



Shifa
International
Hospitals Ltd.



Condensed Interim Financial Statements

FOR THE HALF YEAR ENDED
DECEMBER 31, 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
Chief Operating Officer:	Mr. Taimoor Shah
Medical Director:	Dr. Zeeshan Bin Ishtiaque
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 Habib Bank Limited United 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

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the Condensed Interim Financial Statements of the Company for the half year ended December 31, 2019 along with Condensed Interim Consolidated Financial Statements of the same period after incorporating the financials results of subsidiary companies i.e. Shifa Medical Center Islamabad (Private) Limited, Shifa Neuro Sciences Institute Islamabad (Private) Limited, Shifa National Hospital Faisalabad (Private) Limited, Shifa International DWC-LLC (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 Statements of the Company for the half year ended December 31, 2019 in comparison with the corresponding half year of previous year are as follows:

Financial Highlights	(Rs. in millions) Half year ended December 31,		
	2019	2018	Change%
Net Revenue	6,678	5,669	17.8
Earnings before interest, tax, depreciation & amortization (EBITDA)	1,561	760	105.4
Gain on disposal of leasehold land/Building	457	-	100
Profit before taxation	968	443	118.5
Profit after taxation	798	301	165.1
Earnings Per Share - (Rs.)	12.96	5.52	134.8

The aforementioned financial results depict that the Company achieved an overall net revenue growth of 17.8% as compared to previous corresponding period. While the net revenues of the Company improved, the operating costs have also increased by 14.6%. The main factors contributing in the rise in operating costs are utilities, cost & volume of supplies & medicines consumed, depreciation & amortization, repair & maintenance, etc. Besides, finance cost also soared due to inflated KIBOR, implementation of IFRS 16 – Leases and enhancement of long term financing.

During the half year ended December 31, 2019, the Company has transferred the leasehold land situated at F-11 Islamabad to Shifa Medical Center Islamabad (Private) Limited and investment property located in H-8 to Shifa Neuro Sciences Islamabad (Private) Limited at the fair market value determined by independent valuers. Resultantly, the Company recognized the gain on these transactions in profit or loss account in its condensed interim unconsolidated Financial Statements. Moreover, the Company has also issued 7,436,986 ordinary shares other than right to International Finance Corporation at premium of Rs. 229.29 per share. Had there been no such sale/transfer of leasehold land/building and further issue of capital the earnings per share would have been Rs. 7.30 as compared to Rs. 5.52 of corresponding period of last year.

Future Outlook

Board of Directors of the Company are keen to maintain the same results in the time to come. In this regard, Board of Directors are striving to enhance the patient care services and maximizing the capacity by offering extended clinical timings. The construction/renovation of extended area of operation in Faisalabad Hospital will be completed and inaugurated in the current quarter. We are optimistic to generate more revenues from the operations of Faisalabad Hospital with the addition of extended area of operations.

Acknowledgement

The Board would like to thank and appreciate its consultants, 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 support and cooperation.

For and on behalf of the Board of Directors



DR. MANZOOR H. QAZI
Chief Executive Officer

Islamabad
February 15, 2020



MUHAMMAD ZAHID
Director

ڈائریکٹرز رپورٹ

معزز شیئر ہولڈرز،

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر 2019 کو ختم ہونے والے نصف سال کی کمپنی کی مجموعی عبوری مالیاتی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ اس کے ساتھ ذیلی کمپنیوں کے مجموعی مالیاتی نتائج کا خلاصہ بھی شامل ہیں۔ ان میں کئی طور پر کمپنی کی ملکیتی کمپنیاں شفا میڈیکل سینٹر اسلام آباد (پرائیویٹ) لمیٹڈ، شفا نیوروسائنسز انسٹیٹیوٹ اسلام آباد (پرائیویٹ) لمیٹڈ، شفا نیشنل ہسپتال فیصل آباد (پرائیویٹ) لمیٹڈ، شفا انٹرنیشنل ڈی ڈبلیو سی۔ ایل ایل سی (تاحال 100 فیصد ملکیت) اور شفا ڈیولپمنٹ سروسز (پرائیویٹ) لمیٹڈ (55 فیصد ملکیت) کے نتائج بھی شامل کیے گئے ہیں۔

31 دسمبر 2019 کو ختم ہونے والے نصف سال کے مجموعی عبوری مالیاتی نتائج کی جھلکیاں گزشتہ برس کے نصف سال کے موازنے میں درج ذیل ہیں:

31 دسمبر کو ختم ہونے والا نصف سال (پاکستانی روپے بلین میں)			مالیاتی جھلکیاں
تبدیلی فیصد	2018	2019	
17.8	5,669	6,678	خالص آمدنی
105.4	760	1,561	ای بی آئی ٹی ڈی اے
100	-	457	لیز ہولڈ لینڈ ابلڈنگ کی فروخت پر آمدن
118.5	443	968	منافع قبل از ٹیکسیشن
165.1	301	798	منافع بعد از ٹیکسیشن
134.8	5.52	12.96	فی شیئر آمدنی۔ (روپے)

مذکورہ بالا نتائج سے یہ پتا چلتا ہے کہ کمپنی نے گزشتہ اسی عرصے کے مقابلے میں مجموعی طور پر خالص آمدنی میں 17.8 فیصد کا اضافہ حاصل کیا ہے۔ جہاں کمپنی کی خالص آمدنی میں بہتری آئی ہے، وہیں کمپنی کی آپریٹنگ لاگت میں بھی 14.6 فیصد اضافہ ہوا ہے۔ آپریٹنگ لاگت میں اضافے کے اہم عوامل یوٹیلیٹی، استعمال ہونے والی ادویات اور سپلائرز کے حجم اور لاگت، اثاثوں کی بوسیدگی و فرسودگی، مرمت و بحالی کے اخراجات وغیرہ ہیں۔ اسکے علاوہ بڑھتے ہوئے کابور (کراچی انٹرنیٹ آفر ریٹ)، آئی ایف آر ایس-16-لیئرز کے نفاذ اور طویل المعیاد قرضوں میں اضافے کی وجہ سے فنانس لاگت بھی بڑھ گئی۔

31 دسمبر 2019 کو ختم ہونے والے نصف سال کے دوران کمپنی نے ایف الیون اسلام آباد میں واقع لیئر ہولڈ لینڈ شفا میڈیکل سینٹر اسلام آباد (پرائیویٹ) لمیٹڈ اور H-8 میں واقع انویسٹمنٹ پراپرٹی شفا نیوروسائنسز انسٹیٹیوٹ اسلام آباد (پرائیویٹ) لمیٹڈ کو مارکیٹ میں رائج قیمت پر منتقل کیں جن کا تعین خود مختار تعین کاروں نے کیا تھا۔ کمپنی نے اس عبوری مالیاتی نتائج کے خلاصے میں ان ٹرانزیکشنز سے حاصل ہونے والی آمدن کو نفع و نقصان اکاؤنٹ میں ظاہر کیا ہے۔ مزید برآں کمپنی نے انٹرنیشنل فنانس کارپوریشن کو 7,436,986 عام شیئرز (other than right) 229.29 روپے فی شیئر کے پریمیم پر جاری کئے ہیں۔ اگر لیئر ہولڈ لینڈ / بلڈنگ کی فروخت / منتقلی اور اس کے بعد شیئر کیپٹل جاری نہ کیا جاتا تو گزشتہ برس کے اسی عرصے کی فی شیئر 5.52 روپے آمدن کے مقابلے میں اس بار فی شیئر آمدن 7.30 روپے ہوتی۔

