

# CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED  
MARCH 31, 2022



**Shifa**  
International  
Hospitals Ltd.





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# COMPANY INFORMATION

## Board of Directors

Dr. Habib-Ur-Rahman (Chairman)  
Dr. Manzoor H. Qazi (CEO)  
Mr. Muhammad Zahid  
Mr. Shafquat Ali Chaudhary  
Mr. Qasim Farooq Ahmad  
Dr. Samea Kauser Ahmad  
Syed Ilyas Ahmed  
Prof. Dr. Shoab Ahmed Khan  
Dr. Mohammad Naseem Ansari  
Mr. Javed K. Siddiqui

## Audit Committee

Syed Ilyas Ahmed (Chairman)  
Dr. Habib-Ur-Rahman  
Dr. Samea Kauser Ahmad  
Mr. Javed K. Siddiqui

## Human Resource & Remuneration Committee

Syed Ilyas Ahmed (Chairman)  
Dr. Habib-Ur-Rahman  
Dr. Manzoor H. Qazi  
Dr. Mohammad Naseem Ansari

## Corporate Governance & Nominations Committee

Mr. Muhammad Zahid (Chairman)  
Dr. Habib-Ur-Rahman  
Dr. Manzoor H. Qazi  
Dr. Samea Kauser Ahmad  
Mr. Javed K. Siddiqui

## Risk Management Committee

Mr. Qasim Farooq Ahmad (Chairman)  
Prof. Dr. Shoab Ahmed Khan  
Dr. Mohammad Naseem Ansari





**Chief Medical Officer**

Dr. Zeeshan Bin Ishtiaque

**Chief Operating Officer**

Mr. Taimoor Shah

**Chief Financial Officer**

Mr. Ahmad Sana

**Company Secretary**

Mr. Muhammad Naeem

**Head of Internal Audit**

Mr. Muhammad Saeed

**Auditors**

M/s Grant Thornton Anjum Rahman  
Chartered Accountants

**Legal Advisor**

M/s Bashir Ahmad Ansari & Company

**Bankers**

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

**Registered Office**

Sector H-8/4, Islamabad

**Share Registrar**

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



## Dear Shareholders,

We are pleased to present the Condensed Interim Financial Statements of the Company for the nine months ended March 31, 2022 along with Condensed Interim Consolidated Financial Statements pertaining to the same period after incorporating the financial results of subsidiary companies i.e. Shifa Neuro Sciences Institute Islamabad (Private) Limited (100% owned), Shifa International-DWC LLC (100% owned), Shifa National Hospital Faisalabad (Private) Limited (60% owned), Shifa Medical Center Islamabad (Private) Limited (56% owned) and Shifa Development Services (Private) Limited (55% owned).

The financial highlights of the Company for the period under review in comparison with the corresponding nine months of previous year are as follows:

| Financial Highlights  | (Rs. in millions)<br>Nine months ended March 31, |        |         |              |        |         |
|---|--|--------|---------|--------------|--------|---------|
|   | 2022   | 2021   | Change% | 2022         | 2021   | Change% |
|   | Un-consolidated                                  |        |         | Consolidated |        |         |
| Net revenue   | 12,124   | 10,584 | 14.6    | 12,119       | 10,585 | 14.5    |
| Other income  | 428  | 59     | 625.4   | 457          | 90     | 407.8   |
| Earnings before interest, tax, depreciation & amortization (EBITDA) | 2,305  | 1,725  | 33.6    | 2,254        | 1,726  | 30.6    |
| Profit before taxation  | 1,345  | 801    | 67.9    | 1,341        | 830    | 61.6    |
| Profit after taxation   | 1,057  | 580    | 82.2    | 1,028        | 566    | 81.6    |
| Earnings per share (Rupees)   | 16.72  | 9.17*  | 82.3    | 16.56        | 8.97*  | 84.6    |

\*Restated as Company issued bonus shares at the rate of 2% in proportion of one ordinary share for every fifty shares held (total 1,239,497 bonus shares having face value of Rs. 10 each) as approved in Annual General Meeting held on October 28, 2021.

During the period under review the operations of the Company translated into an overall revenue increase of 14.6 % as compared to corresponding period of the previous year. Operating costs also increased from Rs. 9,544 million to Rs. 10,915 million due to many factors including but not limited to uphill inflation, dollar-rupee disparity, more utilization of facilities of the hospital etc. Other factors which contributed in the increase in operating cost were salaries, wages & benefits, medicines / supplies consumed, utilities, repair & maintenance and depreciation.

Significant increase in head of other income is reflection of appreciation of US Dollars against Pak Rupee and profit on sale of land.

In the bottom line, the Company has successfully registered Earnings per Share of Rs. 16.72 Versus Rs. 9.17 (and consolidated Earnings per Share of Rs. 16.56 Versus Rs. 8.97) as compared to corresponding period of last year.

## Interim Cash Dividend

The Board of Directors are pleased to declare interim cash dividend of Rs. 1.50 per share.

### **Future Outlook:**

Company understands that the prevailing political turmoil, challenging macro-economic conditions, Russia-Ukraine war, etc. will impact all the businesses in the Country but your board is optimistic and will endeavor to maintain the pace of the Company's operation after COVID-19 Pandemic 4th wave.

The Company has also planned to commission/ transfer neuro related services to a campus across the road from its flagship hospital within two to three months whereafter Neuro OPD services will become functional whereas neuro related IPD services in the new campus are expected to start by the 3rd Quarter of the next Financial Year.

With respect to the Subsidiaries:

- 1 The hospital projects of Shifa Medical Center Islamabad (Pvt.) Limited and Shifa National Hospital Faisalabad (Pvt.) Limited have kicked-off and are progressing as per the plan. Efforts are being directed to complete these projects in scheduled time and within the budgets.
- 2 Shifa CARE (Pvt.) Ltd. is actively working on the development of the Hospital Supply Chain Management Software and is also committed to develop complete HIMS solution.
- 3 Shifa International DWC-LLC, Dubai is extremely busy in marketing the Shifa Brand and intensely working towards maximum referral of patients to the Company.
- 4 Shifa Development Services (Pvt.) Limited is uniquely positioned to participate in the growth following the increase in the post covid-19 desire to invest in healthcare throughout the region which has the potential to outpace general economic growth over the next 5 years..

We believe that once all the projects of the Company are fully functional and operational, they will have positive impact on the financial numbers of the Company.

### **Acknowledgement:**

The Board is appreciative of the hard work, devotion and unrelenting efforts of its consultants, management and employees for the even better financial results of the Company. The Board extends its gratitude to all stakeholders for their unwavering support and cooperation.

### **For and on behalf of the Board of Directors**



**DR. MANZOOR H. QAZI**

Chief Executive Officer

Islamabad

April 28, 2022



**MUHAMMAD ZAHID**

Director

## مستقبل کا منظر نامہ:

کمپنی آگاہ ہے کہ موجودہ سیاسی انتشار، چیلنجز، میکرو اکنامک حالات، روس-یوکرین جنگ وغیرہ ملک کے تمام کاروباروں کو متاثر کریں گے لیکن آپ کا بورڈ پرامید اور پر عزم ہے کہ کووڈ ۱۹ کی وبا کی چوتھی لہر کے بعد حاصل کی جانے والی کمپنی کے آپریشن کی رفتار کو برقرار رکھنے کی کوشش کرے گا۔

کمپنی نے چند ماہ کے اندر اپنے فلیگ شپ ہسپتال کے بالمقابل سڑک کے دوسری جانب کیمپس میں نیوروسے متعلق شعبہ ہیرونی مرلیضات کو (اوپنی ڈی) کی خدمات کو دو سے تین ماہ کے اندر اندر منتقل کرنے کا منصوبہ بنایا ہے جس کے بعد نیورواوپنی ڈی خدمات کا کام شروع کر دیں گی جبکہ شعبہ نیوروسے کیمپس میں اندر نی مرلیضات (آئی پی ڈی) کی خدمات اگلے مالی سال کی تیسری سہ ماہی تک شروع ہونے کی توقع ہے۔

## ذیلی اداروں کے حوالے سے:

- 1- شفا میڈیکل سینٹر اسلام آباد پرائیویٹ لمیٹڈ اور شفا نیشنل ہسپتال فیصل آباد پرائیویٹ لمیٹڈ ہسپتال کے منصوبے شروع ہو چکے ہیں اور مرحلہ وار طے شدہ منصوبے کے مطابق آگے بڑھ رہے ہیں۔ اس سلسلے میں کوششوں کا مرکز ان منصوبوں کو مقررہ وقت اور بجٹ کے اندر مکمل کرنے پر ہے۔
  - 2- شفا کینسر پرائیویٹ لمیٹڈ ہسپتالوں کے سپلائی چین مینجمنٹ سوفٹ ویئر کی تیاری کے لیے مستعدی سے کام کر رہا ہے اور اس کے ساتھ جامع ایچ آئی ایم ایس (HIMS) تیار کرنے کے لیے بھی پر عزم ہے۔
  - 3- شفا انٹرنیشنل ڈی ڈی بی سی، ایل ایل سی، دوئی "شفا برانڈ" کی مارکیٹنگ کے فروغ میں مصروف ہے اور مرلیضات کو زیادہ سے زیادہ کمپنی کو ریفر کرنے کے لیے مستعدی سے کام کر رہا ہے۔
  - 4- شفا ڈیولپمنٹ سروسز (پرائیویٹ) لمیٹڈ کووڈ-19 کے بعد پورے خطے میں صحت کی دیکھ بھال کے شعبے میں سرمایہ کاری کرنے کی خواہش میں اضافے کے تناظر میں ترقی کے اس امکان میں حصہ لینے کے لیے منفرد پوزیشن میں ہے، جس میں اگلے 5 سالوں میں عمومی اقتصادی ترقی کو پیچھے چھوڑنے کی صلاحیت ہے۔
- ہمیں یقین ہے کہ ایک بار جب کمپنی کے تمام منصوبے مکمل طور پر فعال اور آپریشنل ہو جائیں گے تو ان کا کمپنی کے مالیاتی نمبروں پر مثبت اثر پڑے گا۔

## اظہار تشکر

کمپنی کے مزید بہتر مالیاتی نتائج کے لیے بورڈ آف ڈائریکٹرز اپنے کنسلٹنٹس، انتظامیہ اور ملازمین کی محنت، لگن اور انتھک کوششوں کو سراہتا ہے۔ بورڈ تمام سٹیک ہولڈرز کی غیر متزلزل حمایت اور تعاون کے لیے شکریہ ادا کرتا ہے۔

بورڈ آف ڈائریکٹرز کے لیے اور اس کی جانب سے

محمد زاہد

محمد زاہد

ڈائریکٹر

ڈاکٹر منظور علی قاضی

چیف ایگزیکٹو

چیف ایگزیکٹو

اسلام آباد 28 اپریل 2022



# ڈائریکٹرز کا تجزیہ

## معزز حصص داران،

ہم ۳۱ مارچ ۲۰۲۲ کو مکمل ہونے والے نو ماہ کے لیے کمپنی کے مجموعی مالیاتی نتائج اور اس کے ساتھ ہی اسی عرصے کے لیے ذیلی کمپنیوں یعنی شفا نیوروسائنسز، انسٹی ٹیوٹ اسلام آباد پرائیویٹ لمیٹڈ (۱۰۰ فیصد ملکیت)، شفا انٹرنیشنل - ڈی ڈبلیو سی ایل ایل سی (۱۰۰ فیصد ملکیت)، شفا نیشنل ہسپتال فیصل آباد پرائیویٹ لمیٹڈ (60 فیصد ملکیت)، شفا میڈیکل سینٹر اسلام آباد پرائیویٹ لمیٹڈ (56 فیصد ملکیت) اور شفا ڈیولپمنٹ سروسز پرائیویٹ لمیٹڈ (55 فیصد ملکیت) کے مجموعی عبوری مالیاتی نتائج پیش کرتے ہوئے پرمسرت ہیں۔

پچھلے سال کے اسی نو مہینوں کے مقابلے میں زیر جائزہ مدت کے لئے کمپنی کے مجموعی عبوری مالیاتی گوشواروں کی مالی بھلکیاں حسب ذیل ہیں:

| مالیاتی نتائج                           |           |        |             |        |        | روپے (ملین میں) |
|---|-----------|--------|-------------|--------|--------|-----------------|
| 31 مارچ کو اختتام پزیر ہونے والے نو ماہ |           |        |             |        |        |                 |
|   | 2022      | 2021   | تبدیلی فیصد | 2022   | 2021   | تبدیلی فیصد     |
|   | غیر مربوط |        |             | مربوط  |        |                 |
| خالص آمدنی                              | 12,124    | 10,584 | 14.6        | 12,119 | 10,585 | 14.5            |
| دیگر آمدنی                              | 428       | 59     | 625.4       | 457    | 90     | 407.8           |
| ای بی آئی ٹی ڈی اے                      | 2,305     | 1,725  | 33.6        | 2,254  | 1,726  | 30.6            |
| منافع قبل از ٹیکسیشن                    | 1,345     | 801    | 67.9        | 1,341  | 830    | 61.6            |
| منافع بعد از ٹیکسیشن                    | 1,057     | 580    | 82.2        | 1,028  | 566    | 81.6            |
| فی شیئر آمدنی                           | 16.72     | 9.17*  | 82.3        | 16.56  | 8.97*  | 84.6            |

