



Shifa
International
Hospitals Ltd.



CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

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COMPANY INFORMATION

Board of Directors

Dr. Habib Ur Rahman	Chairman
Dr. Zeeshan Bin Ishtiaque	CEO
Dr. Manzoor H. Qazi	Director
Mr. Muhammad Zahid	Director
Mr. Qasim Farooq Ahmad	Vice Chairman
Dr. Samea Kauser Ahmad	Director
Syed Ilyas Ahmed	Independent Director
Prof. Dr. Shoab Ahmed Khan	Director
Dr. Mohammad Naseem Ansari	Independent Director
Mr. Javed K. Siddiqui	Independent Director

Audit Committee

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

Human Resource & Remuneration Committee

Syed Ilyas Ahmed	Chairman
Dr. Habib Ur Rahman	Member
Dr. Manzoor H. Qazi	Member
Dr. Mohammad Naseem Ansari	Member
Mr. Qasim Farooq Ahmad	Member

Corporate Governance & Nominations Committee

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

Risk Management Committee

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



Chief Medical Officer

Dr. Khawaja Junaid Mustafa

Chief Operating Officer

Mr. Taimoor Shah

Chief Financial Officer

Mr. Shams Ur Rehman Abbasi

Company Secretary

Mr. Muhammad Naeem

Head of Internal Audit

Mr. Muhammad Saeed

Auditors

M/s BDO Ebrahim & Co.
Chartered Accountants

Legal Advisor

M/s Bashir Ahmad Ansari & Company

Share Registrar

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

Registered Office

Sector H-8/4, Islamabad

Bankers

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



DIRECTORS' REVIEW

IN THE NAME OF ALLAH, THE MOST BENEVOLENT, THE MOST GRACIOUS

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the Condensed Interim Unconsolidated and Consolidated Financial Statements of the Company for the nine months' period ended March 31, 2023.

The financial highlights of the Company are as under:

Financial Highlights	(Rs. in millions) Nine months period ended March 31,					
	2023	2022	Change %	2023	2022	Change %
	UNCONSOLIDATED			CONSOLIDATED		
Net revenue	14,715	12,124	21	14,714	12,119	21
Operating profit	1,964	1,621	21	1,987	1,590	25
Profit after tax	1,153	1,057	9	1,161	1,028	13
Earnings per share-Rs.	18.24	16.72	9	18.44	16.56	11

During the period under review net revenue increased by 21% as compared to the same period of last year. Operating costs were raised from Rs. 10,915 million to Rs. 13,250 million in accordance with the growth in revenue, high inflation and dollar-to-rupee parity. Further, increase in policy rate also led to higher finance costs as compared to the same period of last year. Furthermore, a substantial increase in other income is primarily the result of the dollar's strengthening against the rupee. Despite the adverse macro-economic conditions, the Company's earnings per share improved to Rs. 18.24 from Rs. 16.72 as compared to the corresponding period of last year.

The Company has continued with the operationalizing plan for Dar-ul-Shifa building, situated across the main facility (Hospital H-8). During the period under review, we have commissioned the oncology ward with inpatient beds. New chemo pharmacy is also under commissioning process. We worked to expand surgery clinics, cardiology clinics and ophthalmology clinics in the H-8 main facility.

The Board welcomes Dr. Zeeshan Bin Ishtiaque's appointment as the Company's CEO and looks forward to the fresh ideas and perspectives he will bring to the Company. Further, we would like to express our gratitude to Dr. Manzoor H. Qazi, the Company's outgoing CEO, for all of his efforts, commitment and overall performance. Dr. Qazi will remain serving on the Board of the Company.

Future Outlook

Digital health is a rapidly growing industry with tremendous potential, and the Company considers it important to invest in this area to remain competitive and provide patients with the best possible care. In this regard, the Board of Directors of the Company have, in their meeting held in April 2023 resolved to acquire 50% stakes of SIHT (Private) Limited (a wholly owned subsidiary of Shifa Foundation) from Shifa Foundation. SIHT (Private) Limited operates under the brand name eShifa and it became the Joint Commission International (JCI) accredited home health care organization due to high standards & quality of service.

The Board of Directors is optimistic and determined to maintaining the Company's profitability despite the challenging macroeconomic environment and growing inflation.

Acknowledgement

The Board would like to thank its senior leadership, staff, consultants, and strategic partner for their dedication, tenacity, and contributions throughout tough times. The Board also thanks all stakeholders for their ongoing assistance and cooperation, including patients, vendors, strategic partners, banks, regulators and shareholders.

For and on behalf of the Board of Directors



DR. ZEESHAN BIN ISHTIAQUE
Chief Executive Officer

Islamabad
April 27, 2023



DR. MANZOOR H. QAZI
Director

بورڈ، ڈاکٹر ذیشان بن اشیتاق کو کمپنی کے سی ای او بننے پر خوش آمدید کرتا ہے ان کے نئے خیالات اور نقطہ نظر کا منظر ہے جو وہ کمپنی میں لائیں گے۔ مزید، ہم کمپنی کے سبکدوش ہونے والے سی ای او ڈاکٹر منظور ایچ قاضی کا ان کی تمام کوششوں، عزم اور مجموعی کارکردگی کے لئے شکر گزار ہیں۔ ڈاکٹر منظور ایچ قاضی بورڈ ممبر کے طور پر اپنی ذمہ داریاں سرانجام دیتے رہیں گے۔

مستقبل کا منظر نامہ

ڈیجیٹل ہیلتھ ایک اُبھرتی ہوئی صنعت ہے جس میں زبردست صلاحیت ہے اور کمپنی مسابقتی رہنے اور مریضوں کو بہترین ممکنہ دیکھ بھال فراہم کرنے کے لئے اس شعبے میں سرمایہ کاری کرنا اہم سمجھتی ہے۔ اس سلسلے میں، کمپنی کے بورڈ آف ڈائریکٹرز نے اپریل 2023 میں ہونے والی اپنی میٹنگ میں SIHT (Private) Limited (شفا فاؤنڈیشن کی مکمل ملکیتی ذیلی کمپنی) شفا فاؤنڈیشن سے 50 فیصد حصص حاصل کرنے کا فیصلہ کیا ہے۔ SIHT (Private) Limited ای شفا کے برانڈ کے تحت کام کرتا ہے اور صحت کی دیکھ بھال کے کاروبار میں اعلیٰ معیار اور معیاری خدمات کی وجہ سے جنوبی ایشیا کا پہلا اور واحد جوائنٹ کمیشن انٹرنیشنل (JCI) کا تسلیم شدہ ہوم ہیلتھ ڈیجیٹل نیٹ ورک بن گیا ہے۔

بورڈ آف ڈائریکٹرز چیکنگ میکر و اکناک ماحول اور بڑھتی ہوئی افراط زر کے باوجود کمپنی کے منافع کو برقرار رکھنے کے لیے پُر امید اور پُر عزم ہے۔

اظہار تشکر

بورڈ اپنے سینئر قیادت، عملے، کنسلٹنٹس اور تزویراتی شراکت داروں کا ان کی لگن، ثابت قدمی اور مشکل وقت میں تعاون کے لئے ان کا شکر گزار ہے۔ بورڈ اپنے تمام متعلقین کی مدد اور تعاون، بشمول مریضوں، سپلائرز، تزویراتی شراکت داروں، بینکوں، ریگولیٹرز اور حصہ داروں کا بھی شکریہ ادا کرتا ہے۔

برائے اور بجانب بورڈ آف ڈائریکٹرز

Maryam

ڈاکٹر منظور ایچ قاضی
ڈائریکٹر

Dr. Zishan

ڈاکٹر ذیشان بن اشیتاق
چیف ایگزیکٹو آفیسر

اسلام آباد

27 اپریل 2023

ڈائریکٹرز کا جائزہ

شروع کرتا ہوں اللہ کے نام سے جو بڑا مہربان نہایت رحم کرنے والا ہے۔

معزز حصص داران،

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 مارچ 2023 کو ختم ہونے والے نو ماہ کے اختتام پر کمپنی کے انضمام کردہ اور انفرادی عبوری مالیاتی نتائج کا خلاصہ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