مستقبل کا منظر نامہ

کمپنی کے بورڈ آف ڈائریکٹرز آنے والے وقت میں بھی ایسے نتائج برقرار رکھنے کے خواہاں / خواہشمند ہیں۔ اس سلسلے میں بورڈ آف ڈائریکٹرز مریضوں کی دیکھ بھال کی خدمات اور توسیع شدہ طبی اوقات کی صلاحیت کو زیادہ سے زیادہ بڑھانے کے لئے کوشاں ہیں۔ فیصل آباد ہسپتال کے آپریشن کے توسیعی حصے کی تعمیر / تزئین و آرائش کا کام مکمل اور افتتاح موجودہ سہ ماہی میں کیا جائے گا۔ ہم فیصل آباد ہسپتال کے اضافی حصے کے فعال ہو جانے سے مزید آمدنی حاصل کرنے کے لئے پُر امید ہیں۔

اظہار شکر

موجودہ چیلنجنگ صورتحال میں بورڈ کنسلٹنٹس، سینئر انتظامیہ، ملازمین، کسٹمرز اور تزویریاتی شراکت داروں کا ان کے عزم، وابستگی اور کنٹریبوشن کے لئے شکر گزار ہے۔ مدد اور تعاون کے لئے بورڈ سرکاری حکام، سپلائرز، بینکوں اور حصہ داروں کا بھی شکریہ ادا کرتا ہے۔

برائے اور بجانب بورڈ آف ڈائریکٹرز

Munir. Zahid

محمد زاہد

ڈائریکٹر

Margaret Singh

ڈاکٹر منظور امجد قاضی

چیف ایگزیکٹو آفیسر

اسلام آباد

15 فروری 2020ء

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Shifa International Hospitals Limited

Report on review of Interim 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, 2019 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of profit or loss and other 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 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. The figures of the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income for the three months ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2019.

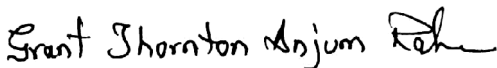
Scope of Review

We conducted our review in accordance with International Standard 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 inquiries, 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 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.

The engagement partner on this audit resulting in this independent auditor's report is Hassan Riaz.



GRANT THORNTON ANJUM RAHMAN
Chartered Accountant

Islamabad
Dated: February 15, 2020

Chartered Accountants
Member of Grant Thornton International Ltd

Offices in Lahore and Karachi

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

		Un-audited December 31, 2019	Audited June 30, 2019
	<u>Note</u>	(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (June 2019: 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	2,751,283	1,046,025
Surplus on revaluation of property, plant and equipment		767,662	772,019
Revenue reserves			
Unappropriated profit		3,927,526	3,283,636
		8,066,220	5,647,059
NON - CURRENT LIABILITIES			
Long term financing - secured	6	2,490,691	2,333,030
Deferred taxation		382,701	384,315
Lease liabilities	7	333,922	-
		3,207,314	2,717,345
CURRENT LIABILITIES			
Trade and other payables	8	3,184,710	3,328,432
Unclaimed dividend		74,987	48,671
Markup accrued		55,789	30,406
Current portion of long term financing	6	463,134	165,746
Current portion of lease liabilities	7	132,210	-
		3,910,830	3,573,255
		15,184,364	11,937,659
CONTINGENCIES AND COMMITMENTS			
	9		

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

Danish M. Rahman

CHAIRMAN

		Un-audited December 31, 2019	Audited June 30, 2019
	<u>Note</u>	(Rupees in ‘000’)	
NON - CURRENT ASSETS			
Property, plant and equipment	10	7,554,308	6,845,816
Investment property	11	-	1,642,085
Intangible assets		70,562	83,711
Long term investments - at cost	12	2,725,612	79,833
Long term deposits		101,145	87,211
		10,451,627	8,738,656
CURRENT ASSETS			
Stores, spare parts and loose tools		155,719	131,637
Stock-in-trade		611,890	496,758
Trade debts - considered good	13	882,900	581,466
Loans and advances - considered good		490,516	412,803
Trade deposits, prepayments and other receivables	14	67,340	61,026
Markup accrued		-	486
Investment - at amortized cost		3,000	3,000
Tax refunds due from the government (net of provision)		394,930	412,810
Cash and bank balances		2,126,442	791,696
		4,732,737	2,891,682
Non - current assets held for sale	15	-	307,321
		15,184,364	11,937,659



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF
PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

Note		For the quarter ended		For the half year ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		(Rupees in '000')			
Net revenue	11 & 15	3,443,875	2,856,031	6,678,160	5,668,651
Other income		13,616	11,166	34,088	26,089
Operating costs		(3,019,529)	(2,592,249)	(5,970,950)	(5,209,903)
Finance costs		(143,652)	(26,031)	(230,328)	(41,944)
Gain on disposal of leasehold lands and building		4,376	-	457,280	-
Profit before taxation		298,686	248,917	968,250	442,893
Provision for taxation		(108,093)	(81,646)	(170,681)	(141,924)
Profit after taxation		190,593	167,271	797,569	300,969
Earnings per share - basic and diluted - (Rupees)	16	3.10	3.07	12.96	5.52

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



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT
OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	For the quarter ended		For the half year ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Rupees in '000')			
Profit after taxation	190,593	167,271	797,569	300,969
Other comprehensive income for the period - net of tax	-	-	-	-
Total comprehensive income for the period	190,593	167,271	797,569	300,969

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



CHAIRMAN



CHIEF EXECUTIVE

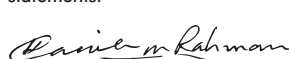


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS [UN-AUDITED] FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	December 31, 2019	December 31, 2018
Note	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	968,250	442,893
Adjustments for:		
Depreciation/amortization on tangible assets	350,004	269,411
Amortization on intangible assets	13,148	5,090
Allowance for impairment of financial assets	23,277	17,846
Property, plant and equipment written off	3,220	1,451
Gain on disposal of property, plant and equipment	(454,148)	(2,653)
Gain on disposal of investment property	(4,376)	-
Provision for compensated absences	24,416	20,813
Provision for gratuity	61,592	53,669
Provision for slow moving stores	650	(289)
Profit on investments and bank deposits	(5,897)	(2,399)
Loss on foreign currency translation	36,763	565
Finance cost	230,328	41,944
Operating cash flows before changes in working capital	1,247,227	848,341
Changes in working capital:		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(24,145)	(1,216)
Stock-in-trade	(115,132)	8,080
Trade debts	(324,711)	(27,128)
Loans and advances	(77,713)	(104,248)
Trade deposits and prepayments	(6,314)	(36,888)
(Decrease)/increase in current liabilities:		
Trade and other payables	(187,378)	230,436
Cash generated from operations	511,834	917,377
Finance cost paid	(204,945)	(83,261)
Income tax paid	(154,415)	(172,014)
Payment to SIHL Employees' Gratuity Fund	(8,432)	(16,419)
Compensated absences paid	(33,919)	(25,282)
Net cash from operating activities	110,123	620,401
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(581,655)	(807,990)
Addition in investment property	(58,432)	(55,761)
Outlay against long term investments	(195,556)	-
Proceeds from disposal of property, plant and equipment	2,837	3,415
Markup received	6,383	2,399
Increase in long term deposits	(13,934)	(789)
Net cash used in investing activities	(840,357)	(858,726)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of further share capital - other than right	1,779,628	-
Long term financing - repayments	(72,157)	(168,853)
Long term financing - proceeds	527,206	714,470
Lease liabilities - proceeds	57,000	-
Lease liabilities - repayments	(58,214)	-
Dividend paid	(131,720)	(202,118)
Net cash generated from financing activities	2,101,743	343,499
Net increase in cash and cash equivalents	1,371,509	105,174
Cash and cash equivalents at beginning of the period	794,696	473,479
Effect of exchange rate changes on cash and cash equivalents	(36,763)	(565)
Cash and cash equivalents at end of the period	2,129,442	578,088

