



Shifa
International
Hospitals Ltd.



**CONDENSED INTERIM
FINANCIAL STATEMENTS**
FOR THE SIX MONTHS PERIOD ENDED
DECEMBER 31, 2023

CONTENTS

Company Information	2
Directors' Review	3
ڈائریکٹرز کا جائزہ	4
Condensed Interim Unconsolidated Financial Statements	
Independent Auditor's Review Report	6
Condensed Interim Unconsolidated Statement of Financial Position	8
Condensed Interim Unconsolidated Statement of Profit or Loss	10
Condensed Interim Unconsolidated Statement of Comprehensive Income	11
Condensed Interim Unconsolidated Statement of Changes in Equity	12
Condensed Interim Unconsolidated Statement of Cash Flows	13
Selected Notes to the Condensed Interim Unconsolidated Financial Statements	14
Condensed Interim Consolidated Financial Statements	
Condensed Interim Consolidated Statement of Financial Position	28
Condensed Interim Consolidated Statement of Profit or Loss	30
Condensed Interim Consolidated Statement of Comprehensive Income	31
Condensed Interim Consolidated Statement of Changes in Equity	32
Condensed Interim Consolidated Statement of Cash Flows	33
Selected Notes to the Condensed Interim Consolidated Financial Statements	34

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
Dr. Ioan Philippe Cleaton-Jones	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,

We are pleased to present the Condensed Interim Unconsolidated and Consolidated Financial Statements of the Company for the first six months period ended December 31, 2023.

The Financial Highlights are as under:

Operating Results	(PKR in million)					
	Six months period ended December 31,					
	2023	2022	Change %	2023	2022	Change %
UNCONSOLIDATED			CONSOLIDATED			
Revenue - Net	12,019	9,533	26	12,024	9,530	26
Operating Profit	1,437	1,135	26	1,404	1,131	24
Profit After Tax	745	622	20	703	602	17
Earnings Per Share-Rs.	11.78	9.83	20	11.52	9.65	19

Shifa International Hospitals Limited is committed to its Mission i.e. "Healthcare with Compassion" in order to ensure continuously improved patient experience which is the only factor that can translate into desired outcomes for the patient community as well as the Company. We are determined to keep assuming our leadership role in the provision of quality healthcare. The latest endorsement of this commitment to quality healthcare has come in the form of consecutive third accreditation of Shifa International Hospitals Limited for next three years by the Joint Commission International, USA. It is an evidence of our services' quality and safety and their value for the patients as well as a source of pride and satisfaction for the Company's stakeholder, especially our valued shareholders that Shifa International Hospitals is on the right track.

On the financial results, during the first half of the year, there was a notable 26% increase in the net revenue compared to the corresponding period of the previous year. Operating costs rose from PKR 8,653 million to PKR 10,660 million during this time. Despite challenging circumstances such as an unfavorable policy rate and increase in direct and indirect taxes, the Company witnessed an increase in EPS to PKR 11.78 from PKR 9.83 of the same period of the previous year. The Board of Directors is determined to sustain the Company's profitability despite the challenging macroeconomic odds and escalating inflation.

Acknowledgement:

The Board extends its sincere gratitude to the leadership, employees, consultants, and strategic partners for their unwavering commitment, perseverance, and valuable contributions. Furthermore, the Board appreciates and acknowledges the support and cooperation of all stakeholders including shareholders, banks, vendors, patients, and regulators, whose continued engagement has been instrumental in our collective success.

For and on behalf of the Board of Directors



DR. ZEESHAN BIN ISHTIAQUE

Chief Executive Officer

Islamabad
February 23, 2024



DR. MANZOOR H. QAZI

Director

ڈائریکٹرز کا جائزہ

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

معزز حصص داران،

ہم بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2023 کو مکمل ہونے والی ششماہی کے اختتام پر کمپنی کے انضمام کردہ اور انفرادی عبوری مالیاتی نتائج کا خلاصہ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ چند اہم مالیاتی نکات درج ذیل ہیں:

پاکستانی روپے پلین میں (31 دسمبر کو ختم ہونے والے چھ ماہ)						اپریٹنگ نتائج
تبدیلی فیصد	2022	2023	تبدیلی فیصد	2022	2023	
انضمام کردہ			انفرادی			
26	9,530	12,024	26	9,533	12,019	خالص آمدنی
24	1,131	1,404	26	1,135	1,437	آپریٹنگ منافع
17	602	703	20	622	745	منافع بعد از ٹیکس
19	9.65	11.52	20	9.83	11.78	فی شیئر آمدنی (روپے)

شفا انٹرنیشنل ہسپتال لمیٹڈ "بہمدردی کے ساتھ گہما گہما صحت" کے مشن کے لیے پرعزم ہے تاکہ تسلسل کے ساتھ مریضوں کے بہتر تجربے کو یقینی بنایا جاسکے۔ یہی وہ واحد عنصر ہے جو مریضوں اور کمپنی کے لیے مطلوبہ نتائج فراہم کر سکتا ہے۔ ہم صحت کی معیاری دیکھ بھال کی فراہمی میں اپنا قائدانہ کردار ادا کرتے رہنے کے لیے پرعزم ہیں۔ کوالٹی ہیلتھ کیئر کے لیے اس عزم کی تازہ ترین توثیق جو انٹرنیشنل کمیشن انٹرنیشنل، امریکہ کی طرف سے اگلے تین سالوں کے لیے شفا انٹرنیشنل ہسپتال لمیٹڈ کی مسلسل تیسری بار ایکریڈٹیشن ہے۔ یہ مریضوں کے لیے ہماری سروسز، ان کے تحفظ اور اس کی قدر و قیمت کے اعلیٰ معیار کا اعتراف ہے۔ اس کے ساتھ ساتھ یہ بات کمپنی کے اسٹیک ہولڈرز اور خاص طور پر ہمارے قابل قدر شیئر ہولڈرز کے لیے فخر اور اطمینان کا بھی باعث ہے کہ شفا انٹرنیشنل ہسپتال درست راستے پر گامزن ہے۔

