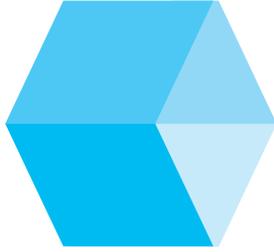




Shifa
International
Hospitals Ltd.



**Condensed Interim Financial
Information For The Third Quarter and
Nine Months ended March 31, 2019**



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COMPANY INFORMATION

Board of Directors:	Dr. Habib-Ur-Rahman (Chairman) Dr. Manzoor H. Qazi (CEO) Mr. Muhammad Zahid Mr. Shafquat Ali Chaudhary Shah Naveed Saeed Mr. Qasim Farooq Ahmad Dr. Samea Kauser Ahmad Syed Ilyas Ahmed Prof. Dr. Shoab Ahmed Khan Dr. Mohammad Naseem Ansari
Audit Committee:	Shah Naveed Saeed (Chairman) Dr. Habib-Ur-Rahman Dr. Samea Kauser Ahmad Syed Ilyas Ahmed
Human Resource & Remuneration Committee:	Syed Ilyas Ahmed (Chairman) Dr. Habib-Ur-Rahman Dr. Manzoor H. Qazi Shah Naveed Saeed
Chief Operating Officer:	Mr. Aziz A. Jan
Medical Director:	Dr. Zeeshan Bin Ishtiaque
Chief Financial Officer:	Mr. Ahmad Sana
Company Secretary:	Mr. Muhammad Naeem
Head of Internal Audit:	Mr. Muhammad Saeed
Auditors:	M/s Grant Thornton Anjum Rahman Chartered Accountants
Legal Advisor:	M/s Bashir Ahmad Ansari & Company
Bankers:	Meezan Bank Limited United Bank Limited Habib Bank Limited Al Baraka Bank (Pakistan) Limited Faysal Bank Limited MCB Bank Limited First Habib Modaraba Askari Bank Limited Dubai Islamic Bank Limited
Registered Office:	Sector H-8/4, Islamabad
Share Registrar:	M/s Corplink (Private) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore.

DIRECTORS' REVIEW

Dear Members,

On behalf of the Board of Directors, we are pleased to present the Condensed Interim Financial Information of the Company for the nine months ended March 31, 2019. Condensed Interim Consolidated Financial Information for the nine months ended March 31, 2019 incorporating the financial results of subsidiary companies i.e. Shifa Development Services (Private) Limited [formerly Shifa Consulting Services (Private) Limited], Shifa Medical Center Islamabad (Private) Limited, Shifa Neuro Sciences Institute Islamabad (Private) Limited and Shifa National Hospital Faisalabad (Private) Limited is also annexed herewith.

Financial Highlights	(Rs. in millions)		
	Nine months ended March 31,		
	2019	2018	Change%
Net revenue	8,707	7,709	13
Earnings before interest, tax, depreciation & amortization (EBITDA)	1,255	1,097	14
Operating profit	837	725	15
Profit before taxation	770	660	17
Profit after taxation	497	470	6
Earnings per share - (Rs.)	9.11	8.63	6

The above results indicate an overall revenue growth of 13 % as compared to corresponding period of the last year. The operating cost has been increased by 12.5 % from Rs. 7,030 million to Rs. 7,909 million, which is mainly due to significant increase in utilities cost. Besides this, salaries and wages, cost and volume of supplies and medicines consumed, depreciation and amortization, repair and maintenance etc. have also been increased in line with increase in volume of the business. However, Company's earnings per share increased to Rs. 9.11 as compared to Rs. 8.63 in the corresponding period of last year.

Future Outlook:

The management is optimistic in maintaining excellent results in the future as we have planned to enhance patient services which will contribute significantly towards the financial health of the Company. Our first ever three Tesla MRI has arrived in April 2019 and is planned to be made functional in next quarter which will help the doctors to diagnose the patients more accurately. This machine will increase the capacity of our diagnostic services considerably too.

As we have already registered companies for our projects in F-11 Islamabad, Faisalabad and Neuro Sciences Institute Islamabad, we are in the process of issuing approximately 13.6% shares other than right to International Finance Corporation (IFC) for which Extraordinary General Meeting has already been scheduled for May 16, 2019. We are confident that our investment in H-8 Hospital's operations and our projects will increase the shareholders' value as well as enable us to deliver world class healthcare services to our patients in Pakistan.

Acknowledgement

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

For and on behalf of the Board of Directors



DR. MANZOOR H. QAZI
Chief Executive Officer



MUHAMMAD ZAHID
Director

Islamabad
April 27, 2019

ڈائریکٹرز رپورٹ

معزز ممبران،

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 مارچ 2019 کو ختم ہونے والی کمپنی کی تیسری سہ ماہی کی مجموعی عبوری مالیاتی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ کمپنی کی 31 مارچ 2019 کو ختم ہونے والی تیسری سہ ماہی کی مجموعی عبوری مالی معلومات میں ذیلی ادارے شفا ڈیو پلپمنٹ سروسز (پرائیویٹ) لمیٹڈ [سابقہ شفا کنسلٹنگ سروسز (پرائیویٹ) لمیٹڈ]، شفا میڈیکل سینٹر اسلام آباد (پرائیویٹ) لمیٹڈ، شفا نیوروسائنسز انسٹیٹیوٹ اسلام آباد (پرائیویٹ) لمیٹڈ اور شفا ہینٹل ہسپتال فیصل آباد (پرائیویٹ) لمیٹڈ کے مالی نتائج بھی شامل کیے گئے ہیں۔

31 مارچ کو ختم ہونے والی تیسری سہ ماہی (پاکستانی روپے ملین میں)			مالیاتی جھلکیاں
فیصد تبدیلی	2018	2019	
13	7,709	8,707	خالص آمدنی
14	1,097	1,255	ای بی آئی ٹی ڈی اے
15	725	837	آپریٹنگ منافع
17	660	770	منافع قبل از ٹیکس
6	470	497	منافع بعد از ٹیکس
6	8.63	9.11	آمدنی فی شیئر۔ (روپے)

مذکورہ نتائج گذشتہ برس اسی عرصے کے مقابلے میں مجموعی آمدنی میں 13 فیصد اضافہ ظاہر کرتے ہیں۔ کاروباری اخراجات 12.5 فیصد اضافہ کے ساتھ 7,030 ملین روپے سے بڑھ کر 7,909 ملین روپے ہو گئے ہیں، جس کی بڑی وجہ پوٹیلٹی اخراجات میں نمایاں اضافہ ہے۔ اس کے علاوہ کاروباری حجم میں اضافے کے ساتھ ساتھ تنخواہوں و اجرتوں، صرف شدہ سپلائرز اور ادویات کی لاگت اور حجم میں اضافے، اثاثوں کی بوسیدگی، مرمت و بحالی وغیرہ کے اخراجات شامل ہیں۔ تاہم گزشتہ برس اسی عرصے کی نسبت 8.63 روپے کے مقابلے میں اس بار آمدنی فی شیئر بڑھ کر 9.11 روپے رہی۔

