



**Shifa**  
International  
Hospitals Ltd.

Condensed Interim  
Financial Information for the  
First Quarter Ended

**September  
30, 2017**





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## COMPANY INFORMATION

**Board of Directors:** Dr. Habib-Ur-Rahman  
Chairman  
Dr. Manzoor H. Qazi  
CEO  
Mr. Muhammad Zahid  
Dr. Mohammad Salim Khan  
Mr. Shafquat Ali Chaudhary  
Shah Naveed Saeed  
Mr. Qasim Farooq Ahmad  
Dr. Samea Kauser Ahmad  
Syed Ilyas Ahmed  
Prof. Dr. Shoab Ahmed Khan

**Audit Committee:** Shah Naveed Saeed  
Chairman  
Dr. Habib-Ur-Rahman  
Dr. Samea Kauser Ahmad  
Syed Ilyas Ahmed

**H R & R Committee:** Dr. Habib-Ur-Rahman  
Chairman  
Dr. Manzoor H. Qazi  
Shah Naveed Saeed

**Chief Operating Officer:** Mr. Aziz A. Jan

**Chief Financial Officer:** Syed Muneer Hussain

**Company Secretary:** Mr. Muhammad Naeem

**Head of Internal Audit:** Mr. Muhammad Saeed

**Auditors:** M/s Grant Thornton Anjum Rahman  
Chartered Accountants

**Legal Advisor:** M/s Bashir Ahmad Ansari & Company

**Bankers:** Meezan Bank Limited  
Al Baraka Bank (Pakistan) Limited  
Faysal Bank Limited  
Askari Bank Limited  
Dubai Islamic Bank Limited  
Habib Bank Limited  
MCB Bank Limited  
First Habib Modaraba

**Registered Office:** Sector H-8/4, Islamabad

**Share Registrar:** M/s Corplink (Private) Limited  
Wings Arcade, 1-K,  
Commercial, Model Town,  
Lahore.

## DIRECTORS' REVIEW

### Dear Members,

On behalf of the Board of Directors, we are pleased to present the Condensed Interim Financial Information of the Company for the first quarter ended September 30, 2017. Condensed Interim Consolidated Financial Information for the first quarter ended September 30, 2017 incorporating the financial results of subsidiary i.e. Shifa Consulting Services (Private) Limited is also annexed herewith.

Financial Highlights	First Quarter ended September 30, (Rs. in millions)		
	2017	2016	Change (%)
Net Revenue	<b>2,498</b>	2,230	12.02
Profit before taxation	<b>230</b>	223	3.14
Profit after taxation	<b>164</b>	169	(2.96)
Earnings Per Share - (Rs.)	<b>3.00</b>	3.10	(3.23)

The above results indicate an overall revenue growth of 12.02 % as compared to corresponding period of the last year. The operating cost has been increased by 12.07 % from Rs. 2,029 million to Rs. 2,274 million, which is mainly due to increase in salaries and wages, cost and volume of supplies and medicines consumed, depreciation and rent etc. Finance cost has been declined because of the repayment of long term loan. However, Company managed to get earnings per share upto Rs. 3.00 versus 3.10 in the corresponding period of the last year.

### Future Outlook

The management is optimistic in maintaining excellent results in the future as we have planned to enhance patient services both nationally and internationally which will Insha Allah contribute significantly towards the financial health of the Company. We are confident that we will generate increased value for shareholders as well as deliver better services to our customers.

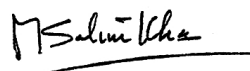
### Acknowledgement

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

For and on behalf of the Board of Directors



**DR. MANZOOR H. QAZI**  
Chief Executive Officer



**DR. MOHAMMAD SALIM KHAN**  
Executive Director

Islamabad  
October 28, 2017

## ڈائریکٹرز رپورٹ

محرمز ممبران،

بورڈ کے ڈائریکٹرز کی جانب سے ہم کمپنی کی 30 ستمبر 2017 کو ختم ہونے والی پہلی سہ ماہی کی مجموعی عبوری مالیاتی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ 30 ستمبر 2017 کو ختم ہونے والی پہلی سہ ماہی کی مجموعی عبوری مالیاتی رپورٹ میں کمپنی کے ذیلی ادارے یعنی شفا کنسلٹنگ سروسز (پرائیویٹ) لمیٹڈ کے مالیاتی نتائج بھی منسلک ہیں۔

30 ستمبر 2017 کو ختم ہونے والی پہلی سہ ماہی (پاکستانی روپے ملین میں)			مالیاتی جھلکیاں
(تبدیلی) فیصد	2016	2017	
12.02	2,230	2,498	خالص آمدنی
3.14	223	230	منافع قبل از ٹیکس
(2.96)	169	164	منافع بعد از ٹیکس
(3.23)	3.10	3.00	آمدنی فی شیئر - (روپے)

مذکورہ بالا نتائج یہ ظاہر کرتے ہیں کہ گزشتہ سال اسی عرصے کی نسبت اس دفعہ آمدنی میں 12.02 فیصد بہتری ہوئی۔ آپریٹنگ لاگت 12.07 فیصد اضافے کے ساتھ 2,029 ملین روپے سے بڑھ کر 2,274 ملین روپے ہو گئی ہے جس کی بڑی وجوہات تنخواہوں اور اجرتوں میں اضافہ، سپلائرز اور ادویات کے استعمال کی لاگت اور کرایوں میں اضافہ وغیرہ ہیں۔ فنانس کاسٹ میں کمی واقع ہوئی ہے جس کی وجوہات طویل دورانیہ کے قرضوں کی ادائیگی ہے۔ تاہم کمپنی آمدنی فی شیئر 3.00 روپے تک حاصل کرنے میں کامیاب رہی جو کہ گزشتہ سال اسی عرصے کے مقابلے 3.10 روپے تھی۔

