



Shifa
International
Hospitals Ltd.



CONDENSED INTERIM FINANCIAL STATEMENTS

For The Three Months Period
Ended September 30, 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

Dr. Manzoor H. Qazi	Chairman
Dr. Habib Ur Rahman	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 Operating Officer

Mr. Taimoor Shah

Chief Medical Officer

Dr. Khawaja Junaid Mustafa

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
Bank Alfalah Limited
United Bank Limited
Habib Bank 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 three months' period ended September 30, 2023.

The Financial Highlights of the Company are as under:

Operating Results	(Rs. in millions) Three months period ended September 30,					
	2023	2022	Change %	2023	2022	Change %
	UNCONSOLIDATED			CONSOLIDATED		
Revenue - Net	5,941	4,742	25	5,941	4,739	25
Operating profit	748	614	22	711	632	13
Profit after tax	394	367	7	354	378	(6)
Earnings per share-Rs.	6.23	5.81	7	5.93	5.94	(0.2)

During the period under review net revenue increased by 25% as compared to the same period of last year. In line with the growth in revenue, operating costs were increased from Rs. 4,327 million to Rs. 5,233 million. As a result, despite challenging circumstances, an unfavorable policy rate, the devaluation of local currency, increases in direct and indirect taxes, etc., the Company's earnings per share improved to Rs. 6.23 from Rs. 5.81 in the same period last year.

The Board of Directors is optimistic and determined to maintaining the Company's profitability despite the challenging macroeconomic environment and growing inflation. As we move forward, we remain committed to our core values of patient-centric care, innovation, and continuous improvement.

Acknowledgement

The Board would like to express its gratitude to its leadership, employees, consultants, and strategic partners for their commitment, perseverance, and contributions. The Board also expresses gratitude to each stakeholder involved, including shareholders, banks, vendors, patients, and regulators, for their continued support and cooperation.

For and on behalf of the Board of Directors



DR. ZEESHAN BIN ISHTIAQUE
Chief Executive Officer



DR. MANZOOR H. QAZI
Director

Islamabad
October 28, 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 30 ستمبر 2023 کو ختم ہونے والے تین 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)						کاروباری کارکردگی کے نتائج
30 ستمبر کو ختم ہونے والے تین ماہ						
تبدیلی فیصد	2022	2023	تبدیلی فیصد	2022	2023	مالیاتی جھلکیاں
انضمام کردہ			انفرادی			
25	4,739	5,941	25	4,742	5,941	خالص آمدنی
13	632	711	22	614	748	آپریٹنگ منافع
(6)	378	354	7	367	394	منافع بعد از ٹیکس
(0.2)	5.94	5.93	7	5.81	6.23	فی شیئر آمدنی (روپے)

زیر جائزہ مدت کے دوران گزشتہ برس اسی عرصے کے مقابلے میں کمپنی کی مجموعی آمدنی میں 25 فیصد کا اضافہ ہوا ہے۔ آمدنی میں اضافے کے ساتھ آپریٹنگ اخراجات بھی 4,327 ملین روپے سے بڑھ کر 5,233 ملین روپے ہو گئے۔ اس کے نتیجے میں، مشکل آپریٹنگ حالات کے باوجود، ایک نا خوشگوار پالیسی کی شرح، مقامی کرنسی کی قدر میں کمی، براہ راست اور بالواسطہ ٹیکسوں وغیرہ میں اضافہ، گزشتہ سال کی اسی مدت کے مقابلے میں کمپنی کی فی شیئر آمدنی 5.81 روپے سے بڑھ کر 6.23 روپے ہو گئی۔

چیلنجنگ میکرو اکنامک حالات اور افراط زر کے باوجود، بورڈ آف ڈائریکٹرز اپنی کارکردگی اور مریضوں کے تجربے کو بہتر و مرکز رکھنے کے لیے پُر عزم ہیں۔ جیسے ہم آگے بڑھتے ہیں، ہم مریض پر مرکوز دیکھ بھال، اختراع اور مسلسل بہتری کی اپنی بنیادی اقدار کے لیے پُر عزم رہتے ہیں۔

اظہار تشکر

بورڈ اپنی قیادت، ملازمین، کونسلٹنٹس اور ترمیمیاتی شراکت داروں کے عزم، استقامت اور شراکت کے لیے ان کا شکریہ ادا کرتا ہے۔ بورڈ ان کی مسلسل حمایت اور تعاون پر اس میں شامل ہر اسٹیک ہولڈر سمیت حصہ داروں، بینکوں، سپلائرز، مریضوں اور ریگولیٹرز کا شکریہ ادا کرتا ہے۔

برائے اور بجانب بورڈ آف ڈائریکٹرز

Mary Joy

ڈائریکٹر منظر امیج قاضی

ڈائریکٹر

Neeshan

ڈائریکٹر ذیشان بن اشتیاق

چیف ایگزیکٹو آفیسر

اسلام آباد

28 اکتوبر 2023



CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL
STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED
SEPTEMBER 30, 2023

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2023

	Un-audited September 30, 2023	Audited June 30, 2023
Note	(Rupees in '000')	
SHARE CAPITAL AND RESERVES		
Authorized share capital		
100,000,000 (June 2023: 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	933,739	936,615
Revenue reserves		
Unappropriated profits	6,908,381	6,511,963
	11,213,152	10,819,610
NON - CURRENT LIABILITIES		
Long term financing - secured	5 704,925	868,611
Deferred liabilities	413,107	423,143
Lease liabilities	434,263	459,047
	1,552,295	1,750,801
CURRENT LIABILITIES		
Trade and other payables	4,444,576	4,644,160
Unclaimed dividend	36,377	36,955
Markup accrued	88,415	70,874
Current portion of long term financing - secured	5 870,723	871,798
Current portion of lease liabilities	229,087	268,595
	5,669,178	5,892,382
	18,434,625	18,462,793
CONTINGENCIES AND COMMITMENTS		
	6	

The annexed notes from 1 to 16 form an integral part of these condensed interim unconsolidated financial statements.