کمپنی کی مالی جھلکیاں درج ذیل ہے۔

(روپے ملین میں)						مالیاتی جھلکیاں
31 مارچ کو ختم ہونے والے نو ماہ						
تبدیلی فیصد	2022	2023	تبدیلی فیصد	2022	2023	
انضمام کردہ			انفرادی			
21	12,119	14,714	21	12,124	14,715	خالص آمدنی
25	1,590	1,987	21	1,621	1,964	آپریٹنگ منافع
13	1,028	1,161	9	1,057	1,153	منافع بعد از ٹیکس
11	16.56	18.44	9	16.72	18.24	فی شیئر آمدنی (روپے میں)

زیر جائزہ مدت کے دوران گزشتہ سال کی اسی مدت کے مقابلے میں خالص آمدنی میں مجموعی طور پر 21 فیصد اضافہ ہوا۔ آمدنی میں اضافہ کے ساتھ آپریٹنگ لاگت 10,915 ملین روپے سے بڑھ کر 13,250 ملین روپے ہو گئی ہے جس کی بنیادی وجہ اعلیٰ افراط زر اور ڈالر کی قیمت میں اضافہ۔ مزید یہ کہ پالیسی کی شرح میں اضافہ بھی گزشتہ سال کے اسی مدت کے مقابلے میں زیادہ مالیاتی اخراجات کا باعث بنا۔ مزید برآں، دیگر آمدنی میں خاطر خواہ اضافہ بنیادی طور پر روپے کے مقابلے میں ڈالر کی مضبوطی کا نتیجہ ہے۔ منفی میکر واکنا مک حالات کے باوجود، گزشتہ سال اسی مدت کے مقابلے میں فی شیئر آمدنی 16.72 روپے سے بڑھ کر 18.24 روپے ہو گئی۔

کمپنی نے مرکزی سہولت (ہسپتال H-8) میں واقع دارالشفاء کی عمارت کے آپریشنل پلان کو جاری رکھا ہوا ہے جو مرکزی سہولت (ہسپتال H-8) کے سامنے واقع ہے۔ زیر جائزہ مدت کے دوران ہم نے آنکولوجی وارڈ کو داخلی مریضوں کے لئے استعمال کرنا شروع کر دیا ہے۔ نئی کیوفارمیسی شروع ہونے کے مراحل میں ہے۔ ہسپتال H-8 مرکزی سہولت میں سرجری کلینکس، کارڈیولوجی کلینک اور آپتھلمولوجی کلینکس میں توسیع پر بھی کام کیا ہے۔





CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL
STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED
MARCH 31, 2023

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2023

	Note	Un-audited March 31, 2023	Audited June 30, 2022
(Rupees in '000')			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (June 2022: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital		632,144	632,144
Capital reserves			
Share premium		2,738,888	2,738,888
Surplus on revaluation of property, plant and equipment		939,279	867,283
Revenue reserves			
Unappropriated profits		6,497,160	5,411,656
		10,807,471	9,649,971
NON - CURRENT LIABILITIES			
Long term financing - secured	5	1,006,276	1,273,101
Deferred liabilities		352,950	342,828
Lease liabilities		517,686	694,285
		1,876,912	2,310,214
CURRENT LIABILITIES			
Trade and other payables		4,559,135	3,587,444
Unclaimed dividend		37,057	40,778
Markup accrued		49,065	35,658
Current portion of long term financing - secured	5	905,715	1,334,536
Current portion of lease liabilities		318,084	253,452
		5,869,056	5,251,868
		18,553,439	17,212,053
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.


 CHIEF EXECUTIVE

		Un-audited March 31, 2023	Audited June 30, 2022
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	7	7,200,761	7,134,172
Intangible assets		42,098	53,365
Investment property - at cost	8	748,449	-
Long term investments - at cost	9	4,614,217	3,918,618
Long term deposits		89,812	85,324
		12,695,337	11,191,479
CURRENT ASSETS			
Stores, spare parts and loose tools		258,570	210,189
Stock-in-trade		1,012,934	711,968
Trade debts	10	1,814,347	964,769
Loans and advances		181,923	235,814
Deposits, prepayments and other receivables		276,067	296,043
Markup accrued		734	2,129
Other financial assets		300,082	513,235
Tax refunds due from the government (net of provision)		314,810	448,042
Cash and bank balances		1,698,635	2,317,432
		5,858,102	5,699,621
Non - current assets held for sale		-	320,953
		18,553,439	17,212,053


DIRECTOR



CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

	Note	Nine months period ended		Three months period ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
(Rupees in '000')					
Net revenue	11	14,714,498	12,123,893	5,181,186	4,037,055
Other income		539,654	428,330	259,684	125,806
Operating costs		(13,250,407)	(10,915,272)	(4,596,806)	(3,722,495)
Finance costs		(342,227)	(276,006)	(113,686)	(96,951)
Expected credit loss on financial assets		(39,554)	(16,113)	(15,161)	(7,529)
Profit before taxation		1,621,964	1,344,832	715,217	335,886
Provision for taxation		(469,096)	(288,062)	(183,839)	(69,425)
Profit after taxation		1,152,868	1,056,770	531,378	266,461
Earnings per share - basic and diluted (Rupees)	12	18.24	16.72	8.41	4.22

The annexed notes 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR




CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

	Nine months period ended		Three months period ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rupees in '000')			
Profit after taxation	1,152,868	1,056,770	531,378	266,461
Other comprehensive income				
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)	-	-
Surplus on revaluation of land	99,454	-	-	-
Total comprehensive income for the period	1,252,322	1,056,050	531,378	266,461

The annexed notes 1 to 17 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 NINE MONTHS PERIOD ENDED MARCH 31, 2023

	March 31, 2023	March 31, 2022
Note	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,621,964	1,344,832
Adjustments for:		
Depreciation / amortization on tangible assets	739,011	666,843
Amortization on intangible assets	11,268	17,113
Expected credit loss on financial assets	39,554	16,113
Property, plant and equipment written off	4,740	246
Gain on disposal of tangible assets	(41,724)	(75,249)
Provision for compensated absences	47,798	42,818
Provision for bonus for employees	93,306	95,809
Provision for gratuity	69,509	140,684
Provision for slow moving stores	2,830	3,840
Gains on investments and bank deposits	(94,163)	(9,956)
Gain on foreign currency translation	(365,999)	(267,246)
Finance costs	342,227	276,006
Operating cash flows before changes in working capital	2,470,321	2,251,853
Changes in working capital:		
Increase in stores, spare parts and loose tools	(50,236)	(9,942)
(Increase) / decrease in stock-in-trade	(300,966)	9,680
Increase in trade debts	(889,133)	(462,216)
Decrease / (increase) in loans and advances	53,891	(85,522)
Decrease / (increase) in deposits, prepayments and other receivables	3,983	(36,941)
Increase / (decrease) in trade and other payables	911,840	(33,546)
	(270,621)	(618,487)
Cash generated from operations	2,199,700	1,633,366
Finance cost paid	(257,770)	(199,205)
Income tax paid	(343,695)	(271,678)
Payment to SIHL Employees' Gratuity Fund	(88,295)	(238,641)
Compensated absences paid	(44,515)	(39,289)
Net cash generated from operating activities	1,465,425	884,553
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment (PPE)	(1,132,021)	(396,295)
Addition to intangible assets	-	(4,215)
Long term investments made	(695,599)	(407,460)
Encashment / (Investment) in other financial assets - net	263,000	(32,426)
Proceeds from disposal of PPE and items classified held for sale	95,729	230,646
Markup received	37,222	8,664
Dividend received	8,488	-
Increase in long term deposits	(4,746)	(16,983)
Net cash used in investing activities	(1,427,927)	(618,069)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - repayments	(1,101,878)	(1,034,676)
Long term financing - proceeds	390,314	116,621
Grant received	15,918	15,694
Lease liabilities - repayments	(228,105)	(203,870)
Dividend paid	(98,543)	(1,172)
Net cash used in financing activities	(1,022,294)	(1,107,403)
Net decrease in cash and cash equivalents	(984,796)	(840,919)
Cash and cash equivalents at beginning of the period	2,320,432	2,812,697
Effect of exchange rate changes on cash and cash equivalents	365,999	267,246
Cash and cash equivalents at end of the period	1,701,635	2,239,024