\* دوبارہ جاری کیا گیا کیونکہ کمپنی نے ہر پچاس شیئرز کے لیے ایک عام شیئر کے تناسب سے 2 فیصد کی شرح سے نو شیئرز جاری کیے (کل 1,239,497 نو شیئرز جن کی فیس ویلیو 10 روپے ہے) جیسا کہ 28 اکتوبر 2021 کو منعقدہ سالانہ جنرل میٹنگ میں منظوری دی گئی۔

زیر جائزہ مدت کے دوران کمپنی کے آپریشنز کے نتیجے میں گزشتہ سال کی اسی مدت کے مقابلے میں آمدنی میں مجموعی طور پر 14.6 فیصد اضافہ ہوا۔ آپریٹنگ لاگت بھی 9,544 ملین روپے سے بڑھ کر 10,915 ملین ہو گئی جس میں متعدد دیگر کے علاوہ افراط زر، ڈالر - روپے کا تفاوت، ہسپتال کی سہولیات کا زیادہ استعمال وغیرہ جیسے عوامل شامل ہیں۔ دیگر عوامل جنہوں نے آپریٹنگ لاگت میں اضافے میں اہم کردار ادا کیا ان میں تنخواہیں، اجرت اور مراعات، ادویات/استعمال کی اشیاء، بجلی اور گیس، مرمت اور دیکھ بھال اور فرسودگی شامل ہیں۔

دیگر آمدنی کے خانے میں نمایاں اضافہ پاکستانی روپے کے مقابلے امریکی ڈالر کی قدر میں اضافے اور زمین کی فروخت پر منافع کی عکاسی کرتا ہے۔

حتمی خلاصہ یہ کہ کمپنی نے گزشتہ برس کے ۹،۱۷ روپے کے مقابلے میں کامیابی کے ساتھ ۱۶،۹۲ روپے فی شیئر (اور فی شیئر ۸،۹۷ روپے کی مربوط آمدنی کے تقابل میں ۱۶،۵۶ روپے) کی آمدنی رجسٹر کی ہے۔

## عبوری نقد منافع

بورڈ آف ڈائریکٹرز عبوری نقد منافع کا اعلان کرتے ہوئے پرمسرت محسوس کر رہا ہے جو 1.50 روپے فی شیئر ہے۔





# CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND  
NINE MONTHS ENDED MARCH 31, 2022

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022

|   |      | Un-audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|---|------|---------------------------------|-----------------------------|
|   | Note | (Rupees in '000')               |                             |
| <b>SHARE CAPITAL AND RESERVES</b>                                   |      |                                 |                             |
| Authorized share capital  |      |                                 |                             |
| 100,000,000 (June 2021: 100,000,000) ordinary shares of Rs. 10 each |      | 1,000,000                       | 1,000,000                   |
| Issued, subscribed and paid up capital                              | 5    | 632,144                         | 619,749                     |
| <b>Capital reserves</b>   |      |                                 |                             |
| Share premium   | 6    | 2,738,888                       | 2,751,283                   |
| Surplus on revaluation of property, plant and equipment             |      | 760,503                         | 792,396                     |
| <b>Revenue reserves</b>   |      |                                 |                             |
| Unappropriated profit   |      | 5,413,202                       | 4,325,259                   |
|   |      | 9,544,737                       | 8,488,687                   |
| <b>NON - CURRENT LIABILITIES</b>                                    |      |                                 |                             |
| Long term financing - secured                                       | 7    | 1,409,439                       | 2,360,408                   |
| Deferred taxation   |      | 326,404                         | 350,314                     |
| Lease liabilities   |      | 726,099                         | 607,038                     |
|   |      | 2,461,942                       | 3,317,760                   |
| <b>CURRENT LIABILITIES</b>  |      |                                 |                             |
| Trade and other payables  |      | 3,219,939                       | 3,251,095                   |
| Unclaimed dividend  |      | 33,986                          | 35,158                      |
| Markup accrued  |      | 29,891                          | 16,913                      |
| Current portion of long term financing - secured                    | 7    | 1,454,330                       | 1,405,722                   |
| Current portion of lease liabilities                                |      | 244,130                         | 177,633                     |
|   |      | 4,982,276                       | 4,886,521                   |
|   |      | 16,988,955                      | 16,692,968                  |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                |      |                                 |                             |
|   | 8    |                                 |                             |

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.

*Mayur Bajaj*  
CHIEF EXECUTIVE

|  |      | Un-audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|--|------|---------------------------------|-----------------------------|
|  | Note | (Rupees in '000')               |                             |
| <b>NON - CURRENT ASSETS</b>                            |      |                                 |                             |
| Property, plant and equipment                          | 9    | 6,865,598                       | 6,791,843                   |
| Intangible assets                                      |      | 18,446                          | 31,343                      |
| Long term investments - at cost                        | 10   | 3,586,218                       | 3,178,758                   |
| Long term deposits                                     |      | 109,191                         | 96,260                      |
|  |      | 10,579,453                      | 10,098,204                  |
| <b>CURRENT ASSETS</b>                                  |      |                                 |                             |
| Stores, spare parts and loose tools                    |      | 171,412                         | 165,312                     |
| Stock-in-trade   |      | 648,600                         | 658,280                     |
| Trade debts  | 11   | 1,305,260                       | 859,157                     |
| Loans and advances                                     |      | 423,181                         | 337,659                     |
| Deposits, prepayments and other receivables            |      | 93,136                          | 72,095                      |
| Markup accrued   |      | 813                             | 677                         |
| Other financial assets                                 |      | 656,046                         | 622,464                     |
| Tax refunds due from the government (net of provision) |      | 431,362                         | 471,366                     |
| Cash and bank balances                                 |      | 2,236,024                       | 2,809,697                   |
|  |      | 5,965,834                       | 5,996,707                   |
| Non - current assets held for sale                     |      | 443,668                         | 598,057                     |
|  |      | 16,988,955                      | 16,692,968                  |

*Sameer K. Ahmad*  
DIRECTOR

*ALF*  
CHIEF FINANCIAL OFFICER



# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

|  |      | For the quarter ended |                    | For the nine months ended |                    |
|--|------|-----------------------|--------------------|---------------------------|--------------------|
|  |      | March 31,<br>2022     | March 31,<br>2021  | March 31,<br>2022         | March 31,<br>2021  |
|  | Note | (Rupees in '000')     |                    |                           |                    |
| Net revenue                            | 12   | 4,037,055             | 3,920,857          | 12,123,893                | 10,583,881         |
| Other income                           |      | 125,806               | 35,128             | 428,330                   | 58,671             |
| Operating costs                        |      | (3,722,495)           | (3,437,071)        | (10,915,272)              | (9,543,512)        |
| Finance costs                          |      | (96,951)              | (85,451)           | (276,006)                 | (261,737)          |
| Expected credit losses                 |      | (7,529)               | (14,595)           | (16,113)                  | (36,504)           |
| Profit before taxation                 |      | 335,886               | 418,868            | 1,344,832                 | 800,799            |
| Provision for taxation                 |      | (69,425)              | (113,364)          | (288,062)                 | (221,140)          |
| Profit after taxation                  |      | 266,461               | 305,504            | 1,056,770                 | 579,659            |
| (Rupees)                               |      |                       |                    |                           |                    |
| Earnings per share - basic and diluted | 13   | 4.22                  | (Restated)<br>4.83 | 16.72                     | (Restated)<br>9.17 |

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.

*Mary Jay*

CHIEF EXECUTIVE

*Sameer K. Ahmad*

DIRECTOR

*Arif*

CHIEF FINANCIAL OFFICER

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

|   | For the quarter ended |                   | For the nine months ended |                   |
|---|-----------------------|-------------------|---------------------------|-------------------|
|   | March 31,<br>2022     | March 31,<br>2021 | March 31,<br>2022         | March 31,<br>2021 |
|   | (Rupees in '000')     |                   |                           |                   |
| Profit after taxation   | 266,461               | 305,504           | 1,056,770                 | 579,659           |
| <b>Other comprehensive income</b>   |                       |                   |                           |                   |
| Items that will not be subsequently reclassified in statement of profit or loss |                       |                   |                           |                   |
| Loss on remeasurement of staff gratuity fund benefit plan                       | -                     | -                 | (1,014)                   | -                 |
| Deferred tax relating to remeasurement of staff gratuity fund benefit plan      | -                     | -                 | 294                       | -                 |
| Loss on remeasurement of staff gratuity fund benefit plan (net of tax)          | -                     | -                 | (720)                     | -                 |
| Total comprehensive income for the period                                       | 266,461               | 305,504           | 1,056,050                 | 579,659           |

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

|   | March 31,<br>2022 | March 31,<br>2021 |
|---|-------------------|-------------------|
| Note  | (Rupees in '000') |                   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |                   |                   |
| Profit before taxation  | 1,344,832         | 800,799           |
| Adjustments for:  |                   |                   |
| Depreciation / amortization on tangible assets                      | 666,843           | 642,333           |
| Amortization on intangible assets                                   | 17,113            | 19,722            |
| Expected credit losses  | 16,113            | 36,504            |
| Property, plant and equipment written off                           | 246               | 546               |
| Gain on disposal of tangible assets                                 | (75,249)          | (22,009)          |
| Provision for compensated absences                                  | 42,818            | 36,000            |
| Provision for bonus for employees                                   | 95,809            | 98,368            |
| Provision for gratuity  | 140,684           | 95,484            |
| Provision for slow moving stores                                    | 3,840             | 5,092             |
| Gain on investments and bank deposits                               | (9,956)           | (17,247)          |
| (Gain) / loss on foreign currency translation                       | (267,246)         | 167,280           |
| Finance costs   | 276,006           | 261,737           |
| Operating cash flows before changes in working capital              | 2,251,853         | 2,124,609         |
| Changes in working capital:   |                   |                   |
| (Increase) / decrease in current assets:                            |                   |                   |
| Stores, spare parts and loose tools                                 | (9,942)           | (31,495)          |
| Stock-in-trade  | 9,680             | 12,790            |
| Trade debts   | (462,216)         | (590,617)         |
| Loans and advances  | (85,522)          | (182,328)         |
| Deposits, prepayments and other receivables                         | (36,941)          | (39,431)          |
| Decrease in current liabilities:                                    |                   |                   |
| Trade and other payables  | (33,546)          | (2,130)           |
| Cash generated from operations                                      | 1,633,366         | 1,291,398         |
| Finance cost paid   | (199,205)         | (223,107)         |
| Income tax paid   | (271,678)         | (225,631)         |
| Payment to SIHL Employees' Gratuity Fund                            | (238,641)         | (82,910)          |
| Compensated absences paid   | (39,289)          | (30,468)          |
| Net cash generated from operating activities                        | 884,553           | 729,282           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |                   |                   |
| Addition to property, plant and equipment (PPE)                     | (396,295)         | (201,170)         |
| Addition to intangible assets                                       | (4,215)           | -                 |
| Outlay against long term investments                                | (407,460)         | (170,234)         |
| Investment in other financial assets - net                          | (32,426)          | (597,898)         |
| Proceeds from disposal of PPE and items classified as held for sale | 230,646           | 102,266           |
| Markup received   | 8,664             | 3,655             |
| Increase in long term deposits                                      | (16,983)          | (7,897)           |
| Net cash used in investing activities                               | (618,069)         | (871,278)         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |                   |                   |
| Long term financing - repayments                                    | (1,034,676)       | (74,800)          |
| Long term financing - proceeds                                      | 116,621           | 584,526           |
| Deferred grant received   | 15,694            | 75,962            |
| Lease liabilities - repayments                                      | (203,870)         | (143,859)         |
| Dividend paid   | (1,172)           | (1,490)           |
| Net cash (used in) / generated from financing activities            | (1,107,403)       | 440,339           |
| Net (decrease) / increase in cash and cash equivalents              | (840,919)         | 298,343           |
| <b>Cash and cash equivalents at beginning of the period</b>         | <b>2,812,697</b>  | <b>2,398,052</b>  |
| Effect of exchange rate changes on cash and cash equivalents        | 267,246           | (167,280)         |
| <b>Cash and cash equivalents at end of the period</b>               | <b>2,239,024</b>  | <b>2,529,115</b>  |