Danish M. Rahman

CHAIRMAN

		Un-audited September 30, 2023	Audited June 30, 2023
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	7	6,906,601	7,017,740
Intangible assets		41,571	41,834
Investment property - at cost		748,450	748,450
Long term investments - at cost	8	4,914,217	4,714,217
Long term deposits		91,936	91,616
		12,702,775	12,613,857
CURRENT ASSETS			
Stores, spare parts and loose tools		258,976	251,698
Stock in trade		952,377	982,498
Trade debts	9	1,655,319	1,366,122
Loans and advances		270,556	145,230
Deposits, prepayments and other receivables		247,628	289,284
Markup accrued		3,467	2,077
Other financial assets		323,310	307,919
Tax refunds due from the government (net of provision)		189,935	287,675
Cash and bank balances		1,830,282	2,216,433
		5,731,850	5,848,936
		18,434,625	18,462,793


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

		September 30, 2023	September 30, 2022
	Note	(Rupees in '000')	
Revenue - net	10	5,941,386	4,741,761
Other income		55,330	211,652
Operating costs		(5,233,255)	(4,327,021)
Finance cost		(114,333)	(115,784)
Expected credit losses		(15,785)	(12,524)
Profit before taxation		633,343	498,084
Provision for taxation		(239,801)	(130,666)
Profit after taxation		393,542	367,418
Earnings per share - basic and diluted (Rupees)	11	6.23	5.81

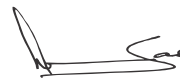
The annexed notes from 1 to 16 form an integral part of these condensed interim unconsolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

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


FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	September 30, 2023	September 30, 2022
	(Rupees in '000')	
Profit after taxation	393,542	367,418
Other comprehensive income for the period - net of tax	-	-
Total comprehensive income for the period	393,542	367,418

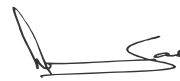
The annexed notes from 1 to 16 form an integral part of these condensed interim unconsolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 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, 2022	632,144	2,738,888	867,283	5,411,656	9,649,971
Total comprehensive income for the period					
Profit after taxation	-	-	-	367,418	367,418
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	367,418	367,418
Realisation of revaluation surplus on disposal of assets	-	-	(7,755)	7,755	-
Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortisation	-	-	(2,665)	2,665	-
Balance as at September 30, 2022	632,144	2,738,888	856,863	5,789,494	10,017,389
Balance as at July 01, 2023	632,144	2,738,888	936,615	6,511,963	10,819,610
Total comprehensive income for the period					
Profit after taxation	-	-	-	393,542	393,542
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	393,542	393,542
Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortisation	-	-	(2,876)	2,876	-
Balance as at September 30, 2023	632,144	2,738,888	933,739	6,908,381	11,213,152

The annexed notes from 1 to 16 form an integral part of these condensed interim unconsolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	September 30, 2023	September 30, 2022
	(Rupees in '000')	
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	633,343	498,084
Adjustments for:		
Depreciation / amortisation on tangible assets	257,890	235,360
Amortisation on intangible assets	263	4,391
Expected credit losses	15,785	12,524
Property, plant and equipment written off	1,497	1,551
Gain on disposal of tangible assets	(940)	(6,512)
Provision for compensated absences	19,499	14,524
Provision for defined contribution plan	28,072	19,566
Provision for bonus for employees	42,030	36,015
Provision for gratuity	35,379	23,170
(Reversal) / charged of provision for slow moving stores	(944)	32
Gain on investments and bank deposits	(31,493)	(28,489)
Gain on foreign currency translation	(5,305)	(163,494)
Finance cost	114,333	115,784
Operating cash flows before changes in working capital	1,109,409	762,506
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(6,334)	2,952
Stock in trade	30,121	(29,578)
Trade debts	(304,982)	(427,394)
Loans and advances	(125,326)	15,983
Deposits, prepayments and other receivables	41,656	61,550
(Decrease) / increase in current liabilities:		
Trade and other payables	(261,792)	427,402
	(626,657)	50,915
Cash generated from operations	482,752	813,421
Finance cost paid	(78,397)	(88,691)
Income tax paid	(159,339)	(102,020)
Payment to SIHL Employees' Gratuity Fund Trust	(31,438)	(21,737)
Compensated absences paid	(16,753)	(11,993)
Payment to defined contribution plan	(7,338)	(15,295)
Net cash generated from operating activities	189,487	573,685
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment (PPE)	(149,327)	(471,640)
Outlay against long term investments	(200,000)	(261,117)
Proceeds from disposal of PPE and items classified held for sale	2,019	28,561
Markup received	14,712	10,174
Increase in long term deposits	(320)	(3,819)
Net cash used in investing activities	(332,916)	(697,841)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - repayments	(222,147)	(384,729)
Proceeds from long term financing	57,386	93,150
Lease liabilities - repayments	(82,688)	(76,840)
Dividend paid	(578)	(1,931)
Net cash used in financing activities	(248,027)	(370,350)
Net decrease in cash and cash equivalents	(391,456)	(494,506)
Cash and cash equivalents at beginning of the period	2,219,433	2,320,432
Effect of exchange rate changes on cash and cash equivalents	5,305	163,494
Cash and cash equivalents at end of the period	1,833,282	1,989,420

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The annexed notes from 1 to 16 form an integral part of these condensed interim unconsolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

1 STATUS AND NATURE OF BUSINESS

Shifa International Hospitals Limited (the Company/SIHL) was incorporated in Pakistan on September 29, 1987 as a private limited company under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017) 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.

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, lab collection points and pharmacies in different cities of Pakistan.

These condensed interim unconsolidated financial statements are separate financial statements of the Company where as investment in subsidiaries and associates is stated at cost rather than on the basis of reporting results of the investees. 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, 2023. Comparative condensed interim unconsolidated statement of financial position is extracted from annual unconsolidated financial statements as of June 30, 2023, whereas comparative condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows are extracted from un-audited condensed interim unconsolidated financial statements for the three months period ended September 30, 2022.

2.3 Functional and presentation currency

These condensed interim unconsolidated financial statements have 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 THREE MONTHS PERIOD ENDED SEPTEMBER 30, 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, 2023.

3.1 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 January 01, 2023, 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 January 01, 2024, 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.

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, 2023.

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

		Un-audited September 30, 2023	Audited June 30, 2023
	Note	(Rupees in '000')	
5	LONG TERM FINANCING - SECURED		
	From banking companies and non banking financial institution:		
	Syndicated Islamic Finance Facility	5.1	571,311
	Diminishing Musharakah Facility-1	5.2	65,291
	Diminishing Musharakah Facility-2	5.3	208,333
	Diminishing Musharakah Facility-3	5.4	458,271
	Refinance Facility to Combat COVID-19 (RFCC)	5.5	103,620
	Deferred income - Government grant		23,761
			127,381
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	5.6	98,570
	Deferred income - Government grant		11,010
			109,580
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	5.7	28,951
	Deferred income - Government grant		6,530
			35,481
		5.8	1,575,648
	Less: current portion		870,723
			704,925

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 2023: 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 H-8/4 Islamabad.

