Financial Statements

For the year ended June 30, 2015

Notice of the 29th Annual General Meeting

Notice is hereby given that the 29th Annual General Meeting of the shareholders of Shifa International Hospitals Limited will be held at the registered office of the Company at Sector H-8/4, Islamabad on Saturday, October 31, 2015 at 1100 hours to transact the following business:

ORDINARY BUSINESS

1- To confirm the minutes of the last Extraordinary General Meeting of the Company held on June 25, 2015.

2- To receive, consider and adopt the annual audited accounts and consolidated audited accounts of the Company and its subsidiary for the year ended June 30, 2015 together with the directors' and auditors' report thereon.

3- To approve the payment of cash dividend @ Rs. 4.50 per share for the year ended June 30, 2015 as recommended by the directors.

4- To appoint auditors for the year ending June 30, 2016 and to fix their remuneration.

By Order of the Board

ISLAMABAD
September 18, 2015

MUHAMMAD NAEEM
Company Secretary

Notes:

i) The share transfer books of the Company will remain closed from October 22, 2015 to October 31, 2015 (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 Wednesday, October 21, 2015 will be considered in time for the purpose of payment of dividend to the transferees.

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

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

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

v) SUBMISSION OF COPIES OF CNIC

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

vi) PAYMENT OF CASH DIVIDEND ELECTRONICALLY (OPTIONAL)

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

vii) DEDUCTION OF INCOME TAX FROM DIVIDEND

Pursuant to the provision of Finance Act 2015, the rates of Income tax from dividend payment under section 150 of the Income Tax Ordinance, 2001 have been revised as under:

For filers - 12.5%
For non-filers - 17.5%

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

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

In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal Shareholder) for deduction of Withholding Tax on dividends of the Company, shareholders are requested to please complete the form (earlier dispatched) to furnish the shareholding ratio, details of themselves as Principal Shareholder and their Joint Holders to the Company's Share Registrar, enabling the Company to compute Withholding Tax of each shareholder accordingly. In the event of non-receipt of the information by October 21, 2015 each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

ix) ELECTRONIC TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS AND NOTICES

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

Directors' Report

OPERATING RESULTS

	2015	2014
	(Rupees in 000)	
Net revenue	7,410,022	6,393,105
Other income	55,288	56,894
Operating costs	(6,579,618)	(5,622,197)
Finance costs	(158,914)	(191,229)
Profit before taxation	726,778	636,573
Provision for taxation	(193,768)	(172,017)
Profit for the year	533,010	464,556
Earnings per share-basic and diluted - Rupees	10.55	9.20

1. During the year under review your Company earned revenue to the tune of Rs. 7,410.0 million versus Rs. 6,393.1 million in the last year. However, operating costs with the more utilization of services entailed the increase in costs pertaining to salaries, wages & benefits, utilities, supplies, medicines, repair & maintenance etc. resultantly operating cost increased to Rs. 6,579.6 million against Rs. 5,622.2 million in the last corresponding year. Profit before taxation worked out to be Rs. 726.8 million as against Rs. 636.6 million in the last year. However, your Company posted net profit after taxation of Rs. 533.0 million as compared to Rs. 464.6 million in the last corresponding year.

2. During the year under review earnings per share increased from Rs. 9.20 to Rs. 10.55.

3. Your directors are pleased to declare cash dividend of Rs. 4.50 per share for the year ended June 30, 2015.

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

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

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

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

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

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

10. During the year under review, Mr. Muhammad Zahid and Dr. Samea Kauser Ahmad, Directors, have successfully completed the directors' training program that meets the criteria specified by the SECP.

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

12. Summary of key operating and financial data of last six years has been given on page No. 136.

13. Note 9.3 of the notes to the financial statements reflects the value of investments of gratuity fund account.

14. During the year under review Dr. Habib-Ur-Rahman, Chairman sold 20,000 shares of the Company. No other director, CEO, CFO, Company Secretary, Executives and their spouses and minor children carried out the trade in the shares of the Company during the year under review. For the purpose of Code xvi (l) and Code xxiii of the Code of Corporate Governance all the General Managers and above shall be considered as the executives of the Company besides CEO, COO, CFO, Head of Internal Audit & Company Secretary.

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

16. During the year under review, six meetings of the Board of Directors were held on September 20, 2014, October 27, 2014, February 21, 2015, April 25, 2015, May 29, 2015 and June 29, 2015.

Number of meetings attended by each director is stated below:

Tenure of the Director	No. of meetings held during the Name of Director	No. of meetings attended
Dr. Manzoor H. Qazi	6	6
Dr. Habib-Ur-Rahman	6	6
*Dr. Saeed A. Bajwa	4	-
*Dr. Abdul Razaq	4	-
Mr. Muhammad Zahid	6	5
Mr. Shafquat Ali Chaudhary	6	2
Dr. Mohammad Salim Khan	6	6
Shah Naveed Saeed	6	5
Mr. Qasim Farooq Ahmad	6	-
Dr. Samea Kauser Ahmad	6	5
**Syed Ilyas Ahmed	2	2
**Prof. Dr. Shoab Ahmed Khan	2	2

*Retired on 27-05-2015
**Elected w.e.f. 28-05-2015

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

17. During the year under review, six meetings of the Audit committee were held. Shah Naveed Saeed, Dr. Habib-Ur-Rahman, Mr. Muhammad Zahid, Dr. Mohammad Salim Khan and Dr. Samea Kauser Ahmad attended six, six, three, four and four meeting(s) respectively.

18. During the year under review election of directors was held on May 27, 2015. All the candidates who filed their consent to be elected as directors of the Company were elected unopposed as the directors for the term of three years commencing from May 28, 2015. Syed Ilyas Ahmed and Prof. Dr. Shoab Ahmed Khan were elected on the board in place of Dr. Abdul Razaq and Dr. Saeed A. Bajwa who did not consent to elect as directors for a further term of three years at the expiry of their term. There was no other change in the board. The board put on record its appreciation for the unrelenting efforts and contribution of the retired directors towards the improved growth of the Company.

19. The pattern of shareholding and additional information regarding pattern of shareholding is given on page 223.

20. The present auditors M/s Grant Thornton Anjum Rahman, Chartered Accountants, retire at the conclusion of the 29th Annual General Meeting and being eligible have offered themselves for re-appointment. On the suggestion of the Internal 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, 2016.

21. 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.

22. A special resolution was passed unanimously by the shareholders of the Company in Extraordinary General Meeting held on June 25, 2015 approving, subject to SECP's consent, the private placement of 4,024,100 shares at Rs. 240/- to certain investors set out in the Company's notice of Extraordinary General Meeting dated June 02, 2015 (Private Placement). However, the SECP has declined the Company's application for the Private Placement of shares other than by way of Rights and we are in the process of seeking a review of SECP's decision such that the Private Placement may proceed on the same terms or such other terms as the SECP may approve.

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

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

Direct Taxes	Rs. 239.5 million
Indirect Taxes	Rs. 126.7 million
Tax deducted and deposited from suppliers, employees, etc.	Rs. 376.4 million
Total	Rs. 742.6 million

25. During the year under review, the Company donated Rs. 10 million each to Shifa Foundation and Shifa-Tameer-e-Millat University. 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 to ensure the credibility of the upcoming doctors and healthcare advocates, the three concerns namely Shifa International Hospitals Limited, Shifa Foundation and Tameer-e-Millat Foundation combined to sponsor their own Shifa Tameer-e-Millat University which would serve as an educational platform for the generations to come.

26. Company took following steps / initiatives to conserve electricity:

- Variable Frequency Drives have been installed in all new constructions involving high HP rating motors.
- Energy efficient lights were installed in new / renovated areas and replaced in old areas as well.
- All HVAC filters were cleaned at regular intervals to avoid clogging and thereby reducing electric consumption.
- Power factor of generators and IESCO was maintained at 1.0 and 0.9 respectively so as to avoid energy losses.
- Split units were set at 26^{0}C to conserve electricity consumption.
- Lights installed in various areas were re-arranged to reduce number of extra lights.
- Laundry boiler and domestic water heaters were chemically cleaned for scale removal to ensure better heat exchange / improved performance.
- Waste Heat Recovery Design was finalized. Offers for supply & installation of requisite equipment were received and are being evaluated.

27. Company is equally mindful towards environment protection and its environmental protection measures meet the standards set by regulatory bodies i.e. Pakistan Nuclear Regulatory Authority, International Atomic Energy Commission and Environmental Protection Agency in connection with hospital waste management and radiation.

28. Shifa is committed to providing and maintaining a safe and secure environment for its staff, employees, visitors and patients, therefore, undertaking different activities to ensure occupational safety and health which include but are not limited to provision of appropriate safety equipment to workers during construction work, installation of safety & warning signs, installation of hand rails at various location of the hospital, vaccination of employees, continuous trainings on safety and fire prevention, annual medical checkup of radiation workers etc.

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

- World Hepatitis Day (July 31, 2014) - Free screening for Hepatitis B & C
- World Heart Day (September 28, 2014) - Free seminar
- Global Hand Washing Day (October 12, 2014)
- World Stroke Day (October 29, 2014) – Seminar to highlight measures to prevent stroke.
- World Diabetic Day (November 13, 2014) - Free Screening
- World Kidney Day (March 13, 2015)
- World No Tobacco Day (June 1, 2015)

30. Shifa International Hospitals Limited has non-discrimination policy through which it provides disabled employees with the same opportunities for promotion, career development and training as those afforded to other employee.

31. Shifa strongly discourages any act of corruption at all levels. Through strong internal control equipped with ethics, a culture of honesty has become the face of the organization. Following measures are effective tools of Shifa to control corruption:

    a) Shifa has established Theft Prevention Committee (TPC) to glimpse the graft, kickbacks, bribery and facilitation payments to secure business advantage, financial or otherwise, to which the employee/personnel is not entitled. Further, TPC is expected to use their judgments not just to avoid malpractice but to promote good practice.

    b) Perform appropriate due diligence on all potential partners and refuse to associate with any firm or employ any individual suspected of corrupt behavior/practice.

    c) Ensure all staff, suppliers, contractors and business partners are;
        - Regularly reminded of our strict zero tolerance on corruption and
        - Agree by contract to adhere to our ethics and anti-corruption procedures.

    d) Contractors, suppliers and employees are abiding to cooperate fully with any legitimately constituted investigative body which make inquiry in case of any corruption allegation.

    e) Employees who violate the ethics on any law and regulation may also be subject to internal disciplinary action, including termination of employment.

    f) Shifa has also strict policy on Conflict of Interest, Favoritism and Nepotism.

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

33. Company is monitoring on a plan for the expansion of Shifa International Hospitals Limited, Islamabad with respect to the F-Block extension construction and relocation of services to C-Block. In this regard after detailed discussion and deliberation best possible expansion plan has been devised and shall be implemented accordingly.

34. Considering the future competition, Shifa is constantly working on expanding its presence base in new geographic regions domestically and internationally. Multiple business models are under deliberation in this regard which includes:

    - Establishing a brand new tertiary level healthcare facility in different cities.
    - Acquiring existing hospital projects for completion and operations management
    - Providing consultancy to various industries in order to invest into primary healthcare setups which shall be connected with Shifa International Hospitals Limited, Islamabad for Laboratory, Radiology and Tertiary level referrals.

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

On behalf of the Board

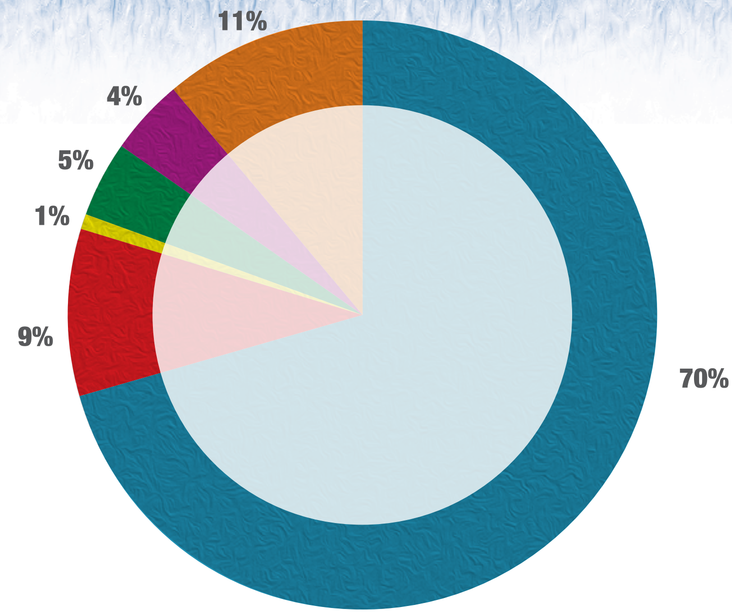
ISLAMABAD
September 10, 2015

DR. MANZOOR H. QAZI
Chief Executive Officer

Statement of Value Addition

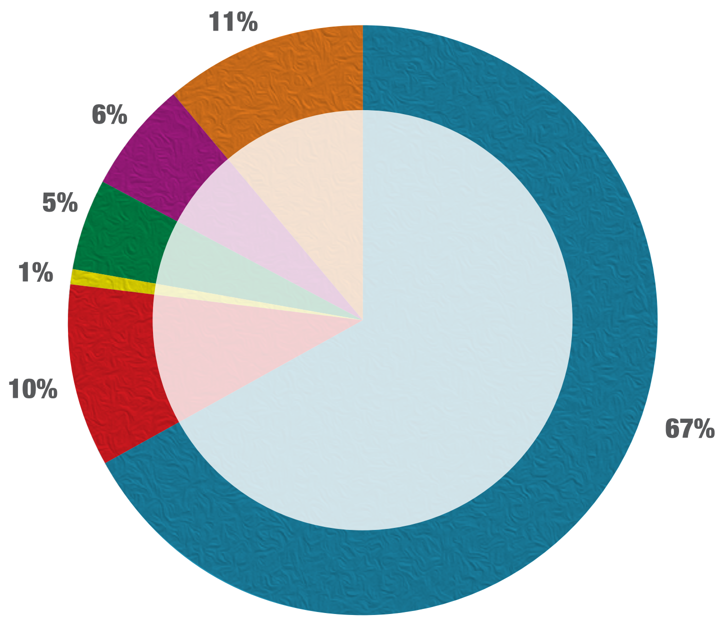
	2015 Rs. in '000'	%	2014 Rs. in '000'	%
Value added				
Total revenue inclusive of other income	7,465,310		6,449,232	
Less: supplies and other operating costs	4,048,100		3,516,037	
Total value added	3,417,210		2,933,195	
Value allocated To employees				
Salaries, wages and other benefits	2,395,523	70	1,966,090	67
To Government				
Income tax, sales tax and federal excise duty etc	320,468	9	291,251	10
To society				
Donation	20,000	1	28,000	1
To providers of capital				
Dividend to shareholders	151,541	5	151,541	5
Finance cost of borrowed funds	148,209	4	183,297	6
	299,750	9	334,838	11
Retained in the Company	381,469	11	313,016	11
Total value allocated	3,417,210	100	2,933,195	100

