



Shifa
International
Hospitals Ltd.



Quarterly Report for the First Quarter
Ended September 30, 2019



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COMPANY INFORMATION

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

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

Human Resource & Remuneration Committee: Syed Ilyas Ahmed (Chairman)
Dr. Habib-Ur-Rahman
Dr. Manzoor H. Qazi
Dr. Mohammad Naseem Ansari

Medical Director: Dr. Zeeshan Bin Ishtiaque

Chief Operating Officer: Mr. Taimoor Shah

Chief Financial Officer: Mr. Ahmad Sana

Company Secretary: Mr. Muhammad Naeem

Head of Internal Audit: Mr. Muhammad Saeed

Auditors: M/s Grant Thornton Anjum Rahman
Chartered Accountants

Legal Advisor: M/s Bashir Ahmad Ansari & Company

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

Registered Office: Sector H-8/4, Islamabad

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



DIRECTORS' REVIEW

On behalf of the Board of Directors, we are pleased to present the Condensed Interim Financial Information of the Company for the first quarter ended September 30, 2019 along with Condensed Interim Consolidated Financial Information of the same quarter after incorporating the financial results of subsidiary companies i.e. Shifa Neuro Sciences Institute Islamabad (Private) Limited, Shifa National Hospital Faisalabad (Private) Limited, Shifa Medical Center Islamabad (Private) Limited (all 100% owned as of now) and Shifa Development Services (Private) Limited (55% owned) are also annexed herewith.

The financial highlights of the Condensed Interim Financial Information of the Company for the first quarter ended September 30, 2019 in comparison with the corresponding quarter of previous year are as follows:

Financial Highlights	(Rs. in millions)		
	First quarter ended September 30,		
	2019	2018	Change%
Net revenue	3,234	2,813	15
Earnings before interest, tax, depreciation & amortization (EBITDA)	934	345	171
Gain on disposal of leasehold land	453	-	100
Profit before taxation	670	194	245
Profit after taxation	607	134	353
Earnings per share - (Rs.)	9.94	2.45	306

The above results indicate an overall revenue growth of 15 % as compared to corresponding period of the last year. The operating cost has been increased by 12 % from Rs. 2,617 million to Rs. 2,931 million, which is mainly due to increase in cost of utilities, supplies & medicines consumed, depreciation, amortization, repair & maintenance, etc. The increase in operating cost is in line with increase in volume of the business. However, the major contributor to the increase in finance cost is the increase in KIBOR.

During the first quarter, the Company has transferred the leasehold land situated at F-11, Islamabad to Shifa Medical Center Islamabad (Pvt.) Limited on the fair market value determined by an independent valuer. The Company recognized the gain on this transaction in profit or loss account in its Condensed Interim Financial Information for the quarter under review. Moreover, the Company has also issued 7,436,986 ordinary shares other than right to International Finance Corporation. Resultantly, Company's earnings per share stood at Rs. 9.94 as compared to Rs. 2.45 in corresponding period of last year. Had there been no such sale/transfer of leasehold land and further issue of share capital the earnings per share would have been Rs. 2.83 as compared to Rs. 2.45 of corresponding period of last year.

Future Outlook:

Despite the challenging macro-economic conditions, the Board of Directors is optimistic in at least maintaining the same results through enhancing patient care services, added cutting edge diagnostic facilities, increase in out-patient capacity by offering extended clinical timings to the patients and in-patient capacities.

Acknowledgement

The Board would like to thank and appreciate its consultants, senior management, employees, customers and strategic partners for their dedication, commitment and contributions in the challenging times. The Board also extends its gratitude to government authorities, suppliers, banks and shareholders for their unwavering support and cooperation.

For and on behalf of the Board of Directors

DR. MANZOOR H. QAZI
Chief Executive Officer

MUHAMMAD ZAHID
Director



ڈائریکٹرز رپورٹ

معزز ممبران،

بورڈ کے ڈائریکٹروں کی جانب سے ہم 30 ستمبر 2019 کو پہلی سہ ماہی کے اختتام پر کمپنی کے عبوری مالیاتی نتائج کا خلاصہ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ اس کے ساتھ ذیلی کمپنیوں کے مجموعی مالیاتی نتائج کا خلاصہ بھی شامل ہے۔ ان میں کلی طور پر کمپنی کی ملکیتی کمپنیاں شفا نیوروسائنسز انسٹیٹیوٹ اسلام آباد (پرائیویٹ) لمیٹڈ، شفا میڈیکل اینڈ ہسپتال فیصل آباد (پرائیویٹ) لمیٹڈ، شفا میڈیکل سینٹر اسلام آباد (پرائیویٹ) لمیٹڈ (تاحال 100 فیصد ملکیت) اور شفا ڈیولپمنٹ سروسز (پرائیویٹ) لمیٹڈ (55 فیصد ملکیت) شامل ہیں۔

30 ستمبر 2019 کو اختتام پذیر ہونے والی پہلی سہ ماہی کے عبوری مالیاتی نتائج کی جھلکیاں گزشتہ برس کی پہلی سہ ماہی کے موازنے میں درج ذیل ہیں:

30 ستمبر کو ختم ہونے والی پہلی سہ ماہی (پاکستانی روپے ملین میں)			مالیاتی جھلکیاں
تبدیلی فیصد	2018	2019	
15	2,813	3,234	خالص آمدنی
171	345	934	ای بی آئی ٹی ڈی اے
100	-	453	لیز ہولڈ لینڈ کی فروخت پر آمدن
245	194	670	منافع قبل از ٹیکسیشن
353	134	607	منافع بعد از ٹیکسیشن
306	2.45	9.94	فی شیئر آمدنی (روپے)

مذکورہ بالا نتائج گزشتہ برس کی اسی مدت کے مقابلے میں کمپنی کی مجموعی آمدنی میں 15 فیصد کا اضافہ ظاہر کرتے ہیں۔ کمپنی کی آپریٹنگ لاگت 2,617 ملین روپے سے بڑھ کر 12 فیصد اضافے کے ساتھ 2,931 ملین روپے ہو گئی ہے۔ اس کی وجوہات میں توانائی کی قیمتوں میں اضافہ، استعمال ہونے والی دواؤں اور سپلائرز کی لاگت میں اضافہ، اثاثوں کی بوسیدگی و فرسودگی، مرمت و بحالی کے اخراجات وغیرہ شامل ہیں۔ آپریٹنگ لاگت میں اضافہ کاروبار کے حجم میں اضافے کے تناظر میں ہے۔ تاہم فنانس لاگت میں اضافے کا بڑا سبب کارپوریٹ ٹیکس (کراچی انٹرنیٹ آفر ریٹ) میں اضافہ ہے۔