مستقبل کا منظر نامہ:

منجھنت مستقبل میں ایسے ہی شاندار نتائج کو برقرار رکھنے کے لئے پرامید ہے اس سلسلے میں ہم نے مریضوں کی خدمات کو قومی و بین الاقوامی سطح پر بڑھانے کی منصوبہ بندی کی ہے جس سے کمپنی کی مالی حالت میں انشاء اللہ نمایاں اضافہ

ہوگا۔ ہم پر اعتماد ہیں کہ ہم اپنے شیئر ہولڈرز کے لئے اضافی قدر پیدا کرنے کے ساتھ ساتھ اپنے صارفین کو بہتر خدمات فراہم کر سکتے ہیں۔

اظہار تشکر:

بورڈ اپنے کنسلٹنٹس، ملازمین، صارفین اور سٹریٹجک پارٹنرز کا شکریہ ادا کرتا ہے اور مشکل وقت میں ان کی لگن، عزم اور کردار کو سراہتا ہے۔ بورڈ سرکاری حکام، سپلائرز، بینکوں اور شیئر ہولڈرز کا ان کی غیر متزلزل حمایت اور تعاون پر بھی شکریہ ادا کرتا ہے۔

برائے اور بجانب بورڈ آف ڈائریکٹرز

M Salim Isha

ڈاکٹر محمد سلیم خان

ایگزیکٹو ڈائریکٹر

Marjuna Hayat

ڈاکٹر منظور ایچ قاضی

چیف ایگزیکٹو آفیسر

اسلام آباد

28 اکتوبر 2017

**CONDENSED INTERIM BALANCE SHEET  
AS AT SEPTEMBER 30, 2017**

		Un-audited September 30, 2017	Audited June 30, 2017
	Note	(Rupees in '000')	
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		545,379	545,379
Capital reserve		1,046,025	1,046,025
Unappropriated profit		2,719,175	2,553,295
		<b>4,310,579</b>	4,144,699
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
		<b>724,512</b>	726,760
<b>NON - CURRENT LIABILITIES</b>			
Long term financing - secured	4	84,273	168,228
Deferred taxation		401,288	413,646
		<b>485,561</b>	581,874
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	1,904,063	1,958,990
Markup accrued		280	398
Short term borrowings	6	89,917	-
Current portion of long term financing	4	335,787	335,764
		<b>2,330,047</b>	2,295,152
		<b>7,850,699</b>	7,748,485
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		

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

*David M. Rahman*

**CHAIRMAN**

		Un-audited September 30, 2017	Audited June 30, 2017
	<u>Note</u>	(Rupees in '000')	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	5,528,552	5,457,545
Intangible		9,909	10,585
Long term investment - at cost		18,120	18,120
Long term deposits		45,557	45,273
		<b>5,602,138</b>	5,531,523
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		92,313	81,195
Stock-in-trade		417,020	380,052
Trade debts - considered good	9	547,587	447,770
Loans and advances - considered good		330,432	339,614
Trade deposits, short term prepayments and other receivables		72,017	38,498
Markup accrued		734	1,165
Other financial assets		140,010	189,451
Tax refunds due from the government (net of provision)		79,844	97,474
Cash and bank balances		568,604	641,743
		<b>2,248,561</b>	2,216,962
		<b>7,850,699</b>	7,748,485

*Maryam Akbar*

**CHIEF EXECUTIVE**

*Muneez Lubani*

**CHIEF FINANCIAL OFFICER**



**CONDENSED INTERIM  
PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

	September 30, 2017	September 30, 2016
	(Rupees in '000')	
Net revenue	2,497,817	2,229,721
Other income	19,278	40,536
Operating costs	(2,273,627)	(2,029,099)
Finance costs	(13,552)	(18,524)
Profit before taxation	229,916	222,634
Provision for taxation	(66,284)	(53,397)
Profit after taxation	163,632	169,237
<b>Earnings per share - basic and diluted - (Rupees)</b>	<b>3.00</b>	3.10

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

*Dawood M. Rahman*

**CHAIRMAN**

*Margumudiy Beyi*

**CHIEF EXECUTIVE**

*Muneer Subhani*

**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM  
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

	September 30, 2017	September 30, 2016
	(Rupees in '000')	
Profit after taxation	163,632	169,237
Other comprehensive income for the period - net of tax	-	-
Total comprehensive income for the period	<u>163,632</u>	<u>169,237</u>

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

*Dawood M. Rahman*

CHAIRMAN

*Margumudiy Beyi*

CHIEF EXECUTIVE

*Muneer Lubani*

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

	September 30, 2017	September 30, 2016
	(Rupees in '000')	
<b>Note</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	229,916	222,634
Adjustments for:		
Depreciation/amortization of property, plant and equipment	122,045	111,385
Amortization of intangible	676	-
Provision for doubtful debts	8,596	10,592
Property, plant and equipment written off	70	2,963
Gain on disposal of property, plant and equipment	(443)	(4,643)
Provision for compensated absences	9,084	12,000
Provision for gratuity	22,599	21,000
Provision for slow moving stores	-	(2,168)
Profit on investments and bank deposits	(7,900)	(21,283)
Loss on foreign currency translation	38	-
Finance cost	13,514	18,524
Operating cash flows before changes in working capital	398,195	371,004
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(11,118)	71,819
Stock-in-trade	(36,968)	(106,495)
Trade debts	(108,413)	(156,810)
Loans and advances	9,182	(39,794)
Trade deposits and short term prepayments	(33,519)	(20,320)
(Decrease) / increase in current liabilities:		
Trade and other payables	(37,876)	210,241
Cash generated from operations	179,483	329,645
Finance cost paid	(13,632)	(18,573)
Income tax paid	(61,012)	(60,620)
Payment to SIHL Employees' Gratuity Fund	(32,003)	(6,842)
Compensated absences paid	(16,545)	(9,812)
Net cash from operating activities	56,291	233,798
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(193,794)	(111,145)
Encashment of other financial assets	50,000	-
Proceeds from disposal of property, plant and equipment	1,116	4,805
Markup received	8,331	21,670
Increase in long term deposits	(284)	(5,329)
Net cash used in investing activities	(134,631)	(89,999)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing - repayments	(83,932)	(83,910)
Dividend paid	(187)	(5,557)
Net cash used in financing activities	(84,119)	(89,467)
Net (decrease)/increase in cash and cash equivalents	(162,459)	54,332
<b>Cash and cash equivalents at beginning of period</b>	<b>781,194</b>	<b>1,582,690</b>
Effect of exchange rate changes on cash and cash equivalents	(38)	-
<b>Cash and cash equivalents at end of period</b>	<b>12</b>	<b>1,637,022</b>