2015



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

2014

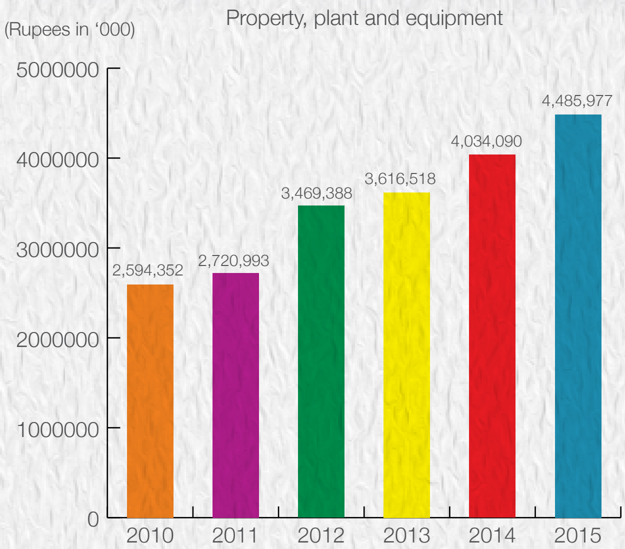


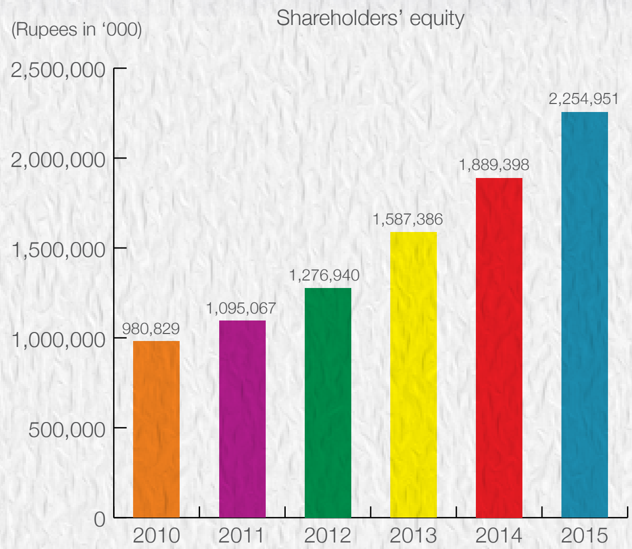
Six years at a Glance

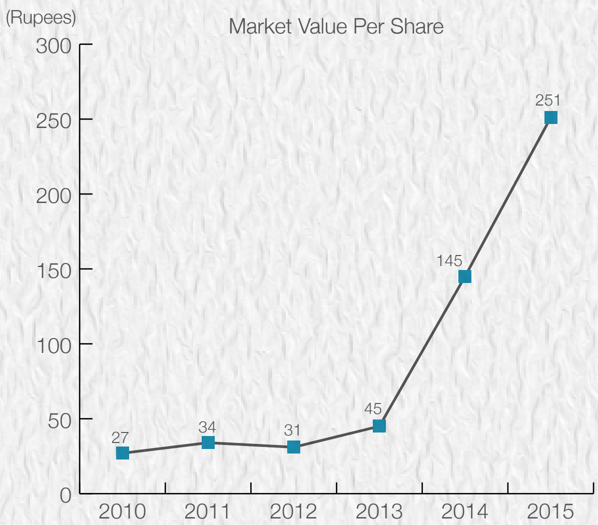
		2015	2014	2013	2012	2011	2010
PERFORMANCE							
Operating profit margin	%	11.95	12.95	13.74	11.72	14.16	16.10
Net profit margin	%	7.19	7.27	7.30	5.86	7.58	7.39
Return on equity	%	25.72	26.72	27.10	21.99	24.91	20.14
Return on assets	%	14.47	14.14	13.90	11.20	13.99	12.65
Asset turnover	Times	1.21	1.09	1.01	0.96	0.99	0.79
CAPITAL MARKET / CAPITAL STRUCTURE ANALYSIS							
Market value per share (year end)	Rs.	250.50	144.58	44.86	30.94	33.87	26.99
Breakup value per share	Rs.	44.64	37.40	31.42	25.28	21.68	19.42
Market price to breakup value	Times	5.61	3.87	1.43	1.22	1.56	1.39
Earnings per share	Rs.	10.55	9.20	7.68	5.16	5.12	3.74
Price earning ratio	Times	23.74	15.72	5.84	5.99	6.62	7.21
Dividend per share (total)	Rs.	3	3	1.50	1.50	3.00	2.20
Dividend yield / effective dividend rate	%	1.20	2.07	3.34	4.85	8.86	8.15
Interest cover	Times	5.57	4.33	3.84	3.46	4.18	4.52
Debt : Equity	Ratio	34:66	44:56	52:48	54:46	36:64	43:57
LIQUIDITY							
Current ratio		0.87	0.93	1.66	1.04	0.70	0.78
Quick ratio		0.66	0.69	1.29	0.76	0.53	0.61

HISTORICAL TRENDS

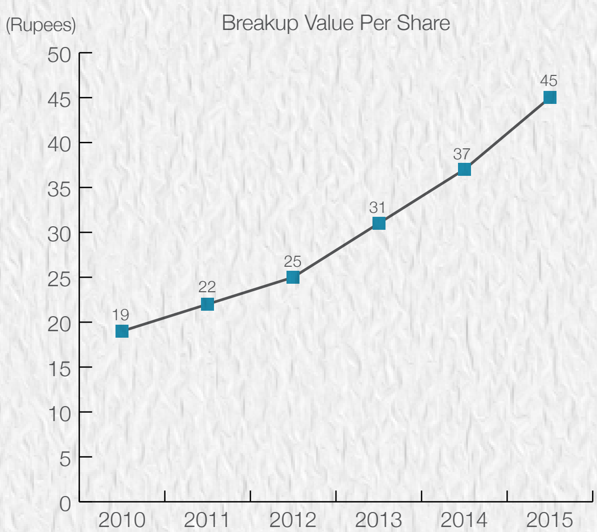
FINANCIAL POSITION	-- Rs in '000' --					
Authorized capital	545,379	545,379	545,379	545,379	545,379	545,379
Share capital	505,138	505,138	505,138	505,138	505,138	505,138
Capital reserve	40,000	40,000	40,000	40,000	40,000	40,000
Unappropriated profit	1,709,813	1,344,260	1,042,248	731,802	549,929	435,691
Shareholders' equity	2,254,951	1,889,398	1,587,386	1,276,940	1,095,067	980,829
Surplus on revaluation of PP&E	751,182	760,176	583,373	590,552	597,730	604,909
Non current Liabilities	1,290,733	1,608,133	2,118,224	1,663,787	732,354	832,994
Current Liabilities	1,822,423	1,597,824	968,684	1,128,439	1,027,811	833,642
Total	6,119,289	5,855,531	5,257,667	4,659,718	3,452,962	3,252,374
Property, plant and equipment (PP&E)	4,485,977	4,034,090	3,616,518	3,469,388	2,720,993	2,594,352
Long term investment	18,000	-	-	-	-	-
Long term deposits	38,129	40,651	31,041	22,066	10,296	8,820
Current assets	1,577,183	1,483,316	1,610,108	1,168,264	721,673	649,202
Non current asset held for sale	-	297,474	-	-	-	-
Total	6,119,289	5,855,531	5,257,667	4,659,718	3,452,962	3,252,374
OPERATING RESULTS						
Net revenue	7,410,022	6,393,105	5,315,589	4,451,781	3,412,688	2,555,759
Operating costs	(6,579,618)	(5,622,197)	(4,625,532)	(3,944,838)	(2,942,407)	(2,155,203)
Other income	55,288	56,894	40,540	14,812	12,928	10,971
Operating profit	885,692	827,802	730,597	521,755	483,209	411,527
Finance costs	(158,914)	(191,229)	(190,279)	(150,800)	(115,680)	(91,041)
Provision for taxation	(193,768)	(172,017)	(152,166)	(110,161)	(108,929)	(131,506)
Profit after taxation	533,010	464,556	388,152	260,794	258,600	188,980
CASH FLOW SUMMARY						
Net cash flows from operating activities	1,158,863	962,854	670,655	504,482	547,908	415,959
Net cash used in investing activities	(534,181)	(829,793)	(404,875)	(987,042)	(307,126)	(482,221)
Net cash flows from / (used in) financing activities	(485,424)	(385,228)	190,915	784,743	(277,029)	(15,571)
Changes in cash & cash equivalent (C&CE)	139,258	(252,167)	456,695	302,183	(36,247)	(81,833)
Effect of exchange rate change on C&CE	(168)	(767)	399	53	(17)	89
Cash & cash equivalent - year end	649,702	510,612	763,546	306,452	4,216	40,480

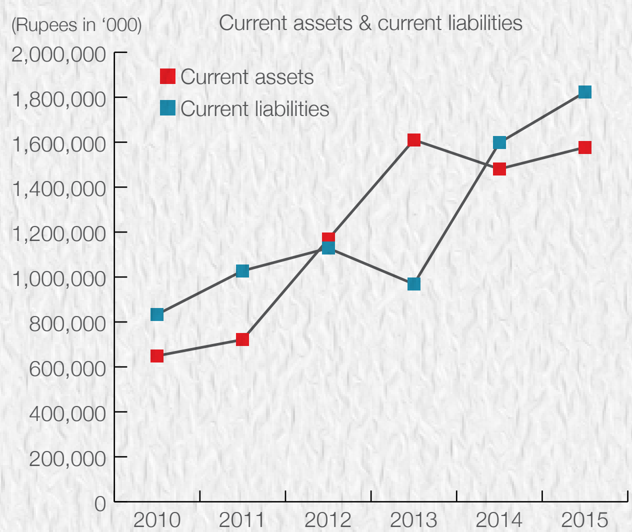

(Rupees in '000)
Property, plant and equipment
5000000
4000000
3000000
2000000
1000000
0
2,594,352
2,720,993
3,469,388
3,616,518
4,034,090
4,485,977
2010
2011
2012
2013
2014
2015


(Rupees in '000)
Shareholders' equity
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
980,829
1,095,067
1,276,940
1,587,386
1,889,398
2,254,951
2010
2011
2012
2013
2014
2015


(Rupees)
Market Value Per Share
300
250
200
150
100
50
0
27
34
31
45
145
251
2010
2011
2012
2013
2014
2015


(Rupees)
Earnings Per Share
12
10
8
6
4
2
0
3.7
5.1
5.2
7.7
9.2
10.5
2010
2011
2012
2013
2014
2015


(Rupees)
Breakup Value Per Share
50
45
40
35
30
25
20
15
10
5
0
19
22
25
31
37
45
2010
2011
2012
2013
2014
2015


(Rupees in '000)
Current assets & current liabilities
Current assets
Current liabilities
2,000,000
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
2010
2011
2012
2013
2014
2015

Horizontal Analysis

	2015		2014	
	Rs in '000'	15 Vs. 14 %	Rs in '000'	14 Vs. 13 %
BALANCE SHEET				
SHARE CAPITAL & RESERVES				
Share capital	505,138	-	505,138	-
Capital reserve	40,000	-	40,000	-
Unappropriated profit	1,709,813	27	1,344,260	29
Shareholders' equity	2,254,951	19	1,889,398	19
Surplus on revaluation of PP&E	751,182	(1)	760,176	30
Non current Liabilities	1,290,733	(20)	1,608,133	(24)
Current Liabilities	1,822,423	14	1,597,824	65
Total	6,119,289	5	5,855,531	11
ASSETS				
Property, plant and equipment (PP&E)	4,485,977	11	4,034,090	12
Long term investment	18,000	100	-	-
Long term deposits	38,129	(6)	40,651	31
Current assets	1,577,183	6	1,483,316	(8)
Non current asset held for sale	-	(100)	297,474	100
Total	6,119,289	5	5,855,531	11
PROFIT & LOSS ACCOUNT				
Net revenue *	7,410,022	16	6,393,105	20
Operating costs **	(6,579,618)	17	(5,622,197)	22
Other income	55,288	(3)	56,894	40
Operating profit	885,692	7	827,802	13
Finance costs	(158,914)	(17)	(191,229)	0.5
Provision for taxation	(193,768)	13	(172,017)	13.04
Profit after taxation	533,010	15	464,556	20

* Revenue earned during the year under review increased from Rs. 6,393 million to Rs. 7,410 million as compared to last year due to increased number of patient visits, procedures, tests and surgeries etc.

** With the increase in staff costs, utility costs and increase in volume, the operating cost has been increased to Rs. 6,580 million from Rs. 5,622 million.

