



Shifa
International
Hospitals Ltd.



**Condensed Interim
Financial Information**
FOR THE HALF YEAR ENDED
DECEMBER 31, 2018

C O N T E N T S

Company Information	2
Directors' Review	3
Independent Auditors' Review Report	7
Condensed Interim Statement of Financial Position	8
Condensed Interim Statement of Profit or Loss	10
Condensed Interim Statement of Other Comprehensive Income	11
Condensed Interim Statement of Cash Flows	12
Condensed Interim Statement of Changes in Equity	13
Selected Notes to the Condensed Interim Financial information	14
Condensed Interim Consolidated Statement of Financial Position	24
Condensed Interim Consolidated Statement of Profit or Loss	26
Condensed Interim Consolidated Statement of Other Comprehensive Income	27
Condensed Interim Consolidated Statement of Cash Flows	28
Condensed Interim Consolidated Statement of Changes in Equity	29
Selected Notes to the Condensed Interim Consolidated Financial information	30

COMPANY INFORMATION

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

DIRECTORS' REVIEW

Dear Members,

On behalf of the Board of Directors, we are pleased to present the Condensed Interim Financial Information of the Company for the half year ended December 31, 2018 independently reviewed by the external auditors. Condensed Interim Consolidated Financial Information for the half year ended December 31, 2018 incorporating the financial results of subsidiary i.e. Shifa Development Services (Private) Limited [formerly Shifa Consulting Services (Private) Limited] is also annexed herewith.

Financial Highlights	Half year ended December 31 (Rs. in millions)		
	2018	2017	Change%
Net Revenue	5,669	5,145	10.2
Earnings before interest, tax, depreciation & amortization (EBITDA)	760	725	4.8
Operating Profit	485	477	1.68
Profit before taxation	443	448	(1.1)
Profit after taxation	301	318	(5.3)
Earnings Per Share - (Rs.)	5.52	5.83	(5.3)

The financial results for the period under review reflect an overall revenue growth of 10.2 % as compared to corresponding period of the last year. The operating cost has also increased by 10.8 % and stood at Rs. 5,209 million from Rs. 4,703 million, which is mainly due to significant increase in utilities cost besides salaries & wages, cost & volume of supplies & medicines consumed, depreciation & amortization, repair & maintenance, etc. Finance cost has also been increased because of the increase in long term loan and KIBOR rate. All these factors translated into increase in costs, moreover, the Company has to face revenue loss due to voluntary suspension of transplant programs for almost one and a half month. Though the earnings per share during the 2nd Quarter of the current financial year was Rs. 3.07 versus Rs. 2.83 in the 2nd Quarter of last year, the earnings per share for the period under review remained at Rs. 5.52 as compared to Rs. 5.83 in the corresponding period last year.

Future Outlook:

In line with our endeavor to meet the demands of respected & valued patients we are in the process of further renovation of floor F-1 and installation of state of the art equipment. Further the Company is adding an additional floor to enhance its capacity of operation in Faisalabad Hospital, which would have positive impact on the financial health of the Company. The Company has also changed the name of its subsidiary company from Shifa Consulting Services (Pvt.) Limited to Shifa Development Services (Pvt.) Limited in order to better reflect the activities being undertaken by it. Shifa CARE (Pvt.) Limited, has also been incorporated which is the associated company of Shifa International Hospitals Limited. We believe that Shifa CARE (Pvt.) Limited would become a leading healthcare related IT Company which will develop different softwares related to healthcare. We are also in

process of incorporating the subsidiary companies of Shifa International Hospitals Limited for the establishment of a tertiary care hospital, neuro sciences center and ambulatory care center at Faisalabad, Sector H-8 Islamabad and Sector F-11 Islamabad respectively.

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



MUHAMMAD ZAHID
Director

Islamabad
February 23, 2019

ڈائریکٹرز کا جائزہ

معزز ممبران،

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر 2018 کو ختم ہونے والے نصف سال کی کمپنی کی مجموعی عبوری مالیاتی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں جس پر بیرونی آڈیٹرز نے آزادانہ نظر ثانی کی ہے۔ 31 دسمبر 2018 کو ختم ہونے والے نصف سال کی مجموعی عبوری مالی معلومات میں ذیلی ادارے شفاء ڈیولپمنٹ سروسز پرائیویٹ لمیٹڈ [سابقہ شفاء کنسلٹنگ سروسز پرائیویٹ لمیٹڈ] کے مالی نتائج بھی شامل کیے گئے ہیں۔

31 دسمبر کو ختم ہونے والا نصف سال (پاکستانی روپے ملین میں)			مالیاتی جھلکیاں
2018	2017	فیصد تبدیلی	
5,669	5,145	10.2	خالص آمدنی
760	725	4.8	ای بی آئی ٹی ڈی اے
485	477	1.68	آپریٹنگ منافع
443	448	(1.1)	منافع قبل از ٹیکس
301	318	(5.3)	منافع بعد از ٹیکس
5.52	5.83	(5.3)	آمدنی فی شیئر - (روپے)

مذکورہ بالا نتائج گزشتہ برس اسی عرصے کے مقابلے میں مجموعی آمدنی میں 10.2 فیصد اضافہ ظاہر کر رہے ہیں۔ کاروباری اخراجات 4,703 ملین روپے سے بڑھ کر 5,209 ملین روپے ہو گئے اس کی بڑی وجوہات میں یوٹیلیٹی اخراجات، تنخواہوں، اجرتوں، صرف شدہ سپلائز و ادویات کی لاگت اور حجم میں اضافے کے علاوہ اثاثوں کی بوسیدگی اور مرمت و بحالی وغیرہ کے اخراجات شامل ہیں۔ طویل المعیاد قرضوں میں اضافے اور شرح سود میں اضافے کی وجہ سے مالیاتی لاگت میں بھی اضافہ ہوا ہے۔ ان تمام عوامل کے نتیجے میں لاگت میں اضافہ ہوا، علاوہ ازیں تقریباً ڈیڑھ ماہ تک پیوند کاری پروگرام کی رضا کارانہ معطلی سے بھی کمپنی کی آمدنی میں کمی ہوئی۔ اگرچہ پچھلے سال کی دوسری سہ ماہی کی فی شیئر آمدنی 2.83 روپے کے مقابلے میں رواں مالی سال کی دوسری سہ ماہی کی فی شیئر آمدنی 3.07 روپے رہی تاہم زیر جائزہ نصف سال کی فی شیئر آمدنی گزشتہ برس کی اسی عرصے کی نسبت فی شیئر آمدنی 5.83 روپے کے مقابلے میں 5.52 روپے رہی۔