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



**CHAIRMAN**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM  
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

	Share capital	Capital reserve	Unappro- priated profit	Surplus on revaluation of property, plant and equipment	Total
	(Rupees in '000')				
<b>Balance at July 01, 2016</b>	545,379	1,046,025	2,090,865	742,191	4,424,460
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	169,237	-	169,237
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	169,237	-	169,237
Transfer of depreciation / amortization on incremental value arising on revaluation of property, plant and equipment attributed to current year	-	-	2,247	(2,247)	-
<b>Balance at September 30, 2016</b>	<b><u>545,379</u></b>	<b><u>1,046,025</u></b>	<b><u>2,262,349</u></b>	<b><u>739,944</u></b>	<b><u>4,593,697</u></b>
<b>Balance at July 01, 2017</b>	545,379	1,046,025	2,553,295	726,760	4,871,459
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	163,632	-	163,632
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	163,632	-	163,632
Transfer of depreciation / amortization on incremental value arising on revaluation of property, plant and equipment attributed to current year	-	-	2,248	(2,248)	-
<b>Balance at September 30, 2017</b>	<b><u>545,379</u></b>	<b><u>1,046,025</u></b>	<b><u>2,719,175</u></b>	<b><u>724,512</u></b>	<b><u>5,035,091</u></b>

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

*Dawood M. Rahman*

CHAIRMAN

*Margamul Haq*

CHIEF EXECUTIVE

*Muneez Lubhshi*

CHIEF FINANCIAL OFFICER

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL  
INFORMATION [UN-AUDITED]  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

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

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

**2 BASIS OF PREPARATION**

- 2.1** This condensed interim financial information of the Company for the first quarter ended September 30, 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984 and the listing regulations of Pakistan Stock Exchange Limited. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.
- 2.2** This condensed interim financial information is un-audited and is being submitted to the members in accordance with the requirements of Section 245 of the repealed Companies Ordinance, 1984. The disclosures in this condensed interim financial information do not include all of the information required for annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2017. Comparative condensed interim balance sheet is extracted from annual financial statements as of June 30, 2017, whereas comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from un-audited condensed interim financial information for the first quarter ended September 30, 2016.

The Companies Act 2017 was enacted on May 30, 2017 and SECP vide its circular no. 23 of 2017 dated October 4, 2017 communicated Commission's decision that the companies whose financial year, including interim period, closes on or before December 31, 2017 shall prepare their financial statements, including interim financial information in accordance with the provisions of the repealed Companies Ordinance, 1984.

**3 ACCOUNTING POLICIES**

The accounting policies, related judgments, estimates and assumptions adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the audited financial statements of the Company for the year ended June 30, 2017.

		Un-audited September 30, 2017	Audited June 30, 2017
		(Rupees in '000')	
<b>4</b>	<b>LONG TERM FINANCING - SECURED</b>		
	From banking companies:		
	Syndicated Islamic Finance Facility	4.1	416,667
	Diminishing Musharakah facility	4.2	3,393
			500,000
			3,992
			503,992
	Less: current portion		335,787
			84,273
			168,228

- 4.1** This represents syndicated Islamic finance facility, arranged and led by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 1% (June 2017: 3 months KIBOR plus 1%) per annum, repayable in 18 equal quarterly installments. The sanction limit of this facility was Rs. 1,500 million (June 2017: 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.
- 4.2** This represents a long term Islamic finance facility obtained under the Diminishing Musharakah basis from Al Baraka Bank (Pakistan) Limited to finance purchase of brand new vehicles. Principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 1.25% (June 2017: 3 months KIBOR plus 1.25%).

**4.3 Movement during the period / year**

	Un-audited September 30, 2017	Audited June 30, 2017
	(Rupees in '000')	
Opening Balance	503,992	839,655
Repayment during the period / year	(83,932)	(335,663)
Closing Balance	420,060	503,992

**5 TRADE AND OTHER PAYABLES**

This also includes payable to Tameer-e-Millat Foundation, Shifa Tameer-e-Millat University and Shifa Employees' Gratuity Fund. Detail of balances of each related party is as under:

	Un-audited September 30, 2017	Audited June 30, 2017
	(Rupees in '000')	
Tameer-e-Millat Foundation	5,001	5,336
Shifa Tameer-e-Millat University	15,621	22,949
Shifa Consulting Services (Private) Limited	-	885
Shifa International Hospitals Limited (SIHL)		
Employees' Gratuity Fund	25,904	35,308
	46,526	64,478

**6 SHORT TERM BORROWINGS**

This represents running finance facility obtained on markup basis at 3 months KIBOR plus 1% per annum with sanctioned limit of Rs. 90 million (June 2017: Nil). The facility is secured by first pari passu charge on all present and future current assets of the Company.