2013		2012		2011		2010	
Rs in '000'	13 Vs. 12 %	Rs in '000'	12 Vs. 11 %	Rs in '000'	11 Vs. 10 %	Rs in '000'	10 Vs. 09 %
505,138	-	505,138	-	505,138	-	505,138	-
40,000	-	40,000	-	40,000	-	40,000	-
1,042,248	42	731,802	33	549,929	26	435,691	24
1,587,386	24	1,276,940	17	1,095,067	12	980,829	9
583,373	(1)	590,552	(1)	597,730	(1)	604,909	(1)
2,118,224	27	1,663,787	127	732,354	(12)	832,994	5
968,684	(14)	1,128,439	10	1,027,811	23	833,642	55
5,257,667	13	4,659,718	35	3,452,962	6	3,252,374	15
3,616,518	4	3,469,388	28	2,720,993	5	2,594,352	14
-	-	-	-	-	-	-	-
31,041	41	22,066	114	10,296	17	8,820	(28)
1,610,108	38	1,168,264	62	721,673	11	649,202	19
-	-	-	-	-	-	-	-
5,257,667	13	4,659,718	35	3,452,962	6	3,252,374	15
5,315,589	19	4,451,781	30	3,412,688	34	2,555,759	31
(4,625,532)	17	(3,944,838)	34	(2,942,407)	37	(2,155,203)	30
40,540	174	14,812	15	12,928	18	10,971	(45)
730,597	40	521,755	8	483,209	17	411,527	30
(190,279)	26	(150,800)	30	(115,680)	27	(91,041)	(17)
(152,166)	38	(110,161)	1	(108,929)	(17)	(131,506)	65
388,152	49	260,794	1	258,600	37	188,980	48

Vertical Analysis

	2015		2014	
	Rs in '000'	%	Rs in '000'	%
BALANCE SHEET				
SHARE CAPITAL & RESERVES				
Share capital	505,138	8	505,138	9
Capital reserve	40,000	1	40,000	1
Unappropriated profit	1,709,813	28	1,344,260	23
Shareholders' equity	2,254,951	37	1,889,398	33
Surplus on revaluation of PP&E	751,182	12	760,176	13
Non current Liabilities	1,290,733	21	1,608,133	27
Current Liabilities	1,822,423	30	1,597,824	27
Total	6,119,289	100	5,855,531	100
ASSETS				
Property, plant and equipment (PP&E)	4,485,977	73	4,034,090	69
Long term investment	18,000	0.3	-	-
Long term deposits	38,129	0.7	40,651	1
Current assets	1,577,183	26	1,483,316	25
Non current asset held for sale	-	-	297,474	5
	6,119,289	100	5,855,531	100
PROFIT & LOSS ACCOUNT				
Net revenue	7,410,022	100	6,393,105	100
Operating costs	(6,579,618)	88.8	(5,622,197)	88
Other income	55,288	0.7	56,894	1
Operating profit	885,692	11.9	827,802	13
Finance costs	(158,914)	2.1	(191,229)	3
Provision for taxation	(193,768)	2.6	(172,017)	2.7
Profit after taxation	533,010	7.2	464,556	7.3

2013		2012		2011		2010	
Rs in '000'	%	Rs in '000'	%	Rs in '000'	%	Rs in '000'	%
505,138	10	505,138	11	505,138	15	505,138	16
40,000	1	40,000	1	40,000	1	40,000	1
1,042,248	20	731,802	16	549,929	16	435,691	13
1,587,386	31	1,276,940	28	1,095,067	32	980,829	30
583,373	11	590,552	12	597,730	17	604,909	19
2,118,224	40	1,663,787	36	732,354	21	832,994	26
968,684	18	1,128,439	24	1,027,811	30	833,642	25
5,257,667	100	4,659,718	100	3,452,962	100	3,252,374	100
3,616,518	69	3,469,388	74.5	2,720,993	79	2,594,352	79.7
-	-	-	-	-	-	-	-
31,041	0.6	22,066	0.5	10,296	0.3	8,820	0.3
1,610,108	30.4	1,168,264	25	721,673	20.7	649,202	20
-	-	-	-	-	-	-	-
5,257,667	100	4,659,718	100	3,452,962	100	3,252,374	100
5,315,589	100	4,451,781	100	3,412,688	100	2,555,759	100
(4,625,532)	87	(3,944,838)	88.6	(2,942,407)	86.2	(2,155,203)	84.3
40,540	0.7	14,812	0.3	12,928	0.4	10,971	0.4
730,597	13.7	521,755	11.7	483,209	14.2	411,527	16.1
(190,279)	3.6	(150,800)	3.4	(115,680)	3.4	(91,041)	3.6
(152,166)	2.8	(110,161)	2.5	(108,929)	3.2	(131,506)	5.1
388,152	7.3	260,794	5.8	258,600	7.6	188,980	7.4

Statement of Compliance with the Code of Corporate Governance
Shifa International Hospitals Limited-Year Ended June 30 - 2015

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges 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 Director	Shah Naveed Saeed Syed Ilyas Ahmed Prof. Dr. Shoab Ahmed Khan
Executive Directors	Dr. Manzoor H. Qazi Dr. Mohammad Salim Khan Mr. Muhammad Zahid
Non-Executive Directors	Dr. Habib-Ur-Rahman Mr. Shafquat Ali Chaudhary Mr. Qasim Farooq Ahmad Dr. Samea Kauser Ahmad

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

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

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

4. No causal vacancy occurred in the Board during the year ended June 30, 2015.

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, two directors of the company namely Mr. Muhammad Zahid and Dr. Samea Kauser Ahmad acquired the certification under the directors' training program that meets the criteria specified by 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 five members, of whom three 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 exchanges.

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

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

ISLAMABAD
September 10, 2015

DR. MANZOOR H. QAZI
Chief Executive Officer

Grant Thornton
An instinct for growth™

Grant Thornton Anjum Rahman
1st Floor, 2 Ali Plaza
1-E, Jinnah Avenue
Blue Area, Islamabad
Pakistan

T: +92 51 2271906, 2274665, 2273883
F: +92 51 2273874
W: www.gtpak.com

Review Report to the Members

On the Statement of Compliance with 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 Board of Directors of Shifa International Hospitals Limited ("the Company") for the year ended June 30, 2015 to comply with the requirements of Listing Regulations No. 35 of Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provision 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 inquire of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of financial statements we are required to obtain an understanding of accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and control 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 Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors 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 alternate 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 Board of Directors upon recommendation of Audit Committee. We have not carried out any procedures 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 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, 2015.

Grant Thornton Anjum Rahman

GRANT THORNTON ANJUM RAHMAN

Chartered Accountants
Engagement Partner: Nadeem Tirmizi

Islamabad
Date: September 10, 2015

Grant Thornton
An instinct for growth™

Grant Thornton Anjum Rahman
1st Floor, 2 Ali Plaza
1-E, Jinnah Avenue
Blue Area, Islamabad
Pakistan

T: +92 51 2271906, 2274665, 2273883
F: +92 51 2273874
W: www.gtpak.com

Auditors' Report to the Members

We have audited the annexed balance sheet of Shifa International Hospitals Limited (the Company) as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b. in our opinion:-

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

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

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

c. in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Grant Thornton Anjum Rahman

GRANT THORNTON ANJUM RAHMAN

Chartered Accountants
Audit Engagement Partner: Nadeem Tirmizi

Islamabad
Date: September 10, 2015

Balance Sheet
As at June 30, 2015

	Note	2015	2014
		(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Share capital	4	505,138	505,138
Capital reserve	5	40,000	40,000
Unappropriated profit		1,709,813	1,344,260
		2,254,951	1,889,398
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	6	751,182	760,176
NON CURRENT LIABILITIES			
Long term financing - secured	7	833,333	1,166,667
Deferred taxation	8	457,400	441,466
		1,290,733	1,608,133
CURRENT LIABILITIES			
Trade and other payables	9	1,488,297	1,197,572
Markup accrued	10	793	1,458
Short term running finance - secured	11	-	39,675
Current portion of long term financing	7	333,333	337,833
Provision for taxation - net	12	-	21,286
		1,822,423	1,597,824
		6,119,289	5,855,531
CONTINGENCIES AND COMMITMENTS	13		

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

CHAIRMAN

CHIEF EXECUTIVE

	Note	2015	2014
		(Rupees in '000')	
NON CURRENT ASSETS			
Property, plant and equipment	14	4,485,977	4,034,090
Long term investment - at cost	15	18,000	-
Long term deposits	16	38,129	40,651
		4,542,106	4,074,741
CURRENT ASSETS			
Stores, spare parts and loose tools	17	186,285	174,589
Stock-in-trade	18	202,463	212,538
Trade debts	19	334,242	343,029
Loans and advances	20	125,594	164,577
Trade deposits and short term prepayments	21	24,926	37,183
Markup accrued		1,908	1,113
Other financial assets	22	125,305	101,235
Tax refunds due from the government (net of provision)	23	52,063	-
Cash and bank balances	24	524,397	449,052
		1,577,183	1,483,316
NON CURRENT ASSET HELD FOR SALE	25	-	297,474
		6,119,289	5,855,531

Muneer Kamal [signature]

CHIEF FINANCIAL OFFICER

Profit and Loss Account
For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in '000')	
Net revenue	26	7,410,022	6,393,105
Other income	27	55,288	56,894
Operating costs	28	(6,579,618)	(5,622,197)
Finance costs	29	(158,914)	(191,229)
Profit before taxation		726,778	636,573
Provision for taxation	30	(193,768)	(172,017)
Profit after taxation		533,010	464,556
Earnings per share - basic and diluted - (Rupees)	31	10.55	9.20

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

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

Statement of Comprehensive Income

For the year ended June 30, 2015

	2015	2014
	(Rupees in '000')	
Profit after taxation	533,010	464,556
Other comprehensive income		
Loss on remeasurement of staff gratuity fund benefit plan	(36,633)	(27,588)
Deferred tax credit relating to remeasurement of staff gratuity fund benefit plan	11,723	9,104
Loss on remeasurement of staff gratuity fund benefit plan (net of tax)	(24,910)	(18,484)
Surplus on revaluation of property, plant and equipment	-	184,284
Total comprehensive income for the year	508,100	630,356

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

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

Cash Flow Statement

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		726,778	636,573
Adjustments for:			
Depreciation / amortization of property, plant and equipment		379,664	318,571
Provision for doubtful debts		29,133	48,869
Property, plant and equipment written off		18,048	9,927
(Gain) / loss on disposal of property, plant and equipment		(6,200)	663
Provision for compensated absences		28,407	25,370
Provision for gratuity		56,971	50,389
Provision for slow moving stores		5,981	370
Liabilities written back		(3,133)	(992)
Profit on investments and bank deposits		(25,193)	(39,764)
Loss on foreign currency translation		168	767
Finance cost		158,746	190,462
Operating cash flows before changes in working capital		1,369,370	1,241,205
Changes in working capital:			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(19,846)	(17,749)
Stock-in-trade		10,075	(7,056)
Trade debts		(20,347)	(53,922)
Loans and advances		38,983	(38,253)
Trade deposits and short term prepayments		12,257	(20,836)
Increase in current liabilities:			
Trade and other payables		315,264	263,922
Cash generated from operations		1,705,756	1,367,311
Finance cost paid		(159,411)	(194,765)
Income tax paid		(239,461)	(146,004)
Payment to gratuity fund		(126,095)	(46,737)
Compensated absences paid		(21,926)	(16,951)
Net cash from operating activities		1,158,863	962,854
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(563,988)	(860,347)
Proceeds from disposal of property, plant and equipment		20,886	961
Profit received		24,398	39,203
Investment in subsidiary		(18,000)	-
Decrease / (increase) in long term deposits		2,523	(9,610)
Net cash used in investing activities		(534,181)	(829,793)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - repayments		(337,834)	(235,000)
Dividend paid		(147,590)	(150,228)
Net cash used in financing activities		(485,424)	(385,228)
Net increase / (decrease) in cash and cash equivalents		139,258	(252,167)
Cash and cash equivalents at beginning of year		510,612	763,546
Effect of exchange rate changes on cash and cash equivalents		(168)	(767)
Cash and cash equivalents at end of year	37	649,702	510,612

The annexed notes 1 to 41 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, 2015

	Share capital	Capital reserve	Unappropriated Profit	Surplus on revaluation of property, plant and equipment	Total
	(Rupees in 000)				
Balance at July 01, 2013	505,138	40,000	1,042,248	583,373	2,170,759
Total comprehensive income for the year					
Profit for the year	-	-	464,556	-	464,556
Other comprehensive income	-	-	(18,484)	184,284	165,800
	-	-	446,072	184,284	630,356
Transfer of depreciation / amortization on incremental value arising on revaluation of property, plant and equipment attributed to current year	-	-	7,481	(7,481)	-
Distribution to owners					
Dividend 2013: Rs. 3 per share	-	-	(151,541)	-	(151,541)
Balance at June 30, 2014	505,138	40,000	1,344,260	760,176	2,649,574
Total comprehensive income for the year					
Profit for the year	-	-	533,010	-	533,010
Other comprehensive income	-	-	(24,910)	-	(24,910)
	-	-	508,100	-	508,100
Transfer of depreciation / amortization on incremental value arising on revaluation of property, plant and equipment attributed to current year	-	-	8,994	(8,994)	-
Distribution to owners					
Dividend 2014: Rs. 3 per share	-	-	(151,541)	-	(151,541)
Balance at June 30, 2015	505,138	40,000	1,709,813	751,182	3,006,133

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

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

1 STATUS AND NATURE OF BUSINESS

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

1.1 The principal activity of the Company is to establish and run medical centres and hospitals in Pakistan. The Company has established its first hospital in 1993 in H-8/4 Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4, Islamabad. Besides this, the Company is running medical centre, pharmacies in Islamabad and lab collection points in different cities of Pakistan.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, modified by:-
- revaluation of certain items of property, plant and equipment; and
- recognition of certain employee benefits at present value.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

2.4.1 Property, plant and equipment

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

2.4.2 Provision for doubtful debts

The Company estimates the recoverability of the trade debts and provides for doubtful debts based on its prior experience. The carrying amounts of trade debts and provision for doubtful debts are disclosed in note 19 to these financial statements.

2.4.3 Stock in trade, stores, spares and loose tools

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

2.4.4 Employee benefits

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

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

2.4.5 Taxation

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

2.4.6 Contingencies

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

2.5 New accounting standards, interpretations and amendments

During the year certain amendments to standards or new interpretations became effective, however, the amendments or interpretations did not have any material effect on these financial statements. The following revised standards, amendments and interpretations to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below against the respective standards:

		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19	Employee Benefits (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements (Revised 2011)	January 1, 2015
IAS 28	Investment in Associates and Joint ventures (Amendments)	January 1, 2016
IAS 28	Associates and Joint Ventures (Revised 2011)	January 1, 2015
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016
IAS 41	Agriculture (Amendments)	January 1, 2016
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	July 1, 2016
IFRS 7	Financial Instruments - Disclosures (Amendments)	July 1, 2016
IFRS 10	Consolidated Financial Statements	January 1, 2015
IFRS 11	Joint Arrangements	January 1, 2015
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2015
IFRS 13	Fair Value Measurement	January 1, 2015

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.

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

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

IFRIC 4	Determining Whether an Arrangement Contains Lease
IFRIC 12	Service Concession Arrangements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

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

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

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

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

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

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

Assets are derecognized when disposed off or when no future economic benefits are expected to flow from its use. 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 Leases

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

Finance leases as lessee

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

Operating leases / Ijarah contracts

As lessor

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

As lessee

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

3.3 Impairment

Non - Financial assets

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

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

Financial assets

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

3.4 Investments

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

3.4.1 Investment in subsidiary

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

3.4.2 Investments held to maturity

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

3.4.3 Loans and receivables

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

3.5 Stores, spare parts and loose tools

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

3.6 Stock-in-trade

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

3.7 Cash and cash equivalents

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

3.8 Financial instruments

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

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

3.8.1 Trade debts and other receivables

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

3.8.2 Trade and other payables

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

3.8.3 Offsetting

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

3.9 Employee benefits

Defined benefit plan

The Company operates approved funded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to income. The most recent valuation was carried out as at June 30, 2015 using the "Projected Unit Credit Method". The actuarial gains or losses at each evaluation date are charged to other comprehensive income. The results of actuarial valuation are summarized in note 9.3 of these financial statements.

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

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

Compensated absences

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

3.10 Provisions

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

3.11 Taxation

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

Current

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

Deferred

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

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

3.12 Foreign currencies

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

3.13 Revenue recognition

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

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

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

Scrap sales and miscellaneous receipts are recognised on realised amounts.

