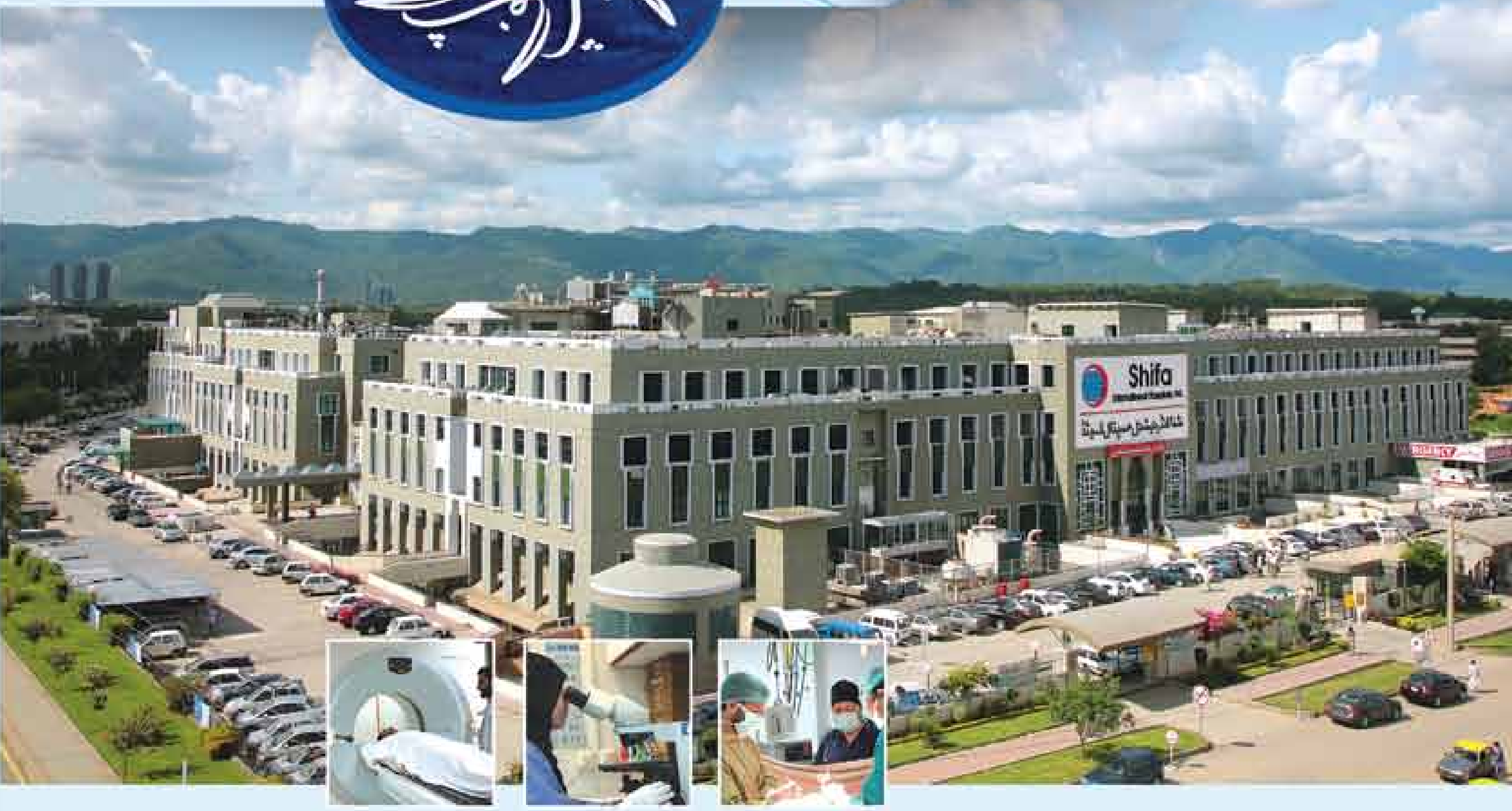
Shifa International Hospitals Ltd.

When i am ill,
It is He who cures me
(Al-Quraan)



Financial Report 2011

Contents

Notice of the 25th Annual General Meeting

Notice is hereby given that the 25th Annual General Meeting of the shareholders of Shifa International Hospitals Limited will be held at the registered office of the Company at Sector H-8/4, Islamabad on Saturday, October 08, 2011 at 1100 hours to transact the following business:

1- To confirm the minutes of the 24th Annual General Meeting of the Company held on October 07, 2010.

2- To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2011 together with the directors' and auditors' report thereon.

3- To approve the payment of final cash dividend @ 15 % (i.e. Rs.1.50 per share) for the year ended June 30, 2011 as recommended by the directors. This is in addition to the interim cash dividend of Rs.1.50 per share (15%) already paid during the year.

4- To appoint auditors for the year ending June 30, 2012 and to fix their remuneration. The retiring auditors M/s M. Yousuf Adil Saleem & Co., Chartered Accountants, did not offer themselves for reappointment for the year ending June 30, 2012. The board on the suggestion of Audit Committee recommends the appointment of M/s Anjum Asim Shahid Rahman, Chartered Accountants, as the auditors of the Company for the year ending June 30, 2012.

5- To transact any other business with the permission of the Chair.

By Order of the Board

ISLAMABAD
September 05, 2011

MUHAMMAD NAEEM
Company Secretary

Notes:

i) The share transfer books of the Company will remain closed from October 01, 2011 to October 08, 2011 (both days inclusive). No transfer will be accepted for registration during this period. Transfers received in order at the share registrar's office of the Company i.e. M/s Corplink (Pvt.) Limited situated at Wings Arcade, 1-K, Commercial, Model Town, Lahore at the close of business on Friday, September 30, 2011 will be considered in time for the purpose of payment of dividend to the transferees.

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

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

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

Directors' Report

OPERATING RESULTS

	2011	2010
	(Rupees)	
Net revenue	3,412,687,983	2,555,758,847
Other operating income	12,927,903	10,970,666
Operating costs	(2,942,406,982)	(2,155,202,902)
Finance cost	(115,679,932)	(91,041,059)
Profit before taxation	367,528,972	320,485,552
Provision for taxation	(108,929,457)	(131,506,002)
Profit for the year	258,599,515	188,979,550
Earnings per share-basic and diluted	5.12	3.74

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

2- Proper books of account of Shifa International Hospitals Limited have been maintained as required by the Companies Ordinance, 1984.

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

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

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

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

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

8- The earnings per share increased to Rs. 5.12 per share as compared to Rs.3.74 per share in the last financial year.

9- The Board is pleased to declare the final cash dividend of Rs. 1.50 per share, in addition to interim dividend of Rs. 1.50 per share already paid during the year ended June 30, 2011.

10- During the year under review, four meetings of the Board of Directors were held on August 13, 2010, October 26, 2010, February 09, 2011 and April 27, 2011. Number of meetings attended by each director are stated below:

Name of Director	Meetings Attended
Dr. Zaheer Ahmad	4
Dr. Manzoor H. Qazi	4
Dr. Habib-Ur-Rehman	3
Dr. Saeed A. Bajwa	-
Dr. Abdul Razaq	-
Mr. Muhammad Zahid	-
Mr. Shafquat Ali Chaudhary	1
Dr. Muhammad Saleem Khan	4
Shah Naveed Saeed	4
Mr. Qasim Farooq Ahmad	1

11- The pattern of shareholding and additional information regarding pattern of shareholding is given on page 48.

12- The present auditors M/s M. Yousuf Adil Saleem & Co., Chartered Accountants, retire at the conclusion of the 25th Annual General Meeting. The retiring auditors though eligible did not offer themselves for re-appointment. The Board on the suggestion of Audit Committee recommended the appointment of M/s Anjum Asim Shahid Rahman, Chartered Accountants, as the external auditors of the Company for the year ending June 30, 2012 in place of M/s M. Yousuf Adil Saleem & Co., Chartered Accountants, retiring auditors, who have served as external auditors of the Company for seven years. The Audit Committee and the Board put on record their appreciation for the commitment and dedication of the retiring auditors.

13- The Directors, CEO, CFO, Company Secretary and their spouses and minor children carried out no trades in the shares of the Company during the year under review.

14- All the related party transactions have been approved by the Board of Directors. The Company maintains a full record of all such transactions along with the terms and conditions.

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

16- During the year under review, the Company contributed to the national exchequer as under:

Direct Taxes	Rs. 77.97 million
Indirect Taxes	Rs. 50.44 million
Tax deducted and deposited from suppliers, employees etc.	Rs. 137.57 million
Total	**Rs. 265.98 million**

17- During the year under review, the Company donated Rs. 10 million each to Shifa Foundation and Tameer-e-Millat Foundation, both not for profit organizations working in the sectors of health and education respectively. The Company considers both the foundation as its social arms for fulfilling corporate social responsibilities with respect to people and society.

In the wake of shortage of available power on national grid, the Company took number of initiatives for the conservation of electricity which include but are not limited to improvement of power factor, installation of 03 variable frequency drives on high HP rating motors, renewal of chill water piping insulation, use of energy savers in lieu of tube lights, advocated setting of AC thermostat at 26°C, replacement of reciprocating compressors with screw type compressors upon completion of useful life etc.

We have sate of the art incinerators for medical waste incineration. The incinerator exhaust pipe has water scrubber to prevent flow of toxic gases to atmosphere. After incineration the medical waste ash is disposed off in a brick lined well, in accordance with Ministry of Environment's requirement.

18- The Board has adopted the Statement of Ethics and Business Practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to the customers, suppliers and regulations.

19- During the year under review Floor E-4 was commissioned which is comprised of executive plus, executive and private plus rooms. We are working in full swing to make operational 17 operating rooms including four day care operating rooms, forty five surgical ICU beds and seventy seven patient beds as early as possible.