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The annexed notes 1 to 17 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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	Un-appropriated profits	Total
	(Rupees in '000')				
Balance as at July 01, 2021 (Audited)	619,749	2,751,283	792,396	4,325,259	8,488,687
Total comprehensive income for the period					
Profit after taxation	-	-	-	1,056,770	1,056,770
Other comprehensive income - net of tax	-	-	-	(720)	(720)
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	-
Distribution to owners					
Bonus shares issued @ 2% - year ended June 30, 2021	12,395	(12,395)	-	-	-
Balance as at March 31, 2022 (Un-audited)	632,144	2,738,888	760,503	5,413,202	9,544,737
Balance as at July 01, 2022 (Audited)	632,144	2,738,888	867,283	5,411,656	9,649,971
Total comprehensive income for the period					
Profit after taxation	-	-	-	1,152,868	1,152,868
Other comprehensive income - net of tax	-	-	99,454	-	99,454
Realization of revaluation surplus on disposal of assets	-	-	(19,463)	19,463	-
Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortization	-	-	(7,995)	7,995	-
Distribution to owners					
Final dividend 2022 @ Rs. 1.5 per share	-	-	-	(94,822)	(94,822)
Balance as at March 31, 2023 (Un-audited)	632,144	2,738,888	939,279	6,497,160	10,807,471

The annexed notes 1 to 17 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 NINE MONTHS PERIOD ENDED MARCH 31, 2023

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 as 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 unconsolidated financial statements of the Company for the year ended June 30, 2022. Comparative condensed interim unconsolidated statement of financial position is extracted from annual unconsolidated financial statements as of June 30, 2022, 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 period ended March 31, 2022.

2.3 Functional and presentation currency

These condensed interim unconsolidated financial statements has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, significant judgments 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 are the same as those applied in preparation of unconsolidated audited financial statements of the Company for the year ended June 30, 2022 except the new account policy relevant to investment property, as given below:

- 3.1** Investment property, principally comprising of land, is held for long term capital appreciation and is valued using the cost method i.e. at cost less impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self constructed investment property includes the cost of materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs, if any.

The Company assess at each reporting date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The gain or loss on disposal of investment property, represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in the statement of profit or loss.

3.2 Changes in accounting standards, interpretations and pronouncements

- a) Standards, amendments and interpretations to accounting standards that are effective in the current period**

Certain standards, amendments and interpretations to applicable accounting standards are effective for accounting periods beginning on July 01, 2022, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim unconsolidated financial statements.

- b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company**

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after April 01, 2023, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim unconsolidated financial statements.

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.

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

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, 2022.

		Un-audited March 31, 2023	Audited June 30, 2022
	Note	(Rupees in '000')	
5	LONG TERM FINANCING - SECURED		
	From banking companies and non banking financial institution:		
	Syndicated Islamic Finance Facility	5.1	856,331
	Diminishing Musharakah Facility-1	5.2	96,091
	Diminishing Musharakah Facility-2	5.3	291,667
	Diminishing Musharakah Facility-3	5.4	343,359
	Refinance Facility to Combat COVID-19 (RFCC)	5.5	118,948
	Deferred income - Government grant		32,178
			151,126
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	5.6	116,827
	Deferred income - Government grant		15,815
			132,642
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	5.7	32,344
	Deferred income - Government grant		8,431
			40,775
	State Bank of Pakistan (SBP) - refinance scheme	5.8	-
	Deferred income - Government grant		-
			-
		5.9	1,911,991
	Less: Current portion		905,715
			1,006,276
			1,283,907
			250,754
			416,667
			26,160
			88,194
			29,483
			117,677
			128,952
			20,014
			148,966
			34,209
			11,775
			45,984
			311,283
			6,239
			317,522
			2,607,637
			1,334,536
			1,273,101

- 5.1** 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 2022: 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 repayable by August 22, 2024. The financing is secured by 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.

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

- 5.2** This includes outstanding balance of Rs. 55.3 million (June 2022: Rs. 210.4 million) against the long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 449.5 million (June 2022: Rs. 449.5 million). Principal amount is repayable in 36 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.80% (June 2022: 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 2022: Rs. 20.7 million). This also includes an outstanding balance of Rs. 40.7 million (June 2022: Rs. 40.3 million) against long term Islamic finance facility obtained under Diminishing Musharakah basis from First Habib Modaraba of Rs. 67.5 million (June 2022: Rs. 57.7 million). Principal amount is repayable in 60 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.70% (June 2022: 3 months KIBOR plus 0.70%) per annum. The unavailed limit of this facility is Rs. 2.5 million (June 2022: Rs. 12.3 million).
- 5.3** This represents outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million (June 2022: 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 2022: 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.
- 5.4** This represents a long term Islamic finance facility obtained from Bank Alfalah Limited of Rs. 343.4 million (June 2022: Rs. 26.2 million). Principal amount is repayable in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.70% (June 2022: 3 months KIBOR plus 0.70%) per annum. The financing is secured by ranking charge of Rs. 800 million against plant and machinery being financed under DM facility to be installed / placed at Hospital located in H-8/4, Islamabad. The charge will be upgraded to first exclusive charge against plant and machinery being financed under this facility. The unavailed limit of this facility is Rs. 232.1 million (June 2022: Rs. 492.9 million).
- 5.5** This represents the outstanding balance of long term finance facility obtained from United Bank Limited of Rs. 185.2 million (June 2022: Rs. 124.6 million). Principal amount shall be repaid by September 14, 2026 in 18 equal quarterly installments carrying profit at 1% 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. The unavailed limit of this facility is nil (June 2022: Rs. 75.4 million). Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognized at present value using the Company's effective profit rate along with the recognition of government grant.
- 5.6** This represents the outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 200 million (June 2022: Rs. 183.1 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). The unavailed limit of this facility is nil (June 2022: Rs. 16.9 million). Since the financing under SBP refinance scheme carries no profit rate, the loan has been recognized at present value using the Company's effective profit rate along with the recognition of government grant.
- 5.7** This represents the outstanding balance of long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 45.9 million (June 2022: Rs. 45.9 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 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 the Company's effective profit rate along with the recognition of government grant.

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

- 5.8** This represented the long term finance facility 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 at a subsidized markup rate of 0.85% per annum. The facility with sanctioned limit of Rs. 1,012.2 million has been fully repaid on January 27, 2023. The facility was secured by first pari passu charge of Rs. 1,333.3 million over fixed assets (excluding land and building) of the Company.

	Un-audited March 31, 2023	Audited June 30, 2022
	(Rupees in '000')	
5.9 Movement during the period / year		
Opening balance	2,607,637	3,766,130
Proceeds during the period / year	406,232	259,070
Repayment during the period / year	(1,101,878)	(1,417,563)
Closing balance	1,911,991	2,607,637

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

- 6.1.1** The guarantees issued by bank in favor of Sui Northern Gas Pipelines Limited (SNGPL) of aggregate sum of Rs. 33.1 million (June 2022: Rs. 43.35 million) on behalf of the Company in its ordinary course of business.