پہلی سہ ماہی کے دوران کمپنی نے ایف ایون اسلام آباد میں واقع لیز ہولڈ لینڈ شفا میڈیکل سینٹر اسلام آباد (پرائیویٹ) لمیٹڈ کو مارکیٹ میں رائج قیمت پر منتقل کی جس کا تعین ایک خود مختار تعین کار نے کیا تھا۔ کمپنی نے زیر جائزہ سہ ماہی کے عبوری مالیاتی نتائج کے خلاصے میں اس ٹرانزیکشن سے حاصل ہونے والی آمدن کو نفع و نقصان اکاؤنٹ میں ظاہر کیا ہے۔ مزید برآں کمپنی نے انٹرنیشنل فننس کارپوریشن کو 7,436,986 عام حصص (other than right) جاری کر دیئے ہیں۔ نتیجتاً گزشتہ برس کے اسی عرصے کی فی شیئر 2.45 روپے آمدن کے مقابلے میں کمپنی کی فی شیئر آمدن 9.94 روپے رہی۔ اگر لیز ہولڈ لینڈ کی فروخت / منتقلی اور اس کے بعد شیئر کیپٹل جاری نہ کیا جاتا تو گزشتہ برس کے اسی عرصے کی فی شیئر 2.45 روپے آمدن کے مقابلے میں اس بار فی شیئر آمدن 2.83 روپے ہوتی۔

مستقبل کا منظر نامہ

مشکل اقتصادی صورت حال کے باوجود بورڈ آف ڈائریکٹرز پر امید ہے کہ پشٹنٹ کیئر سروسز اور جدید تشخیصی سہولیات میں اضافے اور کلینکس کے اوقات کار بڑھانے سے شعبہ ہیرونی مریضاں اور شعبہ اندرونی مریضاں میں زیادہ مریضوں کو خدمات بہم پہنچانے کی اضافی صلاحیت میں اضافے سے کمپنی کم از کم موجودہ نتائج برقرار رکھنے میں کامیاب ہوگی۔

اظہار تشکر

موجودہ چیلنجنگ صورتحال میں بورڈ کنسلٹنٹس، سینئر انتظامیہ، ملازمین، کسٹمرز اور تیز ویراتی شراکت داروں کا ان کے عزم، وابستگی اور کٹھن پیوشن کے لئے شکر گزار ہے۔ بورڈ غیر متزلزل مدد اور تعاون کے لئے سرکاری حکام، سپلائرز، بینکوں اور حصہ داروں کا بھی شکر یہ ادا کرتا ہے۔

برائے اور بجانب بورڈ آف ڈائریکٹرز

Munir. Zahid

محمد زاہد
ڈائریکٹر

Maryam H. Qureshi

ڈاکٹر منظور امجد قاضی
چیف ایگزیکٹو آفیسر

اسلام آباد

26 اکتوبر 2019

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019**

		Un-audited September 30, 2019	Audited June 30, 2019
	Note	(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital	4	619,749	545,379
Capital reserves			
Share premium account	5	2,750,657	1,046,025
Surplus on revaluation of property, plant and equipment		769,732	772,019
Revenue reserves			
Unappropriated profit		3,892,899	3,283,636
		8,033,037	5,647,059
NON - CURRENT LIABILITIES			
Long term financing - secured	6	2,173,223	2,333,030
Deferred taxation		367,516	384,315
		2,540,739	2,717,345
CURRENT LIABILITIES			
Trade and other payables	7	3,258,657	3,328,432
Unclaimed dividend		48,354	48,671
Markup accrued		32,381	30,406
Short term borrowing - secured	8	114,786	-
Current portion of long term financing	6	310,290	165,746
		3,764,468	3,573,255
		14,338,244	11,937,659

CONTINGENCIES AND COMMITMENTS

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

CHAIRMAN



		Un-audited September 30, 2019	Audited June 30, 2019
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	10	6,882,476	6,845,816
Investment property		1,674,519	1,642,085
Intangible assets		77,137	83,711
Long term investments - at cost	11	1,013,896	79,833
Long term deposits		84,725	87,211
		9,732,753	8,738,656
CURRENT ASSETS			
Stores, spare parts and loose tools		143,044	131,637
Stock-in-trade		546,831	496,758
Trade debts - considered good	12	871,557	581,466
Loans and advances - considered good		421,204	412,803
Trade deposits, prepayments and other receivables		59,632	61,026
Markup accrued		-	486
Investment - at amortized cost		3,000	3,000
Tax refunds due from the government (net of provision)		396,808	412,810
Cash and bank balances		2,163,415	791,696
		4,605,491	2,891,682
Non - current assets held for sale	13	-	307,321
		14,338,244	11,937,659

Margamudhi

CHIEF EXECUTIVE

ALS

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

		September 30, 2019	September 30, 2018
	Note	(Rupees in '000')	
Net revenue		3,234,285	2,812,620
Other income		20,472	14,925
Gain on disposal of leasehold land	13	452,904	-
Operating costs		(2,930,721)	(2,617,205)
Finance costs		(107,376)	(16,376)
Profit before taxation		669,564	193,964
Provision for taxation		(62,588)	(60,277)
Profit after taxation		606,976	133,687
Earnings per share - basic and diluted - (Rupees)	14	9.94	2.45

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

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

	September 30, 2019	September 30, 2018
	(Rupees in '000')	
Profit after taxation	606,976	133,687
Other comprehensive income for the period - net of tax	-	-
Total comprehensive income for the period	<u>606,976</u>	<u>133,687</u>

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

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

	September 30, 2019	September 30, 2018
	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	669,564	193,964
Adjustments for:		
Depreciation/amortization on tangible assets	150,429	132,438
Amortization on intangible assets	6,574	2,446
Allowance for impairment of financial assets	8,949	10,562
Property, plant and equipment written off	2,453	1,354
Gain on disposal of property, plant and equipment	(452,827)	(1,725)
Provision for compensated absences	11,965	10,855
Provision for gratuity	29,930	23,710
Provision for slow moving stores	(2,745)	546
Profit on investments and bank deposits	(4,321)	(1,180)
Loss on foreign currency translation	20,700	481
Finance cost	86,676	15,895
Operating cash flows before changes in working capital	527,347	389,346
Changes in working capital:		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(8,662)	15,059
Stock-in-trade	(50,073)	(17,154)
Trade debts	(299,040)	(132,124)
Loans and advances	(8,401)	(122,804)
Trade deposits and prepayments	1,394	(13,785)
Increase/(decrease) in current liabilities:		
Trade and other payables	(85,125)	65,582
Cash generated from operations	77,440	184,120
Finance cost paid	(84,701)	(36,537)
Income tax paid	(63,385)	(60,856)
Payment to SIHL Employees' Gratuity Fund	(1,736)	(5,678)
Compensated absences paid	(24,809)	(16,974)
Net cash (used in)/ from operating activities	(97,191)	64,075
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(179,851)	(408,755)
Addition in investment property	(43,145)	(45,037)
Increase in long term investments	(173,838)	-
Proceeds from disposal of property, plant and equipment	942	2,206
Markup received	4,807	1,157
Decrease / (increase) in long term deposits	2,486	(717)
Net cash used in investing activities	(388,599)	(451,146)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of further share capital - other than right	1,779,002	-
Long term financing - repayments	(40,744)	(84,193)
Long term financing - proceeds	25,481	114,536
Dividend paid	(316)	(427)
Net cash generated from financing activities	1,763,423	29,916
Net increase/(decrease) in cash and cash equivalents	1,277,633	(357,155)
Cash and cash equivalents at beginning of the year	794,696	473,479
Effect of exchange rate changes on cash and cash equivalents	(20,700)	(481)
Cash and cash equivalents at end of the period	16	115,843