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The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

|  | Share<br>capital  | Share<br>premium | Surplus on<br>revaluation<br>of property,<br>plant and<br>equipment | Un-<br>appropriated<br>profit | Total            |
|--|-------------------|------------------|---|-------------------------------|------------------|
|  | (Rupees in '000') |                  |   |                               |                  |
| <b>Balance as at July 01, 2020</b>   | 619,749           | 2,751,283        | 760,346   | 3,636,170                     | 7,767,548        |
| <b>Total comprehensive income for the period</b>   |                   |                  |   |                               |                  |
| Profit after taxation  | -                 | -                | -   | 579,659                       | 579,659          |
| Other comprehensive income - net of tax  | -                 | -                | -   | -                             | -                |
|  | -                 | -                | -   | 579,659                       | 579,659          |
| Realization of revaluation surplus on disposal of assets   | -                 | -                | (6,661)   | 6,661                         | -                |
| Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortization | -                 | -                | (6,923)   | 6,923                         | -                |
| <b>Distribution to owners</b>  |                   |                  |   |                               |                  |
| Dividend 2020: Nil   | -                 | -                | -   | -                             | -                |
| <b>Balance as at March 31, 2021</b>  | 619,749           | 2,751,283        | 746,762   | 4,229,413                     | 8,347,207        |
| <b>Balance as at July 01, 2021</b>   | <b>619,749</b>    | <b>2,751,283</b> | <b>792,396</b>  | <b>4,325,259</b>              | <b>8,488,687</b> |
| <b>Total comprehensive income for the period</b>   |                   |                  |   |                               |                  |
| Profit after taxation  | -                 | -                | -   | 1,056,770                     | 1,056,770        |
| Other comprehensive income - net of tax  | -                 | -                | -   | (720)                         | (720)            |
|  | -                 | -                | -   | 1,056,050                     | 1,056,050        |
| Realization of revaluation surplus on disposal of assets   | -                 | -                | (24,512)  | 24,512                        | -                |
| Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortization | -                 | -                | (7,381)   | 7,381                         | -                |
| <b>Distribution to owners</b>  |                   |                  |   |                               |                  |
| Bonus shares issued @ 2% - year ended June 30, 2021  | 12,395            | (12,395)         | -   | -                             | -                |
| <b>Balance as at March 31, 2022</b>  | <b>632,144</b>    | <b>2,738,888</b> | <b>760,503</b>  | <b>5,413,202</b>              | <b>9,544,737</b> |

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

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

- 1.1** Shifa International Hospitals Limited (the Company / SIHL) was incorporated in Pakistan on September 29, 1987 as a private limited company under the repealed Companies Ordinance, 1984 and converted into a public limited company on October 12, 1989. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Sector H-8/4, Islamabad.
- 1.2** The principal activity of the Company is to establish and run medical centers and hospitals in Pakistan. The Company has established its first hospital in 1993 in H-8/4 Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4 Islamabad. The Company is also running medical centers, pharmacies and lab collection points in different cities of Pakistan.
- 1.3** These condensed interim unconsolidated financial statements are separate financial statements of the Company where investment in subsidiaries and associate are stated at cost rather than on the basis of reporting results of the investee. Condensed interim consolidated financial statements are prepared separately.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

These condensed interim unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34: 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** These condensed interim unconsolidated financial statements are un-audited and are being submitted to the members in accordance with the requirements of Section 237 of the Companies Act 2017 (the Act) and the listing regulations of Pakistan Stock Exchange. These condensed interim unconsolidated financial statements do not include all of the information required for annual unconsolidated financial statements, and should be read in conjunction with the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2021. Comparative condensed interim unconsolidated statement of financial position is extracted from annual unconsolidated financial statements as of June 30, 2021, whereas comparative condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity are extracted from un-audited condensed interim unconsolidated financial statements for the nine months ended March 31, 2021.

### **2.3 Changes in accounting standards, interpretations and pronouncements**

#### **2.3.1 Standards and amendments to approved accounting and reporting standards that are effective**

There were certain amendments to accounting and reporting standards which became mandatory for the Company during the period. However, the amendments did not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim unconsolidated financial statements.



# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

## **2.3.2 Standards and amendments to approved accounting and reporting standards that are not yet effective**

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2022. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim unconsolidated financial statements.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

**3.1** The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim unconsolidated financial statements and financial risk management policy are the same as those applied in preparation of unconsolidated audited financial statements of the Company for the year ended June 30, 2021 except the following:

**3.2** During the current period the Company has introduced a pension fund benefit through onward monthly contribution into private pension scheme (defined contribution plan) in place of existing staff gratuity benefit (defined benefit plan) for its full time management employees (contractual and regular). In response till March 31, 2022 majority of management employees have opted the pension fund benefit and accordingly their gratuity obligations have been cleared from the SIHL gratuity fund. In this regard recent actuarial valuation was carried out on December 31, 2021 based on which Company's gratuity obligations has been reestimated. The employees who are currently covered under gratuity benefit not opting the pension benefit option will continue under gratuity scheme while new employee shall solely be covered under pension scheme after completing minimum eligibility criteria of their employment. Monthly pension contribution equal to 1/12th of eligible salary shall be made by the Company in employees' pension fund account maintained with designated asset management company that shall be recognized as expense in the condensed interim unconsolidated statement of profit or loss as and when they become due.

## **4 ACCOUNTING ESTIMATES AND JUDGEMENTS**

**4.1** The preparation of condensed interim unconsolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim unconsolidated financial statements.

**4.2** Judgements and estimates made by the management in the preparation of these condensed interim unconsolidated financial statements are the same as those that were applied to the annual audited unconsolidated financial statements as at and for the year ended June 30, 2021.

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

## 5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Ordinary shares of Rs.10 each.

| Un-audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |                                       | Un-audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|---------------------------------|-----------------------------|---------------------------------------|---------------------------------|-----------------------------|
| Numbers                         |                             |                                       | (Rupees in '000')               |                             |
| 61,974,886                      | 61,974,886                  | Opening balance                       | 619,749                         | 619,749                     |
| 1,239,497                       | -                           | Bonus shares issued during the period | 12,395                          | -                           |
| 63,214,383                      | 61,974,886                  | Closing balance                       | 632,144                         | 619,749                     |

- 5.1 During the period, Company issued bonus shares at the rate of 2% in proportion of one ordinary share for every fifty shares held (total 1,239,497 bonus shares having face value of Rs. 10 each) as approved in Annual General Meeting held on October 28, 2021.

## 6 SHARE PREMIUM

During the period, Company issued bonus shares from share premium at the rate of 2% in proportion of one ordinary share for every fifty shares held.

## 7 LONG TERM FINANCING - SECURED

### From banking companies:

|   | Note | Un-audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|---|------|---------------------------------|-----------------------------|
|   |      | (Rupees in '000')               |                             |
| Syndicated Islamic Finance Facility                   | 7.1  | 1,426,444                       | 1,854,086                   |
| Diminishing Musharakah Facility-1                     | 7.2  | 296,517                         | 434,274                     |
| Diminishing Musharakah Facility-2                     | 7.3  | 458,333                         | 500,000                     |
| Refinance Facility to Combat COVID-19 (RFCC)          | 7.4  | 32,956                          | -                           |
| Islamic Refinance Facility to Combat COVID-19 (IRFCC) | 7.5  | 136,502                         | 127,789                     |
| Deferred income - Government grant                    |      | 22,690                          | 25,526                      |
|   |      | 159,192                         | 153,315                     |
| Islamic Refinance Facility to Combat COVID-19 (IRFCC) | 7.6  | 36,670                          | -                           |
| Deferred income - Government grant                    |      | 9,436                           | -                           |
|   |      | 46,106                          | -                           |
| State Bank of Pakistan (SBP) - refinance scheme       | 7.7  | 431,719                         | 780,354                     |
| Deferred income - Government grant                    |      | 12,502                          | 44,101                      |
|   |      | 444,221                         | 824,455                     |
|   |      | 2,863,769                       | 3,766,130                   |
| Less: Current portion                                 |      | 1,454,330                       | 1,405,722                   |
|   |      | 1,409,439                       | 2,360,408                   |

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

- 7.1** This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on profit rate basis at 3 months KIBOR plus 0.85% (June 2021: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly installments. The Company has availed the loan facility upto the total sanctioned limit of Rs. 2,000 million which shall be repaid by August 22, 2024. The financing is secured by ranking charge upgraded into first pari passu charge of Rs. 2,667 million on all present and future Company's movable fixed assets and land / building located at H-8/4, Islamabad. Meezan Bank Limited has the custody of original ownership documents of the Company's land located at sector H-8/4 Islamabad.
- 7.2** This represents a long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 449.5 million (June 2021: Rs. 442.9 million). Principal amount is repayable in 36 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.80% (June 2021: 3 months KIBOR plus 0.80%) per annum. The financing is secured by first exclusive charge of Rs. 781.3 million against equipment / machinery. The unavailed limit of this facility is Rs. 20.7 million (June 2021: Rs. 19.6 million). This also includes a long term Islamic finance facility obtained under the Diminishing Musharakah basis from First Habib Modaraba of Rs. 49.8 million (June 2021: Rs. 37.6 million). Principal amount is repayable in 60 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.70% (June 2021: 3 months KIBOR plus 0.70%) per annum. The unavailed limit of this facility is Rs. 20.2 million (June 2021: Rs. 32.4 million).
- 7.3** This represents a long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million (June 2021: Rs. 500 million). Principal amount shall be repaid by October 01, 2024 in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.85% (June 2021: 3 months KIBOR plus 0.85%) per annum. The financing is secured by first pari passu charge of Rs. 667 million on all present and future fixed assets of the Company.
- 7.4** This represents a long term finance facility obtained from United Bank Limited of Rs. 32.9 million (June 2021: Nil). Principal amount shall be repaid by September 14, 2026 in 18 equal quarterly installments carrying markup rate at 3 months KIBOR plus 0.85% (June 2021: 3 months KIBOR plus 0.85%) per annum. The financing is secured by first pari passu charge of Rs. 267 million over fixed assets (excluding land and building) of the Company. Since the bank is in process of obtaining refinance from State Bank of Pakistan and hence no government grant was recognized at reporting date. The unavailed limit of this facility is Rs. 167.1 million (June 2021: Rs. 200 million).
- 7.5** This represents a long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 200 million (June 2021: Rs. 153.3 million) for the purpose of import / purchase of medical equipment / machinery to combat COVID-19 under State Bank of Pakistan IRFCC scheme. Principal amount shall be repaid by December 29, 2025 in 18 equal quarterly installments with no profit rate. The financing is secured by first pari passu hypothecation charge of Rs. 267 million on all present and future fixed assets of the Company (excluding land and building). Since the financing under SBP refinance scheme carries no profit rate, the loan has been recognized at present value using effective profit rate of 3 months KIBOR plus 0.85% along with the recognition of government grant. The unavailed limit of this facility is Rs. Nil (June 2021: Rs. 34.9 million).
- 7.6** This represents a long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 46.0 million (June 2021: Nil) for the purpose of import / purchase of medical equipment / machinery to combat COVID-19 under State Bank of Pakistan IRFCC scheme. Principal amount shall be repaid in 9 equal half yearly installments with profit rate of 1% per annum. The facility is secured by ranking charge of Rs. 55 million over equipment / machinery against DM IRFCC. Since the financing under SBP refinance scheme carries the profit rate below the market rate, the loan has been recognized at present value using effective profit rate of 6 month KIBOR plus 1% along with the recognition of government grant. The unavailed limit of this facility is Rs. Nil (June 2021: Rs. 17.4 million).

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

- 7.7** This represents long term finance facility aggregating to Rs. 1,012.2 million (June 2021: Rs. 1,012.2 million) obtained from United Bank Limited under the State Bank of Pakistan's (SBP) temporary refinance scheme for payment of wages and salaries to the workers and employees of business concerns to support payment of salaries and wages under economic challenges due to COVID-19. The Company has availed the financing in six tranches from April 2020 to September 2020 at a subsidized markup rate of 0.85% per annum. The financing is repayable in 08 equal quarterly installments starting from January 2021 and shall be fully settled by January 31, 2023. The facility is secured by first pari passu charge of Rs. 1,333.3 million over fixed assets (excluding land and building) of the Company. According to the terms of the financing, the Company was prohibited to lay-off the employees for at least six months from April 2020 to September 2020 of receiving the grant. Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognized at present value using effective interest rate of 3 month KIBOR plus 0.85% along with the recognition of government grant.

|  | Un-audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|--|---------------------------------|-----------------------------|
|  | (Rupees in '000')               |                             |
| <b>7.8 Movement during the period / year</b> |                                 |                             |
| Opening balance                              | 3,766,130                       | 3,431,658                   |
| Proceeds during the period / year            | 132,315                         | 716,080                     |
| Repayment during the period / year           | (1,034,676)                     | (381,608)                   |
| Closing balance                              | 2,863,769                       | 3,766,130                   |

## 8 CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

- 8.1.1** Claims aggregating to Rs. 3 million (June 2021: Rs. 3 million) are pending before Peshawar and Islamabad High Courts by patients / others against the Company for alleged negligence on part of the consultants / doctors etc. The management of the Company is contesting these claims and believes that the contention of the claimants will not be successful and no material liability is likely to arise.
- 8.1.2** The penalty of Rs. 20 million (June 2021: Rs. 20 million) imposed on June 06, 2012 by Competition Commission of Pakistan (CCP) to each Gulf Cooperation Council's (GCC) Approved Medical Centers (GAMCs) including SIHL on account of alleged non- competitive practice / B363 arrangement of territorial division and equal allocation of GAMCs customers. Management of the Company and other GAMCs are jointly contesting the matter which is pending before the August Supreme Court of Pakistan and firmly believe that the case will be decided in favor of the GAMCs including SIHL.
- 8.1.3** The guarantees issued by banks in favor of Sui Northern Gas Pipelines Limited (SNGPL), Oil and Gas Development Company Limited (OGDCL) and Pakistan Telecommunication Company Limited (PTCL) of aggregate sum of Rs. 43.35 million (June 2021: Rs. 43.35 million) on behalf of the Company in its ordinary course of business.