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



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

		Share capital	Share premium account	Surplus on revaluation of property, plant and equipment (Rupees in '000')	Unappropriated profit	Total
	Note					
Balance as 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		-	-	-	300,969	300,969
Other comprehensive income - net of tax		-	-	-	-	-
		-	-	-	300,969	300,969
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to the period		-	-	(4,515)	4,515	-
Distribution to owners						
Dividend 2018: Rs. 4.5 per share		-	-	-	(245,421)	(245,421)
Balance as at December 31, 2018		545,379	1,046,025	718,795	2,808,202	5,118,401
Balance as at July 01, 2019		545,379	1,046,025	772,019	3,283,636	5,647,059
Issue of further share capital	4&5	74,370	1,705,258	-	-	1,779,628
		619,749	2,751,283	772,019	3,283,636	7,426,687
Total comprehensive income for the period						
Profit for the period		-	-	-	797,569	797,569
Other comprehensive income - net of tax		-	-	-	-	-
		-	-	-	797,569	797,569
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period		-	-	(4,357)	4,357	-
Distribution to owners						
Dividend 2019: Rs. 2.55 per share		-	-	-	(158,036)	(158,036)
Balance as at December 31, 2019		619,749	2,751,283	767,662	3,927,526	8,066,220

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

David M. Rahman

CHAIRMAN

Mazumdar B. J.

CHIEF EXECUTIVE

AKS

CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 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.
- 1.2 The principal activity of the Company is to establish and run medical centers and hospitals in Pakistan. The Company has established its first hospital in 1993 in H-8/4 Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4 Islamabad. The Company is also running medical center, pharmacies and Lab collection points in different cities of Pakistan.
- 1.3 These condensed interim unconsolidated financial statements are separate financial statements of the Company where as investment in subsidiaries and associates are stated at cost rather than on the basis of reporting results of the investee. Condensed interim consolidated financial statements are prepared separately.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim 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 regulation of Pakistan Stock Exchange. These condensed interim unconsolidated financial statements 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 comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity are extracted from un-audited condensed interim unconsolidated financial statements for the six months ended December 31, 2018.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, related judgments, estimates and assumptions adopted for the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the audited financial statements of the Company for the year ended June 30, 2019 except for the change in policies as described below:

Changes in accounting standards, interpretations and amendments to approved accounting standards

IFRS 16 "Leases" replaced IAS 17 "Leases", the former lease accounting standard became effective on July 01, 2019. Under the new lease standard, assets leased by the Company are being recognized on the statement of financial position of the Company with a corresponding liability. As a rule, lease expenses are no longer recorded in the statement of profit or loss from July 01, 2019. Instead, depreciation and interest expenses are recorded stemming from the newly recognized lease assets and lease liabilities. In addition, leasing expenses are no longer presented as operating cash outflows in the statement of cash flows, but instead are included as part of the financing cash outflow. Interest expenses from the newly recognized lease liability are presented in the cash flow from operating activities. The Company has adopted IFRS 16 using the modified retrospective approach. The impact of adoption of IFRS 16 is as follows:

	June 30, 2019	Impact of IFRS 16 (Rupees in '000')	July 01, 2019
ASSETS			
NON-CURRENT ASSETS			
Right to use assets	-	301,320	301,320
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liabilities	-	240,928	240,928
CURRENT LIABILITIES			
Current portion of lease liabilities	-	60,392	60,392
	-	301,320	301,320

The Company, as a lessee, recognizes a right of use asset and a lease liability on the lease commencement date.

Upon initial recognition, the right of use asset is measured as the amount equal to initially measured lease liability adjusted for lease prepayments, initial direct cost, lease incentives and the discounted estimated asset retirement obligation. Subsequently, the right of use asset is measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter of estimated useful lives of the right of use assets or the lease term.

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

Transition

The Company adopted IFRS 16 from July 01, 2019. The Company adopted the standard using the modified retrospective approach. This means that comparatives are not restated.

The weighted-average incremental rate applied to lease liabilities recognized on July 1, 2019 was 13.75 % per annum.

Significant judgments upon adoption of IFRS 16

IFRS 16 requires the Company to assess the lease term as the non-cancelable lease term in line with the lease contract together with the period for which the Company has extension options which the Company is reasonably certain to exercise and the periods for which the Company has termination options for which the Company is reasonably certain not to exercise those termination options.

A portion of the lease contracts included within Company's lease portfolio includes lease contracts which are extendable through mutual agreement between the Company and the lessor or cancelable by both parties on short notice. In assessing the lease term for the adoption of IFRS 16, the Company concluded that such contracts are short-term in nature and payments made in respect of these leases are accordingly expensed in the statement of profit or loss.

Lease liabilities and Right of use assets recognized are as follows:

	(Rupees in '000')
Lease liabilities	
Operating lease commitments as at June 30, 2019	567,978
Discounting effect using incremental borrowing rate	(266,658)
Lease liabilities recognized on statement of financial position as at July 1, 2019	301,320
Lease liabilities presented as:	
Non-current financial liabilities	240,928
Current portion of non-current liabilities	60,392
	301,320
Right of use assets	
Present value of lease liability	301,320
Right of use assets recognized on statement of financial position as at July 1, 2019	301,320
Right of use assets presented as:	
Property, plant and equipment	301,320

4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un-audited December 31, 2019	Audited June 30, 2019		Un-audited December 31, 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 half year ended December 31, 2019, 7,436,986 ordinary shares of the Company were issued 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. 239.29 per share including a premium of Rs. 229.29 per share.

			Premium	
			Un-audited December 31, 2019	Audited June 30, 2019
			(Rupees in '000')	
	Shares (Numbers)	Premium per share (Rupees)		
5	SHARE PREMIUM ACCOUNT			
	Ordinary shares issued:			
	Public offer in the year 1994	8,000,000	5.00	40,000
	Right shares in the year 2016	4,024,100	250.00	1,006,025
	IFC in the year 2019 (other than right)	7,436,986	229.29	-
			2,751,283	1,046,025

			Un-audited December 31, 2019	Audited June 30, 2019
			(Rupees in '000')	
6 LONG TERM FINANCING - SECURED				
From banking companies:				
Syndicated Islamic Finance Facility	6.2		1,995,225	1,994,691
Diminishing Musharakah facility	6.3		458,600	504,085
Diminishing Musharakah Facility-2	6.4		500,000	-
			2,953,825	2,498,776
Less: Current portion			463,134	165,746
			2,490,691	2,333,030

- 6.1** The Company has fully availed all the above facilities, except Diminishing Musharakah Facilities from Al-Baraka Bank (Pakistan) Limited of Rs. 83.8 million and First Habib Modaraba of Rs. 51.8 million.
- 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 up to 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 of Rs. 541.2 million. 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 first exclusive charge of Rs. 781.3 million over equipment/machinery. This also includes a long term Islamic finance facility obtained under the Diminishing Musharakah basis from First Habib Modaraba of Rs. 18.2 million. 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.
- 6.4** This represents a long term Islamic finance facility obtained under the Diminishing Musharakah basis from Meezan Bank Limited of Rs. 500 million. Principal amount is repayable in 20 equal quarterly installments carrying markup at 3 months KIBOR plus 0.85% (June 2019: Nil) per annum which shall be repaid by October 01, 2024. The financing is secured by first pari passu charge on all present and future fixed assets of the Company.