مستقبل کا منظر نامہ:

مستقبل میں شاندار نتائج کو برقرار رکھنے کیلئے مینجمنٹ پُر امید ہے کیونکہ ہم نے مریضوں کی خدمات بڑھانے کے لئے منصوبہ سازی کی ہے جو کمپنی کی مالیاتی صحت کی جانب اہم کردار ادا کرے گی۔ اپریل 2019 میں ہماری پہلی تھری میسلا ایم آر آئی پہنچ گئی ہے جو کہ اگلی سہ ماہی میں فعال بنائے جانے کی منصوبہ سازی ہے جو ڈاکٹروں کو درست طریقے سے مریضوں کی تشخیص

کرنے میں مدد کرے گے۔ یہ مشین ہماری تشخیصی خدمات کی صلاحیت میں بھی کافی حد تک اضافہ کرے گی۔ جیسا کہ ہم پہلے ہی اپنے منصوبوں کے لئے ایف۔ ایون اسلام آباد، فیصل آباد اور نیوروسائنسز انشٹیٹیوٹ اسلام آباد میں کمپنیاں رجسٹرڈ کر چکے ہیں، ہم انٹرنیشنل فنانس کارپوریشن (آئی ایف سی) کو تقریباً 13.6 فیصد شیئر رائٹ کے علاوہ جاری کرنے کے عمل میں ہیں جس کے لئے پہلے ہی 16 مئی 2019 کو غیر معمولی اجلاس عام مقرر کیا گیا ہے۔ ہم پُر اعتماد ہیں کہ ایچ۔ ایٹ ہسپتال کے آپریشنز اور ہمارے منصوبوں میں سرمایہ کاری ہمارے شیئر ہولڈرز کی قدر میں اضافہ کے ساتھ ساتھ ہمیں پاکستان میں ہمارے مریضوں کو عالمی معیار کی صحت دیکھ بھال کی خدمات فراہم کرنے میں مدد دے گی۔

اظہار تشکر

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

برائے اور بجانب بورڈ آف ڈائریکٹرز

Muhammad Zahid

محمد زاہد

ڈائریکٹر

Margaret H. Day

ڈاکٹر منظور ایچ قاضی

چیف ایگزیکٹو آفیسر

اسلام آباد

27 اپریل 2019



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019**

		Un-audited March 31, 2019	Audited June 30, 2018
	Note	(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 ordinary shares of Rs.10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital		545,379	545,379
Capital reserves			
Share premium account		1,046,025	1,046,025
Surplus on revaluation of Property, plant and equipment		716,538	723,310
Revenue reserve			
Unappropriated profit		3,069,489	2,811,117
		5,377,431	5,125,831
NON - CURRENT LIABILITIES			
Long term financing - secured	4	2,489,918	1,506,890
Deferred taxation		310,701	375,186
		2,800,619	1,882,076
CURRENT LIABILITIES			
Trade and other payables	5	3,327,667	2,904,753
Unclaimed dividend		51,534	33,981
Markup accrued		27,556	12,264
Short term borrowings	6	201,649	5,974
Current portion of long term financing	4	14,326	168,228
		3,622,732	3,125,200
		11,800,782	10,133,107
CONTINGENCIES AND COMMITMENTS			
	7		

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

Dawood M. Rahman

CHAIRMAN

		Un-audited March 31, 2019	Audited June 30, 2018
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	8	6,960,733	6,028,882
Investment property		1,569,239	1,401,837
Intangible assets		90,285	33,477
Long term investment - at cost		18,124	18,120
Long term deposits		61,405	60,736
		8,699,786	7,543,052
CURRENT ASSETS			
Stores, spare parts and loose tools		157,900	119,607
Stock-in-trade		481,673	468,819
Trade debts - considered good	9	728,964	697,193
Loans and advances - considered good		532,742	419,201
Trade deposits, prepayments and other receivables		121,669	57,321
Investment - held to maturity		3,000	-
Tax refunds due from the government (net of provision)		273,542	348,461
Cash and bank balances		801,506	479,453
		3,100,996	2,590,055
		11,800,782	10,133,107

Margam Singh

CHIEF EXECUTIVE

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CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM
STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2019**

	For the quarter ended		For the nine months ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(Rupees in '000')			
Net revenue	3,039,366	2,564,260	8,707,481	7,708,804
Other income	12,176	9,885	38,804	45,501
Operating costs	(2,700,109)	(2,326,996)	(7,909,431)	(7,029,598)
Finance costs	(24,289)	(35,278)	(66,798)	(64,928)
Profit before taxation	327,144	211,871	770,056	659,779
Provision for taxation	(131,111)	(59,385)	(273,035)	(189,339)
Profit after taxation	196,033	152,486	497,021	470,440
Earnings per share basic and diluted (Rupees)	3.59	2.80	9.11	8.63

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



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM
STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2019**

	For the quarter ended		For the nine months ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(Rupees in '000')			
Profit after taxation	196,033	152,486	497,021	470,440
Other comprehensive income for the period - net of tax	-	-	-	-
Total comprehensive income for the period	196,033	152,486	497,021	470,440

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



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2019**

	March 31, 2019	March 31, 2018
Note	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	770,056	659,779
Adjustments for:		
Depreciation/amortization on tangible assets	409,070	368,998
Amortization on intangible assets	9,245	3,049
Provision for doubtful debts	21,282	24,116
Property, plant and equipment written off	3,125	2,285
Gain on disposal of property, plant and equipment	(2,862)	(1,143)
Provision for compensated absences	32,716	30,410
Provision for gratuity	77,377	67,999
Provision for slow moving stores	(289)	318
Profit on investments and bank deposits	(4,300)	(11,185)
Loss on foreign currency translation	565	31
Finance cost	66,233	64,928
Operating cash flows before changes in working capital	1,382,218	1,209,585
Changes in working capital:		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(38,004)	(16,738)
Stock-in-trade	(12,854)	(82,700)
Trade debts	(53,052)	(323,835)
Loans and advances	(113,541)	31,147
Trade deposits, prepayments and other receivables	(64,348)	(12,097)
Increase in current liabilities:		
Trade and other payables	366,594	328,814
Cash generated from operations	1,467,013	1,134,176
Finance cost paid	(147,056)	(53,536)
Income tax paid	(262,601)	(384,543)
Payment to SIHL Employees' Gratuity Fund	(23,542)	(47,654)
Compensated absences paid	(30,232)	(25,565)
Net cash from operating activities	1,003,582	622,878
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible	(1,394,841)	(999,001)
Addition in investment property	(87,307)	(1,000,000)
Long term investments	(4)	-
Encashment of Investment - held to maturity	-	50,000
Proceeds from disposal of property, plant and equipment	3,624	2,495
Markup received	4,300	12,350
Increase in long term deposits	(669)	(16,508)
Net cash used in investing activities	(1,474,897)	(1,950,664)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - repayments	(171,403)	(251,814)
Long term financing - proceeds	1,000,529	1,493,435
Dividend paid	(227,868)	(263,410)
Net cash generated from financing activities	601,258	978,211
Net increase/(decrease) in cash and cash equivalents	129,943	(349,575)
Cash and cash equivalents at beginning of the period	473,479	781,194
Effect of exchange rate changes on cash and cash equivalents	(565)	(31)
Cash and cash equivalents at end of the period	602,857	431,588