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

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

	Share capital	Share Premium account	Surplus on revaluation of property, plant and equipment	Unappropriated profit	Total
Note	(Rupees in '000')				
Adjusted balance at July 01, 2018	545,379	1,046,025	723,310	2,748,139	5,062,853
Total comprehensive income for the period					
Profit for the period	-	-	-	133,687	133,687
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	133,687	133,687
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to the period	-	-	(2,257)	2,257	-
Adjusted balance at September 30, 2018	545,379	1,046,025	721,053	2,884,083	5,196,540
Balance at July 01, 2019	545,379	1,046,025	772,019	3,283,636	5,647,059
Issue of further share capital - other than right 4	74,370	1,704,632	-	-	1,779,002
	619,749	2,750,657	772,019	3,283,636	7,426,061
Total comprehensive income for the period					
Profit for the period	-	-	-	606,976	606,976
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	606,976	606,976
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	(2,287)	2,287	-
Balance at September 30, 2019	619,749	2,750,657	769,732	3,892,899	8,033,037

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



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



**SELECTED NOTES TO THE CONDENSED INTERIM
UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

1 LEGAL STATUS AND NATURE OF BUSINESS

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

1.1 The principal activity of the Company is to establish and run medical centers and hospitals in Pakistan. The Company has established its first hospital in 1993 in H-8/4 Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4 Islamabad. The Company is also running medical centers, pharmacies and Lab collection points in different cities of Pakistan. The Company according to memorandum of understanding with Fatma Properties Limited (incorporated in Tanzania) intends to establish a hospital in Tanzania.

1.2 This condensed interim unconsolidated financial information is separate financial information of the Company where as investment in subsidiaries and associates are stated at cost rather than on the basis of reporting results of the investee. Condensed interim consolidated financial information is prepared separately.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim unconsolidated financial information of the Company for the three months ended September 30, 2019 has been prepared in accordance with the requirements of the:

- International Accounting Standard 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 This condensed interim unconsolidated financial information is un-audited and is 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. This condensed interim unconsolidated financial information do not include all of the information required for annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019. Comparative condensed interim unconsolidated statement of financial position is extracted from annual financial statements as of June 30, 2019, whereas comparative condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of other comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity are extracted from un-audited condensed interim unconsolidated financial information for the three months ended September 30, 2018.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, related judgments, estimates and assumptions adopted for the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the audited financial statements of the Company for the year ended June 30, 2019.

4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un-audited September 30, 2019	Audited June 30, 2019		Un-audited September 30, 2019	Audited June 30, 2019
(Numbers)			(Rupees in '000')	
54,537,900	54,537,900	Opening balance: Ordinary shares of Rs. 10 each	545,379	545,379
7,436,986	-	Addition: Further issue of ordinary shares of Rs.10 each other than right	74,370	-
61,974,886	54,537,900	Closing balance: Ordinary shares of Rs. 10 each fully paid in cash	619,749	545,379

- 4.1 During the quarter ended September 30, 2019, Company had issued 7,436,986 ordinary shares of the Company to International Finance Corporation (IFC) other than right under section 83 (1) (b) of the Companies Act, 2017. These shares were issued to IFC at a price of Rs. 239.21 per share including a premium of Rs. 229.21 per share.

5 SHARE PREMIUM ACCOUNT

This represents premium of Rs. 5, Rs. 250 and Rs. 229.21 per share received on public issue of 8,000,000, 4,024,100 ordinary shares and 7,436,986 ordinary shares to International Finance Corporation (IFC) of Rs.10 each in the year 1994, 2016 and 2019, respectively. This reserve cannot be utilized except for the purposes mentioned under section 81 of the Companies Act, 2017.

	Note	Un-audited September 30, 2019	Audited June 30, 2019
(Rupees in '000')			
6 LONG TERM FINANCING - SECURED			
From banking companies:			
Syndicated Islamic Finance Facility	6.2	1,852,099	1,994,691
Diminishing Musharakah facility	6.3	631,414	504,085
		2,483,513	2,498,776
Less: Current portion		310,290	165,746
		2,173,223	2,333,030

- 6.1 The Company has fully availed all the above facilities, except Diminishing Musharakah Facility from Al-Baraka Bank (Pakistan) Limited and First Habib Modaraba.

- 6.2 This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 0.85% (June 2019: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly installments. The Company has availed loan facility upto the total sanctioned limit of Rs. 2,000 million which shall be repaid by November 22, 2023. The financing is secured by ranking charge upgraded into first pari passu charge of Rs. 2,667 million on all present and future movable fixed assets and land / building located at H-8/4, Islamabad. Meezan Bank Limited has the custody of original ownership documents of the Company's land located at sector H-8/4 Islamabad.

- 6.3 This represents a long term Islamic finance facility obtained under the Diminishing Musharakah basis from Al Baraka Bank (Pakistan) Limited to finance purchase of biomedical equipment. Principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 0.80% (June 2019: 3 months KIBOR plus 0.80%) per annum. The financing is secured by ranking charge on all present and future movable fixed assets (plant, machinery, tools and equipment) of Rs. 781.3 million for bio-medical equipment. Further, this also includes a long term Islamic finance facility obtained under the Diminishing Musharakah basis from First Habib Modaraba to finance the purchase of brand new vehicles. Principal amount is repayable in 60 equal monthly installments carrying markup at 3 months KIBOR plus 0.70% (June 2019: 3 months KIBOR plus 0.70%) per annum.

	Un-audited September 30, 2018	Audited June 30, 2019
(Rupees in '000')		
6.4 Movement during the period / year		
Opening Balance	2,498,776	1,675,118
Proceeds during the period / year	25,481	1,010,643
Repayment during the period / year	(40,744)	(186,985)
Closing Balance	2,483,513	2,498,776
7 TRADE AND OTHER PAYABLES		
This also includes payable to related parties as detailed below:		
Tameer-e-Millat Foundation	4,703	11,789
Shifa Tameer-e-Millat University	16,407	24,074
Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund	151,324	123,128
	172,434	158,991

8 SHORT TERM BORROWINGS

This represents running finance facility obtained from Habib Bank Limited on markup basis at 3 months KIBOR plus 0.25% per annum with sanctioned limit of Rs. 250 million. The facility is secured by first pari passu charge on all present and future current assets of the Company.