گزشتہ سال کی اسی مدت کے مقابلے میں اس سال کی پہلی ششماہی کے دوران خالص آمدنی میں قابل ذکر 26 فیصد اضافہ ہوا۔ اس دوران آپریٹنگ لاگت 8,653 ملین روپے سے بڑھ کر 10,660 ملین روپے ہو گئی۔ گزشتہ سال کی اسی مدت کے دوران کمپنی کی فی شیئر آمدن 9.83 روپے تھی۔ اس سال پالیسی کی ناموافق شرح اور بالواسطہ و بلاواسطہ ٹیکسوں میں اضافے کے باوجود یہ شرح بڑھ کر 11.78 روپے ہو گئی۔ مشکل مالی حالات اور بڑھتی ہوئی مہنگائی کے باوجود بورڈ آف ڈائریکٹرز کمپنی کے منافع کو برقرار رکھنے کے لیے پرعزم ہے۔

اعتراف:

بورڈ اپنی قیادت، ملازمین، کونسلٹنٹس اور تنزیہیاتی پارٹنرز کے غیر متزلزل عزم، استقامت اور قابل قدر شراکت پر ان کا تہ دل سے شکر گزار ہے۔ مزید برآں بورڈ تمام اسٹیک ہولڈرز بشمول شیئر ہولڈرز، بینکوں، ویڈیوز، مریضوں اور ریگولیٹرز کی حمایت اور تعاون کو تسلیم کرتا اور اسے سراہتا ہے۔ ہماری اجتماعی کامیابی میں ان کے مسلسل تعاون کا کردار بہت اہم ہے۔

برائے اور منجانب بورڈ آف ڈائریکٹرز



ڈاکٹر ذیشان بن اشتیاق

چیف ایگزیکٹو آفیسر

اسلام آباد

23 فروری 2024



ڈاکٹر منظور علی قاضی

ڈائریکٹر



CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED
DECEMBER 31, 2023

INDEPENDENT AUDITORS REVIEW REPORT TO THE MEMBERS OF SHIFA INTERNATIONAL HOSPITALS LIMITED**Report on review of condensed Interim Unconsolidated Financial Statements****Introduction**

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Shifa International Hospitals Limited ("the Company") as at December 31, 2023 and the related 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, and notes to the unconsolidated interim financial statements for the six month period then ended (here in after referred to as the "interim unconsolidated financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

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

Conclusion

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

Other Matter

The figures for the quarter ended December 31, 2023 and December 31, 2022 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.



The engagement partner on the audit resulting in this independent auditors review report is Atif Riaz.

ISLAMABAD

DATED: 23 Feb 2024

UDIN: RR202310060MYUuHeDpP

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

		Un-audited December 31, 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		930,863	936,615
Revenue reserves			
Unappropriated profits		7,167,532	6,511,963
		11,469,427	10,819,610
NON - CURRENT LIABILITIES			
Long term financing - secured	5	696,603	868,611
Deferred liabilities		402,774	423,143
Lease liabilities		464,413	459,047
		1,563,790	1,750,801
CURRENT LIABILITIES			
Trade and other payables		4,419,695	4,644,160
Unclaimed dividend		40,717	36,955
Unpaid dividend		11,379	-
Markup accrued		33,638	70,874
Current portion of long term financing - secured	5	780,268	871,798
Current portion of lease liabilities		263,731	268,595
		5,549,428	5,892,382
		18,582,645	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.


 CHIEF EXECUTIVE

		Un-audited December 31, 2023	Audited June 30, 2023
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	7	6,950,107	7,017,740
Intangible assets		41,307	41,834
Investment property - at cost		748,450	748,450
Long term investments - at cost	8	4,967,506	4,714,217
Long term deposits		102,364	91,616
		12,809,734	12,613,857
CURRENT ASSETS			
Stores, spare parts and loose tools		228,291	251,698
Stock in trade		1,023,583	982,498
Trade debts	9	1,732,423	1,366,122
Loans and advances		223,048	145,230
Deposits, prepayments and other receivables		187,956	289,284
Markup accrued		4,056	2,077
Other financial assets		189,251	307,919
Tax refunds due from the government (net of provision)		143,819	287,675
Cash and bank balances		2,040,484	2,216,433
		5,772,911	5,848,936
		18,582,645	18,462,793


DIRECTOR


CHIEF FINANCIAL OFFICER

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Note	Six months period ended		Three months period ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		(Rupees in '000')			
Revenue - net	10	12,019,784	9,533,313	6,078,400	4,791,552
Other income		114,816	279,971	64,792	68,319
Operating costs		(10,659,520)	(8,653,601)	(5,431,571)	(4,326,587)
Finance cost		(231,762)	(228,542)	(117,429)	(112,758)
Expected credit losses		(37,589)	(24,393)	(21,804)	(11,869)
Profit before taxation		1,205,729	906,748	572,388	408,657
Provision for taxation		(461,090)	(285,257)	(221,288)	(154,590)
Profit after taxation		744,639	621,491	351,100	254,067
Earnings per share - basic and diluted (Rupees)	11	11.78	9.83	5.55	4.02

The annexed notes from 1 to 16 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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Six months period ended		Three months period ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Rupees in '000')			
Profit after taxation	744,639	621,491	351,100	254,067
Other comprehensive income:				
Items that will not be subsequently reclassified in statement of profit or loss:				
Surplus on revaluation of land	-	99,454	-	99,454
Total comprehensive income for the period	744,639	720,945	351,100	353,521