- 6.1.2** Claims aggregating to Rs. 3 million (June 2022: 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.

- 6.1.3** The penalty of Rs. 20 million (June 2022: 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 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 for decision and management of the Company firmly believe that the case will be decided in favor of the GAMCs including SIHL.

6.2 Contingencies related to income tax and sales tax are as follows:

- 6.2.1** Tax authorities has amended the assessments for tax years 2012, 2013, 2014, 2015, 2016 and 2019 under section 122(5A)/124 of Income Tax Ordinance, 2001 (the Ordinance) and raised tax demands of Rs. 6.4 million, Rs. 97 million, Rs. 85.5 million, Rs. 26.1 million, Rs. 85.4 million and Rs. 37 million respectively. Being aggrieved the Company agitated the assessments in appeals before the Commissioner Inland Revenue (Appeals) [CIR(A)] who 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] on various dates from September 2018 to November 2021 which are pending adjudications.

- 6.2.2** Tax authorities levied tax of Rs. 109.6 million, Rs. 178.4 million, Rs. 27.4 million and Rs. 29.2 million under section 161/205 of the Ordinance for tax year 2016, 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, while set aside the assessment for tax

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

year 2013, confirmed the assessment for tax year 2014 and appeal for tax year 2016 filed on July 27, 2022 is a pending adjudication. The Company being aggrieved filed appeals for tax years 2013 and 2014 before ATIR where appeal for tax year 2013 filed on November 26, 2019 is pending adjudication, while ATIR has set aside the assessment for tax year 2014 for denovo consideration.

- 6.2.3** 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.
- 6.2.4** 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. The Company as well as the tax department have filed cross appeals against the CIR(A) order before the ATIR in January 2018, which is pending adjudication.
- 6.2.5** Tax authorities amended the assessment for tax year 2014 u/s 177 of the Ordinance and raised a tax demand of Rs. 1,143.8 million. Being aggrieved the Company agitated the assessment in appeal before the CIR (A) who annulled the assessment order and hence tax demand stand deleted as of today. The tax department has filed an appeal before ATIR on November 27, 2019, against the decision of CIR(A) which is pending adjudication.
- 6.2.6** 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 11 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 2017 to 2020 CIR(A) partially confirmed the judgements of DCIR while deleted the assessment for tax year 2016. The Company as well as the tax department have filed cross appeals before ATIR for tax years 2016 to 2020 who in respect of tax year 2018 and 2020 partially confirmed the assessment and partly allowed relief to the Company whereas appeals for tax year 2016, 2017 and 2019 which were filed on October 24, 2022 are pending adjudications.

Management is confident that the above disallowances and levies do not hold merit and the related amounts have been lawfully claimed in the income and sales tax returns as per the applicable tax laws and these matters will ultimately be decided in favor of the Company. Accordingly no provision has been made in respect of above in these condensed interim unconsolidated financial statements.

		Un-audited March 31, 2023	Audited June 30, 2022
	Note	(Rupees in '000')	
6.3	Commitments		
	Capital expenditure contracted	132,417	135,129
	Letters of credit	24,546	138,470
7	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	7.1 5,757,580	5,548,235
	Capital work in progress	7.2 748,661	743,435
	Right of use assets	7.3 694,520	842,502
		7,200,761	7,134,172

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

		Un-audited March 31, 2023	Audited June 30, 2022
	Note	(Rupees in '000')	
7.1	Operating fixed assets		
	Written down value (WDV) at beginning of the period / year	5,548,235	5,644,283
	Additions	1,126,795	338,660
	Revaluation	-	109,611
	Reclassified from held for sale	-	104,378
	Reclassified as investment property	(382,553)	-
		6,292,477	6,196,932
	WDV of disposals	(468)	(1,657)
	WDV of assets written off	(4,740)	(2,234)
	Depreciation for the period / year	(529,689)	(644,806)
	WDV at the end of the period / year	5,757,580	5,548,235
7.1.1	Additions to operating fixed assets		
	Freehold land	1,931	-
	Building on leasehold land	60,860	-
	Leasehold improvements	303,894	22,586
	Biomedical equipment	577,205	153,621
	Air conditioning equipment and machinery	22,252	7,438
	Electrical and other equipment	74,665	48,922
	Furniture and fittings	18,549	9,825
	Computer installations	44,644	72,851
	Construction equipment	152	223
	Vehicles	22,643	23,194
		1,126,795	338,660
7.2	Capital work in progress		
	Opening capital work in progress	743,435	409,192
	Additions during the period / year	436,188	386,757
	Transferred to operating fixed assets	(430,962)	(52,514)
	Closing capital work in progress	748,661	743,435
7.2.1	Capital work in progress		
	Construction work	344,796	305,602
	Stores held for capital expenditure	-	976
	Installation of equipment	403,865	436,857
		748,661	743,435

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

	Un-audited March 31, 2023	Audited June 30, 2022
	(Rupees in '000')	
7.3 Right of use assets		
Balance at beginning of the period / year	842,502	738,368
Additions during the period / year	75,296	368,187
Modification / termination during the period / year	(13,956)	(6,411)
Depreciation charge during the period / year	(209,322)	(257,642)
Balance at end of the period / year	694,520	842,502

8 INVESTMENT PROPERTY - AT COST

This represents the Company's freehold land located at Shifa Cooperative Housing Society, Islamabad Expressway (12 kanal), Motorway, Mouza Noon, Islamabad (152.5 kanal) and Chak No. 4, near Sargodha Road, Faisalabad (48.2 kanal) held for capital appreciation, therefore classified as investment property. The fair value of the said freehold land at the period end is approximately Rs. 748,449 thousand.

	Un-audited March 31, 2023	Audited June 30, 2022
	(Rupees in '000')	
	Note	
9 LONG TERM INVESTMENTS - AT COST		
In subsidiary companies (unquoted):		
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)	1,482,279	971,562
Shifa Medical Center Islamabad (Private) Limited (SMC Islamabad)	1,356,170	1,171,288
Shifa International DWC-LLC (SIDL)	23,280	23,280
In associated company (unquoted):		
Shifa CARE (Private) Limited (SCPL)	45,001	45,001
	4,614,217	3,918,618

9.1 The Board, vide its meeting held on December 24, 2022, has decided to divest the Company's entire shareholding in its subsidiary "SMC Islamabad". The investment in subsidiary has not been classified as "held for sale" as the conditions for classifying the investment as held for sale under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are not completely met at the period ended March 31, 2023. Subsequent to the period end, the Company is still in the process of identification of potential buyer.

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

	Un-audited March 31, 2023	Audited June 30, 2022
(Rupees in '000')		
10 TRADE DEBTS		
Related party - Shifa Foundation	9,356	9,736
Others	2,013,705	1,124,491
	2,023,061	1,134,227
Less: allowance for expected credit loss (ECL)	208,714	169,458
	1,814,347	964,769

	Un-audited			
	Nine months period ended		Three months period ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
(Rupees in '000')				
11 NET REVENUE				
Inpatients	8,759,710	7,380,594	3,057,538	2,360,284
Outpatients	5,085,095	4,111,753	1,809,881	1,479,828
Other services	1,038,718	753,864	369,650	240,659
	14,883,523	12,246,211	5,237,069	4,080,771
Less: discount	115,139	98,286	37,644	32,606
Less: sales tax	53,886	24,032	18,239	11,110
Net revenue	14,714,498	12,123,893	5,181,186	4,037,055

	Un-audited	
	Nine months period ended	
	March 31, 2023	March 31, 2022
12 EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation (Rupees in '000')	1,152,868	1,056,770
Weighted average number of ordinary shares in issue (Numbers in '000')	63,214	63,214
Earnings per share - basic and diluted (Rupees)	18.24	16.72