3.14 Borrowings

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

3.15 Borrowing costs

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

3.16 Earnings per share

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

3.17 Dividend

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

3.18 Non-current asset held for sale

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

4 SHARE CAPITAL

Issued, subscribed and paid up capital

2015 Number	2014 Number		2015 (Rupees in '000')	2014 (Rupees in '000')
50,513,800	50,513,800	Ordinary shares of Rs. 10 each fully paid in cash	505,138	505,138

4.1 The Company has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividends 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.

Authorized capital

This represents 54,537,900 (2014: 54,537,900) ordinary shares of Rs. 10 each amounting to Rs. 545,379 thousand (2014: Rs. 545,379 thousand).

5 CAPITAL RESERVE

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

6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2015 (Rupees in '000')	2014 (Rupees in '000')
Balance at beginning of year	760,176	583,373
Addition during the year due to revaluation	-	184,284
Transferred to unappropriated profits in respect of incremental depreciation charged during the year	(8,994)	(7,481)
Balance at end of year	751,182	760,176

6.1 Surplus on revaluation of fixed assets in respect of leasehold and freehold land, which was revalued in 1999, 2004, 2009 and 2014 as disclosed in note 14.1, cannot be utilized directly or indirectly by way of dividend or bonus. Due to revaluation of leasehold and freehold land, incidence of related deferred tax liability does not arise.

7 LONG TERM FINANCING - SECURED

	Note	2015 (Rupees in '000')	2014 (Rupees in '000')
From banking and non-banking companies			
First Habib Modaraba	7.2	-	4,500
Syndicated Islamic Finance Facility	7.3	1,166,666	1,500,000
		1,166,666	1,504,500
Less: Current portion		333,333	337,833
		833,333	1,166,667

7.1 The Company has fully availed all the above facilities.

7.2 This represented Diminishing Musharika facilities obtained on mark-up basis at 6 months KIBOR plus 1% per annum, repaid on November 27, 2014. The aggregate sanctioned limit was Rs. 45 million, secured by charge on specific fixed assets of the Company amounting to Rs. 50 million.

7.3 This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on mark-up basis at 3 months KIBOR plus 1.25% (2014: 3 months KIBOR plus 1.25%) per annum, repayable in 18 equal quarterly installments. The sanction limit of this facility was Rs. 1,500 million (2014: Rs. 1,500 million) which shall be repaid by December 28, 2018. The financing is secured by ranking charge upgraded into first pari passu charge on all present and future fixed assets of the Company (excluding plot No.5 , F-11 Markaz, Islamabad) amounting to Rs. 2,000 million. Meezan Bank Limited has the custody of original ownership documents of the Company's land located at sector H-8/4 Islamabad.

8 DEFERRED TAXATION

	Note	2015	2014
		(Rupees in '000')	
Deferred tax liability	8.1	497,566	492,063
Deferred tax asset	8.2	(40,166)	(50,597)
Net deferred tax liability		457,400	441,466

8.1 Deferred tax liability on taxable temporary differences:

	2015	2014
Accelerated depreciation allowance	497,566	492,063

8.2 Deferred tax asset on deductible temporary differences:

	2015	2014
Specific provisions	(9,082)	(31,236)
Retirement benefit obligation	(31,084)	(19,361)
	(40,166)	(50,597)

8.3 Movement in deferred taxation

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

Deferred tax liabilities / (assets)	As at July 1, 2013	Profit and loss	Comprehensive income	As at June 30, 2014
	(Rupees in '000')			
The balance of deferred tax is in respect of the following temporary differences:				
Effect of taxable temporary differences				
Accelerated depreciation allowance	474,548	17,515	-	492,063
Effect of deductible temporary differences				
Provision for doubtful debts	(15,567)	(15,669)	-	(31,236)
Retirement benefit obligation	(10,257)	-	(9,104)	(19,361)
	448,724	1,846	(9,104)	441,466

9 TRADE AND OTHER PAYABLES

	Note	2015	2014
		(Rupees in '000')	
Creditors		605,456	521,486
Accrued liabilities		233,979	158,055
Advances		113,762	96,861
Compensated absences		66,243	59,513
Medical consultants' charges		330,110	211,858
Payable to related parties - unsecured	9.1	5,040	5,488
Security deposits	9.2	69,050	51,851
Unclaimed dividend		26,689	22,738
Retention money		5,664	5,611
Payable to Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund	9.3	32,304	64,111
		1,488,297	1,197,572

9.1 This represents payable to Tameer-e-Millat Foundation and Shifa Foundation having common directorship with the Company. Maximum amount due at the end of any month during the year was Rs. 4,678 thousand (2014: Rs. 3,665.1 thousand) and Rs. 884 thousand (2014: Rs. 2,931.7 thousand) respectively. Detail of balances of each related party are as under:

	2015	2014
	(Rupees in '000')	
Tameer -e- Millat Foundation	4,313	2,767
Shifa Foundation	727	851
Shifa Tameer -e- Millat University	-	1,870
	5,040	5,488

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

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

	Note	2015	2014
		(Rupees in '000')	
Present value of defined benefit obligation	9.3.1	298,537	231,089
Fair value of plan assets	9.3.2	(266,509)	(166,978)
Other adjustments		276	-
		32,304	64,111

	2015	2014
	(Rupees in '000')	

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

	2015	2014
Present value of defined benefit obligation at beginning	231,089	170,372
Interest cost	28,573	16,896
Current service cost	57,238	32,200
Past service cost	-	17,737
Benefits paid	(30,886)	(18,581)
Benefits payable	-	(327)
Non refundable loan to employees adjustable against gratuity	(4,750)	(10,925)
Remeasurement of defined benefit obligation	17,273	23,717
Present value of defined benefit obligation at end	298,537	231,089

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

	2015	2014
Fair value of plan assets at beginning	166,978	137,962
Expected return on plan assets	28,432	15,983
Contributions	126,095	46,737
Benefits paid	(30,886)	(18,581)
Benefits payble	-	(327)
Non refundable loan to employees adjustable against gratuity	(4,750)	(10,925)
Return on plan assets, excluding interest income	(19,360)	(3,871)
Fair value of plan assets at end	266,509	166,978

9.3.3 Charge for the year is as follows:

	2015	2014
Current service cost	57,238	32,200
Past service cost	-	17,737
Interest cost	28,573	16,896
Expected return on plan assets	(28,432)	(15,983)
	57,379	50,850

9.3.4 The charge has been allocated as follows:

	2015	2014
Salaries, wages and benefits	56,971	50,389
Capital work-in-progress	408	461
	57,379	50,850

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

	2015	2014
Remeasurement loss on obligation	17,273	23,717
Remeasurement loss on plan assets	19,360	3,871
Remeasurement loss recognized in OCI	36,633	27,588

9.3.6 Movement in liability recognised in balance sheet:

	2015	2014
Balance at beginning of year	64,111	32,410
Cost for the year	57,379	50,850
Total amount of remeasurement recognized in OCI during the year	36,633	27,588
Contributions during the year	(126,095)	(46,737)
Other adjustments	276	-
Balance at end of year	32,304	64,111

	2015	2014
	(Rupees in '000')	
9.3.7 Plan assets comprise of:		
Accrued mark up	2,046	-
Term deposit receipts	231,000	128,891
Cash and bank balances	34,720	38,596
Payable to outgoing members	(1,257)	(509)
	266,509	166,978

	2015	2014
9.3.8 The principal actuarial assumptions used in the actuarial valuation are as follows:		
Discount rate used for interest cost in profit and loss	13.25%	10.5%
Discount rate used for year end obligation	9.75%	13.25%
Expected rate of salary growth:		
Salary increase FY 2015	NA	12.25%
Salary increase FY 2016 onward	8.75%	12.25%
Mortality rate	SLIC 2001-2005 set back 1 year	SLIC 2001-2005 set back 1 year
Withdrawal rates	age based (per appendix)	age based (per appendix)
Retirement assumption	Age 60	Age 60

9.3.9 Sensitivity analysis

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

	Defined benefit obligation	
	Effect of 1% increase	Effect of 1% decrease
	(Rupees in '000')	
Discount rate	261,507	306,214
Future salary growth	295,379	260,745

9.3.10 The average duration of the defined benefit obligation as at June 30, 2015 is 7 years (2014: 7 years).

	2015	2014
	(Rupees in '000')	
10 MARKUP ACCRUED		
Long term financing - secured	787	1,408
Short term running finance - secured	6	50
	793	1,458

11 SHORT TERM RUNNING FINANCE - SECURED

This represents short term running finance facility availed from the bank under mark-up arrangement. This carried mark-up at the rate of 3 months KIBOR plus 1% (2014: 3 months KIBOR plus 1%) per annum repayable quarterly, calculated on daily product basis. The aggregate sanctioned limit of facility is Rs. 90 million (2014: Rs. 90 million). The facility is secured by first pari passu charge on all present and future current assets of the Company of Rs. 202 million.

12 PROVISION FOR TAXATION - NET

	Note	2015	2014
		(Rupees in '000')	
Balance at beginning of year - tax refundable		-	2,881
Income tax paid / deducted at source during the year		-	146,004
		-	148,885
Less: provision for taxation for the year	30	-	170,171
Balance at end of the year	23	-	21,286

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

Claims against the Company not acknowledged as debts:

	Note	2015	2014
Patients	13.1.1	122,504	183,303
Others	13.1.2	20,000	20,000
Letter of guarantee	13.1.3	34,485	34,443

13.1.1 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.

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

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

13.2 Commitments

	2015	2014
	(Rupees in '000')	
13.2.1 Capital expenditure contracted	16,240	24,371
13.2.2 Letters of credit	30,379	81,603

Notes to the Financial Statements

For the year ended June 30, 2015

14. 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 14.6)	Total
	Owned assets												
	(Rupees in 000)												
Cost / Revalued amount													
Balance as at July 01, 2013	193,050	891,786	1,461,023	78,871	1,586,783	129,540	296,232	88,423	8,671	123,355	81,459	143,010	5,082,203
Additions	7,800	-	-	-	229,157	54,078	43,095	19,934	-	79,439	23,364	404,420	861,287
Revaluation	50,000	134,284	-	-	-	-	-	-	-	-	-	-	184,284
Accumulated depreciation eliminated due to revaluation	-	(36,323)	-	-	-	-	-	-	-	-	-	-	(36,323)
Disposals	-	-	-	-	(65)	(148)	(2,396)	-	-	-	-	-	(2,609)
Write offs	-	-	-	(4,949)	(17,807)	-	(1,039)	(723)	-	(1,648)	-	-	(26,166)
Classified as held for sale	-	(316,666)	-	-	-	-	-	-	-	-	-	-	(316,666)
Transfers	-	-	332,042	-	-	-	-	-	-	-	-	(332,042)	-
Balance as at June 30, 2014	250,850	673,081	1,793,065	73,922	1,798,068	183,470	335,892	107,634	8,671	201,146	104,823	215,388	5,746,010
Balance as at July 01, 2014	250,850	673,081	1,793,065	73,922	1,798,068	183,470	335,892	107,634	8,671	201,146	104,823	215,388	5,746,010
Additions	6,500	-	-	-	385,552	3,947	43,945	16,062	-	23,129	1,850	85,853	566,838
Disposals	-	-	-	(18,885)	(983)	(1,319)	(6,768)	(1,018)	-	(3,577)	(6,650)	-	(39,200)
Write offs	-	-	-	(55,037)	(21,841)	-	(717)	(420)	-	(4,842)	-	-	(82,857)
Non current asset no longer classified as "held for sale"		287,878	-	-	-	-	-	-	-	-	-	-	287,878
Transfers	-	-	137,829	-	108,897	-	-	-	-	-	-	(246,726)	-
Balance as at June 30, 2015	257,350	960,959	1,930,894	-	2,269,693	186,098	372,352	122,258	8,671	215,856	100,023	54,515	6,478,669
Depreciation / amortization													
Balance as at July 01, 2013	-	42,265	298,386	23,285	709,573	89,983	143,059	36,972	8,214	62,209	51,739	-	1,465,685
Charge for the year	-	14,763	47,287	15,528	150,211	10,721	33,004	8,564	400	27,776	10,717	-	318,971
On disposals	-	-	-	-	(8)	(46)	(929)	-	-	-	-	-	(983)
On write offs	-	-	-	(1,816)	(11,431)	-	(989)	(564)	-	(1,438)	-	-	(16,238)
On revaluation	-	(36,323)	-	-	-	-	-	-	-	-	-	-	(36,323)
Eliminated due to reclassification as held for sale	-	(19,192)	-	-	-	-	-	-	-	-	-	-	(19,192)
Balance as at June 30, 2014	-	1,513	345,673	36,997	848,345	100,658	174,145	44,972	8,614	88,547	62,456	-	1,711,920
Balance as at July 01, 2014	-	1,513	345,673	36,997	848,345	100,658	174,145	44,972	8,614	88,547	62,456	-	1,711,920
Charge for the year	-	11,474	55,712	12,608	175,530	14,604	37,980	10,131	25	39,893	12,137	-	370,094
On disposals	-	-	-	(10,339)	(438)	(762)	(3,040)	(326)	-	(2,995)	(6,614)	-	(24,514)
On write offs	-	-	-	(39,266)	(19,950)	-	(438)	(324)	-	(4,831)	-	-	(64,808)
Balance as at June 30, 2015	-	12,987	401,385	-	1,003,487	114,500	208,647	54,453	8,639	120,614	67,980	-	1,992,692
Carrying value as at June 30, 2014	250,850	671,568	1,447,392	36,925	949,723	82,812	161,747	62,662	57	112,599	42,367	215,388	4,034,090
Carrying value as at June 30, 2015	257,350	947,972	1,529,509	-	1,266,206	71,598	163,705	67,805	32	95,242	32,043	54,515	4,485,977
Annual rate of depreciation %	-	1.34-3.03	2.5-10	20	10	10-15	10-15	10	10-20	15-30	20		

14.1 The Company had its leasehold land revalued in 1999, 2004, 2009 and 2014 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. 751,182 thousand (2014: Rs. 760,176 thousand) remains undepreciated as at June 30, 2015.

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

	Cost at June 30	Accumulated amortization at June 30	Carrying value at June 30
Leasehold land		(Rupees in '000')	
2015	325,065	33,393	291,672
2014	8,399	2,121	6,278
Freehold land			
2015	162,468	-	162,468
2014	155,968	-	155,968

14.2 Property, plant and equipment include items with aggregate cost of Rs. 551,552 thousand (2014: Rs. 515,418 thousand) representing fully depreciated assets that are still in use of the Company.

14.3 Property, plant and equipment of the Company are encumbered under an aggregate charge of Rs. 3,064.67 million in favour of banking companies and non-banking financial institutions under various financing arrangements as disclosed in notes 7, 11, 13.2.2 and 33.