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 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, 2022 (Audited)	632,144	2,738,888	867,283	5,411,656	9,649,971
Total comprehensive income for the period:					
Profit after taxation	-	-	-	621,491	621,491
Other comprehensive income - net of tax	-	-	99,454	-	99,454
Realisation of revaluation surplus on disposal of assets	-	-	(15,550)	15,550	-
Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortisation	-	-	(5,330)	5,330	-
Distribution to owners:					
Final Dividend 2022 @ Rs. 1.5 per share	-	-	-	(94,822)	(94,822)
Balance as at December 31, 2022 (Un-audited)	632,144	2,738,888	945,857	5,959,205	10,276,094
Balance as at July 01, 2023 (Audited)	632,144	2,738,888	936,615	6,511,963	10,819,610
Total comprehensive income for the period:					
Profit after taxation	-	-	-	744,639	744,639
Other comprehensive income - net of tax	-	-	-	-	-
Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortisation	-	-	(5,752)	5,752	-
Distribution to owners:					
Final dividend 2023 @ Rs. 1.5 per share	-	-	-	(94,822)	(94,822)
Balance as at December 31, 2023 (Un-audited)	632,144	2,738,888	930,863	7,167,532	11,469,427

The annexed notes from 1 to 16 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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	December 31, 2023	December 31, 2022
Note	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,205,729	906,748
Adjustments for non-cash income and expense:		
Depreciation / amortisation on tangible assets	528,481	482,797
Amortisation on intangible assets	527	8,586
Expected credit losses	37,589	24,393
Property, plant and equipment written off	2,521	3,017
Gain on disposal of operating assets	(1,081)	(37,691)
Provision for compensated absences	38,639	32,798
Provision for defined contribution plan	54,171	26,787
Provision for bonus for employees	91,177	57,306
Provision for gratuity	73,759	46,339
(Reversal) / charged of provision for slow moving stores	(844)	1,075
Gain on investments and bank deposits	(84,030)	(69,505)
Impairment loss on remeasurement of investment	21,711	-
Loss / (gain) on foreign currency translation	14,962	(146,782)
Finance cost	231,762	228,542
Operating cash flows before changes in working capital	2,215,073	1,564,410
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	24,251	(32,456)
Stock in trade	(41,085)	(109,477)
Trade debts	(403,890)	(531,492)
Loans and advances	(77,818)	43,830
Deposits, prepayments and other receivables	101,328	62,778
(Decrease) / increase in current liabilities:		
Trade and other payables	(300,796)	755,142
	(698,010)	188,325
Cash generated from operations	1,517,063	1,752,735
Finance cost paid	(225,822)	(177,090)
Income tax paid	(347,270)	(225,721)
Payment to SIHL Employees' Gratuity Fund Trust	(93,987)	(60,637)
Compensated absences paid	(36,036)	(29,150)
Payment to defined contribution plan	(41,726)	(22,608)
Net cash generated from operating activities	772,222	1,237,529
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment (PPE)	(354,233)	(769,566)
Long term investments made	(275,000)	(445,999)
Encashment of other financial assets - net	150,000	58,000
Proceeds from disposal of PPE and items classified held for sale	2,488	81,709
Markup received	33,744	23,480
Dividend received	16,975	8,488
Increase in long term deposits	(10,748)	(8,170)
Net cash used in investing activities	(436,774)	(1,052,058)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - repayments	(443,385)	(774,828)
Proceeds from long term financing	179,847	147,722
Grant received	-	6,547
Payment of lease liabilities	(153,216)	(141,863)
Dividend paid	(79,681)	(92,551)
Net cash used in financing activities	(496,435)	(854,973)
Net decrease in cash and cash equivalents	(160,987)	(669,502)
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	(14,962)	146,782
Cash and cash equivalents at end of the period	2,043,484	1,797,712

13

The annexed notes from 1 to 16 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 SIX MONTHS PERIOD ENDED DECEMBER 31, 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 whereas investment in subsidiaries and associates are 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 six months period ended December 31, 2022.

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

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.

3 MATERIAL ACCOUNTING POLICY INFORMATION

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) Amendments to published accounting and reporting standards which became effective during the period:

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

b) Amendments to published accounting and reporting standards that are not yet effective and have not been early adopted by the Company:

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's accounting period 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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

		Un-audited December 31, 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	5.1 428,571	713,818
	Diminishing Musharakah Facility-1	5.2 74,988	72,176
	Diminishing Musharakah Facility-2	5.3 166,667	250,000
	Diminishing Musharakah Facility-3	5.4 561,488	407,196
	Refinance Facility to Combat COVID-19 (RFCC)	5.5 95,541	111,419
	Deferred income - Government grant	19,981	27,830
		115,522	139,249
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	5.6 89,139	107,798
	Deferred income - Government grant	8,911	13,313
		98,050	121,111
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	5.7 25,935	29,412
	Deferred income - Government grant	5,650	7,447
		31,585	36,859
		5.8 1,476,871	1,740,409
	Less: current portion	780,268	871,798
		696,603	868,611

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. 4.6 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. 70.3 million (June 2023: Rs. 52.6 million) against long term Islamic finance facility obtained under Diminishing Musharakah basis from First Habib Modaraba of Rs. 108.9 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).

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,

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

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. 561.4 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 of 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. 38.6 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.