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

13 RELATED PARTY TRANSACTIONS

The related parties comprise of subsidiaries, associate, 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:

	Un-audited	
	Nine months period ended	
	March 31, 2023	March 31, 2022
	(Rupees in '000')	
Transactions:		
Shifa Foundation (Related party by virtue of common directorship)		
Revenue from services earned by the Company	10,602	13,463
Expense paid by and reimbursed to the Company	587	494
Tameer-e-Millat Foundation (Related party by virtue of common directorship)		
Supplies provided to the Company	83,595	62,753
Other services provided to the Company	31,866	23,961
Rental services received / earned by the Company	5,153	3,972
Shifa Tameer-e-Millat University (Related party by virtue of common directorship)		
Revenue from services earned by the Company	16,402	14,831
Revenue from rent earned by the Company	2,638	2,398
Other services provided to the Company	66,072	40,335
Expenses paid by and reimbursed to the Company	2,180	2,187
SIHT (Private) Limited (Related party by virtue of common directorship)		
Revenue from services earned by the Company	294,699	238,950
Expenses paid by and reimbursed to the Company	5,826	4,756
Other services provided to the Company	18,305	17,724
Shifa Development Services (Private) Limited (Subsidiary and common directorship)		
Revenue from rent earned by the Company	1,356	1,152
Payment made by the Company	-	4,215
Other services provided to the Company	50,986	-

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

	Un-audited	
	Nine months period ended	
	March 31, 2023	March 31, 2022
	(Rupees in '000')	
Shifa International DWC LLC (Subsidiary and common directorship)		
Patient referral services provided to the Company	13,359	11,604
Shifa Medical Centre Islamabad (Private) Limited (Subsidiary and common directorship)		
Investment made by the Company in 18,488,189 (March 2022: nil) ordinary shares	184,882	-
Other services provided by the Company	7,599	7,672
Expense paid by and reimbursed to the Company	-	356
Shifa National Hospital Faisalabad (Private) Limited (Subsidiary and common directorship)		
Investment made by the Company in 51,071,712 (March 2022: 40,746,000) ordinary shares	510,717	407,460
Other services provided by the Company	7,599	7,672
Shifa Neuro Sciences Institute Islamabad (Private) Limited (Subsidiary and common directorship)		
Rent paid by the Company	79,205	72,005
Dividend income received by the Company	8,488	-
Shifa Cooperative Housing Society (Related party by virtue of common directorship)		
Plot maintenance charges paid by the Company	758	5,573
Shifa CARE (Private) Limited (Associate and common directorship)		
Other services provided by the Company	1,809	1,776
SIHL Employees' Gratuity Fund		
Payments made by the Company	88,295	238,641
Remuneration including benefits and perquisites of key management personnel	308,247	269,370

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

Un-audited
March 31,
2023

Audited
June 30,
2022

(Rupees in '000')

Balances:

Shifa Foundation - receivable	9,356	9,736
Tameer-e-Millat Foundation - payable	12,795	11,660
Shifa Tameer-e-Millat University - payable	14,209	6,458
SIHT (Private) Limited - receivable	79,744	35,416
Shifa Development Services (Private) Limited - receivable	960	52,736
Shifa Neuro Sciences Institute Islamabad (Private) Limited - receivable	20,278	20,278
Shifa Intenational DWC LLC - receivable	50,771	34,896
SIHL Employees' Gratuity Fund - payable	174,666	193,453

Un-audited

Nine months period ended

March 31,
2023

March 31,
2022

(Rupees in '000')

14 CASH AND CASH EQUIVALENTS

Investment in Term Deposit Receipt - at amortized cost	3,000	3,000
Cash and bank balances	1,698,635	2,236,024
	1,701,635	2,239,024

15 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

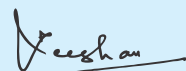
The Company's financial risk management objectives and policies are consistent with those disclosed in the unconsolidated audited financial statements for the year ended June 30, 2022. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the unconsolidated audited financial statements of the Company for the year ended June 30, 2022.

16 GENERAL

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

17 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim unconsolidated financial statements have been approved and authorized for issue by the Board of Directors of the Company on April 27, 2023.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED
MARCH 31, 2023

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2023

	Note	Un-audited March 31, 2023 (Rupees in '000')	Audited June 30, 2022
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (June 2022: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital		632,144	632,144
Capital reserves			
Share premium		2,738,888	2,738,888
Surplus on revaluation of property, plant and equipment		1,965,766	1,546,319
Revenue reserves			
Unappropriated profits		5,998,690	4,898,668
		11,335,488	9,816,019
NON - CONTROLLING INTEREST			
		2,411,924	1,670,759
NON - CURRENT LIABILITIES			
Long term financing - secured	6	1,006,276	1,273,101
Deferred liabilities		342,859	339,877
Lease liabilities		329,706	435,708
		1,678,841	2,048,686
CURRENT LIABILITIES			
Trade and other payables		4,651,259	3,648,044
Unclaimed dividend		37,057	40,778
Markup accrued		49,065	35,658
Current portion of long term financing - secured	6	905,715	1,334,536
Current portion of lease liabilities		224,296	173,173
		5,867,392	5,232,189
		21,293,645	18,767,653
CONTINGENCIES AND COMMITMENTS			
	7		

The annexed notes 1 to 18 form an integral part of these condensed interim consolidated financial statements.


 CHIEF EXECUTIVE

		Un-audited March 31, 2023	Audited June 30, 2022
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	8	13,825,740	11,638,803
Intangible assets		40,417	51,957
Investment property - at cost	9	748,449	-
Long term investment	10	45,633	32,862
Long term deposits		102,627	89,093
		14,762,866	11,812,715
CURRENT ASSETS			
Stores, spare parts and loose tools		258,570	210,189
Stock-in-trade		1,012,934	711,968
Trade debts	11	1,814,347	964,769
Loans and advances		494,973	647,227
Deposits, prepayments and other receivables		214,840	249,402
Markup accrued		734	2,129
Other financial assets		512,585	909,625
Tax refunds due from the government (net of provision)		349,510	470,176
Cash and bank balances		1,872,286	2,468,500
		6,530,779	6,633,985
Non - current assets held for sale		-	320,953
		21,293,645	18,767,653


DIRECTOR


CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

	Note	Nine months period ended		Three months period ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
		(Rupees in '000')			
Net revenue	12	14,714,485	12,118,980	5,184,421	4,033,849
Other income		579,711	457,086	275,962	131,187
Operating costs		(13,280,492)	(10,913,461)	(4,604,632)	(3,719,709)
Finance costs		(320,409)	(249,029)	(106,927)	(88,360)
Expected credit loss on financial assets		(39,554)	(70,573)	(15,161)	(7,529)
Share of profit / (loss) of an associate		12,771	(2,352)	15,010	(839)
Profit before taxation		1,666,512	1,340,651	748,673	348,599
Provision for taxation		(505,506)	(312,349)	(189,304)	(78,490)
Profit after taxation		1,161,006	1,028,302	559,369	270,109
Attributable to:					
Equity holders of SIHL		1,165,684	1,047,137	555,705	282,628
Non-controlling interest		(4,678)	(18,835)	3,664	(12,519)
		1,161,006	1,028,302	559,369	270,109
Earnings per share - basic and diluted - (Rupees)	13	18.44	16.56	8.79	4.47

The annexed notes 1 to 18 form an integral part of these condensed interim consolidated financial statements.



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DIRECTOR



CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

	Nine months period ended		Three months period ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rupees in '000')			
Profit after taxation	1,161,006	1,028,302	559,369	270,109
Other comprehensive income				
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	1,095	393	944	98
Surplus on revaluation of land	719,105	-	619,651	-
Total comprehensive income for the period	1,881,206	1,027,975	1,179,964	270,207
Attributable to:				
Equity holders of SIHL	1,614,291	1,046,810	904,707	282,726
Non-controlling interest	266,915	(18,835)	275,257	(12,519)
	1,881,206	1,027,975	1,179,964	270,207

The annexed notes 1 to 18 form an integral part of these condensed interim consolidated financial statements.