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

	Note	2015	2014
		(Rupees in '000')	
Operating costs	28	379,664	318,571
Accumulated depreciation of asset previously classified as held for sale	25	(9,595)	-
Capital work-in-progress	14.6.1	25	400
		370,094	318,971

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

Sr. No.	Asset Particulars	Cost	Carrying Value	Sale Proceed	Purchaser	Mode of Disposal
		(Rupees in '000')				
1	Leasehold Improvements & Electrical Equipments	6,160	2,868	2,351	M/s Green Plus Pharmacies	Negotiation
2	Leasehold Improvements & Electrical Equipments	6,127	2,802	1,899	Mr. Mohsin Shafiq	Negotiation
3	Electrical Equipments	225	152	158	Mr. Qazi Iqbal	Negotiation
4	Electrical Equipments	624	361	436	Mr. Raja Wajid Mehmood	Negotiation
5	Leasehold Improvements & Electrical Equipments	2,031	916	837	M/s RX Pharmacuetical	Negotiation
6	Leasehold Improvements, Medical Equipment, Air-conditioning & Electrical Equipments	7,980	4,134	4,451	Mr. Shafqat Ali Hamdani	Negotiation
		23,147	11,233	10,132		

14.5.1 Property, plant and equipment having cost and book value of Rs. 2,609 thousand and Rs. 1,626 thousand respectively, were disposed off for Rs. 963 thousand during the year ended June 30, 2014.

	Note	2015	2014
		(Rupees in '000')	
14.6 Capital work-in-progress			
Construction work-in-progress - at cost	14.6.1	22,972	74,255
Stores held for capital expenditure	14.6.2	23,359	32,235
Installation of equipment in progress	14.6.3	8,184	108,898
		54,515	215,388

14.6.1 Construction work-in-progress - at cost

This represents cost of civil works mainly comprising of cost of materials, payments to contractors and salaries and benefits pertaining to different blocks of hospital building in H-8/4, Islamabad which are currently under construction. Given below is the break-up of these blocks:

	Note	2015	2014
		(Rupees in '000')	
Block "D"		5,125	7,080
Block "E"		9,494	9,334
Block "F"		3,852	3,771
Wapda substation		-	40,771
Other constructions		4,476	12,899
Depreciation capitalised during the year	14.4	25	400
		22,972	74,255

	Note	2015	2014
14.6.2 Stores held for capital expenditure			
Stores held for capital expenditure		26,016	37,061
Less: provision for slow moving items	14.6.2.1	2,657	4,826
		23,359	32,235
14.6.2.1 Balance at beginning of the year		4,826	4,617
Charged / (reversed) during the year		(2,169)	209
		2,657	4,826
14.6.3 Installation of equipment in progress			
Washer disinfector drying cabinet		-	10,023
Digital radiography system		-	34,476
Linear accelerator		-	56,874
LED / LCD monitors		-	3,881
SCD Kendal compression device		-	3,644
Refrigerator blood bank		1,831	-
Medical - Grade LED		6,353	-
		8,184	108,898

15 LONG TERM INVESTMENT - AT COST

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

16 LONG TERM DEPOSITS

	Note	2015	2014
		(Rupees in '000')	
Lease key money deposits	16.1	7,729	4,439
Less: current portion of lease key money deposits	21	3,561	1,955
		4,168	2,484
Security deposits	16.2	33,961	38,167
		38,129	40,651

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

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

17 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2015	2014
		(Rupees in '000')	
Stores		186,593	157,729
Spare parts		15,217	24,041
Loose tools		553	747
		202,363	182,517
Less: provision for slow moving items	17.1	16,078	7,928
		186,285	174,589

		2015	2014
17.1	Balance at beginning of year	7,928	7,767
	Charge for the year	8,150	161
	Balance at the end of year	16,078	7,928

18 STOCK-IN-TRADE

This represents medicines being carried at moving average cost.

19 TRADE DEBTS

	Note	2015	2014
Considered good			
Related party - Shifa Foundation	19.1	3,398	4,670
Related party - Shifa Tameer -e- Millat University (STMU)	19.2	1,433	-
Others		329,411	338,359
Considered doubtful			
Others		28,380	94,655
Considered bad			
Others		95,409	-
		458,031	437,684
Less: provision for doubtful debts	38.1.3	28,380	94,655
Bad debts written off		95,409	-
		334,242	343,029

19.1 Maximum amount due from Shifa Foundation at the end of any month during the year was Rs. 11,417 thousand (2014: Rs. 19,713 thousand).

19.2 Maximum amount due from STMU at the end of any month during the year was Rs. 12,598 thousand (2014: 23,054 thousand).

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

20 LOANS AND ADVANCES

		Note	2015	2014
			(Rupees in '000')	
Considered good	- unsecured			
	- executives	20.1	4,459	7,129
	- other employees		16,736	26,128
			21,195	33,257
Consultants			6,412	4,817
Suppliers			97,987	126,503
			125,594	164,577

20.1 Reconciliation of carrying amount of advances given to executives:

	2015	2014
Balance at beginning of year	7,129	7,791
Disbursements during the year	26,759	24,174
	33,888	31,965
Less: Repayments during the year	29,429	24,836
Balance at end of year	4,459	7,129

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. 9,668 thousand (2014: Rs. 8,996 thousand).

21 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2015	2014
		(Rupees in '000')	
Current portion of lease key money deposits	16	3,561	1,955
Other deposits		2,560	2,560
Short term prepayments		18,805	32,668
		24,926	37,183

22 OTHER FINANCIAL ASSETS
(Held To Maturity Investment)

	Note	2015	2014
Faysal Bank Limited	22.1	28,168	101,235
Al Baraka Bank (Pakistan) Limited	22.2	97,137	-
		125,305	101,235

22.1 This represents two term deposit receipts (TDRs) of Faysal Bank Limited having face value of Rs. 10 million and Rs. 18 million respectively (2014: two term deposit receipt (TDRs) having face value of Rs. 50 million each) with three months maturity, due on August 06, 2015 and September 22, 2015 respectively. These TDRs carry an effective profit rate of 6.9% and 5.75% per annum respectively (2014: 8.75% per annum).

22.2 This represents four term deposit receipts (TDRs) of Al Baraka Bank (Pakistan) Limited having face value of Rs. 50 million, Rs. 15 million, Rs. 15 million and Rs. 17 million respectively (2014: NIL) with three months maturity. First three TDRs will mature on September 09, 2015 while the last TDR will be due on September 29, 2015. These TDRs carry an effective profit rate ranging from 6.5 % to 6.75% per annum (2014: NIL).

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

	Note	2015	2014
		(Rupees in '000')	
Balance at beginning of year - payable	12	(21,286)	-
Income tax paid / deducted at source during the year		239,461	-
		218,175	-
Provision for taxation for the year	30	(166,112)	-
Balance at end of year		52,063	-

24 CASH AND BANK BALANCES

	Note	2015	2014
Cash at banks in:			
Current accounts			
Local currency		104,864	39,145
Foreign currency		1,990	-
		106,854	39,145
Saving accounts:			
Local currency		407,746	401,656
Foreign currency		953	271
	24.1	408,699	401,927
	24.2	515,553	441,072
Cash in hand		8,844	7,980
		524,397	449,052

24.1 These carry effective profit rates ranging from 3.25 % - 6.4 % and 0.1% (2014: 4.23% - 8.23 % and 0.1%) per annum in respect of local and foreign currency accounts respectively.

24.2 Balances with banks includes Rs. 69,050 thousand (2014: Rs. 51,851 thousand) in respect of security deposits (note 9.2).

25 NON CURRENT ASSET HELD FOR SALE

This represented carrying amount of a plot located at Sector F-11, Islamabad which was previously classified as held for sale. The Board of Directors now decided to use the plot for hospital operational purposes. The plot is no longer classified as held for sale and has become part of the property, plant and equipment. The accumulated depreciation, from the date of classification as held for sale to the date of reclassification to property, plant and equipment, amounting to Rs. 9,595 thousand has been charged to profit and loss account as included in note 28.

26 NET REVENUE

	Note	2015	2014
		(Rupees in '000')	
Inpatients		3,678,795	3,000,929
Outpatients		1,799,366	1,598,888
Pharmacy	26.1	1,754,098	1,630,934
Cafeteria		192,590	166,635
Rent of building	26.2	29,340	27,814
Other services		41,790	32,144
		7,495,979	6,457,344
Less: discount		85,957	64,239
Net revenue		7,410,022	6,393,105

26.1 This includes revenue of Rs. 310,908 thousand (2014: Rs. 489,826 thousand) from external pharmacy outlets.

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

27 OTHER INCOME

	Note	2015	2014
		(Rupees in '000')	
Income from financial assets:			
Profit on investments and bank deposits		25,193	39,764
Income from other than financial assets:			
Gain / (loss) on disposal of property, plant and equipment		6,200	(663)
Liabilities written back		3,133	992
Sale of scrap		4,735	7,224
Miscellaneous	27.1	16,027	9,577
		55,288	56,894

27.1 This represents sale of Shifa News (magazine of Shifa Publications) and related advertisement income from Shifa News.

28 OPERATING COSTS

	Note	2015	2014
		(Rupees in '000')	
Salaries, wages and benefits	28.1	2,395,523	1,966,090
Utilities		295,420	229,940
Supplies consumed		1,234,390	1,086,878
Medicines		1,439,396	1,366,808
Communication		24,904	27,264
Travelling and conveyance		11,420	12,807
Printing and stationery		54,530	44,037
Repairs and maintenance		329,748	278,567
Auditors' remuneration	28.2	2,122	1,940
Legal and professional		28,066	10,254
Rent		105,477	69,995
Rates and taxes		67,609	4,533
Advertising and sales promotion		19,987	23,477
Fee, subscription and membership		6,366	5,659
Vehicle and equipment rentals	28.3	9,240	8,181
Laundry charges		12,632	10,235
Cleaning and washing		51,507	38,981
Insurance		10,135	9,137
Property, plant and equipment written off	28.4	18,048	9,927
Provision for doubtful debts		29,133	48,869
Provision for slow moving stores		5,981	370
Depreciation / amortization	14.4	379,664	318,571
Donation	28.5	20,000	28,000
Other expenses		28,320	21,677
		6,579,618	5,622,197

28.1 This includes employee retirement benefits (gratuity expense) of Rs. 56,971 thousand (2014: Rs. 50,389 thousand), expense for accumulating compensated absences of Rs. 28,407 thousand (2014: Rs. 25,370 thousand) and provision for bonus to employees of Rs. 111,024 thousand (2014: Rs. 93,751 thousand).

28.2 Auditors' remuneration

	2015	2014
	(Rupees in '000')	
Annual audit fee	1,331	1,210
Half yearly review fee	533	484
Other certifications	125	125
Out of pocket expenses	133	121
	2,122	1,940

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

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

	2015	2014
	(Rupees in ‘000’)	
Within one year	6,981	5,744
After one year but not more than five years	8,420	1,848
Total ujrah payments	15,401	7,592

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

		2015	2014
		(Rupees in ‘000’)	
28.5	Shifa Foundation	10,000	10,000
	Shifa Tameer-e-Millat University (STMU)	10,000	18,000
		20,000	28,000

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 & STMU, H-8/4, Islamabad
Dr. Habib ur Rahman	Director	Shifa Foundation & 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

29 FINANCE COSTS

	Note	2015	2014
		(Rupees in ‘000’)	
Mark-up on:			
Long term loans		147,751	183,203
Running finance and murabaha facilities		458	94
Credit card payment collection charges		9,308	5,871
Loss on foreign currency translation		168	767
Bank charges and commission		1,229	1,294
		158,914	191,229

30 PROVISION FOR TAXATION

	Note	2015	2014
Current			
for the year		163,381	170,171
Prior year		2,731	-
	23	166,112	170,171
Deferred		27,656	1,846
		193,768	172,017

30.1 Reconciliation of tax charge for the year

	2015	2014
	(Rupees in '000')	
Profit before taxation	726,778	636,573
Applicable tax rate	33.00%	34.00%
Super tax for tax year 2015 only	3.00%	-
Total	36.00%	34.00%
Add: Tax effect of amounts taxed at lower rates / others	18.64%	15.42%
Less: Net tax effect of amounts that are deductible for tax purposes	27.98%	22.40%
Average effective tax rate charged on income	26.66%	27.02%

31 EARNINGS PER SHARE - BASIC AND DILUTED

31.1 Basic

	2015	2014
Profit for the year - (Rupees in '000')	533,010	464,556
Weighted average number of shares in issue during the year - (No. in '000')	50,514	50,514
Earnings per share - basic - (Rupees)	10.55	9.20

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

32 CAPACITY UTILIZATION

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

	Note	Available bed days		Occupied bed days		Occupancy Ratio	
		2015	2014	2015	2014	2015	2014
		----------------- Numbers -----------------					
SIHL H-8/4, Islamabad	32.1	163,765	172,810	114,636	119,634	70.00%	69.23%
SIHL G-10/4, Islamabad	32.2	4,850	-	1,001	-	20.64%	-
SIHL Faisalabad	32.2	15,330	14,202	4,009	2,773	26.15%	19.53%

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

32.2 These are newly established facilities where occupancy continues to grow with increase in patient growth.

33 UNAVAILED CREDIT FACILITIES

	2015	2014
	(Rupees in '000')	
Unavailed credit facilities at year end are as under:		
Running / Murabaha financing	140,000	100,325
Letter of credit	81,389	98,510
Ijara financing	10,295	7,369
	231,684	206,204

34 NUMBER OF EMPLOYEES

The Company had 3,368 employees (2014: 3,245) at the year end and average number of employees during the year were 3,389 (2014: 3,105).

35 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	2015	2014
		(Rupees in '000')	
Shifa Foundation: (Related party by virtue of common directorship)			
Revenue from services earned by the Company	35.1	33,120	26,587
Revenue from rent		404	404
Expenses paid by and reimbursed to the Company		1,940	-
Donation given by the Company		10,000	10,000
Tameer-e-Millat Foundation: (Related party by virtue of common directorship)			
Revenue from services earned by the Company	35.1	8	-
Revenue from rent		44	44
Other supplies provided to the Company		16,030	11,297
Other services provided to the Company	35.2	3,341	5,267
SIHL Employees' Gratuity Fund			
Payments made by the Company during the year		126,095	46,737
Shifa Tameer-e- Millat University: (Related party by virtue of common directorship)			
Revenue from services earned by the Company	35.1	1,221	-
Revenue from rent		23,199	22,346
Other services provided to the Company	35.2	6,616	6,234
Expenses paid by and reimbursed to the Company		20,732	19,130
Donation given by the Company		10,000	18,000
Shifa Consulting Services (Private) Limited (Subsidiary Company)			
Investment made by the Company		18,000	-
Revenue from services earned by the Company	35.1	275	-
Remuneration including benefits & perquisites of key management personnel		201,223	172,443

35.1 Revenue earned from related parties include medical, surgical and clinical services rendered to referred inpatients and outpatients, sale of medicines and provision of cafeteria services.