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

## **8.2 Contingencies related to income tax and sales tax are as follows:**

- 8.2.1** Tax authorities has amended the assessments for tax years 2012, 2013, 2014, 2015 and 2019 under section 122(5A) of Income Tax Ordinance, 2001 (the Ordinance) and raised tax demands of Rs. 50.4 million, Rs. 133.3 million, Rs. 85.5 million, Rs. 26.1 million and Rs. 37 million respectively. Being aggrieved the Company agitated the assessments in appeals before the Commissioner Inland Revenue (Appeals) [CIR(A)] who in respect of tax years 2012 to 2014 and 2019 partly confirmed the assessments and partly allowed relief to the Company while confirmed the assessment for tax year 2015. The Company being aggrieved filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue [ATIR] for tax year 2012 to 2015 which are pending adjudications. For tax year 2016 ATIR set aside the assessment for denovo consideration.
- On reassessment AdCIR has completed the assessments under section 124/122(5A) for tax years 2012, 2013 and 2016 and raised a demand of Rs. 6.4 million, Rs. 97 million and Rs. 85.4 million as on June 30, 2021 as against the original tax demand of Rs. 50.4 million, Rs. 133.3 million and Rs. 566.2 million for the said years. Being not satisfied with the order of AdCIR, the Company filed appeals before CIR(A) for the said years who remanded back the assessments to the assessing officers. Being aggrieved the Company filed an appeal before ATIR for tax year 2016 which is pending adjudication. No provision has been recorded in respect of above matters as the management is hopeful for favorable outcome.
- 8.2.2** Tax authorities levied tax of Rs. 178.4 million, Rs. 27.4 million and Rs. 29.2 million under section 161/205 of the Ordinance for tax year 2014, 2013 and 2012 respectively on account of alleged non deduction of tax on payments. Being aggrieved the Company agitated the assessments in appeals before the CIR(A) who in respect of tax year 2012 has deleted the assessment vide order dated July 09, 2020, while set aside the assessment for tax year 2013 on October 02, 2019 and confirmed the assessment for tax year 2014 through his order dated April 30, 2018. The Company being aggrieved filed appeals against the appellate orders for tax year 2013 and 2014 before ATIR where appeal for tax year 2013 is pending adjudication while ATIR has set aside the assessment for tax year 2014 for denovo consideration, hence no demand is outstanding as of today. The Company is confident for a favorable outcome and therefore, no provision in respect of above matters has been recorded.
- 8.2.3** Tax authorities amended the assessments for tax years 2012, 2013 and from 2015 to 2017 u/s 122(5) of the Ordinance and raised aggregate tax demand of Rs. 1,350.9 million. Being aggrieved the Company agitated the assessments in appeals before the CIR(A) who annulled all the assessment orders and hence demand stand deleted. Being dissatisfied with order of the CIR(A), the tax department has filed appeal before ATIR on November 15, 2018, which is pending adjudication. No provision has been recorded in respect of above as the management is hopeful for favorable outcome.
- 8.2.4** The Assistant Commissioner Inland Revenue (ACIR) has amended the Company's assessment for tax year 2014 and 2015 u/s 221 of the Ordinance which has resulted an aggregate tax demand of Rs. 11.8 million. Being aggrieved, the Company has filed appeals before CIR (A) who remanded back the said assessments to ACIR on November 30, 2017. The Company as well as the tax department have filed cross appeals against the CIR(A) order before the ATIR, which are pending adjudication. The Company is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded.



# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

**8.2.5** Tax authorities amended the assessment for tax year 2014 u/s 177 of the Ordinance on June 29, 2019 and raised a tax demand of Rs. 1,143.8 million. Being aggrieved the Company agitated the assessment in appeal on July 22, 2019 before the CIR (A) who annulled the assessment order on October 02, 2019 and hence tax demand stand deleted as of today. The tax department has filed an appeal before ATIR, against the decision of CIR(A). The Company is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded.

**8.2.6** Tax authorities raised a sales tax demand of Rs. 44.4 million, Rs. 56.2 million, Rs. 57.4 million, Rs.55.9 million and Rs. 11.3 million under section 33 and 34 of the Sales Tax Act, 1990 on account of alleged non-payment of sales tax for tax years 2016 to 2020 respectively. Being aggrieved the Company agitated the assessments in appeals before CIR(A). For tax year 2018 and 2020 CIR(A) partially confirmed the judgements of DCIR. Being aggrieved Company has filed appeals before ATIR for both the years who in respect of tax year 2018 partially confirmed the assessment and partly allowed relief to the Company whereas appeal for tax year 2020 is pending adjudication. For tax years 2016, 2017 and 2019 appeals before CIR(A) are pending adjudications. The Company is confident for a favorable outcome in respect of the above matters. Therefore, no provision in respect of this matter has been recorded.

|            |  | Un-audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|------------|--|---------------------------------|-----------------------------|
|            | Note   | (Rupees in '000')               |                             |
| <b>8.3</b> | <b>Commitments</b>   |                                 |                             |
|            | Capital expenditure contracted                             | 141,381                         | 45,109                      |
|            | Letters of credit  | 150,501                         | 79,116                      |
| <b>9</b>   | <b>PROPERTY, PLANT AND EQUIPMENT</b>                       |                                 |                             |
|            | Operating fixed assets                                     | 5,345,195                       | 5,644,283                   |
|            | Capital work in progress                                   | 622,606                         | 409,192                     |
|            | Right of use assets  | 897,797                         | 738,368                     |
|            |  | 6,865,598                       | 6,791,843                   |
| <b>9.1</b> | <b>Operating fixed assets</b>                              |                                 |                             |
|            | Written down value (WDV) at beginning of the period / year | 5,644,283                       | 6,090,459                   |
|            | Additions  | 182,881                         | 434,380                     |
|            | Revaluation  | -                               | 53,821                      |
|            | Reclassified as held for sale                              | -                               | (292,072)                   |
|            |  | 5,827,164                       | 6,286,588                   |
|            | WDV of disposals   | (1,658)                         | (5,455)                     |
|            | WDV of assets written off                                  | (246)                           | (977)                       |
|            | Depreciation for the period / year                         | (480,065)                       | (635,873)                   |
|            | WDV at the end of the period / year                        | 5,345,195                       | 5,644,283                   |

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

|  |       | Un-audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|--|-------|---------------------------------|-----------------------------|
|  | Note  | (Rupees in '000')               |                             |
| <b>9.1.1 Additions to operating fixed assets</b> |       |                                 |                             |
| Leasehold improvements                           |       | 22,586                          | -                           |
| Biomedical equipment                             |       | 57,188                          | 315,539                     |
| Air conditioning equipment and machinery         |       | 5,050                           | 28,867                      |
| Electrical and other equipment                   |       | 36,595                          | 36,497                      |
| Furniture and fittings                           |       | 7,519                           | 11,760                      |
| Computer installations                           |       | 35,535                          | 31,016                      |
| Construction equipment                           |       | 176                             | -                           |
| Vehicles   |       | 18,232                          | 10,701                      |
|  |       | <b>182,881</b>                  | <b>434,380</b>              |
| <b>9.2 Capital work in progress</b>              |       |                                 |                             |
| Opening capital work in progress                 |       | 409,192                         | 325,931                     |
| Additions during the period / year               |       | 237,997                         | 353,273                     |
| Transferred to operating fixed assets            |       | (24,583)                        | (270,012)                   |
| Closing capital work in progress                 | 9.2.1 | <b>622,606</b>                  | <b>409,192</b>              |
| <b>9.2.1 Capital work in progress</b>            |       |                                 |                             |
| Construction work                                |       | 198,530                         | 135,776                     |
| Stores held for capital expenditure              |       | 976                             | 976                         |
| Installation of equipment                        |       | 423,100                         | 272,440                     |
|  |       | <b>622,606</b>                  | <b>409,192</b>              |
| <b>9.3 Right of use assets</b>                   |       |                                 |                             |
| Balance at beginning of the period / year        |       | 738,368                         | 575,546                     |
| Additions during the period / year               |       | 348,017                         | 392,422                     |
| WDV of disposal during the period / year         |       | (1,810)                         | -                           |
| Depreciation for the period / year               |       | (186,778)                       | (229,600)                   |
| Balance at end of the period / year              |       | <b>897,797</b>                  | <b>738,368</b>              |

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

|           |  | Un-audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021      |
|-----------|--|---------------------------------|----------------------------------|
|           |  | (Rupees in '000')               |                                  |
| <b>10</b> | <b>LONG TERM INVESTMENTS - AT COST</b>                                     |                                 |                                  |
|           | <b>In subsidiary companies (unquoted):</b>                                 |                                 |                                  |
|           | Shifa Development Services (Private) Limited (SDSPL)                       | 9,966                           | 9,966                            |
|           | Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad) | 1,697,521                       | 1,697,521                        |
|           | Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad)      | 862,962                         | 455,502                          |
|           | Shifa Medical Center Islamabad (Private) Limited (SMC Islamabad)           | 947,488                         | 947,488                          |
|           | Shifa International DWC LLC (SIDL)   | 23,280                          | 23,280                           |
|           | <b>In associated company (unquoted):</b>                                   |                                 |                                  |
|           | Shifa Care (Private) Limited (SCPL)  | 45,001                          | 45,001                           |
|           |  | <b>3,586,218</b>                | <b>3,178,758</b>                 |
| <b>11</b> | <b>TRADE DEBTS</b>   |                                 |                                  |
|           | Related party - Shifa Foundation   | 16,832                          | 17,139                           |
|           | Related party - SIHT (Private) Limited                                     | 25,587                          | 24,335                           |
|           | Others   | 1,431,681                       | 970,694                          |
|           |  | <b>1,474,100</b>                | <b>1,012,168</b>                 |
|           | Less: allowance for expected credit losses                                 | 168,840                         | 153,011                          |
|           |  | <b>1,305,260</b>                | <b>859,157</b>                   |
|           |  | <b>Un-audited</b>               |                                  |
|           |  | <b>For the quarter ended</b>    | <b>For the nine months ended</b> |
|           |  | <b>March 31,</b>                | <b>March 31,</b>                 |
|           |  | <b>2022</b>                     | <b>2021</b>                      |
| <b>12</b> | <b>NET REVENUE</b>   |                                 |                                  |
|           |  | (Rupees in '000')               |                                  |
|           | Inpatients   | 2,360,284                       | 2,323,021                        |
|           | Outpatients  | 1,479,828                       | 1,405,611                        |
|           | Other services   | 240,659                         | 236,133                          |
|           |  | <b>4,080,771</b>                | <b>3,964,765</b>                 |
|           | Less: discount   | 32,606                          | 37,805                           |
|           | Less: sales tax  | 11,110                          | 6,103                            |
|           | Net revenue  | <b>4,037,055</b>                | <b>3,920,857</b>                 |
|           |  | <b>12,123,893</b>               | <b>10,583,881</b>                |

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

|           |   | <b>Un-audited</b>         |                           |
|-----------|---|---------------------------|---------------------------|
|           |   | <b>March 31,<br/>2022</b> | <b>March 31,<br/>2021</b> |
|           |   | <b>(Rupees in '000')</b>  |                           |
| <b>13</b> | <b>EARNINGS PER SHARE - BASIC AND DILUTED</b>                         | <b>Note</b>               |                           |
|           | Profit after taxation for the period                                  |                           |                           |
|           |   | <b>1,056,770</b>          | 579,659                   |
|           |   | <b>(Numbers in '000')</b> |                           |
|           |   |                           | (Restated)                |
|           | Weighted average number of ordinary shares in issue during the period | <b>13.1</b>               | 63,214                    |
|           |   | <b>(Rupees)</b>           |                           |
|           | Earnings per share - basic and diluted                                | <b>16.72</b>              | 9.17                      |

**13.1** Weighted average number of ordinary shares has been calculated on the basis of time factor of shares outstanding during the period.

**13.2** Basic earnings per share previously reported at Rs. 9.35 in the condensed interim unconsolidated financial statements for the nine months ended March 31, 2021.

