Securities & Exchange Commission of Pakistan (SECP), shareholders' approval is being sought to allow the company to circulate the annual audited statements, auditor's report and directors' report etc. (annual audited accounts) to its members through CD/DVD/USB at their registered addresses.

The Company, however, shall place on its website i.e.www.shifa.com.pk a standard request form to enable those members requiring a hard copy of the annual audited accounts instead of through CD/DVD/USB to intimate the Company of their requirement. The Company shall dispatch free of cost hard copy of the annual audited accounts to such members at their registered addresses within one week of receipt of request.

The directors are not interested in this business except as shareholders of the Company.

MUHAMMAD NAEEM
Company Secretary

OPERATING RESULTS

	2017	2016
	---------- (Rupees in 000) ----------	
Net revenue	9,257,009	8,730,803
Other operating income	136,579	86,760
Operating costs	(8,464,606)	(7,668,538)
Finance costs	(66,389)	(108,997)
Profit before taxation	862,593	1,040,028
Provision for taxation	(256,166)	(279,930)
Profit for the year	606,427	760,098
	------------ (Rupees) ------------	
Earnings per share-basic and diluted	11.12	14.68

1. The above results indicate an overall revenue growth of 6% as compared to corresponding period of the last year. The operating cost has been increased by 10.4% from Rs. 7,669 million to Rs. 8,465 million, which is mainly due to increase in salaries of nursing staff and postgraduate trainees, cost and volume of supplies and medicines consumed, depreciation and rent. Finance cost has been declined because of the repayment of long term loan and reduction in KIBOR. Reason for drop in operating profit margin is attributable to economic crisis in Saudi Arabia and other Middle East countries which forced them to slash job opportunities which in turn reduced the number of candidates who were visiting the Hospital for mandatory medical checkups to fulfil these countries' requirements. Resultantly the revenue in this particular area decreased considerably while comparing the same with previous year. All these factors translated into drop in earnings per share besides increase in Paid-up Capital of the Company in the previous year. Had we not enhanced the paid up capital, the earnings per share would have been Rs. 11.99, as a matter of comparison with the previous period.

2. During the year under review earnings per share decreased from Rs. 14.68 to Rs. 11.12.

3. The Board is pleased to declare the final cash dividend of Rs. 5.00 per share for the year ended June 30, 2017.

4. Company intends to establish a private limited company, which would be the associated company of Shifa International Hospitals Limited (Shifa/Company/Hospital).

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

6. Proper books of accounts of Shifa 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. There are no significant doubts upon Company's ability to continue as a going concern.

12. Being the healthcare industry Shifa faces many risks which include but are not limited to regulatory, competition, business, economic & business environment, operational & credit, financing & liquidity, clinical, information systems security & availability, quality & stability of operational services, availability, recruitment & retention of skilled resources/medical practitioners, frauds, etc. risks. At Shifa we have a robust internal control and risk management system. The Risk Management and Internal Control processes are designed to safeguard the Company's assets and to appropriately address and/or mitigate emerging risks being faced by the Company.

13. During the year under review, Prof. Dr. Shoab Ahmed Khan, Director, has successfully completed the directors' training program that meets the criteria specified by the SECP.

14. Summary of key operating and financial data of last six years has been given on page No. 108.

15. Note 9.4 of the notes to the financial statements reflect the value of investments of gratuity fund account.

16. The matters significant to the subsidiary of the Company i.e. Shifa Consulting Services (Pvt.) Limited have been disclosed in note 1.3 of the Notes to the Consolidated Financial Statements.

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

18. During the year under review, Dr. Samea Kauser Ahmad, Director has gifted 2,810,255 shares of the Company to her family members and Mr. Qasim Farooq Ahmad, Director, has acquired 24,860 shares from her sister namely Dr. Samea Kauser Ahmad as gift whereas Dr. Manzoor H. Qazi, Chief Executive Officer has also acquired 434,307 shares of the Company from her daughter namely Miss Komal Manzoor Qazi as gift. No other director, 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.

19. Progress Report on the utilization of the proceeds of right shares so far is as under:

Particulars	Amount (Rupees in Million)					
	4th Qtr. 2015-16	1st Qtr. 2016-17	2nd Qtr. 2016-17	3rd Qtr. 2016-17	4th Qtr. 2016-17	Total
Renovation of Hospital Building/ planning, designing of F-11 facility/Addition & Replacement of Equipment	256.78	111.58	211.22	166.36	294.08	1040.02

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

21. During the year under review, four meetings of the Board of Directors and six meetings of the Audit Committee

were held respectively.

Number of meetings attended by each director is stated below:

Name of Director	No. of Board Meetings Attended	No. of Audit Committee Meetings Attended
Dr. Habib-Ur-Rahman	4	6
Dr. Manzoor H. Qazi	4	N/A
Mr. Muhammad Zahid	4	5 *
Dr. Mohammad Salim Khan	4	5 *
Mr. Shafquat Ali Chaudhary	3	N/A
Shah Naveed Saeed	3	5
Mr. Qasim Farooq Ahmad	2	N/A
Dr. Samea Kauser Ahmad	4	6
Syed Ilyas Ahmed	4	3**
Prof. Dr. Shoab Ahmed Khan	2	N/A

* Mr. Muhammad Zahid and Dr. Mohammad Salim Khan were relieved of as the member of Audit Committee on 28-01-2017 whereafter one meeting of Audit Committee was held during the year under review.

** Syed Ilyas Ahmed was inducted in the Audit Committee of the Company on 25-08-2016 whereafter only three meetings of Audit Committee were held.

22. The pattern of shareholding and additional information regarding pattern of shareholding is given on page No. 202.

23. The present auditors M/s Grant Thornton Anjum Rahman retire at the conclusion of 31st AGM and being eligible 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 ending June 30, 2018.

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 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.	340.4 million
Indirect Taxes	Rs.	145.7 million
Tax deducted and deposited from suppliers, employees etc.	Rs.	559.7 million
Total	Rs.	1,045.8 million

27. During the year under review, the Company donated Rs. 2.4 million and Rs. 50 million to Shifa Foundation and Shifa-Tameer-e-Millat University (STMU) respectively. Shifa Foundation is not for profit organization, providing medical treatment facilities to indigent and poor patients. The Company considers the Shifa Foundation as its social arm for fulfilling corporate social responsibilities with respect to people and society. Whereas Shifa 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), etc.

28. The Company in its endeavor to conserve electricity has installed six Heat Exchanger for heating domestic water to be used in Inpatient and Outpatient Departments, energy efficient lights were replaced instead of conventional lights and energy conservation is also pursued through installation of VFDs of 10 KW Motors.

29. Company is mindful towards environmental protection and following measures are taken to ensure the same:

- Emission tests of generators, boilers, chillers & Incinerator.
- Sewerage water test.
- Indoor air quality for legionella.
- A comprehensive waste management flow chart has been prepared & followed.
- Spill management training has been conducted for all safety coordinators/ housekeeping related staff.
- All infectious waste has been weighted and 100% disposed off in incinerator safely.
- Radiation waste and safety is being looked after by the Radiation Safety Committee.
- In order to maintain the smooth functioning of the Hospital, the Company has prepared a Disaster Management Plan.

30. Shifa recognizes the importance of providing and maintaining a safe and healthy working environment for all. Health & Safety is of equal importance to the efficiency of the hospital and the quality of the services delivered at Shifa. A comprehensive Staff Health & Safety Program has been developed in this regard. The objective is to evaluate the effectiveness of the Staff Health & Safety Program while identifying the areas of improvement and potential risks. The components of staff health and safety program are following:

i. Provision of necessary medical care benefits
ii. Medical monitoring of employees
iii. Ongoing activity of screening and immunization for new joiners.
iv. Needle stick injury & splashes program
v. Workplace violence prevention
vi. Medical equipment safety program
vii. Radiation safety program
viii. Fire safety management program
ix. Laboratory safety program
x. Kitchen safety

Protocols of Pakistan Nuclear Regulatory Authority are strictly implemented to ensure that patient and employees are protected from exposure to any harmful radiation.

31. Shifa has non-discrimination policy through which we provide disabled employees with the same opportunities for promotion, career development and training as those offered to other employees.

32. During the year under review we remain engaged in getting Shifa Joint Commission International (JCI) Accredited. Based on the findings of the initial Hospital survey of 13th May, 2017 to 18th May, 2017 and the Decision Rules of JCI, Shifa has been granted the status of ACCREDITED. The pursuit of JCI accreditation was a mutual team effort with a diversified & multi-functional deliverables implemented throughout the Hospital, which includes:

- To ensure compliance with ventilation guidelines, all procedure rooms were re-designed for achieving the positive pressure.
- For infection control and prevention, a central CSSD distribution set-up was introduced for central sterilization, decontamination, clean processing, sterilization & distribution of supplies.

- A fire safety program in compliance with international standards was implemented by upgrading the facility in terms of design layout and infrastructure (fixtures and fittings) for preventing any fire outbreak and 100% staff training was ensured to effectively respond to any potential fire incident.
- Setting-up waste management system with an efficiency cycle of 24 hour for proper waste disposal and a cold storage room for handling, storage, and transportation of the clinical waste as per accredited guidelines.
- Point of Care Testing services were introduced by the department of Laboratory & Pathology and Medicine at ER & IPD floors for efficient reporting and reducing the turn-around-time.
- Histopathology & Cytology lab has been fully automated to increase precision & operational efficiency. The latest equipment has been added to Immunology, Microbiology, & Cytogenetic labs.
- Pharmacy services are further expanded & outreached beyond Shifa premises to cater to a broader population of patient segments. As part of the Corporate partnership program, retail outpatient and inpatient pharmacies are established at medical center & healthcare facility of OGDCL.
- Food & Nutrition Services were upgraded to improve food storage, cooking, & dispending facilities as per accredited food hygiene and nutrition guidelines.

33. The Company has a comprehensive Code of Conduct which requires all employees to maintain a work environment which calls for fairness, respect and integrity and to adopt ethical manners. The Code has provisions which include but are not limited to legal compliance, restrain on political activities & soliciting gifts, avoiding conflict of interest, non-discrimination or harassment on the basis of race, color, age, etc., maintaining confidentiality of information, complying with the laws, rules vis-à-vis environmental protection etc. The Code of Conduct is applicable to all the directors, officers, employees, consultants and agents of the Company.
34. Shifa comply with international standards and have taken measures accordingly with respect to the requirements of JCIA and ISO 9001:2008 in order to ensure that our consumer (patients and their families) are protected from any unforeseen harm.
35. For the awareness of general public Company celebrated following days and also offered free seminars:
    - Health awareness seminars with relevance to Global Health Days.
    - Breast Cancer Awareness; Content Development (Visual and Print educational tools for female and distribution through multiple mediums.
    - Capacity Building & Education Lectures for Physicians' community (Paeds Cardiology) in Mirpur & Abbottabad.
    - Educational activities for Stroke patients to facilitate their long-term care (educational lectures and seminars).
    - Developing educational and awareness content (Visual & print) on prevalent diseases and health risk factors to empower the general public.
    - Distribution and outreach of the material to the general public by utilizing different communication mediums.
36. Two funds namely Health Care Fund and Education Fund has been created under the head of Social Welfare Activities Committee (SWAC) for providing financial assistance to the employees for them to address their healthcare needs, if required, and for the sponsorship of one male/female child of employees drawing salaries upto Rs. 100,000/- to bear their educational expenses respectively.
37. The detail of the expansion activities during the year under review are as under:
    i. To expand the capacity and operational efficiency, Obs/ Gyne OPD facility was renovated and re-designed to accommodate the newly joined Consultants and to synchronize the patient flow. A new L&D suit was also built to cater to the departmental requirements and to improve the over-all patient experience.

ii. Three new operating rooms were established to meet-up the requirement of surgical specialties.
iii. A phase-wise ER expansion and renovation project has been completed to increase the total capacity to 52 beds, and to improve ER triage areas and process flow.
iv. During the last year, Chemotherapy facility was expanded by adding 15 new beds. At present, the Chemotherapy unit has total capacity of 61 beds. Furthermore, operational capacity of the BMT services has also been increased by aligning Chemotherapy requirements with Pharmacy services.
v. A new state-of-the art automated laundry plant is operational for proper Linen & Laundry management to prevent and control laundry specific infections.
vi. A latest Reverse Osmosis plant has been set-up for the Dialysis patients to ensure purity and hygiene of water to avoid contamination which can lead to morbidity and mortality.
vii. A latest 3D Hologic mammography machine was added to the Radiology Department to facilitate diagnostics needs of women and breast cancer patients.

Company believes that the expansion activities that are in line with the demand of patients shall have a positive impact on the financial health of the Company in the time to come.

38. To improve the access of quality healthcare to the broader population, there is an on-going need to assess and expand technical and operational capacity of the Hospital. Multiple infrastructure projects were conceived and started in 2016 to enhance operational capacity. A few of them are close to completion while others will be completed during the year ending June 30, 2018, which include:

C-Block Expansion & Renovation

- Addition of 21 beds for Medical ICU and step-down units to increase efficiency and capacity of critical care services
- Thirty one private rooms will be added to ease the admission process during higher IPD occupancy.
- In pursuit of the specialized & an improved post-op care, a new ICU facility will be established for the transplant services.
- A medical day care facility will also be constructed to cater to the increasing needs of medical services.
- Expansion of OPD clinics, i.e., General Surgery & ENT, for improving patient experience by seamless provision of services.

F-Block:

- To further upgrade Radiology Diagnostics & Imaging services, a new dedicated area is allocated to the department at F-block.
- To cater to the advanced requirements for the Radiology Diagnostic Interventional procedures, Shifa is investing in cutting-edge technologies. A new and advanced range of equipment will be added soon which includes CT, MRI and separate ultrasound suits and introducing super specialty services in ultrasonography, and an X-ray unit.

Other Projects:

- Pharmacy services will further be expanded by corporate partnership program by setting-up facilities at Medical Centers of other corporate entities.
- The capacity of the hospital facility at Faisalabad will be increased by adding more IPD & Critical care beds.
- A 100 bedded facility at Sialkot is in the design and conception phase. This project will be a unique example of private sector partnership in the healthcare industry on “Operational & Management Model” to enhance access of the masses to the standardized and quality healthcare services.
- To set-up a Center of Excellence & a comprehensive healthcare facility and institute for Neurosciences, approx. 284 kanals of land has been acquired in Islamabad.

- Capacity Building in Medical Technology (Equipment procurement has been sanctioned);
  - Oncology: Brachytherapy equipment (Internal Radiation Therapy)
  - Operating Rooms: Neurology Imaging & Surgical Navigation system, setting-up a new angiography unit, Lymph node surgery equipment
  - Neurology: A new EEG machine (Neurophysiology lab)
  - ENT: An Audiometry booth for ENT Clinic
- The future product and service development includes starting an;
  - Integrated and comprehensive Breast Cancer Clinic.
  - Additional beds to expand capacity of BMT Unit.
  - Expanding Evening clinic facility by adding up new time slots, specialties, and consultants.
  - Total Lab Automation to achieve workflow efficiency, total process management, and sustainability to generate more accurate and reliable results.
  - Robotic Surgery services with a dedicated OT facility will be started for the surgical intervention, allowing improved procedural efficiency and outcomes.
- We are also exploring opportunities to branch out our services in different cities of Pakistan as well as in Middle East & African Countries.

The Board is obliged to put on record its appreciation for the consultants, management and staff for their untiring efforts to deliver uninterrupted quality healthcare and shareholders, bankers, patients and regulatory bodies for their patronage.

On behalf of the Board

DR. MANZOOR H. QAZI
Chief Executive Officer

ISLAMABAD
September 11, 2017

DR. MOHAMMAD SALIM KHAN
Executive Director

- نئے ٹائم سلاٹس اور سپیشلٹیز و کنسلٹنٹس کو شامل کرکے ایوننگ کلینک کی شروعات کی توسیع۔
- کام کے بہاؤ کی کارکردگی، ٹوٹل پروسیس منیجمنٹ ، اور استحکام کے لئے مکمل لیب آٹومیشن تا کہ زیادہ درست اور قابل اعتماد نتائج حاصل ہوں۔
- سرجیکل انٹروینشن کے لئے روبوٹک سرجری کی سروسز ایک مخصوص OT سہولت کے ساتھ شروع کی جائیں گی تا کہ طریقہ کار کی بہتری اور اچھے نتائج حاصل کئے جا سکیں۔

- ہم پاکستان کے مختلف شہروں اور مشرق وسطی اور افریقی ممالک میں خدمات کو پھیلانے کے مواقع بھی تلاش کر رہے ہیں.

بورڈ اعلی معیار کی طبی دیکھ بھال فراہم کرنے کے لئے کنسلٹنٹس، انتظامیہ اور عملے کی بلاتعطل ان تھک کوششوں کو پیش نظر رکھتے ہوئے ان کا ممنون ہے اور شیئر ہولڈرز ،بینکوں، مریضوں اور ریگولیٹری اداروں کو ان کی معاونت پر سراہتا ہے.

منجانب بورڈ

ڈاکٹر منظور ایچ قاضی
چیف ایگزیکٹو آفیسر

ڈاکٹر محمد سلیم خان
ایگزیکٹو ڈائریکٹر

اسلام آباد
11 ستمبر 2017

کمپنی کا خیال ہے کہ مریضوں کی طلب کے مطابق توسیع کی سرگرمیاں کمپنی کی مالی صحت پر مثبت اثر ڈالے گی۔

38. معیاری طبی سہولیات ایک وسیع آبادی کو باہم پہنچانے کے لئے ہسپتال کی تکنیکی اور آپریشنل صلاحیت کا اندازہ لگانے اور اس کو بڑھانے کی ہمیشہ ضرورت ہوتی ہے۔ آپریشنل صلاحیتوں کو بڑھانے کے لئے بیشتر بنیادی ڈھانچوں کے منصوبوں کا 2016 میں تصور اور آغاز کیا گیا ہے۔ ان میں سے کچھ تکمیل کے قریب ہیں جبکہ دیگر مالی اختتامی سال 2018 میں مکمل ہو جائیں گے، جن میں شامل ہیں:

سی بلاک کی توسیع اور بحالی

- ضروری دیکھ بھال کی خدمات کی کارکردگی اور صلاحیت بڑھانے کے لئے میڈیکل آئی سی یو اور سٹیپ ڈاؤن یونٹس میں 21 بستروں کا اضافہ کیا جائے گا۔
- IPD میں زیادہ رش کی صورت میں ایڈمیشن کے عمل کو آسان بنانے کے لئے 31 پرائیویٹ کمرے شامل کیے جائیں گے.
- خصوصی اور آپریشن کے بعد کی بہتر دیکھ بھال کے حصول میں، ٹرانسپلانٹ کی خدمات کے لئے ایک نئی آئی سی یو کی سہولت قائم کی جائے گی.
- طبی خدمات کی بڑھتی ہوئی ضروریات کو پورا کرنے کے لئے میڈیکل ڈے کیئر کی سہولیات بھی تعمیر کی جائے گی.
- مریض کے تجربے اور خدمات کی ہموار فراہمی کے لئے OPD کلینک، یعنی، جنرل سرجری اور ENT، کی توسیع.

ایف بلاک:

- ریڈیولوجی تشخیصی اور امیجنگ کی خدمات کو مزید بڑھانے کے لئے ایف بلاک کا ایک حصہ مخصوص کر دیا گیا ہے.
- ریڈیولوجی تشخیصی انٹروینشنل طریقہ کار کی جدید ضروریات کو پورا کرنے کے لئے شفا جدید ٹیکنالوجی میں سرمایہ کاری کر رہا ہے۔ نئے اور جدید رینج کے آلات جلد ہی سہولیات میں شامل کر لئے جائیں گے جن میں سی ٹی، ایم آر آئی و علیحدہ الٹراساؤنڈ یونٹ، الٹراسونوگرافی میں سپر سپیشلٹی خدمات کو متعارف کرانا اور ایکس رے یونٹ شامل ہیں۔

منصوبے:

- فارمیسی سروسز کو مختلف کارپوریٹ اداروں کے میڈیکل سینٹرز میں کارپوریٹ پارٹنر پروگرام کے تحت قائم کر کے بڑھایا جائے گا.
- فیصل آباد ہسپتال کی طبی سہولیات کی صلاحیت کو مزید IPDاور انتہائی نگہداشت کے بستروں کی تعداد میں اضافہ کر کے بڑھایا جائے گا.
- سیالکوٹ میں 100 بستروں کا ہسپتال ڈیزائن اور تصور کے مرحلے میں ہے۔ یہ منصوبہ صحت کی معیاری دیکھ بھال پر عوام کی رسائی کو بڑھانے کے لئے "آپریشنل اینڈ مینجمنٹ ماڈل" میں نجی شعبے کی شراکت داری کی ایک منفرد مثال ہو گا۔
- اسلام آباد میں ایک سینٹر آف ایکسیلینس اور جامع صحت کی سہولیات اور نیوروسائنسز کا انسٹی ٹیوٹ قائم کرنے کے لئے تقریبا284 کنال زمین حاصل کی گئی ہے۔
- میڈیکل ٹیکنالوجی میں کیپسٹی بلڈنگ کے آلات کی خریداری کی منظوری؛
  - o آنکولوجی: بریکی تھراپی کا آلہ(اندرونی ریڈی ایشن تھراپی)
  - o آپریٹنگ رومز: نیورولوجی امیجنگ اور سرجیکل نیویگیشن سسٹم ، ایک نئے انجیوگرافی یونٹ کا قیام اور لمف نوڈ سرجری کے آلات
  - o نیورولوجی: ایک نئی ای ای جی مشین (نیوروفزیولوجی لیب)
  - o ای این ٹی: ای این ٹی کلینک کے لئے ایک آڈیومیٹری بوتھ۔
- مستقبل کی مصنوعات اور سروس کی ترقی کے لئے مندرجہ ذیل کی شروعات بھی شامل ہے؛
  - o انضمام اور جامع چھاتی کے کینسر کلینک.
  - o بی ایم ٹی یونٹ کی صلاحیت کو بڑھانے کے لئے اضافی بستر.