مستقبل کا منظر نامہ

معزز اور قابل قدر مریضوں کی ضروریات پوری کرنے کے اقدام کے طور پر ہم ایف ون فلور کی مزید تزئین و آرائش اور جدید طبی آلات کی تنصیب کے عمل میں ہیں۔ مزید یہ کہ کمپنی فیصل آباد ہسپتال میں مریضوں کو سہولیات فراہم کرنے کی صلاحیت بڑھانے کے لئے ایک منزل کا اضافہ کر رہی ہے جس سے کمپنی کی مالی حالت پر مثبت اثر پڑے گا۔ کمپنی نے ذیلی کمپنی شفاء کنسلٹنگ سروسز (پرائیویٹ) لمیٹڈ کا نام تبدیل کر کے شفاء ڈیولپمنٹ سروسز (پرائیویٹ) لمیٹڈ رکھ لیا ہے تاکہ یہ نام کمپنی کی سرگرمیوں کی بہتر عکاسی کر سکے۔ ہمیں یقین ہے کہ شفاء کیئر (پرائیویٹ) لمیٹڈ صحت سے متعلق ایک سرکردہ آئی ٹی کمپنی بن جائے گی، جو صحت کی دیکھ بھال سے متعلق مختلف سافٹ ویئر تیار کرے گی۔ ہم فیصل آباد، سیکٹر ایچ ایٹ، اسلام آباد اور سیکٹر ایف الیون، اسلام آباد میں بالترتیب ایک ٹرشری (Tertiary) کیئر ہسپتال، نیوروسائنس سنٹر اور ایبوالیٹری (Ambulatory) کیئر سینٹر کے قیام کے لئے دستاویزی ضروریات پوری کر رہے ہیں۔

اظہار تشکر

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

برائے اور بجانب بورڈ آف ڈائریکٹرز

Munir. Zahid

محمد زاہد

ڈائریکٹر

Margus H. Sy

ڈاکٹر منظور ایچ قاضی

چیف ایگزیکٹو آفیسر

اسلام آباد

23 فروری 2019ء



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Shifa International Hospitals Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Shifa International Hospitals Limited** (the Company) as at December 31, 2018 and the related condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended 31 December 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended 31 December 2018.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on this audit resulting in this independent auditor's report is Hassan Riaz.

Grant Thornton Anjum Rahman

GRANT THORNTON ANJUM RAHMAN

Chartered Accountant

Islamabad

February 23, 2019

Chartered Accountants

Member of Grant Thornton International Ltd

Offices in Lahore and Karachi

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

		Un-audited December 31, 2018	Audited June 30, 2018
	<u>Note</u>	(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital		545,379	545,379
Capital reserves			
Share premium account		1,046,025	1,046,025
Surplus on revaluation of Property, plant and equipment		718,795	723,310
Revenue reserve			
Unappropriated profit		2,871,180	2,811,117
		5,181,379	5,125,831
NON - CURRENT LIABILITIES			
Long term financing - secured	4	2,213,761	1,506,890
Deferred taxation		312,744	375,186
		2,526,505	1,882,076
CURRENT LIABILITIES			
Trade and other payables	5	3,167,971	2,904,753
Unclaimed dividend		77,284	33,981
Markup accrued		25,381	12,264
Short term borrowings	6	275,416	5,974
Current portion of long term financing	4	6,974	168,228
		3,553,026	3,125,200
		11,260,910	10,133,107
CONTINGENCIES AND COMMITMENTS			
	7		

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

Dawood M. Rahman

CHAIRMAN

		Un-audited December 31, 2018	Audited June 30, 2018
	<u>Note</u>	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	8	6,566,283	6,028,882
Investment property		1,503,001	1,401,837
Intangible assets		36,383	33,477
Long term investment - at cost		18,120	18,120
Long term deposits		61,525	60,736
		8,185,312	7,543,052
CURRENT ASSETS			
Stores, spare parts and loose tools		121,112	119,607
Stock-in-trade		460,739	468,819
Trade debts - considered good	9	706,476	697,193
Loans and advances - considered good		523,449	419,201
Trade deposits, prepayments and other receivables		94,209	57,321
Investment - held to maturity		3,000	-
Tax refunds due from the government (net of provision)		316,109	348,461
Cash and bank balances		850,504	479,453
		3,075,598	2,590,055
		11,260,910	10,133,107



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF
PROFIT OR LOSS [UN-AUDITED]
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	For the quarter ended		For the half year ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(Rupees in '000')			
Net revenue	2,856,031	2,646,727	5,668,651	5,144,543
Other income	11,166	16,337	26,089	35,617
Operating costs	(2,592,164)	(2,428,969)	(5,209,338)	(4,702,602)
Finance costs	(26,116)	(16,099)	(42,509)	(29,650)
Profit before taxation	248,917	217,996	442,893	447,908
Provision for taxation	(81,646)	(63,670)	(141,924)	(129,954)
Profit after taxation	167,271	154,326	300,969	317,954
Earnings per share - basic and diluted - (Rupees)	3.07	2.83	5.52	5.83

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



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM
STATEMENT OF OTHER COMPREHENSIVE INCOME [UN-AUDITED]
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	For the quarter ended		For the half year ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(Rupees in '000')			
Profit after taxation	167,271	154,326	300,969	317,954
Other comprehensive income for the period - net of tax	-	-	-	-
Total comprehensive income for the period	167,271	154,326	300,969	317,954

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



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS [UN-AUDITED] FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	December 31, 2018	December 31, 2017
	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	442,893	447,908
Adjustments for:		
Depreciation/amortization on tangible assets	269,411	245,972
Amortization on intangible assets	5,090	1,513
Provision for doubtful debts	17,846	17,882
Property, plant and equipment written off	1,451	2,226
Gain on disposal of property, plant and equipment	(2,653)	(976)
Provision for compensated absences	20,813	18,410
Provision for gratuity	53,669	45,199
Provision for slow moving stores	(289)	(416)
Profit on investments and bank deposits	(2,399)	(10,270)
Loss on foreign currency translation	565	34
Finance cost	41,944	29,650
Operating cash flows before changes in working capital	848,341	797,132
Changes in working capital:		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(1,216)	(24,379)
Stock-in-trade	8,080	(98,503)
Trade debts	(27,128)	(236,305)
Loans and advances	(104,248)	63,237
Trade deposits and short term prepayments	(36,888)	(15,924)
Increase/(decrease) in current liabilities:		
Trade and other payables	230,436	292,406
Cash generated from operations	917,377	777,664
Finance cost paid	(83,261)	(25,745)
Income tax paid	(172,014)	(262,141)
Payment to SIHL Employees' Gratuity Fund	(16,419)	(34,881)
Compensated absences paid	(25,282)	(16,968)
Net cash from operating activities	620,401	437,929
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible	(807,990)	(864,056)
Addition in investment property	(55,761)	-
Encashment of Investments - held to maturity	-	50,000
Proceeds from disposal of property, plant and equipment	3,415	2,143
Markup received	2,399	11,432
(Increase)/decrease in long term deposits	(789)	748
Net cash used in investing activities	(858,726)	(799,733)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - repayments	(168,853)	(167,871)
Long term financing - proceeds	714,470	493,197
Dividend paid	(202,118)	(257,914)
Net cash generated from financing activities	343,499	67,412
Net increase/(decrease) in cash and cash equivalents	105,174	(294,392)
Cash and cash equivalents at beginning of the period	473,479	781,194
Effect of exchange rate changes on cash and cash equivalents	(565)	(34)
Cash and cash equivalents at end of the period	578,088	486,768