35.2 Other services are received by the Company for nursing education / training and employees' children education.

36 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	
	2015	2014	2015	2014	2015	2014	2015	2014
	(Rupees in '000')							
Managerial remuneration	25,242	22,830	8,704	6,179	5,450	4,586	169,069	122,005
Rent and utilities	7,356	7,260	3,076	2,000	1,350	1,400	35,430	40,068
Bonus and incentives	1,997	1,815	-	-	350	-	15,648	11,602
Gratuity	-	-	-	-	-	-	22,343	20,447
Medical insurance	-	45	48	-	48	45	2,878	2,404
Leave encashment	-	-	-	-	-	-	5,376	3,522
	34,595	31,950	11,828	8,179	7,198	6,031	250,744	200,048
Number of persons	1	1	2	1	4	2	78	67

36.1 The chief executive is provided with a Company maintained car, while another director and forty nine executives availed car facility.

36.2 Non executive directors' remuneration include Rs. 1,050 thousand (2014: 920 thousand) in respect of director fee paid to three independent directors.

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

37 CASH AND CASH EQUIVALENTS

	Note	2015	2014
		(Rupees in '000')	
Cash and bank balances	24	524,397	449,052
Other financial assets	22	125,305	101,235
Short term running finance - secured	11	-	(39,675)
		649,702	510,612

38 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.

38.1 Credit risk

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

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

38.1.1 Counterparties

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

Trade debts

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

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

Cash and investments

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

38.1.2 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:

	2015	2014
	(Rupees in '000')	
Long term deposits	33,961	38,167
Trade debts	334,242	343,029
Loans and advances	27,607	38,074
Trade deposits	2,560	2,560
Markup accrued	1,908	1,113
Other financial assets	125,305	101,235
Bank balances	515,553	441,072
	1,041,136	965,250

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

	2015	2014
	(Rupees in '000')	
Government companies	127,073	115,262
Private companies	144,856	152,972
Individuals	50,032	67,875
Related parties	4,831	4,670
Others	7,450	2,250
	334,242	343,029

38.1.3 Impairment losses

The aging of trade debts at the reporting date was:

	2015		2014	
	Gross debts	Impaired	Gross debts	Impaired
	(Rupees in '000')		(Rupees in '000')	
Not past due	169,170	-	168,704	-
1 - 4 months	90,898	-	104,339	-
5 - 7 months	19,121	956	12,098	605
8 - 12 months	54,851	2,412	52,962	1,804
13 - 18 months	7,668	4,098	75,656	68,321
19 - 23 months	20,914	20,914	23,925	23,925
	362,622	28,380	437,684	94,655

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

	Note	2015	2014
		(Rupees in '000')	
Balance at beginning of year		94,655	45,786
Provision made during the year		29,133	48,869
Less: bad debts written off		95,409	-
Balance at end of year	19	28,380	94,655

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.

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

38.2 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, 11 and 33 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')			-----------------------------------
2015						
Long term financing	1,166,666	166,667	166,667	333,332	500,000	-
Trade and other payables	1,374,535	1,374,535	-	-	-	-
Mark up accrued	793	793	-	-	-	-
	2,541,994	1,541,995	166,667	333,332	500,000	-
2014						
Long term financing	1,504,500	171,167	166,667	666,666	500,000	-
Trade and other payables	1,100,711	1,100,711	-	-	-	-
Mark up accrued	1,458	1,458	-	-	-	-
Short term running finance - secured	39,675	39,675	-	-	-	-
	2,646,344	1,313,011	166,667	666,666	500,000	-

38.3 Market risk

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

38.3.1 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:

	2015		2014	
	(Amount in '000')			
	USD	AED	USD	AED
Bank balances	9.37	71.87	2.75	-
Letter of credit	(197.49)	-	(415.71)	-
	(188.12)	71.87	(412.96)	-

	2015		2014	
	(Rupees in '000')			
Bank balances	953	1990	271	-
Letter of credit	(20,085)	-	(41,051)	-
	(19,132)	1,990	(40,780)	-

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2015	2014	2015	2014
	------------------ (Rupees) ------------------			
USD 1	101.50	102.89	101.70	98.75
AED 1	27.64	-	27.69	-

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)	
2015			
Foreign currencies	+10%	(1,714)	(1,714)
Foreign currencies	-10%	1,714	1,714
2014			
Foreign currencies	+10%	(4,078)	(4,078)
Foreign currencies	-10%	4,078	4,078

38.3.2 Markup rate risk

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

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

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

Profile

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

	Note	2015	2014
		(Rupees in '000')	
Financial assets			
Other financial assets	22	125,305	101,235
Bank balances	24	408,699	401,927
		534,004	503,162
Financial liabilities			
Long term financing - secured	7	1,166,666	1,504,500
Short term running finance - secured	11	-	39,675
		(632,662)	(1,041,013)

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, 2015 would decrease / increase by Rs. 6,883 thousand (2014: decrease / increase by Rs. 8,389 thousand). This is mainly attributable to the Company's exposure to markup rates on its variable rate borrowings.

38.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values except investment held to maturity which are carried at amortized cost.

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

38.5 Capital management

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

38.5.1 Debt-to-adjusted capital ratio

The Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, and unappropriated profit) and includes some forms of subordinated debt. The debt-to-adjusted capital ratios as at June 30 were as follows:

	Note	2015	2014
		(Rupees in '000')	
Total debt	7 & 11	1,166,666	1,544,175
Less: Cash and cash equivalents	37	649,702	510,612
Net debt		516,964	1,033,563
Total equity		2,254,951	1,889,398
Adjusted capital		2,771,915	2,922,961
Net debt-to-adjusted capital ratio		0.19	0.35

The decrease in the debt-to-adjusted capital ratio during the current year resulted primarily due to decrease in debt and increase in equity.

39 GENERAL

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

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

40 EVENT AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on September 10, 2015 have proposed a final dividend of Rs. 4.5 per share.

41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on September 10, 2015.

CHAIRMAN | CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER

Consolidated Financial Statements

For the year ended June 30, 2015

Grant Thornton
An instinct for growth™

Grant Thornton Anjum Rahman
1st Floor, 2 Ali Plaza
1-E, Jinnah Avenue
Blue Area, Islamabad
Pakistan

T: +92 51 2271906, 2274665, 2273883
F: +92 51 2273874
W: www.gtpak.com

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 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Shifa International Hospitals Limited. The subsidiary company Shifa Consulting Services (Private) Limited was audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary company as at 30 June 2015 and the results of their operations for the year then ended.

Grant Thornton Anjum Rahman

GRANT THORNTON ANJUM RAHMAN

Chartered Accountants
Engagement Partner: Nadeem Tirmizi

Islamabad
Date: September 10, 2015

Consolidated Balance Sheet
As at June 30, 2015

	Note	2015 (Rupees in '000')
SHARE CAPITAL AND RESERVES		
Share capital	4	505,138
Capital reserve	5	40,000
Unappropriated profit		1,703,323
		2,248,461
NON-CONTROLLING INTEREST		7,675
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	6	751,182
NON CURRENT LIABILITIES		
Long term financing - secured	7	833,333
Deferred taxation	8	457,400
		1,290,733
CURRENT LIABILITIES		
Trade and other payables	9	1,488,746
Markup accrued	10	793
Current portion of long term financing	7	333,333
		1,822,872
		6,120,923
CONTINGENCIES AND COMMITMENTS	11	

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

CHAIRMAN

CHIEF EXECUTIVE

	Note	2015 (Rupees in '000')
NON-CURRENT ASSETS		
Property, plant and equipment	12	4,488,219
Long term deposits	13	38,439
		4,526,658
CURRENT ASSETS		
Stores, spare parts and loose tools	14	186,285
Stock-in-trade	15	202,463
Trade debts	16	337,005
Loans and advances	17	126,690
Trade deposits and short term prepayments	18	25,468
Markup accrued		1,908
Other financial assets	19	125,305
Tax refunds due from the government (net of provision)	20	52,154
Cash and bank balances	21	536,987
		1,594,265
		6,120,923

Muneer Kamal Bukhari

CHIEF FINANCIAL OFFICER

Consolidated Profit and Loss Account
For the year ended June 30, 2015

	Note	2015 (Rupees in '000')
Net revenue	22	7,415,719
Other income	23	55,288
Operating costs	24	(6,596,070)
Finance costs	25	(158,916)
Profit before taxation		716,021
Provision for taxation	26	(193,826)
Profit after taxation		522,195
Attributable to:		
Equity holders of Shifa International Hospitals Limited		526,520
Non-Controlling interest		(4,325)
		522,195
Earnings per share - basic and diluted - (Rupees)	27	10.42

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

CHAIRMAN | CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2015

	2015
	(Rupees in '000')
Profit after taxation	522,195
Other comprehensive income	
Loss on remeasurement of staff gratuity fund benefit plan	(36,633)
Deferred tax credit relating to remeasurement of staff gratuity fund benefit plan	11,723
Loss on remeasurement of staff gratuity fund benefit plan (net of tax)	(24,910)
Total comprehensive income for the year	497,285
Attributable to:	
Equity holders of Shifa International Hospitals Limited	501,610
Non-Controlling interest	(4,325)
	497,285

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

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

Consolidated Cash Flow Statement
For the year ended June 30, 2015

	Note	2015 (Rupees in '000')
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		716,021
Adjustments for:		
Depreciation / amortization of property, plant and equipment		379,883
Provision for doubtful debts		29,133
Property, plant and equipment written off		18,048
Gain on disposal of property, plant and equipment		(6,200)
Provision for compensated absences		28,407
Provision for gratuity		56,971
Provision for slow moving stores		5,981
Liabilities written back		(3,133)
Profit on investments and bank deposits		(25,193)
Loss on foreign currency translation		168
Finance cost		158,748
Operating cash flows before changes in working capital		1,358,834
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools		(19,846)
Stock-in-trade		10,075
Trade debts		(23,110)
Loans and advances		37,887
Trade deposits and short term prepayments		11,715
Increase in current liabilities:		
Trade and other payables		315,712
Cash generated from operations		1,691,267
Finance cost paid		(159,415)
Income tax paid		(239,609)
Payment to gratuity fund		(126,095)
Compensated absences paid		(21,926)
Net cash from operating activities		1,144,222
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment		(566,447)
Proceeds from disposal of property, plant and equipment		20,886
Profit received		24,398
Proceeds from non-controlling interest		12,000
Increase in long term deposits		2,213
Net cash used in investing activities		(506,950)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - repayments		(337,834)
Dividend paid		(147,590)
Net cash used in financing activities		(485,424)
Net increase in cash and cash equivalents		151,848
Cash and cash equivalents at beginning of year		510,612
Effect of exchange rate changes on cash and cash equivalents		(168)
Cash and cash equivalents at end of year	33	662,292

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

CHAIRMAN — CHIEF EXECUTIVE — CHIEF FINANCIAL OFFICER

Consolidated Statement of Changes in Equity
For the year ended June 30, 2015

	Share capital	Capital reserve	Unappropriated Profit	Surplus on revaluation of property, plant & equipment	Non-controlling interest	Total
	----------------------------------		(Rupees in '000')	----------------------------------		
Balance at July 01, 2014	505,138	40,000	1,344,260	760,176	-	2,649,574
Total comprehensive income for the year						
Profit for the year	-	-	526,520	-	(4,325)	522,195
Other comprehensive income	-	-	(24,910)	-	-	(24,910)
	-	-	501,610	-	(4,325)	497,285
Transfer of depreciation / amortization on incremental value arising on revaluation of property, plant and equipment attributed to current year	-	-	8,994	(8,994)	-	-
Distribution to owners						
Dividend 2014: Rs. 3 per share	-	-	(151,541)	-	-	(151,541)
Balance at June 30, 2015	505,138	40,000	1,703,323	751,182	(4,325)	2,995,318

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

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

1 STATUS AND NATURE OF BUSINESS

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

The principal activity of the SIHL is to establish and run medical centres and hospitals in Pakistan. SIHL has established its first hospital in 1993 in H-8/4 Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4 Islamabad. Besides this, SIHL is running medical centre, pharmacies in Islamabad and lab collection points in different cities of Pakistan.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

2.4.1 Property, plant and equipment

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

2.4.2 Provision for doubtful debts

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

2.4.3 Stock in trade, stores, spares and loose tools

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

2.4.4 Employee benefits

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

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

2.4.5 Taxation

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

2.4.6 Contingencies

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

2.5 New accounting standards, interpretations and amendments

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

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

		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19	Employee Benefits (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements (Revised 2011)	January 1, 2015
IAS 28	Associates and Joint Ventures (Revised 2011)	January 1, 2015
IAS 28	Investment in Associates and Joint ventures (Amendments)	January 1, 2016
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016
IAS 41	Agriculture (Amendments)	January 1, 2016
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	July 1, 2016
IFRS 7	Financial Instruments: Disclosures (Amendments)	July 1, 2016
IFRS 10	Consolidated Financial Statements	January 1, 2015
IFRS 11	Joint Arrangements	January 1, 2015
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2015
IFRS 13	Fair Value Measurement	January 1, 2015

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.

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

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

IFRIC 4	Determining Whether an Arrangement Contains Lease
IFRIC 12	Service Concession Arrangements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

These consolidated financial statements inculde the financial statements of Shifa International Hospitals Limited and its subsidiary company Shifa Consulting Services (Private) Limited (60% owned) for the year ended June 30, 2015. The accounting policies used by the subsidiary company in preparation of their financial statements are consistent with that of the parent company. Futher, comparative financial information has not been presented as these are the first consolidated financial statements after formation of the group.

Subsidiaries

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

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

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

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

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

3.2 Property, plant and equipment

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

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

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

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

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

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

Assets are derecognized when disposed off or when no future economic benefits are expected to flow from its use. 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 consolidated profit and loss account.

3.3 Leases

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

Finance leases as lessee

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

Operating leases / Ijarah contracts

As lessor

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

As lessee

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

3.4 Impairment

Non financial asset

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

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

Financial assets

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

3.5 Investments

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

Investments held to maturity

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

Loans and receivables

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

3.6 Stores, spare parts and loose tools

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

3.7 Stock-in-trade

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

3.8 Cash and cash equivalents

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

3.9 Financial instruments

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

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

Trade debts and other receivables

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

Trade and other payables

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

Offsetting

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

3.10 Employee benefits

Defined benefit plan

The SIHL operates approved funded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to income. The most recent valuation was carried out as at June 30, 2015 using the “Projected Unit Credit Method”. The actuarial gains or losses at each evaluation date are charged to consolidated statement of other comprehensive income. The results of actuarial valuation are summarized in note 9.3 of these financial statements.