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

Carrie M. Rahman

CHAIRMAN

Maryam Ali

CHIEF EXECUTIVE

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CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2019**

	Share capital	Capital reserve	Surplus on revaluation of property, plant and equipment (Rupees in '000')	Unappro- priated profit	Total
Balance at July 01, 2017	545,379	1,046,025	726,760	2,553,295	4,871,459
Total comprehensive income for the period					
Profit for the period	-	-	-	470,440	470,440
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	470,440	470,440
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to the period	-	-	(6,743)	6,743	-
Distribution to owners					
Final dividend 2017: Rs. 5 per share	-	-	-	(272,690)	(272,690)
Balance at March 31, 2018	545,379	1,046,025	720,017	2,757,788	5,069,209
Balance at July 01, 2018	545,379	1,046,025	723,310	2,811,117	5,125,831
Total comprehensive income for the period					
Profit for the period	-	-	-	497,021	497,021
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	497,021	497,021
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	(6,772)	6,772	-
Distribution to owners					
Final dividend 2018: Rs. 4.5 per share	-	-	-	(245,421)	(245,421)
Balance at March 31, 2019	545,379	1,046,025	716,538	3,069,489	5,377,431

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

Danish M. Rahman

CHAIRMAN

Marguerite J. Big

CHIEF EXECUTIVE

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CHIEF FINANCIAL OFFICER

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL
INFORMATION [UNAUDITED]
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2019**

1 LEGAL STATUS AND NATURE OF BUSINESS

Shifa International Hospitals Limited ("the Company") was incorporated in Pakistan on September 29, 1987 as a private limited company under the Companies Ordinance, 1984 (now the Companies Act, 2017) and converted into a public limited company on October 12, 1989. The Company is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Sector H-8/4, Islamabad.

- 1.1** The principal activity of the Company is to establish and run medical centers and hospitals in Pakistan. The Company has established its first hospital in 1993 in H-8/4, Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4, Islamabad. The Company is also running medical centers, pharmacies and Lab collection points in different cities of Pakistan.
- 1.2** This condensed interim financial information is separate financial information of the Company where as investment in subsidiaries is recognized on the basis of direct equity interest rather than on the basis of reporting results of the subsidiaries. Consolidated condensed interim financial information is prepared separately.

2 BASIS OF PREPARATION

- 2.1** This condensed interim financial information of the Company for the nine months ended March 31, 2019 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.
- 2.2** This condensed interim financial information is un-audited and is being submitted to the members in accordance with the requirements of Section 237 of the Companies Act, 2017 (the Act) and the listing regulations of the Pakistan Stock Exchange. This condensed interim financial information do not include all of the information required for annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2018. Comparative condensed interim statement of financial position is extracted from annual financial statements as of June 30, 2018, whereas comparative condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from unaudited condensed interim financial information for the nine months ended March 31, 2018.

3 ACCOUNTING POLICIES

The accounting policies, related judgments, estimates and assumptions adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the audited financial statements of the Company for the year ended June 30, 2018, except for the adoption of IFRS 15 "Revenue for contracts with customers". The revised accounting policy adapted by the management is as follows:

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 "Revenue from Contracts with Customers" supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless the contracts are in scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to the contracts with their customers. The company has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of the relationship with relevant customers. Hence, the company has concluded that it is in compliance with the requirements of the new standard.

		Un audited March 31, 2019	Audited June 30, 2018
	Note	(Rupees in '000')	
4 LONG TERM FINANCING - SECURED			
From banking companies:			
Syndicated Islamic Finance Facility - 1	4.1	-	166,667
Syndicated Islamic Finance Facility - 2	4.2	1,994,431	1,493,678
Diminishing Musharakah facility	4.3	509,813	14,773
		2,504,244	1,675,118
Less: Current portion		14,326	168,228
		2,489,918	1,506,890

- 4.1 This represented syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 1% (June 2018: 3 months KIBOR plus 1%) per annum, repayable in 18 equal quarterly installments. The sanction limit of this facility was Rs. 1,500 million (June 2018: Rs. 1,500 million) which was repaid on December 28, 2018. The financing was 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.
- 4.2 This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 0.85% (June 2018: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly installments. The Company availed loan upto the total sanction limit of Rs. 2,000 million which shall be repaid by November 22, 2023. The financing is secured by ranking charge upgraded into first pari passu charge of Rs. 2,667 million on all present and future movable fixed assets and land / building located at H-8/4, Islamabad. Meezan Bank Limited has the custody of original ownership documents of the Company's land located at sector H-8/4 Islamabad.
- 4.3 This represents a long term Islamic finance facility obtained under the Diminishing Musharakah basis from Al Baraka Bank (Pakistan) Limited to finance purchase of brand new vehicles and biomedical equipment. Principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 1.25% (June 2018: 3 months KIBOR plus 1.25%) per annum for vehicles and for biomedical equipments principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 0.80% (June 2018: 3 months KIBOR plus 0.80%) per annum. The financing is secured by ranking charge on all present and future movable fixed assets (plant, machinery, tools and equipment) of Rs. 781.3 million for bio-medical equipments and shared title over financed vehicles. Further, this also includes a long term Islamic finance facility obtained under the Diminishing Musharakah basis from First Habib Modarba to finance purchase of brand new vehicles. Principal amount is repayable in 60 equal monthly installments carrying markup at 3 months KIBOR plus 0.70% (June 2018: Nil) per annum.

	Un audited March 31, 2019	Audited June 30, 2018
	(Rupees in '000')	
4.4 Movement during the period / year		
Opening balance	1,675,118	503,992
Proceeds during the period / year	1,000,529	1,506,890
Repayment during the period / year	(171,403)	(335,764)
Closing balance	2,504,244	1,675,118

		Un audited March 31, 2019	Audited June 30, 2018
	Note	(Rupees in '000')	
5	TRADE AND OTHER PAYABLES		
	This also includes payable to related parties as detailed below:		
	Tameer-e-Millat Foundation	8,654	3,065
	Shifa Tameer-e-Millat University	-	24,439
	Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund	140,843	87,013
		149,497	114,517
6	SHORT TERM BORROWINGS		
	Habib bank Limited	154,749	5,974
	Meezan bank Limited	46,900	-
		201,649	5,974

6.1 This represents running finance facility obtained from Habib Bank Limited on markup basis at 3 months KIBOR plus 0.25% (June 2018: 3 months KIBOR plus 1%) per annum with sanctioned limit of Rs. 250 million (June 2018: Rs. 90 million). The facility is secured by first pari passu charge on all present and future current assets of the Company.