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 HALF YEAR ENDED DECEMBER 31, 2018**

	Share capital	Share premium account	Surplus on revaluation of property, plant and equipment (Rupees in '000')	Unappropriated profit	Total
Balance at July 01, 2017	545,379	1,046,025	726,760	2,553,295	4,871,459
Total comprehensive income for the period					
Profit for the period	-	-	-	317,954	317,954
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	317,954	317,954
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to the period	-	-	(4,495)	4,495	-
Distribution to owners					
Final dividend 2017: Rs. 5 per share	-	-	-	(272,690)	(272,690)
Balance at December 31, 2017	545,379	1,046,025	722,265	2,603,054	4,916,723
Balance at July 01, 2018	545,379	1,046,025	723,310	2,811,117	5,125,831
Total comprehensive income for the period					
Profit for the period	-	-	-	300,969	300,969
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	300,969	300,969
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	(4,515)	4,515	-
Distribution to owners					
Final dividend 2018: Rs. 4.5 per share	-	-	-	(245,421)	(245,421)
Balance at December 31, 2018	545,379	1,046,025	718,795	2,871,180	5,181,379

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



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION [UN-AUDITED] FOR THE HALF YEAR ENDED DECEMBER 31, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

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

- 1.1** The principal activity of the Company is to establish and run medical centers and hospitals in Pakistan. The Company has established its first hospital in 1993 in H-8/4, Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4, Islamabad. The Company is also running medical centers, pharmacies and Lab collection points in different cities of Pakistan.
- 1.2** This condensed interim financial information is separate financial information of the Company where as investment in 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 six months ended December 31, 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.
- 2.2** This condensed interim financial information is un-audited and is being submitted to the members in accordance with the requirements of Section 237 of the Companies Act, 2017 (the Act) and the listing regulations of the Pakistan Stock Exchange. This condensed interim financial information do not include all of the information required for annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2018. Comparative condensed interim statement of financial position is extracted from annual financial statements as of June 30, 2018, whereas comparative condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from unaudited condensed interim financial information for the half year ended December 31, 2017.

3 ACCOUNTING POLICIES

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

IFRS 15 - Revenue from Contracts with Customers

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

		Un-audited December 31, 2018	Audited June 30, 2018
		(Rupees in '000')	
	Note		
4 LONG TERM FINANCING - SECURED			
From banking companies:			
Syndicated Islamic Finance Facility - 1	4.1	-	166,667
Syndicated Islamic Finance Facility - 2	4.2	1,994,176	1,493,678
Diminishing Musharakah facility	4.3	226,559	14,773
		2,220,735	1,675,118
Less: Current portion		6,974	168,228
		2,213,761	1,506,890

- 4.1** This represented syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 1% (June 2018: 3 months KIBOR plus 1%) per annum, repayable in 18 equal quarterly installments. The sanction limit of this facility was Rs. 1,500 million (June 2018: Rs. 1,500 million) which was repaid on December 28, 2018. The financing was secured by ranking charge upgraded into first pari passu charge on all present and future fixed assets of the Company (excluding plot No.5 , F-11 Markaz, Islamabad) amounting to Rs. 2,000 million.
- 4.2** This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 0.85% (June 2018: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly installments. The Company availed loan upto the total sanction limit of Rs. 2,000 million which shall be repaid by November 22, 2023. The financing is secured by ranking charge upgraded into first pari passu charge of Rs. 2,667 million on all present and future movable fixed assets and land / building located at H-8/4, Islamabad. Meezan Bank Limited has the custody of original ownership documents of the Company's land located at sector H-8/4 Islamabad.
- 4.3** This represents a long term Islamic finance facility obtained under the Diminishing Musharakah basis from Al Baraka Bank (Pakistan) Limited to finance purchase of brand new vehicles and biomedical equipment. Principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 1.25% (June 2018: 3 months KIBOR plus 1.25%) per annum for vehicles and for biomedical equipments principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 0.80% (June 2018: 3 months KIBOR plus 0.80%) per annum. The financing is secured by ranking charge on all present and future movable fixed assets (plant, machinery, tools and equipment) of Rs. 781.3 million for biomedical equipments and shared title over financed vehicles. Further, this also includes a long term Islamic finance facility obtained under the Diminishing Musharakah basis from First Habib Modarba to finance purchase of brand new vehicles. Principal amount is repayable in 60 equal monthly installments carrying markup at 3 months KIBOR plus 0.70% (June 2018: Nil) per annum.

		Un audited December 31, 2018	Audited June 30, 2018
		(Rupees in '000')	
4.4	Movement during the period / year		
	Opening balance	1,675,118	503,992
	Proceeds during the period / year	714,470	1,506,890
	Repayment during the period / year	(168,853)	(335,764)
	Closing balance	2,220,735	1,675,118
5	TRADE AND OTHER PAYABLES		
	This also includes payable to related parties as detailed below:		
	Tameer-e-Millat Foundation	7,598	3,065
	Shifa Tameer-e-Millat University	6,120	24,439
	Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund	124,256	87,013
		137,974	114,517
6	SHORT TERM BORROWINGS		
	Habib bank Limited 6.1	228,516	5,974
	Meezan bank Limited 6.2	46,900	-
		275,416	5,974
6.1	This represents running finance facility obtained from Habib Bank Limited on markup basis at 3 months KIBOR plus 0.25% (June 2018: 3 months KIBOR plus 1%) per annum with sanctioned limit of Rs. 250 million (June 2018: Rs. 90 million). The facility is secured by first pari passu charge on all present and future current assets of the Company.		
6.2	This represents short term finance (Musawamah) facility obtained from Meezan Bank Limited on markup basis at 6 months KIBOR plus 1% per annum with sanctioned limit of Rs. 46.9 million. The facility is secured by pari passu charge over current and fixed assets of the Company.		