33. کمپنی میں ایک جامع کوڈ آف کنڈکٹ ہے جس میں تمام ملازموں کو کام کے ماحول کو برقرار رکھنے کو ترجیح دی گئی ہے جو منصفانہ، احترام اور سالمیت کا مطالبہ کرتا ہے اور اخلاقی آداب کو اپنانے پر زور دیتا ہے۔ کوڈ میں سیاسی سرگرمیوں کو روکنے اور تحائف لینے، نسل، رنگ، عمر، وغیرہ کی بنیاد پر ہراساں کرنے، معلومات کی رازداری کو برقرار رکھنے، قوانین کی تعمیل، ماحولیاتی تحفظ سے متعلق قوانین وغیرہ شامل ہیں۔ کوڈ آف کنڈکٹ تمام ڈائریکٹرز، افسران، ملازمین، کنسلٹنٹس اور کمپنی کے ایجنٹوں پر لاگو ہوتا ہے۔

34. شفا بین الاقوامی معیاروں پر عمل درآمد کرتا ہے اور اس کے لئے JCIA اور آئی ایس او 9001: 2008 کی شرائط کے عین مطابق اقدامات کیے ہیں تاکہ یہ یقینی بنایا جا سکے کہ ہمارے صارفین (مریضوں اور ان کے خاندان) کو کسی غیر متوقع نقصان سے محفوظ رکھا جائے۔

35. عام عوام کے شعور کے لئے کمپنی نے مندرجہ ذیل دنوں اور مفت سیمینارز کا اہتمام کیا:

- متعلقہ عالمی صحت کے دن کی مناسبت سے صحت کے آگہی سیمینار.
- بریسٹ کینسر سے آگہی
  - o کنٹینٹ ڈویلپمنٹ (خواتین کیلئے بصری اور پرنٹ کے ذریعے تعلیمی ٹولز اور ان کی مختلف ذرائع سے تقسیم)
- میرپور اور ایبٹ آباد میں فزیشن کمیونٹی کی صلاحیت میں اضافے کے لئے تعلیمی لیکچرز۔
- اسٹروک کے مریضوں کی طویل المدت خیال رکھنے کی سہولت کے لئے تعلیمی سرگرمیاں (تعلیمی لیکچرز اور سیمینارز).
- عوام الناس کو بااختیار بنانے کے لئے موجودہ بیماریوں اور صحت سے متعلق خطرے کے عوامل کے لئے آگاہی (بصری اور پرنٹ) مواد کی تیاری۔

36. سماجی ویلفیئر ایکٹیویٹیز کمیٹی کے تحت دو فنڈز "ہیلتھ کیئر فنڈ" اور "ایجوکیشنل فنڈ" کے نام سے تشکیل دیئے گئے ہیں جو کہ تمام ملازمین کی صحت کی دیکھ بھال میں حسب ضرورت معاونت کریں گے اور جو ملازمین ایک لاکھ روپے تک تنخواہ لے رہے ہیں، ان کے ایک بچہ/بچی کے تعلیمی اخراجات اٹھانے کے لئے مالی معاونت کرے گی۔

37. زیر جائزہ سال کے دوران توسیع کی سرگرمیوں کی تفصیل ذیل میں ہے:

i. صلاحیت اور آپریشنل کارکردگی کو بڑھانے کے لئے OBS/GYNE OPD کی سہولیات کو نئے شامل ہونے والے کنسلٹنٹس کو ایڈجسٹ کرنے اور مریضوں کے بہاؤ کو مطابقت دینے کے لئے دوبارہ تعمیر کیا گیا تھا۔ ایک نیا L&D بھی ڈیپارٹمنٹ کی ضروریات کو پورا کرنے اور تمام مریضوں کے تجربے کو بہتر بنانے کے لئے تعمیر کیا گیا۔

ii. سرجیکل سپیشلٹیز کی ضروریات کو پورا کرنے کے لئے 3 نئے آپریٹنگ رومز قائم کیے گئے ہیں.

iii. ایک مرحلے وار ایمرجنسی رومز کی توسیع اور بحالی کی منصوبہ بندی 52 بستروں کی کل صلاحیت بڑھانے کے لئے اور ایمرجنسی ٹریاج کی جگہ کو بہتر بنانے اور بہاؤ کے عمل کو بہتر بنانے کے لئے مکمل کر دی گئی ہے۔

iv. گزشتہ سال کے دوران کیموتھراپی کی سہولیات کو 15 نئے بستروں کو شامل کرکے بڑھایا گیا۔ فی الحال کیموتھراپی یونٹ میں 61 بستر کی کل صلاحیت ہے۔ اس کے علاوہ بی ایم ٹی کی خدمات کی آپریشنل صلاحیت کو فارمیسی خدمات کے ساتھ کیموتھراپی کی ضروریات کے مطابق بھی بڑھا دیا گیا ہے۔

v. ایک نئے جدید طرز پر خودکار لانڈری پلانٹ آپریشنل ہے تاکہ صحیح لنن اور لانڈری مینیجمنٹ کی جا سکے اور لانڈری سے وابستہ بیماریوں کی روک تھام اور ان پر قابو پایا جاسکے۔

vi. ڈائیلیسز مریضوں کے لئے ایک تازہ ترین ریورس اوسموسس پلانٹ قائم کیا گیا ہے تاکہ پانی کی صفائی اور حفظان صحت کو یقینی بنانے کے لئے آلودگی سے بچا جائے جو مریضوں کی بیماری اور موت کا باعث بنتا ہے۔

vii. خواتین اور چھاتی کے کینسر کے مریضوں کی تشخیصی ضروریات کو سہولت دینے کے لئے ریڈیولوجی ڈپارٹمنٹ میں ایک تازہ ترین 3D ہولوجک میموگرافی مشین شامل کی گئی۔

30. شفا اس بات کی اہمیت کو جانتا ہے کہ سب کے لئے ایک صحت مند کام کے ماحول کی فراہمی کو یقینی بنایا اور برقرار رکھا جائے۔ ہسپتال کی بہترین کارکردگی اور شفا میں فراہم کی جانے والی خدمات کے معیار کے لئے صحت اور سیفٹی برابر اہمیت کے حامل ہیں۔ اس تناظر میں سٹاف کے لئے ایک جامع صحت اور سیفٹی پروگرام تشکیل دیا گیا ہے۔ اس کا مقصد سٹاف کی صحت اور سیفٹی پروگرام کے موثر ہونے کا اندازہ لگانے کے ساتھ ساتھ بہتری کی جگہوں اور ممکنہ خطرات کی بھی نشاندہی کرنا ہے۔ سٹاف کی صحت اور سیفٹی پروگرام کے اجزاء مندرجہ ذیل ہیں:

i. ضروری طبی دیکھ بھال کے فوائد کی فراہمی

ii. ملازمین کی طبی نگرانی

iii. نئے شامل ہونے والوں کے لئے سکریننگ اور امیونائزیشن کی جاری سرگرمیاں۔

iv. نیڈل سٹک انجری اور سپلیشز پروگرام

v. کام کی جگہ پر تشدد کی روک تھام

vi. طبی آلات سیفٹی پروگرام

vii. ریڈی ایشن سیفٹی پروگرام

viii. فائر سیفٹی مینجمنٹ پروگرام

ix. لیبارٹری سیفٹی پروگرام

x. کچن سیفٹی

پاکستان نیوکلئیر ریگولیٹری اتھارٹی کے پروٹوکولز پر سختی سے عمل کیا جاتا ہے تاکہ مریضوں اور ملازمین کو نقصان دہ ریڈی ایشن کے اثرات سے تحفظ فراہم کیا جا سکے۔

31. شفا غیر امتیازی سلوک کی پالیسی پر عمل پیرا ہے جس کے تحت ہم معذور ملازمین کو وہی ترقی کے مواقع، کیریئر میں ترقی اور ٹریننگ فراہم کرتے ہیں جو کہ دیگر ملازمین کے لئے ہیں۔

32. زیر جائزہ سال کے دوران ہم ہسپتال کو جوائنٹ کمیشن انٹرنیشنل (JCI) سے منظور کرانے میں مشغول رہے۔ 13 مئی، 2017 سے 18 مئی، 2017 کے ابتدائی ہسپتال سروے اور JCI کے فیصلہ جاتی اصولوں کے نتائج کے مطابق شفا کو منظوری کا سٹیٹیس دے دیا گیا ہے۔ JCI کی منظوری کے حصول میں باہمی ٹیم کی کوشش کے ساتھ ساتھ ہسپتال میں متنوع اور اور کثیرالفعال ڈیلیور ایبلز کا لاگو ہونا ہے جس میں شامل ہیں:

- وینٹیلیشن ہدایات کے مطابق تعمیل یقینی بنانے کے لئے اور مثبت دباؤ کو حاصل کرنے کے لئے تمام پروسیجر رومز کو دوبارہ ڈیزائن کیا گیا۔
- انفیکشن کے کنٹرول اور روک تھام کے لئے ایک سنٹر CSSD ڈسٹریبیوشن سیٹ اپ کو برائے سنٹرل، ڈی کنٹمینیشن، صاف پروسیسنگ، سٹریلائزیشن اور سپلائز کی تقسیم کار کے لئے متعارف کرایا گیا ہے۔
- موجودہ سہولت کے ڈیزائن اور انفراسٹرکچر (فکسچرز اور فٹنگز) کو اپ گریڈ کیا گیا ہے تاکہ بین الاقوامی معیار سے مطابقت کے تحت ایک فائر سیفٹی پروگرام کو لاگو کیا جائے تاکہ آگ لگنے والے واقعات کی روک تھام کی جا سکے۔ اس کے علاوہ 100 فیصد سٹاف کی تربیت کی گئی کہ وہ کسی بھی ممکنہ آگ لگنے کے حادثے سے موثر انداز میں نمٹ سکیں۔
- فضلہ تلف کرنے کے لئے 24 گھنٹے کی مہارتی سائیکل کے ساتھ فضلہ مینجمنٹ کے نظام اور ایک کولڈ اسٹوریج روم کا قیام تاکہ کلینیکل فضلہ کی تلفی، ذخیرہ اور نقل و حمل کو منظور شدہ ہدایات کے مطابق کیا جا سکے۔
- لیبارٹری و پیتھولوجی اور ایمرجنسی و IPD فلورز پر میڈیسن کے ڈیپارٹمنٹ میں پوائنٹ آف کیئر ٹیسٹنگ کی خدمات کو موثر رپورٹنگ اوروقت کے بچاؤ کے لئے متعارف کرایا گیا۔
- ٹھیک نتائج اور آپریشنل کارکردگی کو بڑھانے کے لئے ہسٹوپیتھولوجی اور سائٹولوجی لیب کو مکمل طور پر خودکار کر دیا گیا ہے۔ جدید آلات بھی امیونولوجی، مائیکروبیالوجی اور سائٹوجنیٹک لیبز میں شامل میں کر دیئے گئے ہیں۔
- فارمیسی کی خدمات کو بھی شفا کے احاطے سے باہر پھیلایا گیا ہے۔ کارپوریٹ پارٹنرشپ پروگرام کے تحت ریٹیل اندرونی اور بیرونی مریضوں کے لئے فارمیسی اوجی سی ڈی سی ایل کے طبی مراکز میں قائم کی گئی ہے۔
- غذا اور غذائیت کی خدمات کو تسلیم شدہ غذا کی حفظان صحت اور غذائی ہدایات کے مطابق کھانے کی اسٹوریج، کھانا پکانے، اور تقسیم کرنے میں بہتری کے لئے اپ گریڈ کیا گیا۔

* (زیر جائزہ سال کے دوران جناب محمد زاہد اور ڈاکٹر محمد سلیم خان کو 2017-01-28 کو آڈٹ کمیٹی کے رکن کے طور پر سبکدوش کر دیا گیا جبکہ اس کے بعد آڈٹ کمیٹی کا صرف ایک اجلاس منعقد ہوا)

** (سید الیاس احمد کو 2016-08-25 کو آڈٹ کمیٹی میں رکن کے طور پر شامل کیا گیا جس کے بعد آڈٹ کمیٹی کے صرف تین اجلاس منعقد ہوئے۔)

22. شیئر ہولڈنگ کا طریقہ کار اور اس سے متعلق اضافی معلومات صفحہ نمبر 202 پر دی گئی ہیں۔

23. 31ویں اجلاسِ عام کے اختتام پر موجودہ آڈیٹرز میسرز گرانٹ تھارٹن انجم رحمن دستبردار ہو رہے ہیں 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، چارٹڈ اکاؤنٹنٹس کی دوبارہ تعیناتی برائے سال 30 جون 2018 تک کیلئے سفارش کی ہے۔

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

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

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

ڈائریکٹ ٹیکسز ------------------------------------ 340.4 ملین روپے

ان ڈائریکٹ ٹیکسز ------------------------------------ 145.7 ملین روپے

سیلائرز، ملازمین وغیرہ سے ٹیکس کٹوتی ---------------------- 559.7 ملین روپے

کل رقم -- 1045.8 ملین روپے

27. زیر جائزہ سال میں شفافاؤنڈیشن اور شفا تعمیر ملت یونیورسٹی (STMU) کو کمپنی نے بالترتیب 2.4 ملین اور 50 ملین روپے عطیہ کئے۔ شفا فاؤنڈیشن غیر منافع بخش تنظیم ہے، جو نادار اور غریب مریضوں کو طبی علاج کی سہولیات فراہم کرتی ہے۔ کمپنی شفا فاؤنڈیشن کو عوام اور معاشرے سے متعلقہ سماجی ذمہ داریوں کو پورا کرنے کے لئے اپنا سماجی بازو تصور کرتی ہے۔ شفا STMU کے سپانسرز میں سے ایک ہے۔ شفا کالج برائے میڈیسن اور شفا کالج برائے نرسنگ، دونوں اس کے ملحق 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) وغیرہ بھی کروا رہی ہے۔

28. کمپنی نے بجلی کی بچت کرنے کی غرض سے IPD اور OPD میں ڈومیسٹک پانی کو گرم کرنے کے لئے چھ ہیٹ ایکسچینجر نصب کئے ہیں روایتی لائٹس کو توانائی کی بچت والی لائٹس کے ساتھ تبدیل کر دیا گیا ہے اور VFDs کی تنصیب کے ذریعے 10 کلوواٹ موٹرز کی توانائی بچائی گئی۔

29. کمپنی ماحولیاتی تحفظ کی طرف متوجہ ہے اور اس کو یقینی بنانے کیلئے مندرجہ ذیل اقدامات کیے گئے ہیں:

- جنریٹرز، بوائلرز، چلرز اور انسنریٹرز کے اخراجی ٹیسٹ۔
- سیورج کے پانی کے ٹیسٹ۔
- لیجنیلا کے لئے اندرونی ہوا کے معیار کی جانچ پڑتال۔
- ایک جامع ویسٹ مینجمنٹ فلو چارٹ بنایا گیا ہو جس کی پیروی کی جاتی ہے۔
- تمام سیفٹی کوآرڈینیٹر/ہاؤس کیپنگ سے متعلقہ سٹاف کیلئے سپل مینجمنٹ ٹریننگ کا انعقاد کرایا گیا ہے۔
- تمام انفیکشن زدہ فضلے کا 100 فیصد وزن کرنے کے بعد انسنیریٹرز میں تلف کیا جاتا ہے۔
- ریڈی ایشن سے متعلق فضلے اور سیفٹی کی دیکھ بھال ریڈی ایشن سیفٹی کمیٹی کے ذریعے کی جا رہی ہے۔
- ہسپتال کے روزمرہ کی کارکردگی کو برقرار رکھنے کے لئے کمپنی نے ایک ڈیزاسٹر مینجمنٹ پلان تشکیل دیا ہے۔

11. چلتے ہوئے کاروباری ادارہ کے طور پر کمپنی کی صلاحیت پر کوئی اہم شکوک و شبہات نہیں پائے گئے ۔

12. صحت کی دیکھ بھال کی صنعت کی حیثیت سے شفا کو بہت سے خطرات کا سامنا کرنا پڑتا ہے جن میں ریگولیٹری، مقابلہ، کاروباری، اقتصادی و کاروباری ماحول، آپریشنل و کریڈٹ، فنانسنگ و لیکویڈیٹی ، کلینیکل، انفارمیشن سسٹم سیکورٹی و دستیابی، معیار و آپریشنل خدمات کا استحکام ، ہنر مند افراد کی دستیابی و بھرتی ، دھوکہ دہی، وغیرہ کے خطرات شامل ہیں۔ شفا میں مضبوط اندرونی کنٹرول اور خطرے سے نمٹنے کا نظام ہے ۔ کمپنی کے اثاثوں کی حفاظت کے لئے اور / یا ابھرتے خطرات سے مناسب طریقے سے نمٹنے کے لئے رسک مینجمنٹ اور اندرونی کنٹرول کے عمل کو ڈیزائن کیا گیا ہے۔

13. ایس ای سی پی کے بتائے ہوئے معیار کے مطابق زیر جائزہ سال کے دوران پروفیسر ڈاکٹر شعیب احمد خان، ڈائریکٹر نے کامیابی سے ڈائریکٹرز ٹریننگ پروگرام مکمل کر لیا ہے ۔

14. صفحہ نمبر 108 پر گذشتہ چھ سال کی کلیدی کارروائیوں اور مالیاتی اعدادوشمار کا خلاصہ دیا گیا ہے

15. نوٹس برائے مالیاتی گوشوارے کا نوٹ نمبر 9.4 سرمایہ کاری کی قدر برائے گریجویٹی فنڈ اکاؤنٹ ظاہر کرتا ہے ۔

16. کمپنی کے ذیلی ادارے یعنی شفا کنسلٹنگ سروسز (پرائیویٹ) لمیٹڈ کے اہم معاملات کو مشترکہ فنانشل اسٹیٹمنٹس کے نوٹس میں نوٹ نمبر 1.3 میں بیان کیا گیا ہے۔

17. سی ای او، سی او او، سی ایف او، ہیڈ آف انٹرنل آڈٹ اور کمپنی سیکرٹری کے علاوہ تمام جنرل مینجرزاور ان سے سینیر افسران کو کوڈ آف کارپوریٹ گورننس کے کوڈ I (xvi) اور کوڈ xxiii کے مقاصد کے تناظر میں کمپنی ایگزیکٹو سمجھا جاتا ہے۔

18. زیر جائزہ سال کے دوران، ڈاکٹر سمیعہ کوثر احمد، ڈائریکٹر نے کمپنی کے 2,810,255 حصص اپنے خاندان کے اراکین کو بطور تحفہ دیئے ہیں اور جناب قاسم فاروق احمد، ڈائریکٹر، نے اپنی بہن ڈاکٹر سمیعہ کوثر احمد سے 24,860 حصص تحفہ کے طور پر حاصل کئے ہیں جبکہ ڈاکٹر منظور ایچ قاضی ، چیف ایگزیکٹو آفیسر نے بھی کمپنی کے 434,307 حصص اپنی بیٹی مس کومل منظور قاضی سے تحفہ کے طور پر حاصل کئے ہیں۔ اس کے علاوہ کسی دوسرے ڈائریکٹر ، سی ایف او ، کمپنی سیکرٹری، ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں نے زیر جائزہ سال کے دوران کمپنی کے حصص میں تجارت نہیں کی۔

19. رائٹ شیئرز کی فروخت سے حاصل شدہ رقم کے استعمال کی پیش رفت رپورٹ مندرجہ ذیل ہے:

تفصیلات	رقم (روپے ملین میں)					
	4th Qtr. 2015-16	1st Qtr. 2016-17	2nd Qtr. 2016-17	3rd Qtr. 2016-17	4th Qtr. 2016-17	ٹوٹل
ہسپتال کی بلڈنگ کی بحالی / F-11 فیسلیٹی کی پلاننگ، ڈیزائننگ / طبی آلات میں تبدیلی اور اضافہ	256.78	111.58	211.22	166.36	294.08	1040.02

20. بورڈ کی کارکردگی کے سالانہ جائزے کے لئے کمپنی نے طریقہ کار وضع کیا ہوا ہے۔

21. زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کی چار میٹنگز اور آڈٹ کمیٹی کی چھ میٹنگز بالترتیب منعقد ہوئی تھی۔

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

	بورڈ میٹنگز میں شرکت کا شمار	آڈٹ کمیٹی میٹنگز میں شرکت کا شمار
ڈاکٹر حبیب الرحمن	4	6
ڈاکٹر منظور ایچ قاضی	4	لاگو نہیں
جناب محمد زاہد	4	5 *
ڈاکٹر محمد سلیم خان	4	5 *
جناب شفقت علی چوہدری	3	لاگو نہیں
شاہ نوید سعید	3	5
جناب قاسم فاروق احمد	2	لاگو نہیں
ڈاکٹرسمیعہ کوثر احمد	4	6
سید الیاس احمد	4	3 **
پروفیسر ڈاکٹر شعیب احمد خان	2	لاگو نہیں