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Un-audited December 31, 2023	Audited June 30, 2023
	(Rupees in '000')	
5.8 Movement during the period / year		
Balance at beginning of the period / year	1,740,409	2,607,637
Proceeds during the period / year	179,847	486,450
Repayment during the period / year	(443,385)	(1,353,678)
Balance at end of the period / year	1,476,871	1,740,409

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 In the current reporting period, the Company is contending with claims and penalties totaling Rs. 20.35 million (June 2023: Rs. 5.4 million), arising from alleged negligence attributed to consultants, doctors, and other matters. These legal proceedings are currently pending within the jurisdiction of Peshawar, Islamabad, and Lahore High Courts, as well as the Supreme Court of Pakistan. Additionally, the Company has paid penalties amounting to Rs. 1.4 million under protest, and these payments are currently under dispute at the Supreme Court of Pakistan. The management maintains a staunch position in contesting these claims and penalties, expressing confidence that the contentions raised by the claimants will not prove successful. Consequently, the Company believes that no material liability is likely to arise from these matters, and it anticipates that the penalties paid under protest shall be refunded upon resolution of the legal proceedings.

6.1.3 On June 06, 2012, the Competition Commission of Pakistan (CCP) imposed a penalty of 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

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

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 appeals before the CIR (A). The CIR (A) remanded the assessments back to the 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.

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

		Un-audited December 31, 2023	Audited June 30, 2023
	Note	(Rupees in '000')	
6.3	Commitments		
	Capital expenditure contracted	97,243	104,711
	Letters of credit	7,018	-
7	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	5,951,550	5,806,345
	Capital work in progress	435,458	636,751
	Right of use assets	563,099	574,644
		6,950,107	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	555,526	1,370,685
	Reclassified as investment property	-	(382,553)
		6,361,871	6,536,367
	WDV of disposals	(1,405)	(949)
	WDV of assets written off	(2,521)	(8,222)
	Depreciation for the period / year	(406,395)	(720,851)
	WDV at end of the period / year	5,951,550	5,806,345
7.1.1	Additions to operating fixed assets		
	Freehold land	-	1,931
	Building on leasehold land	31,231	62,492
	Leasehold improvements	120,026	313,085
	Biomedical equipment	193,524	711,560
	Air conditioning equipment and machinery	1,775	61,011
	Electrical and other equipment	38,064	105,344
	Furniture and fittings	6,447	22,767
	Computer installations	112,275	63,343
	Construction equipment	562	152
	Vehicles	51,622	29,000
		555,526	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	40,658	556,632
	Transferred to operating fixed assets	(241,951)	(663,316)
	Balance at end of the period / year	435,458	636,751

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Un-audited December 31, 2023	Audited June 30, 2023
Note	(Rupees in '000')	
7.2.1 Capital work in progress		
Construction work	243,723	347,130
Installation of equipment	191,735	289,621
	435,458	636,751
7.3 Right of use assets		
Balance at beginning of the period / year	574,644	842,502
Additions during the period / year	110,541	75,384
Modification / termination during the period / year	-	(164,620)
Depreciation for the period / year	(122,086)	(178,622)
Balance at end of the period / year	563,099	574,644
8 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)	1,582,279	1,582,279
Shifa Medical Center Islamabad (Private) Limited (SMC Islamabad)	8.1 1,356,170	1,356,170
Shifa International DWC - LLC (SIDL)	8.2 1,569	23,280
In associated companies (unquoted):		
Shifa CARE (Private) Limited (SCPL)	45,001	45,001
SIHT (Private) Limited (SIHT)	8.3 275,000	-
	4,967,506	4,714,217

8.1 The Board of Directors of the Company has decided to divest the Company's entire shareholding in its subsidiary "SMC Islamabad". Pursuant to the said decision SMC Islamabad is currently in process of initiating the marketing campaign to locate an active buyer.

8.2 The decision to wind up SIDL was approved in both the Board meetings of SIHL and its wholly owned subsidiary SIDL, through respective Board resolutions. Subsequent to that the management of the SIDL has initiated the process of winding up its affairs and distributing its assets to stakeholders. During the period ended December 31, 2023, the SIHL recognized an impairment loss of Rs. 21,711 thousand in operating costs.

8.3 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 (Private) Limited (SIHT) for acquiring 50% shareholding in SIHT from Shifa Foundation.

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

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. 275,000,000 has been paid to Shifa Foundation for acquiring 859,545 shares, representing 28.64% percent shareholding, of SIHT that have been transferred to the Company subsequent to current interim period.

		Un-audited December 31, 2023	Audited June 30, 2023
	Note	(Rupees in '000')	
9	TRADE DEBTS		
	Unsecured - considered good		
	Related party - Shifa Foundation	7,023	15,686
	Others	1,989,552	1,576,999
		1,996,575	1,592,685
	Less: allowance for expected credit losses	9.1 264,152	226,563
		1,732,423	1,366,122
9.1	Movement of expected credit losses (ECL)		
	Balance at beginning of the period / year	226,563	169,458
	Add: expected credit losses	37,589	57,105
	Balance at end of the period / year	264,152	226,563

	Un-audited				
	Six months period ended		Three months period ended		
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	
	(Rupees in '000')				
10	REVENUE - NET				
	Inpatients	7,522,748	5,702,171	3,847,100	2,870,019
	Outpatients	4,195,218	3,275,214	2,091,440	1,625,634
	Other services	428,112	669,069	201,121	353,877
		12,146,078	9,646,454	6,139,661	4,849,530
	Less: discount	81,237	77,494	39,319	39,757
	Less: sales tax	45,057	35,647	21,942	18,221
		126,294	113,141	61,261	57,978
		12,019,784	9,533,313	6,078,400	4,791,552

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

11 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation

Weighted average number of ordinary shares in issue

Earnings per share - basic and diluted

Un-audited	
Six months period ended	
December 31, 2023	December 31, 2022
(Rupees in '000')	
744,639	621,491
(Numbers in '000')	
63,214	63,214
(Rupees)	
11.78	9.83

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 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 as per pricing policy approved by the Board of Directors of the SIHL. Transactions and balances with the related parties are given below:

Transactions:

Shifa Foundation (Related party by virtue of common directorship)

Revenue from medical services earned by the Company

Rent expense paid by and reimbursed to the Company

Acquisition of shares of SIHT (Private) Limited

Tameer-e-Millat Foundation (Related party by virtue of common directorship)