6.2 This represents short term finance (Musawamah) facility obtained from Meezan Bank Limited on markup basis at 6 months KIBOR plus 1% per annum with sanctioned limit of Rs. 46.9 million. The facility is secured by Pari Passu Charge over Current and Fixed assets of the Company.

		Un audited March 31, 2019	Audited June 30, 2018
		(Rupees in '000')	
7	CONTINGENCIES AND COMMITMENTS		
7.1	Contingencies		
	Claims against the Company not acknowledged as debt		
	Patients	1,000	1,000
	Competition Commission of Pakistan (CCP)	20,000	20,000
	Letter of guarantee	35,100	35,100

7.2 Contingencies related to income tax are as follow:

7.2.1 The tax authorities amended the assessments for tax years 2012, 2013, 2014, 2015 and 2016, under section 122(5A) of Income Tax Ordinance, 2001 and raised tax demands of Rs. 50.4 million, Rs. 133.3 million, Rs. 85.5 million, Rs. 26.1 million and Rs. 566.2 million respectively. Being aggrieved the Company agitated the assessments in appeals before the Commissioner (Appeals) who in tax year 2015 and 2016 has decided the appeals against the Company and being aggrieved the Company filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue [ATIR]. For tax year 2016, ATIR set aside the case for denovo consideration, hence the demand of Rs. 566.2 million stands deleted as of today. While for tax year 2013 and 2014 the Commissioner (Appeals) partly confirmed and partly allowed relief to the Company and being aggrieved on issues not decided in favor, the Company has filed appeal before the Appellate Tribunal inland revenue which is pending for adjudication. No provision has been recorded as the management is hopeful for favorable outcome.

- 7.2.2** The tax authorities levied tax of Rs. 178.4 million under section 161/205 of the Income Tax Ordinance, 2001 for tax year 2014 on the account of alleged non deduction of tax on payments. Being aggrieved, the Company agitated the assessment in appeal before the Commissioner (Appeals) on May 09, 2018 who confirmed the order of the sub-ordinate tax authority. Being not satisfied with order of the CIR(A), the Company preferred appeal before the ATIR. ATIR has set aside the case for denovo consideration, hence the demand of Rs. 178.4 million stands deleted as of today.
- 7.2.3** The tax authorities amended the assessments from tax years 2012 to 2017 u/s 122(5) of Income Tax Ordinance, 2001 and raised total tax demand of Rs. 1,350.9 million. Being aggrieved the Company agitated the assessments in appeals before the Commissioner (Appeals) who annulled all the assessment orders and hence demand stand deleted. Being not satisfied with order of the CIR(A), the department has filed appeal before the ATIR, which is pending for adjudication.
- 7.2.4** The Assistant Commissioner Inland Revenue (ACIR) has amended the Company's assessment for tax year 2014 & 2015 u/s 221 of the Income Tax Ordinance, 2001 which has resulted a tax demand of Rs. 11.8 million. Being aggrieved, the Company has filed an appeals before the Commissioner Inland Revenue (Appeals) (CIR(A)) wherein the CIR(A) has remanded back the said assessments to ACIR on November 30, 2017. The Company as well as the Department has filed cross appeals against the CIR(A) order before the Appellate Tribunal Inland Revenue, which are pending adjudication. The Company is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in this condensed interim financial information.

		Un audited March 31, 2019	Audited June 30, 2018
	Note	(Rupees in '000')	
7.3 Commitments			
Capital expenditure		297,168	297,113
Letter of credit		7,862	37,463
8 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	5,938,556	5,702,928
Capital work in progress (CWIP)	8.2	1,022,177	325,954
		6,960,733	6,028,882
8.1 Operating fixed assets			
Written down value (WDV) at the beginning of the period/year		5,702,928	5,293,984
Additions	8.1.1	637,391	907,207
Revaluation		-	5,541
		6,340,319	6,206,732
WDV of disposals		(762)	(1,738)
WDV of assets written off		(3,125)	(8,643)
Depreciation for the period/year		(397,876)	(493,423)
WDV at the end of the period/year		5,938,556	5,702,928
8.1.1 Additions to operating fixed assets			
Freehold land		35,498	159,050
Building on leasehold land		141,133	239,886
Leasehold improvement		4,564	-
Biomedical equipment		225,725	220,674
Air conditioning equipment and machinery		90,664	52,027
Electrical and other equipment		46,111	158,813
Furniture and fittings		11,785	22,631
Computer installations		71,005	50,139
Construction equipment		168	514
Vehicles		10,738	3,473
		637,391	907,207

		Un-audited March 31, 2019	Audited June 30, 2018
	Note	(Rupees in '000')	
8.2 Capital work in progress			
Opening capital work in progress		325,954	163,561
Additions during the period/year		842,520	421,445
Transferred to operating fixed assets		(146,297)	(259,052)
Closing capital work in progress	8.2.1	1,022,177	325,954
8.2.1 Capital work in progress			
Construction work-in-progress - at cost		247,368	156,690
Stores held for capital expenditure		3,008	3,608
Installation of equipment in progress		771,801	165,656
		1,022,177	325,954
9 TRADE DEBTS			
Considered good - unsecured			
Related party - Shifa Foundation		31,000	25,483
Related party - Shifa Tameer-e-millat University		749	-
Others		697,215	671,710
Considered doubtful			
Others		85,091	66,156
Considered bad			
Others		2,347	16,846
		816,402	780,195
Less: provision for doubtful debts	9.1	85,091	66,156
Less: bad debts written off		2,347	16,846
		728,964	697,193

9.1 Trade debts are provided on estimated irrecoverable amounts, on the basis of past experience of the management of the Company. The movement in the allowance for impairment in respect of trade debts during the period / year was as follow:

	Un-audited March 31, 2019	Audited June 30, 2018
	(Rupees in '000')	
Balance at beginning of the period / year	66,156	55,078
Provision made during the period / year	21,282	27,924
Less: Bad debts written off	2,347	16,846
	85,091	66,156

10 FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

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

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

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

Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value.