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DIRECTOR


CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

	Note	March 31, 2023	March 31, 2022
		(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,666,512	1,340,651
Adjustments for:			
Depreciation / amortization on tangible assets		725,364	647,759
Amortization on intangible assets		11,540	16,974
Expected credit loss on financial assets		39,554	70,573
Property, plant and equipment written off		4,740	246
Gain on disposal of tangible assets		(41,724)	(75,249)
Provision for compensated absences		47,798	42,818
Provision for bonus for employees		93,306	95,809
Provision for gratuity		69,509	140,684
Provision for slow moving stores		2,830	3,840
Share of (profit) / loss of an associate		(12,771)	2,352
Gain on investments and bank deposits		(129,967)	(10,430)
Gain on foreign currency translation		(366,048)	(278,566)
Finance costs		320,409	249,029
Operating cash flows before changes in working capital		2,431,052	2,246,490
Changes in working capital:			
Increase in stores, spare parts and loose tools		(50,236)	(9,942)
(Increase) / decrease in stock-in-trade		(300,966)	9,680
Increase in trade debts		(889,133)	(471,794)
Decrease / (increase) in loans and advances		152,254	(599,366)
Decrease / (increase) in deposits, prepayments and other receivables		18,615	(34,958)
Increase in trade and other payables		943,364	24,868
		(126,102)	(1,081,512)
Cash generated from operations		2,304,950	1,164,978
Finance cost paid		(258,053)	(199,338)
Income tax paid		(399,813)	(313,651)
Payment to SIHL Employees' Gratuity Fund		(88,295)	(238,641)
Compensated absences paid		(44,515)	(39,289)
Net cash generated from operating activities		1,514,274	374,059
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment (PPE)		(2,619,070)	(812,401)
Addition to intangible assets		-	(1,783)
Encashment in other financial assets - net		512,577	450,760
Proceeds from disposal of PPE and items classified as held for sale		95,729	230,646
Markup received		43,147	8,671
Increase in long term deposits		(13,792)	(17,828)
Net cash used in investing activities		(1,981,409)	(141,935)
CASH FLOWS FROM FINANCING ACTIVITIES			
Non-controlling interest		474,250	271,640
Long term financing - repayments		(1,101,878)	(1,034,676)
Long term financing - proceeds		390,314	116,621
Grant received		15,918	15,694
Lease liabilities - repayments		(148,961)	(131,868)
Dividend paid		(98,543)	(1,172)
Net cash used in financing activities		(468,900)	(763,761)
Net decrease in cash and cash equivalents		(936,035)	(531,637)
Cash and cash equivalents at beginning of the period		2,540,324	2,929,472
Effect of exchange rate changes on cash and cash equivalents		367,144	278,959
Cash and cash equivalents at end of the period	15	1,971,433	2,676,794

The annexed notes 1 to 18 form an integral part of these condensed interim consolidated financial statements.


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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	Un-appropriated profits	Total	
	(Rupees in '000')					
Balance as at July 01, 2021 (Audited)	619,749	2,751,283	1,409,434	3,832,409	1,119,806	9,732,681
Total comprehensive income for the period						
Profit after taxation	-	-	-	1,047,137	(18,835)	1,028,302
Other comprehensive income - net of tax	-	-	-	(327)	-	(327)
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	-	-
NCl recognized during the period	-	-	-	-	271,640	271,640
Distribution to owners						
Bonus shares issued @ 2% - year ended June 30, 2021	12,395	(12,395)	-	-	-	-
Balance as at March 31, 2022 (Un-audited)	632,144	2,738,888	1,377,159	4,911,494	1,372,611	11,032,296
Balance as at July 01, 2022 (Audited)	632,144	2,738,888	1,546,319	4,898,668	1,670,759	11,486,778
Total comprehensive income for the period						
Profit after taxation	-	-	-	1,165,684	(4,678)	1,161,006
Other comprehensive income - net of tax	-	-	447,512	1,095	271,593	720,200
Realization of revaluation surplus on disposal of assets	-	-	(19,463)	19,463	-	-
Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation / amortization	-	-	(8,602)	8,602	-	-
NCl recognized during the period	-	-	-	-	474,250	474,250
Distribution to owners						
Final dividend 2022 @ Rs. 1.5 per share	-	-	-	(94,822)	-	(94,822)
Balance as at March 31, 2023 (Un-audited)	632,144	2,738,888	1,965,766	5,998,690	2,411,924	13,747,412

The annexed notes 1 to 18 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 NINE MONTHS PERIOD ENDED MARCH 31, 2023

1 LEGAL 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 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 and pharmacies 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 facility, medical staff, human resource, architectural designing, procurement, hospital quality and project management services. The registered office of SDSPL is situated at Shifa International Hospitals Limited, 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 line of business is to establish, run, control, manage and operate state of the art neuro sciences institute including diagnostic centers, clinics, laboratories, operation theaters, dental clinics, healthcare centers and provide all healthcare and surgical related facilities of different diseases, inpatient and outpatient services and treatment of viral, bacterial and chronic diseases and all other related services thereof, subject to permission from relevant authorities, if required. The registered office of SNS Islamabad is situated at 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 line of business of the SNH Faisalabad is to establish, run, control, manage and operate tertiary/quaternary care hospitals including diagnostic centers, clinics, laboratories, operation theaters, dental clinics, healthcare centers and provide all healthcare and surgical related facilities of different diseases, inpatient and outpatient services and treatment of viral, bacterial and chronic diseases and all other related services thereof, subject to permission from relevant authorities, if required. The registered office of the SNH Faisalabad is situated at Sector H-8/4, Islamabad.
- 1.6** Shifa Medical Center Islamabad (Private) Limited (SMC Islamabad) was incorporated in Pakistan on February 28, 2019. The principal line of business of the SMC Islamabad is to establish, run, control, manage and operate facilities providing ambulatory services including day care surgeries, diagnostic centers, clinics, laboratories, operation theaters, dental clinics, healthcare centers and provide all healthcare and surgical related facilities of different diseases, inpatient and outpatient services and treatment of viral, bacterial and chronic diseases and all other related services thereof, subject to permission from relevant authorities, if required. The registered office of the SMC Islamabad is situated at Shifa International Hospitals Limited, Sector H-8/4, Islamabad.

The Board, vide its meeting held on December 24, 2022, has decided to divest the SIHL's entire shareholding in its subsidiary "SMC Islamabad". The investment in SMC Islamabad has not been classified as "held for sale" as the conditions for classifying the investment as held for sale under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are not completely met at the period

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

ended March 31, 2023. Subsequent to the period end, the SIHL is still in the process of identification of potential buyer.

- 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 Aviation 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 713158, 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
- 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, 2022. Comparative condensed interim consolidated statement of financial position is extracted from annual audited consolidated financial statements as of June 30, 2022, whereas comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated 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 period ended March 31, 2022.

2.3 Functional and presentation currency

These condensed interim consolidated financial statements has been presented in Pak Rupees, which is the functional and presentation currency of the Group.

3 BASIS OF CONSOLIDATION

These condensed interim consolidated financial statements include the financial statements of SIHL and its subsidiaries, SDSPL 55% owned (June 2022: 55% owned), SNS Islamabad 100% owned (June 2022: 100% owned), SMC Islamabad 56% owned (June 2022: 56% owned), SNH Faisalabad 60% owned (June 2022: 60% owned) and SIDL 100% owned (June 2022: 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.