5.2 This includes outstanding balance of Rs. 11.2 million (June 2023: Rs. 19.6 million) against the long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 449.5 million (June 2023: Rs. 449.5 million). Principal amount is repayable in 36 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.80% (June 2023: 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 2023: Rs. 20.7 million). This also includes an outstanding balance of Rs. 54.1 million (June 2023: Rs. 52.6 million) against long term Islamic finance facility obtained under Diminishing Musharakah basis from First Habib Modaraba of Rs. 87.9 million (June 2023: Rs. 83.2 million). Principal amount is repayable in 60 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.70% (June 2023: 3 months KIBOR plus 0.70%) per annum. The unavailed limit of this facility is nil (June 2023: nil).

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

- 5.3** This represents outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million (June 2023: 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 2023: 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. 458.3 million (June 2023: Rs. 407.2 million). Principal amount is repayable in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.70% (June 2023: 3 months KIBOR plus 0.70%) per annum. The financing is initially secured by ranking charge of Rs. 800 million, then followed by a first exclusive charge Rs. 451.3 million against the plant and machinery being financed under DM facility to be installed / placed at hospital located at H-8/4, Islamabad. Additionally, the remaining charge of Rs. 348.7 million against the plant and machinery being financed under the DM facility will be upgraded to the first exclusive charge in order to vacate the ranking charge. The unavailed limit of this facility is Rs. 123.7 million (June 2023: Rs. 179.9 million).
- 5.5** This represents the outstanding balance of long term finance facility obtained from United Bank Limited of Rs. 185.2 million (June 2023: Rs. 185.2 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 2023: nil). Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognised 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 2023: Rs. 200 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 2023: nil). Since the financing under SBP refinance scheme carries no profit rate, the loan has been recognised 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 2023: 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 exclusive 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 recognised at present value using the Company's effective profit rate along with the recognition of government grant.

5.8 Movement during the period / year

Balance at beginning of the period / year
 Proceeds during the period / year
 Repayment during the period / year
 Balance at end of the period / year

	Un-audited September 30, 2023	Audited June 30, 2023
	(Rupees in '000')	
	1,740,409	2,607,637
	57,386	486,450
	(222,147)	(1,353,678)
	1,575,648	1,740,409

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

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 2023: Rs. 33.1 million) on behalf of the Company in its ordinary course of business.
- 6.1.2** Claims and penalties against the Company for alleged negligence attributed to consultants / doctors etc. and other matters aggregating to Rs. 5.4 million (June 2023: Rs. 5.4 million) are currently pending within the legal jurisdiction of Peshawar, Islamabad and Lahore High Courts as well as the Supreme Court of Pakistan. The management of the Company is contesting these claims and penalties, and believes that the contention of the claimants and penalties imposed will not be successful and no material liability is likely to arise.
- 6.1.3** On June 06, 2012, the Competition Commission of Pakistan (CCP) imposed a penalty of Rs. 20 million (June 2023: Rs. 20 million) against each Gulf Cooperation Council's (GCC) Approved Medical Center (GAMC), including SIHL. This penalty was imposed due to allegations of engaging in non-competitive practices involving territorial division and equal allocation of customers among GAMCs. The Company's management, in conjunction with other GAMCs, is collaboratively contesting this issue which is presently pending before the Supreme Court of Pakistan. The Company's management firmly believes that a favorable judgment for the GAMCs, including SIHL, will be reached.

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

- 6.2.1** The tax authorities have amended the assessments for the tax years 2012, 2013, 2014, 2015, 2016, and 2019 under section 122(5A)/124 of the Income Tax Ordinance, 2001 (the Ordinance). They have 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. The Company, feeling aggrieved, appealed these assessments before the Commissioner Inland Revenue (Appeals) [CIR(A)]. The CIR(A) partly confirmed the assessments and partly provided relief to the Company. However, the assessment for the tax year 2015 was confirmed. The Company, still aggrieved, filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue [ATIR] on various dates from September 2018 to November 2021, and these appeals are currently pending adjudication.
- 6.2.2** The tax authorities imposed taxes 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 the tax years 2016, 2014, 2013, and 2012 respectively, based on alleged non-deduction of tax on payments. The Company, feeling aggrieved, appealed these assessments before the CIR(A). Regarding the tax year 2012, the CIR(A) deleted the assessment, while for the tax years 2013 and 2016, the assessment was set aside, and for the tax year 2014, the assessment was confirmed. The Company, still aggrieved, filed appeals for the tax years 2013, 2014, and 2016 before the ATIR. The appeals for the tax years 2013 and 2016 were filed on November 26, 2019, and June 06, 2023 respectively, and they are currently pending adjudication. Additionally, the ATIR has set aside the assessment for the tax year 2014 for denovo consideration.
- 6.2.3** The tax authorities amended the assessments for the tax years 2012, 2013, and from 2015 to 2017 under section 122(5) of the Ordinance. They raised an aggregate tax demand of Rs. 1,350.9 million. Feeling aggrieved, the Company appealed these assessments before the CIR(A). The CIR(A) annulled all the assessment orders, resulting in the deletion of the tax demand. Dissatisfied with the CIR(A)'s decision, the tax department filed an appeal before the ATIR on November 15, 2018, and these appeals are currently pending adjudication.
- 6.2.4** The tax authorities amended the assessments for the tax years 2014 and 2015 under section 221 of the Ordinance, resulting in an aggregate tax demand of Rs. 11.8 million. The Company, feeling aggrieved, filed

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

appeals before the CIR (A). The CIR (A) remanded the assessments back to the Assistant Commissioner Inland Revenue (ACIR). Both the Company and the tax department filed cross-appeals before the ATIR in January 2018, and these appeals are currently pending adjudication.

6.2.5 The tax authorities amended the assessment for the tax year 2014 under section 177 of the Ordinance, resulting in a tax demand of Rs. 1,143.8 million. Feeling aggrieved, the Company appealed the assessment before the CIR (A). The CIR (A) annulled the assessment order, resulting in the deletion of the tax demand. The tax department filed an appeal before the ATIR on November 27, 2019, against the decision of the CIR (A), which is currently pending adjudication.

6.2.6 The tax authorities imposed sales tax demands 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. These demands were based on alleged non-payment of sales tax on sales of scrap, fixed assets, and cafeteria for the tax years 2016 to 2020 respectively. Regarding the Company's appeals for the tax years 2016, 2018, and 2020, the ATIR deleted the sales tax charged on cafeteria and fixed assets, while confirming the sales tax on scrap. Furthermore, for the tax years 2017 and 2019, the CIR(A) deleted the sales tax on cafeteria sales, while confirming the sales tax on sales of scrap and fixed assets. The Company has filed appeals before the ATIR against the confirmation of sales tax on scrap and fixed assets, and these appeals are currently pending adjudication.