		Un audited December 31, 2018	Audited June 30, 2018
		(Rupees in '000')	
7	CONTINGENCIES AND COMMITMENTS		
7.1	Contingencies		
	Claims against the Company not acknowledged as debt		
	Patients	1,000	1,000
	Competition Commission of Pakistan (CCP)	20,000	20,000
	Letter of guarantee	35,100	35,100
	Income tax	7.3,7.4, 7.5&7.6	
		2,402,614	1,149,132
7.2	Commitments		
	Capital expenditure contracted	317,168	297,113
	Letter of credit	348,940	37,463
7.3	The tax authorities amended the assessments for tax years 2012, 2013, 2014, 2015 and 2016, under section 122(5A) of Income Tax Ordinance, 2001 and raised tax demands of Rs. 50.4 million, Rs. 133.3 million, Rs. 85.5 million, Rs. 26.1 million and Rs. 566.2 million respectively. Being aggrieved the Company agitated the assessments in appeals before the Commissioner (Appeals) who in tax year 2015 and 2016 has decided the appeals against the Company and being aggrieved the Company filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue [ATIR], which are pending for adjudication. While for tax year 2013 and 2014 the Commissioner (Appeals) partly confirmed and partly allowed relief to the Company and being aggrieved on issues not decided in favor, the Company has filed appeal before the Appellate Tribunal inland revenue. No provision has been recorded as the management is hopeful for favorable outcome.		
7.4	The tax authorities levied tax of Rs. 178.4 million under section 161/205 of the Income Tax Ordinance, 2001 for tax year 2014 on the account of alleged non deduction of tax on payments. Being aggrieved, the Company agitated the assessment in appeal before the Commissioner (Appeals) on May 09, 2018 who confirmed the order of the sub-ordinate tax authority. Being not satisfied with order of the CIR(A), the Company preferred appeal before the ATIR, which is pending for adjudication. The Company is confident for a favorable outcome and therefore, no provision in respect of above matter has been recorded in these condensed interim financial information.		
7.5	The tax authorities amended the assessments from tax years 2012 to 2017 u/s 122(5) of Income Tax Ordinance, 2001 and raised total tax demand of Rs. 1,350.9 million. Being aggrieved the Company agitated the assessments in appeals before the Commissioner (Appeals) who annulled all the assessment orders and hence demand stand deleted. Being not satisfied with order of the CIR(A), the department has filed appeal before the ATIR, which is pending for adjudication.		
7.6	The Assistant Commissioner Inland Revenue (ACIR) has amended the Company's assessment for tax year 2014 & 2015 u/s 221 of the Income Tax Ordinance, 2001 which has resulted a tax demand of Rs. 11.8 million. Being aggrieved, the Company has filed an appeals before the Commissioner Inland Revenue (Appeals) [CIR(A)] wherein the CIR(A) has remanded back the said assessments to ACIR on November 30, 2017. The Company as well as the Department has filed cross appeals against the CIR(A) order before the Appellate Tribunal Inland Revenue, which are pending for adjudication. The Company is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in these condensed interim financial information.		
		Un audited December 31, 2018	Audited June 30, 2018
		(Rupees in '000')	
8	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	8.1	5,923,536
	Capital work in progress (CWIP)	8.2	642,747
			6,566,283
8.1	Operating fixed assets		
	Written down value (WDV) at the beginning of the period/year		5,293,984
	Additions	8.1.1	484,769
	Revaluation		-
			5,778,753
	WDV of disposals		(1,738)
	WDV of assets written off		(8,643)
	Depreciation for the period/year		(493,423)
	WDV at the end of the period/year		5,282,972

		Un audited December 31, 2018	Audited June 30, 2018
	Note	(Rupees in '000')	
8.1.1 Additions to operating fixed assets			
Freehold land		35,498	159,050
Building on leasehold land		91,080	239,886
Leasehold improvement		4,564	-
Biomedical equipment		155,791	220,674
Air conditioning equipment and machinery		87,119	52,027
Electrical and other equipment		36,355	158,813
Furniture and fittings		10,344	22,631
Computer installations		61,498	50,139
Construction equipment		127	514
Vehicles		2,393	3,473
		484,769	907,207
8.2 Capital work in progress			
Opening capital work in progress		325,954	163,561
Additions during the period/year		413,037	421,445
Transferred to operating fixed assets		(96,244)	(259,052)
Closing capital work in progress	8.2.1	642,747	325,954
8.2.1 Capital work in progress			
Construction work-in-progress - at cost		229,689	156,690
Stores held for capital expenditure		3,008	3,608
Installation of equipment in progress		410,050	165,656
		642,747	325,954
9 TRADE DEBTS			
Considered good - unsecured			
Related party - Shifa Foundation		24,746	25,483
Others		681,730	671,710
Considered doubtful			
Others		81,655	66,156
Considered bad			
Others		2,347	16,846
		790,478	780,195
Less: provision for doubtful debts	9.1	81,655	66,156
Less: bad debts written off		2,347	16,846
		706,476	697,193

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

	Un audited December 31, 2018	Audited June 30, 2018
	(Rupees in '000')	
Balance at beginning of the period / year	66,156	55,078
Provision made during the period / year	17,846	27,924
Less: Bad debts written off	2,347	16,846
	81,655	66,156

10 FINANCIAL INSTRUMENTS**Fair value of financial instruments**

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

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

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

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

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

Financial instruments by category

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

	Carrying Amount				Fair Value				
	Loans and receivables	Available for sale instruments	Fair value through profit or loss	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000')									
December 31, 2018									
Non-current assets									
Long term deposits	41,791	-	-	-	41,791	-	-	-	-
Current assets									
Trade debts - considered good	706,476	-	-	-	706,476	-	-	-	-
Trade deposits	65,319	-	-	-	65,319	-	-	-	-
Investment - held to maturity	3,000	-	-	-	3,000	-	-	-	-
Bank Balances	848,332	-	-	-	848,332	-	-	-	-
	1,664,918	-	-	-	1,664,918	-	-	-	-