## **14 RELATED PARTIES TRANSACTIONS**

The related parties comprise of subsidiaries, associates, directors, major shareholders, key management personnel, SIHL Employees' Gratuity Fund and the entities over which directors are able to exercise influence.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its chief executive officer, chief financial officer, company secretary, directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Other transactions / balances with the related parties are given below:

|  |  | <b>Un-audited</b>         |                           |
|--|--|---------------------------|---------------------------|
|  |  | <b>March 31,<br/>2022</b> | <b>March 31,<br/>2021</b> |
|  |  | <b>(Rupees in '000')</b>  |                           |
| <b>Transactions</b>  |  |                           |                           |
| <b>Shifa Foundation (related party by virtue of common directorship)</b> |  |                           |                           |
| Revenue from services earned by the Company                              |  | <b>13,463</b>             | 9,731                     |
| Expenses paid by and reimbursed to the Company                           |  | <b>494</b>                | 473                       |
| Other services provided to the Company                                   |  | <b>-</b>                  | 3,242                     |

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

|  | <b>Un-audited</b>         |                           |
|--|---------------------------|---------------------------|
|  | <b>March 31,<br/>2022</b> | <b>March 31,<br/>2021</b> |
|  | <b>(Rupees in '000')</b>  |                           |
| <b>Tameer-e-Millat Foundation (related party by virtue of common directorship)</b>                     |                           |                           |
| Revenue from rent earned by the Company  | 233                       | 233                       |
| Supplies provided to the Company   | 62,753                    | 66,071                    |
| Other services provided to the Company   | 23,961                    | 13,601                    |
| Rental services received by the Company  | 4,205                     | 3,706                     |
| <b>Shifa Tameer-e-Millat University (related party by virtue of common directorship)</b>               |                           |                           |
| Revenue from services earned by the Company  | 14,831                    | 9,587                     |
| Revenue from rent earned by the Company  | 2,398                     | 2,180                     |
| Other services provided to the Company   | 40,335                    | 50,642                    |
| Expenses paid by and reimbursed to the Company   | 2,187                     | 2,372                     |
| <b>SIHT (Private) Limited (related party by virtue of common directorship)</b>                         |                           |                           |
| Revenue from services earned by the Company  | 238,950                   | 260,371                   |
| Expenses paid by and reimbursed to the Company   | 4,756                     | 5,834                     |
| Other services provided to the Company   | 17,724                    | 16,603                    |
| <b>Shifa Development Services (Private) Limited (subsidiary and common directorship)</b>               |                           |                           |
| Revenue from rent earned by the Company  | 1,152                     | 720                       |
| Payment made by the Company  | 4,215                     | -                         |
| Expenses paid by and reimbursed to the Company   | -                         | 647                       |
| Other services provided to the Company   | -                         | 34,805                    |
| <b>Shifa Medical Centre Islamabad (Private) Limited (subsidiary and common directorship)</b>           |                           |                           |
| Other services provided by the Company   | 7,672                     | 7,672                     |
| Expenses paid by and reimbursed to the Company   | 356                       | -                         |
| <b>Shifa National Hospital Faisalabad (Private) Limited (subsidiary and common directorship)</b>       |                           |                           |
| Investment made by the Company in 40,746,000 (March 2021: 15,523,428) ordinary shares                  | 407,460                   | 155,234                   |
| Other services provided by the Company   | 7,672                     | 7,672                     |
| <b>Shifa Neuro Sciences Institute Islamabad (Private) Limited (subsidiary and common directorship)</b> |                           |                           |
| Rent paid by the Company   | 72,005                    | 65,459                    |
| Other services provided by the Company   | -                         | 4,795                     |

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

## Shifa International DWC LLC (subsidiary and common directorship)

Patient referral services provided to the Company

## Shifa Care (Private) Limited (associate and common directorship)

Investment made by the Company in Nil (March 2021: 1,500,000) ordinary shares

Other services provided by the Company

Expenses paid by and reimbursed to the Company

## SIHL Employees' Gratuity Fund (benefit plan)

Payment made by the Company during the period

## Remuneration including benefits and perquisites of key management personnel

## Balances

Shifa Foundation - receivable

Tameer-e-Millat Foundation - payable

Shifa Tameer-e-Millat University - payable

SIHT (Private) Limited - receivable

Shifa Development Services (Private) Limited - receivable / (payable)

Shifa Neuro Sciences Institute Islamabad (Private) Limited - receivable

Shifa International DWC LLC - receivable

SIHL Employees' Gratuity Fund - payable

| Un-audited        |                   |
|-------------------|-------------------|
| March 31,<br>2022 | March 31,<br>2021 |
| (Rupees in '000') |                   |
| 11,604            | 7,277             |
| -                 | 15,000            |
| 1,776             | 600               |
| -                 | 50                |
| 238,641           | 82,910            |
| 269,370           | 208,111           |

| Un audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|---------------------------------|-----------------------------|
| (Rupees in '000')               |                             |
| 16,832                          | 17,139                      |
| 11,803                          | 13,073                      |
| 1,995                           | 5,041                       |
| 25,587                          | 24,335                      |
| 5,241                           | (44,607)                    |
| 34,452                          | 34,452                      |
| 30,031                          | 26,656                      |
| 154,651                         | 251,594                     |

| Un-audited        |                   |
|-------------------|-------------------|
| March 31,<br>2022 | March 31,<br>2021 |
| (Rupees in '000') |                   |
| 3,000             | 3,000             |
| 2,236,024         | 2,526,115         |
| 2,239,024         | 2,529,115         |

## 15 CASH AND CASH EQUIVALENTS

Investment in Term Deposit Receipt - at amortized cost

Cash and bank balances

# SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

## 16 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Company's financial risk management objectives and policies are consistent with those disclosed in the unconsolidated financial statements for the year ended June 30, 2021. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the unconsolidated audited financial statements of the Company for the year ended June 30, 2021.

## 17 IMPACT OF COVID-19 (CORONA VIRUS)

Due to prevailing COVID-19 situation a vigilant approach is adopted to cater the business risks. The management has evaluated and concluded that there are no implications of COVID-19 that require adjustment and specific disclosure in these condensed interim unconsolidated financial statements.

## 18 EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on April 28, 2022 proposed first interim dividend of Rs.1.5 per share.

## 19 GENERAL

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

19.2 The comparative figures have been rearranged / reclassified, wherever necessary for the purpose of comparison. However, these are not considered material enough to be disclosed separately.

19.3 These condensed interim unconsolidated financial statements have been approved and authorized for issue by the Board of Directors of the Company on April 28, 2022.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER





# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND  
NINE MONTHS ENDED MARCH 31, 2022

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022

|   |      | Un-audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|---|------|---------------------------------|-----------------------------|
|   | Note | (Rupees in '000')               |                             |
| <b>SHARE CAPITAL AND RESERVES</b>                                   |      |                                 |                             |
| Authorized share capital  |      |                                 |                             |
| 100,000,000 (June 2021: 100,000,000) ordinary shares of Rs. 10 each |      | 1,000,000                       | 1,000,000                   |
| Issued, subscribed and paid up capital                              | 6    | 632,144                         | 619,749                     |
| <b>Capital reserves</b>   |      |                                 |                             |
| Share premium   | 7    | 2,738,888                       | 2,751,283                   |
| Surplus on revaluation of property, plant and equipment             |      | 1,377,159                       | 1,409,434                   |
| <b>Revenue reserves</b>   |      |                                 |                             |
| Unappropriated profit   |      | 4,911,494                       | 3,832,409                   |
|   |      | 9,659,685                       | 8,612,875                   |
| <b>NON - CONTROLLING INTEREST</b>                                   |      |                                 |                             |
|   |      | 1,372,611                       | 1,119,806                   |
| <b>NON - CURRENT LIABILITIES</b>                                    |      |                                 |                             |
| Long term financing - secured                                       | 8    | 1,409,439                       | 2,360,408                   |
| Deferred taxation   |      | 292,752                         | 331,599                     |
| Lease liabilities   |      | 446,570                         | 265,587                     |
|   |      | 2,148,761                       | 2,957,594                   |
| <b>CURRENT LIABILITIES</b>  |      |                                 |                             |
| Trade and other payables  |      | 3,259,549                       | 3,232,390                   |
| Unclaimed dividend  |      | 33,986                          | 35,158                      |
| Markup accrued  |      | 29,891                          | 16,913                      |
| Current portion of long term financing - secured                    | 8    | 1,454,330                       | 1,405,722                   |
| Current portion of lease liabilities                                |      | 168,020                         | 118,456                     |
|   |      | 4,945,776                       | 4,808,639                   |
|   |      | 18,126,833                      | 17,498,914                  |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                |      |                                 |                             |
|   | 9    |                                 |                             |

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.

*Mayur Bajaj*  
CHIEF EXECUTIVE

|  |      | Un-audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|--|------|---------------------------------|-----------------------------|
|  | Note | (Rupees in '000')               |                             |
| NON - CURRENT ASSETS                                   |      |                                 |                             |
| Property, plant and equipment                          | 10   | 10,734,851                      | 10,225,908                  |
| Intangible assets                                      |      | 16,861                          | 32,052                      |
| Long term investment                                   | 11   | 33,609                          | 35,961                      |
| Long term deposits                                     |      | 87,783                          | 74,007                      |
|  |      | 10,873,104                      | 10,367,928                  |
| CURRENT ASSETS   |      |                                 |                             |
| Stores, spare parts and loose tools                    |      | 171,412                         | 165,312                     |
| Stock-in-trade   |      | 648,600                         | 658,280                     |
| Trade debts  | 12   | 1,305,260                       | 904,040                     |
| Loans and advances                                     |      | 948,285                         | 348,919                     |
| Deposits, prepayments and other receivables            |      | 66,914                          | 47,857                      |
| Markup accrued   |      | 813                             | 677                         |
| Other financial assets                                 |      | 860,737                         | 1,102,202                   |
| Tax refunds due from the government (net of provision) |      | 443,297                         | 480,548                     |
| Cash and bank balances                                 |      | 2,469,121                       | 2,929,472                   |
|  |      | 6,914,439                       | 6,637,307                   |
| Non - current assets held for sale                     |      | 339,290                         | 493,679                     |
|  |      | 18,126,833                      | 17,498,914                  |

*Sameer K. Ahmad*  
DIRECTOR

*ALF*  
CHIEF FINANCIAL OFFICER

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

|  |    | For the quarter ended |                   | For the nine months ended |                   |
|--|----|-----------------------|-------------------|---------------------------|-------------------|
|  |    | March 31,<br>2022     | March 31,<br>2021 | March 31,<br>2022         | March 31,<br>2021 |
| Note                                   |    | (Rupees in '000')     |                   |                           |                   |
| Net revenue                            | 13 | 4,033,849             | 3,910,506         | 12,118,980                | 10,585,058        |
| Other income                           |    | 131,187               | 44,316            | 457,086                   | 89,555            |
| Operating costs                        |    | (3,719,709)           | (3,431,282)       | (10,913,461)              | (9,559,858)       |
| Finance costs                          |    | (88,360)              | (80,984)          | (249,029)                 | (247,730)         |
| Expected credit losses                 |    | (7,529)               | (14,587)          | (70,573)                  | (36,497)          |
| Share of loss of an associate          |    | (839)                 | (266)             | (2,352)                   | (895)             |
| Profit before taxation                 |    | 348,599               | 427,703           | 1,340,651                 | 829,633           |
| Provision for taxation                 |    | (78,490)              | (125,085)         | (312,349)                 | (263,705)         |
| Profit after taxation                  |    | 270,109               | 302,618           | 1,028,302                 | 565,928           |
| Attributable to:                       |    |                       |                   |                           |                   |
| Equity holders of SIHL                 |    | 282,628               | 301,368           | 1,047,137                 | 567,082           |
| Non-controlling interest               |    | (12,519)              | 1,250             | (18,835)                  | (1,154)           |
|  |    | 270,109               | 302,618           | 1,028,302                 | 565,928           |
|  |    | (Rupees)              |                   |                           |                   |
|  |    |                       | (Restated)        |                           | (Restated)        |
| Earnings per share - basic and diluted | 14 | 4.47                  | 4.77              | 16.56                     | 8.97              |

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

|   | For the quarter ended |                   | For the nine months ended |                   |
|---|-----------------------|-------------------|---------------------------|-------------------|
|   | March 31,<br>2022     | March 31,<br>2021 | March 31,<br>2022         | March 31,<br>2021 |
|   | (Rupees in '000')     |                   |                           |                   |
| Profit after taxation   | 270,109               | 302,618           | 1,028,302                 | 565,928           |
| <b>Other comprehensive income</b>   |                       |                   |                           |                   |
| Items that will not be subsequently reclassified in statement of profit or loss |                       |                   |                           |                   |
| Loss on remeasurement of staff gratuity fund benefit plan                       | -                     | -                 | (1,014)                   | -                 |
| Deferred tax relating to remeasurement of staff gratuity fund benefit plan      | -                     | -                 | 294                       | -                 |
| Loss on remeasurement of staff gratuity fund benefit plan (net of tax)          | -                     | -                 | (720)                     | -                 |
| Foreign currency translation adjustment   | 98                    | (304)             | 393                       | (962)             |
| Total comprehensive income for the period                                       | 270,207               | 302,314           | 1,027,975                 | 564,966           |
| <b>Attributable to:</b>   |                       |                   |                           |                   |
| Equity holders of SIHL  | 282,726               | 301,064           | 1,046,810                 | 566,120           |
| Non-controlling interest  | (12,519)              | 1,250             | (18,835)                  | (1,154)           |
|   | 270,207               | 302,314           | 1,027,975                 | 564,966           |