20- As of now, the Company is operating ten pharmacies in different cities and efforts are underway to establish seven more pharmacies in the cities of Lahore, Gujranwala, Faisalabad and Rawalpindi during the current calendar year.

21- The Company is committed to establish state of the art hospitals in selected specialties in different parts of the country in order to provide quality healthcare services to the people of Pakistan at their doorstep. In this regard, the state of the art Gynae and Peads Hospital in Faisalabad will Inshallah be made functional by 27th of Ramadan i.e. on August 28, 2011. Besides, the Company in the month of July, 2011 participated in an open bid conducted under the auspices of CDA for a Hospital Plot measuring 3333.33 sq. yards located in F-11 Markaz, Islamabad, which has been accepted by CDA and bid acceptance letter has been issued to us by CDA accordingly. Management believes that the initiation of hospital services at F-11 Markaz, Islamabad, would serve the two pronged purpose i.e. catering the healthcare needs of the people of vicinity at their doorstep and decrease of patients' influx to existing facility at Sector H-8/4.

22- The board is obliged to put on record its appreciation for the consultants, management and staff for their untiring efforts to deliver uninterrupted quality healthcare and to replicate the same on different outreach centers, like pharmacies, lab pickup points, medical centers etc. and shareholders, bankers, patients and regulatory bodies for their patronage.

On behalf of the Board

ISLAMABAD
August 20, 2011

DR. ZAHEER AHMAD
Chairman & CEO

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation No. 37 of The Karachi Stock Exchange, chapter XIII of the Listing Regulation of The Lahore Stock Exchange and chapter XI of the Listing Regulation of The Islamabad Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company, in order to facilitate its shareholders/investors all over Pakistan, is listed on all the three Stock Exchange of Pakistan since 1995.

2. The Company encourages representation of non-executive directors; at present the Board includes eight non-executive directors.

3. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

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

5. No causal vacancy occurred in the Board during the year ended June 30, 2011.

6. The Company has prepared a “statement of ethics and business practices”, which has been signed by all the directors and employees of the Company.

7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

8. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

9. The Board is mindful of its responsibilities to the Company's shareholders for the performance of the Company and regular Annual General Meetings of the Company are held and also provides shareholders an opportunity to question the Board about business issues and prospects.

10. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notice of the Board meetings, along with agenda and relevant documents were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

11. The Board arranged in house orientation courses for its directors during the year to apprise them of their duties and responsibilities. Besides, in order to comply with the mandatory provision of code xiv, one of the directors of the Company has been enrolled for certification under a director training/education program with Pakistan Institute of Corporate Governance.

12. There were no new appointments of CFO, Company Secretary or Head of Internal Audit during the year.

13. The directors' report for this year has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.

14. The CEO and the CFO before approval by the Board duly endorsed the financial statements of the Company.

15. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

16. The Company has complied with all the corporate and financial reporting requirements of the Code.

17. The Board has formed an audit committee. It comprises four members, all of them, including the chairman, are non-executive directors.

18. The meetings of the audit committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formulated and advised to the committee for compliance.

19. The Board has set-up an effective internal audit function.

20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under quality control review program of the institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do no hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they observed IFAC guidelines in this regard.

22. We confirm that all other material principles contained in the Code have been complied with.

Islamabad
August 20, 2011

Dr. Zaheer Ahmad
Chairman & CEO

Statement of Compliance with the Best Practices on Transfer Pricing for the year ended June 30, 2011

The related party transactions have been placed before the audit committee and approved by the board of directors to comply with the requirements of listing regulation number 37 of the Karachi Stock Exchange (Guarantee) Limited.

ISLAMABAD
August 20, 2011

DR. ZAHEER AHMAD
Chairman & CEO

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants
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Review Report to the Members on Statement of Compliance With Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Shifa International Hospitals Limited ("the Company") to comply with the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

M. Yousuf Adil Saleem & Co
Chartered Accountants

Islamabad
Dated: August 20, 2011

M. Yousuf Adil Saleem & Co
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Pakistan

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Auditors' Report to the Members

We have audited the annexed balance sheet of Shifa International Hospitals Limited ("the Company") as at June 30, 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:-

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

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2011 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

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

M Yousuf Adil Saleem & Co

Chartered Accountants

Engagement Partner: Hafiz Mohammad Yousaf

August 20, 2011

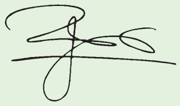
Islamabad

Balance Sheet

as at June 30, 2011

	Note	2011	2010
		(Rupees)	
SHARE CAPITAL AND RESERVES			
Share capital	4	505,138,000	505,138,000
Capital reserve	5	40,000,000	40,000,000
Unappropriated profit		549,928,628	435,691,279
		1,095,066,628	980,829,279
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	6	597,730,254	604,909,488
NON CURRENT LIABILITIES			
Long term financing	7	365,423,191	504,338,678
Liabilities against assets subject to finance lease	8	-	2,194,698
Deferred taxation	9	366,930,453	326,460,589
		732,353,644	832,993,965
CURRENT LIABILITIES			
Trade and other payables	10	608,178,792	433,925,309
Markup accrued	11	16,421,204	15,590,405
Short term borrowings	12	153,045,416	147,922,713
Current portion of :			
long term financing	7	246,509,818	227,913,359
liabilities against assets subject to finance lease	8	3,655,792	7,300,734
Provision for taxation	13	-	988,417
		1,027,811,022	833,640,937
		3,452,961,548	3,252,373,669
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Executive

	Note	2011	2010
		(Rupees)	
NON CURRENT ASSETS			
Property, plant and equipment	15	2,720,993,139	2,594,352,212
Long term deposits	16	10,295,724	8,819,624
		2,731,288,863	2,603,171,836
CURRENT ASSETS			
Stores, spare parts and loose tools	17	64,335,025	62,045,044
Stock-in-trade	18	113,284,561	82,557,630
Trade debts	19	284,262,865	221,671,184
Loans and advances	20	80,890,800	38,232,612
Trade deposits and short term prepayments	21	12,874,596	45,329,104
Markup accrued		234,843	220,905
Other financial assets	22	10,161,095	15,912,055
Tax refunds due from the government (net of provision)	23	8,526,730	-
Cash and bank balances	24	147,102,170	183,233,299
		721,672,685	649,201,833
		3,452,961,548	3,252,373,669

Director

Profit and Loss Account

for the year ended June 30, 2011

	Note	2011	2010
		(Rupees)	
Net revenue	25	3,412,687,983	2,555,758,847
Other operating income	26	12,927,903	10,970,666
Operating costs	27	(2,942,406,982)	(2,155,202,902)
Finance cost	28	(115,679,932)	(91,041,059)
Profit before taxation		367,528,972	320,485,552
Provision for taxation	29	(108,929,457)	(131,506,002)
Profit for the year		258,599,515	188,979,550
Earnings per share - basic and diluted	30	5.12	3.74

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Statement of Comprehensive Income

for the year ended June 30, 2011

	2011	2010
	(Rupees)	
Profit for the year	258,599,515	188,979,550
Other comprehensive income for the year - net of tax	-	-
Total comprehensive income for the year	258,599,515	188,979,550

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Cash Flow Statement

for the year ended June 30, 2011

	Note	2011	2010
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		367,528,972	320,485,552
Adjustments for:			
Depreciation / amortization of property, plant and equipment		185,032,340	151,820,874
Provision for doubtful debts		9,722,864	15,421,926
Property, plant and equipment written off		8,001,855	15,730,506
(Gain) / Loss on disposal of property, plant and equipment		(528,757)	4,265,046
Provision for compensated absences		19,245,544	9,147,836
Provision for gratuity		16,666,259	19,317,615
Provision for slow moving stores		4,299,313	1,713,066
Liabilities written back		(678,904)	(590,340)
Profit on investments and bank deposits		(5,261,365)	(8,752,715)
Finance cost		115,679,932	91,041,059
Operating cash flows before changes in working capital		719,708,053	619,600,425
Changes in working capital:			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(3,279,244)	(14,469,882)
Stock-in-trade		(30,726,931)	(16,981,723)
Trade debts		(72,314,545)	(51,743,648)
Loans and advances		(42,658,188)	(3,803,300)
Trade deposits and short term prepayments		32,454,508	(3,644,234)
Increase in trade and other payables		160,837,778	91,840,827
Cash generated from operations		764,021,431	620,798,465
Finance cost paid		(114,832,491)	(93,281,198)
Income tax paid		(77,974,740)	(67,236,443)
Payment to gratuity fund		(17,738,675)	(40,699,226)
Compensated absences paid		(5,567,171)	(3,622,327)
Net cash from operating activities		547,908,354	415,959,271
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(322,274,119)	(486,611,352)
Proceeds from disposal of property, plant and equipment		635,650	3,000,000
Profit received		5,247,427	8,781,517
Decrease / (increase) in other financial assets		10,741,370	(10,741,370)
(Increase) / decrease in long term deposits		(1,476,100)	3,350,583
Net cash used in investing activities		(307,125,772)	(482,220,622)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - disbursements		107,594,330	200,023,200
- repayments		(227,913,359)	(104,021,163)
Repayment of principal portion of finance lease		(5,839,640)	(8,317,474)
Dividend paid		(150,870,693)	(103,255,511)
Net cash used in financing activities		(277,029,362)	(15,570,948)
Net decrease in cash and cash equivalents		(36,246,780)	(81,832,299)
Cash and cash equivalents at beginning of year		40,481,271	122,224,408
Effect of exchange rate changes on cash and cash equivalents		(16,642)	89,162
Cash and cash equivalents at end of year	34	4,217,849	40,481,271