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

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

Compensated absences

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

3.11 Provisions

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

3.12 Taxation

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

Current

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

Deferred

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

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

3.13 Foreign currencies

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

3.14 Revenue recognition

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

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

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

Scrap sales and miscellaneous receipts are recognised on realised amounts.

3.15 Borrowings

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

3.16 Borrowing costs

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

3.17 Earnings per share

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

3.18 Dividend

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

3.19 Non-current asset held for sale

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

4 SHARE CAPITAL

Issued, subscribed and paid up capital

2015 Number		2015 (Rupees in '000')
50,513,800	Ordinary shares of Rs. 10 each fully paid in cash	505,138

4.1 The SIHL has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividends 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 SIHL's residual assets.

Authorized capital

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

5 CAPITAL RESERVE

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

6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2015 (Rupees in '000')
Balance at beginning of year	760,176
Transferred to unappropriated profits in respect of incremental depreciation charged during the year	(8,994)
Balance at end of year	751,182

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

7 LONG TERM FINANCING - SECURED

	Note	2015 (Rupees in '000')
From banking company		
Syndicated Islamic Finance Facility	7.2	1,166,666
Less: Current portion		333,333
		833,333

7.1 The SIHL has fully availed the above facility.

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 1.25% per annum, repayable in 18 equal quarterly installments. The sanction limit of this facility was Rs. 1,500 million which shall be repaid by December 28, 2018. The financing is secured by ranking charge upgraded into first pari passu charge on all present and future fixed assets of the SIHL (excluding plot No.5 , F-11 Markaz, Islamabad) amounting to Rs. 2,000 million. Meezan Bank Limited has the custody of original ownership documents of the SIHL's land located at sector H-8/4 Islamabad.

8 DEFERRED TAXATION

	Note	2015 (Rupees in '000')
Deferred tax liability	8.1	497,566
Deferred tax asset	8.2	(40,166)
Net deferred tax liability		457,400

8.1 Deferred tax liability on taxable temporary differences:

Accelerated depreciation allowance	497,566

8.2 Deferred tax asset on deductible temporary differences:

Specific provisions	(9,082)
Retirement benefit obligation	(31,084)
	(40,166)

8.3 Movement in deferred taxation

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

9 TRADE AND OTHER PAYABLES

	Note	2015 (Rupees in '000')
Creditors		605,588
Accrued liabilities		234,296
Advances		113,762
Compensated absences		66,243
Medical consultants' charges		330,110
Payable to related parties - unsecured	9.1	5,040
Security deposits	9.2	69,050
Unclaimed dividend		26,689
Retention money		5,664
Payable to Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund	9.3	32,304
		1,488,746

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

	2015 (Rupees in '000')
Tameer -e- Millat Foundation	4,313
Shifa Foundation	727
	5,040

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

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

	Note	2015 (Rupees in '000')
Present value of defined benefit obligation	9.3.1	298,537
Fair value of plan assets	9.3.2	(266,509)
Other adjustments		276
		32,304

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

Present value of defined benefit obligation at beginning	231,089
Interest cost	28,573
Current service cost	57,238
Benefits paid	(30,886)
Non refundable loan to employees adjustable against gratuity	(4,750)
Remeasurement of defined benefit obligation	17,273
Present value of defined benefit obligation at end	298,537

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

Fair value of plan assets at beginning	166,978
Expected return on plan assets	28,432
Contributions	126,095
Benefits paid	(30,886)
Non refundable loan to employees adjustable against gratuity	(4,750)
Return on plan assets, excluding interest income	(19,360)
Fair value of plan assets at end	266,509

9.3.3 Charge for the year is as follows:

Current service cost	57,238
Interest cost	28,573
Expected return on plan assets	(28,432)
	57,379

9.3.4 The charge has been allocated as follows:

Salaries, wages and benefits	56,971
Capital work-in-progress	408
	57,379

	2015 (Rupees in '000')
9.3.5 Remeasurements recognized in consolidated statement of Other Comprehensive Income (OCI) during the year	
Remeasurement loss on obligation	17,273
Remeasurement loss on plan assets	19,360
Remeasurement loss recognized in OCI	36,633
9.3.6 Movement in liability recognised in balance sheet:	
Balance at beginning of year	64,111
Cost for the year	57,379
Total amount of remeasurement recognized in OCI during the year	36,633
Contributions during the year	(126,095)
Other adjustments	276
Balance at end of year	32,304
9.3.7 Plan assets comprise of:	
Accrued mark up	2,046
Term deposit receipts	231,000
Cash and bank balances	34,720
Payable to outgoing members	(1,257)
	266,509

	2015
9.3.8 The principal actuarial assumptions used in the actuarial valuation are as follows:	
Discount rate used for interest cost in profit and loss	13.25%
Discount rate used for year end obligation	9.75%
Expected rate of salary growth	
Salary increase FY 2015	NA
Salary increase FY 2016 onward	8.75%
Mortality rate	SLIC 2001-2005 set back 1 year
Withdrawal rates	age based (per appendix)
Retirement assumption	Age 60

9.3.9 Sensitivity analysis

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

	Defined benefit obligation	
	Effect of 1% increase	Effect of 1% decrease
	(Rupees in '000')	
Discount rate	261,507	306,214
Future salary growth	295,379	260,745

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

10 MARKUP ACCRUED

	Note	2015 (Rupees in '000')
Long term financing - secured		787
Short term running finance - secured		6
		793

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

Claims against SIHL not acknowledged as debts:		
Patients	11.1.1	122,504
Others	11.1.2	20,000
Letter of guarantee	11.1.3	34,485

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

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

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

11.2 Commitments

	2015 (Rupees in '000')
11.2.1 Capital expenditure contracted	16,240
11.2.2 Letters of credit	30,379

Notes To The Consolidated Financial Statements
For the year ended June 30, 2015

12 PROPERTY, PLANT AND EQUIPMENT

Particulars	Owned assets												
	Freehold land	Leasehold land	Building on leasehold land	Leasehold Improvements	Biomedical equipment	Air conditioning equipment and machinery	Electrical and other equipment	Furniture and Fittings	Construction equipment	Computer installations	Vehicles	Capital work in progress (note 12.6)	Total
	(Rupees in 000)												
Cost / Revalued amount													
Balance as at July 01, 2014	250,850	673,081	1,793,065	73,922	1,798,068	183,470	335,892	107,634	8,671	201,146	104,823	215,388	5,746,010
Additions	6,500	-	-	-	385,552	3,947	44,564	17,186	-	23,793	1,903	85,853	569,298
Disposals	-	-	-	(18,885)	(983)	(1,319)	(6,768)	(1,018)	-	(3,577)	(6,650)	-	(39,200)
Write offs	-	-	-	(55,037)	(21,841)	-	(717)	(420)	-	(4,842)	-	-	(82,857)
Non current asset no longer classified as “held for sale”		287,878	-	-	-	-	-	-	-	-	-	-	287,878
Transfers	-	-	137,829	-	108,897	-	-	-	-	-	-	(246,726)	-
Balance as at June 30, 2015	257,350	960,959	1,930,894	-	2,269,693	186,098	372,971	123,382	8,671	216,520	100,076	54,515	6,481,129
Depreciation / amortization													
Balance as at July 01, 2014	-	1,513	345,673	36,997	848,345	100,658	174,145	44,972	8,614	88,547	62,456	-	1,711,920
Charge for the year	-	11,474	55,712	12,608	175,530	14,604	38,000	10,245	25	39,974	12,141	-	370,313
On disposals	-	-	-	(10,339)	(438)	(762)	(3,040)	(326)	-	(2,995)	(6,614)	-	(24,514)
On write offs	-	-	-	(39,266)	(19,950)	-	(438)	(324)	-	(4,831)	-	-	(64,809)
Balance as at June 30, 2015	-	12,987	401,385	-	1,003,487	114,500	208,667	54,567	8,639	120,695	67,983	-	1,992,910
Carrying value as at June 30, 2015	257,350	947,972	1,529,509	-	1,266,206	71,598	164,304	68,815	32	95,825	32,093	54,515	4,488,219
Annual rate of depreciation %	-	1.34-3.03	2.5-10	20	10	10-15	10-15	10	10-20	15-30	20		

12.1 The SIHL had its leasehold land revalued in 1999, 2004, 2009 and 2014 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, 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. 751,182 thousand remains undepreciated as at June 30, 2015.

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			
2015	325,065	33,393	291,672
Freehold land			
2015	162,468	-	162,468

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

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

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

	Note	2015 (Rupees in '000')
Operating costs	24	379,883
Accumulated depreciation of asset previously classified as held for sale	12.4.1	(9,595)
Capital work-in-progress	12.6.1	25
		370,313

12.4.1 During the year a plot, held by SIHL and located at Sector F-11, Islamabad has been reclassified to property plant and equipment which was previously classified as held for sale. The Board of Directors of SIHL now decided to use the plot for hospital business operation purposes. The accumulated depreciation, from the date of classification as held for sale to the date of reclassification to property, plant and equipment, amounting to Rs. 9,595 thousand has been charged to profit and loss account as included in note 24.

12.5 Detail of property, plant and equipment disposed off during the year having carrying value of more then fifty thousand rupees

Sr. No.	Assets Particulars	Cost	Carrying Value	Sale Proceed	Purchaser	Mode of Disposal
		--------	Rupees in '000'	--------		
1	Leasehold Improvements & Electrical Equipments	6,160	2,868	2,351	M/s Green Plus Pharmacies	Negotiation
2	Leasehold Improvements & Electrical Equipments	6,127	2,802	1,899	Mr. Mohsin Shafiq	Negotiation
3	Electrical Equipments	225	152	158	Mr. Qazi Bilal	Negotiation
4	Electrical Equipments	624	361	436	Mr. Raja Wajid Mehmood	Negotiation
5	Leasehold Improvements & Electrical Equipments	2,031	916	837	M/s RX Pharmacuetical	Negotiation
6	Leasehold Improvements, Medical Equipment, Air-conditioning & Electrical Equipments	7,980	4,134	4,451	Mr. Shafqat Ali Hamdani	Negotiation
		23,147	11,233	10,132		

	Note	2015 (Rupees in '000')
12.6 Capital work-in-progress		
Construction work-in-progress - at cost	12.6.1	22,972
Stores held for capital expenditure	12.6.2	23,359
Installation of equipment in progress	12.6.3	8,184
		54,515

12.6.1 Construction work-in-progress - at cost

This represents cost of civil works mainly comprising of cost of materials, payments to contractors and salaries and benefits pertaining to different blocks of hospital building in H-8/4, Islamabad which are currently under construction. Given below is the break-up of these blocks:

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

12.6.2 Stores held for capital expenditure

	Note	2015 (Rupees in '000')
Stores held for capital expenditure		26,016
Less: provision for slow moving items	12.6.2.1	2,657
		23,359
12.6.2.1 Balance at beginning of the year		4,826
Less: reversed during the year		2,169
		2,657

	Note	2015 (Rupees in '000')

12.6.3 Installation of equipment in progress

Refrigerator blood bank		1,831
Medical - Grade LED		6,353
		8,184

13 LONG TERM DEPOSITS

Lease key money deposits	13.1	7,729
Less: current portion of lease key money deposits	18	3,561
		4,168
Security deposits	13.2	34,271
		38,439

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

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

14 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2015 (Rupees in '000')
Stores		186,593
Spare parts		15,217
Loose tools		553
		202,363
Less: provision for slow moving items	14.1	16,078
		186,285

14.1

Balance at beginning of year		7,928
Charge for the year		8,150
Balance at the end of year		16,078

15 STOCK-IN-TRADE

This represents medicines being carried at moving average cost.

16 TRADE DEBTS

Considered good		
Related party - Shifa Foundation	16.1	3,398
Related party - Shifa Tameer -e- Millat University (STMU)	16.2	1,433
Others		332,174
Considered doubtful		
Others		28,380
Considered bad		
Others		95,409
		460,794
Less: provision for doubtful debts	34.1.3	28,380
Bad debts written off		95,409
		337,005

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

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

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

17 LOANS AND ADVANCES

		Note	2015 (Rupees in '000')
Considered good	- unsecured		
	- executives	17.1	5,555
	- other employees		16,736
			22,291
Consultants			6,412
Suppliers			97,987
			126,690

17.1 Reconciliation of carrying amount of advances given to executives:

Balance at beginning of year	7,129
Disbursements during the year	28,358
	35,487
Less: Repayments during the year	29,932
Balance at end of year	5,555

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

17.1.1 This includes loan given to the CEO of the subsidiary.

18 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2015 (Rupees in '000')
Current portion of lease key money deposits	13	3,561
Other deposits		2,560
Short term prepayments		19,347
		25,468

19 OTHER FINANCIAL ASSETS

(Held To Maturity Investment)

Faysal Bank Limited	19.1	28,168
Al Baraka Bank (Pakistan) Limited	19.2	97,137
		125,305

19.1 SIHL has two term deposit receipts (TDRs) of Faysal Bank Limited having face value of Rs. 10 million and Rs. 18 million respectively with three months maturity, due on August 06, 2015 and September 22, 2015 respectively. These TDRs carry an effective profit rate of 6.9% and 5.75% per annum respectively.

19.2 SIHL has four term deposit receipts (TDRs) of Al Baraka Bank (Pakistan) Limited having face value of Rs. 50 million, Rs. 15 million, Rs. 15 million and Rs. 17 million respectively with three months maturity. First three TDRs will mature on September 09, 2015 while the last TDR will be due on September 29, 2015. These TDRs carry an effective profit rate ranging from 6.5 % to 6.75% per annum.

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

	Note	2015 (Rupees in '000')
Balance at beginning of year - payable		(21,286)
Income tax paid / deducted at source during the year		239,609
		218,323
Provision for taxation for the year	26	(166,169)
Balance at end of year		52,154

21 CASH AND BANK BALANCES

	Note	2015 (Rupees in '000')
Cash at banks in:		
Current accounts		
Local currency		117,440
Foreign currency		1,990
		119,430
Saving accounts:		
Local currency		407,746
Foreign currency		953
	21.1	408,699
	21.2	528,129
Cash in hand		8,858
		536,987

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

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

22 NET REVENUE

	Note	2015 (Rupees in '000')
Inpatients		3,678,795
Outpatients		1,799,366
Pharmacy	22.1	1,754,098
Cafeteria		192,590
Rent of building	22.2	29,340
Other services		47,487
		7,501,676
Less: discount		85,957
Net revenue		7,415,719

22.1 This includes revenue of Rs. 310,908 thousand from external pharmacy outlets.

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

23 OTHER INCOME

	Note	2015 (Rupees in '000')
Income from financial assets:		
Profit on investments and bank deposits		25,193
Income from other than financial assets:		
Gain on disposal of property, plant and equipment		6,200
Liabilities written back		3,133
Sale of scrap		4,735
Miscellaneous	23.1	16,027
		55,288

23.1 This represents sale of Shifa News (magazine of Shifa Publications) and related advertisement income from Shifa News.