	Un-audited September 30, 2019	Audited June 30, 2019
	(Rupees in '000')	
9 CONTINGENCIES AND COMMITMENTS		
9.1 Contingencies		
Claims against the Company not acknowledged as debts:		
Patients/others	3,000	3,000
Competition Commission of Pakistan (CCP)	20,000	20,000
Letter of guarantee	35,900	35,900
9.2 Commitments		
Capital expenditure contracted	163,545	148,203

9.3 Contingencies related to income tax are as follows:

- 9.3.1** The tax authorities amended the assessments for tax years 2012, 2013, 2014, 2015 and 2016, under section 122(5A) of Income Tax Ordinance, 2001 and raised tax demands of Rs. 50.4 million, Rs. 133.3 million, Rs. 85.5 million, Rs. 26.1 million and Rs. 566.2 million respectively. Being aggrieved the Company agitated the assessments in appeals before the Commissioner (Appeals) who in respect of tax years 2015 and 2016 has decided the appeals against the Company. The Company being aggrieved filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue [ATIR]. For tax year 2016 ATIR set aside the case for denovo consideration, hence the demand of Rs. 566.2 million stands deleted as of today. While for tax year 2013 and 2014, the Commissioner (Appeals) partly confirmed and partly allowed relief to the Company and being aggrieved on issues not decided in favor, the Company has filed appeal before the Appellate Tribunal Inland Revenue. No provision has been recorded as the management is hopeful for favorable outcome.
- 9.3.2** The tax authorities levied tax of Rs. 178.4 million and Rs. 27.4 million under section 161/205 of the Income Tax Ordinance, 2001 for tax year 2014 and 2013 respectively on the account of alleged non deduction of tax on payments. Being aggrieved, the Company agitated the assessment of tax year 2014 in appeal before the Commissioner (Appeals) on May 09, 2018 who confirmed the order of the sub-ordinate tax authority. Being not satisfied with order of the CIR(A), the Company preferred appeal before the ATIR. ATIR has set aside the case for denovo consideration, hence the demand of Rs. 178.4 million stands deleted as of today. Further, for tax year 2013, Company has filed an appeal before CIR(A). The Commissioner (Appeals) on October 02, 2019 remanded back the said assessment to ACIR. The Company is in the process of filing an appeal to ATIR. The Company is confident for a favorable outcome and therefore, no provision in respect of above matters has been recorded in this condensed interim unconsolidated financial information.
- 9.3.3** The tax authorities amended the assessments from tax years 2012, 2013 and 2015 to 2017 u/s 122(5) of Income Tax Ordinance, 2001 and raised total tax demand of Rs. 1,350.9 million. Being aggrieved the Company agitated the assessments in appeals before the Commissioner (Appeals) who annulled all the assessment orders and hence demand stand deleted. Being not satisfied with order of the CIR(A), the department has filed appeal before the ATIR, which is pending for adjudication.
- 9.3.4** The Assistant Commissioner Inland Revenue (ACIR) has amended the Company's assessment for tax year 2014 and 2015 u/s 221 of the Income Tax Ordinance, 2001 which has resulted a tax demand of Rs. 11.8 million. Being aggrieved, the Company has filed an appeals before the Commissioner Inland Revenue (Appeals) (CIR(A)) wherein the CIR(A) has remanded back the said assessments to ACIR on November 30, 2017. The Company as well as the Department has filed cross appeals against the CIR(A) order before the Appellate Tribunal Inland Revenue, which are pending adjudication. The Company is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in this condensed interim unconsolidated financial information.

9.3.5 The tax authorities amended the assessment from tax years 2014 u/s 177 of Income Tax Ordinance, 2001 on June 29, 2019 and raised total tax demand of Rs. 1,143.8 million. Being aggrieved the Company agitated the assessments in appeals on July 22, 2019 before the Commissioner (Appeals) who annulled the assessment order on October 02, 2019 and hence tax demand stand deleted as of today. The Company is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in this condensed interim unconsolidated financial information.

		Un audited September 30, 2019	Audited June 30, 2019
		(Rupees in '000')	
10	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	5,901,412	5,935,215
	Capital work in progress (CWIP)	981,064	910,601
		6,882,476	6,845,816
10.1	Operating fixed assets		
	Written down value (WDV) at the beginning of the period/year	5,935,215	5,702,928
	Additions	109,388	963,516
	Revaluation	-	57,739
	Reclassified as held for sale	-	(247,096)
		6,044,603	6,477,087
	WDV of disposals	(1,020)	(1,081)
	WDV of assets written off	(2,453)	(3,197)
	Depreciation for the period/year	(139,718)	(537,594)
	WDV at the end of the period/year	5,901,412	5,935,215
10.1.1	Additions to operating fixed assets		
	Freehold land	-	43,453
	Building on leasehold land	9,472	278,843
	Leasehold improvements	-	9,878
	Biomedical equipment	73,010	306,680
	Air conditioning equipment and machinery	5,607	155,396
	Electrical and other equipment	8,151	56,410
	Furniture and fittings	5,081	14,454
	Computer installations	8,049	87,270
	Construction equipment	18	394
	Vehicles	-	10,738
		109,388	963,516
10.2	Capital work in progress		
	Opening capital work in progress	910,601	325,954
	Additions during the period/year	118,584	928,879
	Transferred to operating fixed assets	(48,121)	(284,007)
	Reclassified as held for sale	-	(60,225)
	Closing capital work in progress	981,064	910,601
10.2.1	Capital work in progress		
	Construction work in progress	118,534	98,885
	Stores held for capital expenditure	2,491	2,491
	Installation of equipment in progress	860,039	809,225
		981,064	910,601



		Un-audited September 30, 2019	Audited June 30, 2019
		(Rupees in '000')	
11	LONG TERM INVESTMENT-AT COST		
	In associated company (unquoted):		
	Shifa Care (Private) Limited (SCPL)	14,445	14,445
	In subsidiary companies (unquoted):		
	Shifa Development Services (Private) Limited (SDSPL)	9,966	9,966
	Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad)	7,521	7,509
	Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad)	37,914	8,161
	Shifa Medical Centre Islamabad (Private) Limited (SMC Islamabad) - Refer note 13	944,050	39,752
		1,013,896	79,833
12	TRADE DEBTS		
	Considered good		
	Related party - Shifa Foundation	42,632	28,647
	Others	828,925	552,819
	Considered doubtful		
	Others	106,256	97,307
	Considered bad		
	Others	-	2,347
		977,813	681,120
	Less: allowance for expected credit loss	12.1 106,256	97,307
	Less: bad debts written off	-	2,347
		871,557	581,466
12.1	The movement in the allowance for expected credit losses in respect of trade debts during the period / year was as follow:		
	Balance at beginning of the period / year	97,307	111,507
	Impairment charge / (reversal) on financial assets during the period / year	8,949	(11,853)
	Bad debts written off	-	(2,347)
	Balance at end of the period / year	106,256	97,307
13	NON-CURRENT ASSETS HELD FOR SALE		
	During the quarter ended September 30, 2019, the plot located at sector F-11, Islamabad with the net book value of Rs. 247 million was sold to the Company's subsidiary "Shifa Medical Centre Islamabad (Private) Limited" at fair market value of Rs. 700 million on account of equity investment as approved in 32nd Annual General Meeting of the Company.		
		Un-audited	
		September 30, 2019	September 30, 2018
		(Rupees in '000')	
14	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit after taxation for the period	606,976	133,687
		(Numbers in '000')	
	Weighted average number of shares in issue during the period	4 61,084	54,538
		(Rupees)	
	Earnings per share - basic and diluted	9.94	2.45