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Statement of Changes in Equity

for the year ended June 30, 2011

	Share capital	Capital reserve	Unappropriated profit	Total
	(Rupees)			
Balance at July 01, 2009	505,138,000	40,000,000	350,662,855	895,800,855
Total comprehensive income for the year				
Profit for the year	-	-	188,979,550	188,979,550
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	188,979,550	188,979,550
Transfer of depreciation / amortization on incremental value arising on revaluation of property, plant and equipment attributed to current year	-	-	7,179,234	7,179,234
Distribution to owners				
Final dividend 2009: Rs. 1.20 per share	-	-	(60,616,560)	(60,616,560)
Interim dividend 2010 Re. 1.00 per share	-	-	(50,513,800)	(50,513,800)
Total transactions with owners	-	-	(111,130,360)	(111,130,360)
Balance at June 30, 2010	505,138,000	40,000,000	435,691,279	980,829,279
Balance at July 01, 2010	505,138,000	40,000,000	435,691,279	980,829,279
Total comprehensive income for the year				
Profit for the year	-	-	258,599,515	258,599,515
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	258,599,515	258,599,515
Transfer of depreciation / amortization on incremental value arising on revaluation of property, plant and equipment attributed to current year	-	-	7,179,234	7,179,234
Distribution to owners				
Final dividend 2010: Rs. 1.50 per share	-	-	(75,770,700)	(75,770,700)
Interim dividend 2011: Rs. 1.50 per share	-	-	(75,770,700)	(75,770,700)
Total transactions with owners	-	-	(151,541,400)	(151,541,400)
Balance at June 30, 2011	505,138,000	40,000,000	549,928,628	1,095,066,628

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Notes to the Financial Statements

for the year ended June 30, 2011

1 STATUS AND NATURE OF BUSINESS

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

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 Islamabad.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

- revaluation of certain property, plant and equipment;
- recognition of certain employee benefits at present value; and
- investments held to maturity are measured at amortized cost.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

Notes to the Financial Statements

for the year ended June 30, 2011

2.4.1 Property, plant and equipment

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

2.4.2 Provision for doubtful debts

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

2.4.3 Employee benefits

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

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

2.4.4 Taxation

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

2.4.5 Contingencies

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

2.5 New accounting standards, amendments and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning as mentioned there against are either not relevant to the Company's current operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

-Amendments to IAS 1 Presentation of Financial Statements	1st January, 2011
-Amendments to IAS 12 Income Taxes	1st January, 2012
-Amendments to IAS 19 Employee Benefits	1st January, 2013
-Amendments to IAS 34 Interim Financial Reporting	1st January, 2011

Notes to the Financial Statements

for the year ended June 30, 2011

-Amendments to IFRS 7 Financial Instrument Disclosures	1st July, 2011
-Amendments to IFRIC 13 Customer Loyalty Programmes	1st January, 2011
-Amendments to IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1st January, 2011
-IFRS 9 Financial Instruments - Classification and Measurement	1st January, 2013
-IFRS 10 Consolidated Financial Statements	1st January, 2013
-IFRS 11 Joint Arrangements	1st January, 2013
-IFRS 12 Disclosure of Interest in Other Entities	1st January, 2013
-IFRS 13 Fair Value Measurement	1st January, 2013
-Revision to IAS 24 Related Party Disclosures	1st January, 2011
-Reissued as IAS 27 Consolidated and Separated Financial Statements	1st January, 2013
-Reissued as IAS 28 Investments in Associates	1st January, 2013

2.6 New accounting standards, amendments and IFRIC interpretations that are effective but not relevant to the Company's operations

-Amendments to IFRS 5 Non - current Assets Held for Sale and Discontinued Operations	1st January, 2010
-Amendments to IFRS 8 Operating Segments	1st January, 2010
-Amendments to IFRS 2 Share - based Payment - Group Cash - Settled Share - based Payment Transactions	1st January, 2010
-IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1st July, 2010

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

3.1 Property, plant and equipment

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

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

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

Surplus arising on revaluation is credited to surplus on revaluation of property, plant and equipment and to the extent of incremental depreciation/ amortization charged on the related assets is transferred to unappropriated profit.

Notes to the Financial Statements

for the year ended June 30, 2011

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

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

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

Assets are derecognised when disposed off or when no future economic benefits are expected to flow from its use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within "other operating income" in profit and loss account.

3.2 Leases

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

As lessor

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

As lessee

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

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

3.3 Impairment

The Company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

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

Notes to the Financial Statements

for the year ended June 30, 2011

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

3.4 Investments

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

Investments held to maturity

Investments with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold till maturity are classified as investment held to maturity. These are initially recognised at cost inclusive of transaction cost and are subsequently carried at amortised cost using the effective interest rate method less impairment loss, if any. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the investment to its net carrying amount. Gains and losses are recognised in the profit and loss account when the investments are de-recognised or impaired, as well as through the amortization process.

3.5 Stores, spare parts and loose tools

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

3.6 Stock-in-trade

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

Net realisable value signifies the estimated selling price in the ordinary course of the business, less estimated costs of completion and the estimated cost necessary to make the sale.

3.7 Trade debts and other receivables

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

3.8 Cash and cash equivalents

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

Notes to the Financial Statements

for the year ended June 30, 2011

3.9 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. These are derecognised when the Company ceases to be a party to the contractual provisions of the instruments. Other particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of the financial instruments.

3.10 Offsetting

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

3.11 Employee benefits

Defined benefit plan

The Company operates approved funded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to income. The most recent valuation was carried out as at June 30, 2011 using the "Projected Unit Credit Method". The results of actuarial valuation are summarized in note 10.3 of these financial statements.

The amount recognised in the balance sheet represents the present value of defined benefit obligations as adjusted to unrecognised actuarial gain and losses as reduced by the fair value of plan assets.

Cumulative net unrecognised actuarial gains and losses at the end of previous year, which exceed ten percent of the greater of the present value of the Company's defined benefit obligation and the fair value of the plan assets, as at that date, are amortized over the expected average remaining working lives of the employees participating in the scheme.

Compensated absences

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

3.12 Trade and other payables

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

3.13 Provisions

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

3.14 Taxation

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

Notes to the Financial Statements

for the year ended June 30, 2011

Current

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

Deferred

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

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

3.15 Foreign currencies

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

3.16 Revenue recognition

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

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

Scrap sales and miscellaneous receipts are recognised on realised amounts.

3.17 Borrowing costs

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

3.18 Earnings per share

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

3.19 Dividend

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

Notes to the Financial Statements

for the year ended June 30, 2011

			2011	2010
			(Rupees)	
4 SHARE CAPITAL				
Issued, subscribed and paid up				
2011	2010			
Number				
50,513,800	50,513,800	Ordinary shares of Rs. 10 each fully paid in cash	505,138,000	505,138,000
50,513,800	50,513,800		505,138,000	505,138,000

4.1 There were no movements during the year.

4.2 The Company has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

4.3 The Company has no reserved shares for issuance under options and sales contracts.

Authorized

This represents 54,537,900 (2010: 54,537,900) ordinary shares of Rs. 10 each amounting to Rs. 545,379,000 (2010: Rs. 545,379,000).

5 CAPITAL RESERVE

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

	2011	2010
	(Rupees)	
6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Balance at beginning of year	604,909,488	612,088,722
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(7,179,234)	(7,179,234)
Balance at end of year	597,730,254	604,909,488

6.1 Surplus on revaluation of property, plant and equipment is in respect of leasehold / freehold land, which was revalued in 1999, 2004 and 2009, as disclosed in note 15.1 and 15.2. Due to revaluation of leasehold / freehold land, incidence of related deferred tax liability does not arise.

Notes to the Financial Statements

for the year ended June 30, 2011

	Note	2011	2010
		(Rupees)	
7 LONG TERM FINANCING			
From banking companies - secured			
Askari Bank Limited	7.2	-	40,000,000
Allied Bank Limited	7.3	192,857,145	278,571,429
Meezan Bank Limited - DM I	7.4	111,458,334	213,657,408
Meezan Bank Limited - DM II	7.5	227,617,530	200,023,200
MCB Bank Limited	7.6	80,000,000	-
		611,933,009	732,252,037
Less: Current portion		246,509,818	227,913,359
		365,423,191	504,338,678

7.1 The Company has fully availed all the above mentioned facilities.

7.2 This represented Term Finance obtained on markup basis at 3 months KIBOR plus 1% (2010: 3 months KIBOR plus 1%) per annum. The finance was repayable in 5 equal half yearly installments against a sanctioned limit of Rs. 100 million (2010: Rs. 100 million). The financing was fully repaid on May 10, 2011 and was secured by first pari passu charge on present and future fixed assets of the Company amounting to Rs. 133.33 million.

7.3 This represents Demand Finance obtained on markup basis at 3 months KIBOR plus 1% (2010: 3 months KIBOR plus 1%) per annum to be paid on quarterly basis in arrears. This finance is repayable in 14 equal quarterly installments against sanctioned limit of Rs. 300 million (2010: Rs. 300 million). The financing is repayable by June 10, 2013 and is secured by first pari passu charge on all present and future fixed assets of the Company amounting to Rs. 400 million.

7.4 This represents Diminishing Musharika (DM I) facility obtained on markup basis ranging from 3 months KIBOR plus 1% - 1.5% (2010: 3 months KIBOR plus 1% - 1.5%) per annum of two tranches of Rs. 100 million each and one tranche of Rs. 56.25 million (2010: two tranches of Rs. 100 million each and one tranche of Rs. 56.25 million), repayable in 10 and 8 equal quarterly installments respectively. The sanctioned limit for DM 1 is Rs. 256.25 million (2010: Rs. 256.25 million). The financing is repayable by June 30, 2012 and is secured by first pari passu charge on present and future fixed assets of the Company amounting to Rs. 656 million.