ڈائریکٹرز رپورٹ

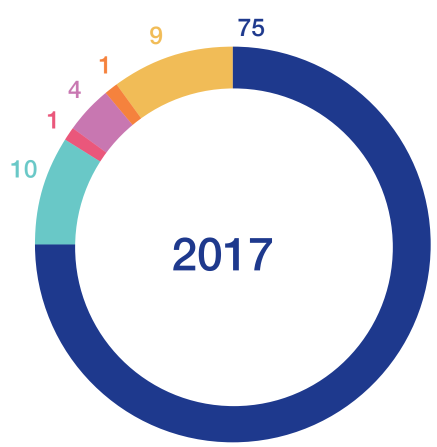
نتائج و عملی کارکردگی

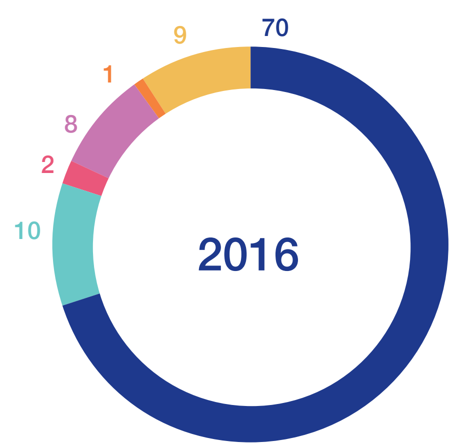
	2017	2016
	(روپے 000 میں)	
خالص آمدنی	9,257,009	8,730,803
دیگر آمدنی	136,579	86,760
آپریٹنگ لاگت	(8,464,606)	(7,668,538)
فنانس لاگت	(66,389)	(108,997)
منافع قبل از ٹیکسیشن	862,593	1,040,028
فراہمی برائے ٹیکسیشن	(256,166)	(279,930)
منافع برائے سال	606,427	760,098
	(روپے)	
فی شیئر آمدنی - بنیادی اور ڈائلیوٹڈ	11.12	14.68

1. مندرجہ بالا نتائج گزشتہ سال کی اسی مدت کے مقابلے میں 6 فیصد کی مجموعی آمدنی کی بڑھوتری ظاہر کرتے ہیں. اس سے آپریٹنگ لاگت 7،669 ملین روپے سے بڑھ کر 10.4 فیصد اضافے کے ساتھ 8،465 ملین روپے ہو گئی جو کہ بنیادی طور پر نرسنگ سٹاف اور پوسٹ گریجویٹ ٹرینیز کی تنخواہوں میں اضافہ، دواؤں کی مہیا کردہ حجم اور لاگت ، ڈیپریسیئشن اور کرائے میں اضافے کی وجہ سے ہے۔ فنانس لاگت کی کمی کی وجہ طویل مدتی قرضوں کی واپسی اور KIBOR میں تنزلی ہے۔ آپریٹنگ منافع مارجن میں کمی کا سبب سعودی عرب اور دیگر مشرق وسطی کے ممالک میں اقتصادی بحران شامل ہے جس کی وجہ سے وہاں پر ملازمت کے مواقع کم ہوئے اور ان ممالک میں جانے والے امیدواروں کی لازمی طبی جانچ پڑتال میں کمی واقع ہوئی۔ نتیجتاً خصوصی طور پر اس مد میں آمدنی میں پچھلے سال کی نسبت کافی کمی واقع ہوئی۔ یہ تمام عوامل علاوہ ازیں ادا شدہ سرمائے میں اضافہ، فی شیئر آمدنی میں کمی کا باعث بنے۔ اگر ہم نے اداشدہ سرمائے کو بڑھایا نہ ہوتا تو پچھلے سال کی نسبت اس سال فی شیئر آمدنی 11.99 روپے ہو تی۔
2. زیر جائزہ سال کی فی شیئر آمدنی 14.68 روپے سے کم ہو کر11.12 روپے ہو گئی ہے۔
3. بورڈ کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ اختتامی سال30جون2017 کا حتمی نقد منافع 5.00 روپے فی شیئر مقرر ہوا ہے ۔
4. کمپنی ایک پرائیویٹ لمیٹڈ کمپنی قائم کرنے کا ارادہ رکھتی ہے جو کہ شفاء انٹرنیشنل ہسپتال لمیٹڈ (شفا / کمپنی / ہسپتال) کی منسلک کمپنی ہو گی ۔
5. شفا کی مینجمنٹ کی تیار کردہ مالیاتی گوشوارے ان کے کاروباری معاملات، ان کے آپریشنز کے نتائج، نقدی گوشوارے اورکاروبار میں تبدیلی کی اصل حالت کو پیش کر رہے ہیں ۔
6. شفا کے کھاتوں کوباقاعدگی 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 ۔
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 مد نظر رکھتے ہوئے ان سے روگردانی نہیں کی گئی۔

Statement of Value Addition

	2017 Rs. in '000'	%	2016 Rs. in '000'	%
Value added				
Total Revenue inclusive of other income	9,393,588		8,817,563	
Supplies and other operating costs	4,895,494		4,467,404	
Total value added	4,498,094		4,350,159	
Value allocated To employees				
Salaries, wages and other benefits	3,386,716	75	3,053,772	70
To Government				
Income tax, sales tax and federal excise duty etc	401,866	9	403,896	9
To society				
Donation	52,400	1	50,000	1
To providers of capital				
Dividend to shareholders	163,614	4	336,388	8
Finance cost of borrowed funds	50,685	1	82,393	2
	214,299	5	418,781	10
Retained in the Company	442,813	10	423,710	10
Total value allocated	4,498,094	100	4,350,159	100





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

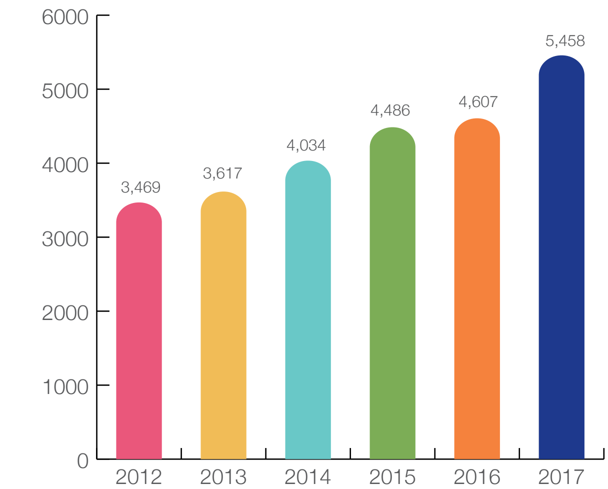
Six years at a Glance

		2017	2016	2015	2014	2013	2012
PERFORMANCE							
Operating profit margin	%	**10.04**	13.16	11.95	12.95	13.74	11.72
Net profit margin	%	**6.55**	8.71	7.19	7.27	7.30	5.86
Return on equity	%	**15.50**	25.60	25.72	26.72	27.10	21.99
Return on assets	%	**11.99**	15.97	14.47	14.14	13.90	11.20
Asset turnover	Times	**1.19**	1.21	1.21	1.09	1.01	0.96
CAPITAL MARKET/CAPITAL STRUCTURE ANALYSIS							
Market value per share (year end)	Rs.	**330**	300	250.50	144.58	44.86	30.94
Breakup value per share	Rs.	**76**	67.52	44.64	37.40	31.42	25.28
Market price to breakup value	Times	**4.34**	4.44	5.61	3.87	1.43	1.22
Earnings per share	Rs.	**11.12**	14.68	10.52	9.20	7.68	5.16
Price earning ratio	Times	**29.68**	20.44	23.81	15.72	5.84	5.99
Dividend per share (total)	Rs.	**3**	6.5	3	3	1.5	1.5
Dividend yield/effective dividend rate	%	**0.91**	2.17	1.20	2.07	3.34	4.85
Interest cover	Times	**13.99**	10.54	5.57	4.33	3.84	3.46
Debt : equity	Ratio	**11:89**	19:81	34:66	44:56	52:48	54:46
LIQUIDITY							
Current ratio		**0.97**	1.37	0.87	0.93	1.66	1.04
Quick ratio		**0.76**	1.16	0.66	0.69	1.29	0.76

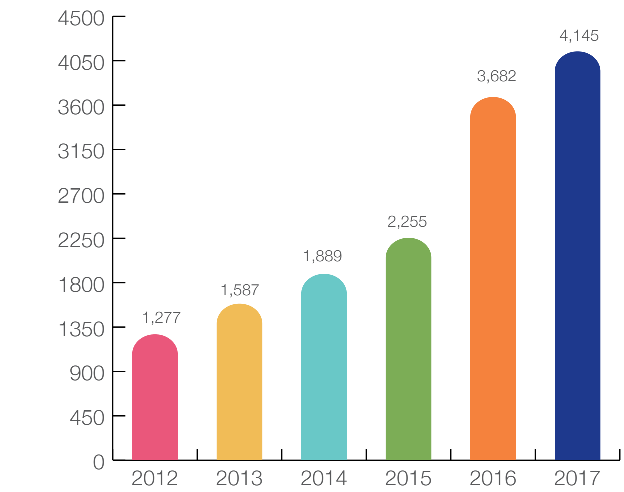
HISTORICAL TRENDS

FINANCIAL POSITION	---------------------------- (Rupees in ‘000’) ----------------------------					
	2017	2016	2015	2014	2013	2012
Authorized capital	**545,379**	545,379	545,379	545,379	545,379	545,379
Share capital	**545,379**	545,379	505,138	505,138	505,138	505,138
Capital reserve	**1,046,025**	1,046,025	40,000	40,000	40,000	40,000
Unappropriated profit	**2,553,295**	2,090,865	1,709,813	1,344,260	1,042,248	731,802
Share holders' equity	**4,144,699**	3,682,269	2,254,951	1,889,398	1,587,386	1,276,940
Surplus on revaluation of PP&E	**726,760**	742,191	751,182	760,176	583,373	590,552
Non current liabilities	**581,874**	927,597	1,290,733	1,608,133	2,118,224	1,663,787
Current liabilities	**2,295,152**	1,842,642	1,822,423	1,597,824	968,684	1,128,439
Total	**7,748,485**	7,194,699	6,119,289	5,855,531	5,257,667	4,659,718
Property, plant and equipment (PP&E)	**5,457,545**	4,606,615	4,485,977	4,034,090	3,616,518	3,469,388
Intangible	**10,585**	-	-	-	-	-
Long term investment	**18,120**	18,000	18,000	-	-	-
Long term deposits	**45,273**	39,677	38,129	40,651	31,041	22,066
Current assets	**2,216,962**	2,530,407	1,577,183	1,483,316	1,610,108	1,168,264
Non current asset held for sale	**-**	-	-	297,474	-	-
Total	**7,748,485**	7,194,699	6,119,289	5,855,531	5,257,667	4,659,718
OPERATING RESULTS						
Net revenue	**9,257,009**	8,730,803	7,410,022	6,393,105	5,315,589	4,451,781
Operating costs	**(8,464,606)**	(7,668,538)	(6,579,618)	(5,622,197)	(4,625,532)	(3,944,838)
Other income	**136,579**	86,760	55,288	56,894	40,540	14,812
Operating profit	**928,982**	1,149,025	885,692	827,802	730,597	521,755
Finance cost	**(66,389)**	(108,997)	(158,914)	(191,229)	(190,279)	(150,800)
Provision for taxation	**(256,166)**	(279,930)	(193,768)	(172,017)	(152,166)	(110,161)
Profit after taxation	**606,427**	760,098	533,010	464,556	388,152	260,794
CASH FLOW SUMMARY						
Net cash flows from operating activities	**1,037,835**	1,033,182	1,158,863	962,854	670,655	504,482
Net cash used in investing activities	**(1,323,953)**	(498,613)	(534,181)	(829,793)	(404,875)	(987,042)
Net cash flows from/ (used in) financing activities	**(514,959)**	398,912	(485,424)	(385,228)	190,915	784,743
Changes in cash & cash equivalent (C&CE)	**(801,077)**	933,481	139,258	(252,167)	456,695	302,183
Cash & cash equivalents at begining of year	**1,582,690**	649,702	510,612	763,546	306,452	4,216
Effect of exchange rate change on C&CE	**(419)**	(493)	(168)	(767)	399	53
Cash & cash equivalents at end of year	**781,194**	1,582,690	649,702	510,612	763,546	306,452

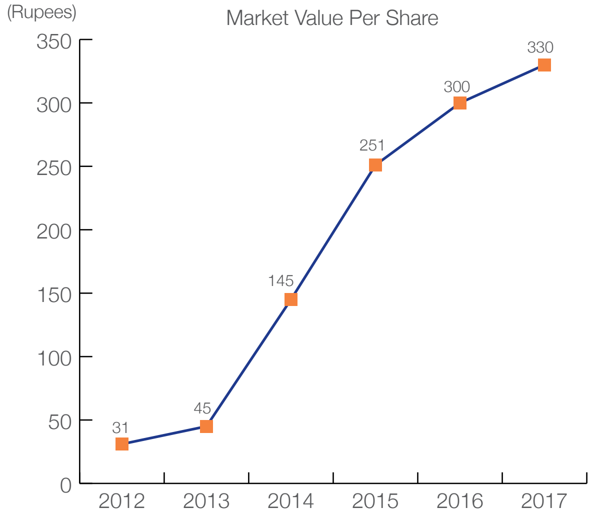
Property, plant and equipment



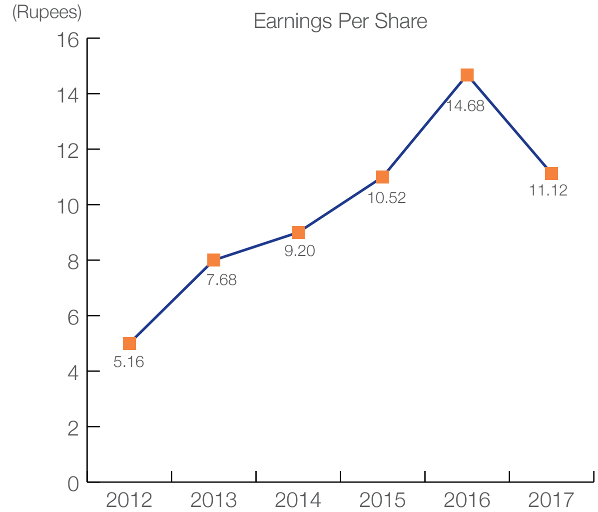
Shareholders' equity



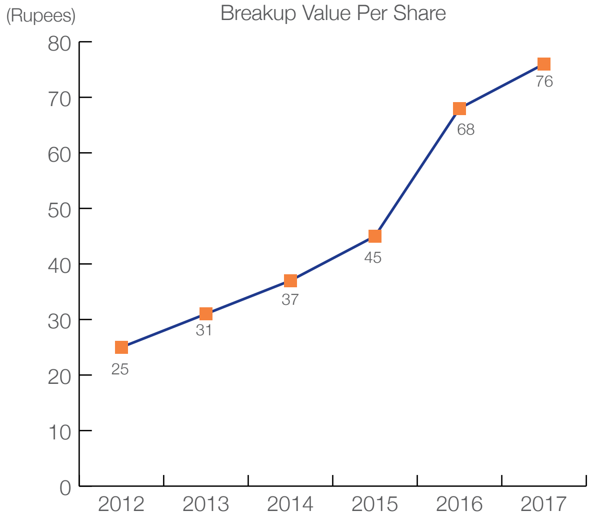
Market Value Per Share



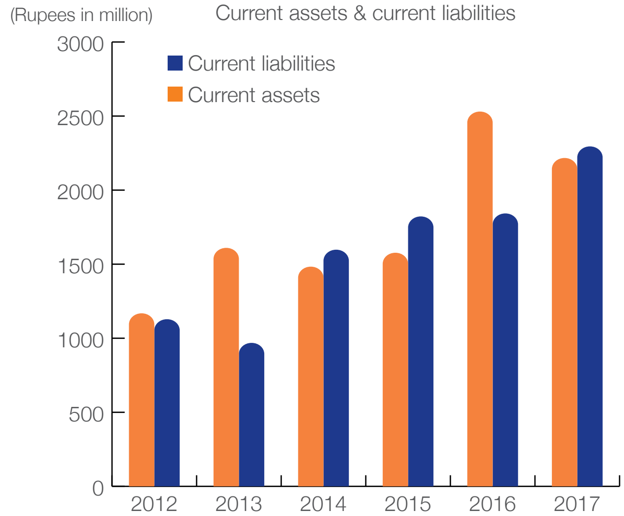
Earnings Per Share



Breakup Value Per Share



Current assets & current liabilities



Horizontal Analysis

		2017		2016	
		Rs in '000'	17 Vs. 16 %	Rs in '000'	16 Vs. 15 %
BALANCE SHEET					
SHARE CAPITAL & RESERVES					
Share capital		545,379	-	545,379	8
Capital reserve		1,046,025	-	1,046,025	2,515
Unappropriated profit		2,553,295	22	2,090,865	22
Shareholders' equity		4,144,699	13	3,682,269	63
Surplus on revaluation of PP&E		726,760	(2)	742,191	(1)
Non current liabilities		581,874	(37)	927,597	(28)
Current liabilities		2,295,152	25	1,842,642	1
Total		7,748,485	8	7,194,699	18
ASSETS					
Property, plant and equipment (PP&E)		5,457,545	18	4,606,615	3
Intangible		10,585	100	-	-
Long term investment		18,120	1	18,000	-
Long term deposits		45,273	14	39,677	4
Current assets		2,216,962	(12)	2,530,407	60
Non current asset held for sale		-	-	-	-
Total		7,748,485	8	7,194,699	18
PROFIT & LOSS ACCOUNT					
Net revenue	*	9,257,009	6	8,730,803	17.8
Operating costs	**	(8,464,606)	10	(7,668,538)	16.5
Other income		136,579	57	86,760	57
Operating profit		928,982	(19)	1,149,025	29.7
Finance cost		(66,389)	(39)	(108,997)	(31)
Provision for taxation		(256,166)	(8)	(279,930)	44
Profit after taxation		606,427	(20)	760,098	43

* An overall revenue growth of 6% as compared to last year. Reason for drop in revenue growth is attributable to economic crisis in Middle East countries forced them to slash job opportunities which in turn reduced the number of candidates who were visiting the Hospital for mandatory medical checkups to fulfil these countries' requirements. Resultantly the revenue in this particular area decreased considerably while comparing the same with previous year.

** Operating cost has been increased by 10% to Rs. 8,465 million from Rs. 7,669 million, which is mainly due to increase in salaries, wages & benefits of nursing staff and postgraduate trainees, cost and volume of supplies and medicines consumed, increase in depreciation and rent etc.