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

|   | March 31,<br>2022 | March 31,<br>2021 |
|---|-------------------|-------------------|
| Note  | (Rupees in '000') |                   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |                   |                   |
| Profit before taxation  | 1,340,651         | 829,633           |
| Adjustments for:  |                   |                   |
| Depreciation / amortization on tangible assets                      | 647,759           | 628,952           |
| Amortization on intangible assets                                   | 16,974            | 19,870            |
| Expected credit losses  | 70,573            | 36,497            |
| Property, plant and equipment written off                           | 246               | 546               |
| Gain on disposal of tangible assets                                 | (75,249)          | (22,009)          |
| Provision for compensated absences                                  | 42,818            | 36,000            |
| Provision for bonus for employees                                   | 95,809            | 98,368            |
| Provision for gratuity  | 140,684           | 95,484            |
| Provision for slow moving stores                                    | 3,840             | 5,092             |
| Share of loss of an associate                                       | 2,352             | 895               |
| Gain on investments and bank deposits                               | (10,430)          | (48,383)          |
| (Gain) / loss on foreign currency translation                       | (278,566)         | 169,686           |
| Finance costs   | 249,029           | 247,731           |
| Operating cash flows before changes in working capital              | 2,246,490         | 2,098,362         |
| Changes in working capital:   |                   |                   |
| (Increase) / decrease in current assets:                            |                   |                   |
| Stores, spare parts and loose tools                                 | (9,942)           | (31,495)          |
| Stock-in-trade  | 9,680             | 12,790            |
| Trade debts   | (471,794)         | (591,192)         |
| Loans and advances  | (599,366)         | (205,006)         |
| Deposits, prepayments and other receivables                         | (34,958)          | (38,973)          |
| Increase / (decrease) in current liabilities:                       |                   |                   |
| Trade and other payables  | 24,868            | (6,534)           |
| Cash generated from operations                                      | 1,164,978         | 1,237,952         |
| Finance cost paid   | (199,338)         | (223,303)         |
| Income tax paid   | (313,651)         | (254,638)         |
| Payment to SIHL Employees' Gratuity Fund                            | (238,641)         | (82,910)          |
| Compensated absences paid   | (39,289)          | (30,468)          |
| Net cash generated from operating activities                        | 374,059           | 646,633           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |                   |                   |
| Addition to property, plant and equipment (PPE)                     | (812,401)         | (562,155)         |
| Purchase of intangible assets                                       | (1,783)           | -                 |
| Investment in associate   | -                 | (15,000)          |
| Investments in other financial assets - net                         | 450,760           | (939,412)         |
| Proceeds from disposal of PPE and items classified as held for sale | 230,646           | 102,266           |
| Markup received   | 8,671             | 48,110            |
| Decrease in long term deposits                                      | (17,828)          | (6,647)           |
| Net cash used in investing activities                               | (141,935)         | (1,372,838)       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |                   |                   |
| Non-controlling interest  | 271,640           | 28,000            |
| Long term financing - repayments                                    | (1,034,676)       | (74,800)          |
| Long term financing - proceeds                                      | 116,621           | 584,526           |
| Deferred grant received   | 15,694            | 75,962            |
| Lease liabilities - repayments                                      | (131,868)         | (131,847)         |
| Dividend paid   | (1,172)           | (1,490)           |
| Net cash (used in) / generated from financing activities            | (763,761)         | 480,351           |
| Net decrease in cash and cash equivalents                           | (531,637)         | (245,854)         |
| <b>Cash and cash equivalents at beginning of the period</b>         | <b>2,929,472</b>  | <b>3,058,682</b>  |
| Effect of exchange rate changes on cash and cash equivalents        | 278,959           | (170,648)         |
| <b>Cash and cash equivalents at end of the period</b>               | <b>2,676,794</b>  | <b>2,642,180</b>  |

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The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

|  | Share capital     | Share premium    | Surplus on revaluation of property, plant and equipment | Un-appropriated profit | Non - controlling interest | Total             |
|--|-------------------|------------------|---|------------------------|----------------------------|-------------------|
|  | (Rupees in '000') |                  |   |                        |                            |                   |
| <b>Balance as at July 01, 2020</b>   | 619,749           | 2,751,283        | 1,225,930   | 3,103,034              | 948,384                    | 8,648,380         |
| <b>Total comprehensive income for the period</b>   |                   |                  |   |                        |                            |                   |
| Profit after taxation  | -                 | -                | -   | 567,082                | (1,154)                    | 565,928           |
| Other comprehensive income - net of tax  | -                 | -                | -   | (962)                  | -                          | (962)             |
|  | -                 | -                | -   | 566,120                | (1,154)                    | 564,966           |
| Realization of revaluation surplus on disposal of assets   | -                 | -                | (6,661)   | 6,661                  | -                          | -                 |
| Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation / amortization | -                 | -                | (7,065)   | 7,075                  | (10)                       | -                 |
| NCI recognized during the period   | -                 | -                | -   | -                      | 28,000                     | 28,000            |
| <b>Change in ownership interests</b>   |                   |                  |   |                        |                            |                   |
| Acquisition of shareholding by NCI without a change in control   | -                 | -                | -   | 16,716                 | (16,716)                   | -                 |
| <b>Distribution to owners</b>  |                   |                  |   |                        |                            |                   |
| Dividend 2020: Nil   | -                 | -                | -   | -                      | -                          | -                 |
| <b>Balance as at March 31, 2021</b>  | 619,749           | 2,751,283        | 1,212,204   | 3,699,606              | 958,504                    | 9,241,346         |
| <b>Balance as at July 01, 2021</b>   | <b>619,749</b>    | <b>2,751,283</b> | <b>1,409,434</b>  | <b>3,832,409</b>       | <b>1,119,806</b>           | <b>9,732,681</b>  |
| <b>Total comprehensive income for the period</b>   |                   |                  |   |                        |                            |                   |
| Profit after taxation  | -                 | -                | -   | 1,047,137              | (18,835)                   | 1,028,302         |
| Other comprehensive income - net of tax  | -                 | -                | -   | (327)                  | -                          | (327)             |
|  | -                 | -                | -   | 1,046,810              | (18,835)                   | 1,027,975         |
| Realization of revaluation surplus on disposal of assets   | -                 | -                | (24,512)  | 24,512                 | -                          | -                 |
| Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation / amortization | -                 | -                | (7,763)   | 7,763                  | -                          | -                 |
| NCI recognized during the period   | -                 | -                | -   | -                      | 271,640                    | 271,640           |
| <b>Changes in ownership interests</b>  |                   |                  |   |                        |                            |                   |
| Acquisition of shareholding by NCI without a change in control   | -                 | -                | -   | -                      | -                          | -                 |
| <b>Distribution to owners</b>  |                   |                  |   |                        |                            |                   |
| Bonus shares issued @ 2% - year ended June 30, 2021  | 12,395            | (12,395)         | -   | -                      | -                          | -                 |
| <b>Balance as at March 31, 2022</b>  | <b>632,144</b>    | <b>2,738,888</b> | <b>1,377,159</b>  | <b>4,911,494</b>       | <b>1,372,611</b>           | <b>11,032,296</b> |

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

## 1 STATUS AND NATURE OF BUSINESS

- 1.1** Shifa International Hospitals Limited ("the Group") comprises of Shifa International Hospitals Limited (SIHL / parent company) and its subsidiaries, Shifa Development Services (Private) Limited, Shifa Neuro Sciences Institute Islamabad (Private) Limited, Shifa National Hospital Faisalabad (Private) Limited, Shifa Medical Center Islamabad (Private) Limited and Shifa International-DWC LLC.
- 1.2** SIHL was incorporated in Pakistan on September 29, 1987 as a private limited company under the repealed Companies Ordinance, 1984 and converted into a public limited company on October 12, 1989. The shares of the SIHL are quoted on Pakistan Stock Exchange Limited. The registered office of the SIHL is situated at Sector H-8/4, Islamabad. The principal activity of the SIHL is to establish and run medical centers and hospitals in Pakistan. The SIHL has established its first hospital in 1993 in H-8/4 Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4 Islamabad. The SIHL is also running medical centers, pharmacies and lab collection points in different cities of Pakistan.
- 1.3** Shifa Development Services (Private) Limited (SDSPL) was incorporated in Pakistan on December 18, 2014. The principal activity of SDSPL is to provide consulting services relating to healthcare facilities, medical staff, availability of human resource and hospital quality. The registered office of SDSPL is situated at SIHL, Sector H-8/4, Islamabad.
- 1.4** Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad) was incorporated in Pakistan on February 28, 2019. The principal activity of the SNS Islamabad is to setup center of excellence of neuroscience at H-8, Islamabad which will cater the need of all over Pakistan related to neurological diseases and disorders. The registered office of SNS Islamabad is situated at SIHL, Sector H-8/4, Islamabad.
- 1.5** Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad) was incorporated in Pakistan on February 28, 2019. The principal activity of the SNH Faisalabad is to setup a secondary / tertiary healthcare hospital at Faisalabad which will provide healthcare facilities to the people of Faisalabad as well as surrounding areas. The registered office of the SNH Faisalabad is situated at SIHL, Sector H-8/4, Islamabad.
- 1.6** Shifa Medical Center Islamabad (Private) Limited (SMC Islamabad) was incorporated in Pakistan on February 28, 2019. SMC Islamabad has planned to setup an OPD, Day care surgeries and diagnostic services center at F-11 Islamabad which will provide healthcare facilities to people of F-11 as well as surrounding areas. The registered office of the SMC Islamabad is situated at SIHL, Sector H-8/4, Islamabad.
- 1.7** Shifa International-DWC LLC (SIDL) was incorporated in United Arab Emirates on December 16, 2019 as limited liability company. The principal activity of the SIDL which it may perform under the license issued by Dubai Activation City Corporation are Marketing and project management services. The registered office of the SIDL is situated at Business Centre Logistic City, Dubai Aviation City, P.O Box 390667, Dubai, UAE.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34: 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** These condensed interim consolidated financial statements are un-audited and are being submitted to the members in accordance with the requirements of Section 237 of the Companies Act 2017 (the Act) and the listing regulations of Pakistan Stock Exchange. These condensed interim consolidated financial statements do not include all of the information required for annual consolidated financial statements, and should be read in conjunction with the annual audited consolidated financial statements of the Group for the year ended June 30, 2021. Comparative condensed interim consolidated statement of financial position is extracted from annual consolidated financial statements as of June 30, 2021, whereas comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity are extracted from un-audited condensed interim consolidated financial statements for the nine months ended March 31, 2021.

## **2.3 Changes in accounting standards, interpretations and pronouncements**

### **2.3.1 Standards and amendments to approved accounting and reporting standards that are effective**

There were certain amendments to accounting and reporting standards which became mandatory for the Group during the period. However, the amendments did not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these condensed interim consolidated financial statements.

### **2.3.2 Standards and amendments to approved accounting and reporting standards that are not yet effective**

There are certain amendments to the accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2022. However, these amendments will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these condensed interim consolidated financial statements.

## **3 BASIS OF CONSOLIDATION**

These consolidated financial statements include the financial statements of SIHL and its subsidiaries, SDSPL 55% owned (June 2021: 55% owned), SNS Islamabad 100% owned (June 2021: 100% owned), SMC Islamabad 56% owned (June 2021: 56% owned), SNH Faisalabad 60% owned (June 2021: 60% owned) and SIDL 100% owned (June 2021: 100% owned).

### **Subsidiaries**

Subsidiary is an enterprise in which parent company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors.

The financial statements of each subsidiary is prepared for the same reporting period as the Parent Company, using consistent accounting policies. Material intra-group balances and transactions have been eliminated.

The assets and liabilities of subsidiary companies have been consolidated on a line by line basis. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

## 4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, related judgments, estimates and assumptions adopted for the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the consolidated audited financial statements of the Group for the year ended June 30, 2021 except the following:

During the current period the SIHL has introduced a pension fund benefit through onward monthly contribution into private pension scheme (defined contribution plan) in place of existing staff gratuity benefit (defined benefit plan) for its full time management employees (contractual and regular). In response till March 31, 2022 majority of management employees have opted the pension fund benefit and accordingly their gratuity obligations have been cleared from the SIHL gratuity fund. In this regard recent actuarial valuation was carried out on December 31, 2021 based on which SIHL's gratuity obligations has been reestimated. The employees who are currently covered under gratuity benefit not opting the pension benefit option will continue under gratuity scheme while new employee shall solely be covered under pension scheme after completing minimum eligibility criteria of their employment. Monthly pension contribution equal to 1/12th of eligible salary shall be made by the SIHL in employees' pension fund account maintained with designated asset management company that shall be recognized as expense in the condensed interim consolidated statement of profit or loss as and when they become due.