Supplies provided to the Company

Other services provided to the Company

Rental services received / earned by the Company

Shifa Tameer-e-Millat University (Related party by virtue of common directorship)

Revenue from medical services earned by the Company

Revenue from rent earned by the Company

Other services provided to the Company

Expenses paid by and reimbursed to the Company

Un-audited	
Six months period ended	
December 31, 2023	December 31, 2022
(Rupees in '000')	
7,208	7,452
752	433
275,000	-
48,868	56,908
17,028	21,537
3,131	3,675
12,668	8,520
1,935	1,759
46,501	36,072
1,405	1,461

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Un-audited	
	Six months period ended	
	December 31, 2023	December 31, 2022
	(Rupees in '000')	
SIHT (Private) Limited (Associate and common directorship)		
Revenue from medical services earned by the Company	284,461	191,089
Expenses paid by and reimbursed to the Company	2,953	4,432
Other services provided to the Company	12,813	12,203
Shifa Development Services (Private) Limited (Subsidiary and common directorship)		
Revenue from rent earned by the Company	1,008	876
Pre-construction services provided to the Company	-	50,986
Shifa International DWC - LLC (Subsidiary and common directorship)		
Patient referral services provided to the Company	14,677	4,710
Shifa Medical Centre Islamabad (Private) Limited (Subsidiary and common directorship)		
Investment made by the Company is nil (December 2022: 18,488,189) ordinary shares	-	184,882
Corporate shared services provided by the Company	5,132	5,066
Shifa National Hospital Faisalabad (Private) Limited (Subsidiary and common directorship)		
Investment made by the Company is nil (December 2022: 26,111,712) ordinary shares	-	261,117
Corporate shared services provided by the Company	5,132	5,066
Shifa Neuro Sciences Institute Islamabad (Private) Limited (Subsidiary and common directorship)		
Rent paid by the Company	56,861	51,692
Dividend income received by the Company	16,975	8,488
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	1,273	1,197
SIHL Employees' Gratuity Fund Trust		
Payments made by the Company	93,987	60,637
Remuneration including benefits and perquisites of key management personnel	189,931	201,470

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

Un-audited
December 31,
2023

Audited
June 30,
2023

(Rupees in '000')

Balances (unsecured):

Shifa Foundation - receivable	7,023	15,686
Tameer-e-Millat Foundation - payable	9,763	12,803
Shifa Tameer-e-Millat University - payable	29,441	12,009
SIHT (Private) Limited - receivable	36,252	87,473
Shifa Neuro Sciences Institute Islamabad (Private) Limited - receivable	20,278	20,278
Shifa Medical Center Islamabad (Private) Limited - receivable	5,131	-
Shifa National Hospital Faisalabad (Private) Limited - receivable	5,131	-
Shifa International DWC - LLC - receivable	830	46,485
SIHL Employees' Gratuity Fund Trust - payable	149,345	169,573

Un-audited

December 31, December 31,
2023 2022

(Rupees in '000')

13 CASH AND CASH EQUIVALENTS

Investment in Term Deposit Receipt - at amortised cost	3,000	3,000
Cash and bank balances	2,040,484	1,794,712
	2,043,484	1,797,712

14 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

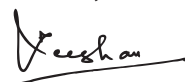
The Company's financial risk management objectives and policies are consistent with those as disclosed in the unconsolidated audited financial statements for the year ended June 30, 2023. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the unconsolidated audited financial statements of the Company for the year ended June 30, 2023. The carrying amount of all financial assets and liabilities are estimated to approximate their fair values.

15 GENERAL

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

16 DATE OF AUTHORISATION FOR ISSUE

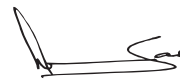
These condensed interim unconsolidated financial statements have been approved and authorised for issue by the Board of Directors of the Company on February 23, 2024.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED
DECEMBER 31, 2023

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	Un-audited December 31, 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	2,023,507	2,032,194
Revenue reserves		
Unappropriated profits	6,633,783	5,991,558
	12,028,322	11,394,784
NON - CONTROLLING INTEREST		
	2,475,379	2,500,388
NON - CURRENT LIABILITIES		
Long term financing - secured	6 696,603	868,611
Deferred liabilities	402,775	423,143
Lease liabilities	358,190	297,008
	1,457,568	1,588,762
CURRENT LIABILITIES		
Trade and other payables	4,545,815	4,793,572
Unclaimed dividend	40,717	36,955
Unpaid Dividend	11,379	-
Markup accrued	33,638	70,874
Current portion of long term financing - secured	6 780,268	871,798
Current portion of lease liabilities	154,933	169,979
	5,566,750	5,943,178
	21,528,019	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.


CHIEF EXECUTIVE

		Un-audited December 31, 2023	Audited June 30, 2023
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	8	13,913,057	13,987,475
Intangible assets		39,291	40,035
Investment property - at cost		748,450	748,450
Long term investments	9	313,868	45,079
Long term deposits		114,459	104,330
		15,129,125	14,925,369
CURRENT ASSETS			
Stores, spare parts and loose tools		228,291	251,698
Stock in trade		1,023,583	982,498
Trade debts	10	1,732,423	1,366,122
Loans and advances		505,551	434,901
Deposits, prepayments and other receivables		173,669	266,493
Markup accrued		4,056	2,077
Other financial assets		450,528	554,352
Tax refunds due from the government (net of provision)		177,809	320,936
Cash and bank balances		2,102,984	2,322,666
		6,398,894	6,501,743
		21,528,019	21,427,112