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 September 30, 2023	Audited June 30, 2023
	Note	(Rupees in '000')	
6.3	Commitments		
	Capital expenditure contracted	74,187	104,711
	Letters of credit	18,040	-
7	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	7.1 5,829,466	5,806,345
	Capital work in progress	7.2 561,228	636,751
	Right of use assets	7.3 515,907	574,644
		6,906,601	7,017,740
7.1	Operating fixed assets		
	Written down value (WDV) at beginning of the period / year	5,806,345	5,548,235
	Additions	7.1.1 224,850	1,370,685
	Reclassified as investment property	-	(382,553)
		6,031,195	6,536,367
	WDV of disposals	(1,079)	(949)
	WDV of assets written off	(1,497)	(8,222)
	Depreciation for the period / year	(199,153)	(720,851)
	WDV at end of the period / year	5,829,466	5,806,345

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Un-audited September 30, 2023	Audited June 30, 2023
Note	(Rupees in '000')	
7.1.1 Additions to operating fixed assets		
Freehold land	-	1,931
Building on leasehold land	5,991	62,492
Leasehold improvements	12,395	313,085
Biomedical equipment	118,741	711,560
Air conditioning equipment and machinery	1,357	61,011
Electrical and other equipment	17,234	105,344
Furniture and fittings	3,451	22,767
Computer installations	37,247	63,343
Construction equipment	562	152
Vehicles	27,872	29,000
	224,850	1,370,685
7.2 Capital work in progress		
Balance at beginning of the period / year	636,751	743,435
Additions during the period / year	20,282	556,632
Transferred to operating fixed assets	(95,805)	(663,316)
Balance at end of the period / year	561,228	636,751
	7.2.1	
7.2.1 Capital work in progress		
Construction work	349,026	347,130
Installation of equipment	212,202	289,621
	561,228	636,751
7.3 Right of use assets		
Balance at beginning of the period / year	574,644	842,502
Additions during the period / year	-	75,384
Modification / termination during the period / year	-	(164,620)
Depreciation for the period / year	(58,737)	(178,622)
Balance at end of the period / year	515,907	574,644

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Un-audited September 30, 2023	Audited June 30, 2023
Note	(Rupees in '000')	
8 LONGTERM 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)	1,582,279	1,582,279
Shifa Medical Center Islamabad (Private) Limited (SMC Islamabad)	1,356,170	1,356,170
Shifa International DWC-LLC (SIDL)	23,280	23,280
In associated companies (unquoted):		
Shifa CARE (Private) Limited (SCPL)	45,001	45,001
SIHT (Private) Limited (SIHT)	200,000	-
8.1	4,914,217	4,714,217

8.1 In line with the decision of board of directors of the Company in its meeting held on April 12, 2023, on September 23, 2023, the Company entered into a tripartite Shares Purchase Agreement (SPA) with Shifa Foundation and its wholly owned subsidiary SIHT for acquiring 50% shareholding in SIHT from Shifa Foundation.

The SPA provides that the paid up share capital of SIHT shall be increased from Rs. 100,100,000 to Rs. 500,100,000 representing 5,001,000 ordinary shares of Rs. 100 each over the arrangement period. The SPA further provides that the referred acquisition of equity interest in SIHT to be made in nine quarterly installments shall be completed by September 30, 2025. Accordingly, by the end of the current interim period a sum of Rs. 200,000,000 has been paid to Shifa Foundation for acquiring 625,118 shares, representing 20.83% percent shareholding of SIHT, that have been transferred to the Company subsequent to current interim period.

	Un-audited September 30, 2023	Audited June 30, 2023
	(Rupees in '000')	
9 TRADE DEBTS		
Unsecured - considered good		
Related party - Shifa Foundation	10,388	5,686
Others	1,887,278	1,576,999
	1,897,666	1,592,685
Less: allowance for expected credit losses (ECL)	242,347	226,563
	1,655,319	1,366,122

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

		Un-audited	
		September 30, 2023	September 30, 2022
		(Rupees in '000')	
10	REVENUE - NET		
	Inpatients	3,675,649	2,832,153
	Outpatients	2,103,778	1,649,581
	Other services	228,498	315,191
		6,007,925	4,796,925
	Less: discount	41,917	37,738
	Less: sales tax	24,622	17,426
		66,539	55,164
		5,941,386	4,741,761
11	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit after taxation	393,542	367,418
		(Number in '000')	
	Weighted average number of ordinary shares in issue	63,214	63,214
		(Rupees)	
	Earnings per share - basic and diluted	6.23	5.81

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

12 RELATED PARTY TRANSACTIONS

The related parties comprise of subsidiaries, associates, directors, major shareholders, key management personnel, SIHL Employees' Gratuity Fund Trust 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.

Related party transactions are based on arm's length between the parties. Transactions and balances with the related parties are given below:

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Un-audited	
	September 30, 2023	September 30, 2022
	(Rupees in '000')	
Transactions:		
Shifa Foundation (Related party by virtue of common directorship)		
Revenue from medical services earned by the Company	4,726	3,959
Expenses paid by and reimbursed to the Company	484	221
Acquisition of shares of SIHT (Private) Limited	200,000	-
Tameer-e-Millat Foundation (Related party by virtue of common directorship)		
Supplies provided to the Company	21,386	24,242
Other services provided to the Company	7,723	10,874
Rental services received / earned by the Company	1,521	1,401
Shifa Tameer-e-Millat University (Related party by virtue of common directorship)		
Revenue from medical services earned by the Company	5,163	3,848
Revenue from rent earned by the Company	967	879
Other services provided to the Company	21,005	18,033
Expenses paid by and reimbursed to the Company	713	717
SIHT (Private) Limited (Associate and common directorship)		
Revenue from medical services earned by the Company	145,018	84,549
Expenses paid by and reimbursed to the Company	1,441	1,501
Other services provided to the Company	6,407	6,102
Shifa Development Services (Private) Limited (Subsidiary and common directorship)		
Revenue from rent earned by the Company	480	396
Pre-construction services provided to the Company	-	50,986
Shifa International DWC LLC (Subsidiary and common directorship)		
Patient referral services provided to the Company	4,796	3,011
Shifa Medical Centre Islamabad (Private) Limited (Subsidiary and common directorship)		
Corporate shared services provided by the Company	2,566	2,533