- 14.1** Weighted average number of shares has been calculated on the basis of time factor of shares outstanding during the period.
- 14.2** Significant increase in earnings per share is due to gain on sale of leasehold land to subsidiary company, Shifa Medical Centre Islamabad (Private) Limited. Had there been no such sale of leasehold land and further issue of capital, the earnings per share would have been Rs. 2.83 as compared to Rs. 2.45 of corresponding period of last year.
- 15 RELATED PARTY TRANSACTIONS**

The Company entered into transactions with related parties during the period in the normal course of business on an arm's length basis. Significant transactions with related parties executed during the current period were as follows:

	Un-audited	
	September 30, 2019	September 30, 2018
	(Rupees in '000')	
Shifa Foundation: (Related party by virtue of common directorship)		
Revenue from services earned by the Company	46,875	35,886
Revenue from rent earned by the Company	11	11
Expenses paid by and reimbursed to the Company	151	285
Services provided to the Company	5,271	5,271
Tameer-e-Millat Foundation: (Related party by virtue of common directorship)		
Revenue from rent earned by the Company	78	78
Supplies provided to the Company	7,801	5,322
Services provided to the Company	2,742	2,201
Rental services received by the Company	2,483	963
SIHL Employees' Gratuity Fund		
Payments made by the Company	1,736	5,678
Shifa Tameer-e-Millat University: (Related party by virtue of common directorship)		
Revenue from services earned by the Company	6,320	11,004
Revenue from rent earned by the Company	4,163	601
Other services provided to the Company	19,528	-
Expenses paid by and reimbursed to the Company	795	2,253
Shifa Development Services (Private) Limited (Subsidiary Company)		
Expenses paid by and reimbursed to the Company	220	110
Shifa Care (Private) Limited (Associated Company)		
Expenses paid by and reimbursed to the Company	2,184	-



	Un-audited	
	September 30, 2019	September 30, 2018
16 CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,163,415	174,689
Investment - at amortized cost	3,000	3,000
Short term borrowing - secured	(114,786)	(61,846)
	<u>2,051,629</u>	<u>115,843</u>

17 GENERAL

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

17.2 This condensed interim unconsolidated financial information has been approved and authorized for issue by the Board of Directors of the Company on October 26, 2019.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER



SHIFA INTERNATIONAL HOSPITALS LIMITED

Condensed Interim Consolidated Financial
Information For The First Quarter Ended
September 30, 2019

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019**

		Un-audited September 30, 2019	Audited June 30, 2019
	Note	(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital	5	619,749	545,379
Capital reserves			
Share premium account	6	2,750,657	1,046,025
Surplus on revaluation of property, plant and equipment		1,222,637	1,234,923
Revenue reserve			
Unappropriated profit		3,394,636	3,250,167
		7,987,679	6,076,494
		(2,711)	2,593
NON - CONTROLLING INTEREST			
NON - CURRENT LIABILITIES			
Long term financing - secured	7	2,173,223	2,333,030
Deferred taxation		367,516	384,315
		2,540,739	2,717,345
CURRENT LIABILITIES			
Trade and other payables	8	3,263,465	3,337,847
Unclaimed dividend		48,354	48,671
Markup accrued		32,381	30,406
Short term borrowing - secured	9	114,786	-
Current portion of long term financing	7	310,290	165,746
		3,769,276	3,582,670
		14,294,983	12,379,102
CONTINGENCIES AND COMMITMENTS			
	10		

The annexed notes 1 to 17 form an integral part of this condensed interim consolidated financial information.

CHAIRMAN



		Un-audited September 30, 2019	Audited June 30, 2019
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	11	7,663,106	7,616,982
Investment property		1,674,519	1,642,085
Intangible assets		77,137	83,711
Long term investment	12	9,990	10,869
Long term deposits		84,725	87,211
		9,509,477	9,440,858
CURRENT ASSETS			
Stores, spare parts and loose tools		143,044	131,637
Stock-in-trade		546,831	496,758
Trade debts - considered good	13	905,976	584,846
Loans and advances - considered good		545,556	445,547
Trade deposits, prepayments and other receivables		57,510	59,124
Markup accrued		-	486
Investment - at amortized cost		3,000	3,000
Tax refunds due from the government (net of provision)		403,949	412,951
Cash and bank balances		2,179,640	803,895
		4,785,506	2,938,244
		14,294,983	12,379,102

Margamurthy Raji

CHIEF EXECUTIVE

ALS

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

	September 30, 2019	September 30, 2018
	(Rupees in '000')	
	Note	
Net revenue	3,268,855	2,818,278
Other income	20,472	14,933
Operating costs	(2,977,976)	(2,620,275)
Finance costs	(107,379)	(16,389)
Share of loss of an associate	(879)	-
Profit before taxation	203,093	196,547
Provision for taxation	(66,215)	(60,694)
Profit after taxation	136,878	135,853
Attributable to:		
Equity holders of Shifa International Hospitals Limited	142,182	135,853
Non-Controlling interest	(5,304)	-
	136,878	135,853
Earnings per share - basic and diluted - (Rupees)	14	2.33
		2.49

The annexed notes 1 to 17 form an integral part of this condensed interim consolidated financial information.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

	September 30, 2019	September 30, 2018
	(Rupees in '000')	
Profit after taxation	136,878	135,853
Other comprehensive income		
Items that will not be subsequently reclassified in statement of profit or loss		
Revaluation surplus adjustment	(9,999)	-
Other comprehensive income for the period - net of tax	(9,999)	-
Total comprehensive income for the period	126,879	135,853
Attributable to:		
Equity holders of Shifa International Hospitals Limited	132,183	135,853
Non-Controlling interest	(5,304)	-
	126,879	135,853

The annexed notes 1 to 17 form an integral part of this condensed interim consolidated financial information.