	Carrying Amount			Fair Value					
	Loans and receivables	Available for sale instruments	Fair value through profit or loss instruments	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
	41,671	-	-	-	41,671	-	-	-	-
	728,964	-	-	-	728,964	-	-	-	-
	97,024	-	-	-	97,024	-	-	-	-
	3,000	-	-	-	3,000	-	-	-	-
	799,278	-	-	-	799,278	-	-	-	-
	1,669,937	-	-	-	1,669,937	-	-	-	-

(Rupees in '000')

March 31, 2019

Non-current assets

Long term deposits

Current assets

Trade debts - considered good

Trade deposits and other receivables

Investment - held to maturity

Bank Balances

	Carrying Amount			Fair Value					
	Loans and receivables	Available for sale instruments	Fair value through profit or loss instruments	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
Non-current liabilities									
Long term financing - secured	-	-	-	2,489,918	2,489,918	-	-	-	-
Current liabilities									
Trade and other payables	-	-	-	3,049,115	3,049,115	-	-	-	-
Markup accrued	-	-	-	27,556	27,556	-	-	-	-
Unclaimed dividend	-	-	-	51,534	51,534	-	-	-	-
Short term borrowings	-	-	-	201,649	201,649	-	-	-	-
Current portion of long term financing	-	-	-	14,326	14,326	-	-	-	-
	-	-	-	5,834,098	5,834,098	-	-	-	-
June 30, 2018									
Non-current assets									
Long term deposits	41,140	-	-	-	41,140	-	-	-	-
Current assets									
Trade debts - considered good	697,193	-	-	-	697,193	-	-	-	-
Trade deposits and other receivables	44,887	-	-	-	44,887	-	-	-	-
Bank balances	479,015	-	-	-	479,015	-	-	-	-
	1,262,235	-	-	-	1,262,235	-	-	-	-

(Rupees in '000')

	Carrying Amount			Fair Value					
	Loans and receivables	Available for sale instruments	Fair value through profit or loss instruments	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
	-	-	-	1,506,890	1,506,890	-	-	-	-
Non-current liabilities	-	-	-	2,562,366	2,562,366	-	-	-	-
Long term financing - secured	-	-	-	12,264	12,264	-	-	-	-
Current liabilities	-	-	-	33,981	33,981	-	-	-	-
Trade and other payables	-	-	-	5,974	5,974	-	-	-	-
Markup accrued	-	-	-	168,228	168,228	-	-	-	-
Unclaimed dividend	-	-	-	-	-	-	-	-	-
Short term borrowings	-	-	-	-	-	-	-	-	-
Current portion of long term financing	-	-	-	4,289,703	4,289,703	-	-	-	-
	-	-	-						

(Rupees in '000')

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

11 RELATED PARTY TRANSACTIONS

The Company entered into transactions with related parties during the period in the normal course of business based on agreed terms which are approved by the board of directors of the Company. Significant transactions with related parties executed during the current period were as follows:

	Un-audited	
	March 31, 2019	March 31, 2018
	(Rupees in '000')	
Shifa Foundation: (Related party by virtue of common directorship)		
Revenue from services earned by the Company	111,143	111,580
Revenue from rent earned by the Company	33	33
Expenses paid by and reimbursed to the Company	726	1,120
Other services provided to the Company	15,812	11,880
Tameer-e-Millat Foundation: (Related party by virtue of common directorship)		
Revenue from rent earned by the Company	233	233
Other supplies provided to the Company	19,042	9,060
Other services provided to the Company	10,284	11,750
Rent charged to the Company	3,675	1,676
SIHL Employees' Gratuity Fund		
Payments made by the Company	23,542	47,654
Shifa Tameer-e-Millat University: (Related party by virtue of common directorship)		
Revenue from services earned by the Company	35,046	31,132
Revenue from rent earned by the Company	8,807	1,539
Other services provided to the Company	28,000	-
Expenses paid by and reimbursed to the Company	3,809	1,491
Donation paid by the Company	15,000	25,000
Shifa Development Services (Private) Limited (formerly "Shifa Consulting Services (Private) Limited") (Subsidiary Company)		
Expenses paid by and reimbursed to the Company	534	469
12 CASH AND CASH EQUIVALENTS		
Cash and bank balances	801,506	431,588
Investments - held to maturity	3,000	-
Short term borrowings	(201,649)	-
	602,857	431,588

13 GENERAL

- 13.1** Figures have been rounded off to the nearest one thousand Pak Rupees.
- 13.2** Corresponding figures, wherever necessary, have been rearranged and reclassified for the purpose of comparison and better presentation.
- 13.3** This condensed interim financial information has been authorized for issue by the Board of Directors of the Company on April 27, 2019.


CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER



SHIFA INTERNATIONAL HOSPITALS LIMITED

**Condensed Interim Consolidated
Financial Information for the
third Quarter and Nine months ended
March 31, 2019**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019**

		Un-audited March 31, 2019	Audited June 30, 2018
	<u>Note</u>	(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital		545,379	545,379
Capital reserves			
Share premium account		1,046,025	1,046,025
Surplus on revaluation of Property, plant and equipment		716,538	723,310
Revenue reserve			
Unappropriated profit		3,039,426	2,798,675
		5,347,368	5,113,389
NON - CURRENT LIABILITIES			
Long term financing - secured	5	2,489,918	1,506,890
Deferred taxation		310,701	375,186
		2,800,619	1,882,076
CURRENT LIABILITIES			
Trade and other payables	6	3,330,098	2,908,874
Unclaimed dividend		51,534	33,981
Markup accrued		27,556	12,264
Short term borrowings	7	201,649	5,974
Current portion of long term financing	5	14,326	168,228
		3,625,163	3,129,321
		11,773,150	10,124,786
CONTINGENCIES AND COMMITMENTS			
	8		

The annexed notes 1 to 14 form an integral part of this condensed interim consolidated financial information.

Danish M. Rahman

CHAIRMAN

		Un-audited March 31, 2019	Audited June 30, 2018
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	9	6,961,789	6,029,463
Investment property		1,569,239	1,401,837
Intangible assets		90,285	33,477
Long term deposits		61,405	60,736
		8,682,718	7,525,513
CURRENT ASSETS			
Stores, spare parts and loose tools		157,900	119,607
Stock-in-trade		481,673	468,819
Trade debts - considered good	10	733,316	699,917
Loans and advances - considered good		532,784	419,220
Trade deposits, prepayments and other receivables		98,999	57,520
Investment - held to maturity		3,000	-
Tax refunds due from the government (net of provision)		273,696	348,332
Cash and bank balances		809,064	485,858
		3,090,432	2,599,273
		11,773,150	10,124,786



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2019**

	For the quarter ended		For the nine months ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(Rupees in '000')			
Profit after taxation	174,482	153,024	479,400	469,252
Other comprehensive income for the period - net of tax	-	-	-	-
Total comprehensive income for the period	174,482	153,024	479,400	469,252
Attributable to:				
Equity holders of SIHL	174,482	153,024	479,400	469,252

The annexed notes 1 to 14 form an integral part of this condensed interim consolidated financial information.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM
CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2019**