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')								
-	-	-	2,213,761	2,213,761	-	-	-	-
-	-	-	2,892,009	2,892,009	-	-	-	-
-	-	-	25,381	25,381	-	-	-	-
-	-	-	77,284	77,284	-	-	-	-
-	-	-	275,416	275,416	-	-	-	-
-	-	-	6,974	6,974	-	-	-	-
-	-	-	5,490,825	5,490,825	-	-	-	-
41,140	-	-	-	41,140	-	-	-	-
697,193	-	-	-	697,193	-	-	-	-
44,887	-	-	-	44,887	-	-	-	-
479,015	-	-	-	479,015	-	-	-	-
1,262,235	-	-	-	1,262,235	-	-	-	-

Non-current liabilities

Long term financing - secured

Current liabilities

Trade and other payables

Markup accrued

Unclaimed dividend

Short term borrowings

Current portion of long term financing

June 30, 2018**Non-current assets**

Long term deposits

Current assets

Trade debts - considered good

Trade deposits

Bank balances

	Carrying Amount			Fair Value		
	Loans and receivables	Available for sale instruments	Fair value through profit or loss	Other financial instruments	Total	Total
	(Rupees in '000')					
Non-current liabilities						
Long term financing - secured	-	-	-	1,506,890	1,506,890	-
Current liabilities						
Trade and other payables	-	-	-	2,562,366	2,562,366	-
Markup accrued	-	-	-	12,264	12,264	-
Unclaimed dividend	-	-	-	33,981	33,981	-
Short term borrowings	-	-	-	5,974	5,974	-
Current portion of long term financing	-	-	-	168,228	168,228	-
	-	-	-	4,289,703	4,289,703	-

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

11 RELATED PARTY TRANSACTIONS

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

	Un-audited	
	December 31, 2018	December 31, 2017
	(Rupees in '000')	
Shifa Foundation: (Related party by virtue of common directorship)		
Revenue from services earned by the Company	72,044	66,419
Revenue from rent earned by the Company	22	22
Expenses paid by and reimbursed to the Company	576	2,101
Other services provided to the Company	10,542	7,920
Donation given by the company	-	200
Tameer-e-Millat Foundation: (Related party by virtue of common directorship)		
Revenue from rent earned by the Company	155	52
Other supplies provided to the Company	12,587	8,287
Other services provided to the Company	6,974	10,915
Rent charged to the Company	1,927	1,631
SIHL Employees' Gratuity Fund		
Payments made by the Company	16,419	34,881
Shifa Tameer-e-Millat University: (Related party by virtue of common directorship)		
Revenue from services earned by the Company	21,848	22,716
Revenue from rent earned by the Company	1,201	993
Other services provided to the Company	18,000	-
Expenses paid by and reimbursed to the Company	3,051	970
Donation paid by the Company	15,000	25,000
Shifa Development Services (Private) Limited (formerly "Shifa Consulting Services (Private) Limited") (Subsidiary Company)		
Expenses paid by and reimbursed to the Company	424	311
Remuneration including benefits and perquisites of key management personnel	130,390	150,420
12 CASH AND CASH EQUIVALENTS		
Cash and bank balances	850,504	536,721
Investment - held to maturity	3,000	-
Short term borrowings	(275,416)	(49,953)
	578,088	486,768

13 GENERAL

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

13.2 Corresponding figures, where ever necessary, have been rearranged and reclassified for the purpose of comparison and better presentation.

13.3 This condensed interim financial information has been authorized for issue by the Board of Directors of the Company on February 23, 2019.

Dawood M. Rahman

CHAIRMAN

Maryam Ali Beg

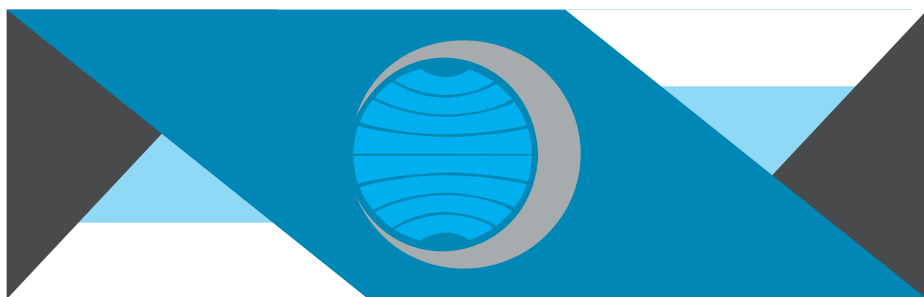
CHIEF EXECUTIVE

Ali S

CHIEF FINANCIAL OFFICER

Shifa International Hospitals Ltd.

Condensed Interim Consolidated Financial
Information for the Half Year Ended
December 31, 2018



CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

		Un-audited December 31, 2018	Audited June 30, 2018
		(Rupees in '000')	
	<u>Note</u>		
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital		545,379	545,379
Capital reserves			
Share premium account		1,046,025	1,046,025
Surplus on revaluation of Property, plant and equipment		718,795	723,310
Revenue reserve			
Unappropriated profit		2,863,066	2,798,675
		5,173,265	5,113,389
NON - CURRENT LIABILITIES			
Long term financing - secured	5	2,213,761	1,506,890
Deferred taxation		312,744	375,186
		2,526,505	1,882,076
CURRENT LIABILITIES			
Trade and other payables	6	3,170,102	2,908,874
Unclaimed dividend		77,284	33,981
Markup accrued		25,381	12,264
Short term borrowing	7	275,416	5,974
Current portion of long term financing	5	6,974	168,228
		3,555,157	3,129,321
		11,254,927	10,124,786
CONTINGENCIES AND COMMITMENTS	8		

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



CHAIRMAN

		Un-audited December 31, 2018	Audited June 30, 2018
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	9	6,567,235	6,029,463
Investment property		1,503,001	1,401,837
Intangible assets		36,383	33,477
Long term deposits		61,525	60,736
		8,168,144	7,525,513
CURRENT ASSETS			
Stores, spare parts and loose tools		121,112	119,607
Stock-in-trade		460,739	468,819
Trade debts - considered good	10	710,828	699,917
Loans and advances - considered good		523,449	419,220
Trade deposits, prepayments and other receivables		94,039	57,520
Investment - held to maturity		3,000	-
Tax refunds due from the government (net of provision)		316,244	348,332
Cash and bank balances		857,372	485,858
		3,086,783	2,599,273
		11,254,927	10,124,786