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Un-audited	
	September 30, 2023	September 30, 2022
	(Rupees in '000')	
Shifa National Hospital Faisalabad (Private) Limited (Subsidiary and common directorship)		
Investment made by the Company is nil (September 2022: 26,111,712) ordinary shares	-	261,117
Corporate shared services provided by the Company	2,566	2,533
Shifa Neuro Sciences Institute Islamabad (Private) Limited (Subsidiary and common directorship)		
Rent paid by the Company	27,513	25,012
Shifa Cooperative Housing Society Limited (Related party by virtue of common directorship)		
Plot maintenance charges paid by the Company	905	-
Shifa CARE (Private) Limited (Associate and common directorship)		
Corporate shared services provided by the Company	636	598
SIHL Employees' Gratuity Fund Trust		
Payments made by the Company	31,438	21,737
Remuneration including benefits and perquisites of key management personnel	90,163	92,585
	Un-audited September 30, 2023	Audited June 30, 2023
	(Rupees in '000')	
Balances (unsecured):		
Shifa Foundation - receivable	10,388	15,686
Tameer-e-Millat Foundation - payable	16,281	12,803
Shifa Tameer-e-Millat University - payable	33,450	12,009
SIHT (Private) Limited - receivable	38,536	87,473
Shifa Development Services (Private) Limited - receivable	320	-
Shifa Neuro Sciences Institute Islamabad (Private) Limited - receivable	20,278	20,278
Shifa Medical Center Islamabad (Private) Limited - receivable	2,566	-
Shifa National Hospital Faisalabad (Private) Limited - receivable	2,566	-
Shifa International DWC LLC - receivable	44,513	46,485
SIHL Employees' Gratuity Fund Trust - payable	173,514	169,573

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

		Un-audited	
		September 30, 2023	September 30, 2022
		(Rupees in '000')	
13	CASH AND CASH EQUIVALENTS		
	Investment in Term Deposit Receipt - at amortized cost	3,000	3,000
	Cash and bank balances	1,830,282	1,986,420
		1,833,282	1,989,420

14 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, 2023. 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, 2023.

15 GENERAL

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

16 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 October 28, 2023.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED
SEPTEMBER 30, 2023

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2023

		Un-audited September 30, 2023	Audited June 30, 2023
	Note	(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorised share capital			
100,000,000 (June 2023: 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		2,028,613	2,032,194
Revenue reserves			
Unappropriated profits		6,370,158	5,991,558
		11,769,803	11,394,784
NON - CONTROLLING INTEREST			
		2,479,311	2,500,388
NON - CURRENT LIABILITIES			
Long term financing - secured	6	704,925	868,611
Deferred liabilities		413,107	423,143
Lease liabilities		281,012	297,008
		1,399,044	1,588,762
CURRENT LIABILITIES			
Trade and other payables		4,584,100	4,793,572
Unclaimed dividend		36,377	36,955
Markup accrued		88,415	70,874
Current portion of long term financing - secured	6	870,723	871,798
Current portion of lease liabilities		143,309	169,979
		5,722,924	5,943,178
		21,371,082	21,427,112
CONTINGENCIES AND COMMITMENTS			
	7		

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

David M. Rahman

CHAIRMAN

		Un-audited September 30, 2023	Audited June 30, 2023
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	8	13,848,989	13,987,475
Intangible assets		39,651	40,035
Investment property - at cost		748,450	748,450
Long term investments	9	244,388	45,079
Long term deposits		104,651	104,330
		14,986,129	14,925,369
CURRENT ASSETS			
Stores, spare parts and loose tools		258,976	251,698
Stock in trade		952,377	982,498
Trade debts	10	1,655,319	1,366,122
Loans and advances		577,206	434,901
Deposits, prepayments and other receivables		212,616	266,493
Markup accrued		3,467	2,077
Other financial assets		607,165	554,352
Tax refunds due from the government (net of provision)		223,193	320,936
Cash and bank balances		1,894,634	2,322,666
		6,384,953	6,501,743
		21,371,082	21,427,112


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

		September 30, 2023	September 30, 2022
	Note	(Rupees in '000')	
Revenue - net	11	5,941,437	4,739,338
Other income		74,354	227,770
Operating costs		(5,289,014)	(4,321,626)
Finance cost		(108,535)	(108,048)
Expected credit losses		(15,785)	(12,524)
Share of loss of associate		(691)	(791)
Profit before taxation		601,766	524,119
Provision for taxation		(247,824)	(145,708)
Profit after taxation		353,942	378,411
Attributable to:			
Equity holders of SIHL		375,019	375,345
Non-controlling interest		(21,077)	3,066
		353,942	378,411
Earnings per share - basic and diluted (Rupees)	12	5.93	5.94

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



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	September 30, 2023	September 30, 2022
(Rupees in '000')		
Profit after taxation	353,942	378,411
Other comprehensive income:		
Items that will not be subsequently reclassified in the consolidated statement of profit or loss:		
Foreign currency translation adjustment	-	318
Total comprehensive income for the period	353,942	378,729
Attributable to:		
Equity holders of SIHL	375,019	375,663
Non-controlling interest	(21,077)	3,066
	353,942	378,729

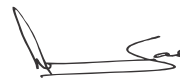
The annexed notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	Un-appropriated profits	Non-controlling interest (NCI)	Total
	(Rupees in '000')					
Balance as at July 01, 2022	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	-	-	-	375,345	3,066	378,411
Other comprehensive income - net of tax	-	-	-	318	-	318
	-	-	-	375,663	3,066	378,729
Realisation of revaluation surplus on disposal of assets	-	-	(7,755)	7,755	-	-
Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation / amortisation	-	-	(3,226)	3,226	-	-
NCI recognised during the period	-	-	-	-	174,078	174,078
Balance as at September 30, 2022	632,144	2,738,888	1,535,338	5,285,312	1,847,903	12,039,585
Balance as at July 01, 2023	632,144	2,738,888	2,032,194	5,991,558	2,500,388	13,895,172
Total comprehensive income for the period:						
Profit / (loss) after taxation	-	-	-	375,019	(21,077)	353,942
Other comprehensive income - net of tax	-	-	-	-	-	-
	-	-	-	375,019	(21,077)	353,942
Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation / amortisation	-	-	(3,581)	3,581	-	-
Balance as at September 30, 2023	632,144	2,738,888	2,028,613	6,370,158	2,479,311	14,249,114