Note	March 31, 2019 (Rupees in '000')	March 31, 2018 (Rupees in '000')
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	753,324	659,278
Adjustments for:		
Depreciation/amortization on tangible assets	409,315	369,148
Amortization on intangible assets	9,245	3,049
Provision for doubtful debts	21,282	26,202
Property, plant and equipment written off	3,149	2,285
Gain on disposal of property, plant and equipment	(3,047)	(1,143)
Provision for compensated absences	32,716	30,410
Provision for gratuity	77,377	67,999
Provision for slow moving stores	(289)	318
Profit on investments and bank deposits	(4,361)	(11,185)
Loss on foreign currency translation	565	31
Finance cost	66,246	64,944
Operating cash flows before changes in working capital	1,365,522	1,211,336
Changes in working capital:		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(38,004)	(16,738)
Stock-in-trade	(12,854)	(82,700)
Trade debts	(54,681)	(325,406)
Loans and advances	(113,564)	31,116
Trade deposits, prepayments and other receivables	(41,479)	(11,192)
Increase in current liabilities:		
Trade and other payables	364,905	329,889
Cash generated from operations	1,469,845	1,136,305
Finance cost paid	(147,069)	(53,552)
Income tax paid	(263,773)	(385,229)
Payment to SIHL Employees' Gratuity Fund	(23,542)	(47,654)
Compensated absences paid	(30,232)	(25,565)
Net cash from operating activities	1,005,229	624,305
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,395,191)	(999,001)
Addition in investment property	(87,307)	(1,000,000)
Encashment of Investment - held to maturity	-	50,000
Proceeds from disposal of property, plant and equipment	3,415	2,495
Markup received	4,361	12,350
Increase in long term deposits	(669)	(16,508)
Net cash used in investing activities	(1,475,391)	(1,950,664)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - repayments	(171,403)	(251,814)
Long term financing - proceeds	1,000,529	1,493,435
Dividend paid	(227,868)	(263,410)
Net cash generated from financing activities	601,258	978,211
Net increase/(decrease) in cash and cash equivalents	131,096	(348,148)
Cash and cash equivalents at beginning of the period	479,884	782,586
Effect of exchange rate changes on cash and cash equivalents	(565)	(31)
Cash and cash equivalents at end of the period	610,415	434,407

The annexed notes 1 to 14 form an integral part of this condensed interim consolidated financial information.

Danish M. Rahman

CHAIRMAN

Margaret M. Singh

CHIEF EXECUTIVE

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CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2019**

	Share capital	Share premium account	Surplus on revaluation of property, plant and equipment	Un-appropriated profit	Total
	(Rupees in '000')				
Balance at July 01, 2017	545,379	1,046,025	726,760	2,539,594	4,857,758
Total comprehensive income for the period					
Profit for the period	-	-	-	469,252	469,252
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	469,252	469,252
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to the period	-	-	(6,743)	6,743	-
Distribution to owners					
Final dividend 2017: Rs. 5 per share	-	-	-	(272,690)	(272,690)
Balance at March 31, 2018	<u>545,379</u>	<u>1,046,025</u>	<u>720,017</u>	<u>2,742,899</u>	<u>5,054,320</u>
Balance at July 01, 2018	545,379	1,046,025	723,310	2,798,675	5,113,389
Total comprehensive income for the period					
Profit for the period	-	-	-	479,400	479,400
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	479,400	479,400
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	(6,772)	6,772	-
Distribution to owners					
Final dividend 2018: Rs. 4.5 per share	-	-	-	(245,421)	(245,421)
Balance at March 31, 2019	<u>545,379</u>	<u>1,046,025</u>	<u>716,538</u>	<u>3,039,426</u>	<u>5,347,368</u>

The annexed notes 1 to 14 form an integral part of this condensed interim consolidated financial information.

Danish M. Rahman

CHAIRMAN

Marguerite J. Big

CHIEF EXECUTIVE

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CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION [UNAUDITED] FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

Shifa International Hospitals Limited ("the Group") comprises of Shifa International Hospitals Limited (SIHL / parent company) and its subsidiaries. Subsidiaries comprises of Shifa Development Services (Private) Limited (formerly "Shifa Consulting Services (Private) Limited"), Shifa Neuro Sciences Institute Islamabad (Private) Limited, Shifa National Hospital Faisalabad (Private) Limited and Shifa Medical Center Islamabad (Private) Limited.

- 1.1 SIHL was incorporated in Pakistan on September 29, 1987 as a private limited company under the Companies Ordinance, 1984 (now the Companies Act, 2017) and converted into a public limited company on October 12, 1989. The shares of the SIHL are quoted on Pakistan Stock Exchange Limited. The registered office of the SIHL is situated at Sector H-8/4, Islamabad. The principal activity of the SIHL is to establish and run medical centers and hospitals in Pakistan. The SIHL has established its first hospital in 1993 in H-8/4, Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4, Islamabad. The SIHL is also running medical center, pharmacies and Lab collection points in different cities of Pakistan.
- 1.2 Shifa Development Services (Private) Limited (SDSPL) (formerly "Shifa Consulting Services (Private) Limited") was incorporated on December 18, 2014. The principal activity of Shifa Development Services (Private) Limited (formerly "Shifa Consulting Services (Private) Limited") is to provide consulting services relating to healthcare facilities, medical staff, availability of human resource and hospital quality.
- 1.3 Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS) was incorporated on February 28, 2019. The principal activity of SNS will be to setup center of excellence of neuroscience at H-8, Islamabad which will cater the need of all over Pakistan related to neurological diseases and disorders.
- 1.4 Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad) was incorporated on February 28, 2019. SNH Faisalabad has planned to setup a secondary/ tertiary healthcare hospital at Faisalabad which will provide healthcare facilities to the people of Faisalabad as well as surrounding areas.
- 1.5 Shifa Medical Center Islamabad (Private) Limited (SMC Islamabad) was incorporated on February 28, 2019. SMC Islamabad has planned to setup an OPD, Day care surgeries and diagnostic services center at F-11 Islamabad which will provide healthcare facilities to people of F-11 as well as surrounding areas.

2 BASIS OF PREPARATION

- 2.1 This condensed interim consolidated financial information of the Group for the nine months ended March 31, 2019 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.
- 2.2 This condensed interim consolidated financial information is unaudited and is being submitted to the shareholders in accordance with the requirements of Section 237 of the Companies Act 2017 (the Act) and the listing regulations of the Pakistan Stock Exchange. This condensed interim consolidated financial information do not include all of the information required for annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended June 30, 2018. Comparative condensed interim consolidated statement of financial position is extracted from annual consolidated financial statements as of June 30, 2018, whereas comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of other comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity are extracted from unaudited condensed interim consolidated financial information for the nine months ended March 31, 2018.

3 ACCOUNTING POLICIES

The accounting policies, related judgments, estimates and assumptions adopted for the preparation of this condensed interim consolidated financial information are same as those applied in the preparation of the audited consolidated financial statements of the Group for the year ended June 30, 2018, except for the adoption of IFRS 15 "Revenue for contracts with customers". The revised accounting policy adapted by the management is as follows:

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 "Revenue from Contracts with Customers" supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless the contracts are in scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to the contracts with their customers.

The Group has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of the relationship with relevant customers. Hence, the Group has concluded that it is in compliance with the requirements of the new standard.

4 BASIS OF CONSOLIDATION

The condensed interim consolidated financial information includes the financial information of Shifa International Hospitals Limited and its 100% owned subsidiary companies. Subsidiary companies are Shifa Development Services (Private) Limited (formerly "Shifa Consulting Services (Private) Limited"), Shifa Neuro Sciences Institute Islamabad (Private) Limited, Shifa National Hospital Faisalabad (Private) Limited and Shifa Medical Center Islamabad (Private) Limited. Subsidiary is an enterprise in which parent company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the subsidiary is prepared for the same reporting period as the Parent Company, using consistent accounting policies. Material intra-group balances and transactions have been eliminated. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis. There is no non-controlling interest in the consolidated statement of financial position of Shifa International Hospitals Limited as subsidiary companies are the wholly owned (100% owned) subsidiaries of SIHL.