2015		2014		2013		2012	
Rs in '000'	15 Vs. 14 %	Rs in '000'	14 Vs. 13 %	Rs in '000'	13 Vs. 12 %	Rs in '000'	12 Vs. 11 %
505,138	-	505,138	-	505,138	-	505,138	-
40,000	-	40,000	-	40,000	-	40,000	-
1,709,813	27	1,344,260	29	1,042,248	42	731,802	33
2,254,951	19	1,889,398	19	1,587,386	24	1,276,940	17
751,182	(1)	760,176	30	583,373	(1)	590,552	(1)
1,290,733	(20)	1,608,133	(24)	2,118,224	27	1,663,787	127
1,822,423	14	1,597,824	65	968,684	(14)	1,128,439	10
6,119,289	5	5,855,531	11	5,257,667	13	4,659,718	35
4,485,977	11	4,034,090	12	3,616,518	4	3,469,388	28
-	-	-	-	-	-	-	-
18,000	100	-	-	-	-	-	-
38,129	(6)	40,651	31	31,041	41	22,066	114
1,577,183	6	1,483,316	(8)	1,610,108	38	1,168,264	62
-	(100)	297,474	100	-	-	-	-
6,119,289	5	5,855,531	11	5,257,667	13	4,659,718	35
7,410,022	16	6,393,105	20	5,315,589	19	4,451,781	30
(6,579,618)	17	(5,622,197)	22	(4,625,532)	17	(3,944,838)	34
55,288	(3)	56,894	40	40,540	174	14,812	15
885,692	7	827,802	13	730,597	40	521,755	8
(158,914)	(17)	(191,229)	0.5	(190,279)	26	(150,800)	30
(193,768)	13	(172,017)	13.04	(152,166)	38	(110,161)	1
533,010	15	464,556	20	388,152	49	260,794	1

Vertical Analysis

	2017		2016	
	Rs in '000'	%	Rs in '000'	%
BALANCE SHEET				
SHARE CAPITAL & RESERVES				
Share capital	**545,379**	**7**	545,379	8
Capital reserve	**1,046,025**	**13**	1,046,025	14
Unappropriated profit	**2,553,295**	**33**	2,090,865	29
Shareholders' equity	**4,144,699**	**53**	3,682,269	51
Surplus on revaluation of PP&E	**726,760**	**9**	742,191	10
Non current liabilities	**581,874**	**8**	927,597	13
Current liabilities	**2,295,152**	**30**	1,842,642	26
Total	**7,748,485**	**100**	7,194,699	100
ASSETS				
Property, plant and equipment (PP&E)	**5,457,545**	**70.4**	4,606,615	64
Intangible	**10,585**	**0.2**	-	-
Long term investment	**18,120**	**0.2**	18,000	0.3
Long term deposits	**45,273**	**0.6**	39,677	0.6
Current assets	**2,216,962**	**28.6**	2,530,407	35.1
Non current asset held for sale	**-**	**-**	-	-
	7,748,485	**100**	7,194,699	100
PROFIT & LOSS ACCOUNT				
Net revenue	**9,257,009**	**100**	8,730,803	100
Operating costs	**(8,464,606)**	**91.4**	(7,668,538)	87.8
Other income	**136,579**	**1.5**	86,760	1.0
Operating profit	**928,982**	**10.1**	1,149,025	13.2
Finance cost	**(66,389)**	**0.7**	(108,997)	1.3
Provision for taxation	**(256,166)**	**2.8**	(279,930)	3.2
Profit after taxation	**606,427**	**6.6**	760,098	8.7

2015		2014		2013		2012	
Rs in ‘000’	%	Rs in ‘000’	%	Rs in ‘000’	%	Rs in ‘000’	%
505,138	8	505,138	9	505,138	10	505,138	11
40,000	1	40,000	1	40,000	1	40,000	1
1,709,813	28	1,344,260	23	1,042,248	20	731,802	16
2,254,951	37	1,889,398	33	1,587,386	31	1,276,940	28
751,182	12	760,176	13	583,373	11	590,552	12
1,290,733	21	1,608,133	27	2,118,224	40	1,663,787	36
1,822,423	30	1,597,824	27	968,684	18	1,128,439	24
6,119,289	100	5,855,531	100	5,257,667	100	4,659,718	100

4,485,977	73	4,034,090	69	3,616,518	69	3,469,388	74.5
-	-	-	-	-	-	-	-
18,000	0.3	-	-	-	-	-	-
38,129	0.7	40,651	1	31,041	0.6	22,066	0.5
1,577,183	26	1,483,316	25	1,610,108	30.4	1,168,264	25
-	-	297,474	5	-	-	-	-
6,119,289	100	5,855,531	100	5,257,667	100	4,659,718	100

7,410,022	100	6,393,105	100	5,315,589	100	4,451,781	100
(6,579,618)	88.8	(5,622,197)	88	(4,625,532)	87	(3,944,838)	88.6
55,288	0.7	56,894	1	40,540	0.7	14,812	0.3
885,692	11.9	827,802	13	730,597	13.7	521,755	11.7
(158,914)	2.1	(191,229)	3	(190,279)	3.6	(150,800)	3.4
(193,768)	2.6	(172,017)	2.7	(152,166)	2.8	(110,161)	2.5
533,010	7.2	464,556	7.3	388,152	7.3	260,794	5.8

Statement of Compliance with the Code of Corporate Governance

Shifa International Hospitals Limited - Year Ended June 30, 2017

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 Mr. Muhammad Zahid Dr. Mohammad Salim Khan
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, 2017.

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 Prof. Dr. Shoab Ahmed Khan, has successfully completed 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 four members, and all of them are 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.

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

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

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

ISLAMABAD
September 11, 2017

DR. MANZOOR H. QAZI
Chief Executive Officer

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302 B, 3rd Floor Evacuee
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, 2017, to comply with the requirements of, Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24(b) of the Code of Corporate Governance, where the Company is listed.

The responsibility for compliance with the Code is that of the Board 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, 2017.

GRANT THORNTON ANJUM RAHMAN
Chartered Accountants
Engagement Partner: Khaliq ur Rahman

Islamabad
Date: September 11, 2017

Grant Thornton Anjum Rahman
302 B, 3rd Floor Evacuee
Trust Complex,
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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 30 June 2017 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 repealed Companies Ordinance, 1984 (as directed by Securities and Exchange Commission of Pakistan (SECP) vide circular no. 17 dated July 20, 2017). 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 repealed 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 repealed Companies Ordinance, 1984, and are in agreement with the books of account 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 repealed 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 30 June 2017 and of the profit, its comprehensive income, 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: Khaliq ur Rahman

Islamabad
Date: September 11, 2017

Balance Sheet
As at June 30, 2017

	Note	2017	2016	2015
			(Rupees in '000')	
SHARE CAPITAL AND RESERVES				
Share capital	4	545,379	545,379	505,138
Capital reserve	5	1,046,025	1,046,025	40,000
Unappropriated profit		2,553,295	2,090,865	1,709,813
		4,144,699	3,682,269	2,254,951
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	6	726,760	742,191	751,182
NON-CURRENT LIABILITIES				
Long term financing - secured	7	168,228	503,991	833,333
Deferred taxation	8	413,646	423,606	457,400
		581,874	927,597	1,290,733
CURRENT LIABILITIES				
Trade and other payables	9	1,958,990	1,506,485	1,488,297
Markup accrued	10	398	483	793
Current portion of long term financing	7	335,764	335,674	333,333
		2,295,152	1,842,642	1,822,423
		7,748,485	7,194,699	6,119,289
CONTINGENCIES AND COMMITMENTS	11			

The annexed notes 1 to 42 form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

	Note	2017	2016	2015
			(Rupees in ‘000’)	
NON-CURRENT ASSETS				
Property, plant and equipment	12	**5,457,545**	4,606,615	4,485,977
Intangible	13	**10,585**	-	-
Long term investment - at cost	14	**18,120**	18,000	18,000
Long term deposits	15	**45,273**	39,677	38,129
		5,531,523	4,664,292	4,542,106
CURRENT ASSETS				
Stores, spare parts and loose tools	16	**81,195**	64,593	66,809
Stock-in-trade	17	**380,052**	337,389	321,939
Trade debts - considered good	18	**447,770**	338,745	334,242
Loans and advances - considered good	19	**339,614**	159,157	125,594
Trade deposits, short term prepayments and other receivables	20	**38,498**	21,352	24,926
Markup accrued		**1,165**	1,501	1,908
Other financial assets	21	**189,451**	1,096,241	125,305
Tax refunds due from the government (net of provision)	22	**97,474**	24,980	52,063
Cash and bank balances	23	**641,743**	486,449	524,397
		2,216,962	2,530,407	1,577,183
		7,748,485	7,194,699	6,119,289

Muneer Bakhom

CHIEF FINANCIAL OFFICER

Profit and Loss Account

For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000')	
Net revenue	24	**9,257,009**	8,730,803
Other income	25	**136,579**	86,760
Operating costs	26	**(8,464,606)**	(7,668,538)
Finance costs	27	**(66,389)**	(108,997)
Profit before taxation		**862,593**	1,040,028
Provision for taxation	28	**(256,166)**	(279,930)
Profit after taxation		**606,427**	760,098
		------ (Rupees) ------	
Earnings per share - basic and diluted	29	**11.12**	14.68

The annexed notes 1 to 42 form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

Statement of Comprehensive Income

For the year ended June 30, 2017

	2017	2016
	(Rupees in '000')	
Profit after taxation	**606,427**	760,098
Other comprehensive income		
Income/(loss) on remeasurement of staff gratuity fund benefit plan	**5,980**	(74,854)
Deferred tax relating to remeasurement of staff gratuity fund benefit plan	**(1,794)**	23,205
Income/(loss) on remeasurement of staff gratuity fund benefit plan (net of tax)	**4,186**	(51,649)
Total comprehensive income for the year	**610,613**	708,449

The annexed notes 1 to 42 form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

Cash Flow Statement

For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		862,593	1,040,028
Adjustments for:			
Depreciation/amortization of property, plant and equipment		463,197	415,241
Amortization of intangible		225	-
Provision for doubtful debts		36,649	19,179
Property, plant and equipment written off		13,189	1,414
Gain on disposal of property, plant and equipment		(11,395)	(2,956)
Provision for compensated absences		34,565	44,902
Provision for gratuity		82,192	41,578
Provision for slow moving stores		(4,550)	4,399
Liabilities written back		(7,362)	(2,301)
Profit on investments and bank deposits		(58,130)	(37,314)
Loss on foreign currency translation		419	493
Finance cost		65,970	108,504
Operating cash flows before changes in working capital		1,477,562	1,633,167
Changes in working capital:			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(12,080)	(1,733)
Stock-in-trade		(42,663)	(15,450)
Trade debts		(145,674)	(23,682)
Loans and advances		(180,457)	(33,563)
Trade deposits and short term prepayments		(17,146)	3,574
Increase / (decrease) in current liabilities:			
Trade and other payables		469,891	(17,124)
Cash generated from operations		1,549,433	1,545,189
Finance cost paid		(66,055)	(108,814)
Income tax paid		(340,414)	(263,437)
Payment to SIHL Employees' Gratuity Fund		(76,017)	(113,347)
Compensated absences paid		(29,112)	(26,409)
Net cash from operating activities		1,037,835	1,033,182
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,349,851)	(539,970)
Purchase of intangible		(10,810)	-
Proceeds from disposal of property, plant and equipment		33,958	5,184
Investment in TDRs		(50,000)	-
Markup received		58,466	37,721
Investment in subsidiary		(120)	-
Increase in long term deposits		(5,596)	(1,548)
Net cash used in investing activities		(1,323,953)	(498,613)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - repayments		(335,673)	(327,001)
Proceeds from issue of right shares		-	1,046,266
Dividend paid		(179,286)	(320,353)
Net cash (used in) / generated from financing activities		(514,959)	398,912
Net (decrease) / increase in cash and cash equivalents		(801,077)	933,481
Cash and cash equivalents at beginning of year		1,582,690	649,702
Effect of exchange rate changes on cash and cash equivalents		(419)	(493)
Cash and cash equivalents at end of year	35	781,194	1,582,690

The annexed notes 1 to 42 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, 2017

	Share capital	Capital reserve	Un-appropriated profit	Surplus on revaluation of property, plant and equipment	Total
	-------------------	-------------------	(Rupees in '000')	-------------------	-------------------
Balance at July 01, 2015	505,138	40,000	1,709,813	751,182	3,006,133
Issue of further share capital - right issue	40,241	-	-	-	40,241
Share premium on issue of right shares	-	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 2014-15: 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
Balance at July 01, 2016	545,379	1,046,025	2,090,865	742,191	4,424,460
Total comprehensive income for the year					
Profit for the year	**-**	**-**	**606,427**	**-**	**606,427**
Other comprehensive income - net of tax	**-**	**-**	**4,186**	**-**	**4,186**
	-	**-**	**610,613**	**-**	**610,613**
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current year	**-**	**-**	**8,990**	**(8,990)**	**-**
Realization of revaluation surplus on disposal of assets	**-**	**-**	**6,441**	**(6,441)**	**-**
Distribution to owners					
Final dividend 2015-16: Rs. 3 per share	**-**	**-**	**(163,614)**	**-**	**(163,614)**
Balance at June 30, 2017	**545,379**	**1,046,025**	**2,553,295**	**726,760**	**4,871,459**

The annexed notes 1 to 42 form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

Notes to the Financial Statements

For the year ended June 30, 2017

1 STATUS AND NATURE OF BUSINESS

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

1.2 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.

1.3 These financial statements are separate financial statements of the Company whereas investment in subsidiary is recognized 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

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated Commission's decision that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, 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 (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed 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 recognized 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 a 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 Intangibles

The Company reviews the useful lives of intangibles on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of intangibles with the corresponding effect on the amortization charge and impairment.

2.4.3 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 18 to these financial statements.

2.4.4 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.

2.4.5 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.

2.4.6 Compensated absences

The Company provides provision for compensated absences of its employees on unavailed balance of leaves in the period in which the leave is earned. The Company provides for its estimated liability towards leaves accumulated by employees on an accrual basis using current salary levels.

2.4.7 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.

2.4.8 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 recognized 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 recognize 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 7	Statement of Cash flows	January 1, 2017
IAS 12	Income taxes - Recognition of deferred tax assets for unrealized losses - (Amendment)	January 1, 2017
IAS 40	Investment Property: Transfers of Investment Property (Amendments)	January 1, 2018
IFRS 2	Share based payments - Classification and measurement of share based payments transaction (Amendment)	January 1, 2018
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	January 1, 2018
IFRS 7	Financial Instruments: Disclosures - Disclosure initiative (Amendments)	January 1, 2017
IFRS 10 & IAS 28	Sale or Contribution of assets between an investor and its associate or joint venture (Amendment)	Not yet Finalized
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

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 12 Disclosure of interests in Other Entities and IAS 27 Separate Financials Statements: Investment Entities: Applying the consolidation Exception (Amendment)
IFRS 11	Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendments)
IAS 16	Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of acceptable method of depreciation and amortization (Amendments)
IAS-16	Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
IAS-27	Separate Financial Statements - Equity method in separate financial statements (Amendments)

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

Annual Improvements

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - Changes in method of disposal
IFRS 7	Financial Instruments: Disclosure - Serving contracts
IFRS 7	Financial Instruments: Disclosure - Applicability of the offsetting disclosures to condensed interim financial statements
IAS 19	Employees Benefits - Discount rate: regional market issue
IAS 34	Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, improvements to accounting standards and interpretations does not have any material 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
IFRS 17	Insurance Contracts

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 recognized, 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. Gains and losses 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 Intangible

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Subsequent cost on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is charged to the profit and loss account on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated. The recoverable amount is the greater of its value and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

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 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. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to similar owned assets. 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

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.

3.4 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.

3.5 Investments

All purchases and sales of investments are recognized using settlement date accounting. Settlement date is the date on which those 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.

3.5.1 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.

3.5.2 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.

3.5.3 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, those are classified as non-current assets. The Company'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 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.

3.7 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 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.

3.9.1 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.

3.9.2 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.

3.9.3 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.

3.10 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, 2017 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 9.4 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.

3.11 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.

3.12 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 utilized. 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 realized 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 profit and 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 recognized 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 recognized on realized amounts.

3.15 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.

3.16 Borrowing costs

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

3.17 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.

3.18 Dividend

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

3.19 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 recognized 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 (2016: 54,537,900) ordinary shares of Rs. 10 each amounting to Rs. 545,379 thousand (2016: Rs. 545,379 thousand).

Issued, subscribed and paid up capital

2017	2016		2017	2016
Number			(Rupees in '000')	
54,537,900	50,513,800	Opening balance: Ordinary shares of Rs. 10 each	545,379	505,138
-	4,024,100	Addition: Right issue of ordinary shares of Rs. 10 each	-	40,241
54,537,900	54,537,900	Closing balance: Ordinary shares of Rs. 10 each fully paid in cash	545,379	545,379

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 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 81 of the Companies Act, 2017.

6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2017	2016
	(Rupees in '000')	
Balance at beginning of year	742,191	751,182
Realization of revaluation surplus on disposal of assets	(6,441)	-
Transferred to unappropriated profits in respect of incremental depreciation charged during the year	(8,990)	(8,991)
Balance at end of year	726,760	742,191

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. As the surplus on revaluation is on leasehold and freehold land, the incidence of related deferred tax does not arise.

		Note	2017	2016
7	**LONG TERM FINANCING - SECURED**		(Rupees in '000')	
	From banking companies:			
	Syndicated Islamic Finance Facility	7.2	500,000	833,333
	Diminishing Musharakah Facility	7.3	3,992	6,332
			503,992	839,665
	Less: Current portion		335,764	335,674
			168,228	503,991

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% (2016: 3 months KIBOR plus 1%) per annum, repayable in 18 equal quarterly installments. The sanction limit of this facility was Rs. 1,500 million (2016: Rs. 1,500 million) repayable 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 Musharakah basis from Al Baraka Bank (Pakistan) Limited to finance purchase of brand new vehicles. Principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 1.25 % (2016: 3 months KIBOR plus 1.25%).

		Note	2017	2016
8	**DEFERRED TAXATION**		(Rupees in '000')	
	Deferred tax liability	8.1	471,862	480,334
	Deferred tax asset	8.2	(58,216)	(56,728)
	Net deferred tax liability		413,646	423,606
8.1	**Deferred tax liability on taxable temporary differences:**			
	Accelerated depreciation/amortization allowance		470,068	480,334
	Retirement benefit obligation		1,794	-
			471,862	480,334
8.2	**Deferred tax asset on deductible temporary differences:**			
	Specific provisions		(27,116)	(25,628)
	Retirement benefit obligation		(31,100)	(31,100)
			(58,216)	(56,728)

8.3 Movement in deferred taxation

	As at July 1, 2016	Profit and Loss	Other Comprehensive Income	As at June 30, 2017
	(Rupees in '000')			
Deferred tax liabilities/(assets)				
The balance of deferred tax is in respect of the following temporary differences:				
Effect of taxable temporary differences				
Accelerated depreciation/amortization allowance	480,334	(10,266)	-	**470,068**
Retirement benefit obligation	-	-	1,794	**1,794**
Effect of deductible temporary differences				
Provision for doubtful debts	(25,628)	(1,488)	-	**(27,116)**
Retirement benefit obligation	(31,100)	-	-	**(31,100)**
	423,606	(11,754)	1,794	**413,646**

	As at July 1, 2015	Profit and Loss	Other Comprehensive Income	As at June 30, 2016
Deferred tax liabilities/(assets)	(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

9 TRADE AND OTHER PAYABLES

	Note	2017	2016
		(Rupees in '000')	
Creditors		**740,612**	566,898
Accrued liabilities		**340,766**	258,284
Advances from customers		**199,926**	85,111
Medical consultants' charges		**376,156**	329,544
Payable to related parties - unsecured	9.1	**29,170**	6,289
Security deposits	9.2	**109,332**	85,875
Compensated absences	9.3	**90,189**	84,736
Unclaimed dividend		**27,052**	42,724
Retention money		**10,479**	11,911
Payable to Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund	9.4	**35,308**	35,113
		1,958,990	1,506,485

9.1 This represents payable to Tameer-e-Millat Foundation, Shifa Foundation and Shifa Tameer-e-Millat University having common directorship with the Company and Shifa Consulting Services (Private) Limited being the wholly owned subsidiary of the Company. Maximum amount due at the end of any month during the year was Rs. 6,076 thousand (2016: 4,138 thousand), Rs. Nil (2016: 4,042 thousand), Rs. 22,949 thousand (2016: 6,053 thousand) and Rs. 885 thousand (2016: Rs. Nil) respectively. Detail of balances of each related party is as under:

	2017	2016
	(Rupees in '000')	
Tameer-e-Millat Foundation	5,336	3,923
Shifa Foundation	-	709
Shifa Tameer-e-Millat University	22,949	1,657
Shifa Consulting Services (Private) Limited	885	-
	29,170	6,289

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

9.3 Compensated absences

	Note	2017	2016
		(Rupees in '000')	
Balance at beginning of the year		84,736	66,243
Provision made for the year		34,565	44,902
		119,301	111,145
Payment made during the year		(29,112)	(26,409)
Closing balance as at year end		90,189	84,736

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

	Note	2017	2016
Present value of defined benefit obligations	9.4.1	424,984	373,317
Fair value of plan assets	9.4.2	(389,676)	(338,204)
		35,308	35,113

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

	2017	2016
Present value of defined benefit obligation at beginning	373,317	298,538
Interest cost	25,324	26,627
Current service cost	82,427	62,265
Past service cost	-	(18,192)
Benefits paid	(47,343)	(48,995)
Benefits payable	(710)	(1,882)
Non refundable loan to employees adjustable against gratuity	(2,540)	(1,399)
Remeasurement (gain)/loss on defined benefit obligation	(5,491)	56,355
Present value of defined benefit obligation at year end	424,984	373,317

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

	2017	2016
Fair value of plan assets at beginning	338,204	266,510
Expected return on plan assets	25,559	29,122
Contributions	76,017	113,347
Benefits paid	(47,343)	(48,995)
Benefits payable	(710)	(1,882)
Non refundable loan to employees adjustable against gratuity	(2,540)	(1,399)
Remeasurement gain/(loss) on plan assets	489	(18,499)
Fair value of plan assets at year end	389,676	338,204

9.4.3 Charge for the year is as follows:

	2017	2016
Current service cost	82,427	62,265
Past service cost	-	(18,192)
Interest cost	25,324	26,627
Expected return on plan assets	(25,559)	(29,122)
	82,192	41,578

	2017	2016
	(Rupees in '000')	

9.4.4 Remeasurements recognized in other comprehensive income (OCI) during the year

	2017	2016
Remeasurement (income)/loss on obligation	(5,491)	56,355
Remeasurement (income)/loss on plan assets	(489)	18,499
Remeasurement (income)/loss recognized in OCI	(5,980)	74,854

9.4.5 Movement in liability recognized in balance sheet:

	2017	2016
Balance at beginning of year	35,113	32,304
Cost for the year	82,192	41,578
Total amount of remeasurement recognized in OCI during the year	(5,980)	74,854
Contributions during the year	(76,017)	(113,347)
Other adjustment	-	(276)
Balance at end of year	35,308	35,113

9.4.6 Plan assets comprise of:

	2017	2016
Accrued mark up	2,947	1,997
Term deposit receipts	231,000	231,000
Cash and bank balances	158,321	107,089
Payable to outgoing members	(2,592)	(1,882)
	389,676	338,204

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

	2017	2016
Discount rate used for interest cost in profit and loss	7.25%	9.75%
Discount rate used for year end obligation	7.75%	7.25%
Expected rate of salary growth		
Salary increase FY 2017	N/A	6.25%
Salary increase FY 2018 onward	6.75%	6.25%
Mortality rate	SLIC 2001-2005 set back 1 year	SLIC 2001-2005 set back 1 year
Withdrawal rates	age based	age based
Retirement assumption	Age 60	Age 60

9.4.8 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	**395,473**	**459,282**
Future salary increase	**459,951**	**394,338**

9.4.9 The average duration of the defined benefit obligation as at June 30, 2017 is 8 years (2016: 7 years).

10 MARKUP ACCRUED

This represents mark up accrued on long term financing.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

Claims against the Company not acknowledged as debts:

	Note	2017	2016
		(Rupees in '000')	
Patients	11.1.1	**111,000**	111,000
Others	11.1.2	**20,000**	20,000
Letter of guarantee	11.1.3	**34,600**	34,600

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/B363 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 favor of Sui Northern Gas Pipelines Limited (SNGPL) and Ministry of Economy U.A.E. in ordinary course of Company's business.