7.5 This represents Diminishing Musharika (DM II) facility obtained on markup basis at 3 months KIBOR plus 1.1% (2010: 3 months KIBOR plus 1.1%) per annum of three tranches of Rs. 111.55 million, Rs. 88.47 million and Rs. 27.6 million (2010: two tranches of Rs. 111.55 and Rs. 88.47 million), repayable in 12 equal quarterly installments. The sanctioned limit for DM II is Rs. 243.75 million (2010: Rs. 243.75 million). The first two tranches are to be repaid by December 04, 2014. The financing is secured as stated in note 7.4.

7.6 This represents Demand Finance obtained on markup basis at 3 months KIBOR plus 1.35% (2010: Nil) per annum. This finance is repayable in 20 equal quarterly installments against sanctioned limit of Rs. 80 million (2010: Rs. Nil). The financing is secured by first pari passu charge on all present and future assets of the Company amounting to Rs. 555 million.

Notes to the Financial Statements

for the year ended June 30, 2011

	Note	2011	2010
		(Rupees)	
8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Askari Bank Limited	8.2, 8.3	3,655,792	8,982,398
Bank Al Habib Limited	8.4	-	513,034
		3,655,792	9,495,432
Less: Current portion		3,655,792	7,300,734
		-	2,194,698

8.1 Overdue rentals in certain agreements are subject to additional charge at the rate of 20% (2010: 20%) per annum. Taxes, repairs, replacement and insurance costs are borne by the Company.

The Company intends to exercise its option to purchase the above assets upon completion of the lease period.

8.2 This includes liability amounting to Rs. 1.46 million in respect of leased medical equipments, which is not yet adjusted against lease key money deposit due to non-availability of NOC.

8.3 This represents the vehicles and medical equipment acquired under finance leases from the bank. The financing rate used as discounting factor is 16% (2010: 14% - 16%) per annum.

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

	2011	2010
	(Rupees)	
Within one year	3,690,145	7,330,138
After one year but not more than five years	-	2,229,051
Total minimum lease payments	3,690,145	9,559,189
Less: Amount representing finance cost	34,353	576,791
Present value of minimum lease payments	3,655,792	8,982,398
Less: Due within one year	3,655,792	6,787,700
Balance due after one year but not more than five years	-	2,194,698

8.4 This represented vehicles acquired under finance leases from the bank, fully repaid on Febraury 18, 2011. These vehicles were under hypothecation charge of the bank amounting to Rs.1.9 million.

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

	2011	2010
	(Rupees)	
Within one year	-	516,325
After one year but not more than five years	-	-
Total minimum lease payments	-	516,325
Less: Amount representing finance cost	-	3,291
Present value of minimum lease payments	-	513,034
Less: Due within one year	-	513,034
Balance due after one year but not more than five years	-	-

Notes to the Financial Statements

for the year ended June 30, 2011

		Note	2011 (Rupees)	2010 (Rupees)
9	DEFERRED TAXATION			
9.1	Deferred tax liability	9.1.1	389,804,406	343,147,253
	Deferred tax asset	9.1.2	(22,873,953)	(16,686,664)
	Net deferred tax liability		366,930,453	326,460,589
9.1.1	Deferred tax liability on taxable temporary differences:			
	Accelerated depreciation allowance		385,834,276	340,633,952
	Finance lease arrangements		3,970,130	2,513,301
			389,804,406	343,147,253
9.1.2	Deferred tax asset on deductible temporary differences:			
	Specific provisions		(22,873,953)	(16,686,664)
10	TRADE AND OTHER PAYABLES			
	Creditors		308,284,522	242,020,660
	Accrued liabilities		87,264,904	48,060,442
	Advance payments		1,868,586	1,073,605
	Compensated absences		31,222,832	17,411,373
	Medical consultants' charges		133,068,535	83,218,729
	Payable to related parties - unsecured	10.1	2,252,386	1,247,708
	Security deposits	10.2	16,558,050	14,104,869
	Unclaimed dividend		18,136,884	17,466,177
	Retention money		3,264,235	2,676,331
	Payable to Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund	10.3	6,257,858	6,645,415
			608,178,792	433,925,309

10.1 This represents amount payable to Tameer-e-Millat Foundation and Shifa Foundation, having common directorship with the Company. Maximum amount due at the end of any month during the year was Rs. 1,291,157 (2010: Rs. 582,248) and Rs. 6,114,129 (2010: Rs. 1,705,690) respectively.

10.2 These represent customers' and employees' security deposits and are repayable on termination of their respective agreements.

10.3 The amounts recognised in the balance sheet are determined as follows:

	Note	2011 (Rupees)	2010 (Rupees)
Present value of funded obligation	10.3.1	105,290,438	84,259,273
Fair value of plan assets	10.3.2	(98,448,829)	(77,762,872)
Unrecognised actuarial (losses) / gains		(583,751)	149,014
		6,257,858	6,645,415

Notes to the Financial Statements

for the year ended June 30, 2011

	2011	2010
	(Rupees)	
10.3.1 Movement in the present value of funded obligation:		
Balance at beginning of year	84,259,273	76,316,790
Interest cost for the year	10,111,113	9,158,015
Current service cost for the year	16,571,550	14,597,729
Benefits paid during the year	(7,708,478)	(6,264,087)
Benefits payable	(74,764)	-
Actuarial loss/ (gain) on present value of funded obligation	2,131,744	(9,549,174)
Balance at end of year	105,290,438	84,259,273
10.3.2 Movement in the fair value of plan assets:		
Balance at beginning of year	77,762,872	37,136,463
Expected return on plan assets	9,331,545	4,456,376
Payments during the year	17,738,675	40,699,226
Benefits paid during the year	(7,708,478)	(6,264,087)
Benefits payable	(74,764)	-
Actuarial gain on plan assets	1,398,979	1,734,894
Balance at end of year	98,448,829	77,762,872
10.3.3 Charge for the year:		
Current service cost	16,571,550	14,597,729
Interest cost	10,111,113	9,158,015
Expected return on plan assets	(9,331,545)	(4,456,376)
Net actuarial loss recognised during the year	-	700,675
	17,351,118	20,000,043
10.3.4 The charge has been allocated as follows:		
Salaries, wages and benefits	16,666,259	19,317,615
Capital work in progress	684,859	682,428
	17,351,118	20,000,043
10.3.5 Movement in the liability recognised in the balance sheet:		
Balance at beginning of year	6,645,415	27,344,598
Charge for the year	17,351,118	20,000,043
Payments during the year	(17,738,675)	(40,699,226)
Balance at end of year	6,257,858	6,645,415
10.3.6 Plan assets comprise of:		
Accrued mark up	1,931,527	1,707,980
Term deposit receipts	56,000,000	41,000,000
Cash and bank balances	40,517,302	35,054,892
	98,448,829	77,762,872

Notes to the Financial Statements

for the year ended June 30, 2011

		2011	2010
		(Rupees)	
10.3.7	The principal actuarial assumptions used were as follows:		
	Discount rate	14%	12%
	Expected rate of increase in salaries	13%	11%
	Expected return on plan assets	12%	12%
	Mortality rate	EFU 1961-66 Mortality Table	
	Average expected remaining working life time of employees	6 years	6 years
	Estimated charge to profit and loss account for the next year	Rs. 20,835,315	Rs. 16,066,976

10.3.8 The present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan for the current year and previous four years are mentioned hereunder:

	2011	2010	2009	2008	2007
			(Rupees' 000')		
Present value of defined benefit obligation	(105,290)	(84,259)	(76,317)	(57,407)	(56,017)
Fair value of plan assets	98,449	77,763	37,136	12,274	7,781
Deficit	(6,841)	(6,496)	(39,181)	(45,133)	(48,236)
Experience adjustments arising:					
-on defined benefit obligation	2,132	(9,549)	5,389	(2,647)	(456)
-on plan assets	1,399	1,735	1,430	(2,335)	(282)

		Note	2011	2010
			(Rupees)	
11	MARKUP ACCRUED			
	Long term financing - secured		12,020,186	13,777,423
	Liabilities against assets subject to finance lease		14,308	131,456
	Running finance facilities - secured		4,386,710	1,681,526
			16,421,204	15,590,405
12	SHORT TERM BORROWINGS			
	Running finance facility - secured			
	MCB Bank Limited	12.2	78,027,202	89,271,380
	Allied Bank Limited	12.3	31,115,712	58,651,333
	KASB Bank Limited	12.4	43,902,502	-
			153,045,416	147,922,713

12.1 The aggregate unavailed short-term borrowing facilities (including Murabaha) available amounted to Rs. 122 million (2010: Rs. 52 million).

12.2 Short term running finance facility has been availed from the bank under markup arrangements. This carried markup at the rate of 3 months KIBOR plus 1.25% (2010: 3 months KIBOR plus 1.25%) per annum repayable quarterly, calculated on daily product basis. The aggregate sanctioned limit of facility is Rs. 100 million (2010: Rs.100 million). The facility is secured by first pari passu charge on the present and future fixed and current assets of the Company.

Notes to the Financial Statements

for the year ended June 30, 2011

12.3 Short term running finance facility has been availed from the bank under markup arrangements. This carried markup at the rate of 1 month KIBOR plus 1.25% (2010: 1 month KIBOR plus 1.5%) per annum repayable quarterly, calculated on daily product basis. The aggregate sanctioned limit of facility is Rs. 75 million (2010: Rs.75 million). The facility is secured by first pari passu charge on the present and future current assets of the Company amounting to Rs. 100 million.