		Un-audited March 31, 2019	Audited June 30, 2018
	Note	(Rupees in '000')	
5 LONG TERM FINANCING - SECURED			
From banking companies:			
Syndicated Islamic Finance Facility - 1	5.1	-	166,667
Syndicated Islamic Finance Facility - 2	5.2	1,994,431	1,493,678
Diminishing Musharakah facility	5.3	509,813	14,773
		2,504,244	1,675,118
Less: Current portion		14,326	168,228
		2,489,918	1,506,890

- 5.1 This represented syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 1% (June 2018: 3 months KIBOR plus 1%) per annum, repayable in 18 equal quarterly installments. The sanction limit of this facility was Rs. 1,500 million (June 2018: Rs. 1,500 million) which was repaid on December 28, 2018. The financing was 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.

- 5.2** This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 0.85% (June 2018: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly installments. The SIHL availed loan upto the total sanction limit of Rs. 2,000 million which shall be repaid by November 22, 2023. The financing is secured by ranking charge upgraded into first pari passu charge of Rs. 2,667 million on all present and future movable fixed assets and land / building located at H-8/4, Islamabad. Meezan Bank Limited has the custody of original ownership documents of the SIHL land located at sector H-8/4 Islamabad.
- 5.3** This represents a long term Islamic finance facility obtained under the Diminishing Musharakah basis from Al Baraka Bank (Pakistan) Limited to finance purchase of brand new vehicles and biomedical equipment. Principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 1.25% (June 2018: 3 months KIBOR plus 1.25%) per annum for vehicles and for biomedical equipments principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 0.80% (June 2018: 3 months KIBOR plus 0.80%) per annum. The financing is secured by ranking charge on all present and future movable fixed assets (plant, machinery, tools and equipment) of Rs. 781.3 million for bio-medical equipments and shared title over financed vehicles. Further, this also includes a long term Islamic finance facility obtained under the Diminishing Musharakah basis from First Habib Modarba to finance purchase of brand new vehicles. Principal amount is repayable in 60 equal monthly installments carrying markup at 3 months KIBOR plus 0.70% (June 2018: Nil) per annum.

		Un-audited March 31, 2019	Audited June 30, 2018
	Note	(Rupees in '000')	
5.4	Movement during the period / year		
	Opening Balance	1,675,118	503,992
	Proceeds during the period / year	1,000,529	1,506,890
	Repayment during the period / year	(171,403)	(335,764)
	Closing Balance	2,504,244	1,675,118
6	TRADE AND OTHER PAYABLES		
	This also includes payable to related parties as detailed below:		
	Tameer-e-Millat Foundation	8,654	3,065
	Shifa Tameer-e-Millat University	-	24,439
	Shifa International Hospitals Limited (SIHL)		
	Employees' Gratuity Fund	140,843	87,013
		149,497	114,517
7	SHORT TERM BORROWINGS		
	Habib bank Limited	154,749	5,974
	Meezan bank Limited	46,900	-
		201,649	5,974

- 7.1** This represents running finance facility obtained from Habib Bank Limited on markup basis at 3 months KIBOR plus 0.25% (June 2018: 3 months KIBOR plus 1%) per annum with sanctioned limit of Rs. 250 million (June 2018: Rs. 90 million). The facility is secured by first pari passu charge on all present and future current assets of the SIHL.

- 7.2** This represents short term finance facility (Musawamah) obtained from Meezan Bank Limited on markup basis at 6 months KIBOR plus 1% per annum with sanctioned limit of Rs. 46.9 million. The facility is secured by Pari Passu Charge over Current and Fixed assets of the SIHL.

	Un-audited March 31, 2019	Audited June 30, 2018
(Rupees in '000')		
8 CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies		
Claims against the SIHL not acknowledged as debt		
Patients	1,000	1,000
Competition Commission of Pakistan (CCP)	20,000	20,000
Letter of guarantee	35,100	35,100

8.2 Contingencies related to income tax are as follow:

- 8.2.1** The tax authorities amended the assessments for tax years 2012, 2013, 2014, 2015 and 2016, under section 122(5A) of Income Tax Ordinance, 2001 and raised tax demands of Rs. 50.4 million, Rs. 133.3 million, Rs. 85.5 million, Rs. 26.1 million and Rs. 566.2 million respectively. Being aggrieved the SIHL agitated the assessments in appeals before the Commissioner (Appeals) who in tax year 2015 and 2016 has decided the appeals against the SIHL and being aggrieved the SIHL filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue [ATIR]. For tax year 2016, ATIR set aside the case for denovo consideration, hence the demand of Rs. 566.2 million stands deleted as of today. While for tax year 2013 and 2014 the Commissioner (Appeals) partly confirmed and partly allowed relief to the SIHL and being aggrieved on issues not decided in favor, the SIHL has filed appeal before the Appellate Tribunal inland revenue which is pending for adjudication. No provision has been recorded as the management is hopeful for favorable outcome.
- 8.2.2** The tax authorities levied tax of Rs. 178.4 million under section 161/205 of the Income Tax Ordinance, 2001 for tax year 2014 on the account of alleged non deduction of tax on payments. Being aggrieved, the SIHL agitated the assessment in appeal before the Commissioner (Appeals) on May 09, 2018 who confirmed the order of the sub-ordinate tax authority. Being not satisfied with order of the CIR(A), the SIHL preferred appeal before the ATIR. ATIR has set aside the case for denovo consideration, hence the demand of Rs. 178.4 million stands deleted as of today.
- 8.2.3** The tax authorities amended the assessments from tax years 2012 to 2017 u/s 122(5) of Income Tax Ordinance, 2001 and raised total tax demand of Rs. 1,350.9 million. Being aggrieved the SIHL agitated the assessments in appeals before the Commissioner (Appeals) who annulled all the assessment orders and hence demand stand deleted. Being not satisfied with order of the CIR(A), the department has filed appeal before the ATIR, which is pending for adjudication.
- 8.2.4** The Assistant Commissioner Inland Revenue (ACIR) has amended the SIHL assessment for tax year 2014 & 2015 u/s 221 of the Income Tax Ordinance, 2001 which has resulted a tax demand of Rs. 11.8 million. Being aggrieved, the SIHL has filed an appeals before the Commissioner Inland Revenue (Appeals) (CIR(A)) wherein the CIR(A) has remanded back the said assessments to ACIR on November 30, 2017. The SIHL as well as the Department has filed cross appeals against the CIR(A) order before the Appellate Tribunal Inland Revenue, which are pending adjudication. The SIHL is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in this condensed interim consolidated financial information.