DIRECTOR


CHIEF FINANCIAL OFFICER

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Note	Six months period ended		Three months period ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
(Rupees in '000')					
Revenue - net	11	12,024,332	9,530,066	6,082,897	4,790,728
Other income		130,438	303,748	61,389	75,979
Operating costs		(10,707,111)	(8,675,859)	(5,423,401)	(4,354,233)
Finance cost		(220,531)	(213,482)	(111,996)	(105,434)
Expected credit losses		(37,589)	(24,393)	(21,804)	(11,869)
Share of loss of associates		(6,212)	(2,239)	(5,521)	(1,448)
Profit before taxation		1,183,327	917,841	581,564	393,723
Provision for taxation		(479,946)	(316,202)	(232,122)	(170,494)
Profit after taxation		703,381	601,639	349,442	223,229
Attributable to:					
Equity holders of SIHL		728,390	609,981	353,374	234,637
Non-controlling interest		(25,009)	(8,342)	(3,932)	(11,408)
		703,381	601,639	349,442	223,229
Earnings per share - basic and diluted (Rupees)	12	11.52	9.65	5.59	3.71

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Six months period ended		Three months period ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Rupees in '000')			
Profit after taxation	703,381	601,639	349,442	223,229
Other comprehensive income:				
Items that may be subsequently reclassified in the consolidated statement of profit or loss:				
Foreign currency translation adjustment	(30)	151	(30)	(167)
Surplus on revaluation of land	-	99,454	-	99,454
Total comprehensive income for the period	703,351	701,244	349,412	322,516
Attributable to:				
Equity holders of SIHL	728,360	709,586	353,344	333,924
Non-controlling interest	(25,009)	(8,342)	(3,932)	(11,408)
	703,351	701,244	349,412	322,516

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	Un-appropriated profits	Non-controlling interest	Total
	(Rupees in '000')					
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 / (loss) after taxation	-	-	-	609,981	(8,342)	601,639
Other comprehensive income - net of tax	-	-	99,454	151	-	99,605
Realisation of revaluation surplus on disposal of assets	-	-	(15,550)	15,550	-	-
Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation / amortisation	-	-	(6,212)	6,212	-	-
NCI recognised 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 December 31, 2022 (Un-audited)	632,144	2,738,888	1,624,011	5,435,740	2,136,667	12,567,450
Balance as at July 01, 2023 (Audited)	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	-	-	-	728,390	(25,009)	703,381
Other comprehensive income - net of tax	-	-	-	(30)	-	(30)
Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation / amortisation	-	-	(8,687)	8,687	-	-
Distribution to owners:						
Final dividend 2023 @ Rs 1.5 per share	-	-	-	(94,822)	-	(94,822)
Balance as at December 31, 2023 (Un-audited)	632,144	2,738,888	2,023,507	6,633,783	2,475,379	14,503,701

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	December 31, 2023	December 31, 2022
Note	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,183,327	917,841
Adjustments for non-cash income and expense:		
Depreciation / amortisation on tangible assets	529,486	473,678
Amortisation on intangible assets	743	8,815
Expected credit losses	37,589	24,393
Property, plant and equipment written off	2,521	3,017
Gain on disposal of operating assets	(6,014)	(37,691)
Provision for compensated absences	38,639	32,798
Provision for defined contribution plan	54,171	26,787
Provision for bonus for employees	91,177	57,306
Provision for gratuity	75,378	46,339
(Reversal) / charged of provision for slow moving stores	(844)	1,075
Share of loss of associates	6,212	2,239
Gain on investment and bank deposits	(94,800)	(89,839)
Loss / (gain) on foreign currency translation	14,968	(146,822)
Finance cost	220,531	213,482
Operating cash flows before changes in working capital	2,153,084	1,533,418
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	24,251	(32,456)
Stock in trade	(41,085)	(109,477)
Trade debts	(403,892)	(531,492)
Loans and advances	(70,647)	97,183
Deposits, prepayments and other receivables	92,823	66,335
(Decrease) / increase in current liabilities:		
Trade and other payables	(325,038)	771,661
	(723,588)	261,754
Cash generated from operations	1,429,496	1,795,172
Finance cost paid	(226,013)	(177,230)
Income tax paid	(366,855)	(269,411)
Payment to SIHL Employees' Gratuity Fund Trust	(93,987)	(60,637)
Compensated absences paid	(36,198)	(29,150)
Payment to defined contribution plan	(41,726)	(26,608)
Net cash generated from operating activities	664,717	1,232,136
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment (PPE)	(356,958)	(1,689,665)
Long term investments made	(275,000)	-
Encashment of other financial assets - net	186,476	80,728
Proceeds from disposal of PPE and items classified as held for sale	15,927	81,709
Markup received	49,869	26,965
Increase in long term deposits	(10,129)	(8,542)
Net cash used in investing activities	(389,815)	(1,508,805)
CASH FLOWS FROM FINANCING ACTIVITIES		
Non-controlling interest	-	474,250
Long term financing - repayments	(443,385)	(774,828)
Proceeds from long term financing	179,847	147,722
Grant received	-	6,547
Payment of lease liabilities	(96,666)	(89,681)
Dividend paid	(79,681)	(92,551)
Net cash used in financing activities	(439,885)	(328,541)
Net decrease in cash and cash equivalents	(164,983)	(605,210)
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	(14,998)	146,973
Cash and cash equivalents at end of the period	2,266,134	2,082,087

14

The annexed notes from 1 to 17 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 SIX MONTHS PERIOD ENDED DECEMBER 31, 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. The Board of Directors of the SIHL has decided to divest the Company's entire shareholding in its subsidiary "SMC Islamabad". Pursuant to the said decision SMC Islamabad is currently in process of initiating the marketing campaign to locate an active buyer.

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

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 registered office of the SIDL is situated at 106 B-2 Pulse residence-3, P.O Box, 390667, Dubai South UAE. The decision to wind up SIDL was approved in both the Board meetings of SIHL and its wholly owned subsidiary SIDL, through respective Board resolutions. Subsequent to that the management of the SIDL has initiated the process of winding up its affairs and distributing its assets to stakeholders.