**7 CONTINGENCIES AND COMMITMENTS**

**7.1 Contingencies**

Claims against the Company not acknowledged as debt

	Un-audited September 30, 2017	Audited June 30, 2017
	(Rupees in '000')	
Patients	111,000	111,000
Others	20,000	20,000
Letter of guarantee	34,600	34,600

**7.2 Commitments**

Capital expenditure	90,921	96,548
Letter of credit	59,421	59,055

		Un-audited September 30, 2017	Audited June 30, 2017
		(Rupees in '000')	
<b>8</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	8.1 <b>5,316,195</b>	5,293,984
	Capital work in progress (CWIP)	8.2 <b>212,357</b>	163,561
		<b>5,528,552</b>	<b>5,457,545</b>
<b>8.1</b>	<b>Operating fixed assets</b>		
	Written down value (WDV) at the beginning of the period/year	8.1.1 <b>5,293,984</b>	4,551,370
	Additions	<b>145,470</b>	1,241,570
		<b>5,439,454</b>	5,792,940
	WDV of disposals	<b>(673)</b>	(22,563)
	WDV of assets written off	<b>(70)</b>	(13,189)
	Depreciation for the period/year	<b>(122,516)</b>	(463,204)
	WDV at the end of the period/year	<b>5,316,195</b>	5,293,984
<b>8.1.1</b>	<b>Additions to operating fixed assets</b>		
	Freehold land	-	565,777
	Building on leasehold land	-	102,941
	Biomedical equipment	<b>24,956</b>	387,034
	Air conditioning equipment and machinery	<b>3,127</b>	20,945
	Electrical and other equipment	<b>103,954</b>	34,845
	Leasehold improvements	-	35,295
	Furniture and fittings	<b>3,784</b>	25,353
	Computer installations	<b>9,649</b>	62,097
	Vehicles	-	7,283
		<b>145,470</b>	1,241,570
<b>8.2</b>	<b>Capital work in progress</b>		
	Opening capital work in progress	<b>163,561</b>	55,245
	Additions during the period/year	<b>61,283</b>	246,552
	Transferred to operating fixed assets	<b>(12,487)</b>	(138,236)
	Closing capital work in progress	<b>212,357</b>	163,561
<b>9</b>	<b>TRADE DEBTS</b>		
	Considered good - unsecured		
	Related party - Shifa Foundation	<b>30,418</b>	12,979
	Others	<b>517,169</b>	434,791
	Considered doubtful		
	Others	<b>63,674</b>	55,078
	Considered bad		
	Others	-	29,130
		<b>611,261</b>	531,978
	Less: provision for doubtful debts	9.1 <b>63,674</b>	55,078
	Bad debts written off	-	29,130
		<b>547,587</b>	447,770
<b>9.1</b>	Trade debts are provided on estimated irrecoverable amounts, on the basis of past experience of the management of the Company. The movement in the allowance for impairment in respect of trade debts during the period / year was as follow:		
		Un-audited September 30, 2017	Audited June 30, 2017
		(Rupees in '000')	
	Balance at beginning of the period / year	<b>55,078</b>	47,559
	Provision made during the period / year	<b>8,596</b>	36,649
	Less: bad debts written off	-	29,130
		<b>63,674</b>	55,078

**10 FINANCIAL INSTRUMENTS**

**Fair value of financial instruments**

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

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

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

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

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

**Financial instruments by category**

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

	Carrying Amount				Fair Value				
	Loans and receivables	Available for sale instruments	Fair value through profit or loss	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
	41,735	-	-	-	41,735	-	-	-	-
	547,587	-	-	-	547,587	-	-	-	-
	54,506	-	-	-	54,506	-	-	-	-
	21,340	-	-	-	21,340	-	-	-	-
	734	-	-	734	734	-	-	-	-
	140,010	-	-	-	140,010	-	-	-	-
	565,725	-	-	-	565,725	-	-	-	-
	1,371,637	-	-	-	1,371,637	-	-	-	-

(Rupees in '000)

**September 30, 2017 (Un-audited)  
Financial assets not measured at fair value**

**Non-current assets**

Long term deposits

**Current assets**

Trade debts - considered good

Loans and advances - considered good

Trade deposits

Markup accrued

Other financial assets

Cash and bank balances



	Carrying Amount			Fair Value					
	Loans and receivables	Available for sale instruments	Fair value through profit or loss	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
					(Rupees in '000')				
<b>Financial liabilities not measured at fair value</b>									
<b>Non-current liabilities</b>									
Long term financing - secured	-	-	-	84,273	84,273	-	-	-	-
<b>Current liabilities</b>									
Trade and other payables	-	-	-	1,674,372	1,674,372	-	-	-	-
Markup accrued	-	-	-	280	280	-	-	-	-
Short term borrowings	-	-	-	89,917	89,917	-	-	-	-
Current portion of long term financing	-	-	-	335,787	335,787	-	-	-	-
	-	-	-	2,184,629	2,184,629	-	-	-	-
<b>June 30, 2017 (Audited)</b>									
<b>Financial assets not measured at fair value</b>									
<b>Non-current assets</b>									
Long term deposits	41,729	-	-	-	41,729	-	-	-	-
<b>Current assets</b>									
Trade debts - considered good	447,770	-	-	-	447,770	-	-	-	-
Loans and advances - considered good	47,640	-	-	-	47,640	-	-	-	-
Trade deposits	21,187	-	-	-	21,187	-	-	-	-
Markup accrued	1,165	-	-	-	1,165	-	-	-	-
Other financial assets	189,451	-	-	-	189,451	-	-	-	-
Cash and bank balances	632,622	-	-	-	632,622	-	-	-	-
	1,381,564	-	-	-	1,381,564	-	-	-	-