12.4 Short term running finance facility has been availed from the bank under markup arrangements. This carried markup at the rate of 3 months KIBOR plus 1% (2010: Nil) per annum repayable quarterly, calculated on daily product basis. The aggregate sanctioned limit of facility is Rs. 50 million (2010: Rs.Nil). The facility is secured by first pari passu charge on the present and future fixed and current assets of the Company.

	Note	2011 (Rupees)	2010 (Rupees)
13 PROVISION FOR TAXATION			
Balance at beginning of year		-	4,016,150
Provision for taxation for the year	29	-	64,208,710
Less: Income tax paid during the year		-	67,236,443
Balance at end of year		-	988,417

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

Claims against the Company and/or potential exposure not acknowledged as debts:

	Note	2011 (Rupees)	2010 (Rupees)
Patients	14.1.1	28,445,000	26,245,000
Water and Power Development Authority-WAPDA	14.1.2	-	38,255,846
Contractor	14.1.3	6,040,810	6,040,810
Letter of guarantee	14.1.4	20,100,000	20,100,000

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

14.1.2 This represented claim by WAPDA based on unilateral change of electricity tariff package applicable to the Company from C-2 to A-2 with effect from December 1994 without any prior notice. The Honorable Lahore High Court after due consideration of the case referred the matter to Chief Executive Officer, Islamabad Electric Supply Company Limited (CEO, IESCO). After having a meeting with CEO, IESCO, the Company has filed contempt of court petition before the Honorable Lahore High Court which was dismissed, against which the Company filed an application for the restoration of contempt of court petition before the Honorable Lahore High Court to pass an interim injunction.

Notes to the Financial Statements

for the year ended June 30, 2011

IESCO challenged the order of the Honorable Lahore High Court and took the matter in the Honorable Supreme Court of Pakistan. The Company has deposited disputed amount of Rs. 37 million with the registrar of Supreme Court of Pakistan as per direction of the Honorable Supreme Court, but has also filed a complaint before NEPRA and also writ petition before Islamabad High Court, Islamabad.

On request of the IESCO, Honorable Islamabad High Court has allowed the withdrawal of the deposited amount. Accordingly, the Company has charged the amount of deposit in profit and loss account, refer note 27.2.

14.1.3 This represents suit lodged by a contractor for recovery of claims. The management believes that the suit will be decided in favour of the Company.

14.1.4 This includes letter of guarantees issued by bank in favour of Sui Northern Gas Pipelines Limited (SNGPL) Rs. 20,100,000 (2010: Rs. 20,100,000).

	2011	2010
	(Rupees)	
14.2 Commitments		
Capital expenditure contracted	20,917,658	24,503,662
Letters of credit	9,288,848	1,180,000

Notes to the Financial Statements

for the year ended June 30, 2011

15 PROPERTY, PLANT AND EQUIPMENT

	Owned assets										Leased assets			
	Freehold land	Leasehold land	Building on leasehold land	Biomedical equipment	Air conditioning equipment and machinery	Electrical and other equipment	Furniture and Fittings	Construction equipment	Computers installations	Vehicles	Biomedical equipment	Vehicles	Capital work in progress	Total
	(Rupees)										(Rupees)			
Cost														
Balance as at July 01, 2009	102,050,000	575,119,420	1,005,615,262	849,461,506	87,761,974	125,387,221	42,755,860	8,670,851	47,392,964	34,932,232	14,610,856	15,728,520	107,681,437	3,017,168,103
Additions	-	-	-	245,160,054	17,161,742	34,659,157	2,914,016	-	3,793,758	62,900	-	-	182,986,929	486,738,556
Disposals	-	-	-	(16,502,161)	-	-	-	-	-	-	-	(1,727,762)	-	(18,229,923)
Write offs	-	-	(3,062,730)	(46,998,016)	(3,410,803)	(42,000)	(143,033)	-	(730,049)	-	-	-	-	(54,386,631)
Transfers	-	-	60,489,939	10,180,264	-	2,500,000	-	-	-	-	-	-	(73,170,203)	-
Balance as at June 30, 2010	102,050,000	575,119,420	1,063,042,471	1,041,301,647	101,512,913	162,504,378	45,526,843	8,670,851	50,456,673	34,995,132	14,610,856	14,000,758	217,498,163	3,431,290,105
Balance as at July 01, 2010	102,050,000	575,119,420	1,063,042,471	1,041,301,647	101,512,913	162,504,378	45,526,843	8,670,851	50,456,673	34,995,132	14,610,856	14,000,758	217,498,163	3,431,290,105
Additions	-	-	-	122,992,514	11,009,734	29,633,594	10,165,764	-	10,198,816	16,144,186	-	-	120,234,903	320,379,511
Disposals	-	-	-	(900,922)	-	-	-	-	-	-	-	-	-	(900,922)
Write offs	-	-	-	(21,920,533)	-	(143,750)	(1,442,173)	-	(1,483,032)	-	-	-	-	(24,989,488)
Transfers	-	-	79,359,314	119,712,635	-	-	-	-	-	3,782,910	-	(3,782,910)	(199,071,949)	-
Balance as at June 30, 2011	102,050,000	575,119,420	1,142,401,785	1,261,185,341	112,522,647	191,994,222	54,250,434	8,670,851	59,172,457	54,922,228	14,610,856	10,217,848	138,661,117	3,725,779,206
Depreciation / amortization														
Balance as at July 01, 2009	-	1,210,779	167,015,833	349,806,928	55,059,625	73,285,234	17,935,756	5,834,778	36,683,944	19,518,361	5,113,818	2,675,473	-	734,140,529
Charge for the year	-	7,264,667	27,500,792	76,585,550	8,175,371	13,014,256	3,751,812	597,492	5,837,944	5,342,877	1,461,061	2,886,544	-	152,418,366
On disposals	-	-	-	(10,763,305)	-	-	-	-	-	-	-	(201,572)	-	(10,964,877)
On write offs	-	-	(1,002,712)	(33,403,840)	(3,410,789)	(29,898)	(100,008)	-	(708,878)	-	-	-	-	(38,656,125)
Balance as at June 30, 2010	-	8,475,446	193,513,913	382,225,333	59,824,207	86,269,592	21,587,560	6,432,270	41,813,010	24,861,238	6,574,879	5,360,445	-	836,937,893
Balance as at July 01, 2010	-	8,475,446	193,513,913	382,225,333	59,824,207	86,269,592	21,587,560	6,432,270	41,813,010	24,861,238	6,574,879	5,360,445	-	836,937,893
Charge for the year	-	7,264,668	30,333,279	104,518,459	8,548,417	16,682,595	4,273,249	597,496	4,949,658	4,579,070	1,461,086	2,421,859	-	185,629,836
On disposals	-	-	-	(794,029)	-	-	-	-	-	-	-	-	-	(794,029)
On write offs	-	-	-	(14,553,556)	-	(99,197)	(921,455)	-	(1,413,425)	-	-	-	-	(16,987,633)
On transfers	-	-	-	-	-	-	-	-	-	2,332,794	-	(2,332,794)	-	-
Balance as at June 30, 2011	-	15,740,114	223,847,192	471,396,207	68,372,624	102,852,990	24,939,354	7,029,766	45,349,243	31,773,102	8,035,965	5,449,510	-	1,004,786,067
Carrying value as at June 30, 2010	102,050,000	566,643,974	869,528,558	659,076,314	41,688,706	76,234,786	23,939,283	2,238,581	8,643,663	10,133,894	8,035,977	8,640,313	217,498,163	2,594,352,212
Carrying value as at June 30, 2011	102,050,000	559,379,306	918,554,593	789,789,134	44,150,023	89,141,232	29,311,080	1,641,085	13,823,214	23,149,126	6,574,891	4,768,338	138,661,117	2,720,993,139
Annual rate of depreciation %	-	1.25	2.5-10	10	10-15	10-15	10	10-20	15-30	20	10-15	20		

Notes to the Financial Statements
for the year ended June 30, 2011

15.1 The Company had its leasehold land revalued in 1999, 2004 and May 2009 and Freehold land in May 2009 by an independent valuer, using fair market value. These revaluations resulted in net surplus of Rs. 180,873,196, Rs. 63,890,811 and Rs.377,743,420 respectively. The revaluation surplus amounting to Rs. 622,507,427 has been included in the carrying value of the respective assets. Out of the revaluation surplus, an amount of Rs. 597,730,254 remains undepreciated as at June 30, 2011 (2010: Rs. 604,909,488).

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

	Cost at July 01	Accumulated amortization at June 30	Carrying value at June 30
		(Rupees)	
Leasehold land			
2011	8,398,785	1,866,395	6,532,390
2010	8,398,785	1,781,559	6,617,226
Freehold land			
2011	57,167,862	-	57,167,862
2010	57,167,862	-	57,167,862

15.2 Property, plant and equipment of the Company are encumbered with banking and non-banking financial institutions under financing arrangements, as disclosed in note 7 and 12.

15.3 The depreciation charge for the year has been allocated as follows:

	Note	2011	2010
		(Rupees)	
Operating costs	27	185,032,340	151,820,874
Capital work in progress	15.6.1	597,496	597,492
		185,629,836	152,418,366

15.4 Aggregate of property, plant and equipment, which were disposed off during the year, having carrying value of more than fifty thousand rupees:

Asset particulars	Cost	Carrying value	Sale proceeds	Purchaser	Mode of disposal
		(Rupees)			
Biomedical equipment	854,922	71,244	600,000	Ali Gohar & Co.	Negotiation

Property, plant and equipment having cost and book value of Rs.18,229,923 and Rs.7,265,046 respectively, were disposed off for Rs. 3,000,000 during the year ended June 30, 2010.