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

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 each subsidiary 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.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim consolidated financial statements are the same as those applied in preparation of consolidated audited financial statements of the Group for the year ended June 30, 2022 except the new accounting policy relevant to investment property, as given below:

4.1 Investment property, principally comprising of land, is held for long term capital appreciation and is valued using the cost method i.e. at cost less impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self constructed investment property includes the cost of materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs, if any.

The Group assess at each reporting date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The gain or loss on disposal of investment property, represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in the statement of profit or loss.

4.2 Changes in accounting standards, interpretations and pronouncements

a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to applicable accounting standards are effective for accounting periods beginning on July 01, 2022, but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim consolidated financial statements.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after April 01, 2023, but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these condensed interim consolidated financial statements.

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

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, 2022.

		Un-audited March 31, 2023	Audited June 30, 2022	
	Note	(Rupees in '000')		
6	LONG TERM FINANCING - SECURED			
	From banking companies and non banking financial institution:			
	Syndicated Islamic Finance Facility	6.1	856,331	1,283,907
	Diminishing Musharakah Facility-1	6.2	96,091	250,754
	Diminishing Musharakah Facility-2	6.3	291,667	416,667
	Diminishing Musharakah Facility-3	6.4	343,359	26,160
	Refinance Facility to Combat COVID-19 (RFCC)	6.5	118,948	88,194
	Deferred income - Government grant		32,178	29,483
			151,126	117,677
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	6.6	116,827	128,952
	Deferred income - Government grant		15,815	20,014
			132,642	148,966
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	6.7	32,344	34,209
	Deferred income - Government grant		8,431	11,775
			40,775	45,984
	State Bank of Pakistan (SBP) - refinance scheme	6.8	-	311,283
	Deferred income - Government grant		-	6,239
			-	317,522
		6.9	1,911,991	2,607,637
	Less: Current portion		905,715	1,334,536
			1,006,276	1,273,101

6.1 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 2022: 3 months KIBOR plus 0.85%) per annum,

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

repayable in 14 equal quarterly installments. The SIHL has availed the loan facility upto the total sanctioned limit of Rs. 2,000 million repayable by August 22, 2024. The financing is secured by 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.

- 6.2** This includes outstanding balance of Rs. 55.3 million (June 2022: Rs. 210.4 million) against the long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 449.5 million (June 2022: Rs. 449.5 million). Principal amount is repayable in 36 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.80% (June 2022: 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 2022: Rs. 20.7 million). This also includes an outstanding balance of Rs. 40.7 million (June 2022: Rs. 40.3 million) against long term Islamic finance facility obtained under Diminishing Musharakah basis from First Habib Modaraba of Rs. 67.5 million (June 2022: Rs. 57.7 million). Principal amount is repayable in 60 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.70% (June 2022: 3 months KIBOR plus 0.70%) per annum. The unavailed limit of this facility is Rs. 2.5 million (June 2022: Rs. 12.3 million).
- 6.3** This represents outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million (June 2022: 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 2022: 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.
- 6.4** This represents a long term Islamic finance facility obtained from Bank Alfalah Limited of Rs. 343.4 million (June 2022: Rs. 26.2 million). Principal amount is repayable in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.70% (June 2022: 3 months KIBOR plus 0.70%) per annum. The financing is secured by ranking charge of Rs. 800 million against plant and machinery being financed under DM facility to be installed / placed at Hospital located in H-8/4, Islamabad. The charge will be upgraded to first exclusive charge against plant and machinery being financed under this facility. The unavailed limit of this facility is Rs. 232.1 million (June 2022: Rs. 492.9 million).
- 6.5** This represents the outstanding balance of long term finance facility obtained from United Bank Limited of Rs. 185.2 million (June 2022: Rs. 124.6 million). Principal amount shall be repaid by September 14, 2026 in 18 equal quarterly installments carrying profit at 1% 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. The unavailed limit of this facility is Nil (June 2022: Rs. 75.4 million). Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognized at present value using the SIHL's effective profit rate along with the recognition of government grant.
- 6.6** This represents the outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 200 million (June 2022: Rs. 183.1 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). The unavailed limit of this facility is Nil (June 2022: Rs. 16.9 million). Since the financing under SBP refinance scheme carries no profit rate, the loan has been recognized at present value using the SIHL's effective profit rate along with the recognition of government grant.

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

6.7 This represents the outstanding balance of long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 45.9 million (June 2022: Rs. 45.9 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 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 the SIHL's effective profit rate along with the recognition of government grant.

6.8 This represented the long term finance facility 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 at a subsidized markup rate of 0.85% per annum. The facility with sanctioned limit of Rs. 1,012.2 million has been fully repaid on January 27, 2023. The facility was secured by first pari passu charge of Rs. 1,333.3 million over fixed assets (excluding land and building) of the SIHL.

	Un-audited March 31, 2023	Audited June 30, 2022
	(Rupees in '000')	
6.9 Movement during the period / year		
Opening balance	2,607,637	3,766,130
Proceeds during the period / year	406,232	259,070
Repayment during the period / year	(1,101,878)	(1,417,563)
Closing balance	1,911,991	2,607,637

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

7.1.1 The guarantees issued by bank in favor of Sui Northern Gas Pipelines Limited (SNGPL) of aggregate sum of Rs. 33.1 million (June 2022: Rs. 43.35 million) on behalf of the SIHL in its ordinary course of business.

7.1.2 Claims aggregating to Rs. 3 million (June 2022: 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.

7.1.3 The penalty of Rs. 20 million (June 2022: 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 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 for decision and management of the SIHL firmly believe that the case will be decided in favor of the GAMCs including SIHL.

7.2 Contingencies related to income tax and sales tax are as follows:

7.2.1 Tax authorities has amended the assessments for tax years 2012, 2013, 2014, 2015, 2016 and 2019 under

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

section 122(5A)/124 of Income Tax Ordinance, 2001 (the Ordinance) and raised tax demands of Rs. 6.4 million, Rs. 97 million, Rs. 85.5 million, Rs. 26.1 million, Rs. 85.4 million and Rs. 37 million respectively. Being aggrieved the SIHL agitated the assessments in appeals before the Commissioner Inland Revenue (Appeals) [CIR(A)] who 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] on various dates from September 2018 to November 2021 which are pending adjudications.

- 7.2.2** Tax authorities levied tax of Rs. 109.6 million, Rs. 178.4 million, Rs. 27.4 million and Rs. 29.2 million under section 161/205 of the Ordinance for tax year 2016, 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, while set aside the assessment for tax year 2013, confirmed the assessment for tax year 2014 and appeal for tax year 2016 filed on July 27, 2022 is a pending adjudication. The SIHL being aggrieved filed appeals for tax years 2013 and 2014 before ATIR where appeal for tax year 2013 filed on November 26, 2019 is pending adjudication, while ATIR has set aside the assessment for tax year 2014 for denovo consideration.
- 7.2.3** 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.
- 7.2.4** 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. The SIHL as well as the tax department have filed cross appeals against the CIR(A) order before the ATIR in January 2018, which is pending adjudication.
- 7.2.5** Tax authorities amended the assessment for tax year 2014 u/s 177 of the Ordinance and raised a tax demand of Rs. 1,143.8 million. Being aggrieved the SIHL agitated the assessment in appeal before the CIR (A) who annulled the assessment order and hence tax demand stand deleted as of today. The tax department has filed an appeal before ATIR on November 27, 2019, against the decision of CIR(A) which is pending adjudication.
- 7.2.6** 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 11 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 2017 to 2020 CIR(A) partially confirmed the judgements of DCIR while deleted the assessment for tax year 2016. The SIHL as well as the tax department have filed cross appeals before ATIR for tax years 2016 to 2020 who in respect of tax year 2018 and 2020 partially confirmed the assessment and partly allowed relief to the SIHL whereas appeals for tax year 2016, 2017 and 2019 which were filed on October 24, 2022 are pending adjudications.