	Carrying Amount		Fair Value						
	Loans and receivables	Available for sale instruments	Fair value through profit or loss instruments	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
<b>Financial liabilities not measured at fair value</b>									
<b>Non-current liabilities</b>									
Long term financing - secured	-	-	-	168,228	168,228	-	-	-	-
<b>Current liabilities</b>									
Trade and other payables	-	-	-	1,759,064	1,759,064	-	-	-	-
Markup accrued	-	-	-	398	398	-	-	-	-
Current portion of long term financing	-	-	-	335,764	335,764	-	-	-	-
	-	-	-	2,263,454	2,263,454	-	-	-	-

**11 RELATED PARTY TRANSACTIONS**

The Company entered into transactions with related parties during the period in the normal course of business on an arm's length basis. Aggregate of significant transactions with related parties during first quarter ended were as follows:

	Un-audited	
	September 30, 2017	September 30, 2016
	(Rupees in '000')	
<b>Shifa Foundation</b> <b>(Related party by virtue of common directorship)</b>		
Revenue from services earned by the Company	36,323	29,144
Revenue from rent	11	11
Expenses paid by and reimbursed to the Company	1,120	-
Other services provided to the Company	3,960	3,960
Donation given by the Company	-	600
<b>Tameer-e-Millat Foundation</b> <b>(Related party by virtue of common directorship)</b>		
Revenue from rent	78	78
Other supplies provided to the Company	5,491	3,330
Other services provided to the Company	7,302	1,365
Rent paid by the Company	1,059	651
<b>SIHL Employees' Gratuity Fund</b>		
Payments made by the Company during the period / year	32,003	6,842
<b>Shifa Tameer-e-Millat University</b> <b>(Related party by virtue of common directorship)</b>		
Revenue from services earned by the Company	9,741	5,314
Revenue from rent	496	6,177
Expenses paid by and reimbursed to the Company	509	6,278
Donation given by the Company	25,000	12,500
<b>Shifa Consulting Services (Private ) Limited</b> <b>(Subsidiary Company)</b>		
Revenue from services earned by the Company	-	4
Expenses paid by and reimbursed to the Company	172	-
Consultancy services provided to the Company	-	4,500
<b>12 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	568,604	643,430
Other financial assets	140,010	993,592
Short term borrowings	(89,917)	-
	<b>618,697</b>	<b>1,637,022</b>
<b>13 GENERAL</b>		

**13.1** Figures have been rounded off to the nearest one thousand Pak Rupees.

**13.2** This condensed interim financial information has been authorized for issue by the Board of Directors of the Company on October 28, 2017.



**CHAIRMAN**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**



**SHIFA INTERNATIONAL HOSPITALS LIMITED**  
Condensed Interim Consolidated Financial  
Information For The First Quarter Ended  
September 30, 2017

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET  
AS AT SEPTEMBER 30, 2017**

		Un-audited September 30, 2017	Audited June 30, 2017
	Note	(Rupees in '000')	
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		545,379	545,379
Capital reserve		1,046,025	1,046,025
Unappropriated profit		2,705,257	2,539,594
		<b>4,296,661</b>	4,130,998
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
		<b>724,512</b>	726,760
<b>NON - CURRENT LIABILITIES</b>			
Long term financing - secured	4	84,273	168,228
Deferred taxation		401,288	413,646
		<b>485,561</b>	581,874
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	1,905,978	1,959,884
Markup accrued		280	398
Short term borrowings	6	89,917	-
Current portion of long term financing	4	335,787	335,764
		<b>2,331,962</b>	2,296,046
		<b>7,838,696</b>	7,735,678
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		

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

*Qasim M. Rahman*

**CHAIRMAN**

		Un-audited September 30, 2017	Audited June 30, 2017
	<u>Note</u>	(Rupees in '000')	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	5,529,225	5,458,261
Intangible		9,909	10,585
Long term deposits		45,557	45,273
		<b>5,584,691</b>	5,514,119
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		92,313	81,195
Stock-in-trade		417,020	380,052
Trade debts - considered good	9	550,443	450,056
Loans and advances - considered good		330,436	339,628
Trade deposits, short term prepayments and other receivables		72,214	39,334
Markup accrued		734	1,165
Other financial assets		140,010	189,451
Tax refunds due from the government (net of provision)		79,912	97,543
Cash and bank balances		570,923	643,135
		<b>2,254,005</b>	2,221,559
		<b>7,838,696</b>	7,735,678



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM  
CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

	September 30, 2017	September 30, 2016
	(Rupees in '000')	
Net revenue	2,498,534	2,231,101
Other income	19,278	40,536
Operating costs	(2,274,440)	(2,030,148)
Finance costs	(13,553)	(18,524)
Profit before taxation	229,819	222,965
Provision for taxation	(66,404)	(53,459)
Profit after taxation	163,415	169,506
<b>Attributable to:</b>		
Equity holders of Shifa International Hospitals Limited	163,415	169,412
Non-Controlling interest	-	94
	163,415	169,506
<b>Earnings per share - basic and diluted - (Rupees)</b>	<b>3.00</b>	<b>3.11</b>

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



**CHAIRMAN**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

	September 30, 2017	September 30, 2016
	(Rupees in '000')	
Profit after taxation	163,415	169,506
Other comprehensive income for the period - net of tax	-	-
Total comprehensive income for the period	<u>163,415</u>	<u>169,506</u>
<b>Attributable to:</b>		
Equity holders of Shifa International Hospitals Limited	163,415	169,412
Non-Controlling interest	-	94
	<u>163,415</u>	<u>169,506</u>