15.5 The Company has entered into finance lease transactions with various financial institutions. Significant terms of the finance lease arrangements being made by the Company are disclosed in note 8 to these financial statements.

Notes to the Financial Statements

for the year ended June 30, 2011

		Note	2011 (Rupees)	2010 (Rupees)
15.6	Capital work in progress			
	Construction work in progress - at cost	15.6.1	123,603,989	92,015,694
	Stores held for capital expenditure	15.6.2	5,441,406	5,769,834
	Installation of equipment in progress	15.6.3	9,615,722	119,712,635
			138,661,117	217,498,163

15.6.1 Construction work in progress - at cost

This represents cost of civil works, mainly comprising of cost of materials, payments to contractors and salaries and benefits on different blocks of hospital building. Given below is the break-up of these blocks:

		Note	2011 (Rupees)	2010 (Rupees)
	Block "D"		47,784,236	29,041,050
	Block "E"		14,494,117	35,123,658
	Block "F"		30,282,898	18,311,210
	Other constructions		30,445,242	8,942,284
	Depreciation capitalised during the year	15.3	597,496	597,492
			123,603,989	92,015,694
15.6.2	Stores held for capital expenditure			
	Stores held for capital expenditure		10,545,779	7,564,157
	Less: provision for slow moving and obsolete items		5,104,373	1,794,323
			5,441,406	5,769,834
15.6.3	Installation of equipment in progress			
	Blood refrigerator		-	1,269,976
	Aesulap neuro endoscope		-	2,502,407
	Neuro drill		-	1,469,693
	Patients beds		-	6,812,008
	MRI body coil		-	2,384,803
	MRI equipment		-	105,273,748
	Liver transplant instruments		4,924,648	-
	Diathermy		2,564,700	-
	Others		2,126,374	-
			9,615,722	119,712,635
16	LONG TERM DEPOSITS			
	Lease key money deposits	16.1	6,198,086	5,615,986
	Less: current portion of lease key money deposits	21	2,582,686	2,198,686
			3,615,400	3,417,300
	Security deposits	16.2	6,680,324	5,402,324
			10,295,724	8,819,624

16.1 These represent lease key deposits which are adjustable on expiry of relevant lease terms / ijarah financing, against transfer of titles of assets.

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

Notes to the Financial Statements

for the year ended June 30, 2011

		2011	2010
		(Rupees)	
17	**STORES, SPARE PARTS AND LOOSE TOOLS**		
	Stores	59,848,226	55,181,393
	Spare parts	8,830,366	10,171,389
	Loose tools	286,119	332,685
		68,964,711	65,685,467
	Less: provision for slow moving and obsolete items	4,629,686	3,640,423
		64,335,025	62,045,044

18 STOCK-IN-TRADE

Medicines of Rs. 113,284,561 (2010: Rs. 82,557,630) are being carried at moving average cost.

		2011	2010
		(Rupees)	
19	**TRADE DEBTS**		
	Considered good - unsecured		
	Related party - Shifa Foundation	27,011,382	35,179,451
	Others	257,251,483	186,491,733
	Considered doubtful		
	Others	51,964,300	42,241,436
		336,227,165	263,912,620
	Less: provision for doubtful debts	51,964,300	42,241,436
		284,262,865	221,671,184

19.1 Maximum amount due from Shifa Foundation at the end of any month during the year was Rs. 44,567,472 (2010: Rs. 39,411,985).

19.2 Trade debts that are past due beyond 18 months are fully provided where trade debts due between 1 month to 18 month are provided on estimated irrecoverable amounts, on the basis of past experience.

		2011	2010
		(Rupees)	
20	**LOANS AND ADVANCES**		
	Considered good - unsecured		
	Employees - executives	3,056,958	2,606,072
	- other employees	13,631,724	6,549,531
		16,688,682	9,155,603
	Consultants	11,163,644	2,916,018
	Suppliers	53,038,474	26,160,991
		80,890,800	38,232,612

Notes to the Financial Statements

for the year ended June 30, 2011

		2011	2010
		(Rupees)	
20.1	Reconciliation of carrying amount of advances given to executives:		
	Balance at beginning of year	2,606,072	511,213
	Disbursements during the year	6,284,185	6,102,466
		8,890,257	6,613,679
	Less: Repayments during the year	5,833,299	4,007,607
	Balance at end of year	3,056,958	2,606,072

The above advances were given in accordance with the Company's service rules. The maximum amount due from executives at the end of any month during the year was Rs. 4,078,514 (2010: Rs. 2,657,810).

		Note	2011	2010
			(Rupees)	
21	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
	Current portion of lease key money deposits	16	2,582,686	2,198,686
	Other deposits		2,070,000	39,070,000
	Short term prepayments		8,221,910	4,060,418
			12,874,596	45,329,104
22	OTHER FINANCIAL ASSETS			
	Held-to-maturity investments:			
	Trust Investment Bank Limited	22.1	-	5,170,685
	Dawood Islamic Bank	22.2	-	10,741,370
	Albaraka Islamic bank	22.3	10,161,095	-
			10,161,095	15,912,055

22.1 This represented a term deposit receipt (TDR) having face value of Rs. 5 million (2010: one TDR of Rs. 5 million) of three months maturity. The TDR was matured on October 03, 2010, with effective markup rate of 14% (2010: 14%) per annum.

22.2 This represented ten term deposit receipts (TDRs) having face value of Rs. 1 million each (2010: ten TDRs having face value of Rs. 1 million each) of one year maturity. The TDRs were matured on October 28, 2010, with effective markup rate of 11% (2010:11%) per annum.

22.3 This represents a term deposit receipt having face value of Rs. 10 million (2010: Nil) of three months maturity on August 15, 2011. TDR carries effective markup rate of 12.25% (2010: Nil) per annum. Refer note 24.2 for further details.

Notes to the Financial Statements

for the year ended June 30, 2011

		Note	2011 (Rupees)	2010 (Rupees)
23	TAX REFUNDS DUE FROM THE GOVERNMENT (NET OF PROVISION)			
	Balance at beginning of year		(988,417)	-
	Income tax paid during the year		77,974,740	-
			76,986,323	-
	Less: provision for taxation for year	29	68,459,593	-
	Balance at end of year		8,526,730	-
24	CASH AND BANK BALANCES			
	Cash at banks on:			
	Current accounts		23,279,225	38,405,838
	Saving accounts:			
	- Local currency		93,229,516	141,365,404
	- Foreign currency		151,437	530,682
		24.1	93,380,953	141,896,086
		24.2	116,660,178	180,301,924
	Cheques in hand		24,737,079	-
	Cash in hand		5,704,913	2,931,375
			147,102,170	183,233,299

24.1 These carry effective profit rates ranging from 4% - 8% and 0.4% - 0.42% (2010: 5% - 10.5 % and 0.42% - 0.5%) per annum.

24.2 Balance with bank and TDR's with Albaraka Islamic bank includes Rs. 16,558,050 (2010: Rs. 14,104,869) in respect of security deposits. Refer note 22.3.

		Note	2011 (Rupees)	2010 (Rupees)
25	NET REVENUE			
	Inpatients		1,522,195,439	1,142,127,511
	Outpatients		920,413,017	703,175,683
	Pharmacy		832,153,430	597,260,727
	Cafeteria		125,570,797	97,814,280
	Rent of building	25.1	21,257,246	20,390,866
	Other services		15,730,714	12,954,856
			3,437,320,643	2,573,723,923
	Less: discount		24,632,660	17,965,076
	Net revenue		3,412,687,983	2,555,758,847

25.1 This mainly includes rental income on operating leases from related parties.

Notes to the Financial Statements

for the year ended June 30, 2011

		Note	2011	2010
			(Rupees)	
26	OTHER OPERATING INCOME			
	Income from financial assets:			
	Profit on investments and bank deposits		5,261,365	8,752,715
	Income from other than financial assets:			
	Gain / (loss) on disposal of property, plant and equipment		528,757	(4,265,046)
	Liabilities written back		678,904	590,340
	Gain on foreign currency translation		-	89,162
	Miscellaneous	26.1	6,458,877	5,803,495
			12,927,903	10,970,666

26.1 This represents sale of Shifa News (magazine of Shifa Publications), advertisement income from Shifa News and sale of scrap.

		Note	2011	2010
			(Rupees)	
27	OPERATING COSTS			
	Medicines consumed		674,993,295	488,667,733
	Supplies consumed		562,618,358	430,913,554
	Salaries, wages and benefits	27.1	1,047,849,639	710,609,202
	Utilities	27.2	139,643,059	82,696,109
	Communication		17,714,403	13,375,087
	Travelling and conveyance		3,020,641	7,921,167
	Printing and stationery		38,204,249	31,421,363
	Repairs and maintenance		139,601,694	106,418,949
	Auditors' remuneration	27.3	1,625,000	1,400,000
	Legal and professional		1,959,957	1,411,650
	Rent		17,258,719	14,627,007
	Rates and taxes		6,295,505	6,202,222
	Advertising and sales promotion		6,934,066	5,771,798
	Fee, subscription and membership		3,032,962	2,317,776
	Vehicle and equipment rentals	27.4	5,112,200	2,659,887
	Contract payments		6,874,043	5,231,000
	Cleaning and washing		22,323,051	18,018,459
	Insurance		7,654,271	5,739,528
	Property, plant and equipment written off	27.5	8,001,855	15,730,506
	Provision for doubtful debts		9,722,864	15,421,926
	Provision for slow moving stores		4,299,313	1,713,066
	Depreciation / amortization	15.3	185,032,340	151,820,874
	Donation	27.6	20,000,000	27,292,460
	Other expenses		12,635,498	7,821,579
			2,942,406,982	2,155,202,902

27.1 This includes employee retirement benefits (gratuity expense) of Rs. 16,666,259 (2010: Rs. 19,317,615), expense for accumulating absences of Rs. 19,245,544 (2010: Rs. 9,147,836) and provision for bonus to employees Rs. 48,839,506 (2010: Rs. 30,233,566).