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF
PROFIT OR LOSS [UN-AUDITED]
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	For the quarter ended		For the half year ended	
	December 31, 2018	December 31, 2017 (Rupees in '000')	December 31, 2018	December 31, 2017
Net revenue	2,860,882	2,650,939	5,679,160	5,148,756
Other income	11,614	16,337	26,546	35,615
Operating costs	(2,595,199)	(2,434,568)	(5,215,482)	(4,708,195)
Finance costs	(26,115)	(16,107)	(42,522)	(29,659)
Profit before taxation	251,182	216,601	447,702	446,517
Provision for taxation	(81,710)	(64,005)	(142,405)	(130,289)
Profit after taxation	169,472	152,596	305,297	316,228
Attributable to:				
Equity holders of SIHL	169,472	152,596	305,297	316,228
Earnings per share - basic and diluted - (Rupees)	3.11	2.80	5.60	5.80

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



CHAIRMAN



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CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF OTHER COMPREHENSIVE INCOME [UN-AUDITED]
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	For the quarter ended		For the half year ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(Rupees in '000')			
Profit after taxation	169,472	152,596	305,297	316,228
Other comprehensive income for the period - net of tax	-	-	-	-
Total comprehensive income for the period	169,472	152,596	305,297	316,228
Attributable to:				
Equity holders of SIHL	169,472	152,596	305,297	316,228

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


CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM
CONSOLIDATED STATEMENT OF CASH FLOWS [UN-AUDITED]
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	December 31, 2018	December 31, 2017
Note	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	447,702	446,517
Adjustments for:		
Depreciation/amortization on tangible assets	269,593	246,071
Amortization on intangible assets	5,090	1,513
Provision for doubtful debts	17,846	19,968
Property, plant and equipment written off	1,475	2,226
Gain on disposal of property, plant and equipment	(2,944)	(976)
Provision for compensated absences	20,813	18,410
Provision for gratuity	53,669	45,199
Provision for slow moving stores	(289)	(416)
Profit on investments and bank deposits	(2,461)	(10,270)
Loss on foreign currency translation	565	34
Finance cost	41,957	29,659
Operating cash flows before changes in working capital	853,016	797,935
Changes in working capital:		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(1,216)	(24,379)
Stock-in-trade	8,080	(98,503)
Trade debts	(28,757)	(237,798)
Loans and advances	(104,229)	63,151
Trade deposits and short term prepayments	(36,519)	(15,088)
Increase/(decrease) in current liabilities:		
Trade and other payables	228,448	293,533
Cash generated from operations	918,823	778,851
Finance cost paid	(83,274)	(25,754)
Income tax paid	(172,760)	(262,476)
Payment to SIHL Employees' Gratuity Fund	(16,419)	(34,881)
Compensated absences paid	(25,282)	(16,968)
Net cash from operating activities	621,088	438,772
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(808,276)	(864,056)
Addition in investment property	(55,761)	-
Encashment of Investment - held to maturity	-	50,000
Proceeds from disposal of property, plant and equipment	3,415	2,143
Markup received	2,461	11,432
(Increase)/decrease in long term deposits	(789)	748
Net cash used in investing activities	(858,950)	(799,733)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - repayments	(168,853)	(167,871)
Long term financing - proceeds	714,470	493,197
Dividend paid	(202,118)	(257,915)
Net cash generated from financing activities	343,499	67,411
Net increase/(decrease) in cash and cash equivalents	105,637	(293,550)
Cash and cash equivalents at beginning of the period	479,884	782,586
Effect of exchange rate changes on cash and cash equivalents	(565)	(34)
Cash and cash equivalents at end of the period	584,956	489,002

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

Dawood M. Rahman

CHAIRMAN

Maryam N. Beg

CHIEF EXECUTIVE

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CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Share capital	Share premium account	Surplus on revaluation of property, plant and equipment	un-appropriated Profit	Total
	(Rupees in '000')				
Balance at July 01, 2017	545,379	1,046,025	726,760	2,539,594	4,857,758
Total comprehensive income for the period					
Profit for the period	-	-	-	316,228	316,228
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	316,228	316,228
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to the period	-	-	(4,495)	4,495	-
Distribution to owners					
Final dividend 2017: Rs. 5 per share	-	-	-	(272,690)	(272,690)
Balance at December 31, 2017	545,379	1,046,025	722,265	2,587,627	4,901,296
Balance at July 01, 2018	545,379	1,046,025	723,310	2,798,675	5,113,389
Total comprehensive income for the period					
Profit for the period	-	-	-	305,297	305,297
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	305,297	305,297
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	(4,515)	4,515	-
Distribution to owners					
Final dividend 2018: Rs. 4.5 per share	-	-	-	(245,421)	(245,421)
Balance at December 31, 2018	545,379	1,046,025	718,795	2,863,066	5,173,265

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



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2018

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 Development Services (Private) Limited (formerly "Shifa Consulting Services (Private) Limited"). SIHL was incorporated in Pakistan on September 29, 1987 as a private limited company under the Companies Ordinance, 1984 (now the Companies Act, 2017) and converted into a public limited company on October 12, 1989. The shares of the SIHL are quoted on Pakistan Stock Exchange Limited. The registered office of the SIHL is situated at Sector H-8/4, Islamabad.

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

2 BASIS OF PREPARATION

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

3 ACCOUNTING POLICIES

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

IFRS 15 - Revenue from Contracts with Customers

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

4 BASIS OF CONSOLIDATION

The condensed interim consolidated financial information includes the financial information of Shifa International Hospitals Limited and its subsidiary company Shifa Development Services (Private) Limited (formerly "Shifa Consulting Services (Private) Limited") 100% owned (June 2018: 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 condensed interim financial information 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 company has been consolidated on a line by line basis. There is no non-controlling interest in the condensed interim consolidated statement of financial position of Shifa International Hospitals Limited as Shifa Development Services (Private) Limited (formerly "Shifa Consulting Services (Private) Limited") is the wholly owned subsidiary of SIHL.