11.1.4 The Assistant Commissioner inland Revenue under section 221 of the Income Tax Ordinance, 2001 has amended the Company's assessment for a tax year 2014 which resulted a tax demand of Rs. 11.77 million. Being aggrieved, the Company has filed an appeal before the Commissioner Inland Revenue which is pending adjudication. The Company is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in these financial statements.

11.2 Commitments

	2017	2016
	(Rupees in '000')	
11.2.1 Capital expenditure contracted	**96,548**	282,614
11.2.2 Letters of credit	**59,055**	22,333

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, 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)
Transfer	-	-	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
Balance as at July 01, 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
Additions	565,777	-	-	-	387,034	20,945	34,015	25,353	830	62,097	7,283	246,552	1,349,886
Disposals	(22,010)	-	-	-	(81)	-	-	-	(7,614)	(142)	(5,298)	-	(35,145)
Write offs	-	-	(29,479)	-	(2,377)	-	-	(185)	-	(436)	-	-	(32,477)
Transfers	-	-	102,941	35,295	-	-	-	-	-	-	-	(138,236)	-
Balance at June 30, 2017	**867,519**	**960,959**	**2,033,380**	**35,295**	**2,925,700**	**247,839**	**443,486**	**164,220**	**1,887**	**313,736**	**115,094**	**163,561**	**8,272,676**
Depreciation/amortization													
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
Balance as at July 01, 2016	-	31,658	462,436	-	1,194,433	129,876	247,476	65,202	8,648	164,677	79,391	-	2,383,797
Charge for the year	-	18,671	59,180	3,951	240,925	18,553	44,367	12,892	23	53,241	11,401	-	463,204
On disposals	-	-	-	-	(53)	-	-	-	(7,614)	(79)	(4,836)	-	(12,582)
On write offs	-	-	(17,736)	-	(978)	-	-	(138)	-	(436)	-	-	(19,288)
Balance at June 30, 2017	-	50,329	503,880	3,951	1,434,327	148,429	291,843	77,956	1,057	217,403	85,956	-	2,815,131
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
Carrying value as at June 30, 2017	**867,519**	**910,630**	**1,529,500**	**31,344**	**1,491,373**	**99,410**	**151,643**	**86,264**	**830**	**96,333**	**29,138**	**163,561**	**5,457,545**
Annual rate of depreciation %	-	1.34-3.03	2.5-10	20	10	10-15	10-15	10	10-20	25	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. 821,408 thousand has been included in the carrying value of the respective assets. Out of the revaluation surplus, an amount of Rs. 726,760 thousand (2016: Rs. 742,191 thousand) remains undepreciated as at June 30, 2017.

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			
2017	**325,065**	**52,755**	**272,310**
2016	325,065	43,074	281,991
Freehold land			
2017	**779,078**	**-**	**779,078**
2016	228,870	-	228,870

12.2 Property, plant and equipment include items with aggregate cost of Rs. 843,756 thousand (2016: Rs. 639,721 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. 3,014.67 million (2016: Rs. 3,064.67 million) in favor of banking companies under various financing arrangements as disclosed in notes 7, 11.2.2 and 31.

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

	Note	2017	2016
		(Rupees in '000')	
Operating costs	26	**463,197**	415,241
Capital work-in-progress		**7**	6
		463,204	415,247

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	Freehold land	11,005	11,005	13,800	Dr. Saeed Zameer	Negotiation
2	Freehold land	11,005	11,005	13,800	Mr. Abdul Wahid	Negotiation
3	Honda City	276	161	276	Mr. Afzaal Ahmed	As per Company policy
4	Honda City	252	75	254	Mr. Wazir Muhammad	As per Company policy
5	Honda City	271	140	270	Mr. Malik M. Uzair	As per Company policy
6	Laptop	84	63	65	Mr. Wazir Muhammad	As per Company policy
		22,893	22,449	28,465		
Other assets having carrying value less than 50,000 rupees		12,252	114	5,493		
2017		**35,145**	**22,563**	**33,958**		
2016		21,381	2,228	5,184		

12.6 Capital work-in-progress

	Note	2017	2016
		(Rupees in '000')	
Construction work-in-progress - at cost	12.6.1	**68,932**	-
Stores held for capital expenditure	12.6.2	**47,286**	49,998
Installation of equipment in progress	12.6.3	**47,343**	5,247
		163,561	55,245

12.6.1 Construction work-in-progress - at cost

This was cost of civil works mainly comprising of cost of materials, payments to contractors, salaries and benefits pertaining to different blocks of hospital building in H-8/4 and F-11 Hospital. Given below was the break-up of civil works:

	Note	2017	2016
		(Rupees in '000')	
Block "C"		**21,939**	-
F-11 Hospital		**35,334**	-
Other constructions		**11,659**	-
		68,932	-

12.6.2 Stores held for capital expenditure

	Note	2017	2016
Stores held for capital expenditure		**50,365**	53,105
Less: provision for slow moving items	12.6.2.1	**3,079**	3,107
		47,286	49,998
12.6.2.1 Balance at beginning of the year		**3,107**	2,657
Charged/(reversed) during the year		**(28)**	450
Balance at the end of the year		**3,079**	3,107

12.6.3 Installation of equipment in progress

	2017	2016
Mobile C-Arm	**-**	5,247
Steam Sterilizer	**7,000**	-
Auto Washer Disinfector	**6,116**	-
Plasma Sterilizer	**10,853**	-
Fire Doors	**23,374**	-
	47,343	5,247

13 INTANGIBLE

This represents the cost of Oracle financials software being capitalized during the current year. Amortization of intangible for the year has been charged to operating costs at a rate of 25% (2016: Nil).

14 LONG TERM INVESTMENT - AT COST

This represents investment in 100% fully paid ordinary shares of Shifa Consulting Services (Private) Limited, a wholly owned 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. 1.64 (2016: Rs. 1.54) per share.

15 LONG TERM DEPOSITS

	Note	2017	2016
		(Rupees in '000')	
Ijarah key money deposits	15.1	**6,844**	4,009
Less: current portion of Ijarah key money deposits	20	**3,300**	304
		3,544	3,705
Security deposits	15.2	**41,729**	35,972
		45,273	39,677

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

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

		Note	2017	2016
			(Rupees in '000')	
16	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		76,107	64,234
	Spare parts		20,391	19,748
	Loose tools		202	638
			96,700	84,620
	Less: provision for slow moving items	16.1	15,505	20,027
			81,195	64,593
16.1	Balance at beginning of year		20,027	16,078
	(Reversed) / charged for the year		(4,522)	3,949
	Balance at the end of year		15,505	20,027

17 STOCK-IN-TRADE

This represents medicines being carried at moving average cost.

		Note	2017	2016
18	**TRADE DEBTS - CONSIDERED GOOD**			
	Considered good			
	Related party - Shifa Foundation	18.1	12,979	9,020
	Others		434,791	329,725
	Considered doubtful			
	Others		55,078	47,559
	Considered bad			
	Others		29,130	-
			531,978	386,304
	Less: provision for doubtful debts	18.2 & 36.1.3	55,078	47,559
	Bad debts written off	36.1.3	29,130	-
			447,770	338,745

18.1 Maximum amount due from Shifa Foundation at the end of any month during the year was Rs. 29,327 thousand (2016: Rs. 24,406 thousand).

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

		Note	2017	2016
			(Rupees in '000')	
19	**LOANS AND ADVANCES - CONSIDERED GOOD**			
	Considered good - unsecured			
	Executives	19.1	10,709	10,473
	Other employees		27,020	27,550
			37,729	38,023
	Consultants		9,911	13,836
	Suppliers	19.2	291,974	107,298
			339,614	159,157

	2017	2016
	(Rupees in '000')	

19.1 Reconciliation of carrying amount of advances given to executives:

	2017	2016
Balance at beginning of year	10,473	4,459
Disbursements during the year	41,311	38,871
	51,784	43,330
Less: Repayments during the year	41,075	32,857
Balance at end of year	10,709	10,473

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. 12,945 thousand (2016: Rs. 10,473 thousand).

19.2 The corresponding figure included an advance amounting to Rs. 3,000 thousand given to Shifa Consulting Services (Private) Limited for consultancy services.

20 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES

	Note	2017	2016
		(Rupees in '000')	
Current portion of Ijarah key money deposits	15	3,300	304
Other deposits		2,560	2,560
Short term prepayments		14,011	16,467
Other receivables	20.1	18,627	2,021
		38,498	21,352

20.1 The corresponding figures represented receivable from Shifa Consulting Services (Private) Limited.

21 OTHER FINANCIAL ASSETS (Held to Maturity Investment)

	Note	2017	2016
		(Rupees in '000')	
Meezan Bank Limited	21.1	-	75,222
Faysal Bank Limited	21.2	89,022	89,068
Al Baraka Bank (Pakistan) Limited	21.3	-	780,006
JS Bank Limited	21.4	-	101,460
Dubai Islamic Bank Limited	21.5	50,238	50,485
MCB Islamic Bank	21.6	50,191	-
		189,451	1,096,241

21.1 This represented term deposit receipt (TDR) having face value of Rs. 75 million with three month maturity, encashed on March 08, 2017. TDR carried an effective interest rate of 4.69% per annum.

21.2 This represents three TDRs having face value of Rs. 50 million, Rs. 25 million and Rs. 13 million with three month maturity (2016: three TDRs having face value of Rs. 50 million, Rs. 25 million and Rs. 13 million) due on July 10, 2017, August 02, 2017 and August 02, 2017 respectively. These TDRs carry an effective interest rate ranging from 5.4% to 6.1% per annum respectively (2016: 5.5% and 6.15 % per annum).

21.3 This represented five TDRs having face value of Rs. 200 million, Rs. 200 million, Rs. 200 million, Rs. 102 million and Rs. 75 million respectively with three month maturity. These TDRs were encashed during the year. These TDRs carried effective profit rate ranging from 4.7% to 6.4% per annum (2016: 5% to 6.4% per annum).

21.4 This represented TDR having face value of Rs. 100 million with three month maturity, encashed on July 08, 2016 with effective interest rate of 6.5% per annum (2016: 6.5% per annum).

21.5 This represents TDR having face value of Rs. 50 million (2016: Rs. 50.32 million) with three month maturity, due on August 30, 2017 carrying effective interest rate of 5.5% (2016: 5.35%) per annum.

21.6 This represents TDR having face value of Rs. 50 million (2016: Nil) with six month maturity, due on November 30, 2017 carrying effective interest rate of 5.06% (2016: Nil) per annum.

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

	Note	2017	2016
		(Rupees in '000')	
Balance at beginning of year		24,980	52,063
Income tax paid/deducted at source during the year		340,414	263,437
		365,394	315,500
Provision for taxation for the year	28	(267,920)	(290,520)
Balance at end of year		97,474	24,980

23 CASH AND BANK BALANCES

	Note	2017	2016
Cash at banks in:			
Current accounts			
Local currency		62,156	71,358
Foreign currency		4,333	3,466
		66,489	74,824
Saving accounts:			
Local currency		565,546	400,400
Foreign currency		587	47
	23.1	566,133	400,447
	23.2	632,622	475,271
Cash in hand		9,121	11,178
		641,743	486,449

23.1 These carry effective profit rates ranging from 1.79% - 4.9% and 0.1% (2016: 2.4% - 6% and 0.1%) per annum in respect of local and foreign currency accounts respectively.

23.2 Balances with banks includes Rs. 109,332 thousand (2016: Rs. 85,875 thousand) in respect of security deposits (note 9.2).

24 NET REVENUE

	Note	2017	2016
		(Rupees in '000')	
Inpatients		3,899,292	3,677,215
Outpatients		2,077,577	2,154,542
Pharmacy	24.1	3,025,970	2,657,462
Cafeteria		312,703	261,084
Rent of building	24.2	19,655	31,593
Other services		2,910	32,116
		9,338,107	8,814,012
Less: discount		81,098	83,209
Net revenue		9,257,009	8,730,803

24.1 This includes revenue of Rs. 315,066 thousand (2016: Rs. 124,822 thousand) from external pharmacy outlets.

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

25 OTHER INCOME

	Note	2017	2016
		(Rupees in '000')	
Income from financial assets:			
Profit on investments and bank deposits		58,130	37,314
Income from other than financial assets:			
Gain on disposal of property, plant and equipment		11,395	2,956
Liabilities written back		7,362	2,301
Sale of scrap		10,399	7,316
Miscellaneous	25.1	49,293	36,873
		136,579	86,760

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

26 OPERATING COSTS

	Note	2017	2016
		(Rupees in '000')	
Salaries, wages and benefits	26.1	3,386,716	3,053,772
Utilities		294,184	292,715
Supplies consumed		1,161,211	1,018,454
Medicines		2,225,568	1,970,891
Communication		26,494	22,900
Travelling and conveyance		19,803	21,480
Printing and stationery		70,049	57,562
Repairs and maintenance		349,192	373,683
Auditors' remuneration	26.2	2,350	2,347
Legal and professional		32,539	14,539
Rent		131,710	97,677
Rates and taxes		6,316	59,851
Advertising and sales promotion		39,338	35,445
Fee, subscription and membership		15,329	38,063
Vehicle and equipment rentals	26.3	7,775	7,612
Cleaning and washing		77,538	62,387
Insurance		12,360	11,451
Property, plant and equipment written off	26.4	13,189	1,414
Provision for doubtful debts		36,649	19,179
Provision for slow moving stores		(4,550)	4,399
Depreciation/amortization	12.4	463,197	415,241
Amortization intangible	13	225	-
Donation	26.5	52,400	50,000
Other expenses		45,024	37,476
		8,464,606	7,668,538

26.1 This includes employee retirement benefits (gratuity) of Rs. 82,192 thousand (2016: Rs. 41,578 thousand), expense for compensated absences of Rs. 34,565 thousand (2016: Rs. 44,902 thousand) and provision for bonus to employees of Rs. 173,215 thousand (2016: Rs. 140,856 thousand).

26.2 Auditors' remuneration

	2017	2016
	(Rupees in '000')	
Annual audit fee	1,417	1,415
Half yearly review fee	583	585
Other certifications	350	201
Out of pocket expenses	-	146
	2,350	2,347

26.3 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 recognized 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:

	2017	2016
	(Rupees in '000')	
Within one year	6,987	5,986
After one year but not more than five years	7,412	3,134
Total ujrah payments	14,399	9,120

26.4 This mainly includes the written down value of store building, which has been demolished during the current year. While the balance represents assets written off that were determined to be irreparable after carrying out detailed physical verification exercise by the management.

26.5 Donation

	2017	2016
	(Rupees in '000')	
Shifa Foundation	2,400	-
Shifa Tameer-e-Millat University (STMU)	50,000	50,000
	52,400	50,000

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

27 FINANCE COSTS

	Note	2017	2016
		(Rupees in '000')	
Markup on:			
Long term loans		50,418	82,235
Running finance and murabaha facilities		267	158
Credit card payment collection charges		14,594	12,340
Loss on foreign currency translation		419	493
Bank charges and commission		691	13,771
		66,389	108,997

28 PROVISION FOR TAXATION

	Note	2017	2016
Current			
for the year		258,010	313,709
Prior year		9,910	(23,189)
	22	267,920	290,520
Deferred		(11,754)	(10,590)
		256,166	279,930

28.1 Reconciliation of tax charge for the year

	2017	2016
Profit before taxation	862,593	1,040,028
Applicable tax rate	31%	32%
Additional tax	3%	3%
Total	34%	35%
Add: Tax effect of amounts taxed at lower rates/others	19%	10%
Less: Net tax effect of amounts that are deductible for tax purposes	24%	18%
Average effective tax rate charged on income	29%	27%

29 EARNINGS PER SHARE - BASIC AND DILUTED

	Note	2017	2016
Profit after taxation for the year		606,427	760,098
		(Number of shares in '000')	
Weighted average number of ordinary shares in issue during the year	4	54,538	51,781
		(Rupees)	
Earnings per share - basic and diluted		11.12	14.68

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

29.2 The corresponding weighted average number of ordinary shares were adjusted for a right issue fully subscribed and allotted during the last quarter of the previous financial year.

30 CAPACITY UTILIZATION

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

	2017	2016	2017	2016	2017	2016
	Available bed days		Occupied bed days		Occupancy Ratio	
SIHL H-8/4 Islamabad	**162,356**	166,579	**113,927**	118,698	**70.17%**	71.26%
SIHL G-10/4 Islamabad	**8,110**	8,110	**3,050**	2,795	**37.61%**	34.46%
SIHL Faisalabad	**16,514**	15,330	**5,095**	4,596	**30.85%**	29.98%

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

31 UNAVAILED CREDIT FACILITIES

	2017	2016
	(Rupees in '000')	
Unavailed credit facilities at year end are as under:		
Running/Murabaha financing	**124,055**	136,900
Letter of credit	**50,000**	84,709
Ijarah financing	**1,935**	10,000
	175,990	231,609

32 NUMBER OF EMPLOYEES

The Company had 4,584 employees (2016: 4,459) at the year end and average number of employees during the year were 4,520 (2016: 4,315).

33 RELATED PARTIES TRANSACTIONS

The related parties comprise of subsidiary, 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	2017	2016
		(Rupees in '000')	
Shifa Foundation: (Related party by virtue of common directorship)			
Revenue from services earned by the Company	33.1	**113,702**	66,353
Revenue from rent earned by the Company		**44**	44
Expenses paid by and reimbursed to the Company		**3,508**	-
Other services provided to the Company	33.2	**15,840**	15,840
Donation given by the Company		**2,400**	-
Tameer-e-Millat Foundation: (Related party by virtue of common directorship)			
Revenue from services earned by the Company	33.1	**-**	19
Revenue from rent earned by the Company		**311**	177
Other supplies provided to the Company		**21,301**	16,631
Other services provided to the Company	33.2	**5,515**	6,121
Expenses paid by and reimbursed to the Company		**169**	-
Rent paid by the Company		**5,060**	2,192

	Note	2017	2016
		(Rupees in '000')	
SIHL Employees' Gratuity Fund			
Payments made by the Company during the year		76,017	113,347
Shifa Tameer-e-Millat University: (Related party by virtue of common directorship)			
Revenue from services earned by the Company	33.1	26,865	27,928
Revenue from rent earned by the Company		13,613	24,494
Other services provided to the Company	33.2	24,066	17,209
Expenses paid by and reimbursed to the Company		14,291	25,537
Other supplies provided to the Company		-	1,300
Donation given by the Company		50,000	50,000
Shifa Consulting Services (Private) Limited (subsidiary company)			
Revenue from services earned by the Company	33.1	38	-
Expenses paid by and reimbursed to the Company		508	-
Other supplies provided to the company		360	-
Sale of vehicle by the company		-	2,021
Advance given for consultancy services by the Company	19.2	-	3,000
Other services provided to the Company	33.2	18,000	-
Further investment made by the Company		120	-
Remuneration including benefits and perquisites of key management personnel	33.3	275,619	228,486

33.1 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 of the Company.

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

33.3 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.

34 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	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in '000')							
Managerial remuneration	42,772	28,670	34,115	26,252	7,177	8,400	227,519	192,197
Rent and utilities	8,872	7,187	2,958	2,957	1,407	1,407	48,505	40,282
Bonus and incentives	2,657	2,196	2,880	-	430	430	21,467	19,328
Gratuity	-	-	-	-	-	-	12,071	10,863
Medical insurance	-	-	323	157	54	79	5,944	5,167
Leave encashment	-	-	-	-	-	-	6,039	5,585
	54,301	38,053	40,276	29,366	9,068	10,316	321,545	273,422
Number of persons	1	1	2	2	6	6	100	87

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

34.2 Managerial remuneration includes Rs. 2,571 thousand (2016: 3,509 thousand) paid to directors in respect of meeting attending fee.

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

35 CASH AND CASH EQUIVALENTS

	Note	2017	2016
		(Rupees in '000')	
Cash and bank balances	23	**641,743**	486,449
Other financial assets (excluding TDR having maturity more than three months)	21	**139,451**	1,096,241
		781,194	1,582,690

36 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.