The consolidated financial statement of the Group has been presented based upon management accounts for Shifa Medical Center Islamabad (Private) Limited and Shifa National Hospital Faisalabad (Private) Limited as at December 31, 2023.

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 six months period ended December 31, 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).

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

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 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 MATERIAL ACCOUNTING POLICY INFORMATION

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.

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

4.1 Changes in accounting standards, interpretations and pronouncements

a) Amendments to published accounting and reporting standards which became effective during the period:

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

b) Amendments to published 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 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 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, 2023.

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

		Un-audited December 31, 2023	Audited June 30, 2023
	Note	(Rupees in '000')	
6	LONG TERM FINANCING - SECURED		
	From banking companies and non banking financial institution:		
	Syndicated Islamic Finance Facility	6.1 428,571	713,818
	Diminishing Musharakah Facility-1	6.2 74,988	72,176
	Diminishing Musharakah Facility-2	6.3 166,667	250,000
	Diminishing Musharakah Facility-3	6.4 561,488	407,196
	Refinance Facility to Combat COVID-19 (RFCC)	6.5 95,541	111,419
	Deferred income - Government grant	19,981	27,830
		115,522	139,249
	Islamic Refinance Facility to Combat COVID -19 (IRFCC)	6.6 89,139	107,798
	Deferred income - Government grant	8,911	13,313
		98,050	121,111
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	6.7 25,935	29,412
	Deferred income - Government grant	5,650	7,447
		31,585	36,859
		6.8 1,476,871	1,740,409
	Less: current portion	780,268	871,798
		696,603	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 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 land located at H-8/4 Islamabad.

6.2 This includes outstanding balance of Rs. 4.6 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. 70.3 million (June 2023: Rs. 52.6 million) against long term Islamic finance facility obtained under Diminishing Musharakah basis from First Habib Modaraba of Rs. 108.9 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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

- 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. 561.4 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 of 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. 38.6 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.
- 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.

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Un-audited December 31, 2023	Audited June 30, 2023
	(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	179,847	486,450
Repayment during the period / year	(443,385)	(1,353,678)
Balance at end of the period / year	1,476,871	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 In the current reporting period, the SIHL is contending with claims and penalties totaling Rs. 20.35 million (June 2023: Rs. 5.4 million), arising from alleged negligence attributed to consultants, doctors, and other matters. These legal proceedings are currently pending within the jurisdiction of Peshawar, Islamabad, and Lahore High Courts, as well as the Supreme Court of Pakistan. Additionally, the SIHL has paid penalties amounting to Rs. 1.4 million under protest, and these payments are currently under dispute at the Supreme Court of Pakistan. The management maintains a staunch position in contesting these claims and penalties, expressing confidence that the contentions raised by the claimants will not prove successful. Consequently, the SIHL believes that no material liability is likely to arise from these matters, and it anticipates that the penalties paid under protest shall be refunded upon resolution of the legal proceedings.

7.1.3 On June 06, 2012, the Competition Commission of Pakistan (CCP) imposed a penalty of 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 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

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

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 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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

		Un-audited December 31, 2023	Audited June 30, 2023
	Note	(Rupees in '000')	
7.3	Commitments		
	Capital expenditure contracted	97,243	104,711
	Letters of credit	7,018	-
8	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	8.1 9,977,109	9,890,858
	Capital work in progress	8.2 3,529,366	3,721,132
	Right of use assets	8.3 406,582	375,485
		13,913,057	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	8.1.1 555,526	1,456,245
	Revaluation	-	738,348
	Reclassified as investment property	-	(382,553)
		10,446,384	10,715,790
	WDV of disposals	(9,913)	(949)
	WDV of assets written off	(2,521)	(8,222)
	Depreciation for the period / year	(456,841)	(815,761)
	WDV at end of the period / year	9,977,109	9,890,858
8.1.1	Additions to operating fixed assets		
	Freehold land	-	3,932
	Leasehold land	-	20,583
	Building on leasehold land	31,231	62,492
	Leasehold improvements	120,026	313,085
	Biomedical equipment	193,524	711,560
	Air conditioning equipment and machinery	1,775	61,011
	Electrical and other equipment	38,064	163,302
	Furniture and fittings	6,447	23,192
	Computer installations	112,275	64,899
	Construction equipment	562	152
	Vehicles	51,622	32,037
		555,526	1,456,245

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

		Un-audited December 31, 2023	Audited June 30, 2023
	Note	(Rupees in '000')	
8.2 Capital work in progress			
Balance at beginning of the period / year		3,721,132	2,177,085
Additions during the period / year		50,185	2,265,339
Transferred to operating fixed assets		(241,951)	(721,292)
Balance at end of the period / year	8.2.1	3,529,366	3,721,132
8.2.1 Capital work in progress			
Construction work		3,337,631	3,431,511
Installation of equipment		191,735	289,621
		3,529,366	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		110,541	75,384
Modification / termination during the period / year		-	(164,620)
Depreciation for the period / year		(79,444)	(93,248)
Balance at end of the period / year		406,582	375,485
9 LONG TERM INVESTMENTS			
In associated companies (unquoted)			
Shifa CARE (Private) Limited (SCPL)	9.1	43,398	45,079
SIHT (Private) Limited (SIHT)	9.2	270,470	-
		313,868	45,079
9.1 Shifa CARE (Private) Limited			
Balance at beginning of the period / year		45,079	32,862
Share in (loss) / profit for the period / year		(1,681)	12,217
Balance at end of the period / year		43,398	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.