Dawood M. Rahman

CHAIRMAN

Muhammad Bilal

CHIEF EXECUTIVE

ALLS

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM
CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

	September 30, 2019	September 30, 2018
Note	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	203,093	196,547
Adjustments for:		
Depreciation/amortization on tangible assets	152,829	132,599
Amortization on intangible assets	6,574	2,446
Allowance for impairment of financial assets	8,949	10,562
Property, plant and equipment written off	2,453	1,378
Loss on disposal of property, plant and equipment	78	(1,725)
Provision for compensated absences	11,965	10,855
Provision for gratuity	29,930	23,710
Provision for slow moving stores	(2,745)	546
Profit on investments and bank deposits	(4,321)	(1,188)
Loss on foreign currency translation	20,700	481
Share of loss of an associate	879	-
Finance cost	86,679	15,908
Operating cash flows before changes in working capital	517,063	392,119
Changes in working capital:		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(8,662)	15,059
Stock-in-trade	(50,073)	(17,154)
Trade debts	(330,079)	(132,176)
Loans and advances	(100,009)	(122,785)
Trade deposits and prepayments	1,614	(13,749)
(Decrease) / Increase in current liabilities:		
Trade and other payables	(89,732)	65,170
Cash generated from operations	(59,878)	186,484
Finance cost paid	(84,704)	(36,550)
Income tax paid	(74,012)	(61,286)
Payment to SIHL Employees' Gratuity Fund	(1,736)	(5,678)
Compensated absences paid	(24,809)	(16,974)
Net cash (used in)/ from operating activities	(245,139)	65,996
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(201,714)	(409,023)
Addition in investment property	(43,145)	(45,037)
Proceeds from disposal of property, plant and equipment	942	2,206
Markup received	4,807	1,165
Decrease / (increase) in long term deposits	2,486	(717)
Net cash used in investing activities	(236,624)	(451,406)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of further share capital - other than right	1,779,002	-
Long term financing - repayments	(40,744)	(84,193)
Long term financing - proceeds	25,481	114,536
Dividend paid	(317)	(427)
Net cash generated from financing activities	1,763,422	29,916
Net increase/ (decrease) in cash and cash equivalents	1,281,659	(355,494)
Cash and cash equivalents at beginning of the year	806,895	479,884
Effect of exchange rate changes on cash and cash equivalents	(20,700)	(481)
Cash and cash equivalents at end of the period	16 2,067,854	123,909

The annexed notes 1 to 17 form an integral part of this condensed interim consolidated financial information.

Darwish Rahman

CHAIRMAN

Maryam H. Beg

CHIEF EXECUTIVE

Ali S

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

	Share capital	Share Premium account	Surplus on revaluation of property, plant and equipment	Unappro- priated profit	Non- controlling interest	Total
Note	(Rupees in '000')					
Adjusted balance at July 01, 2018	545,379	1,046,025	723,310	2,735,402	-	5,050,116
Total comprehensive income for the period						
Profit for the period	-	-	-	135,853	-	135,853
Other comprehensive income - net of tax	-	-	-	-	-	-
	-	-	-	135,853	-	135,853
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to the period	-	-	(2,257)	2,257	-	-
Adjusted balance at September 30, 2018	545,379	1,046,025	721,053	2,873,512	-	5,185,969
Balance at July 01, 2019	545,379	1,046,025	1,234,923	3,250,167	2,593	6,079,087
Issue of further share capital - other than right	5 74,370	1,704,632	-	-	-	1,779,002
	619,749	2,750,657	1,234,923	3,250,167	2,593	7,858,089
Total comprehensive income for the period						
Profit for the period	-	-	-	142,182	(5,304)	136,878
Other comprehensive income - net of tax	-	-	(9,999)	-	-	(9,999)
	-	-	(9,999)	142,182	(5,304)	126,879
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	(2,287)	2,287	-	-
Balance at September 30, 2019	619,749	2,750,657	1,222,637	3,394,636	(2,711)	7,984,968


CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER



**SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

1 LEGAL STATUS AND NATURE OF BUSINESS

Shifa International Hospitals Limited ("the Group") comprises of Shifa International Hospitals Limited (SIHL / parent company) and its subsidiaries. Subsidiaries comprises of Shifa Development Services (Private) Limited, Shifa Neuro Sciences Institute Islamabad (Private) Limited, Shifa National Hospital Faisalabad (Private) Limited and Shifa Medical Center Islamabad (Private) Limited.

- 1.1 SIHL was incorporated in Pakistan on September 29, 1987 as a private limited company under the repealed Companies Ordinance, 1984 and converted into a public limited company on October 12, 1989. The shares of the SIHL are quoted on Pakistan Stock Exchange Limited. The registered office of the SIHL is situated at Sector H-8/4, Islamabad. The principal activity of the SIHL is to establish and run medical centers and hospitals in Pakistan. The SIHL has established its first hospital in 1993 in H-8/4, Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4, Islamabad. The SIHL is also running medical centers, pharmacies and Lab collection points in different cities of Pakistan. The SIHL according to memorandum of understanding with Fatma Properties Limited (incorporated in Tanzania) intends to establish a hospital in Tanzania.
- 1.2 Shifa Development Services (Private) Limited (SDSPL) was incorporated on December 18, 2014. The principal activity of Shifa Development Services (Private) Limited is to provide consulting services relating to healthcare facilities, medical staff, availability of human resource and hospital quality.
- 1.3 Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS) was incorporated on February 28, 2019. The principal activity of SNS will be to setup center of excellence of neuroscience at H-8, Islamabad which will cater the need of all over Pakistan related to neurological diseases and disorders.
- 1.4 Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad) was incorporated on February 28, 2019. SNH Faisalabad is planned to setup a secondary/ tertiary healthcare hospital at Faisalabad which will provide healthcare facilities to the people of Faisalabad as well as surrounding areas.
- 1.5 Shifa Medical Center Islamabad (Private) Limited (SMC Islamabad) was incorporated on February 28, 2019. SMC Islamabad is planned to setup an OPD, Day care surgeries and diagnostic services center at F-11 Islamabad which will provide healthcare facilities to people of F-11 as well as surrounding areas.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim consolidated financial information of the Group for the three months ended September 30, 2019 has been prepared in accordance with the requirements of the:

-International Accounting Standard 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 This condensed interim consolidated financial information is un-audited and is being submitted to the shareholders in accordance with the requirements of Section 237 of the Companies Act 2017 (the Act) and the listing regulations of the Pakistan Stock Exchange. This condensed interim consolidated financial information do not include all of the information required for annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended June 30, 2019. Comparative condensed interim consolidated statement of financial position is extracted from annual consolidated financial statements as of June 30, 2019, whereas comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of other comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity are extracted from un-audited condensed interim consolidated financial information for the three months ended September 30, 2018.

3 BASIS OF CONSOLIDATION

This condensed interim consolidated financial information includes, the financial information of Shifa International Hospitals Limited and its subsidiary Shifa Development Services (Private) Limited (SDSPL) [55% owned] and its wholly owned subsidiaries Shifa Neuro Sciences Institute Islamabad (Private) Limited, Shifa Medical Center Islamabad (Private) Limited and Shifa National Hospital Faisalabad (Private) Limited, for the period ended September 30, 2019. The accounting policies used by the subsidiary companies in preparation of their condensed interim financial information are consistent with that of the parent Company.

Subsidiary is an enterprise in which parent company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the subsidiary is prepared for the same reporting period as the Parent Company, using consistent accounting policies. Material intra-group balances and transactions have been eliminated.

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

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, related judgments, estimates and assumptions adopted for the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the audited financial statements of the Group for the year ended June 30, 2019.