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



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

September 30, 2023 September 30, 2022

	September 30, 2023	September 30, 2022
Note	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	601,766	524,119
Adjustments for:		
Depreciation / amortisation on tangible assets	255,046	230,706
Amortisation on intangible assets	430	4,507
Expected credit losses	15,785	12,524
Property, plant and equipment written off	1,497	1,551
Gain on disposal of tangible assets	(6,170)	(6,512)
Provision for compensated absences	19,499	14,524
Provision for defined contribution plan	28,072	19,566
Provision for bonus for employees	42,030	36,015
Provision for gratuity	35,550	23,170
(Reversal) / charged of provision for slow moving stores	(944)	32
Share of loss of associate	691	791
Gain on investment and bank deposits	(45,705)	(44,124)
Gain on foreign currency translation	(5,305)	(163,536)
Finance cost	108,535	108,048
Operating cash flows before changes in working capital	1,050,777	761,381
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(6,334)	2,952
Stock in trade	30,121	(29,578)
Trade debts	(304,982)	(427,394)
Loans and advances	(142,302)	8,073
Deposits, prepayments and other receivables	60,560	58,578
(Decrease) / increase in current liabilities:		
Trade and other payables	(278,422)	401,152
	(641,359)	13,783
Cash generated from operations	409,418	775,164
Finance cost paid	(78,486)	(88,773)
Income tax paid	(167,358)	(122,785)
Payment to SIHL Employees' Gratuity Fund Trust	(31,438)	(21,737)
Compensated absences paid	(16,915)	(11,993)
Payment to defined contribution plan	(7,338)	(15,295)
Net cash generated from operating activities	107,883	514,581
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment (PPE)	(127,347)	(923,326)
Outlay against long term investments	(200,000)	-
Encashment of other financial assets - net	25,723	76,309
Proceeds from disposal of PPE and items classified as held for sale	15,459	28,561
Markup received	22,916	11,835
Increase in long term deposits	(321)	(4,149)
Net cash used in investing activities	(263,570)	(810,770)
CASH FLOWS FROM FINANCING ACTIVITIES		
Non-controlling interest	-	174,078
Long term financing - repayments	(222,147)	(384,729)
Proceeds from long term financing	57,386	93,150
Lease liabilities - repayments	(55,173)	(51,158)
Dividend paid	(578)	(1,931)
Net cash used in financing activities	(220,512)	(170,590)
Net decrease in cash and cash equivalents	(376,199)	(466,779)
Cash and cash equivalents at beginning of the period	2,446,115	2,540,324
Effect of exchange rate changes on cash and cash equivalents	5,305	163,855
Cash and cash equivalents at end of the period	2,075,221	2,237,400

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



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

1 STATUS AND NATURE OF BUSINESS

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.

SIHL was incorporated in Pakistan on September 29, 1987 as a private limited company under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and converted into a public limited company on October 12, 1989. The shares of the SIHL are quoted on Pakistan Stock Exchange Limited. The registered office of the SIHL is situated at Sector H-8/4, Islamabad. 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, lab collection points and pharmacies in different cities of Pakistan.

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.

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 centres, clinics, laboratories, operation theaters, dental clinics, healthcare centres 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.

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.

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.

Shifa International-DWC LLC (SIDL) was incorporated in United Arab Emirates on December 16, 2019 as limited liability company. The principal activities of the SIDL which it may perform under the license issued by Dubai Aviation City Corporation are marketing and project management services. The

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

registered office of the SIDL is situated at 106 B-2 Pulse residence-3, P.O Box, 390667, Dubai South 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, 2023. Comparative condensed interim consolidated statement of financial position is extracted from annual audited consolidated financial statements as of June 30, 2023, whereas comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows are extracted from un-audited condensed interim consolidated financial statements for the three months period ended September 30, 2022.

2.3 Functional and presentation currency

These condensed interim consolidated financial statements have 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 2023: 55% owned), SNS Islamabad 100% owned (June 2023: 100% owned), SMC Islamabad 56% owned (June 2023: 56% owned), SNH Faisalabad 61% owned (June 2023: 61% owned) and SIDL 100% owned (June 2023: 100% owned).

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognised from the date the control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair value at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non controlling interest's proportionate share of the acquiree's identifiable net assets.

Inter-company transactions, balances and unrealised gain on transactions between group companies are eliminated. Unrealised loss is also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

Associates (equity accounted investees)

Entities over which the Group has significant influence directly or indirectly (through subsidiaries) but not control and which are neither subsidiaries nor joint ventures of the members of the Group are associates and are accounted for under the equity method of accounting (equity accounted investees). These investments are initially recognised at cost. These condensed interim consolidated financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit / loss of associates is recognised in the condensed interim consolidated statement of profit or loss and the condensed interim consolidated statement of comprehensive income. Distributions received from associates reduce the carrying amount of investment.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment (including any long-term interests that, in substance, form part of the Group's net investment in the associate) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

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, 2023.

4.1 Changes in accounting standards, interpretations and pronouncements

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

Certain standards, amendments and interpretations to applicable accounting standards are effective for accounting periods beginning on January 01, 2023, 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 and amendments to accounting and reporting 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 January 01, 2024, but are

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

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.

5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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, 2023.

		Un-audited September 30, 2023	Audited June 30, 2023
	Note	(Rupees in '000')	
6	LONGTERM FINANCING - SECURED		
	From banking companies and non banking financial institution:		
	Syndicated Islamic Finance Facility	6.1	713,818
	Diminishing Musharakah Facility-1	6.2	72,176
	Diminishing Musharakah Facility-2	6.3	250,000
	Diminishing Musharakah Facility-3	6.4	407,196
	Refinance Facility to Combat COVID-19 (RFCC)	6.5	111,419
	Deferred income - Government grant	23,761	27,830
		127,381	139,249
	Islamic Refinance Facility to Combat COVID -19 (IRFCC)	6.6	107,798
	Deferred income - Government grant	11,010	13,313
		109,580	121,111
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	6.7	29,412
	Deferred income - Government grant	6,530	7,447
		35,481	36,859
		6.8	1,740,409
	Less: current portion	870,723	871,798
		704,925	868,611

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 2023: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly installments. The SIHL has availed the loan facility upto the total

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

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 H-8/4 Islamabad.