		Un-audited December 31, 2023	Audited June 30, 2023
		(Rupees in '000')	
9.2 SIHT (Private) Limited			
Balance at beginning of the period / year		-	-
Investment made during the period / year		275,000	-
Share in loss for the period / year		(4,530)	-
Balance at end of the period / year		270,470	-

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

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. 275,000,000 has been paid to Shifa Foundation for acquiring 859,545 shares, representing 28.64% percent shareholding, of SIHT that have been transferred to the SIHL subsequent to current interim period.

		Un-audited December 31, 2023	Audited June 30, 2023
	Note	(Rupees in '000')	
10	TRADE DEBTS		
	Unsecured - considered good		
	Related party - Shifa Foundation	7,023	15,686
	Others	1,991,351	1,578,798
		1,998,374	1,594,484
	Less: allowance for expected credit losses	10.1 265,951	228,362
		1,732,423	1,366,122
10.1	Movement of expected credit losses (ECL)		
	Balance at beginning of the period / year	228,362	171,257
	Add: expected credit losses	37,589	57,105
	Balance at end of the period / year	265,951	228,362

	Un-audited				
	Six months period ended		Three months period ended		
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	
	(Rupees in '000')				
11	REVENUE - NET				
	Inpatients	7,522,748	5,702,171	3,847,100	2,870,019
	Outpatients	4,210,028	3,282,975	2,101,499	1,630,355
	Other services	416,511	656,739	194,890	347,670
		12,149,287	9,641,885	6,143,489	4,848,044
	Less: discount	81,236	77,494	39,319	39,757
	Less: sales tax	43,719	34,325	21,273	17,559
		124,955	111,819	60,592	57,316
		12,024,332	9,530,066	6,082,897	4,790,728

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

		Un-audited	
		Six months period ended	
		December 31, 2023	December 31, 2022
		(Rupees in '000')	
12	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit after taxation	728,390	609,981
		(Numbers in '000')	
	Weighted average number of ordinary shares in issue	63,214	63,214
		(Rupees)	
	Earnings per share - basic and diluted	11.52	9.65

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 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 as per pricing policy approved by the Board of Directors of the SIHL. Transactions and balances with the related parties are given below:

		Un-audited	
		Six months period ended	
		December 31, 2023	December 31, 2022
		(Rupees in '000')	
Transactions:			
Shifa Foundation (Related party by virtue of common directorship)			
	Revenue from medical services earned by the SIHL	7,208	7,452
	Rent expense paid by and reimbursed to the SIHL	752	433
	Acquisition of shares of SIHT (Private) Limited	275,000	-
Tameer-e-Millat Foundation (Related party by virtue of common directorship)			
	Supplies provided to the SIHL	48,868	56,908
	Other services provided to the SIHL	17,028	21,537
	Rental services received / earned by the SIHL	3,131	3,675

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Un-audited	
	Six months period ended	
	December 31, 2023	December 31, 2022
	(Rupees in '000')	
Shifa Tameer-e-Millat University (Related party by virtue of common directorship)		
Revenue from medical services earned by the SIHL	12,668	8,520
Revenue from rent earned by the SIHL	1,935	1,759
Other services provided to the SIHL	46,501	36,072
Expenses paid by and reimbursed to the SIHL	1,405	1,461
SIHT (Private) Limited (Associate and common directorship)		
Revenue from medical services earned by the SIHL	284,461	191,089
Expenses paid by and reimbursed to the SIHL	2,953	4,432
Other services provided to the SIHL	12,813	12,203
Shifa Cooperative Housing Society Limited (Related party by virtue of common directorship)		
Plot maintenance charges paid by the SIHL	905	-
Shifa CARE (Private) Limited (Associate and common directorship)		
Corporate shared services provided by the SIHL	1,273	1,197
SIHL Employees' Gratuity Fund Trust		
Payments made by the SIHL	93,987	60,637
Remuneration including benefits and perquisites of key management personnel	201,635	230,909
	Un-audited December 31, 2023	Audited June 30, 2023
	(Rupees in '000')	
Balances (unsecured):		
Shifa Foundation - receivable	7,023	15,686
Tameer-e-Millat Foundation - payable	9,763	12,803
Shifa Tameer-e-Millat University - payable	29,441	12,009
SIHT (Private) Limited - receivable	36,252	87,473
SIHL Employees' Gratuity Fund Trust - payable	149,345	169,573

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

		Un-audited	
		December 31, 2023	December 31, 2022
		(Rupees in '000')	
14	CASH AND CASH EQUIVALENTS		
	Investments - at amortized cost	163,150	76,200
	Cash and bank balances	2,102,984	2,005,887
		2,266,134	2,082,087

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. The carrying amount of all financial assets and liabilities are estimated to approximate their fair values.

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 February 23, 2024.


CHIEF EXECUTIVE

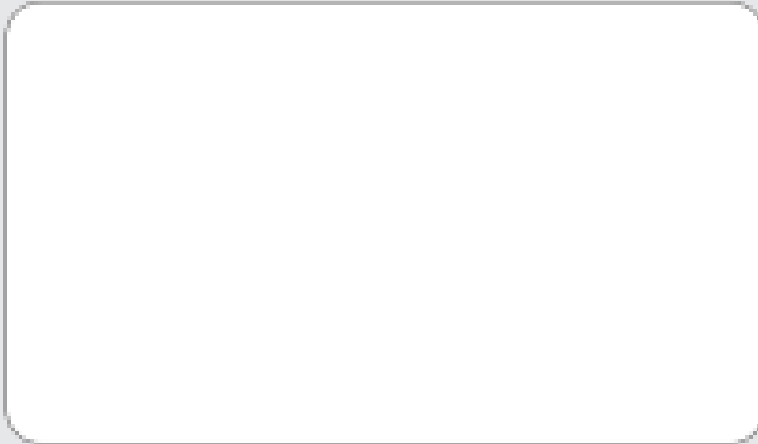

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