Management is confident that the above disallowances and levies do not hold merit and the related amounts have been lawfully claimed in the income and sales tax returns as per the applicable tax laws and these matters will ultimately be decided in favor of the SIHL. Accordingly no provision has been made in respect of above in these condensed interim consolidated financial statements.

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

		Un-audited March 31, 2023	Audited June 30, 2022
	Note	(Rupees in '000')	
7.3	Commitments		
	Capital expenditure contracted	132,417	135,129
	Letters of credit	24,546	138,470
8	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	9,710,013	8,903,749
	Capital work in progress	3,641,710	2,177,085
	Right of use assets	474,017	557,969
		13,825,740	11,638,803
8.1	Operating fixed assets		
	Written down value (WDV) at beginning of the period / year	8,903,749	9,040,875
	Additions	1,154,445	358,936
	Revaluation	619,652	214,861
	Reclassified as investment property	(382,553)	-
		10,295,293	9,614,672
	WDV of disposals	(468)	(1,657)
	WDV of assets written off	(4,740)	(2,234)
	Depreciation for the period / year	(580,072)	(707,032)
	WDV at the end of the period / year	9,710,013	8,903,749
8.1.1	Additions to operating fixed assets		
	Freehold land	3,931	6,030
	Leasehold land	20,584	-
	Building on leasehold land	60,860	-
	Leasehold improvements	303,894	22,586
	Biomedical equipment	577,205	153,621
	Air conditioning equipment and machinery	22,252	7,438
	Electrical and other equipment	74,715	49,002
	Furniture and fittings	18,973	11,759
	Computer installations	46,198	77,698
	Construction equipment	152	223
	Vehicles	25,681	30,579
		1,154,445	358,936
8.2	Capital work in progress		
	Opening capital work in progress	2,177,085	822,691
	Additions during the period / year	1,895,587	1,406,908
	Transferred to operating fixed assets	(430,962)	(52,514)
	Closing capital work in progress	3,641,710	2,177,085

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

	Un-audited March 31, 2023	Audited June 30, 2022
	(Rupees in '000')	
8.2.1 Capital work in progress		
Construction work	3,237,845	1,739,252
Stores held for capital expenditure	-	976
Installation of equipment	403,865	436,857
	3,641,710	2,177,085
8.3 Right of use assets		
Balance at beginning of the period / year	557,969	362,342
Additions during the period / year	75,296	368,187
Modification / termination during the period / year	(13,956)	(1,810)
Depreciation charge during the period / year	(145,292)	(170,750)
Balance at end of the period / year	474,017	557,969
9 INVESTMENT PROPERTY - AT COST		
This represents the SIHL's freehold land located at Shifa Cooperative Housing Society, Islamabad Expressway (12 kanal), Motorway, Mouza Noon, Islamabad (152.5 kanal) and Chak No. 4, near Sargodha Road, Faisalabad (48.2 kanal) held for capital appreciation, therefore classified as investment property. The fair value of the said freehold land at the period end is approximately Rs. 748,449 thousand.		
	Un-audited March 31, 2023	Audited June 30, 2022
	(Rupees in '000')	
10 LONG TERM INVESTMENT		
Shifa CARE (Private) Limited (SCPL) - Associated Company (unquoted)		
Balance at the beginning of the period / year	32,862	35,961
Share in profit / (loss) of the period / year	12,771	(3,099)
Balance at the end of the period / year	45,633	32,862
10.1		
This represents investment in 4,500,050 (June 2022: 4,500,050) fully paid ordinary shares of Rs. 10 each of SCPL. The above investment in ordinary shares represents 50% (June 2022: 50%) shareholding in SCPL held by the SIHL.		
	Un-audited March 31, 2023	Audited June 30, 2022
	(Rupees in '000')	
11 TRADE DEBTS		
Related party - Shifa Foundation	9,356	9,736
Others	2,015,505	1,126,290
	2,024,861	1,136,026
Less: allowance for expected credit loss (ECL)	210,514	171,257
	1,814,347	964,769

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

		Un-audited			
		Nine months period ended		Three months period ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
		(Rupees in '000')			
12	NET REVENUE				
	Inpatients	8,759,710	7,380,594	3,057,540	2,360,284
	Outpatients	5,101,814	4,123,336	1,818,839	1,483,542
	Other services	1,020,004	735,252	363,265	233,034
		14,881,528	12,239,182	5,239,644	4,076,860
	Less: discount	115,139	98,286	37,644	32,606
	Less: sales tax	51,904	21,916	17,579	10,405
	Net revenue	14,714,485	12,118,980	5,184,421	4,033,849

		Un-audited	
		Nine months period ended	
		March 31, 2023	March 31, 2022
13	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit after taxation (Rupees in '000')	1,165,684	1,047,137
	Weighted average number of ordinary shares in issue (Numbers in '000')	63,214	63,214
	Earnings per share - basic and diluted (Rupees)	18.44	16.56

14 RELATED PARTY TRANSACTIONS

The related parties comprise of associate, 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, Group 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:

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

	Un-audited	
	Nine months period ended	
	March 31, 2023	March 31, 2022
	(Rupees in '000')	
Transactions:		
Shifa Foundation (Related party by virtue of common directorship)		
Revenue from services earned by the SIHL	10,602	13,463
Expenses paid by and reimbursed to the SIHL	587	494
Tameer-e-Millat Foundation (Related party by virtue of common directorship)		
Supplies provided to the SIHL	83,595	62,753
Other services provided to the SIHL	31,866	23,961
Rental services received / earned by the SIHL	5,153	3,972
Shifa Tameer-e-Millat University (Related party by virtue of common directorship)		
Revenue from services earned by the SIHL	16,402	14,831
Revenue from rent earned by the SIHL	2,638	2,398
Other services provided to the SIHL	66,072	40,335
Expenses paid by and reimbursed to the SIHL	2,180	2,187
SIHT (Private) Limited (Related party by virtue of common directorship)		
Revenue from services earned by the SIHL	294,699	238,950
Expenses paid by and reimbursed to the SIHL	5,826	4,756
Other services provided to the SIHL	18,305	17,724
Shifa Cooperative Housing Society (Related party by virtue of common directorship)		
Plot maintenance charges paid by the SIHL	758	5,573
Shifa CARE (Private) Limited (Associate and common directorship)		
Other services provided by the SIHL	1,809	1,776
SIHL Employees' Gratuity Fund		
Payments made by the SIHL	88,295	238,641
Remuneration including benefits and perquisites of key management personnel	360,667	295,721

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

	Un-audited March 31, 2023	Audited June 30, 2022
	(Rupees in '000')	
Balances:		
Shifa Foundation - receivable	9,356	9,736
Tameer-e-Millat Foundation - payable	12,795	11,660
Shifa Tameer-e-Millat University - payable	14,209	6,458
SIHT (Private) Limited - receivable	79,744	35,416
SIHL Employees' Gratuity Fund - payable	174,666	193,453
	Un-audited	
	Nine months period ended	
	March 31, 2023	March 31, 2022
	(Rupees in '000')	
15 CASH AND CASH EQUIVALENTS		
Investment - at amortized cost	99,147	207,673
Cash and bank balances	1,872,286	2,469,121
	1,971,433	2,676,794
16 FINANCIAL RISK MANAGEMENT AND FAIR VALUES		
<p>The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated audited financial statements for the year ended June 30, 2022. 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, 2022.</p>		
17 GENERAL		
<p>Figures have been rounded off to the nearest one thousand Pak Rupees unless otherwise stated.</p>		
18 DATE OF AUTHORIZATION FOR ISSUE		
<p>These condensed interim consolidated financial statements have been approved and authorized for issue by the Board of Directors of the SIHL on April 27, 2023.</p>		



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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Shifa International Hospitals Ltd.
Sector : H-8/4, Islamabad - Pakistan