- 6.2** This includes outstanding balance of Rs. 11.2 million (June 2023: Rs. 19.6 million) against the long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 449.5 million (June 2023: Rs. 449.5 million). Principal amount is repayable in 36 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.80% (June 2023: 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 2023: Rs. 20.7 million). This also includes an outstanding balance of Rs. 54.1 million (June 2023: Rs. 52.6 million) against long term Islamic finance facility obtained under Diminishing Musharakah basis from First Habib Modaraba of Rs. 87.9 million (June 2023: Rs. 83.2 million). Principal amount is repayable in 60 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.70% (June 2023: 3 months KIBOR plus 0.70%) per annum. The unavailed limit of this facility is nil (June 2023: nil).
- 6.3** This represents outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million (June 2023: 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 2023: 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. 458.3 million (June 2023: Rs. 407.2 million). Principal amount is repayable in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.70% (June 2023: 3 months KIBOR plus 0.70%) per annum. The financing is initially secured by ranking charge of Rs. 800 million, then followed by a first exclusive charge Rs. 451.3 million against the plant and machinery being financed under DM facility to be installed / placed at hospital located at H-8/4, Islamabad. Additionally, the remaining charge of Rs. 348.7 million against the plant and machinery being financed under the DM facility will be upgraded to the first exclusive charge in order to vacate the ranking charge. The unavailed limit of this facility is Rs. 123.7 million (June 2023: Rs. 179.9 million).
- 6.5** This represents the outstanding balance of long term finance facility obtained from United Bank Limited of Rs. 185.2 million (June 2023: Rs. 185.2 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 2023: nil). Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognised 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 2023: Rs. 200 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 2023: nil). Since the financing under SBP refinance scheme carries no profit rate, the loan has been recognised 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 THREE MONTHS PERIOD ENDED SEPTEMBER 30, 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 2023: 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 exclusive 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 recognised at present value using the SIHL's effective profit rate along with the recognition of government grant.

Un-audited September 30, 2023	Audited June 30, 2023
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(Rupees in '000')

6.8 Movement during the period / year

Balance at beginning of the period / year	1,740,409	2,607,637
Proceeds during the period / year	57,386	486,450
Repayment during the period / year	(222,147)	(1,353,678)
Balance at end of the period / year	1,575,648	1,740,409

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 2023: Rs. 33.1 million) on behalf of the SIHL in its ordinary course of business.

7.1.2 Claims and penalties against the SIHL for alleged negligence attributed to consultants / doctors etc. and other matters aggregating to Rs. 5.4 million (June 2023: Rs. 5.4 million) are currently pending within the legal jurisdiction of Peshawar, Islamabad and Lahore High Courts as well as the Supreme Court of Pakistan. The management of the SIHL is contesting these claims and penalties, and believes that the contention of the claimants and penalties imposed will not be successful and no material liability is likely to arise.

7.1.3 On June 06, 2012, the Competition Commission of Pakistan (CCP) imposed a penalty of Rs. 20 million (June 2023: Rs. 20 million) against each Gulf Cooperation Council's (GCC) Approved Medical Center (GAMC), including SIHL. This penalty was imposed due to allegations of engaging in non-competitive practices involving territorial division and equal allocation of customers among GAMCs. The SIHL's management, in conjunction with other GAMCs, is collaboratively contesting this issue which is presently pending before the Supreme Court of Pakistan. The SIHL's management firmly believes that a favorable judgment for the GAMCs, including SIHL, will be reached.

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

7.2.1 The tax authorities have amended the assessments for the tax years 2012, 2013, 2014, 2015, 2016, and 2019 under section 122(5A)/124 of the Income Tax Ordinance, 2001 (the Ordinance). They have 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. The SIHL, feeling aggrieved, appealed these assessments before the Commissioner Inland Revenue (Appeals) [CIR(A)]. The CIR(A) partly confirmed the assessments and partly provided relief to the SIHL. However, the assessment for the tax year 2015 was confirmed. The SIHL, still aggrieved, filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue [ATIR] on

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

various dates from September 2018 to November 2021, and these appeals are currently pending adjudication.

- 7.2.2** The tax authorities imposed taxes 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 the tax years 2016, 2014, 2013, and 2012 respectively, based on alleged non-deduction of tax on payments. The SIHL, feeling aggrieved, appealed these assessments before the CIR(A). Regarding the tax year 2012, the CIR(A) deleted the assessment, while for the tax years 2013 and 2016, the assessment was set aside, and for the tax year 2014, the assessment was confirmed. The SIHL, still aggrieved, filed appeals for the tax years 2013, 2014, and 2016 before the ATIR. The appeals for the tax years 2013 and 2016 were filed on November 26, 2019, and June 06, 2023 respectively, and they are currently pending adjudication. Additionally, the ATIR has set aside the assessment for the tax year 2014 for denovo consideration.
- 7.2.3** The tax authorities amended the assessments for the tax years 2012, 2013, and from 2015 to 2017 under section 122(5) of the Ordinance. They raised an aggregate tax demand of Rs. 1,350.9 million. Feeling aggrieved, the SIHL appealed these assessments before the CIR(A). The CIR(A) annulled all the assessment orders, resulting in the deletion of the tax demand. Dissatisfied with the CIR(A)'s decision, the tax department filed an appeal before the ATIR on November 15, 2018, and these appeals are currently pending adjudication.
- 7.2.4** The tax authorities amended the assessments for the tax years 2014 and 2015 under section 221 of the Ordinance, resulting in an aggregate tax demand of Rs. 11.8 million. The SIHL, feeling aggrieved, filed appeals before the CIR (A). The CIR (A) remanded the assessments back to the Assistant Commissioner Inland Revenue (ACIR). Both the SIHL and the tax department filed cross-appeals before the ATIR in January 2018, and these appeals are currently pending adjudication.
- 7.2.5** The tax authorities amended the assessment for the tax year 2014 under section 177 of the Ordinance, resulting in a tax demand of Rs. 1,143.8 million. Feeling aggrieved, the SIHL appealed the assessment before the CIR (A). The CIR (A) annulled the assessment order, resulting in the deletion of the tax demand. The tax department filed an appeal before the ATIR on November 27, 2019, against the decision of the CIR (A), which is currently pending adjudication.
- 7.2.6** The tax authorities imposed sales tax demands 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. These demands were based on alleged non-payment of sales tax on sales of scrap, fixed assets, and cafeteria for the tax years 2016 to 2020 respectively. Regarding the SIHL's appeals for the tax years 2016, 2018, and 2020, the ATIR deleted the sales tax charged on cafeteria and fixed assets, while confirming the sales tax on scrap. Furthermore, for the tax years 2017 and 2019, the CIR(A) deleted the sales tax on cafeteria sales, while confirming the sales tax on sales of scrap and fixed assets. The SIHL has filed appeals before the ATIR against the confirmation of sales tax on scrap and fixed assets, and these appeals are currently pending adjudication.