27.2 This includes deposit of Rs. 37 million charged to profit and loss account, refer note 14.1.2.

Notes to the Financial Statements

for the year ended June 30, 2011

		2011	2010
		(Rupees)	
27.3	Auditors' remuneration		
	Audit fee	1,000,000	800,000
	Half yearly review fee	400,000	325,000
	Other services	125,000	200,000
	Out of pocket expenses	100,000	75,000
		1,625,000	1,400,000

27.4 Vehicles and equipment rent includes Rs. 4,874,300 (2010: Rs. 2,406,797) on account of ujrah payments under an Ijarah. As required under IFAS 2 "Ijarah", ujrah payments under an Ijarah are recognised as an expense in the profit and loss account on straight line basis over the Ijarah term.

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

	2011	2010
	(Rupees)	
Within one year	6,597,516	3,666,972
After one year but not more than five years	5,813,927	7,202,847
	12,411,443	10,869,819

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

27.6 This represents the donation of Rs. 10 million each given to Shifa Foundation and Tameer-e-Millat Foundation (related parties having common directorship). Besides this, none of the directors and their spouses have any interest in donee institutions.

		Note	2011	2010
			(Rupees)	
28	FINANCE COST			
	Markup on:			
	Long term loans		95,979,917	83,065,103
	Liabilities against assets subject to finance lease		431,615	1,523,507
	Running finance and murabaha facilities		15,606,078	3,345,147
	Credit card payment collection charges		2,776,912	2,226,680
	Loss on foreign currency translations		139,141	-
	Bank charges and commission		746,269	880,622
			115,679,932	91,041,059
29	PROVISION FOR TAXATION			
	Current	23	68,459,593	64,208,710
	Deferred		40,469,864	67,297,292
			108,929,457	131,506,002

Notes to the Financial Statements

for the year ended June 30, 2011

	2011	2010
	(Rupees)	
29.1 Reconciliation of tax charge for the year		
Profit before taxation	367,528,972	320,485,552
Applicable tax rate	35%	35%
Add: Tax effect of amounts taxed at lower rates/ others	15.68%	21.52%
Less: Tax effect of amounts that are deductible for tax purposes	21.04%	15.49%
Average effective tax rate charged on income	29.64%	41.03%

29.2 The Deputy Commissioner Inland Revenue (DCIR) by exercising powers under section 122 of the Income Tax Ordinance, 2001 had amended the assessment for the tax year 2010 and raised a demand of Rs. 11,122,342. This amendment was made on the issue which has already been decided in the favour of the Company by higher Appellate Forums. Against the order of the DCIR, Company has filed appeal with Commissioner Inland Revenue (Appeal) [CIR(A)], the decision of which is still pending. The company is of view that the decision of the case would come in their favor.

	Note	2011	2010
		(Rupees)	
30 EARNINGS PER SHARE - BASIC AND DILUTED			
30.1 Basic			
Profit for the year (Rupees)		258,599,515	188,979,550
Weighted average number of shares in issue during the year	4	50,513,800	50,513,800
Earnings per share - basic and diluted (Rupees)		5.12	3.74

30.2 There is no dilutive effect on the basic earnings per share of the Company.

31 CAPACITY UTILIZATION

The actual inpatient room occupancy was 102,073 bed days (2010: 92,405 bed days) out of available 155,296 bed days (2010: 133,540 bed days) during the operational year which comes to 65.73 % of total capacity (2010: 69.20%). The under utilization reflects the pattern of patient turnover which is beyond the management's control.

32 RELATED PARTIES TRANSACTIONS

The related parties comprise of directors, major shareholders, key management personnel, SIHL Employees' Gratuity Fund and the entities over which directors are able to exercise influence. The amounts due from and due to these undertakings are shown under trade debts, loans and advances and trade and other payables. The remuneration of chief executive, directors and executives is disclosed in note 33 to these financial statements. Transactions with the related parties are given below.

Notes to the Financial Statements

for the year ended June 30, 2011

	Note	2011	2010
		(Rupees)	
Shifa Foundation:			
Revenue from services earned by the Company	32.1	26,092,973	22,259,744
Revenue from rent and utilities		25,782,319	24,793,733
Lab services received by the Company		18,369,444	19,965,496
Expenses paid by and reimbursed to the Company		8,430,000	7,462,500
Donation given by the Company		10,000,000	10,000,000
Tameer-e-Millat Foundation:			
Revenue from services earned by the Company		41,689	26,996
Revenue from rent and utilities		43,800	43,800
Other supplies provided to the Company		329,465	151,650
Other services provided to the Company	32.2	9,608,725	-
Donation given by the Company		10,000,000	10,000,000
SIHL Employees' Gratuity Fund			
Payments made by the Company during the year		17,738,675	40,699,226

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

32.2 Other services are received by the Company for training and development of prospective paramedics staff.

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief executive		Directors		Executives	
	2011	2010	2011	2010	2011	2010
	(Rupees)					
Managerial remuneration	16,007,865	12,361,055	12,278,404	7,864,067	33,594,548	25,409,847
Rent and utilities	6,103,871	4,366,452	2,760,000	2,821,935	14,563,235	11,620,436
Bonus and incentives	1,500,000	1,080,000	690,000	690,000	3,010,620	2,123,860
Gratuity	-	-	-	-	2,626,684	2,973,317
Medical insurance	53,332	34,041	106,664	34,041	972,066	578,711
Leave encashment	-	-	-	-	1,227,652	451,687
	23,665,068	17,841,548	15,835,068	11,410,043	55,994,805	43,157,858
Number of persons	1	1	2	1	24	21

33.1 The chief executive is provided with a Company maintained car, while another director and fifteen executives availed car facility.

Notes to the Financial Statements

for the year ended June 30, 2011

		2011	2010
		(Rupees)	
34	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	147,102,170	183,233,299
	Short term borrowings	(153,045,416)	(147,922,713)
	Other financial assets	10,161,095	5,170,685
		4,217,849	40,481,271

35 NON-CASH TRANSACTIONS

There was no addition to property, plant and equipment through finance lease during the year.

36 FINANCIAL RISK MANAGEMENT

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

Credit risk
Liquidity risk
Market risk

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

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

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

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

36.1 Credit risk

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

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

Notes to the Financial Statements

for the year ended June 30, 2011

36.1.1 Counterparties

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

Trade debts

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

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

Cash and investments

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a credit rating of at least A1 and A. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

36.1.2 Exposure to credit risk

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

	2011	2010
	(Rupees)	
Long term deposits	6,680,324	5,402,324
Trade debts	336,227,165	263,912,620
Loans and advances	27,852,326	12,071,621
Trade deposits	2,070,000	39,070,000
Markup accrued	234,843	220,905
Other financial assets	10,161,095	15,912,055
Bank balances	141,397,257	180,301,924
	524,623,010	516,891,449

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

	2011	2010
Government Companies	122,136,246	98,129,877
Private Companies	104,146,602	73,642,153
Individuals	57,636,735	43,769,864
Related Parties	27,011,382	35,179,451
Others	25,296,200	13,191,275
	336,227,165	263,912,620

Notes to the Financial Statements
for the year ended June 30, 2011

36.1.3 Impairment losses

The aging of trade debts at the reporting date was:

	2011		2010	
	Gross debts	Impaired	Gross debts	Impaired
	(Rupees)		(Rupees)	
Not past due	54,037,901	-	91,330,137	-
1 - 4 months	176,652,712	-	93,519,354	-
5 - 7 months	25,414,196	1,270,710	18,309,463	915,473
8 - 12 months	29,404,301	1,575,667	19,103,370	896,310
13 - 18 months	41,408,287	39,808,155	32,387,008	31,166,365
19 - 23 months	9,309,768	9,309,768	9,263,288	9,263,288
	336,227,165	51,964,300	263,912,620	42,241,436

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

	2011	2010
	(Rupees)	
Balance at beginning of year	42,241,436	26,819,510
Provision made during the year	9,722,864	15,421,926
Balance at end of year	51,964,300	42,241,436

The allowance account in respect of trade debts is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at that point the amount considered irrecoverable is written off against the financial asset.

36.1.4 The Company believes that no impairment allowance is necessary in respect of loan and advances, accrued markup, deposits and other financial assets. As the Company is satisfied that the recovery of the amount owing is possible.

36.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. For this purpose the Company has sufficient running finance facilities as mentioned in note 12 to the financial statements. Further liquidity position of the Company is clearly monitored through budgets, cash flow projections and comparison with actual results by the Board.

Notes to the Financial Statements

for the year ended June 30, 2011

Following is the maturity analysis of financial liabilities:

	Carrying amount	Six months or less	Six to twelve months	One to two years	Two to five years
			(Rupees)		
2011					
Long term financing	611,933,009	101,956,678	144,553,140	175,287,265	190,135,926
Liabilities against assets subject to finance lease	3,655,792	3,655,792	-	-	-
Short term borrowings	153,045,416	153,045,416	-	-	-
Trade and other payables	600,052,348	600,052,348	-	-	-
Mark up accrued	16,421,204	16,421,204	-	-	
	1,385,107,769	875,131,438	144,553,140	175,287,265	190,135,926
2010					
Long term financing	732,252,037	113,956,680	113,956,679	221,250,560	283,088,118
Liabilities against assets subject to finance lease	9,495,432	5,676,645	1,624,089	2,194,698	-
Short term borrowings	147,922,713	147,922,713	-	-	-
Trade and other payables	426,206,289	426,206,289	-	-	-
Mark up accrued	15,590,405	15,590,405	-	-	-
	1,331,466,876	709,352,732	115,580,768	223,445,258	283,088,118

36.3 Market risk

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

36.3.1 Foreign currency risk

Exposure to foreign currency risk

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

	2011	2010	2011	2010
	(Rupees)		(US$)	
Bank balances	151,437	530,682	1,761	6,200

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2011	2010	2011	2010
	(Rupees)			
US $ 1	85.80	84.17	86.01	85.60

Notes to the Financial Statements

for the year ended June 30, 2011

Foreign currency sensitivity analysis

A 10 percent variation of the PKR against the US $ at June 30 would have effected equity and profit or loss by the mounts shown below. This analysis assumes that all other variables, in particular markup rates, remain constant.