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

*Dawood M. Rahman*

**CHAIRMAN**

*Muhammad Yousaf*

**CHIEF EXECUTIVE**

*Muneez Lubani*

**CHIEF FINANCIAL OFFICER**



**CONDENSED INTERIM  
CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

Note	September 30, 2017 (Rupees in '000')	September 30, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	229,819	222,965
Adjustments for:		
Depreciation/amortization of property, plant and equipment	122,091	111,557
Amortization of intangible	676	-
Provision for doubtful debts	8,596	10,592
Property, plant and equipment written off	70	2,963
Gain on disposal of property, plant and equipment	(443)	(4,643)
Provision for compensated absences	9,084	12,000
Provision for gratuity	22,599	21,000
Provision for slow moving stores	-	(2,168)
Profit on investments and bank deposits	(7,900)	(21,283)
Loss on foreign currency translation	38	-
Finance cost	13,515	18,524
Operating cash flows before changes in working capital	398,145	371,507
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(11,118)	71,819
Stock-in-trade	(36,968)	(106,495)
Trade debts	(108,983)	(156,810)
Loans and advances	9,192	(37,475)
Trade deposits and short term prepayments	(32,880)	(22,256)
(Decrease) / increase in current liabilities:		
Trade and other payables	(36,854)	210,564
Cash generated from operations	180,534	330,854
Finance cost paid	(13,633)	(18,572)
Income tax paid	(61,133)	(61,026)
Payment to SIHL Employees' Gratuity Fund	(32,003)	(6,842)
Compensated absences paid	(16,545)	(9,812)
Net cash from operating activities	57,220	234,602
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(193,796)	(111,144)
Encashment of other financial assets	50,000	-
Proceeds from disposal of property, plant and equipment	1,116	4,805
Markup received	8,331	21,670
Increase in long term deposits	(284)	(5,329)
Net cash used in investing activities	(134,633)	(89,998)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing - repayments	(83,932)	(83,910)
Dividend paid	(187)	(5,557)
Net cash used in financing activities	(84,119)	(89,467)
Net (decrease)/increase in cash and cash equivalents	(161,532)	55,137
<b>Cash and cash equivalents at beginning of period</b>	<b>782,586</b>	<b>1,582,942</b>
Effect of exchange rate changes on cash and cash equivalents	(38)	-
<b>Cash and cash equivalents at end of period</b>	<b>621,016</b>	<b>1,638,079</b>

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

*Daniel M Rahman*

CHAIRMAN

*Maryam Biji*

CHIEF EXECUTIVE

*Muneer Lubani*

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED  
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

	Share capital	Capital reserve	Unappropriated profit (Rupees in '000')	Surplus on revaluation of property, plant and equipment	Non-Controlling Interest	Total
<b>Balance at July 01, 2016</b>	545,379	1,046,025	2,076,255	742,191	2,641	4,412,491
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	169,412	-	94	169,506
Other comprehensive income-net of tax	-	-	-	-	-	-
	-	-	169,412	-	94	169,506
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	2,247	(2,247)	-	-
<b>Balance at September 30, 2016</b>	<b>545,379</b>	<b>1,046,025</b>	<b>2,247,914</b>	<b>739,944</b>	<b>2,735</b>	<b>4,581,997</b>
<b>Balance at July 01, 2017</b>	545,379	1,046,025	2,539,594	726,760	-	4,857,758
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	163,415	-	-	163,415
Other comprehensive income-net of tax	-	-	-	-	-	-
	-	-	163,415	-	-	163,415
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	2,248	(2,248)	-	-
<b>Balance at September 30, 2017</b>	<b>545,379</b>	<b>1,046,025</b>	<b>2,705,257</b>	<b>724,512</b>	<b>-</b>	<b>5,021,173</b>

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

*Danish M. Rahman*

**CHAIRMAN**

*Margamulya Devi*

**CHIEF EXECUTIVE**

*Muneer Lubhshi*

**CHIEF FINANCIAL OFFICER**

## **SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION [UN-AUDITED] FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

### **1 LEGAL STATUS AND NATURE OF BUSINESS**

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

- 1.1 The principal activity of SIHL is to establish and run medical centers and hospitals in Pakistan. The SIHL has established its first hospital in 1993 in H-8/4 Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4 Islamabad. SIHL is also running medical center, pharmacies in Islamabad and Lab collection points in different cities of Pakistan.
- 1.2 Shifa Consulting Services (Private) Limited (SCSPL) was incorporated on December 18, 2014. The principal activity of Shifa Consulting Services (Private) Limited is to provide consulting services relating to healthcare facilities, medical staff, availability of human resource and hospital quality.

### **2 BASIS OF PREPARATION**

- 2.1 This condensed interim consolidated financial information of the Group for the first quarter ended September 30, 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984 and the listing regulations of Pakistan Stock Exchange Limited. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.
- 2.2 This condensed interim consolidated financial information is un-audited and is being submitted to the members in accordance with the requirements of Section 245 of the repealed Companies Ordinance, 1984. The disclosures in this condensed interim financial information do not include all of the information required for annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended June 30, 2017. Comparative condensed interim consolidated balance sheet is extracted from annual consolidated financial statements as of June 30, 2017, whereas comparative condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity are extracted from un-audited condensed interim consolidated financial information for the first quarter ended September 30, 2016.
- 2.3 In an independent auditor's report to the members on audit of financial statements of SCSPL for the year ended June 30, 2017 have given two emphasis of matters paragraphs on its separate financial statements, auditors' has added Emphasis of matter paragraph to note 1.2 and 12 respectively. During the current quarter ended September 30, 2017 Shifa Consulting Services (Pvt) Limited (SCSPL/the subsidiary) has earned a net loss of Rs. 0.25 million (September 2016 (Restated): 4 thousands profit) showing an increase in loss by 0.26 million and as of that date the cumulative losses have eroded the equity by Rs. 25.33 million (June 2017: 25.08 million) leaving a net equity of Rs. 4.67 million (June 2017: 4.92 million). Due to accumulated losses, the subsidiary is dependent on the financial assistance of its parent company. The Group management is confident that the subsidiary company has the potential to gradually develop its business and overcome the financial difficulties and during this phase the subsidiary has available full financial and technical support of its parent company. In view of the above, the going concern assumption is appropriate and has, as such, prepared Shifa Consulting Services (Pvt) Limited financial statements for the year ended June 30, 2017 on a going concern basis and the legal basis for non-recognition of sales tax recorded.
- 2.4 The Companies Act 2017 was enacted on May 30, 2017 and SECP vide its circular no. 23 of 2017 dated October 4, 2017 communicated Commission's decision that the companies whose financial year, including interim period, closes on or before December 31, 2017 shall prepare their financial statements, including interim financial information in accordance with the provisions of the repealed Companies Ordinance, 1984.