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 THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

		Un-audited September 30, 2023	Audited June 30, 2023
	Note	(Rupees in '000')	
7.3	Commitments		
	Capital expenditure contracted	74,187	104,711
	Letters of credit	18,040	-
8	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	9,880,473	9,890,858
	Capital work in progress	3,630,424	3,721,132
	Right of use assets	338,092	375,485
		13,848,989	13,987,475
8.1	Operating fixed assets		
	Written down value (WDV) at beginning of the period / year	9,890,858	8,903,750
	Additions	224,852	1,456,245
	Revaluation	-	738,348
	Reclassified as investment property	-	(382,553)
		10,115,710	10,715,790
	WDV of disposals	(9,289)	(949)
	WDV of assets written off	(1,497)	(8,222)
	Depreciation for the period / year	(224,451)	(815,761)
	WDV at end of the period / year	9,880,473	9,890,858
8.1.1	Additions to operating fixed assets		
	Freehold land	-	3,932
	Leasehold land	-	20,583
	Building on leasehold land	5,991	62,492
	Leasehold improvements	12,395	313,085
	Biomedical equipment	118,741	711,560
	Air conditioning equipment and machinery	1,357	61,011
	Electrical and other equipment	17,234	163,302
	Furniture and fittings	3,451	23,192
	Computer installations	37,249	64,899
	Construction equipment	562	152
	Vehicles	27,872	32,037
		224,852	1,456,245
8.2	Capital work in progress		
	Balance at beginning of the period / year	3,721,132	2,177,085
	Additions during the period / year	5,097	2,265,339
	Transferred to operating fixed assets	(95,805)	(721,292)
	Balance at end of the period / year	3,630,424	3,721,132

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

		Un-audited September 30, 2023	Audited June 30, 2023
	Note	(Rupees in '000')	
8.2.1 Capital work in progress			
Construction work		3,418,222	3,431,511
Installation of equipment		212,202	289,621
		3,630,424	3,721,132
8.3 Right of use assets			
Balance at beginning of the period / year		375,485	557,969
Additions during the period / year		-	75,384
Modification / termination during the period / year		-	(164,620)
Depreciation for the period / year		(37,393)	(93,248)
Balance at end of the period / year		338,092	375,485
9 LONG TERM INVESTMENTS			
Associated companies (unquoted)			
Shifa Care (Private) Limited (SCPL)	9.1	44,388	45,079
SIHT (Private) Limited (SIHT)	9.2	200,000	-
		244,388	45,079
9.1 Shifa Care (Private) Limited (SCPL)			
Balance at beginning of the period / year		45,079	32,862
Share in (loss) / profit for the period / year		(691)	12,217
Balance at end of the period / year		44,388	45,079

This represents investment in 4,500,050 (June 2023: 4,500,050) fully paid ordinary shares of Rs. 10 each of SCPL. The above investment in ordinary shares represents 50% (June 2023: 50%) shareholding in SCPL held by the SIHL.

9.2 In line with the decision of board of directors of the SIHL in its meeting held on April 12, 2023, on September 23, 2023, the SIHL entered into a tripartite Shares Purchase Agreement (SPA) with Shifa Foundation and its wholly owned subsidiary SIHT for acquiring 50% shareholding in SIHT from Shifa Foundation.

The SPA provides that the paid up share capital of SIHT shall be increased from Rs. 100,100,000 to Rs. 500,100,000 representing 5,001,000 ordinary shares of Rs. 100 each over the arrangement period. The SPA further provides that the referred acquisition of equity interest in SIHT to be made in nine quarterly installments shall be completed by September 30, 2025. Accordingly, by the end of the current interim period a sum of Rs. 200,000,000 has been paid to Shifa Foundation for acquiring 625,118 shares, representing 20.83% shareholding of SIHT, that have been transferred to the SIHL subsequent to current interim period.

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Un-audited September 30, 2023	Audited June 30, 2023
	(Rupees in '000')	
10 TRADE DEBTS		
Unsecured - considered good		
Related party - Shifa Foundation	10,388	15,686
Others	1,889,077	1,578,798
	1,899,465	1,594,484
Less: allowance for expected credit losses (ECL)	244,146	228,362
	1,655,319	1,366,122
	Un-audited	
	September 30, 2023	September 30, 2022
	(Rupees in '000')	
11 REVENUE - NET		
Inpatients	3,675,649	2,832,153
Outpatients	2,108,529	1,652,620
Other services	221,622	309,069
	6,005,800	4,793,842
Less: discount	41,917	37,738
Less: sales tax	22,446	16,766
	64,363	54,504
	5,941,437	4,739,338
12 EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation	375,019	375,345
	(Number in '000')	
Weighted average number of ordinary shares in issue	63,214	63,214
	(Rupees)	
Earnings per share - basic and diluted	5.93	5.94

12.1 There is no dilutive effect on the basic earnings per share of the Group.

13 RELATED PARTY TRANSACTIONS

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

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

Related party transactions are based on arm's length between the parties. Transactions and balances with the related parties are given below:

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Un-audited	
	September 30, 2023	September 30, 2022
	(Rupees in '000')	
Transactions:		
Shifa Foundation (Related party by virtue of common directorship)		
Revenue from medical services earned by the SIHL	4,726	3,959
Expenses paid by and reimbursed to the SIHL	484	221
Acquisition of shares of SIHT (Private) Limited	200,000	-
Tameer-e-Millat Foundation (Related party by virtue of common directorship)		
Supplies provided to the SIHL	21,386	24,242
Other services provided to the SIHL	7,723	10,874
Rental services received / earned by the SIHL	1,521	1,401
Shifa Tameer-e-Millat University (Related party by virtue of common directorship)		
Revenue from medical services earned by the SIHL	5,163	3,848
Revenue from rent earned by the SIHL	967	879
Other services provided to the SIHL	21,005	18,033
Expenses paid by and reimbursed to the SIHL	713	717
SIHT (Private) Limited (Associate and common directorship)		
Revenue from medical services earned by the SIHL	145,018	84,549
Expenses paid by and reimbursed to the SIHL	1,441	1,501
Other services provided to the SIHL	6,407	6,102
Shifa CARE (Private) Limited (Associate and common directorship)		
Corporate shared services provided by the SIHL	636	598
SIHL Employees' Gratuity Fund Trust		
Payments made by the SIHL	31,438	21,737
Remuneration including benefits and perquisites of key management personnel	97,180	104,096

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Un-audited September 30, 2023	Audited June 30, 2023
	(Rupees in '000')	
Balances (unsecured):		
Shifa Foundation - receivable	10,388	15,686
Tameer-e-Millat Foundation - payable	16,281	12,803
Shifa Tameer-e-Millat University - payable	33,450	12,009
SIHT (Private) Limited - receivable	38,536	87,473
SIHL Employees' Gratuity Fund Trust - payable	173,514	169,573
	Un-audited	
	September 30, 2023	September 30, 2022
	(Rupees in '000')	
14 CASH AND CASH EQUIVALENTS		
Investments - at amortized cost	180,587	56,594
Cash and bank balances	1,894,634	2,180,806
	2,075,221	2,237,400

15 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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, 2023. 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, 2023.

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 consolidated financial statements have been approved and authorized for issue by the board of directors of the SIHL on October 28, 2023.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

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