	Change in Foreign Exchange Rates	Effect on Profit	Effect on Equity
	%	(Rupees)	
2011			
US $ 1	+10%	15,144	15,144
	-10%	(15,144)	(15,144)
2010			
US $ 1	+10%	53,068	53,068
	-10%	(53,068)	(53,068)

36.3.2 Markup rate risk

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

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

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

Profile

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

	2011	2010
	(Rupees)	
Financial assets		
Other financial assets	10,161,095	15,912,055
Bank balances	93,380,953	141,896,086
	103,542,048	157,808,141
Financial liabilities		
Long term financing	611,933,009	732,252,037
Liabilities against assets subject to finance lease	3,655,792	9,495,432
Short term borrowings	153,045,416	147,922,713
	768,634,217	889,670,182
	(665,092,169)	(731,862,041)

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

Notes to the Financial Statements
for the year ended June 30, 2011

Markup rate sensitivity analysis

If markup rates had been 50 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended June 30, 2011 would decrease / increase by Rs. 4,004,862 (2010: decrease / increase by Rs. 3,231,462). This is mainly attributable to the Company's exposure to markup rates on its variable rate borrowings.

36.4 Fair value of financial instruments

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

The fair value hierarchy has not been presented in these financial statements, as the Company does not hold any such financial instruments in their portfolio. The investments held by the Company are only the TDRs with fixed or determinable payments and fixed maturity.

36.5 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

36.5.1 Debt-to-adjusted capital ratio

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

	Note	2011 (Rupees)	2010 (Rupees)
Total debt	36.3.2	768,634,217	889,670,182
Less: Cash and cash equivalents	36.5.2	157,263,265	188,403,984
Net debt		611,370,952	701,266,198
Total equity		1,095,066,628	980,829,279
Adjusted capital		1,706,437,580	1,682,095,477
Debt-to-adjusted capital ratio		0.36	0.42

The decrease in the debt-to-adjusted capital ratio during the current year resulted primarily from the decrease in long term financing.

36.5.2 This represents cash and cash equivalents excluding short term borrowings.

Notes to the Financial Statements

for the year ended June 30, 2011

37 FIGURES

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

Figures have been rounded off to the nearest Pak Rupee unless otherwise stated.

38 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on August 20, 2011 have proposed a final dividend of Rs. 1.50 per share.

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on August 20, 2011.

Chief Executive

Director

Pattern of Shareholding

as at June 30, 2011

Number of Shareholders	Size of holding of shares From	To	Total shares held
58	1	100	2,503
1,357	101	500	672,097
264	501	1,000	255,102
231	1,001	5,000	541,110
81	5,001	10,000	694,539
44	10,001	15,000	524,296
33	15,001	20,000	614,016
16	20,001	25,000	358,097
19	25,001	30,000	535,777
10	30,001	35,000	319,215
12	35,001	40,000	468,742
5	40,001	45,000	215,423
8	45,001	50,000	388,790
6	50,001	55,000	313,155
4	55,001	60,000	236,510
3	60,001	65,000	186,181
1	65,001	70,000	70,000
3	70,001	75,000	218,082
4	75,001	80,000	316,570
3	80,001	85,000	247,510
3	85,001	90,000	264,970
12	95,001	100,000	1,200,000
4	100,001	105,000	404,472
1	105,001	110,000	107,012
1	110,001	115,000	113,600
1	115,001	120,000	115,210
4	120,001	125,000	494,475
3	125,001	130,000	378,155
2	130,001	135,000	266,890
4	135,001	140,000	548,562
1	140,001	145,000	142,630
1	145,001	150,000	149,300
1	150,001	155,000	152,230
1	155,001	160,000	159,600
1	160,001	165,000	161,040
1	170,001	175,000	170,300
1	175,001	180,000	177,000
1	185,001	190,000	189,000
1	200,001	205,000	204,925
2	205,001	210,000	416,325
1	215,001	220,000	219,755
1	225,001	230,000	227,700
1	230,001	235,000	234,911
1	235,001	240,000	238,110
1	240,001	245,000	243,840
1	245,001	250,000	248,000
1	265,001	270,000	266,560
1	275,001	280,000	279,799
1	280,001	285,000	285,000
2	285,001	290,000	571,027
4	300,001	305,000	1,208,002
1	305,001	310,000	306,800
2	320,001	325,000	643,710
1	335,001	340,000	335,810
2	345,001	350,000	697,260
1	350,001	355,000	354,370
1	390,001	395,000	392,000
1	415,001	420,000	415,304
1	430,001	435,000	433,400
2	440,001	445,000	885,122
2	450,001	455,000	905,816
1	455,001	460,000	459,320
1	475,001	480,000	476,000
1	495,001	500,000	500,000

Pattern of Shareholding

as at June 30, 2011

Number of Shareholders	Size of holding of shares From	To	Total shares held
1	545,001	550,000	550,000
2	555,001	560,000	1,113,448
1	775,001	780,000	777,961
1	795,001	800,000	800,000
1	950,001	955,000	953,961
1	1,245,001	1,250,000	1,250,000
1	1,300,001	1,305,000	1,303,947
1	1,495,001	1,500,000	1,500,000
1	1,635,001	1,640,000	1,637,832
1	1,695,001	1,700,000	1,700,000
1	1,760,001	1,765,000	1,763,250
1	1,885,001	1,890,000	1,885,205
1	2,155,001	2,160,000	2,157,343
1	2,185,001	2,190,000	2,185,091
1	2,220,001	2,225,000	2,223,837
1	2,275,001	2,280,000	2,275,258
1	2,615,001	2,620,000	2,615,640
2,258			50,513,800

Categories of shareholders	Number	Shares held	Percentage
INDIVIDUAL	2,234	42,009,257	83.164
FINANCIAL INSTITUTION	2	26,500	0.052
JOINT STOCK COMPANY	14	192,500	0.381
OTHERS	8	8,285,543	16.403
Total	2,258	50,513,800	100.000

Pattern of Shareholding

as at June 30, 2011

Disclosure in connection with the Pattern of Shareholding as required by the Code

Categories of shareholders	Number	Shares held	Percentage
Directors, Chief Executive Officer and their spouses & minor children *	12	11,663,392	23.0895
Associated Companies, Undertakings and related parties **	02	8,255,543	16.3431
Banks, Development Financial Institutions, Non Banking Financial Institutions	02	26,500	0.0525
Shareholders holding 10% or more voting interest ***	01	7,699,095	15.2416
Joint Stock Companies	14	192,500	0.3811
Executives	07	40,500	0.0802
* No. of Shares held by Directors, CEO and their spouses			
Dr. Zaheer Ahmad		2,211,947	4.3789
Mrs. Kulsoom Zaheer Ahmad W/o Dr. Zaheer Ahmad		650,000	1.2868
Dr. Manzoor H. Qazi		954,961	1.8905
Dr. Habib-Ur-Rehman		442,900	0.8768
Mrs. Shahida Rehman W/o Dr. Habib-Ur-Rehman		12,150	0.0241
Mr. Muhammad Zahid		400,072	0.7920
Dr. Abdul Razaq		533,400	1.0559
Dr. Muhammad Saleem Khan		125,330	0.2481
Dr. Saeed A. Bajwa		303,380	0.6006
Mr. Shafquat Ali Chaudhary		1,637,832	3.2423
Shah Naveed Saeed		12,530	0.0248
Mr. Qasim Farooq Ahmad		4,378,890	8.6687
** Shares held by related parties			
Shifa Foundation		556,448	1.1016
Tameer-e-Millat Foundation		7,699,095	15.2416
*** Shareholder with 10% or more voting interest			
Tameer-e-Millat Foundation		7,699,095	15.2416

Form of Proxy

25th Annual General Meeting
Shifa International Hospitals Ltd

I/We ____

of ____

being a member of Shifa International Hospitals Ltd. Folio No./CDC A/c No. ______________

No. of Shares ______________ hereby appoint ______________________________

of ______________________________ Folio No./CDC A/c No. ______________

or failing him/her ____

of ______________________________ Folio No./CDC A/c No. ______________

who is a member of the Company as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 25th Annual General Meeting of the Company to be held at 1100 hours on Saturday, October 08, 2011, and at any adjournment thereof.

As witness my hand this ____________ day of ____________ 2011

Signed by the said ______________________________

Revenue Stamp

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

Witnesses:

1 Signature ______________________
Name ______________________
Address ______________________
____
CNIC/Passport No. ______________

2 Signature ______________________
Name ______________________
Address ______________________
____
CNIC/Passport No. ______________

Important:

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

AFFIX
CORRECT
POSTAGE

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

شفا انٹرنیشنل ہسپتال اسلام اباد
Shifa International Hospitals Ltd.
H-8/4, Islamabad, Pakistan.

شفا انٹرنیشنل ہسپتال اسلام اباد
Shifa International Hospitals Ltd.
H-8/4, Islamabad, Pakistan.