### **3 BASIS OF CONSOLIDATION**

The consolidated financial statements includes the financial statements of Shifa International Hospitals Limited and its subsidiary company Shifa Consulting Services (Private) Limited 100% owned. (June 2017: 100% owned). Subsidiary is an enterprise in which parent company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the subsidiary is prepared for the same reporting period as the Parent Company, using consistent accounting policies. Material intra-group balances and transactions have been eliminated. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis. Non-controlling interests are that part of net results of the operations and of net assets of the subsidiary attributable to interests which are not owned by the parent company. Non-controlling interests are presented as a separate item in the consolidated financial statements.

		Un-audited September 30, 2017	Audited June 30, 2017
		(Rupees in '000')	
<b>4</b>	<b>LONG TERM FINANCING - SECURED</b>		
	From banking companies:		
	Syndicated Islamic Finance Facility	4.1	416,667
	Diminishing Musharakah facility	4.2	3,393
			500,000
			3,992
			503,992
	Less: Current portion		335,787
			84,273
			168,228
<b>4.1</b>	This represents syndicated Islamic finance facility, arrange and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 1% (June 2017: 3 months KIBOR plus 1%) per annum, repayable in 18 equal quarterly installments. The sanction limit of this facility was Rs. 1,500 million (June 2017: Rs. 1,500 million) which shall be repaid by December 28, 2018. The financing is secured by ranking charge upgraded into first pari passu charge on all present and future fixed assets of the SIHL (excluding plot No.5 , F-11 Markaz, Islamabad) amounting to Rs. 2,000 million. Meezan Bank Limited has the custody of original ownership documents of the Company's land located at sector H-8/4 Islamabad.		
<b>4.2</b>	This represents a long term Islamic finance facility obtained under the Diminishing Musharaka basis from Al Baraka Bank (Pakistan) Limited to finance purchase of brand new vehicles. Principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 1.25 % (June 2017: 3 months KIBOR plus 1.25%).		
<b>4.3</b>	<b>Movement during the period / year</b>	Un-audited September 30, 2017	Audited June 30, 2017
	Opening Balance	503,992	839,655
	Repayment during the period / year	(83,932)	(335,663)
	Closing Balance	420,060	503,992
<b>5</b>	<b>TRADE AND OTHER PAYABLES</b>		
	This also includes payable to Tameer-e-Millat Foundation, Shifa Tameer-e-Millat University and Shifa Employees' Gratuity Fund. Detail of balances of each related party is as under:		
		Un-audited September 30, 2017	Audited June 30, 2017
		(Rupees in '000')	
	Tameer-e-Millat Foundation	5,001	5,336
	Shifa Tameer-e-Millat University	15,621	22,949
	Shifa International Hospitals Limited (SIHL)		
	Employees' Gratuity Fund	25,904	35,308
		46,526	63,593
<b>6</b>	<b>SHORT TERM BORROWINGS</b>		
	This represents running finance facility obtained on markup basis at 3 months KIBOR plus 1% per annum with sanctioned limit of Rs. 90 million (June 2017: Nil). The facility is secured by first pari passu charge on all present and future current assets of the SIHL.		
<b>7</b>	<b>CONTINGENCIES AND COMMITMENTS</b>	Un-audited September 30, 2017	Audited June 30, 2017
<b>7.1</b>	<b>Contingencies</b>	(Rupees in '000')	
	Claims against the SIHL not acknowledged as debt		
	Patients	111,000	111,000
	Others	20,000	20,000
	Letter of guarantee	34,600	34,600
<b>7.2</b>	<b>Commitments</b>		
	Capital expenditure	90,921	96,548
	Letter of credit	59,421	59,055

		Un-audited September 30, 2017	Audited June 30, 2017
		(Rupees in '000')	
<b>8</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	5,316,868	5,294,700
	Capital work in progress (CWIP)	212,357	163,561
		<b>5,529,225</b>	<b>5,458,261</b>
<b>8.1</b>	<b>Operating fixed assets</b>		
	Written down value (WDV) at the beginning of the period/year	5,294,700	4,554,704
	Additions	145,473	1,241,631
		<b>5,440,173</b>	5,796,335
	WDV of disposals	(672)	(24,726)
	WDV of assets written off	(70)	(13,189)
	Depreciation for the period/year	(122,563)	(463,720)
	WDV at the end of the period/year	<b>5,316,868</b>	<b>5,294,700</b>
<b>8.1.1</b>	<b>Additions to operating fixed assets</b>		
	Freehold land	-	565,777
	Building on leasehold land	-	102,941
	Biomedical equipment	24,956	387,034
	Air conditioning equipment and machinery	3,125	20,969
	Electrical and other equipment	103,957	34,845
	Leasehold improvements	-	35,295
	Furniture and fittings	3,785	25,353
	Computer installations	9,650	62,097
	Vehicles	-	7,320
		<b>145,473</b>	<b>1,241,631</b>
<b>8.2</b>	<b>Capital work in progress</b>		
	Opening capital work in progress	163,561	55,245
	Additions during the period/year	61,283	246,552
	Transferred to operating fixed assets	(12,487)	(138,236)
	Closing capital work in progress	<b>212,357</b>	<b>163,561</b>
<b>9</b>	<b>TRADE DEBTS</b>		
	Considered good - unsecured		
	Related party - Shifa Foundation	30,418	12,979
	Others	520,025	437,077
	Considered doubtful		
	Others	63,674	55,078
	Considered bad		
	Others	-	33,630
		<b>614,117</b>	538,764
	Less: provision for doubtful debts	63,674	55,078
	Bad debts return written off	-	33,630
		<b>550,443</b>	<b>450,056</b>