## 5 ACCOUNTING ESTIMATES AND JUDGEMENTS

- 5.1 The preparation of condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim consolidated financial statements.

- 5.2 Judgements and estimates made by the management in the preparation of these condensed interim consolidated financial statements are the same as those that were applied to the annual audited consolidated financial statements as at and for the year ended June 30, 2021.

## 6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Ordinary shares of Rs.10 each.

| Un-audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |                                       | Un-audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|---------------------------------|-----------------------------|---------------------------------------|---------------------------------|-----------------------------|
| Numbers                         |                             |                                       | (Rupees in '000')               |                             |
| 61,974,886                      | 61,974,886                  | Opening balance                       | 619,749                         | 619,749                     |
| 1,239,497                       | -                           | Bonus shares issued during the period | 12,395                          | -                           |
| 63,214,383                      | 61,974,886                  | Closing balance                       | 632,144                         | 619,749                     |

- 6.1 During the period, SIHL issued bonus shares at the rate of 2% in proportion of one ordinary share for every fifty shares held (total 1,239,497 bonus shares having face value of Rs. 10 each) as approved in Annual General Meeting held on October 28, 2021.

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

## 7 SHARE PREMIUM

During the period, SIHL issued bonus shares from share premium at the rate of 2% in proportion of one ordinary share for every fifty shares held.

|   |      | Un-audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|---|------|---------------------------------|-----------------------------|
|   | Note | (Rupees in '000')               |                             |
| <b>8 LONG TERM FINANCING - SECURED</b>                |      |                                 |                             |
| <b>From banking companies:</b>                        |      |                                 |                             |
| Syndicated Islamic Finance Facility                   | 8.1  | 1,426,444                       | 1,854,086                   |
| Diminishing Musharakah Facility-1                     | 8.2  | 296,517                         | 434,274                     |
| Diminishing Musharakah Facility-2                     | 8.3  | 458,333                         | 500,000                     |
| Refinance Facility to Combat COVID-19 (RFCC)          | 8.4  | 32,956                          | -                           |
| Islamic Refinance Facility to Combat COVID-19 (IRFCC) | 8.5  | 136,502                         | 127,789                     |
| Deferred income - Government grant                    |      | 22,690                          | 25,526                      |
|   |      | 159,192                         | 153,315                     |
| Islamic Refinance Facility to Combat COVID-19 (IRFCC) | 8.6  | 36,670                          | -                           |
| Deferred income - Government grant                    |      | 9,436                           | -                           |
|   |      | 46,106                          | -                           |
| State Bank of Pakistan (SBP) - refinance scheme       | 8.7  | 431,719                         | 780,354                     |
| Deferred income - Government grant                    |      | 12,502                          | 44,101                      |
|   |      | 444,221                         | 824,455                     |
|   |      | 2,863,769                       | 3,766,130                   |
| Less: Current portion                                 |      | 1,454,330                       | 1,405,722                   |
|   |      | 1,409,439                       | 2,360,408                   |

**8.1** This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on profit rate basis at 3 months KIBOR plus 0.85% (June 2021: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly installments. The SIHL has availed the loan facility upto the total sanctioned limit of Rs. 2,000 million which shall be repaid by August 22, 2024. The financing is secured by ranking charge upgraded into first pari passu charge of Rs. 2,667 million on all present and future SIHL's movable fixed assets and land / building located at H-8/4, Islamabad. Meezan Bank Limited has the custody of original ownership documents of the SIHL's land located at sector H-8/4 Islamabad.

**8.2** This represents a long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 449.5 million (June 2021: Rs. 442.9 million). Principal amount is repayable in 36 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.80% (June 2021: 3 months KIBOR plus 0.80%) per annum. The financing is secured by first exclusive charge of Rs. 781.3 million against equipment / machinery. The unavailed limit of this facility is Rs. 20.7 million (June 2021: Rs. 19.6 million). This also includes a long term Islamic finance facility obtained under the Diminishing Musharakah basis from First Habib Modaraba of Rs. 49.8 million (June 2021: Rs. 37.6 million). Principal amount is repayable in 60 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.70% (June 2021: 3 months KIBOR plus 0.70%) per annum. The unavailed limit of this facility is Rs. 20.2 million (June 2021: Rs. 32.4 million).

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

- 8.3** This represents a long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million (June 2021: Rs. 500 million). Principal amount shall be repaid by October 01, 2024 in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.85% (June 2021: 3 months KIBOR plus 0.85%) per annum. The financing is secured by first pari passu charge of Rs. 667 million on all present and future fixed assets of the SIHL.
- 8.4** This represents a long term finance facility obtained from United Bank Limited of Rs. 32.9 million (June 2021: Nil). Principal amount shall be repaid by September 14, 2026 in 18 equal quarterly installments carrying markup rate at 3 months KIBOR plus 0.85% (June 2021: 3 months KIBOR plus 0.85%) per annum. The financing is secured by first pari passu charge of Rs. 267 million over fixed assets (excluding land and building) of the SIHL. Since the bank is in process of obtaining refinance from State Bank of Pakistan and hence no government grant was recognized at reporting date. The unavailed limit of this facility is Rs. 167.1 million (June 2021: Rs. 200 million).
- 8.5** This represents a long term Islamic finance facility obtained from Meezan Bank Limited of Rs.200 million (June 2021: Rs. 153.3 million) for the purpose of import / purchase of medical equipment / machinery to combat COVID-19 under State Bank of Pakistan IRFCC scheme. Principal amount shall be repaid by December 29, 2025 in 18 equal quarterly installments with no profit rate. The financing is secured by first pari passu hypothecation charge of Rs. 267 million on all present and future fixed assets of the SIHL (excluding land and building). Since the financing under SBP refinance scheme carries no profit rate, the loan has been recognized at present value using effective profit rate of 3 months KIBOR plus 0.85% along with the recognition of government grant. The unavailed limit of this facility is Rs. Nil (June 2021: Rs. 34.9 million).
- 8.6** This represents a long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 46.0 million (June 2021: Nil) for the purpose of import / purchase of medical equipment / machinery to combat COVID-19 under State Bank of Pakistan IRFCC scheme. Principal amount shall be repaid in 9 equal half yearly installments with profit rate of 1% per annum. The facility is secured by ranking charge of Rs. 55 million over equipment / machinery against DM IRFCC. Since the financing under SBP refinance scheme carries the profit rate below the market rate, the loan has been recognized at present value using effective profit rate of 6 month KIBOR plus 1% along with the recognition of government grant. The unavailed limit of this facility is Rs. Nil (June 2021: Rs. 17.4 million).
- 8.7** This represents long term finance facility aggregating to Rs. 1,012.2 million (June 2021: Rs. 1,012.2 million) obtained from United Bank Limited under the State Bank of Pakistan's (SBP) temporary refinance scheme for payment of wages and salaries to the workers and employees of business concerns to support payment of salaries and wages under economic challenges due to COVID-19. The SIHL has availed the financing in six tranches from April 2020 to September 2020 at a subsidized markup rate of 0.85% per annum. The financing is repayable in 08 equal quarterly installments starting from January 2021 and shall be fully settled by January 31, 2023. The facility is secured by first pari passu charge of Rs. 1,333.3 million over fixed assets (excluding land and building) of the SIHL. According to the terms of the financing, the SIHL was prohibited to lay-off the employees for at least six months from April 2020 to September 2020 of receiving the grant. Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognized at present value using effective interest rate of 3 month KIBOR plus 0.85% along with the recognition of government grant.

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

|  | Un-audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|--|---------------------------------|-----------------------------|
|  | (Rupees in '000')               |                             |
| <b>8.8 Movement during the period / year</b> |                                 |                             |
| Opening balance                              | 3,766,130                       | 3,431,658                   |
| Proceeds during the period / year            | 132,315                         | 716,080                     |
| Repayment during the period / year           | (1,034,676)                     | (381,608)                   |
| Closing balance                              | 2,863,769                       | 3,766,130                   |

## 9 CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

**9.1.1** Claims aggregating to Rs. 3 million (June 2021: Rs. 3 million) are pending before Peshawar and Islamabad High Courts by patients / others against the SIHL for alleged negligence on part of the consultants / doctors etc. The management of the SIHL is contesting these claims and believes that the contention of the claimants will not be successful and no material liability is likely to arise.

**9.1.2** The penalty of Rs. 20 million (June 2021: Rs. 20 million) imposed on June 06, 2012 by Competition Commission of Pakistan (CCP) to each Gulf Cooperation Council's (GCC) Approved Medical Centers (GAMCs) including SIHL on account of alleged non- competitive practice / B363 arrangement of territorial division and equal allocation of GAMCs customers. Management of the SIHL and other GAMCs are jointly contesting the matter which is pending before the August Supreme Court of Pakistan and firmly believe that the case will be decided in favor of the GAMCs including SIHL.

**9.1.3** The guarantees issued by banks in favor of Sui Northern Gas Pipelines Limited (SNGPL), Oil and Gas Development Company Limited (OGDCL) and Pakistan Telecommunication Company Limited (PTCL) of aggregate sum of Rs. 43.35 million ( June 2021: Rs. 43.35 million) on behalf of the SIHL in its ordinary course of business.

### 9.2 Contingencies related to income tax and sales tax are as follows:

**9.2.1** Tax authorities has amended the assessments for tax years 2012, 2013, 2014, 2015 and 2019 under section 122(5A) of Income Tax Ordinance, 2001 (the Ordinance) and raised tax demands of Rs. 50.4 million, Rs. 133.3 million, Rs. 85.5 million, Rs. 26.1 million and Rs. 37 million respectively. Being aggrieved the SIHL agitated the assessments in appeals before the Commissioner Inland Revenue (Appeals) [CIR(A)] who in respect of tax years 2012 to 2014 and 2019 partly confirmed the assessments and partly allowed relief to the SIHL while confirmed the assessment for tax year 2015. The SIHL being aggrieved filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue [ATIR] for tax year 2012 to 2015 which are pending adjudications. For tax year 2016 ATIR set aside the assessment for denovo consideration. On reassessment AdCIR has completed the assessments under section 124/122(5A) for tax years 2012, 2013 and 2016 and raised a demand of Rs. 6.4 million, Rs. 97 million and Rs. 85.4 million as on June 30, 2021 as against the original tax demand of Rs. 50.4 million, Rs. 133.3 million and Rs. 566.2 million for the said years. Being not satisfied with the order of AdCIR, the SIHL filed appeals before CIR(A) for the said years who remanded back the assessments to the assessing officers. Being aggrieved the SIHL filed an appeal before ATIR for tax year 2016 which is pending adjudication. No provision has been recorded in respect of above matters as the management is hopeful for favorable outcome.

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

- 9.2.2** Tax authorities levied tax of Rs. 178.4 million, Rs. 27.4 million and Rs. 29.2 million under section 161/205 of the Ordinance for tax year 2014, 2013 and 2012 respectively on account of alleged non deduction of tax on payments. Being aggrieved the SIHL agitated the assessments in appeals before the CIR(A) who in respect of tax year 2012 has deleted the assessment vide order dated July 09, 2020, while set aside the assessment for tax year 2013 on October 02, 2019 and confirmed the assessment for tax year 2014 through his order dated April 30, 2018. The SIHL being aggrieved filed appeals against the appellate orders for tax year 2013 and 2014 before ATIR where appeal for tax year 2013 is pending adjudication while ATIR has set aside the assessment for tax year 2014 for denovo consideration, hence no demand is outstanding as of today. The SIHL is confident for a favorable outcome and therefore, no provision in respect of above matters has been recorded.
- 9.2.3** Tax authorities amended the assessments for tax years 2012, 2013 and from 2015 to 2017 u/s 122(5) of the Ordinance and raised aggregate tax demand of Rs. 1,350.9 million. Being aggrieved the SIHL agitated the assessments in appeals before the CIR(A) who annulled all the assessment orders and hence demand stand deleted. Being dissatisfied with order of the CIR(A), the tax department has filed appeal before ATIR on November 15, 2018, which is pending adjudication. No provision has been recorded in respect of above as the management is hopeful for favorable outcome.
- 9.2.4** The Assistant Commissioner Inland Revenue (ACIR) has amended the SIHL's assessment for tax year 2014 and 2015 u/s 221 of the Ordinance which has resulted an aggregate tax demand of Rs. 11.8 million. Being aggrieved, the SIHL has filed appeals before CIR (A) who remanded back the said assessments to ACIR on November 30, 2017. The SIHL as well as the tax department have filed cross appeals against the CIR(A) order before the ATIR, which are pending adjudication. The SIHL is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded.
- 9.2.5** Tax authorities amended the assessment for tax year 2014 u/s 177 of the Ordinance on June 29, 2019 and raised a tax demand of Rs. 1,143.8 million. Being aggrieved the SIHL agitated the assessment in appeal on July 22, 2019 before the CIR (A) who annulled the assessment order on October 02, 2019 and hence tax demand stand deleted as of today. The tax department has filed an appeal before ATIR, against the decision of CIR(A). The SIHL is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded.
- 9.2.6** Tax authorities raised a sales tax demand of Rs. 44.4 million, Rs. 56.2 million, Rs. 57.4 million, Rs. 55.9 million and Rs. 11.3 million under section 33 and 34 of the Sales Tax Act, 1990 on account of alleged non-payment of sales tax for tax years 2016 to 2020 respectively. Being aggrieved the SIHL agitated the assessments in appeals before CIR(A). For tax year 2018 and 2020 CIR(A) partially confirmed the judgements of DCIR. Being aggrieved SIHL has filed appeals before ATIR for both the years who in respect of tax year 2018 partially confirmed the assessment and partly allowed relief to the SIHL whereas appeal for tax year 2020 is pending adjudication. For tax years 2016, 2017 and 2019 appeals before CIR(A) are pending adjudications. The SIHL is confident for a favorable outcome in respect of the above matters. Therefore, no provision in respect of this matter has been recorded.



# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

|               |  | Un-audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|---------------|--|---------------------------------|-----------------------------|
|               | Note   | (Rupees in '000')               |                             |
| <b>9.3</b>    | <b>Commitments</b>   |                                 |                             |
|               | Capital expenditure contracted                             | 141,381                         | 45,109                      |
|               | Letters of credit  | 150,501                         | 79,116                      |
| <b>10</b>     | <b>PROPERTY, PLANT AND EQUIPMENT</b>                       |                                 |                             |
|               | Operating fixed assets                                     | 10.1 8,707,796                  | 9,040,875                   |
|               | Capital work in progress                                   | 10.2 1,440,081                  | 822,691                     |
|               | Right of use assets  | 10.3 586,974                    | 362,342                     |
|               |  | 10,734,851                      | 10,225,908                  |
| <b>10.1</b>   | <b>Operating fixed assets</b>                              |                                 |                             |
|               | Written down value (WDV) at beginning of the period / year | 9,040,875                       | 8,999,039                   |
|               | Additions  | 10.1.1 195,010                  | 731,935                     |
|               | Revaluation  | -                               | 298,914                     |
|               | Reclassified as held for sale                              | -                               | (292,072)                   |
|               |  | 9,235,885                       | 9,737,816                   |
|               | WDV of disposals   | (1,658)                         | (455)                       |
|               | WDV of assets written off                                  | (246)                           | (977)                       |
|               | Depreciation for the period / year                         | (526,185)                       | (695,509)                   |
|               | WDV at the end of the period / year                        | 8,707,796                       | 9,040,875                   |
| <b>10.1.1</b> | <b>Additions to operating fixed assets</b>                 |                                 |                             |
|               | Freehold land  | -                               | 293,968                     |
|               | Leasehold improvements                                     | 22,586                          | -                           |
|               | Biomedical equipment                                       | 57,188                          | 315,539                     |
|               | Air conditioning equipment and machinery                   | 5,050                           | 28,867                      |
|               | Electrical and other equipment                             | 37,061                          | 38,632                      |
|               | Furniture and fittings                                     | 8,236                           | 11,857                      |
|               | Construction equipment                                     | 176                             | -                           |
|               | Computer installations                                     | 39,237                          | 32,370                      |
|               | Vehicles   | 25,476                          | 10,702                      |
|               |  | 195,010                         | 731,935                     |
| <b>10.2</b>   | <b>Capital work in progress</b>                            |                                 |                             |
|               | Opening capital work in progress                           | 822,691                         | 495,993                     |
|               | Additions during the period / year                         | 641,973                         | 596,710                     |
|               | Transferred to operating fixed assets                      | (24,583)                        | (270,012)                   |
|               | Closing capital work in progress                           | 10.2.1 1,440,081                | 822,691                     |

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

|  | Un-audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|--|---------------------------------|-----------------------------|
|  | (Rupees in '000')               |                             |
| <b>10.2.1 Capital work in progress</b>                                     |                                 |                             |
| Construction work  | 1,016,005                       | 549,275                     |
| Stores held for capital expenditure  | 976                             | 976                         |
| Installation of equipment  | 423,100                         | 272,440                     |
|  | <b>1,440,081</b>                | <b>822,691</b>              |
| <b>10.3 Right of use assets</b>  |                                 |                             |
| Balance at beginning of the period / year                                  | 362,342                         | 395,117                     |
| Additions during the period / year   | 348,017                         | 112,520                     |
| WDV of disposal during the period / year                                   | (1,810)                         | -                           |
| Depreciation for the period / year   | (121,575)                       | (145,295)                   |
| Balance at end of the period / year  | <b>586,974</b>                  | <b>362,342</b>              |
| <b>11 LONG TERM INVESTMENT</b>   |                                 |                             |
| <b>Shifa Care (Private) Limited (SCPL) - Associated Company (unquoted)</b> |                                 |                             |
| Balance at the beginning of the period / year                              | 35,961                          | 22,472                      |
| Addition during the period / year  | -                               | 15,000                      |
| Share in loss for the period / year  | (2,352)                         | (1,511)                     |
| Balance at the end of the period / year                                    | <b>33,609</b>                   | <b>35,961</b>               |

This represents investment in 4,500,050 (June 2021: 4,500,050) fully paid ordinary shares of Rs. 10 each of SCPL. The above investment in ordinary shares represents 50% (June 2021: 50%) shareholding in SCPL held by the SIHL.

|  | Un-audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|--|---------------------------------|-----------------------------|
|  | (Rupees in '000')               |                             |
| <b>12 TRADE DEBTS</b>                      |                                 |                             |
| Related party - Shifa Foundation           | 16,832                          | 17,139                      |
| Related party - SIHT (Private) Limited     | 25,587                          | 24,335                      |
| Others                                     | 1,529,011                       | 1,058,447                   |
|  | <b>1,571,430</b>                | <b>1,099,921</b>            |
| Less: allowance for expected credit losses | 266,170                         | 195,881                     |
|  | <b>1,305,260</b>                | <b>904,040</b>              |

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

|    |                 | Un-audited            |           |                           |            |
|----|-----------------|-----------------------|-----------|---------------------------|------------|
|    |                 | For the quarter ended |           | For the nine months ended |            |
|    |                 | March 31,             | March 31, | March 31,                 | March 31,  |
|    |                 | 2022                  | 2021      | 2022                      | 2021       |
| 13 | NET REVENUE     | (Rupees in '000')     |           |                           |            |
|    | Inpatients      | 2,360,284             | 2,323,021 | 7,380,594                 | 6,354,329  |
|    | Outpatients     | 1,483,542             | 1,409,069 | 4,123,336                 | 3,713,941  |
|    | Other services  | 233,034               | 221,398   | 735,252                   | 620,280    |
|    |                 | 4,076,860             | 3,953,488 | 12,239,182                | 10,688,550 |
|    | Less: discount  | 32,606                | 37,805    | 98,286                    | 89,236     |
|    | Less: sales tax | 10,405                | 5,177     | 21,916                    | 14,256     |
|    | Net revenue     | 4,033,849             | 3,910,506 | 12,118,980                | 10,585,058 |

| 14 | EARNINGS PER SHARE - BASIC AND DILUTED                                | Note | Un-audited         |                      |
|----|---|------|--------------------|----------------------|
|    |   |      | March 31,          | March 31,            |
|    |   |      | 2022               | 2021                 |
|    |   |      | (Rupees in '000')  |                      |
|    | Profit after taxation for the period                                  |      | 1,047,137          | 567,082              |
|    |   |      | (Numbers in '000') |                      |
|    | Weighted average number of ordinary shares in issue during the period | 14.1 | 63,214             | (Restated)<br>63,214 |
|    |   |      | (Rupees)           |                      |
|    | Earnings per share - basic and diluted                                |      | 16.56              | (Restated)<br>8.97   |

**14.1** Weighted average number of ordinary shares has been calculated on the basis of time factor of shares outstanding during the period.

**14.2** Basic earnings per share previously reported at Rs. 9.15 in the condensed interim consolidated financial statements for the nine months ended March 31, 2021.

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

## 15 RELATED PARTY TRANSACTIONS

The related parties comprise of associates, directors, major shareholders, key management personnel, SIHL Employees' Gratuity Fund and the entities over which directors are able to exercise influence.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers its chief executive officer, chief financial officer, company secretary, directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Other transactions / balances with the related parties are given below:

|  | <b>Un-audited</b>         |                           |
|--|---------------------------|---------------------------|
|  | <b>March 31,<br/>2022</b> | <b>March 31,<br/>2021</b> |
|  | <b>(Rupees in '000')</b>  |                           |
| <b>Transactions</b>  |                           |                           |
| <b>Shifa Foundation (related party by virtue of common directorship)</b>                 |                           |                           |
| Revenue from services earned by the SIHL   | <b>13,463</b>             | 9,731                     |
| Expenses paid by and reimbursed to the SIHL  | <b>494</b>                | 473                       |
| Other services provided to the SIHL  | <b>-</b>                  | 3,242                     |
| <b>Tameer-e-Millat Foundation (related party by virtue of common directorship)</b>       |                           |                           |
| Revenue from rent earned by the SIHL   | <b>233</b>                | 233                       |
| Supplies provided to the SIHL  | <b>62,753</b>             | 66,071                    |
| Other services provided to the SIHL  | <b>23,961</b>             | 13,601                    |
| Rental services received by the SIHL   | <b>4,205</b>              | 3,706                     |
| <b>Shifa Tameer-e-Millat University (related party by virtue of common directorship)</b> |                           |                           |
| Revenue from services earned by the SIHL   | <b>14,831</b>             | 9,587                     |
| Revenue from rent earned by the SIHL   | <b>2,398</b>              | 2,180                     |
| Other services provided to the SIHL  | <b>40,335</b>             | 50,642                    |
| Expenses paid by and reimbursed to the SIHL  | <b>2,187</b>              | 2,372                     |
| <b>SIHT (Private) Limited (related party by virtue of common directorship)</b>           |                           |                           |
| Revenue from services earned by the SIHL   | <b>238,950</b>            | 260,371                   |
| Expenses paid by and reimbursed to the SIHL  | <b>4,756</b>              | 5,834                     |
| Other services provided to the SIHL  | <b>17,724</b>             | 16,603                    |
| <b>Shifa Care (Private) Limited (associate and common directorship)</b>                  |                           |                           |
| Investment made by the SIHL in Nil (March 2021: 1,500,000) ordinary shares               | <b>-</b>                  | 15,000                    |
| Other services provided by the SIHL  | <b>1,776</b>              | 600                       |
| Expenses paid by and reimbursed to the SIHL  | <b>-</b>                  | 50                        |

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

## SIHL Employees' Gratuity Fund (benefit plan)

Payment made by the SIHL during the period

## Remuneration including benefits and perquisites of key management personnel

## Balances

Shifa Foundation - receivable

Tameer-e-Millat Foundation - payable

Shifa Tameer-e-Millat University - payable

SIHT (Private) Limited - receivable

SIHL Employees' Gratuity Fund - payable

| Un-audited                      |                             |
|---------------------------------|-----------------------------|
| March 31,<br>2022               | March 31,<br>2021           |
| (Rupees in '000')               |                             |
| 238,641                         | 82,910                      |
| 295,721                         | 235,619                     |
| Un-audited<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
| (Rupees in '000')               |                             |
| 16,832                          | 17,139                      |
| 11,803                          | 13,073                      |
| 1,995                           | 5,041                       |
| 25,587                          | 24,335                      |
| 154,651                         | 251,594                     |

## 16 CASH AND CASH EQUIVALENTS

Other financial assets - at amortized cost

Cash and bank balances

| Un-audited        |                   |
|-------------------|-------------------|
| March 31,<br>2022 | March 31,<br>2021 |
| (Rupees in '000') |                   |
| 207,673           | 3,000             |
| 2,469,121         | 2,639,180         |
| 2,676,794         | 2,642,180         |

## 17 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended June 30, 2021. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the consolidated audited financial statements of the Group for the year ended June 30, 2021.

## 18 IMPACT OF COVID-19 (CORONA VIRUS)

Due to prevailing COVID-19 situation a vigilant approach is adopted to cater the business risks. The management of the Group has evaluated and concluded that there are no implications of COVID-19 that require adjustment and specific disclosure in these condensed interim consolidated financial statements.

## 19 EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the SIHL in its meeting held on April 28, 2022 proposed first interim dividend of Rs.1.5 per share.

# SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2022

## 20 GENERAL

- 20.1** Figures have been rounded off to the nearest one thousand Pak Rupees unless otherwise stated.
- 20.2** The comparative figures have been rearranged/reclassified, wherever necessary for the purpose of comparison. However, these are not considered material enough to be disclosed separately.
- 20.3** These condensed interim consolidated financial statements have been approved and authorized for issue by the Board of Directors of the SIHL on April 28, 2022.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER





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