36.1 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 categorized under the following headings:

36.1.1 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 A-2 and A-. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

36.1.2 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:

	2017	2016
	(Rupees in '000')	
Long term deposits	41,729	35,972
Trade debts - considered good	447,770	338,745
Loans and advances - considered good	47,640	51,859
Trade deposits and other receivables	21,187	2,560
Markup accrued	1,165	1,501
Other financial assets	189,451	1,096,241
Bank balances	632,622	475,271
	1,381,564	2,002,149

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

	2017	2016
	(Rupees in '000')	
Government companies	247,581	136,105
Private companies	125,693	127,662
Individuals	47,999	63,904
Related parties	12,979	9,020
Others	13,518	2,054
	447,770	338,745

36.1.3 Impairment losses

The aging of trade debts at the reporting date was:

	2017		2016	
	Gross debts	Impaired	Gross debts	Impaired
	(Rupees in '000')		(Rupees in '000')	
Not past due	203,901	-	198,836	-
1 - 4 months	193,600	-	75,836	-
5 - 7 months	8,868	443	1,846	92
8 - 12 months	34,427	143	61,902	1,302
13 - 18 months	43,866	36,306	28,434	26,715
19 - 23 months	18,186	18,186	19,450	19,450
	502,848	55,078	386,304	47,559

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

	Note	2017	2016
		(Rupees in '000')	
Balance at beginning of year		47,559	28,380
Provision made during the year		36,649	19,179
Less: bad debts written off		29,130	-
Balance at end of year	18	55,078	47,559

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.

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

36.2 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 31 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') ------------------------------					
2017						
Long term financing	503,992	167,870	167,894	168,228	-	-
Trade and other payables	1,759,064	1,759,064	-	-	-	-
Markup accrued	398	398	-	-	-	-
	2,263,454	1,927,332	167,894	168,228	-	-

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

36.3 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 markup rate risk.

36.3.1 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:

	2017 (Amount in '000')			2016 (Amount in '000')		
	GBP	USD	AED	GBP	USD	AED
Bank balances	-	5.61	151.89	-	0.45	121.83
Letter of credit	-	(490)	-	(9.09)	(124.09)	-
	-	(484.40)	151.89	(9.09)	(123.64)	121.83

	2017 (Rupees in '000')			2016 (Rupees in '000')		
Bank balances	-	587	4,333	-	47	3,466
Letter of credit	-	(51,352)	-	(1,276)	(12,992)	-
	-	(50,765)	4,333	(1,276)	(12,945)	3,466

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2017	2016	2017	2016
	-------------------- (Rupees) --------------------			
USD 1	103.76	103.39	104.80	104.70
AED 1	28.24	28.14	28.53	28.45
GBP 1	131.60	154.22	136.42	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')	
2017			
Foreign currencies	**+10%**	**(4,643)**	**(4,643)**
Foreign currencies	**-10%**	**4,643**	**4,643**
2016			
Foreign currencies	+10%	(1,076)	(1,076)
Foreign currencies	-10%	1,076	1,076

36.3.2 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 mismatche 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	2017	2016
		(Rupees in ‘000’)	
Financial assets			
Other financial assets	21	**189,451**	1,096,241
Bank balances	23	**566,133**	400,447
		755,584	1,496,688
Financial liabilities			
Long term financing - secured	7	**503,992**	839,665
		251,592	657,023

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, 2017 would decrease/increase by Rs. 3,547 thousand (2016: decrease/increase by Rs. 5,209 thousand). This is mainly attributable to the Company’s exposure to markup rates on its variable rate borrowings.

36.4 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.

37 FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

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

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

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

Financial instruments by category

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

	Carrying Amount					Fair Value			
	Loans and receivables	Available for sale instruments	Fair value through profit or los	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
					(Rupees in '000')				
June 30, 2017									
Financial assets not measured at fair value									
Non-current assets									
Long term deposits	41,729	-	-	-	41,729	-	-	-	-
Current assets									
Trade debts - considered good	447,770	-	-	-	447,770	-	-	-	-
Loans and advances - considered good	47,640	-	-	-	47,640	-	-	-	-
Trade deposits and other receivables	21,187	-	-	-	21,187	-	-	-	-
Markup accrued	1,165	-	-	-	1,165	-	-	-	-
Other financial assets	189,451	-	-	-	189,451	-	-	-	-
Bank balances	632,622	-	-	-	632,622	-	-	-	-
	1,381,564	-	-	-	1,381,564	-	-	-	-
Financial liabilities not measured at fair value									
Non-current liabilities									
Long term financing - secured	-	-	-	168,228	168,228	-	-	-	-
Current liabilities									
Trade and other payables	-	-	-	1,759,064	1,759,064	-	-	-	-
Markup accrued	-	-	-	398	398	-	-	-	-
Current portion of long term financing	-	-	-	335,764	335,764	-	-	-	-
	-	-	-	2,263,454	2,263,454	-	-	-	-
June 30, 2016									
Financial assets not measured at fair value									
Non-current assets									
Long term deposits	35,972	-	-	-	35,972	-	-	-	-
Current assets									
Trade debts - considered good	338,745	-	-	-	338,745	-	-	-	-
Loans and advances - considered good	51,859	-	-	-	51,859	-	-	-	-
Trade deposits	4,581	-	-	-	4,581	-	-	-	-
Markup accrued	1,501	-	-	-	1,501	-	-	-	-
Other financial assets	1,096,241	-	-	-	1,096,241	-	-	-	-
Bank balances	475,271	-	-	-	475,271	-	-	-	-
	2,004,170	-	-	-	2,004,170	-	-	-	-
Financial liabilities not measured at fair value									
Non-current liabilities									
Long term financing - secured	-	-	-	503,991	503,991	-	-	-	-
Current liabilities									
Trade and other payables	-	-	-	1,421,374	1,421,374	-	-	-	-
Markup accrued	-	-	-	483	483	-	-	-	-
Current portion of long term financing	-	-	-	335,674	335,674	-	-	-	-
	-	-	-	2,261,522	2,261,522	-	-	-	-

38 OPERATING SEGMENTS

The financial statements have been prepared on the basis of single reportable segment.

38.1 All revenue of the Company is earned from customers located in Pakistan.

38.2 All non-current assets of the Company at June 30, 2017 are located in Pakistan.

38.3 There is no customer with more than 10% of total revenue of the company for the year.

39 RECLASSIFICATION

Following corresponding figures have been reclassified for the purpose of comparison.

		2016 (Rupees in '000')
Balance Sheet		
Reclassification from Current Assets	**Reclassification to Current Assets**	
Stores, spare parts and loose tools	Stock-in-trade	80,931
Profit and Loss		
Reclassification from	**Reclassification to**	
Inpatients revenue	Pharmacy revenue	675,968
Supplies consumed	Medicines	402,371

		2015 (Rupees in '000')
Balance Sheet		
Reclassification from Current Assets	**Reclassification to Current Assets**	
Stores, spare parts and loose tools	Stock-in-trade	119,476

No other major reclassifications were made during the year.

40 GENERAL

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

41 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on September 11, 2017 have proposed a final dividend of Rs. 5 per share.

42 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on September 11, 2017.

CHAIRMAN	CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2017

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, 2017 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 (hereafter referred to as the consolidated financial statement), for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary company Shifa Consulting Services (Private) Limited. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidatedfinancial 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 2017 and the results of their operations for the year then ended.

GRANT THORNTON ANJUM RAHMAN
Chartered Accountants

Engagement Partner: Khaliq ur Rahman

Islamabad
Date: September 11, 2017

Consolidated Balance Sheet

As at June 30, 2017

	Note	2017	2016	2015
			(Rupees in '000')	
SHARE CAPITAL AND RESERVES				
Share capital	4	**545,379**	545,379	505,138
Capital reserve	5	**1,046,025**	1,046,025	40,000
Unappropriated profit		**2,539,594**	2,076,255	1,703,323
		4,130,998	3,667,659	2,248,461
NON-CONTROLLING INTEREST		**-**	2,641	7,675
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	6	**726,760**	742,191	751,182
NON-CURRENT LIABILITIES				
Long term financing - secured	7	**168,228**	503,991	833,333
Deferred taxation	8	**413,646**	423,606	457,400
		581,874	927,597	1,290,733
CURRENT LIABILITIES				
Trade and other payables	9	**1,959,884**	1,508,344	1,488,746
Markup accrued	10	**398**	483	793
Current portion of long term financing	7	**335,764**	335,674	333,333
		2,296,046	1,844,501	1,822,872
		7,735,678	7,184,589	6,120,923
CONTINGENCIES AND COMMITMENTS	11			

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

	Note	2017	2016	2015
			(Rupees in '000')	
NON-CURRENT ASSETS				
Property, plant and equipment	12	**5,458,261**	4,609,949	4,488,219
Intangible	13	**10,585**	-	-
Long term deposits	14	**45,273**	39,987	38,439
		5,514,119	4,649,936	4,526,658
CURRENT ASSETS				
Stores, spare parts and loose tools	15	**81,195**	64,593	66,809
Stock-in-trade	16	**380,052**	337,389	321,939
Trade debts - considered good	17	**450,056**	345,495	337,005
Loans and advances - considered good	18	**339,628**	157,580	126,690
Trade deposits, short term prepayments and other receivables	19	**39,334**	19,416	25,468
Markup accrued		**1,165**	1,501	1,908
Other financial assets	20	**189,451**	1,096,241	125,305
Tax refunds due from the government (net of provision)	21	**97,543**	25,737	52,154
Cash and bank balances	22	**643,135**	486,701	536,987
		2,221,559	2,534,653	1,594,265
		7,735,678	7,184,589	6,120,923

CHIEF FINANCIAL OFFICER

Consolidated Profit and Loss Account

For the year ended June 30, 2017

	Note	2017	2016
		(Rupees in '000')	
Net revenue	23	**9,262,363**	8,744,058
Other income	24	**135,851**	86,163
Operating costs	25	**(8,468,607)**	(7,694,192)
Finance costs	26	**(66,390)**	(108,998)
Profit before taxation		**863,217**	1,027,031
Provision for taxation	27	**(258,402)**	(280,087)
Profit after taxation		**604,815**	746,944
Attributable to:			
Equity holders of Shifa International Hospitals Limited		**604,920**	751,978
Non-Controlling interest		**(105)**	(5,034)
		604,815	746,944
		(Rupees)	
Earnings per share - basic and diluted	28	**11.09**	14.52

The annexed notes 1 to 41 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, 2017

	2017	2016
	(Rupees in '000')	
Profit after taxation	**604,815**	746,944
Other comprehensive income		
Income / (loss) on remeasurement of staff gratuity fund benefit plan	**5,980**	(74,854)
Deferred tax relating to remeasurement of staff gratuity fund benefit plan	**(1,794)**	23,205
Income / (loss) on remeasurement of staff gratuity fund benefit plan (net of tax)	**4,186**	(51,649)
Total comprehensive income for the year	**609,001**	695,295
Attributable to:		
Equity holders of Shifa International Hospitals Limited	**609,106**	700,329
Non-Controlling interest	**(105)**	(5,034)
	609,001	695,295

The annexed notes 1 to 41 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, 2017

	Note	2017	2016
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		863,217	1,027,031
Adjustments for:			
Depreciation/amortization of property, plant and equipment		463,713	415,746
Amortization of intangible		225	-
Provision for doubtful debts		41,149	19,179
Property, plant and equipment written off		13,189	1,414
Gain on disposal of property, plant and equipment		(10,667)	(2,324)
Provision for compensated absences		34,565	44,902
Provision for gratuity		82,192	41,578
Provision for slow moving stores		(4,550)	4,399
Liabilities written back		(7,362)	(2,301)
Profit on investments and bank deposits		(58,130)	(37,314)
Loss on foreign currency translation		419	493
Finance cost		65,971	108,505
Operating cash flows before changes in working capital		1,483,931	1,621,308
Changes in working capital:			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(12,080)	(1,733)
Stock-in-trade		(42,663)	(15,450)
Trade debts		(145,710)	(27,669)
Loans and advances		(182,048)	(30,890)
Trade deposits and short term prepayments		(19,918)	6,052
Increase/(decrease) in current liabilities:			
Trade and other payables		468,926	(15,714)
Cash generated from operations		1,550,438	1,535,904
Finance cost paid		(66,056)	(108,815)
Income tax paid		(341,962)	(264,259)
Payment to SIHL Employees' Gratuity Fund		(76,017)	(113,347)
Compensated absences paid		(29,112)	(26,409)
Net cash from operating activities		1,037,291	1,023,074
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,349,912)	(540,178)
Purchase of intangible		(10,810)	-
Proceeds from disposal of property, plant and equipment		35,393	3,162
Investment in TDRs		(50,000)	-
Markup received		58,466	37,721
Investment in subsidiary		(120)	-
Increase in long term deposits		(5,286)	(1,548)
Net cash used in investing activities		(1,322,269)	(500,843)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - repayments		(335,673)	(327,001)
Proceeds from issue of right shares		-	1,046,266
Dividend paid		(179,286)	(320,353)
Net cash (used in) / generated from financing activities		(514,959)	398,912
Net (decrease) / increase in cash and cash equivalents		(799,937)	921,143
Cash and cash equivalents at beginning of year		1,582,942	662,292
Effect of exchange rate changes on cash and cash equivalents		(419)	(493)
Cash and cash equivalents at end of year	34	782,586	1,582,942

The annexed notes 1 to 41 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, 2017

	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, 2015		505,138	40,000	1,703,323	751,182	7,675	3,007,318
Issue of further share capital - right issue		40,241	-	-	-	-	40,241
Share premium on issue of right shares		-	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 2014-15: 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**
Balance at July 01, 2016		545,379	1,046,025	2,076,255	742,191	2,641	4,412,491
Total comprehensive income for the year							
Profit for the year		-	-	604,920	-	(105)	604,815
Other comprehensive income - net of tax		-	-	4,186	-	-	4,186
		-	-	609,106	-	(105)	609,001
Transfer of depreciation / amortization on incremental value arising on revaluation of property, plant and equipment attributed to current year		-	-	8,990	(8,990)	-	-
Realization of revaluation surplus on disposal of assets		-	-	6,441	(6,441)	-	-
Distribution to owners							
Final dividend 2015-16: Rs. 3 per share		-	-	(163,614)	-	-	(163,614)
Changes in ownership interests							
Acquisition of NCI without a change in control	1.3	-	-	2,416	-	(2,536)	(120)
Balance at June 30, 2017		**545,379**	**1,046,025**	**2,539,594**	**726,760**	**-**	**4,857,758**

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

Notes to the Consolidated Financial Statements

For the year ended June 30, 2017

1 STATUS AND NATURE OF BUSINESS

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

1.2 The principal activity of the SIHL is to establish and run medical centers and hospitals in Pakistan. The SIHL has established its first hospital in 1993 in H-8/4 Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4 Islamabad. The SIHL is also running medical center, pharmacies in Islamabad and franchise pharmacies and Lab collection points in different cities of Pakistan.

1.3 Shifa Consulting Services (Private) Limited (SCSPL) was incorporated on December 18, 2014. The principal activity of Shifa Consulting Services (Private) Limited is to provide consulting services relating to healthcare facilities, medical staff, availability of human resource and hospital quality.

During the year SIHL acquired remaining 40% shareholding from minority shareholders, previously SIHL held 60% shareholding in SCSPL now SCSPL becomes wholly owned subsidiary of SIHL. The Group recognized a decrease in NCI of Rs. 2,536 thousand and increase in retained earnings of Rs. 2,416 thousand attributable to the owners of the Group for changes in the Company's ownership interest in Shifa Consulting Services (Private) Limited.

	(Rupees in '000')
Carrying amount of NCI acquired	2,536
Less: Consideration paid	120
	2,416

The auditors of SCSPL have given two emphasis of matters paragraphs on its separate financial statements to note 1.2 and 12 respectively which describe that during the current year ended June 30, 2017 Shifa Consulting Services (Pvt) Limited (SCSPL/the subsidiary) has earned a net profit of Rs. 0.31 million (June 2016: 14.57 million loss) showing a decrease in loss by Rs. 14.88 million and as of that date the cumulative losses have eroded the equity by Rs. 25.08 million (June 2016: 25.38 million) leaving a net equity of Rs. 4.92 million (June 2016: 4.62 million). Due to accumulated losses, the subsidiary is dependent on the financial assistance of its parent company. The Group management is confident that the Company has the potential to gradually develop its business and overcome the financial difficulties and during this phase the subsidiary has available full financial and technical support of its parent company. In view of the above, the going concern assumption is appropriate and has, as such, prepared SCSPL financial statements for the year ended June 30, 2017 on a going concern basis and the legal basis for non-recognition of sales tax recorded.

2 BASIS OF PREPARATION

2.1 Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 17 of 2017 dated July 20, 2017 communicated Commission's decision that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, 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 (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed 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 recognized 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 the 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 a 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 Intangibles

The Group reviews the useful lives of intangibles on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of intangibles with the corresponding effect on the amortization charge and impairment.

2.4.3 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 17 to these financial statements.

2.4.4 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.

2.4.5 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.

2.4.6 Compensated absence

The Group provides provision for compensated absences of its employees on unavailed balance of leaves in the period in which the leave is earned. The Group provides for its estimated liability towards leaves accumulated by employees on an accrual basis using current salary levels.

2.4.7 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.

2.4.8 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 recognized 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 recognize 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 7	Statement of Cash flows	January 1, 2017
IAS 12	Income taxes - Recognition of deferred tax assets for unrealized losses - (Amendment)	January 1, 2017
IAS 40	Investment Property: Transfers of Investment Property (Amendments)	January 1, 2018
IFRS 2	Share based payments - Classification and measurement of share based payments transaction (Amendment)	January 1, 2018
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	January 1, 2018

IFRS 7	Financial Instruments: Disclosures - Disclosure initiative (Amendments)	January 1, 2017
IFRS 10 & IAS 28	Sale or Contribution of assets between an investor and its associate or joint venture (Amendment)	Not yet Finalized
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019

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 Group 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 12 Disclosure of interests in Other Entities and IAS 27 Separate Financials Statements: Investment Entities: Applying the consolidation Exception (Amendment)
IFRS 11	Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendments)
IAS 16	Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of acceptable method of depreciation and amortization (Amendments)
IAS-16	Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
IAS-27	Separate Financial Statements - Equity method in separate financial statements (Amendments)

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

Annual Improvements

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - Changes in method of disposal
IFRS 7	Financial Instruments: Disclosure - Serving contracts
IFRS 7	Financial Instruments: Disclosure - Applicability of the offsetting disclosures to condensed interim financial statements
IAS 19	Employees Benefits - Discount rate: regional market issue
IAS 34	Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, improvements to accounting standards and interpretations does not have any material 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
IFRS 17	Insurance Contracts

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 (100% owned) for the year ended June 30, 2017 (June 30, 2016: 60% owned). 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 value 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 and 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 and 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 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 consolidated profit and 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 recognized, if any. All expenditures 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 Intangible

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Subsequent cost on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is charged to the consolidated profit and loss account on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated. The recoverable amount is the greater of its value and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

3.4 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. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to similar owned assets. 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.

3.5 Impairment

Non - Financial assets

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 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 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.

3.6 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.

3.6.1 Investments held to maturity

Investments with fixed or determinable payments and fixed maturity that the 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.

3.6.2 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, those are classified as non-current assets. The Group's loans and receivables comprise 'Advances, deposits and other receivables'.

3.7 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.

3.8 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.

3.9 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.

3.10 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.

3.10.1 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.

3.10.2 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.

3.10.3 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.

3.11 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, 2017 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 9.5 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.

3.12 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.

3.13 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 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 utilized. 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 realized simultaneously.

3.14 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 consolidated profit and loss account for the year.

3.15 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 recognized 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 recognized on realized amounts.

3.16 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 Group has an unconditional right to defer settlement of liability for at least twelve months after the balance sheet date.

3.17 Borrowing costs

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

3.18 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.

3.19 Dividend

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

3.20 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 recognized 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 (2016: 54,537,900) ordinary shares of Rs. 10 each amounting to Rs. 545,379 thousand (2016: Rs. 545,379 thousand).

Issued, subscribed and paid up capital

2017	2016		2017	2016
Number			(Rupees in '000')	
54,537,900	50,513,800	Opening balance: Ordinary shares of Rs. 10 each	545,379	505,138
-	4,024,100	Addition: Right issue of ordinary shares of Rs. 10 each	-	40,241
54,537,900	54,537,900	Closing balance: Ordinary shares of Rs. 10 each fully paid in cash	545,379	545,379

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 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 81 of the Companies Act, 2017.

6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2017	2016
	(Rupees in '000')	
Balance at beginning of year	742,191	751,182
Realization of revaluation surplus on disposal of assets	(6,441)	-
Transferred to unappropriated profits in respect of incremental depreciation charged during the year	(8,990)	(8,991)
Balance at end of year	726,760	742,191

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. As the surplus on revaluation is on leasehold and freehold land, the incidence of related deferred tax does not arise.

7 LONG TERM FINANCING-SECURED

	Note	2017	2016
		(Rupees in '000')	
From banking companies:			
Syndicated Islamic Finance Facility	7.2	500,000	833,333
Diminishing Musharakah Facility	7.3	3,992	6,332
		503,992	839,665
Less: Current portion		335,764	335,674
		168,228	503,991

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% (2016: 3 months KIBOR plus 1%) per annum, repayable in 18 equal quarterly installments. The sanction limit of this facility was Rs. 1,500 million (2016: Rs. 1,500 million) repayable 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 Musharakah basis from Al Baraka Bank (Pakistan) Limited to finance purchase of brand new vehicles. Principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 1.25 % (2016: 3 months KIBOR plus 1.25%).