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

	Un-audited September 30, 2017	Audited June 30, 2017
		(Rupees in '000')
Balance at beginning of the period / year	55,078	47,559
Provision made during the period / year	8,596	36,649
Less: Bad debts written off	-	29,130
	<b>63,674</b>	<b>55,078</b>

## 10 FINANCIAL INSTRUMENTS

### Fair value of financial instruments

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

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

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

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

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

### Financial instruments by category

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

	Carrying Amount				Fair Value				
	Loans and receivables	Available for sale instruments	Fair value through profit or loss instruments	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
<b>September 30, 2017 (Un-audited)</b>									
<b>Financial assets not measured at fair value</b>									
<b>Non-current assets</b>									
Long term deposits	41,735	-	-	-	41,735	-	-	-	-
<b>Current assets</b>									
Trade debts - considered good	550,443	-	-	-	550,443	-	-	-	-
Loans and advances - considered good	54,510	-	-	-	54,510	-	-	-	-
Trade deposits	21,537	-	-	-	21,537	-	-	-	-
Markup accrued	734	-	-	-	734	-	-	-	-
Other financial assets	140,010	-	-	-	140,010	-	-	-	-
Cash and bank balances	568,002	-	-	-	568,002	-	-	-	-
	1,376,971	-	-	-	1,376,971	-	-	-	-

	Carrying Amount			Fair Value					
	Loans and receivables	Available for sale instruments	Fair value through profit or loss instruments	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
<b>Financial liabilities not measured at fair value</b>									
<b>Non-current liabilities</b>									
Long term financing - secured	-	-	-	84,273	84,273	-	-	-	-
<b>Current liabilities</b>									
Trade and other payables	-	-	-	1,676,287	1,676,287	-	-	-	-
Markup accrued	-	-	-	280	280	-	-	-	-
Short term borrowings	-	-	-	89,917	89,917	-	-	-	-
Current portion of long term financing	-	-	-	335,787	335,787	-	-	-	-
	-	-	-	2,186,544	2,186,544	-	-	-	-
<b>June 30, 2017 (Audited)</b>									
<b>Financial assets not measured at fair value</b>									
<b>Non-current assets</b>									
Long term deposits	41,729	-	-	-	41,729	-	-	-	-
<b>Current assets</b>									
Trade debts - considered good	450,056	-	-	-	450,056	-	-	-	-
Loans and advances - considered good	47,654	-	-	-	47,654	-	-	-	-
Trade deposits	22,023	-	-	-	22,023	-	-	-	-
Markup accrued	1,165	-	-	-	1,165	-	-	-	-
Other financial assets	189,451	-	-	-	189,451	-	-	-	-
Cash and bank balances	634,002	-	-	-	634,002	-	-	-	-
	1,386,080	-	-	-	1,386,080	-	-	-	-





		Un-audited	
		September 30, 2017	September 30, 2016
		(Rupees in '000')	
<b>11</b>	<b>RELATED PARTY TRANSACTIONS</b>		
	Significant transactions with related parties are as follow:		
	<b>Shifa Foundation</b> <b>(Related party by virtue of common directorship)</b>		
	Revenue from services earned by the SIHL	36,323	29,144
	Revenue from rent	11	11
	Expenses paid by and reimbursed to the SIHL	1,120	-
	Other services provided to the SIHL	3,960	3,960
	Donation given by the SIHL	-	600
	<b>Tameer-e-Millat Foundation</b> <b>(Related party by virtue of common directorship)</b>		
	Revenue from rent	78	78
	Other supplies provided to the SIHL	5,491	3,330
	Other services provided to the SIHL	7,302	1,365
	Rent paid by the SIHL	1,059	651
	<b>SIHL Employees' Gratuity Fund</b>		
	Payments made by the SIHL during the period	32,003	6,842
	<b>Shifa Tameer-e-Millat University</b> <b>(Related party by virtue of common directorship)</b>		
	Revenue from services earned by the SIHL	9,741	5,314
	Revenue from rent	496	6,177
	Expenses paid by and reimbursed to the SIHL	509	6,278
	Donation given by the SIHL	25,000	12,500
<b>12</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and bank balances	570,923	644,487
	Other financial assets	140,010	993,592
	Short term borrowings	(89,917)	-
		<b>621,016</b>	<b>1,638,079</b>

**13 GENERAL**

**13.1** Figures have been rounded off to the nearest one thousand Pak Rupees.

**13.2** This condensed interim consolidated financial information has been authorized for issue by the Board of Directors of the SIHL on October 28, 2017.



CHAIRMAN



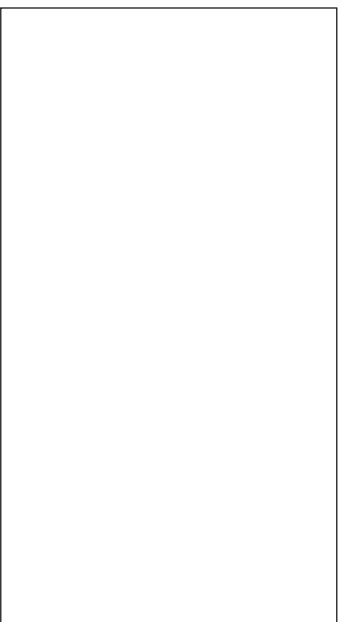
CHIEF EXECUTIVE



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