		Un-audited December 31, 2018	Audited June 30, 2018
		(Rupees in '000')	
	Note		
5 LONG TERM FINANCING - SECURED			
From banking companies:			
Syndicated Islamic Finance Facility - 1	5.1	-	166,667
Syndicated Islamic Finance Facility - 2	5.2	1,994,176	1,493,678
Diminishing Musharakah facility	5.3	226,559	14,773
		2,220,735	1,675,118
Less: Current portion		6,974	168,228
		2,213,761	1,506,890
5.1	This represented syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 1% (June 2018: 3 months KIBOR plus 1%) per annum, repayable in 18 equal quarterly installments. The sanction limit of this facility was Rs. 1,500 million (June 2018: Rs. 1,500 million) which was repaid on December 28, 2018. The financing was secured by ranking charge upgraded into first pari passu charge on all present and future fixed assets of the SIHL (excluding plot No.5, F-11 Markaz, Islamabad) amounting to Rs. 2,000 million.		
5.2	This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 0.85% (June 2018: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly installments. The SIHL availed loan upto the total sanction limit of Rs. 2,000 million which shall be repaid by November 22, 2023. The financing is secured by ranking charge upgraded into first pari passu charge of Rs. 2,667 million on all present and future movable fixed assets and land / building located at H-8/4, Islamabad. Meezan Bank Limited has the custody of original ownership documents of the SIHL land located at sector H-8/4 Islamabad.		
5.3	This represents a long term Islamic finance facility obtained under the Diminishing Musharakah basis from Al Baraka Bank (Pakistan) Limited to finance purchase of brand new vehicles and biomedical equipment. Principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 1.25% (June 2018: 3 months KIBOR plus 1.25%) per annum for vehicles and for biomedical equipments principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 0.80% (June 2018: 3 months KIBOR plus 0.80%) per annum. The financing is secured by ranking charge on all present and future movable fixed assets (plant, machinery, tools and equipment) of Rs. 781.3 million for bio-medical equipments and shared title over financed vehicles. Further, this also includes a long term Islamic finance facility obtained under the Diminishing Musharakah basis from First Habib Modarba to finance purchase of brand new vehicles. Principal amount is repayable in 60 equal monthly installments carrying markup at 3 months KIBOR plus 0.70% (June 2018: Nil) per annum.		
		Un-audited December 31, 2018	Audited June 30, 2018
		(Rupees in '000')	
5.4 Movement during the period / year			
Opening Balance		1,675,118	503,992
Proceeds during the period / year		714,470	1,506,890
Repayment during the period / year		(168,853)	(335,764)
Closing Balance		2,220,735	1,675,118

		Un-audited December 31, 2018	Audited June 30, 2018
		(Rupees in '000')	
	Note		
6 TRADE AND OTHER PAYABLES			
This also includes payable to related parties as detailed below:			
Tameer -e- Millat Foundation		7,598	3,065
Shifa Tameer -e- Millat University		6,120	24,439
Shifa International Hospitals Limited (SIHL)			
Employees' Gratuity Fund		124,256	87,013
		137,974	114,517
7 SHORT TERM BORROWINGS			
Habib bank limited	7.1	228,516	5,974
Meezan bank limited	7.2	46,900	-
		275,416	5,974
7.1	This represents running finance facility obtained from Habib Bank Limited on markup basis at 3 months KIBOR plus 0.25% (June 2018: 3 months KIBOR plus 1%) per annum with sanctioned limit of Rs. 250 million (June 2018: Rs. 90 million). The facility is secured by first pari passu charge on all present and future current assets of the SIHL.		
7.2	This represents short term finance facility (Musawamah) obtained from Meezan Bank Limited on markup basis at 6 months KIBOR plus 1% per annum with sanctioned limit of Rs. 46.9 million. The facility is secured by pari passu charge over current and fixed assets of the SIHL.		
		Un-audited December 31, 2018	Audited June 30, 2018
		(Rupees in '000')	
	Note		
8 CONTINGENCIES AND COMMITMENTS			
8.1 Contingencies			
Claims against the SIHL not acknowledged as debt			
Patients		1,000	1,000
Competition Commission of Pakistan (CCP)		20,000	20,000
Letter of guarantee		35,100	35,100
Income tax	8.3,8.4, 8.5,8.6&8.7	2,402,814	1,149,332
8.2 Commitments			
Capital expenditure		317,168	297,113
Letter of credit		348,940	37,463
8.3	The tax authorities amended the assessments for tax years 2012, 2013, 2014, 2015 and 2016, under section 122(5A) of Income Tax Ordinance, 2001 and raised tax demands of Rs. 50.4 million, Rs. 133.3 million, Rs. 85.5 million, Rs. 26.1 million and Rs. 566.2 million respectively. Being aggrieved the SIHL agitated the assessments in appeals before the Commissioner (Appeals) who in tax year 2015 and 2016 has decided the appeals against the SIHL and being aggrieved the SIHL filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue [ATIR], which are pending for adjudication. While for tax year 2013 and 2014 the Commissioner (Appeals) partly confirmed and partly allowed relief to the SIHL and being aggrieved on issues not decided in favor, the SIHL has filed appeal before the Appellate Tribunal inland revenue. No provision has been recorded as the management is hopeful for favorable outcome.		

- 8.4** The tax authorities levied tax of Rs. 178.4 million under section 161/205 of the Income Tax Ordinance, 2001 for tax year 2014 on the account of alleged non deduction of tax on payments. Being aggrieved, the SIHL agitated the assessment in appeal before the Commissioner (Appeals) on May 09, 2018 who confirmed the order of the sub-ordinate tax authority. Being not satisfied with order of the CIR(A), the SIHL preferred appeal before the ATIR, which is pending for adjudication. The SIHL is confident for a favorable outcome and therefore, no provision in respect of above matter has been recorded in these condensed interim consolidated financial information.
- 8.5** The tax authorities amended the assessments from tax years 2012 to 2017 u/s 122(5) of Income Tax Ordinance, 2001 and raised total tax demand of Rs. 1,350.9 million. Being aggrieved the SIHL agitated the assessments in appeals before the Commissioner (Appeals) who annulled all the assessment orders and hence demand stand deleted. Being not satisfied with order of the CIR(A), the department has filed appeal before the ATIR, which is pending for adjudication.
- 8.6** The Assistant Commissioner Inland Revenue (ACIR) has amended the SIHL assessment for tax year 2014 & 2015 u/s 221 of the Income Tax Ordinance, 2001 which has resulted a tax demand of Rs. 11.8 million. Being aggrieved, the SIHL has filed an appeals before the Commissioner Inland Revenue (Appeals) (CIR(A)) wherein the CIR(A) has remanded back the said assessments to ACIR on November 30, 2017. The SIHL as well as the Department has filed cross appeals against the CIR(A) order before the Appellate Tribunal Inland Revenue, which are pending for adjudication. The SIHL is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in these condensed interim consolidated financial information.
- 8.7** During the year ended June 30, 2017 the Deputy Commissioner Inland Revenue (DCIR) concluded an ex-party assessment against the subsidiary under the Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (the Ordinance) and charged sales tax on the entire receipts of the subsidiary for the tax year 2016 representing consulting income. The above assessment resulted in a demand of Rs. 2.5 million against which a provision of Rs. 2.1 million had been recorded in the financial statements of the year ended June 30, 2017 as the subsidiary intended to pay the balance amount of Rs. 0.7 million considering that the tax authorities had recovered Rs. 1.4 million from the bank accounts. The un-provided balance represented a calculation error and management of the subsidiary has filed an appeal with the Commissioner Inland Revenue (Appeals) and rectification application with the DCIR on which DCIR had partially accepted and rectified the demand of Rs. 2.5 million to Rs. 2.3 million. However, the decision of Commissioner Inland Revenue (Appeals) is still pending. The subsidiary is confident for a favorable outcome and therefore, no further provision in respect of this matter has been recorded in this condensed interim consolidated financial information.