	Note	2017	2016
		(Rupees in '000')	
8 DEFERRED TAXATION			
Deferred tax liability	8.1	471,862	480,334
Deferred tax asset	8.2	(58,216)	(56,728)
Net deferred tax liability		413,646	423,606
8.1 Deferred tax liability on taxable temporary differences:			
Accelerated depreciation / amortization allowance		470,068	480,334
Retirement benefit obligation		1,794	-
		471,862	480,334
8.2 Deferred tax asset on deductible temporary differences:			
Specific provisions		(27,116)	(25,628)
Retirement benefit obligation		(31,100)	(31,100)
		(58,216)	(56,728)

8.3 Movement in deferred taxation

	As at July 1, 2016	Profit and Loss	Other Comprehensive Income	As at June 30, 2017
	(Rupees in '000')			
Deferred tax liabilities / (assets)				
The balance of deferred tax is in respect of the following temporary differences:				
Effect of taxable temporary differences				
Accelerated depreciation / amortization allowance	480,334	(10,266)	-	470,068
Retirement benefit obligation	-	-	1,794	1,794
Effect of deductible temporary differences				
Provision for doubtful debts	(25,628)	(1,488)	-	(27,116)
Retirement benefit obligation	(31,100)	-	-	(31,100)
	423,606	(11,754)	1,794	413,646

	As at July 1, 2015	Profit and Loss	Other Comprehensive Income	As at June 30, 2016
	(Rupees in '000')			
Deferred tax liabilities / (assets)				
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

9 TRADE AND OTHER PAYABLES

	Note	2017	2016
		(Rupees in '000')	
Creditors		**740,612**	568,706
Accrued liabilities	9.1	**342,545**	258,335
Advances from customers		**199,926**	85,111
Medical consultants' charges		**376,156**	329,544
Payable to related parties - unsecured	9.2	**28,285**	6,289
Security deposits	9.3	**109,332**	85,875
Compensated absences	9.4	**90,189**	84,736
Unclaimed dividend		**27,052**	42,724
Retention money		**10,479**	11,911
Payable to Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund	9.5	**35,308**	35,113
		1,959,884	1,508,344

9.1 During the current financial year the subsidiary rendered consultancy services to SIHL, which is a teaching hospital. The management of subsidiary is of the opinion that the principal of exemption under the Sales Tax Act 1990 available to goods supplied to a teaching hospital is equally applicable to services rendered to a teaching hospital under the Islamabad Capital Territory (Tax on Services) Ordinance 2001 because the provisions of Sales tax Act 1990 are mutatis mutandis applicable. This opinion of the management is confirmed by the tax advisor of the subsidiary due to which no sales tax liability in respect of the referred services has been recorded in these consolidated financial statements. Had these services been chargeable a tax liability of Rs. 2.48 million would have been recorded.

9.2 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. 6,076 thousand (2016: 4,138 thousand), Rs. Nil (2016: 4,042 thousand) and Rs. 22,949 thousand (2016: 6,053 thousand) respectively. Detail of balances of each related party is as under:

	2017	2016
	(Rupees in '000')	
Tameer-e-Millat Foundation	**5,336**	3,923
Shifa Foundation	**-**	709
Shifa Tameer-e-Millat University	**22,949**	1,657
	28,285	6,289

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

		Note	2017	2016
			(Rupees in '000')	
9.4	**Compensated absences**			
	Balance at beginning of the year		84,736	66,243
	Provision made for the year		34,565	44,902
			119,301	111,145
	Payment made during the year		(29,112)	(26,409)
	Closing balance as at year end		90,189	84,736
9.5	**The amounts recognized in the balance sheet are as follows:**			
	Present value of defined benefit obligations	9.5.1	424,984	373,317
	Fair value of plan assets	9.5.2	(389,676)	(338,204)
			35,308	35,113
9.5.1	**Movement in the present value of funded obligation is as follows:**			
	Present value of defined benefit obligation at beginning		373,317	298,538
	Interest cost		25,324	26,627
	Current service cost		82,427	62,265
	Past service cost		-	(18,192)
	Benefits paid		(47,343)	(48,995)
	Benefits payable		(710)	(1,882)
	Non refundable loan to employees adjustable against gratuity		(2,540)	(1,399)
	Remeasurement (gain)/loss on defined benefit obligation		(5,491)	56,355
	Present value of defined benefit obligation at year end		424,984	373,317
9.5.2	**Movement in the fair value of plan assets is as follows:**			
	Fair value of plan assets at beginning		338,204	266,510
	Expected return on plan assets		25,559	29,122
	Contributions		76,017	113,347
	Benefits paid		(47,343)	(48,995)
	Benefits payable		(710)	(1,882)
	Non refundable loan to employees adjustable against gratuity		(2,540)	(1,399)
	Remeasurement gain/(loss) on plan assets		489	(18,499)
	Fair value of plan assets at year end		389,676	338,204
9.5.3	**Charge for the year is as follows:**			
	Current service cost		82,427	62,265
	Past service cost		-	(18,192)
	Interest cost		25,324	26,627
	Expected return on plan assets		(25,559)	(29,122)
			82,192	41,578
9.5.4	**Remeasurements recognized in other comprehensive income (OCI) during the year**			
	Remeasurement (income)/loss on obligation		(5,491)	56,355
	Remeasurement (income)/loss on plan assets		(489)	18,499
	Remeasurement (income)/loss recognized in OCI		(5,980)	74,854

9.5.5 Movement in liability recognized in balance sheet:

	2017	2016
	(Rupees in '000')	
Balance at beginning of year	35,113	32,304
Cost for the year	82,192	41,578
Total amount of remeasurement recognized in OCI during the year	(5,980)	74,854
Contributions during the year	(76,017)	(113,347)
Other adjustment	-	(276)
Balance at end of year	35,308	35,113

9.5.6 Plan assets comprise of:

	2017	2016
Accrued mark up	2,947	1,997
Term deposit receipts	231,000	231,000
Cash and bank balances	158,321	107,089
Payable to outgoing members	(2,592)	(1,882)
	389,676	338,204

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

	2017	2016
Discount rate used for interest cost in profit and loss	7.25%	9.75%
Discount rate used for year end obligation	7.75%	7.25%
Expected rate of salary growth		
Salary increase FY 2017	N/A	6.25%
Salary increase FY 2018 onward	6.75%	6.25%
Mortality rate	SLIC 2001-2005 set back 1 year	SLIC 2001-2005 set back 1 year
Withdrawal rates	age based	age based
Retirement assumption	Age 60	Age 60

9.5.8 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	395,473	459,282
Future salary increase	459,951	394,338

9.5.9 The average duration of the defined benefit obligation as at June 30, 2017 is 8 years (2016: 7 years).

10 MARKUP ACCRUED

This represents markup accrued on long term financing.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

Claims against the SIHL not acknowledged as debts:

	Note	2017	2016
		(Rupees in '000')	
Patients	11.1.1	111,000	111,000
Others	11.1.2	20,000	20,000
Letter of guarantee	11.1.3	34,600	34,600

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/B363 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 favor of Sui Northern Gas Pipelines Limited (SNGPL) and Ministry of Economy U.A.E. in ordinary course of SIHL's business.

11.1.4 The Assistant Commissioner inland Revenue under section 221 of the Income Tax Ordinance, 2001 has amended the SIHL's assessment for a tax year 2014 which resulted a tax demand of Rs. 11.77 million. Being aggrieved, the SIHL has filed an appeal before the Commissioner Inland Revenue which is pending adjudication. The SIHL is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in these consolidated financial statements.

11.1.5 During the year Deputy Commissioner Inland Revenue (DCIR) concluded an ex-party assessment against the subsidiary Company under the Islamabad Capital Territory (Tax on services) Ordinance 2001 (the Ordinance) and charged sales tax on the entire receipts of the subsidiary for tax year 2016 representing consulting income. The above assessment results in a demand of Rs. 2.48 million against which a provision of Rs. 2 million has been recorded. The subsidiary intends to pay the balance amount of Rs. 0.66 million considering that the tax authorities have recovered Rs 1.35 million from the bank accounts. The un-provided balance represents a calculation error and management of the subsidiary intends to file a rectification application with the DCIR for correction of the same while also challenging the error in appeal before the Commissioner Inland Revenue.

11.2 Commitments

	2017	2016
	(Rupees in '000')	
11.2.1 Capital expenditure contracted	96,548	282,614
11.2.2 Letters of credit	59,055	22,333

12. **PROPERTY, PLANT AND EQUIPMENT**

Particulars	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
	Owned assets												
	(Rupees in 000)												
Cost/Revalued amount													
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)
Transfer	-	-	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
Balance as at July 01, 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
Additions	565,777	-	-	-	387,034	20,969	34,015	25,353	830	62,097	7,320	246,552	1,349,947
Disposals	(22,010)	-	-	-	(81)	-	(470)	-	(7,614)	(266)	(7,247)	-	(37,688)
Write offs	-	-	(29,479)	-	(2,377)	-	-	(185)	-	(436)	-	-	(32,477)
Transfers	-	-	102,941	35,295	-	-	-	-	-	-	-	(138,236)	-
Balance at June 30, 2017	**867,519**	**960,959**	**2,033,380**	**35,295**	**2,925,700**	**247,863**	**443,639**	**165,403**	**1,887**	**314,420**	**114,625**	**163,561**	**8,274,251**
Depreciation/amortization													
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	-	1,992,909
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)	-	(19,152)
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	247,558	65,491	8,648	164,913	79,507	-	2,384,520
Balance as at July 01, 2016	-	31,658	462,436	-	1,194,433	129,876	247,558	65,491	8,648	164,913	79,507	-	2,384,520
Charge for the year	-	18,671	59,180	3,951	240,925	18,556	44,349	13,010	23	53,434	11,621	-	463,720
On disposals	-	-	-	-	(53)	-	(25)	-	(7,614)	(124)	(5,146)	-	(12,962)
On write offs	-	-	(17,736)	-	(978)	-	-	(138)	-	(436)		-	(19,288)
Balance at June 30, 2017	**-**	**50,329**	**503,880**	**3,951**	**1,434,327**	**148,432**	**291,882**	**78,363**	**1,057**	**217,787**	**85,982**	**-**	**2,815,990**
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
Carrying value as at June 30, 2017	**867,519**	**910,630**	**1,529,500**	**31,344**	**1,491,373**	**99,431**	**151,757**	**87,040**	**830**	**96,633**	**28,643**	**163,561**	**5,458,261**
Annual rate of depreciation %	**-**	**1.34-3.03**	**2.5-10**	**20**	**10**	**10-15**	**10-15**	**10**	**10-20**	**25**	**20**		

12.1 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. 821,408 thousand has been included in the carrying value of the respective assets. Out of the revaluation surplus, an amount of Rs. 726,760 thousand (2016: Rs. 742,191 thousand) remains undepreciated as at June 30, 2017.

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			
2017	**325,065**	**52,755**	**272,310**
2016	325,065	43,074	281,991
Freehold land			
2017	**779,078**	**-**	**779,078**
2016	228,870	-	228,870

12.2 Property, plant and equipment include items with aggregate cost of Rs. 843,756 thousand (2016: Rs. 639,721 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. 3,014.67 million (2016: Rs. 3,064.67 million) in favor of banking companies 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	2017	2016
		(Rupees in '000')	
Operating costs	25	**463,713**	415,746
Capital work-in-progress		**7**	6
		463,720	415,752

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	Freehold land	11,005	11,005	13,800	Dr. Saeed Zameer	Negotiation
2	Freehold land	11,005	11,005	13,800	Mr. Abdul Wahid	Negotiation
3	Honda City	276	161	276	Mr. Afzaal Ahmed	As per Group policy
4	Honda City	252	75	254	Mr. Wazir Muhammad	As per Group policy
5	Honda City	271	140	270	Mr. Malik M. Uzair	As per Group policy
6	Honda Civic	2,021	1,650	1,010	Mr. Sohail Ahmed Siddiqi	As per Group policy
7	Laptop	84	63	65	Mr. Wazir Muhammad	As per Group policy
		24,914	24,099	29,475		
Other assets having carrying value less than 50,000 rupees		12,774	627	5,918		
2017		**37,688**	**24,726**	**35,393**		
2016		19,991	838	3,162		

	Note	2017	2016
		(Rupees in ‘000’)	
12.6 Capital work-in-progress			
Construction work-in-progress	12.6.1	68,932	-
Stores held for capital expenditure	12.6.2	47,286	49,998
Installation of equipment in progress	12.6.3	47,343	5,247
		163,561	55,245

12.6.1 Construction work-in-progress

This was cost of civil works mainly comprising of cost of materials, payments to contractors, salaries and benefits pertaining to different blocks of hospital building in H-8/4 and F-11 Hospital. Given below was the break-up of civil works:

	Note	2017	2016
		(Rupees in ‘000’)	
Block "C"		21,939	-
F-11 Hospital		35,334	-
Other constructions		11,659	-
		68,932	-
12.6.2 Stores held for capital expenditure			
Stores held for capital expenditure		50,365	53,105
Less: provision for slow moving items	12.6.2.1	3,079	3,107
		47,286	49,998
12.6.2.1 Balance at beginning of the year		3,107	2,657
(Reversed)/charged during the year		(28)	450
Balance at the end of the year		3,079	3,107
12.6.3 Installation of equipment in progress			
Mobile C-Arm		-	5,247
Steam Sterilizer		7,000	-
Auto Washer Disinfector		6,116	-
Plasma Sterilizer		10,853	-
Fire Doors		23,374	-
		47,343	5,247

13 INTANGIBLE

This represents the cost of Oracle financials software being capitalized during the current year. Amortization of intangible for the year has been charged to operating costs at a rate of 25% (2016: Nil).

14 LONG TERM DEPOSITS

	Note	2017	2016
		(Rupees in '000')	
Ijarah key money deposits	14.1	6,844	4,009
Less: current portion of Ijarah key money deposits	19	3,300	304
		3,544	3,705
Security deposits	14.2	41,729	36,282
		45,273	39,987

14.1 This represents Ijarah 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 by SIHL to various institutions/persons and are generally refundable on termination of relevant services / arrangements.

15 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2017	2016
		(Rupees in '000')	
Stores		76,107	64,234
Spare parts		20,391	19,748
Loose tools		202	638
		96,700	84,620
Less: provision for slow moving items	15.1	15,505	20,027
		81,195	64,593
15.1 Balance at beginning of year		20,027	16,078
(Reversed) / charged for the year		(4,522)	3,949
Balance at the end of year		15,505	20,027

16 STOCK-IN-TRADE

This represents medicines being carried at moving average cost.

17 TRADE DEBTS - CONSIDERED GOOD

	Note	2017	2016
Considered good			
Related party - Shifa Foundation	17.1	12,979	9,020
Others		437,077	336,475
Considered doubtful			
Others		55,078	47,559
Considered bad			
Others		33,630	-
		538,764	393,054
Less: provision for doubtful debts	17.2 & 35.1.3	55,078	47,559
Bad debts written off	35.1.3	33,630	-
		450,056	345,495

17.1 Maximum amount due to SIHL from Shifa Foundation at the end of any month during the year was Rs. 29,327 thousand (2016: Rs. 24,406 thousand).

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

18 LOANS AND ADVANCES - CONSIDERED GOOD

	Note	2017	2016
		(Rupees in '000')	
Considered good - unsecured			
Executives	18.1	10,709	11,556
Other employees		27,034	27,890
		37,743	39,446
Consultants		9,911	13,836
Suppliers		291,974	104,298
		339,628	157,580

18.1 Reconciliation of carrying amount of advances given to executives:

	2017	2016
Balance at beginning of year	11,556	5,555
Disbursements during the year	41,311	40,871
	52,867	46,426
Less: Repayments during the year	42,158	34,870
Balance at end of year	10,709	11,556

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. 12,945 thousand (2016: Rs. 13,612 thousand).

19 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES

	Note	2017	2016
		(Rupees in '000')	
Current portion of Ijarah key money deposits	14	3,300	304
Other deposits		2,560	2,560
Short term prepayments		14,011	16,552
Other receivables		19,463	-
		39,334	19,416

20 OTHER FINANCIAL ASSETS

(Held to Maturity Investment)

	Note	2017	2016
Meezan Bank Limited	20.1	-	75,222
Faysal Bank Limited	20.2	89,022	89,068
Al Baraka Bank (Pakistan) Limited	20.3	-	780,006
JS Bank Limited	20.4	-	101,460
Dubai Islamic Bank Limited	20.5	50,238	50,485
MCB Islamic Bank	20.6	50,191	-
		189,451	1,096,241

20.1 This represented term deposit receipt (TDR) having face value of Rs. 75 million with three month maturity, encashed on March 08, 2017. TDR carried an effective interest rate of 4.69% per annum.

20.2 This represents three TDRs having face value of Rs. 50 million, Rs. 25 million and Rs. 13 million with three month maturity (2016: three TDRs having face value of Rs. 50 million, Rs. 25 million and Rs. 13 million) due on July 10, 2017, August 02, 2017 and August 02, 2017 respectively. These TDRs carry an effective interest rate ranging from 5.4% to 6.1% per annum respectively (2016: 5.5% and 6.15 % per annum).

20.3 This represented five TDRs having face value of Rs. 200 million, Rs. 200 million, Rs. 200 million, Rs. 102 million and Rs. 75 million respectively with three month maturity. These TDRs were encashed during the year. These TDRs carried effective profit rate ranging from 4.7% to 6.4% per annum (2016: 5% to 6.4% per annum).

20.4 This represented TDR having face value of Rs. 100 million with three month maturity, encashed on July 08, 2016 with effective interest rate of 6.5% per annum.(2016: 6.5% per annum).

20.5 This represents TDR having face value of Rs. 50 million (2016: Rs. 50.32 million) with three month maturity, due on August 30, 2017 carrying effective interest rate of 5.5% (2016: 5.35%) per annum.

20.6 This represents TDR having face value of Rs. 50 million (2016: Nil) with six month maturity, due on November 30, 2017 carrying effective interest rate of 5.06% (2016: Nil) per annum.

	Note	2017	2016
		(Rupees in '000')	
21 TAX REFUNDS DUE FROM THE GOVERNMENT (NET OF PROVISION)			
Balance at beginning of year		25,737	52,154
Income tax paid / deducted at source during the year		341,962	264,259
		367,699	316,413
Provision for taxation for the year	27	(270,156)	(290,676)
Balance at end of year		97,543	25,737
22 CASH AND BANK BALANCES			
Cash at banks in:			
Current accounts:			
Local currency		63,536	71,585
Foreign currency		4,333	3,466
		67,869	75,051
Saving accounts:			
Local currency		565,546	400,400
Foreign currency		587	47
	22.1	566,133	400,447
	22.2	634,002	475,498
Cash in hand		9,133	11,203
		643,135	486,701

22.1 These carry effective profit rates ranging from 1.79% - 4.9% and 0.1% (2016: 2.4% - 6% and 0.1%) per annum in respect of local and foreign currency accounts respectively.

22.2 Balances with banks include Rs. 109,332 thousand (2016: Rs. 85,875 thousand) in respect of security deposits (note 9.3).

	Note	2017	2016
23 NET REVENUE		(Rupees in '000')	
Inpatients		3,899,266	3,677,215
Outpatients		2,077,565	2,154,542
Pharmacy	23.1	3,025,970	2,657,462
Cafeteria		312,703	261,084
Rent of building	23.2	19,655	31,593
Other services		8,290	45,371
		9,343,449	8,827,267
Less: discount		81,086	83,209
Net revenue		9,262,363	8,744,058

23.1 This includes revenue of Rs. 315,066 thousand (2016: Rs. 124,822 thousand) from external pharmacy outlets.

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

24 OTHER INCOME

	Note	2017	2016
		(Rupees in '000')	
Income from financial assets:			
Profit on investments and bank deposits		58,130	37,314
Income from other than financial assets:			
Gain on disposal of property, plant and equipment		10,667	2,324
Liabilities written back		7,362	2,301
Sale of scrap		10,399	7,351
Miscellaneous	24.1	49,293	36,873
		135,851	86,163

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

25 OPERATING COSTS

	Note	2017	2016
		(Rupees in '000')	
Salaries, wages and benefits	25.1	3,396,068	3,071,527
Utilities		294,355	292,955
Supplies consumed		1,161,211	1,018,454
Medicines		2,225,568	1,970,891
Communication		26,778	23,133
Travelling and conveyance		22,142	24,769
Printing and stationery		70,121	57,826
Repairs and maintenance		349,389	373,955
Auditors' remuneration	25.2	2,500	2,497
Legal and professional		15,819	14,979
Rent		132,563	99,622
Rates and taxes		6,316	59,851
Advertising and sales promotion		39,338	35,445
Fee, subscription and membership		15,356	38,421
Vehicle and equipment rentals	25.3	7,775	7,612
Cleaning and washing		77,538	62,387
Insurance		12,399	11,451
Property, plant and equipment written off	25.4	13,189	1,414
Provision for doubtful debts		41,149	19,179
Provision for slow moving stores		(4,550)	4,399
Depreciation/amortization	12.4	463,713	415,746
Amortization intangible	13	225	-
Donation	25.5	52,400	50,000
Other expenses		47,245	37,679
		8,468,607	7,694,192

25.1 This includes employee retirement benefits (gratuity) of Rs. 82,192 thousand (2016: Rs. 41,578 thousand), expense for compensated absences of Rs. 34,565 thousand (2016: Rs. 44,902 thousand) and provision for bonus to employees of Rs. 147,375 thousand (2016: Rs. 140,856 thousand).