6.5 Movement during the period/year

Opening balance

2,498,776

1,675,118

Proceeds during the period/year

527,206

1,010,643

Repayment during the period/year

(72,157)

(186,985)

Closing balance

2,953,825

2,498,776

7 LEASE LIABILITIES

Lease liabilities recognized on adoption of IFRS 16 at July 01, 2019

301,320

-

Addition during the period - offices/equipment

223,026

-

Repayment during the period

(58,214)

-

Total lease liabilities against offices/equipment on rent

466,132

-

Less: Current portion

132,210

-

333,922

-

8 TRADE AND OTHER PAYABLES

This includes payable to related parties as detailed below:

Tameer-e-Millat Foundation

3,588

11,789

Shifa Tameer-e-Millat University

22,174

24,074

Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund

176,289

123,128

202,051

158,991

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

- 9.1.1** The claims of Rs. 3 million (June 2019: Rs. 3 million) lodged by patients and their heirs against the Company for alleged negligence on part of the consultants/doctors. The management is contesting the claims that are pending in Peshawar and Islamabad High Courts and believes that the contention of the claimants will not be successful and no material liability is likely to arise.
- 9.1.2** The penalty of Rs. 20 million (June 2019: Rs. 20 million) imposed on June 06, 2012 by Competition Commission of Pakistan (CCP) to each Gulf Cooperation Council's (GCC) Approved Medical Centers (GAMCs) including SIHL on account of alleged non competitive practice/B363 arrangement of territorial division and equal allocation of GAMCs customers. Management of the Company and other GAMCs are

jointly contesting the matter from September 09, 2012 which is pending in Islamabad High Court, Islamabad and firmly believe that the case will be decided in favor of the GAMCs including SIHL.

- 9.1.3** The guarantees issued by banks in favor of Sui Northern Gas Pipelines Limited (SNGPL) and Oil and Gas Development Company Limited (OGDCL) of Rs. 33.6 million (June 2019: Rs. 35.9 million including a guarantee of Rs. 2.3 million which is now matured) on behalf of the Company in its ordinary course of business.
- 9.2** Contingencies related to income tax are as follows:
- 9.2.1** 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. 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. While for tax year 2012, CIR(A) has decided partially in favor of the Company against which the Company has filed an appeal in ATIR which is a pending adjudication. No provision has been recorded in respect of above matters as the management is hopeful for favorable outcome.
- 9.2.2** 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 has filed an appeal in ATIR against the decision of CIR(A). The Company is confident for a favorable outcome and therefore, no provision in respect of above matters has been recorded in these condensed interim unconsolidated financial statements.
- 9.2.3** 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 unsatisfied with order of the CIR(A), the department has filed appeal before the ATIR, which is pending for adjudication. No provision has been recorded in respect of above as the management is hopeful for favorable outcome.
- 9.2.4** The Assistant Commissioner Inland Revenue (ACIR) has amended the 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 appeal 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 these condensed interim unconsolidated financial statements.
- 9.2.5** 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 Department has filed an appeal before ATIR, against the decision of CIR(A). The Company is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in these condensed interim unconsolidated financial statements.

		Un audited December 31, 2019	Audited June 30, 2019
		(Rupees in '000')	
	Note		
9.3 Commitments			
Capital expenditure contracted		127,888	148,203
10 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	10.1	6,345,734	5,935,215
Capital work in progress (CWIP)	10.2	729,459	910,601
Right of use assets	10.3	479,115	-
		7,554,308	6,845,816
10.1 Operating fixed assets			
Written down value (WDV) at beginning of the period/year		5,935,215	5,702,928
Additions	10.1.1	701,876	963,516
Revaluation		-	57,739
Reclassified as held for sale		-	(247,096)
		6,637,091	6,477,087
WDV of disposals		(1,594)	(1,081)
WDV of assets written off		(3,220)	(3,197)
Depreciation for the period/year		(286,543)	(537,594)
WDV at the end of the period/year		6,345,734	5,935,215
10.1.1 Additions to operating fixed assets			
Freehold land		3,753	43,453
Leasehold land		178,147	-
Building on leasehold land		38,658	278,843
Leasehold improvements		-	9,878
Biomedical equipment		357,734	306,680
Air conditioning equipment and machinery		11,000	155,396
Electrical and other equipment		77,125	56,410
Furniture and fittings		8,788	14,454
Computer installations		16,162	87,270
Construction equipment		19	394
Vehicles		10,490	10,738
		701,876	963,516

Subsequent to the end of period under review, the Company has decided to dispose-off 250 - 270 kanals of land situated at Islamabad Motorway, Islamabad. The land is carried at a value of Rs. 683.1 million in current statement of financial position and the said disposal is expected to be completed over the period of one year.

		Un audited December 31, 2019	Audited June 30, 2019
		(Rupees in '000')	
	Note		
10.2 Capital work in progress			
Opening capital work in progress		910,601	325,954
Additions during the period/year		105,444	928,879
Transferred to operating fixed assets		(286,586)	(284,007)
Reclassified as held for sale		-	(60,225)
Closing capital work in progress	10.2.1	729,459	910,601
10.2.1 Capital work in progress			
Construction work in progress		110,122	98,885
Stores held for capital expenditure		1,904	2,491
Installation of equipment in progress		617,433	809,225
		729,459	910,601

10.3 Right of use assets

Right of use asset recognized on adoption of IFRS 16 at July 01, 2019

Additions during the period

Depreciation charge during the period

Book value at the end of the period

	Un audited December 31, 2019	Audited June 30, 2019
	(Rupees in '000')	
	301,320	-
	226,360	-
	(48,565)	-
	479,115	-

11 INVESTMENT PROPERTY

During the current period the investment property located at sector H-8, Islamabad having carrying value of Rs. 1.68 billion was sold to the Company's wholly owned subsidiary "Shifa Neuro Sciences Institute Islamabad (Private) Limited" at a value of Rs. 1.69 billion on account of equity investment as approved in 32nd Annual General Meeting of the Company. The Company has paid taxes aggregating to Rs. 94.786 million on behalf of the Subsidiary for transferring the lease in its favor. Subsequent to above sale the property is acquired by the Company under an operating lease and the Company's liability towards the Subsidiary on account of advance rent and the security under the rental arrangement is adjusted against the above amount.

12 LONG TERM INVESTMENT AT COST**In associated company (unquoted):**

Shifa Care (Private) Limited (SCPL)

In subsidiary companies (unquoted):

Shifa Development Services (Private) Limited (SDSPL)

Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad)

Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad)

Shifa Medical Centre Islamabad (Private) Limited (SMC Islamabad)

Shifa International DWC LLC

	Un audited December 31, 2019	Audited June 30, 2019
Note	(Rupees in '000')	
	14,445	14,445
	9,966	9,966
11	1,697,520	7,509
	37,913	8,161
15	942,488	39,752
12.1	23,280	-
	2,725,612	79,833

- 12.1** This represents the equity investment in 55,000 shares of AED 1 each in wholly owned subsidiary company incorporated in Dubai Aviation City, Dubai, UAE.