24 OPERATING COSTS

	Note	2015 (Rupees in '000')
Salaries, wages and benefits	24.1	2,405,901
Utilities		295,520
Supplies consumed		1,234,466
Medicines		1,439,396
Communication		24,988
Travelling and conveyance		13,063
Printing and stationery		54,686
Repairs and maintenance		330,223
Auditors' remuneration	24.2	2,272
Legal and professional		28,468
Rent		106,872
Rates and taxes		67,609
Advertising and sales promotion		19,987
Fee, subscription and membership		6,366
Vehicle and equipment rentals	24.3	9,240
Laundry charges		12,632
Cleaning and washing		51,507
Insurance		10,135
Property, plant and equipment written off	24.4	18,048
Provision for doubtful debts		29,133
Provision for slow moving stores		5,981
Depreciation / amortization	12.4	379,883
Donation	24.5	20,000
Other expenses		29,694
		6,596,070

24.1 This includes employee retirement benefits (gratuity expense) of Rs. 56,971 thousand, expense for accumulating compensated absences of Rs. 28,407 thousand and provision for bonus to employees of Rs. 111,024 thousand.

24.2 Auditors' remuneration

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

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

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

	2015 (Rupees in '000')
Within one year	6,981
After one year but not more than five years	8,420
Total ujrah payments	15,401

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

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

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

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

25 FINANCE COSTS

	Note	2015 (Rupees in '000')
Mark-up on:		
Long term loans		147,751
Running finance and murabaha facilities		458
Credit card payment collection charges		9,308
Loss on foreign currency translation		168
Bank charges and commission		1,231
		158,916

26 PROVISION FOR TAXATION

	Note	2015 (Rupees in '000')
Current		
for the year		163,438
Prior year		2,731
	20	166,169
Deferred		27,657
		193,826

26.1 Reconciliation of tax charge for the year

Profit before taxation	716,021
Applicable tax rate	33%
Super tax for tax year 2015 only	3%
Total	36%
Add: Tax effect of amounts taxed at lower rates / others	19%
Less: Net tax effect of amounts that are deductible for tax purposes	28%
Average effective tax rate charged on income	27%

	Note	2015

27 EARNINGS PER SHARE - BASIC AND DILUTED

27.1 Basic

	Note	2015
Profit for the year - (Rupees in '000')		526,520
Weighted average number of shares in issue during the year - (No. in '000')	4	50,514
Earnings per share - basic - (Rupees)		10.42

27.2 There is no dilutive effect on the basic earning per share.

28 CAPACITY UTILIZATION

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

	Note	Available bed days 2015	Occupied bed days 2015	Occupancy Ratio 2015
		----------- Numbers -----------		
SIHL H-8/4, Islamabad	28.1	163,765	114,636	70.00%
SIHL G-10/4, Islamabad	28.2	4,850	1,001	20.64%
SIHL Faisalabad	28.2	15,330	4,009	26.15%

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

28.2 These are newly established facilities where occupancy continues to grow with increase in patient growth.

29 UNAVAILED CREDIT FACILITIES

	Note	2015 (Rupees in '000')
Unavailed credit facilities of SIHL at year end are as under:		
Running / Murabaha financing	29.1	140,000
Letter of credit		81,389
Ijara financing		10,295
		231,684

29.1 This includes short term running finance facility availed by SIHL from the bank under mark-up arrangement. This carried mark-up at the rate of 3 months KIBOR plus 1% per annum repayable quarterly, calculated on daily product basis. The aggregate sanctioned limit of facility is Rs. 90 million. The facility is secured by first pari passu charge on all present and future current assets of the SIHL of Rs. 202 million.

30 NUMBER OF EMPLOYEES

The Group had 3,380 employees at the year end and average number of employees during the year were 3,400.

31 RELATED PARTIES TRANSACTIONS

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

	Note	2015 (Rupees in '000')
Shifa Foundation: (Related party by virtue of common directorship)		
Revenue from services earned by SIHL	31.1	33,120
Revenue from rent		404
Expenses paid by and reimbursed to SIHL		1,940
Donation given by SIHL		10,000
Tameer-e-Millat Foundation: (Related party by virtue of common directorship)		
Revenue from services earned by SIHL	31.1	8
Revenue from rent		44
Other supplies provided to SIHL		16,030
Other services provided to SIHL	31.2	3,341
SIHL Employees' Gratuity Fund		
Payments made by SIHL during the year		126,095
Shifa Tameer-e- Millat University: (Related party by virtue of common directorship)		
Revenue from services earned by SIHL	31.1	1,221
Revenue from rent		23,199
Other services provided to SIHL	31.2	6,616
Expenses paid by and reimbursed to SIHL		20,732
Donation given by SIHL		10,000
Remuneration including benefits & perquisites of key management personnel		209,116

31.1 Revenue earned from related parties include medical, surgical and clinical services rendered to referred inpatients and outpatients, sale of medicines and provision of cafeteria services.

31.2 Other services are received by SIHL for nursing education / training and employees' children education.

32 REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these consolidated 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
	2015			
	(Rupees in '000')			
Managerial remuneration	33,135	8,704	5,450	169,069
Rent and utilities	7,356	3,076	1,350	35,430
Bonus and incentives	1,997	-	350	15,648
Gratuity	-	-	-	22,343
Medical insurance	-	48	48	2,878
Leave encashment	-	-	-	5,376
	42,488	11,828	7,198	250,744
Number of persons	2	2	4	78

32.1 The chief executives are provided with a Company maintained car, while another director and forty nine executives of SIHL availed car facility.

32.2 Non executive directors' remuneration include Rs. 1,050 thousand in respect of director fee paid to three independent directors of SIHL.

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

33 CASH AND CASH EQUIVALENTS

	Note	2015 (Rupees in '000')
Cash and bank balances	21	536,987
Other financial assets	19	125,305
		662,292

34 FINANCIAL RISK MANAGEMENT

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

Credit risk
Liquidity risk
Market risk

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

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

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

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

34.1 Credit risk

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

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

34.1.1 Counterparties

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

Trade debts

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

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

Cash and investments

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

34.1.2 Exposure to credit risk

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

	2015 (Rupees in '000')
Long term deposits	34,271
Trade debts	337,005
Loans and advances	28,703
Trade deposits	2,560
Markup accrued	1,908
Other financial assets	125,305
Bank balances	528,129
	1,057,881

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

	2015 (Rupees in '000')
Government companies	127,073
Private companies	147,619
Individuals	50,032
Related parties	4,831
Others	7,450
	337,005

34.1.3 Impairment losses

The aging of trade debts at the reporting date was:

	2015	
	---------- (Rupees in '000') ----------	
	Gross debts	Impaired
Not past due	169,170	-
1 - 4 months	93,661	-
5 - 7 months	19,121	956
8 - 12 months	54,851	2,412
13 - 18 months	7,668	4,098
19 - 23 months	20,914	20,914
	365,385	28,380

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

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

The allowance account in respect of trade debts is used to record impairment losses where the Group is satisfied that no recovery of the due amount is doubtful, and when the amount considered irrecoverable is written off against the financial asset.

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

34.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose the Group has credit facilities as mentioned in notes 7, 11 and 29 to the financial statements. Further liquidity position of the Group is monitored by the Board through budgets, cash flow projections and comparison with actual results.

Following is the maturity analysis of financial liabilities:

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

34.3 Market risk

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

34.3.1 Foreign currency risk

Exposure to foreign currency risk

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

	2015 (Amount in '000') USD	2015 (Amount in '000') AED
Bank balances	9.37	71.87
Letter of credit	(197.49)	-
	(188.12)	71.87

	2015 (Rupees in '000')	
Bank balances	953	1990
Letter of credit	(20,085)	-
	(19,132)	1,990

The following significant exchange rates applied during the year:

	Average rate 2015	Closing rate 2015
	------- (Rupees)-------	
USD 1	101.50	101.70
AED 1	27.64	27.69

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')	
2015			
Foreign currencies	+10%	(1,714)	(1,714)
Foreign currencies	-10%	1,714	1,714

34.3.2 Markup rate risk

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

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

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

Profile

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

	Note	2015 (Rupees in '000')
Financial assets		
Other financial assets	19	125,305
Bank balances	21	408,699
		534,004
Financial liabilities		
Long term financing - secured	7	1,166,666
		(632,662)

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

Markup rate sensitivity analysis

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

34.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values except investment held to maturity which are carried at amortized cost.

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

34.5 Capital management

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

34.5.1 Debt-to-adjusted capital ratio

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, and unappropriated profit) and includes some forms of subordinated debt. The debt-to-adjusted capital ratios as at June 30 were as follows:

	Note	2015 (Rupees in '000')
Total debt	7	1,166,666
Less: Cash and cash equivalents	33	662,292
Net debt		504,374
Total equity		2,248,461
Adjusted capital		2,752,835
Net debt-to-adjusted capital ratio		0.18

35 GENERAL

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

36 EVENT AFTER BALANCE SHEET DATE

The Board of Directors of SIHL in their meeting held on September 10, 2015 have proposed a final dividend of Rs. 4.5 per share.

37 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements have been authorized for issue by the Board of Directors of the SIHL on September 10, 2015.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

Pattern of Shareholding
As at June 30, 2015

Number of Shareholders	Size of holding of shares From	To	Total shares held
118	1	100	6,538
1,296	101	500	631,613
249	501	1,000	237,376
239	1,001	5,000	572,786
65	5,001	10,000	570,218
38	10,001	15,000	451,999
32	15,001	20,000	590,954
17	20,001	25,000	379,821
14	25,001	30,000	392,455
11	30,001	35,000	346,926
10	35,001	40,000	390,167
5	40,001	45,000	213,720
11	45,001	50,000	530,262
5	50,001	55,000	261,155
5	55,001	60,000	295,210
2	60,001	65,000	121,750
2	65,001	70,000	137,000
1	70,001	75,000	70,772
5	75,001	80,000	396,390
4	80,001	85,000	332,110
2	85,001	90,000	174,970
1	90,001	95,000	94,446
16	95,001	100,000	1,600,000
3	100,001	105,000	304,322
1	105,001	110,000	107,012
2	115,001	120,000	234,710
4	120,001	125,000	493,710
2	125,001	130,000	252,825
2	130,001	135,000	266,890
5	135,001	140,000	684,462
2	140,001	145,000	284,782
1	150,001	155,000	152,230
1	155,001	160,000	159,600
1	160,001	165,000	161,040
1	165,001	170,000	168,800
1	170,001	175,000	170,300
1	175,001	180,000	177,000
1	190,001	195,000	190,229
1	200,001	205,000	204,925
1	205,001	210,000	207,625
1	215,001	220,000	219,755
1	225,001	230,000	226,154

Pattern of Shareholding
As at June 30, 2015

Number of Shareholders	Size of holding of shares From	To	Total shares held
1	230,001	235,000	234,911
2	235,001	240,000	478,110
1	240,001	245,000	243,840
1	265,001	270,000	266,560
1	275,001	280,000	275,739
1	285,001	290,000	285,436
1	295,001	300,000	300,000
4	300,001	305,000	1,208,002
1	305,001	310,000	306,800
1	310,001	315,000	313,650
1	320,001	325,000	320,060
1	335,001	340,000	335,810
2	345,001	350,000	697,260
1	350,001	355,000	354,370
1	355,001	360,000	359,295
1	380,001	385,000	384,300
1	390,001	395,000	392,000
1	415,001	420,000	415,304
1	420,001	425,000	422,900
1	430,001	435,000	433,400
1	450,001	455,000	452,850
1	455,001	460,000	459,320
1	475,001	480,000	476,000
1	500,001	505,000	504,767
1	515,001	520,000	515,640
1	540,001	545,000	544,827
1	545,001	550,000	550,000
2	555,001	560,000	1,113,448
1	795,001	800,000	800,000
1	950,001	955,000	954,961
1	1,235,001	1,240,000	1,239,000
1	1,245,001	1,250,000	1,250,000
1	1,360,001	1,365,000	1,363,250
1	1,635,001	1,640,000	1,637,832
1	1,880,001	1,885,000	1,882,978
1	1,885,001	1,890,000	1,885,205
1	2,220,001	2,225,000	2,223,837
1	2,230,001	2,235,000	2,234,528
1	3,455,001	3,460,000	3,457,343
1	5,475,001	5,480,000	5,475,258
2,226			50,513,800

Categories of shareholders	Number of Shareholders	Shares held	Percentage
INDIVIDUALS	2196	38,924,979	77.058
FINANCIAL INSTITUTIONS	3	1,977,978	3.916
JOINT STOCK COMPANIES	10	172,600	0.342
OTHERS	17	9,438,243	18.684
Total	2,226	50,513,800	100.000

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

As at June 30, 2015

Categories of shareholders	Number of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouses and minor children *	11	9,104,441	18.023
Associated Companies, Undertakings and related parties **	2	8,255,543	16.343
Banks, Development Financial Institutions, Non Banking Financial Institutions	3	1,977,978	3.916
Share holders holding 5 % or more voting interest ***	2	11,256,547	22.284
Joint Stock Companies	10	172,600	0.342
Executives	11	63,040	0.125

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

Dr. Manzoor H. Qazi	954,961	1.890
Dr. Habib-Ur-Rahman	422,900	0.837
Mrs. Shahida Rahman W/o Dr. Habib-Ur-Rahman	12,150	0.024
Mr. Muhammad Zahid	400,072	0.792
Dr. Mohammad Salim Khan	226,154	0.448
Mr. Shafquat Ali Chaudhary	1,637,832	3.242
Shah Naveed Saeed	12,530	0.025
Mr. Qasim Farooq Ahmad	1,878,890	3.720
Dr. Samea Kauser Ahmad	3,557,452	7.043
Syed Ilyas Ahmed	1,000	0.002
Prof. Dr. Shoab Ahmed Khan	500	0.001

** Shares held by related parties

Shifa Foundation	556,448	1.102
Tameer-e-Millat Foundation	7,699,095	15.242

*** Shareholders with 5 % or more voting interest

Dr. Samea Kauser Ahmad	3,557,452	7.043
Tameer-e-Millat Foundation	7,699,095	15.242

Notes

Form of Proxy

29th 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 29th Annual General Meeting of the Company to be held at 1100 hours on Saturday, October 31, 2015, and at any adjournment thereof.

As witness my hand this _________ day of ___________ 2015

Signed by the said __________________________________

Revenue Stamp

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

Witnesses:

1 Signature ______________________	1 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

Shifa
International
Hospitals Ltd.

Sector H-8/4, Islamabad, Pakistan.
Ph: +92-51-846-4646
www.shifa.com.pk