	Un-audited March 31, 2019	Audited June 30, 2018
(Rupees in '000')		
8.3 Commitments		
Capital expenditure	297,168	297,113
Letter of credit	7,862	37,463

		Un-audited March 31, 2019	Audited June 30, 2018
	Note	(Rupees in '000')	
9	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	9.1 5,939,612	5,703,509
	Capital work in progress (CWIP)	9.2 1,022,177	325,954
		6,961,789	6,029,463
9.1	Operating fixed assets		
	Written down value (WDV) at the beginning of the period/year	5,703,509	5,294,700
	Additions	9.1.1 637,741	907,328
	Revaluation	-	5,541
		6,341,250	6,207,569
	WDV of disposals	(368)	(1,738)
	WDV of assets written off	(3,149)	(8,699)
	Depreciation for the period/year	(398,121)	(493,623)
	WDV at the end of the period/year	5,939,612	5,703,509
9.1.1	Additions to operating fixed assets		
	Freehold land	35,498	159,050
	Building on leasehold land	141,133	239,886
	Leasehold improvement	4,564	-
	Biomedical equipment	225,725	220,674
	Air conditioning equipment and machinery	90,664	52,027
	Electrical and other equipment	46,111	158,838
	Furniture and fittings	11,785	22,632
	Computer installations	71,355	50,233
	Construction equipment	168	514
	Vehicles	10,738	3,474
		637,741	907,328
9.2	Capital work in progress		
	Opening capital work in progress	325,954	163,561
	Additions during the period/year	842,520	421,445
	Transferred to operating fixed assets	(146,297)	(259,052)
	Closing capital work in progress	9.2.1 1,022,177	325,954
9.2.1	Capital work in progress		
	Construction work-in-progress - at cost	247,368	156,690
	Stores held for capital expenditure	3,008	3,608
	Installation of equipment in progress	771,801	165,656
		1,022,177	325,954

		Un-audited March 31, 2019	Audited June 30, 2018
	Note	(Rupees in '000')	
10 TRADE DEBTS			
Considered good - unsecured			
Related party - Shifa Foundation		31,000	25,483
Related party - Shifa Tameer-e-millat University		749	-
Others		701,567	674,434
Considered doubtful			
Others		85,091	66,156
Considered bad			
Others		2,347	18,932
		820,754	785,005
Less: provision for doubtful debts	10.1	85,091	66,156
Less: bad debts written off		2,347	18,932
		733,316	699,917

- 10.1** Trade debts are provided on estimated irrecoverable amounts, on the basis of past experience of the management of the Group. The movement in the allowance for impairment in respect of trade debts during the period / year was as follow:

	Un-audited March 31, 2019	Audited June 30, 2018
	(Rupees in '000')	
Balance at beginning of the period / year	66,156	55,078
Provision made during the period / year	21,282	30,010
Less: Bad debts written off	2,347	18,932
	85,091	66,156

11

FINANCIAL INSTRUMENTS**Fair value of financial instruments**

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

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

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

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

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

Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value.

	Carrying Amount			Fair Value					
	Loans and receivables	Available for sale instruments	Fair value through profit or loss instruments	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000')								
MARCH 31, 2019									
Non-current assets									
Long term deposits	-	-	-	-	41,671	-	-	-	-
Current assets	41,671	-	-	-	41,671	-	-	-	-
Trade debts - considered good	733,316	-	-	-	733,316	-	-	-	-
Trade deposits and other receivables	74,354	-	-	-	74,354	-	-	-	-
Investment - held to maturity	3,000	-	-	-	3,000	-	-	-	-
Bank Balances	806,827	-	-	-	806,827	-	-	-	-
	1,659,168	-	-	-	1,659,168	-	-	-	-

	Carrying Amount			Fair Value					
	Loans and receivables	Available for sale instruments	Fair value through profit or loss	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
					(Rupees in '000')				
Non-current liabilities									
Long term financing - secured	-	-	-	1,506,890	1,506,890	-	-	-	-
Current liabilities									
Trade and other payables	-	-	-	2,566,487	2,566,487	-	-	-	-
Markup accrued	-	-	-	12,264	12,264	-	-	-	-
Unclaimed dividend	-	-	-	33,981	33,981	-	-	-	-
Short term borrowings	-	-	-	5,974	5,974	-	-	-	-
Current portion of long term financing	-	-	-	168,228	168,228	-	-	-	-
	-	-	-	4,293,824	4,293,824	-	-	-	-

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

		Un-audited	
		March 31, 2019	March 31, 2018
		(Rupees in '000')	
12	RELATED PARTY TRANSACTIONS		
	Significant transactions with related parties are as follow:		
	Shifa Foundation: (Related party by virtue of common directorship)		
	Revenue from services earned by the SIHL	111,143	111,580
	Revenue from rent earned by the SIHL	33	33
	Expenses paid by and reimbursed to the SIHL	726	1,120
	Other services provided to the SIHL	15,812	11,880
	Tameer-e-Millat Foundation: (Related party by virtue of common directorship)		
	Revenue from rent earned by the SIHL	233	233
	Other supplies provided to the SIHL	19,042	9,060
	Other services provided to the SIHL	10,284	11,750
	Rent paid by the SIHL	3,675	1,676
	SIHL Employees' Gratuity Fund		
	Payments made by the SIHL	23,542	47,654
	Shifa Tameer-e-Millat University: (Related party by virtue of common directorship)		
	Revenue from services earned by the SIHL	35,046	31,132
	Revenue from rent earned by the SIHL	8,807	1,539
	Other services provided to SIHL	28,000	-
	Expenses paid by and reimbursed to the SIHL	3,809	1,491
	Donation paid by the SIHL	15,000	25,000
13	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	809,064	434,407
	Investment - held to maturity	3,000	-
	Short term borrowings	(201,649)	-
		610,415	434,407
14	GENERAL		
14.1	Figures have been rounded off to the nearest one thousand Pak Rupees.		
14.2	Prior year figures have been re-arranged and re-classified for better presentation and comparison.		
14.3	This condensed interim consolidated financial information has been authorized for issue by the Board of Directors of the SIHL on April 27, 2019.		

Dawood M. Rahman

CHAIRMAN

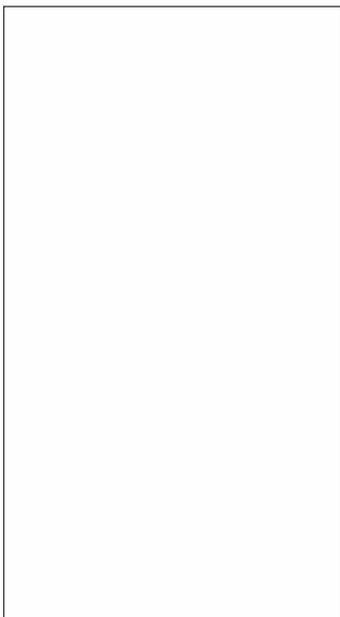
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Shifa International Hospitals Ltd.

Sector : H-8/4, Islamabad - Pakistan