		Un audited December 31, 2019	Audited June 30, 2019
	Note	(Rupees in '000')	
13 TRADE DEBTS			
Considered good			
Related party - Shifa Foundation		21,876	28,647
Others		861,024	552,819
Considered doubtful			
Others		120,584	97,307
Considered bad			
Others		-	2,347
		1,003,484	681,120
Less: allowance for expected credit loss	13.1	120,584	97,307
Less: bad debts written off		-	2,347
		882,900	581,466

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

		Un audited December 31, 2019	Audited June 30, 2019
		(Rupees in '000')	
Balance at beginning of the period/year		97,307	111,507
Impairment charge/(reversal) on financial assets during the period/year		23,277	(11,853)
Bad debts written off		-	(2,347)
Balance at end of the period/year		120,584	97,307
14 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
This includes balances due from related parties as detailed below:			
Shifa Development Services (Private) Limited		1,392	1,984
Shifa Medical Center Islamabad (Private) Limited		274	-
Shifa Neuro Sciences Institute Islamabad (Private) Limited		464	-
Shifa National Hospital Faisalabad (Private) Limited		827	-
Shifa Care (Private) Limited		4,897	-
Shifa International DWC LLC		3,041	-
		10,895	1,984

15 NON-CURRENT ASSETS HELD FOR SALE

During the current period the leasehold land located at sector F-11, Islamabad was sold to the Company's wholly owned subsidiary "Shifa Medical Centre Islamabad (Private) Limited" at a fair market value of Rs.700 million on account of equity investment as approved in 32nd Annual General Meeting of the Company.

		Un-audited	
		December 31, 2019	December 31, 2018
	Note	(Rupees in '000')	
16 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after taxation for the period		797,569	300,969
		(Numbers in '000')	
Weighted average number of shares in issue during the period	4	61,529	54,538
		(Rupees)	
Earnings per share - basic and diluted		12.96	5.52

- 16.1** Weighted average number of shares has been calculated on the basis of time factor of shares outstanding during the period.
- 16.2** Significant increase in earnings per share (EPS) is due to gain on sale of leasehold lands and building as reflected in notes 11 & 15 above. Had there been no such sales of leasehold lands/building and further issue of capital, the EPS for current six monthly period would have been Rs. 7.30 as compared to Rs. 5.52 being the EPS of the corresponding period.

17 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2019. The carrying amount of all financial assets and liabilities are estimated to approximate their fair values. Valuations of the lands owned by the Company are valued by independent valuers to determine the fair value of the lands as at June 30, 2019. The fair value of lands subject to revaluation model fall under level 2 of fair value hierarchy.

18 RELATED PARTY TRANSACTIONS

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these condensed financial statements are as follows:

	Un-audited	
	December 31, 2019	December 31, 2018
	(Rupees in '000')	
Shifa Foundation: (Related party by virtue of common directorship)		
Revenue from services earned by the Company	96,812	72,044
Revenue from rent earned by the Company	22	22
Expenses paid by and reimbursed to the Company	900	576
Other services provided to the Company	10,542	10,542
Tameer-e-Millat Foundation: (Related party by virtue of common directorship)		
Revenue from rent earned by the Company	155	155
Supplies provided to the Company	18,667	12,587
Services provided to the Company	8,824	6,974
Rental services received by the Company	4,066	1,927
SIHL Employees' Gratuity Fund		
Payments made by the Company	8,432	16,419
Shifa Tameer-e-Millat University: (Related party by virtue of common directorship)		
Revenue from services earned by the Company	11,783	21,848
Revenue from rent earned by the Company	5,992	1,201
Other services provided to the Company	33,000	18,000
Expenses paid by and reimbursed to the Company	4,645	3,051
Donation paid by the Company	3,000	15,000
Shifa Development Services (Private) Limited (Subsidiary Company)		
Expenses paid by and reimbursed to the Company	568	424
Shifa Care (Private) Limited (Associated Company)		
Expenses paid by and reimbursed to the Company	4,897	-
Remuneration including benefits and perquisites of key management personnel	144,805	130,390
19 CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,126,442	850,504
Investment - at amortized cost	3,000	3,000
Short term borrowing - secured	-	(275,416)
	2,129,442	578,088

20 GENERAL

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

20.2 These condensed interim unconsolidated financial statements have been approved and authorized for issue by the Board of Directors of the Company on February 15, 2020.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



Shifa International Hospitals Ltd.

Condensed Interim Consolidated Financial
Statements for the Half Year Ended
December 31, 2019

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
AS AT DECEMBER 31, 2019**

		Un-audited December 31, 2019	Audited June 30, 2019
	Note	(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (June 2019: 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	2,751,283	1,046,025
Surplus on revaluation of property, plant and equipment		1,220,567	1,234,923
Revenue reserves			
Unappropriated profit		3,434,761	3,250,167
		8,026,360	6,076,494
		(746)	2,593
NON - CONTROLLING INTEREST			
NON - CURRENT LIABILITIES			
Long term financing - secured	7	2,490,691	2,333,030
Deferred taxation		382,701	384,315
Lease liabilities	8	222,809	-
		3,096,201	2,717,345
CURRENT LIABILITIES			
Trade and other payables	9	3,213,385	3,337,847
Unclaimed dividend		74,987	48,671
Markup accrued		55,789	30,406
Current portion of long term financing	7	463,134	165,746
Current portion of lease liabilities	8	72,605	-
		3,879,900	3,582,670
		15,001,715	12,379,102
CONTINGENCIES AND COMMITMENTS			
	10		

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

Davide M. Rahman

CHAIRMAN

		Un-audited December 31, 2019	Audited June 30, 2019
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	11	9,899,728	7,616,982
Investment property	12	-	1,642,085
Intangible assets		71,323	83,711
Long term investments - at cost	13	7,857	10,869
Long term deposits		66,693	87,211
		10,045,601	9,440,858
CURRENT ASSETS			
Stores, spare parts and loose tools		155,719	131,637
Stock-in-trade		611,890	496,758
Trade debts - considered good	14	945,678	584,846
Loans and advances - considered good		622,930	445,547
Trade deposits, prepayments and other receivables		61,423	59,124
Markup accrued		-	486
Investment - at amortized cost		3,000	3,000
Tax refunds due from the government (net of provision)		401,196	412,951
Cash and bank balances		2,154,278	803,895
		4,956,114	2,938,244
		15,001,715	12,379,102

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CHIEF EXECUTIVE

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CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF
PROFIT OR LOSS [UN-AUDITED]
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

		For the quarter ended		For the half year ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Note		(Rupees in '000')			
		3,481,262	2,860,882	6,750,116	5,679,160
		13,615	11,614	34,088	26,546
		(3,046,328)	(2,595,284)	(6,045,007)	(5,216,047)
		(138,964)	(26,030)	(225,643)	(41,957)
	13	(2,133)	-	(3,012)	-
		307,452	251,182	510,542	447,702
		(109,407)	(81,710)	(175,622)	(142,405)
		198,045	169,472	334,920	305,297
Attributable to:					
		196,081	169,472	338,259	305,297
		1,964	-	(3,339)	-
		198,045	169,472	334,920	305,297
Earnings per share - basic and diluted - (Rupees)	15	3.19	3.11	5.50	5.60