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un-audited September 30, 2019	Audited June 30, 2019		Un-audited September 30, 2019	Audited June 30, 2019
(Numbers)			(Rupees in '000')	
54,537,900	54,537,900	Opening balance: Ordinary shares of Rs. 10 each	545,379	545,379
7,436,986	-	Addition: Further issue of ordinary shares of Rs.10 each	74,370	-
61,974,886	54,537,900	Closing balance: Ordinary shares of Rs. 10 each fully paid in cash	619,749	545,379

- 5.1 During the quarter ended September 30, 2019, the SIHL had issued 7,436,986 ordinary shares to International Finance Corporation (IFC) other than right under section 83 (1) (b) of the Companies Act, 2017. These shares were issued to IFC at a price of Rs. 239.21 per share including a premium of Rs. 229.21 per share.

6 SHARE PREMIUM ACCOUNT

This represents premium of Rs. 5, Rs. 250 and Rs. 229.21 per share received on public issue of 8,000,000, 4,024,100 ordinary shares and 7,436,986 ordinary shares to International Finance Corporation (IFC) of Rs.10 each in the year 1994, 2016 and 2019, respectively. This reserve cannot be utilized except for the purposes mentioned under section 81 of the Companies Act, 2017.

7 LONG TERM FINANCING - SECURED

From banking companies:

	Note	Un audited September 30, 2019	Audited June 30, 2019
		(Rupees in '000')	
Syndicated Islamic Finance Facility	7.2	1,852,099	1,994,691
Diminishing Musharakah facility	7.3	631,414	504,085
		2,483,513	2,498,776
Less: Current portion		310,290	165,746
		2,173,223	2,333,030



- 7.1** The SIHL has fully availed all the above facilities, except Diminishing Musharakah Facility from Al-Baraka Bank (Pakistan) Limited and First Habib Modaraba.
- 7.2** This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 0.85% (June 2019: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly installments. The SIHL has availed loan facility upto the total sanctioned limit of Rs. 2,000 million which shall be repaid by November 22, 2023. The financing is secured by ranking charge upgraded into first pari passu charge of Rs. 2,667 million on all present and future 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 sector H-8/4 Islamabad.
- 7.3** This represents a long term Islamic finance facility obtained under the Diminishing Musharakah basis from Al-Baraka Bank (Pakistan) Limited to finance purchase of biomedical equipment. Principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 0.80% (June 2019: 3 months KIBOR plus 0.80%) per annum. The financing is secured by ranking charge on all present and future movable fixed assets (plant, machinery, tools and equipment) of Rs. 781.3 million for bio-medical equipment. Further, this also includes a long term Islamic finance facility obtained under the Diminishing Musharakah basis from First Habib Modaraba to finance the purchase of brand new vehicles. Principal amount is repayable in 60 equal monthly installments carrying markup at 3 months KIBOR plus 0.70% (June 2019: 3 months KIBOR plus 0.70%) per annum.

	Un-audited September 30, 2018	Audited June 30, 2019
	(Rupees in '000')	
7.4 Movement during the period / year		
Opening Balance	2,498,776	1,675,118
Proceeds during the period / year	25,481	1,010,643
Repayment during the period / year	(40,744)	(186,985)
Closing Balance	<u>2,483,513</u>	<u>2,498,776</u>
8 TRADE AND OTHER PAYABLES		
This also includes payable to related parties as detailed below:		
Tameer-e-Millat Foundation	4,703	11,789
Shifa Tameer-e-Millat University	16,407	24,074
Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund	151,324	123,128
	<u>172,434</u>	<u>158,991</u>

9 SHORT TERM BORROWINGS

This represents running finance facility obtained from Habib Bank Limited on markup basis at 3 months KIBOR plus 0.25% per annum with sanctioned limit of Rs. 250 million. The facility is secured by first pari passu charge on all present and future current assets of the SIHL.

	Un-audited September 30, 2019	Audited June 30, 2019
	(Rupees in '000')	
10 CONTINGENCIES AND COMMITMENTS		
10.1 Contingencies		
Claims against the SIHL not acknowledged as debts:		
Patients/others	3,000	3,000
Competition Commission of Pakistan (CCP)	20,000	20,000
Letter of guarantee	35,900	35,900
10.2 Commitments		
Capital expenditure contracted	<u>163,545</u>	<u>148,203</u>

10.3 Contingencies related to income tax are as follows:

- 10.3.1** The tax authorities amended the assessments for tax years 2012, 2013, 2014, 2015 and 2016, under section 122(5A) of Income Tax Ordinance, 2001 and raised tax demands of Rs. 50.4 million, Rs. 133.3 million, Rs. 85.5 million, Rs. 26.1 million and Rs. 566.2 million respectively. Being aggrieved the SIHL agitated the assessments in appeals before the Commissioner (Appeals) who in respect of tax years 2015 and 2016 has decided the appeals against the SIHL. The SIHL being aggrieved filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue [ATIR]. For tax year 2016 ATIR set aside the case for *denovo* consideration, hence the demand of Rs. 566.2 million stands deleted as of today. While for tax year 2013 and 2014, the Commissioner (Appeals) partly confirmed and partly allowed relief to the SIHL and being aggrieved on issues not decided in favor, the SIHL has filed appeal before the Appellate Tribunal Inland Revenue. No provision has been recorded as the management is hopeful for favorable outcome.
- 10.3.2** The tax authorities levied tax of Rs. 178.4 million and Rs. 27.4 million under section 161/205 of the Income Tax Ordinance, 2001 for tax year 2014 and 2013 respectively on the account of alleged non deduction of tax on payments. Being aggrieved, the SIHL agitated the assessment of tax year 2014 in appeal before the Commissioner (Appeals) on May 09, 2018 who confirmed the order of the sub-ordinate tax authority. Being not satisfied with order of the CIR(A), the SIHL preferred appeal before the ATIR. ATIR has set aside the case for *denovo* consideration, hence the demand of Rs. 178.4 million stands deleted as of today. Further, for tax year 2013, SIHL has filed an appeal before CIR(A). The Commissioner (Appeals) on October 02, 2019 remanded back the said assessment to ACIR. The SIHL is in the process of filing an appeal to ATIR. The SIHL is confident for a favorable outcome and therefore, no provision in respect of above matters has been recorded in this condensed interim consolidated financial information.
- 10.3.3** The tax authorities amended the assessments from tax years 2012, 2013 and 2015 to 2017 u/s 122(5) of Income Tax Ordinance, 2001 and raised total tax demand of Rs. 1,350.9 million. Being aggrieved the SIHL agitated the assessments in appeals before the Commissioner (Appeals) who annulled all the assessment orders and hence demand stand deleted. Being not satisfied with order of the CIR(A), the department has filed appeal before the ATIR, which is pending for adjudication.
- 10.3.4** The Assistant Commissioner Inland Revenue (ACIR) has amended the SIHL's assessment for tax year 2014 and 2015 u/s 221 of the Income Tax Ordinance, 2001 which has resulted a tax demand of Rs. 11.8 million. Being aggrieved, the SIHL has filed an appeals before the Commissioner Inland Revenue (Appeals) (CIR(A)) wherein the CIR(A) has remanded back the said assessments to ACIR on November 30, 2017. The SIHL as well as the Department has filed cross appeals against the CIR(A) order before the Appellate Tribunal Inland Revenue, which are pending adjudication. The SIHL is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in this condensed interim consolidated financial information.
- 10.3.5** The tax authorities amended the assessment from tax years 2014 u/s 177 of Income Tax Ordinance, 2001 on June 29, 2019 and raised total tax demand of Rs. 1,143.8 million. Being aggrieved the SIHL agitated the assessments in appeals on July 22, 2019 before the Commissioner (Appeals) who annulled the assessment order on October 02, 2019 and hence demand stand deleted as of today. The SIHL is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in this condensed interim consolidated financial information.