25.2 Auditors' remuneration

	2017	2016
	(Rupees in '000')	
Annual audit fee	1,517	1,515
Half yearly review fee	633	635
Other certifications	350	201
Out of pocket expenses	-	146
	2,500	2,497

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 recognized as an expense in the consolidated 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:

	2017	2016
	(Rupees in '000')	
Within one year	6,987	5,986
After one year but not more than five years	7,412	3,134
Total ujrah payments	14,399	9,120

25.4 This mainly includes the written down value of store building of SIHL, which has been demolished during the current year. While the balance represents assets written off that were determined to be irreparable after carrying out detailed physical verification exercise by the management.

25.5 Donation

	2017	2016
	(Rupees in '000')	
Shifa Foundation	2,400	-
Shifa Tameer-e-Millat University (STMU)	50,000	50,000
	52,400	50,000

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	2017	2016
			(Rupees in '000')	
26	**FINANCE COSTS**			
	Markup on:			
	Long term loans		50,418	82,235
	Running finance and murabaha facilities		267	159
	Credit card payment collection charges		14,594	12,340
	Loss on foreign currency translation		419	493
	Bank charges and commission		692	13,771
			66,390	108,998
27	**PROVISION FOR TAXATION**			
	Current			
	- for the year		259,553	313,865
	- Prior year		10,603	(23,189)
		21	270,156	290,676
	Deferred		(11,754)	(10,589)
			258,402	280,087
27.1	**Reconciliation of tax charge for the year**			
	Profit before taxation		863,217	1,027,031
	Applicable tax rate		31%	32%
	Additional tax		3%	3%
	Total		34%	35%
	Add: Tax effect of amounts taxed at lower rates/others		20%	10%
	Less: Net tax effect of amounts that are deductible for tax purposes		24%	18%
	Average effective tax rate charged on income		30%	27%
28	**EARNINGS PER SHARE - BASIC AND DILUTED**			
	Profit after taxation for the year		604,920	751,978
			(Number of shares in '000')	
	Weighted average number of ordinary shares in issue during the year	4	54,538	51,781
			(Rupees)	
	Earnings per share - basic and diluted		11.09	14.52

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

28.2 The corresponding weighted average number of ordinary shares were adjusted for a right issue fully subscribed and allotted during the last quarter of the previous financial year.

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:

	2017	2016	**2017**	2016	**2017**	2016
	Available bed days		Occupied bed days		Occupancy Ratio	
SIHL H-8/4 Islamabad	**162,356**	166,579	**113,927**	118,698	**70.17%**	71.26%
SIHL G-10/4 Islamabad	**8,110**	8,110	**3,050**	2,795	**37.61%**	34.46%
SIHL Faisalabad	**16,514**	15,330	**5,095**	4,596	**30.85%**	29.98%

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

30 UNAVAILED CREDIT FACILITIES

	2017	2016
	(Rupees in '000')	
Unavailed credit facilities at year end are as under:		
Running/Murabaha financing	**124,055**	136,900
Letter of credit	**50,000**	84,709
Ijarah financing	**1,935**	10,000
	175,990	231,609

31 NUMBER OF EMPLOYEES

The Group had 4,585 employees (2016: 4,471) at the year end and average number of employees during the year were 4,524 (2016: 4,328).

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	2017	2016
		(Rupees in '000')	
Shifa Foundation: (Related party by virtue of common directorship)			
Revenue from services earned by the SIHL	32.1	113,702	66,353
Revenue from rent earned by the SIHL		44	44
Expenses paid by and reimbursed to the SIHL		3,508	-
Other services provided to the SIHL	32.2	15,840	15,840
Donation given by the SIHL		2,400	-
Tameer-e-Millat Foundation: (Related party by virtue of common directorship)			
Revenue from services earned by the SIHL	32.1	-	19
Revenue from rent earned by the SIHL		311	177
Other supplies provided to the SIHL		21,301	16,631
Other services provided to the SIHL	32.2	5,515	6,121
Expenses paid by and reimbursed to the SIHL		169	-
Rent paid by the SIHL		5,060	2,192
SIHL Employees' Gratuity Fund			
Payments made by the SIHL during the year		76,017	113,347
Shifa Tameer-e-Millat University: (Related party by virtue of common directorship)			
Revenue from services earned by the SIHL	32.1	26,865	27,928
Revenue from rent earned by the SIHL		13,613	24,494
Other services provided to the SIHL	32.2	24,066	17,209
Expenses paid by and reimbursed to the SIHL		14,291	25,537
Other supplies provided to the SIHL		-	1,300
Donation given by the SIHL		50,000	50,000
Remuneration including benefits and perquisites of key management personnel	32.3	283,382	240,486

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 SIHL for nursing education/training, employees' children education and consultancy services. 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 SIHL, 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 EXECUTIVES, DIRECTORS AND EXECUTIVES

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

	Chief Executives		Executive Directors		Non Executive Directors		Executives	
	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in '000')							
Managerial remuneration	49,772	40,670	34,115	26,252	7,177	8,400	227,519	193,702
Rent and utilities	8,872	7,187	2,958	2,957	1,407	1,407	48,505	40,282
Bonus and incentives	2,657	2,196	2,880	-	430	430	21,467	19,328
Gratuity	-	-	-	-	-	-	12,071	10,863
Medical insurance	-	-	323	157	54	79	5,944	5,167
Leave encashment	763	500	-	-	-	-	6,039	5,585
	62,064	50,553	40,276	29,366	9,068	10,316	321,545	274,927
Number of persons	2	2	2	2	6	6	100	89

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

33.2 Managerial remuneration includes Rs. 2,571 thousand (2016: Rs. 3,509 thousand) paid to directors of SIHL in respect of meeting attending fee.

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

34 CASH AND CASH EQUIVALENTS

	Note	2017	2016
		(Rupees in '000')	
Cash and bank balances	22	643,135	486,701
Other financial assets (excluding TDR having maturity more than three months)	20	139,451	1,096,241
		782,586	1,582,942

35 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 consolidated 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 analyze 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 Groups 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.

35.1 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 Group's credit risk exposures are categorized under the following headings:

35.1.1 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 A-2 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:

	2017	2016
	(Rupees in ‘000’)	
Long term deposits	41,729	36,282
Trade debts - considered good	450,056	345,495
Loans and advances - considered good	47,654	53,282
Trade deposits and other receivables	22,023	2,560
Markup accrued	1,165	1,501
Other financial assets	189,451	1,096,241
Bank balances	634,002	475,498
	1,386,080	2,010,859

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

	2017	2016
	(Rupees in ‘000’)	
Government companies	247,581	136,105
Private companies	127,979	134,412
Individuals	47,999	63,904
Related parties	12,979	9,020
Others	13,518	2,054
	450,056	345,495

35.1.3 Impairment losses

The aging of trade debts at the reporting date was:

	2017		2016	
	Gross debts	Impaired	Gross debts	Impaired
	(Rupees in '000')		(Rupees in '000')	
Not past due	204,301	-	198,836	-
1 - 4 months	195,486	-	80,936	-
5 - 7 months	8,868	443	3,496	92
8 - 12 months	34,427	143	61,902	1,302
13 - 18 months	43,866	36,306	28,434	26,715
19 - 23 months	18,186	18,186	19,450	19,450
	505,134	55,078	393,054	47,559

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

	Note	2017	2016
		(Rupees in '000')	
Balance at beginning of year		47,559	28,380
Provision made during the year		41,149	19,179
Less: bad debts written off		33,630	-
Balance at end of year	17	55,078	47,559

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.

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

35.2 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 consolidated 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') ------------------------------					
2017						
Long term financing	503,992	167,870	167,894	168,228	-	-
Trade and other payables	1,759,958	1,759,958	-	-	-	-
Markup accrued	398	398	-	-	-	-
	2,264,348	1,928,226	167,894	168,228	-	-
2016						
Long term financing	839,665	167,826	167,848	335,764	168,227	-
Trade and other payables	1,423,233	1,423,233	-	-	-	-
Markup accrued	483	483	-	-	-	-
	2,263,381	1,591,542	167,848	335,764	168,227	-

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 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 markup 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 Group's exposure to foreign currency risk is very minimal. The Group's exposure to foreign currency risk is as follows:

	2017			2016		
	(Amount in '000')			(Amount in '000')		
	GBP	USD	AED	GBP	USD	AED
Bank balances	-	5.61	151.89	-	0.45	121.83
Letter of credit	-	(490)	-	(9.09)	(124.09)	-
	-	(484.40)	151.89	(9.09)	(123.64)	121.83

	2017			2016		
	(Rupees in '000')			(Rupees in '000')		
Bank balances	-	587	4,333	-	47	3,466
Letter of credit	-	(51,352)	-	(1,276)	(12,992)	-
	-	(50,765)	4,333	(1,276)	(12,945)	3,466

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2017	2016	2017	2016
	(Rupees)			
USD 1	103.76	103.39	104.80	104.70
AED 1	28.24	28.14	28.53	28.45
GBP 1	131.60	154.22	136.42	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')	
2017			
Foreign currencies	+10%	(4,643)	(4,643)
Foreign currencies	-10%	4,643	4,643
2016			
Foreign currencies	+10%	(1,076)	(1,076)
Foreign currencies	-10%	1,076	1,076

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 SIHL exposure to the risk of changes in market markup rates relates primarily to SIHL long term debt obligations with floating markup rates.

The SIHL 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 SIHL 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 SIHL 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 SIHL markup-bearing financial instruments is:

	Note	2017	2016
		(Rupees in '000')	
Financial assets			
Other financial assets	20	**189,451**	1,096,241
Bank balances	22	**566,133**	400,447
		755,584	1,496,688
Financial liabilities			
Long term financing - secured	7	**503,992**	839,665
		251,592	657,023

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 SIHL profit for the year ended June 30, 2017 would decrease/increase by Rs. 3,547 thousand (2016: decrease/ increase by Rs. 5,209 thousand). This is mainly attributable to the SIHL exposure to markup rates on its variable rate borrowings.

35.4 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.

36 FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

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

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

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

Financial instruments by category

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

	Carrying Amount					Fair Value			
	Loans and receivables	Available for sale instruments	Fair value through profit or los	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
					(Rupees in '000')				
June 30, 2017									
Financial assets not measured at fair value									
Non-current assets									
Long term deposits	41,729	-	-	-	41,729	-	-	-	-
Current assets									
Trade debts - considered good	450,056	-	-	-	450,056	-	-	-	-
Loans and advances - considered good	47,654	-	-	-	47,654	-	-	-	-
Trade deposits and other receivables	22,023	-	-	-	22,023	-	-	-	-
Markup accrued	1,165	-	-	-	1,165	-	-	-	-
Other financial assets	189,451	-	-	-	189,451	-	-	-	-
Bank balances	634,002	-	-	-	634,002	-	-	-	-
	1,386,080	-	-	-	1,386,080	-	-	-	-
Financial liabilities not measured at fair value									
Non-current liabilities									
Long term financing - secured	-	-	-	168,228	168,228	-	-	-	-
Current liabilities									
Trade and other payables	-	-	-	1,759,958	1,759,958	-	-	-	-
Markup accrued	-	-	-	398	398	-	-	-	-
Current portion of long term financing	-	-	-	335,764	335,764	-	-	-	-
	-	-	-	2,264,348	2,264,348	-	-	-	-
June 30, 2016									
Financial assets not measured at fair value									
Non-current assets									
Long term deposits	36,282	-	-	-	36,282	-	-	-	-
Current assets									
Trade debts - considered good	345,495	-	-	-	345,495	-	-	-	-
Loans and advances - considered good	53,282	-	-	-	53,282	-	-	-	-
Trade deposits	2,560	-	-	-	2,560	-	-	-	-
Markup accrued	1,501	-	-	-	1,501	-	-	-	-
Other financial assets	1,096,241	-	-	-	1,096,241	-	-	-	-
Bank balances	475,498	-	-	-	475,498	-	-	-	-
	2,010,859	-	-	-	2,010,859	-	-	-	-
Financial liabilities not measured at fair value									
Non-current liabilities									
Long term financing - secured	-	-	-	503,991	503,991	-	-	-	-
Current liabilities									
Trade and other payables	-	-	-	1,423,233	1,423,233	-	-	-	-
Markup accrued	-	-	-	483	483	-	-	-	-
Current portion of long term financing	-	-	-	335,674	335,674	-	-	-	-
	-	-	-	2,263,381	2,263,381	-	-	-	-

Notes to the Consolidated Financial Statements
For the year ended June 30, 2017

37 OPERATING SEGMENTS

The consolidated financial statements have been prepared on the basis of single reportable segment.

37.1 All revenue of the Group is earned from customers located in Pakistan.

37.2 All non-current assets of the Group at June 30, 2017 are located in Pakistan.

37.3 There is no customer with more than 10% of total revenue of the Group for the year.

38 RECLASSIFICATION

Following corresponding figures have been reclassified for the purpose of comparison.

		2016 (Rupees in '000')
Consolidated Balance Sheet		
Reclassification from	**Reclassification to**	
Current Assets	**Current Assets**	
Stores, spare parts and loose tools	Stock-in-trade	80,931
Consolidated Profit and Loss		
Reclassification from	**Reclassification to**	
Inpatients revenue	Pharmacy revenue	675,968
Supplies consumed	Medicines	402,371

		2015 (Rupees in '000')
Consolidated Balance Sheet		
Reclassification from	**Reclassification to**	
Current Assets	**Current Assets**	
Stores, spare parts and loose tools	Stock-in-trade	119,476

No other major reclassifications were made during the year.

39 GENERAL

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

40 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors of SIHL in their meeting held on September 11, 2017 have proposed a final dividend of Rs. 5 per share.

41 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements have been authorized for issue by the Board of Directors of SIHL on September 11, 2017.

CHAIRMAN   CHIEF EXECUTIVE   CHIEF FINANCIAL OFFICER

Pattern of Shareholding

As at June 30, 2017

Number of shareholders	Size of holding of shares		Total shares held
	From	To	
136	1	100	5,792
1,141	101	500	546,786
316	501	1,000	261,242
258	1,001	5,000	580,971
73	5,001	10,000	587,489
57	10,001	15,000	693,540
29	15,001	20,000	540,983
20	20,001	25,000	444,411
14	25,001	30,000	392,327
11	30,001	35,000	357,929
9	35,001	40,000	346,633
8	40,001	45,000	336,939
10	45,001	50,000	484,790
6	50,001	55,000	314,419
5	55,001	60,000	296,510
2	60,001	65,000	123,950
2	65,001	70,000	134,800
1	70,001	75,000	70,772
4	75,001	80,000	315,306
3	80,001	85,000	247,271
6	85,001	90,000	527,260
2	90,001	95,000	184,597
11	95,001	100,000	1,094,757
1	100,001	105,000	100,266
5	105,001	110,000	539,908
6	120,001	125,000	739,928
3	125,001	130,000	382,825
2	130,001	135,000	266,890
3	135,001	140,000	411,267
1	140,001	145,000	140,700
1	145,001	150,000	150,000
2	150,001	155,000	306,230
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
3	190,001	195,000	578,879
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
2	225,001	230,000	454,675
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

Number of	Size of holding of shares		Total shares
shareholders	From	To	held
1	275,001	280,000	278,358
1	285,001	290,000	285,436
2	295,001	300,000	597,474
3	300,001	305,000	904,622
2	305,001	310,000	616,663
1	325,001	330,000	327,548
1	330,001	335,000	332,852
1	340,001	345,000	343,307
1	345,001	350,000	347,260
1	350,001	355,000	354,370
2	415,001	420,000	832,304
1	440,001	445,000	442,364
2	455,001	460,000	915,909
1	515,001	520,000	515,157
1	525,001	530,000	527,850
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	670,000
1	920,001	925,000	922,511
1	1,450,001	1,455,000	1,451,747
1	1,465,001	1,470,000	1,465,343
1	1,595,001	1,600,000	1,598,100
1	1,765,001	1,770,000	1,768,307
1	1,775,001	1,780,000	1,775,068
1	1,885,001	1,890,000	1,885,205
1	2,170,001	2,175,000	2,172,451
1	2,230,001	2,235,000	2,234,528
1	2,400,001	2,405,000	2,400,995
1	5,110,001	5,115,000	5,110,425
1	5,275,001	5,280,000	5,279,569
2,205			**54,537,900**

Categories of shareholders	Number of shareholders	Shares held	Percentage
INDIVIDUAL	2,130	38,656,803	70.88
FINANCIAL INSTITUTIONS	2	92,171	0.17
JOINT STOCK COMPANIES	14	193,901	0.36
OTHERS	59	15,595,025	28.59
Total	**2,205**	**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, 2017

Categories of shareholders	Number of shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouses and minor childern *	11	7,483,493	13.722
Associated Companies, Undertakings and related parties **	2	8,450,487	15.495
Banks, Development Financial Institutions, Non Banking Financial Institutions	2	92,171	0.169
Shareholders holding 10% or more voting interest ***	1	7,880,564	14.450
Joint Stock Companies	14	193,901	0.356
Executives	10	50,028	0.092

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

Dr. Manzoor H. Qazi	1,465,343	2.687
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	2,053,426	3.765
Dr. Samea Kauser Ahmad	1,030,594	1.890
Syed Ilyas Ahmed	11,336	0.021
Dr. Prof. Shoab Ahmed 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

*** Tameer-e-Millat Foundation	7,880,564	14.450
Mrs. Kulsoom Zaheer Ahmad	5,383,594	9.871

Form of Proxy

31st Annual General Meeting
Shifa International Hospitals Ltd

I/We____

of ____

being a member of Shifa International Hospitals Limited. Folio No./CDC A/c No.________________________

No. of Shares _____________________ hereby appoint ____

of___________________________________ Folio No./CDC A/c No. _______________________________

or failing him/her ____

of ___________________________________Folio No./CDC A/c No. ________________________________

who is a member of the Company as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 31st Annual General Meeting of the Company to be held at 1030 hours on Friday, October 27, 2017, and at any adjournment thereof.

As witness my hand this _________ day of ___________ 2017

Signed by the said ____________________________________

Revenue Stamp

(Signature must agree with the SPECIMEN signature registered with the Company)

Witnesses:

1 Signature ________________________	2 Signature ________________________
Name ___________________________	Name ___________________________
Address___________________________	Address___________________________
__________________________________	__________________________________
CNIC/Passport No. ________________	CNIC/Passport No. ________________

Important:

1. This form of Proxy, duly completed, signed and stamped must be deposited at the Company's Registered Office, Sector H-8/4 Islamabad, not less than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. CDC account holder, sub account holder/shareholder may appoint proxy and the proxy must produce attested copy of his/her CNIC or original passport at the time of attending the meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary
Shifa International Hospitals Limited
Sector H-8/4, Islamabad,
Pakistan

پراکسی فارم

۳۱ واں سالانہ اجلاس عام

شفا انٹرنیشنل ہسپتال لمیٹڈ

میں /ہم ____________________ ساکن ____________________________ شئیرہولڈر شفا انٹرنیشنل ہسپتال لمیٹڈ فولیو نمبر/سی ڈی سی/اکاؤنٹ نمبر ____________ شیئرز کا شمار ____________ بذریعہ ہذا تقرر کرتا ہوں ____________ ساکن ____________________________ فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر ____________ یا اس کی عدم دستیابی پر ____________________________ ساکن ____________________________ فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر ____________ جو کہ میری /ہماری غیر موجودگی میں میرے /ہمارے پراکسی (نمائندے) کے طور پر کمپنی کے ۳۱ ویں سالانہ اجلاس عام میں جو ۲۷ اکتوبر ۲۰۱۷ بروز جمعہ دن ۱۰:۳۰ بجے یا اس کے التوا کی صورت میں منعقد ہوگا میں میری / ہماری جگہ شرکت کرے گا اور ووٹ استعمال کرے گا۔

میں بطور گواہ اس ________ دن ________ ۲۰۱۷

دستخط مذکورہ بالا :________________________

ریونیو
مہر

(دستخط کمپنی کے پاس موجود نمونہ کے دستخط کے مطابق ہونا چاہئے)

گواہان:

۱۔ دستخط ____________________	۲۔ دستخط ____________________
نام ____________________	نام ____________________
پتہ ____________________	پتہ ____________________
____________________	____________________
شناختی کارڈ/پاسپورٹ نمبر ____________	شناختی کارڈ/پاسپورٹ نمبر ____________

خصوصی ہدایات:

۱۔ یہ پراکسی فارم باقاعدہ طور پر مکمل کر کے ، دستخط اور مہر کے بعد میٹنگ کے انعقاد سے کم از کم ۴۸ گھنٹے پہلے کمپنی کے رجسٹرڈ آفس واقع سیکٹر ایچ ایٹ فور اسلام آباد پہنچ جانے چاہئیں۔

۲۔ اگر ایک ممبر ایک سے زائد پراکسی یا پراکسی کے فارم مقرر کر کے کمپنی کے پاس جمع کرواتا ہے تو ایسے تمام پراکسی کے فارم کو غیر قانونی تصور کیا جائے گا۔

۳۔ سی ڈی سی اکاؤنٹ ہولڈر، سب اکاؤنٹ ہولڈر/شیئر ہولڈر اپنی پراکسی مقرر کرنے کا مجاز ہے ۔ اس پراکسی کو میٹنگ میں شرکت کے وقت اپنی اصلی / تصدیق شدہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی کاپی لازمی دکھانا ہوگی ۔

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The Company Secretary
Shifa International Hospitals Limited
Sector H-8/4, Islamabad,
Pakistan

INVESTORS' EDUCATION

In Pursuance of notification No. SRO 924(1)/2015 dated September 9, 2016 issued by Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors:

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