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



CHAIRMAN



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CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT
OR LOSS AND OTHER COMPREHENSIVE INCOME [UN-AUDITED]
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	For the quarter ended		For the half year ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Rupees in '000')			
Profit after taxation	198,045	169,472	334,920	305,297
Other comprehensive income				
Items that will not be subsequently reclassified in statement of profit or loss				
Foreign currency translation adjustment	-	-	14	-
Revaluation surplus adjustment	-	-	(9,999)	-
Other comprehensive income for the period - net of tax	-	-	(9,985)	-
Total comprehensive income for the period	198,045	169,472	324,935	305,297
Attributable to:				
Equity holders of SIHL	196,081	169,472	328,274	305,297
Non-controlling interest	1,964	-	(3,339)	-
	198,045	169,472	324,935	305,297

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



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM
CONSOLIDATED STATEMENT OF CASH FLOWS [UN-AUDITED]
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	December 31, 2019	December 31, 2018
Note	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	510,542	447,702
Adjustments for:		
Depreciation/amortization on tangible assets	340,179	269,593
Amortization on intangible assets	13,176	5,090
Allowance for impairment of financial assets	23,277	17,846
Property, plant and equipment written off	3,220	1,475
Gain on disposal of property, plant and equipment	(1,243)	(2,944)
Provision for compensated absences	24,416	20,813
Provision for gratuity	61,592	53,669
Provision for slow moving stores	650	(289)
Profit on investments and bank deposits	(5,897)	(2,461)
Share of loss of an associate	3,012	-
Loss on foreign currency translation	36,798	565
Finance cost	225,643	41,957
Operating cash flows before changes in working capital	1,235,365	853,016
Changes in working capital:		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(24,145)	(1,216)
Stock-in-trade	(115,132)	8,080
Trade debts	(384,110)	(28,757)
Loans and advances	(177,383)	(104,229)
Trade deposits and prepayments	(2,301)	(36,519)
(Decrease)/increase in current liabilities:		
Trade and other payables	(168,117)	228,448
Cash generated from operations	364,177	918,823
Finance cost paid	(200,260)	(83,274)
Income tax paid	(165,481)	(172,760)
Payment to SIHL Employees' Gratuity Fund	(8,432)	(16,419)
Compensated absences paid	(33,919)	(25,282)
Net cash (used in)/ from operating activities	(43,915)	621,088
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(641,179)	(808,276)
Addition in investment property	(58,432)	(55,761)
Purchase of intangible assets	(788)	-
Proceeds from disposal of property, plant and equipment	2,837	3,415
Markup received	6,383	2,461
Decrease / (Increase) in long term deposits	20,518	(789)
Net cash used in investing activities	(670,661)	(858,950)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of further share capital - other than right	1,779,628	-
Long term financing - repayments	(72,157)	(168,853)
Long term financing - proceeds	527,206	714,470
Lease liabilities - proceeds	57,000	-
Lease liabilities - repayments	(58,214)	-
Dividend paid	(131,720)	(202,118)
Net cash generated from financing activities	2,101,743	343,499
Net Increase in cash and cash equivalents	1,387,167	105,637
Cash and cash equivalents at beginning of the period	806,895	479,884
Effect of exchange rate changes on cash and cash equivalents	(36,784)	(565)
Cash and cash equivalents at end of the period	18 2,157,278	584,956

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

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CHAIRMAN

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CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	Share capital	Share premium account	Surplus on revaluation of property, plant and equipment	un-appropriated Profit	Non-controlling interest	Total
Note	(Rupees in '000')					
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	-	-	-	305,297	-	305,297
Other comprehensive income - net of tax	-	-	-	-	-	-
	-	-	-	305,297	-	305,297
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to the period	-	-	(4,515)	4,515	-	-
Distribution to owners						
Final dividend 2018: Rs. 4.5 per share				(245,421)	-	(245,421)
Balance at December 31, 2018	545,379	1,046,025	718,795	2,799,793	-	5,109,992
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&6	74,370	1,705,258	-	-	1,779,628
	619,749	2,751,283	1,234,923	3,250,167	2,593	7,858,715
Total comprehensive income for the period						
Profit/ (loss) for the period	-	-	-	338,259	(3,339)	334,920
Other comprehensive income - net of tax	-	-	(9,999)	14	-	(9,985)
	-	-	(9,999)	338,273	(3,339)	324,935
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period	-	-	(4,357)	4,357	-	-
Distribution to owner						
Final dividend 2019: Rs. 2.55 per share	-	-	-	(158,036)	-	(158,036)
Balance at December 31, 2019	619,749	2,751,283	1,220,567	3,434,761	(746)	8,025,614

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



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 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, Shifa Medical Center Islamabad (Private) Limited and Shifa International DWC-LLC.

- 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.
- 1.2 Shifa Development Services (Private) Limited (SDSPL) was incorporated on December 18, 2014. The principal activity of SDSPL is to provide consulting services relating to healthcare facilities, medical staff, availability of human resource and hospital quality.
- 1.3 Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad) 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 has 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 has planned to setup an OPD, Day care surgeries and diagnostic services center at F-11 Islamabad which will provide healthcare facilities to people of F-11 as well as surrounding areas.
- 1.6 Shifa International-DWC LLC was incorporated in United Arab Emirates on December 16, 2019 as limited liability company. The principal activity of the Company is to sign agreements with Dubai insurance companies to get open billing contract regarding patients of organ transplant as well as high end medical surgeries, other related procedures and surgeries cheaply available in Pakistan.

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 This condensed interim consolidated financial statement is unaudited and is being submitted to the shareholders in accordance with the requirements of Section 237 of the Companies Act 2017 (the Act). 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 unaudited condensed interim consolidated financial statements for the six months ended December 31, 2018.

3 BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of Shifa International Hospitals Limited and its subsidiary Shifa Development Services (Private) Limited [55% owned] and its wholly owned subsidiaries Shifa Neuro Sciences Institute Islamabad (Private) Limited, Shifa Medical Center Islamabad (Private) Limited, Shifa National Hospital Faisalabad (Private) Limited and Shifa International DWC - LLC for the half year ended December 31, 2019. The accounting policies used by the subsidiary companies in preparation of their financial statements 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 these condensed interim consolidated financial statements are the same as those applied in the preparation of the audited consolidated financial statements of the SIHL for the year ended June 30, 2019 except for the change in accounting policy as described below:

Changes in accounting standards, interpretations and amendments to approved accounting standards

IFRS 16 "Leases" replaced IAS 17 "Leases", the former lease accounting standard and became effective on July 01, 2019. Under the new lease standard, assets leased by the Group are being recognized on the statement of financial position of the Group with a corresponding liability. As a rule, lease expenses are no longer recorded in the consolidated statement of profit or loss from July 01, 2019. Instead, depreciation and interest expenses are recorded stemming from the newly recognized lease assets and lease liabilities. In addition, leasing expenses are no longer presented as operating cash outflows in the statement of cash flows, but instead are included as part of the financing cash outflow. Interest expenses from the newly recognized lease liability are presented in the cash flow from operating activities. The Group has adopted IFRS 16 using the modified retrospective approach. The impact of adoption of IFRS 16 is as follows:

	June 30, 2019	Impact of IFRS 16 (Rupees in '000')	July 01, 2019
ASSETS			
NON-CURRENT ASSETS			
Right to use assets	-	301,320	301,320
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liabilities	-	240,928	240,928
CURRENT LIABILITIES			
Current portion of lease liabilities	-	60,392	60,392
	-	301,320	301,320

The Group, as a lessee, recognizes a right of use asset and a lease liability on the lease commencement date.