	<u>Note</u>	Un-audited December 31, 2018	Audited June 30, 2018
		(Rupees in '000')	
9 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	9.1	5,924,488	5,703,509
Capital work in progress (CWIP)	9.2	642,747	325,954
		6,567,235	6,029,463

		Un-audited December 31, 2018	Audited June 30, 2018
	Note	(Rupees in '000')	
9.1 Operating fixed assets			
Written down value (WDV) at the beginning of the period/year		5,703,509	5,294,700
Additions	9.1.1	485,055	907,328
Revaluation		-	5,541
		6,188,564	6,207,569
WDV of disposals		(471)	(1,738)
WDV of assets written off		(1,475)	(8,699)
Depreciation for the period/year		(262,130)	(493,623)
WDV at the end of the period/year		5,924,488	5,703,509
9.1.1 Additions to operating fixed assets			
Freehold land		35,498	159,050
Building on leasehold land		91,080	239,886
Leasehold improvement		4,564	-
Biomedical equipment		155,791	220,674
Air conditioning equipment and machinery		87,119	52,027
Electrical and other equipment		36,355	158,838
Furniture and fittings		10,344	22,632
Computer installations		61,657	50,233
Construction equipment		127	514
Vehicles		2,520	3,474
		485,055	907,328
9.2 Capital work in progress			
Opening capital work in progress		325,954	163,561
Additions during the period/year		413,037	421,445
Transferred to operating fixed assets		(96,244)	(259,052)
Closing capital work in progress	9.2.1	642,747	325,954
9.2.1 Capital work in progress			
Construction work-in-progress - at cost		229,689	156,690
Stores held for capital expenditure		3,008	3,608
Installation of equipment in progress		410,050	165,656
		642,747	325,954
10 TRADE DEBTS			
Considered good - unsecured			
Related party - Shifa Foundation		24,746	25,483
Others		686,082	674,434
Considered doubtful			
Others		81,655	66,156
Considered bad			
Others		2,347	18,932
		794,830	785,005
Less: provision for doubtful debts	10.1	81,655	66,156
Less: bad debts written off		2,347	18,932
		710,828	699,917

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

	Un-audited December 31, 2018	Audited June 30, 2018
	(Rupees in '000')	
Balance at beginning of the period / year	66,156	55,078
Provision made during the period / year	17,846	30,010
Less: Bad debts written off	2,347	18,932
	81,655	66,156

Fair value of financial instruments

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

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

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

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

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

Financial instruments by category

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

	Carrying Amount				Fair Value				
	Loans and receivables	Available for sale instruments	Fair value through profit or loss	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000')									
December 31, 2018									
Non-current assets									
Long term deposits									
Current assets									
Trade debts - considered good	41,791	-	-	-	41,791	-	-	-	-
Trade deposits	710,828	-	-	-	710,828	-	-	-	-
Investment - held to maturity	65,149	-	-	-	65,149	-	-	-	-
Bank Balances	3,000	-	-	-	3,000	-	-	-	-
	855,192	-	-	-	855,192	-	-	-	-
	1,675,960	-	-	-	1,675,960	-	-	-	-

	Carrying Amount				Fair Value				
	Loans and receivables	Available for sale instruments	Fair value through profit or loss	Other financial instruments	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000')								
Non-current liabilities									
Long term financing - secured	-	-	-	2,213,761	2,213,761	-	-	-	-
Current liabilities									
Trade and other payables	-	-	-	2,894,140	2,894,140	-	-	-	-
Markup accrued	-	-	-	25,381	25,381	-	-	-	-
Unclaimed dividend	-	-	-	77,284	77,284	-	-	-	-
Short term borrowings	-	-	-	275,416	275,416	-	-	-	-
Current portion of long term financing	-	-	-	6,974	6,974	-	-	-	-
	-	-	-	5,492,956	5,492,956	-	-	-	-
June 30, 2018									
Non-current assets									
Long term deposits	41,140	-	-	-	41,140	-	-	-	-
Current assets									
Trade debts - considered good	699,917	-	-	-	699,917	-	-	-	-
Trade deposits	45,085	-	-	-	45,085	-	-	-	-
Bank balances	485,387	-	-	-	485,387	-	-	-	-
	1,271,529	-	-	-	1,271,529	-	-	-	-

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

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

		Un-audited	
		December 31, 2018	December 31 2017
		(Rupees in '000')	
12	RELATED PARTY TRANSACTIONS		
	Significant transactions with related parties are as follow:		
	Shifa Foundation: (Related party by virtue of common directorship)		
	Revenue from services earned by the SIHL	72,044	66,419
	Revenue from rent earned by the SIHL	22	22
	Expenses paid by and reimbursed to the SIHL	576	2,101
	Other services provided to the SIHL	10,542	7,920
	Donation given by the SIHL	-	200
	Tameer-e-Millat Foundation: (Related party by virtue of common directorship)		
	Revenue from rent earned by the SIHL	155	52
	Other supplies provided to the SIHL	12,587	8,287
	Other services provided to the SIHL	6,974	10,915
	Rent paid by the SIHL	1,927	1,631
	SIHL Employees' Gratuity Fund		
	Payments made by the SIHL	16,419	34,881
	Shifa Tameer-e-Millat University: (Related party by virtue of common directorship)		
	Revenue from services earned by the SIHL	21,848	22,716
	Revenue from rent earned by the SIHL	1,201	993
	Other services provided to the SIHL	18,000	-
	Expenses paid by and reimbursed to the SIHL	3,051	970
	Donation paid by the SIHL	15,000	25,000
	Remuneration including benefits and perquisites of key management personnel	130,390	150,420
13	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	857,372	538,955
	Investment - held to maturity	3,000	-
	Short term borrowings	(275,416)	(49,953)
		584,956	489,002

14 GENERAL

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

- 14.2** Corresponding figures, where ever necessary, have been rearranged and reclassified for the purpose of comparison and better presentation.
- 14.3** This condensed interim consolidated financial information has been authorized for issue by the Board of Directors of the SIHL on February 23, 2019.

**CHAIRMAN****CHIEF EXECUTIVE****CHIEF FINANCIAL OFFICER**

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