		Un audited September 30, 2019	Audited June 30, 2019
	Note	(Rupees in '000')	
11	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	6,618,819	6,646,156
	Capital work in progress (CWIP)	1,044,287	970,826
		7,663,106	7,616,982



		Un-audited September 30, 2019	Audited June 30, 2019
	Note	(Rupees in '000')	
11.1 Operating fixed assets			
Written down value (WDV) at the beginning of the period/year		6,646,156	5,703,509
Additions	11.1.1	128,253	963,812
Revaluation adjustment / Revaluation		(9,999)	520,643
		6,764,410	7,187,964
WDV of disposals		(1,020)	(694)
WDV of assets written off		(2,453)	(3,221)
Depreciation for the period/year		(142,118)	(537,893)
WDV at the end of the period/year		6,618,819	6,646,156
11.1.1 Additions to operating fixed assets			
Freehold land		-	43,453
Leasehold land		18,728	-
Building on leasehold land		9,472	278,843
Leasehold improvements		-	9,878
Biomedical equipment		73,010	306,680
Air conditioning equipment and machinery		5,607	155,396
Electrical and other equipment		8,151	56,410
Furniture and fittings		5,081	14,454
Computer installations		8,186	87,566
Construction equipment		18	394
Vehicles		-	10,738
		128,253	963,812
11.2 Capital work in progress			
Opening capital work in progress		970,826	325,954
Additions during the period/year		121,582	928,879
Transferred to operating fixed assets		(48,121)	(284,007)
Closing capital work in progress	11.2.1	1,044,287	970,826
11.2.1 Capital work in progress			
Construction work in progress		181,757	159,110
Stores held for capital expenditure		2,491	2,491
Installation of equipment in progress		860,039	809,225
		1,044,287	970,826
12 LONG TERM INVESTMENT			
In associated company (unquoted):			
Shifa Care (Private) Limited (SCPL)			
Opening balance of investment		10,869	-
Addition in investment - at cost		-	14,445
Share in loss for the period/ year		(879)	(3576)
Closing balance of investment		9,990	10,869

This represents investment in 50 (June 2019: 50) fully paid ordinary shares of SCPL and expenses incurred on its behalf against future issuance of ordinary shares in favor of SIHL. The above investment in ordinary shares represents 50% (June 2019: 50%) shareholding in SCPL held by the Group.

		Un-audited September 30, 2019	Audited June 30, 2019
	Note	(Rupees in '000')	
13 TRADE DEBTS			
Considered good			
Related party - Shifa Foundation		42,632	28,647
Others		863,344	556,199
Considered doubtful			
Others		106,447	97,498
Considered bad			
Others		-	2,347
		1,012,423	684,691
Less: allowance for expected credit loss	13.1	106,447	97,498
Less: bad debts written off		-	2,347
		905,976	584,846

13.1 The movement in the allowance for expected credit losses in respect of trade debts during the period / year was as follow:

	Un-audited September 30, 2019	Audited June 30, 2019
	(Rupees in '000')	
Balance at beginning of the period / year	97,498	111,728
Impairment charge / (reversal) on financial assets during the period / year	8,949	(11,883)
bad debts written off	-	(2,347)
Balance at end of the period / year	106,447	97,498

		Un-audited	
		September 30, 2019	September 30, 2018
	Note	(Rupees in '000')	
14 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the period attributable to equity holders of SIHL		142,182	135,853
		(Numbers in '000')	
Weighted average number of shares in issue during the period	5	61,084	54,538
		(Rupees)	
Earnings per share - basic and diluted		2.33	2.49

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

14.2 Had there been no further issue of capital of SIHL, the earnings per share would have been Rs. 2.61 as compared to Rs. 2.49 of corresponding period of last year.



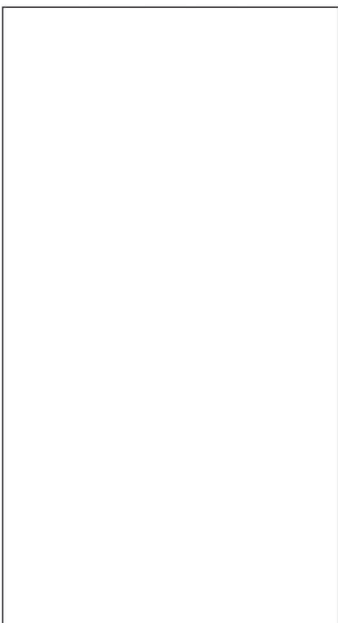
		Un-audited	
		September 30, 2019	September 30, 2018
		(Rupees in '000')	
15	RELATED PARTY TRANSACTIONS		
	Significant transactions with related parties are as follow:		
	Shifa Foundation: (Related party by virtue of common directorship)		
	Revenue from services earned by the SIHL	46,875	35,886
	Revenue from rent earned by the SIHL	11	11
	Expenses paid by and reimbursed to the SIHL	151	285
	Services provided to the SIHL	5,271	5,271
	Tameer-e-Millat Foundation: (Related party by virtue of common directorship)		
	Revenue from rent earned by the SIHL	78	78
	Supplies provided to the SIHL	7,801	5,322
	Services provided to the SIHL	2,742	2,201
	Rental services received by the SIHL	2,483	963
	SIHL Employees' Gratuity Fund		
	Payments made by the SIHL	1,736	5,678
	Shifa Tameer-e-Millat University: (Related party by virtue of common directorship)		
	Revenue from services earned by the SIHL	6,320	11,004
	Revenue from rent earned by the SIHL	4,163	601
	Other services provided to the SIHL	19,528	-
	Expenses paid by and reimbursed to the SIHL	795	2,253
	Shifa Care (Private) Limited: (Associated Company)		
	Expenses paid by and reimbursed to the SIHL	2,184	-
16	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	2,179,640	177,748
	Investment - at amortized cost	3,000	8,007
	Short term borrowing - secured	(114,786)	(61,846)
		2,067,854	123,909
17	GENERAL		
17.1	Figures have been rounded off to the nearest one thousand Pak Rupees unless otherwise stated.		
17.2	This condensed interim consolidated financial information has been approved and authorized for issue by the Board of Directors of the SIHL on October 26, 2019.		

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

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