Upon initial recognition, the right of use asset is measured as the amount equal to initially measured lease liability adjusted for lease prepayments, initial direct cost, lease incentives and the discounted estimated asset retirement obligation. Subsequently, the right of use asset is measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter of estimated useful lives of the right of use assets or the lease term.

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

TRANSITION

The Group adopted IFRS 16 from July 01, 2019. The Group adopted the standard using the modified retrospective approach. This means that comparatives are not restated.

The weighted-average incremental rate applied to lease liabilities recognized on July 1, 2019 was 13.75 % per annum.

Significant judgments upon adoption of IFRS 16

IFRS 16 requires the Group to assess the lease term as the non-cancelable lease term in line with the lease contract together with the period for which the Group has extension options which the Group is reasonably certain to exercise and the periods for which the Group has termination options for which the Group is reasonably certain not to exercise those termination options.

A portion of the lease contracts included within Group's lease portfolio includes lease contracts which are extendable through mutual agreement between the Group and the lessor or cancelable by both parties immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Group concluded that such contracts are short-term in nature and payments made in respect of these leases are accordingly expensed in the consolidated statement of profit or loss.

Lease liabilities and Right of use assets recognized are as follows:

	(Rupees in '000')
Lease liabilities	
Operating lease commitments as at June 30, 2019	567,978
Discounting effect using incremental borrowing rate	(266,658)
Lease liabilities recognized on statement of financial position as at July 1, 2019	301,320
Lease liabilities presented as:	
Non-current financial liabilities	240,928
Current portion of non-current liabilities	60,392
	301,320
Right of use assets	
Present value of lease liability	301,320
Right of use assets recognized on statement of financial position as at July 1, 2019	301,320
Right of use assets presented as:	
Property, plant and equipment	301,320

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un-audited December 31, 2019 (Numbers)	Audited June 30, 2019		Un-audited December 31, 2019 (Rupees in '000')	Audited June 30, 2019
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

- 5.1 During the half year ended December 31, 2019, SIHL 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. 239.29 per share including a premium of Rs. 229.29 per share.

			Premium	
			Un-audited December 31, 2019	Audited June 30, 2019
			(Rupees in '000')	
	Shares (Numbers)	Premium per share (Rupees)		
6 SHARE PREMIUM ACCOUNT				
Ordinary shares issued:				
Public offer in the year 1994	8,000,000	5.00	40,000	40,000
Right shares in the year 2016	4,024,100	250.00	1,006,025	1,006,025
IFC in the year 2019 (other than right)	7,436,986	229.29	1,705,258	-
			2,751,283	1,046,025
			Un-audited December 31, 2019	Audited June 30, 2019
			(Rupees in '000')	
7 LONG TERM FINANCING - SECURED				
From banking companies:				
Syndicated Islamic Finance Facility	7.2		1,995,225	1,994,691
Diminishing Musharakah facility	7.3		458,600	504,085
Diminishing Musharakah Facility-2	7.4		500,000	-
			2,953,825	2,498,776
Less: Current portion			463,134	165,746
			2,490,691	2,333,030
7.1	The SIHL has fully availed all the above facilities, except Diminishing Musharakah Facilities from Al-Baraka Bank (Pakistan) Limited of Rs. 83.8 million and First Habib Modaraba of Rs. 51.8 million.			
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 up to 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's 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 of Rs. 541.2 million. 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 first exclusive charge of Rs. 781.3 million over equipment/machinery. Further, this also includes a long term Islamic finance facility obtained under the Diminishing Musharakah basis from First Habib Modaraba of Rs. 18.2 million. 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.			
7.4	This represents a long term Islamic finance facility obtained under the Diminishing Musharakah basis from Meezan Bank Limited of Rs. 500 million. Principal amount is repayable in 20 equal quarterly installments carrying markup at 3 months KIBOR plus 0.85% (June 2019: Nil) per annum which shall be repaid by October 01, 2024. The financing is secured by first pari passu charge on all present and future fixed assets of the SIHL.			

		Un-audited December 31, 2019	Audited June 30, 2019
		(Rupees in '000')	
7.5	Movement during the period / year		
	Opening Balance	2,498,776	1,675,118
	Proceeds during the period / year	527,206	1,010,643
	Repayment during the period / year	(72,157)	(186,985)
	Closing Balance	2,953,825	2,498,776
8	LEASE LIABILITIES		
	Lease liabilities as at December 31, 2019	353,628	-
	Repayment during the period	(58,214)	-
	Total lease liabilities	295,414	-
	Less: Current portion	72,605	-
		222,809	-
9	TRADE AND OTHER PAYABLES		
	This also includes payable to related parties as detailed below:		
	Tameer-e-Millat Foundation	3,588	11,789
	Shifa Tameer-e-Millat University	22,174	24,074
	Shifa International Hospitals Limited (SIHL)		
	Employees' Gratuity Fund	176,289	123,128
		202,051	158,991
10	CONTINGENCIES AND COMMITMENTS		
10.1	Contingencies		
10.1.1	The claims of Rs. 3 million (June 2019: Rs. 3 million) lodged by patients and their heirs against SIHL for alleged negligence on part of the consultants/doctors. The management is contesting the claims that are pending in Peshawar and Islamabad High Courts and believes that the contention of the claimants will not be successful and no material liability is likely to arise.		
10.1.2	The penalty of Rs. 20 million (June 2019: Rs. 20 million) imposed on June 06, 2012 by Competition Commission of Pakistan (CCP) to each Gulf Cooperation Council's (GCC) Approved Medical Centers (GAMCs) including SIHL on account of alleged non competitive practice/B363 arrangement of territorial division and equal allocation of GAMCs customers. Management of SIHL and other GAMCs are jointly contesting the matter from September 09, 2012 which is pending in Islamabad High Court, Islamabad and firmly believe that the case will be decided in favor of the GAMCs including SIHL.		
10.1.3	The guarantees issued by bank in favor of Sui Northern Gas Pipelines Limited (SNGPL) and Oil and Gas Development Company Limited (OGDCL) of Rs. 33.6 million (June 2019: Rs. 35.9 million including a guarantee of Rs. 2.3 million which is now matured) on behalf of SIHL in its ordinary course of business.		
10.2	Contingencies related to income tax are as follows:		
10.2.1	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. 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. While for tax year 2012, CIR(A) has decided partially in favor of the SIHL against which the SIHL has filed an appeal in ATIR which is a pending adjudication. No provision has been recorded in respect of above matters as the management is hopeful for favorable outcome.		

- 10.2.2** 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 subordinate 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 has filed an appeal in ATIR against the decision of CIR(A). The SIHL is confident for a favorable outcome and therefore, no provision in respect of above matters has been recorded in these condensed interim consolidated financial statements.
- 10.2.3** 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 unsatisfied with order of the CIR(A), the department has filed appeal before the ATIR, which is pending for adjudication. No provision has been recorded in respect of above as the management is hopeful for favorable outcome.
- 10.2.4** The Assistant Commissioner Inland Revenue (ACIR) has amended the SIHL's assessment for tax year 2014 and 2015 u/s 221 of the Income Tax Ordinance, 2001 which has resulted a tax demand of Rs. 11.8 million. Being aggrieved, the SIHL has filed an appeal 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 these condensed interim consolidated financial statements.
- 10.2.5** 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 tax demand stand deleted as of today. The Department has filed an appeal before ATIR, against the decision of CIR(A). The SIHL is confident for a favorable outcome and therefore, no provision in respect of this matter has been recorded in these condensed interim consolidated financial statements.

		Un-audited December 31, 2019	Audited June 30, 2019
		(Rupees in '000)	
	Note		
10.3 Commitments			
Capital expenditure contracted		127,888	148,203
11 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	11.1	8,841,641	6,646,156
Capital work in progress (CWIP)	11.2	792,759	970,826
Right of use assets	11.3	265,328	-
		9,899,728	7,616,982
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	719,181	963,812
Transfer from investment property	12	1,780,410	-
Revaluation surplus adjustment/ Revaluation		(9,999)	520,643
		9,135,748	7,187,964
WDV of disposals		(1,594)	(694)
WDV of assets written off		(3,220)	(3,221)
Depreciation for the period/year		(289,293)	(537,893)
WDV at the end of the period/year		8,841,641	6,646,156

11.1.1 Additions to operating fixed assets

	Un-audited December 31, 2019	Audited June 30, 2019
	(Rupees in '000')	
Freehold land	3,753	43,453
Leasehold land	195,314	-
Building on leasehold land	38,658	278,843
Leasehold improvements	-	9,878
Biomedical equipment	357,734	306,680
Air conditioning equipment and machinery	11,000	155,396
Electrical and other equipment	77,125	56,410
Furniture and fittings	8,788	14,454
Computer installations	16,300	87,566
Construction equipment	19	394
Vehicles	10,490	10,738
	719,181	963,812

Subsequent to the end of period under review, the SIHL has decided to dispose-off 250 - 270 kanals of land situated at Islamabad Motorway, Islamabad. The land is carried at a value of Rs. 683.1 million in current consolidated statement of financial position and the said disposal is expected to be completed over the period of one year.

11.2 Capital work in progress**Note**

	Un-audited December 31, 2019	Audited June 30, 2019
	(Rupees in '000')	
Opening capital work in progress	970,826	325,954
Additions during the period/year	108,519	928,879
Transferred to operating fixed assets	(286,586)	(284,007)
Closing capital work in progress	792,759	970,826

11.2.1 Capital work in progress

Construction work in progress	173,422	159,110
Stores held for capital expenditure	1,904	2,491
Installation of equipment in progress	617,433	809,225
	792,759	970,826

11.3 Right of use assets

Right of use asset recognized on adoption of IFRS 16 at July 01, 2019	301,320	-
Depreciation charge during the period	(35,992)	-
Book value at the end of the period / year	265,328	-

12 INVESTMENT PROPERTY

During the current period the investment property located at sector H-8, Islamabad having carrying value of Rs. 1.68 billion was sold to the SIHL's wholly owned subsidiary "Shifa Neuro Sciences Institute Islamabad (Private) Limited" at a value of Rs. 1.69 billion on account of equity investment as approved in 32nd Annual General Meeting of the SIHL. Subsequent to above sale the property is acquired by the SIHL under an operating lease arrangement.

	Un-audited December 31, 2019	Audited June 30, 2019
	(Rupees in '000')	
13 LONG TERM INVESTMENT - AT COST		
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	(3,012)	(3,576)
Closing Balance of investment	7,857	10,869

- 13.1** This represents investment in fully paid ordinary shares of SCPL. The above investment in ordinary shares represents 50% (June 2019: 50%) shareholding in SCPL held by the Group.

	Un-audited December 31, 2019	Audited June 30, 2019
	(Rupees in '000')	
14 TRADE DEBTS		
Considered good		
Related party - Shifa Foundation	21,876	28,647
Others	923,802	556,199
Considered doubtful		
Others	120,775	97,498
Considered bad		
Others	-	2,347
	1,066,453	684,691
Less: allowance for expected credit loss	14.1 120,775	97,498
Less: bad debts written off	-	2,347
	945,678	584,846

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

	Un-audited December 31, 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	23,277	(11,883)
Bad debts written off	-	(2,347)
Balance at end of the period / year	120,775	97,498

		Un-audited	
		December 31, 2019	December 31, 2018
		(Rupees in '000')	
15	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit for the period attributable to equity holders of SIHL	338,259	305,297
	Weighted average number of shares in issue during the period	61,529	54,538
		(Rupees)	
	Earnings per share - basic and diluted	5.50	5.60
15.1	Weighted average number of shares has been calculated on the basis of time factor of shares outstanding during the period.		
15.2	Had there been no further issue of capital of SIHL, the earnings per share would have been Rs. 6.20 as compared to Rs. 5.60 of corresponding period of last year.		

16 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements for the year ended June 30, 2019. The carrying amount of all financial assets and liabilities are estimated to approximate their fair values. Valuations of the lands owned by the Group are valued by independent valuers to determine the fair value of the lands as at June 30, 2019. The fair value of lands subject to revaluation model fall under level 2 of fair value hierarchy.

17 RELATED PARTY TRANSACTIONS

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these condensed consolidated financial statements are as follows:

	Un-audited	
	December 31, 2019	December 31, 2018
	(Rupees in '000')	
Shifa Foundation: (Related party by virtue of common directorship)		
Revenue from services earned by the SIHL	96,812	72,044
Revenue from rent earned by the SIHL	22	22
Expenses paid by and reimbursed to the SIHL	900	576
Other services provided to the SIHL	10,542	10,542
Tameer-e-Millat Foundation: (Related party by virtue of common directorship)		
Revenue from rent earned by the SIHL	155	155
Supplies provided to the SIHL	18,667	12,587
Services provided to the SIHL	8,824	6,974
Rental services received by the SIHL	4,066	1,927
SIHL Employees' Gratuity Fund		
Payments made by the SIHL	8,432	16,419

Un-audited	
December 31, 2019	December 31, 2018
(Rupees in '000')	
11,783	21,848
5,992	1,201
33,000	18,000
4,645	3,051
3,000	15,000
4,897	-
144,805	130,390
2,154,278	857,372
3,000	3,000
-	(275,416)
2,157,278	584,956

18 CASH AND CASH EQUIVALENTS

Cash and bank balances	2,154,278	857,372
Investment - at amortized cost	3,000	3,000
Short term borrowing - secured	-	(275,416)
	2,157,278	584,956

19 GENERAL

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

19.2 These condensed interim consolidated financial statements have been approved and authorized for issue by the Board of Directors of the SIHL on February 15, 2020.

Daniel in Rahman

CHAIRMAN

Marguerite Beji

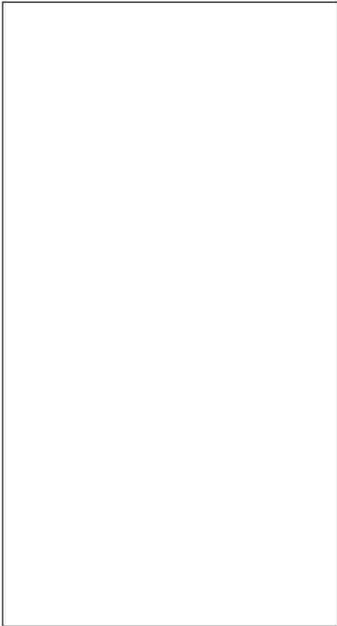
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