



Shifa
International
Hospitals Ltd.



Condensed Interim
Financial Statements for the
Third Quarter and Nine Months Ended
March 31, 2020 (Un-Audited)





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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 nine months ended March 31, 2020 along with Condensed Interim Consolidated Financial Statements of the same period after incorporating the financials 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, 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 nine months ended March 31, 2020 in comparison with the corresponding nine months of previous year are as follows:

Financial Highlights	(Rs. in million)		
	Nine months ended March 31,		
	2020	2019	Change%
Net revenue	10,053	8,707	15.5
Earnings before interest, tax, depreciation & amortization (EBITDA)	2,192	1,255	74.7
Gain on disposal of leasehold land / Building & freehold land	460	-	100
Profit before taxation	1,274	770	65.5
Profit after taxation	1,004	497	102
Earnings per share - (Rs.)	16.28	9.11	78.7

The above results indicate an overall revenue growth of 15.5 % as compared to corresponding period of the last year. The operating cost has been increased by 13 % from Rs. 7,910 million to Rs. 8,935 million, which is mainly due to increase in utilities, cost and volume of supplies & medicines consumed, depreciation & amortization, repair & maintenance etc. Besides, finance cost also increased due to rise in KIBOR, implementation of IFRS-16 – Leases and enhancement of long term financing.

During the nine months ended March 31, 2020, the Company has transferred the leasehold land situated at F-11, Islamabad to Shifa Medical Center Islamabad (Private) Limited and investment property located at H-8 to Shifa Neuro Sciences Islamabad (Private) Limited at the fair market values determined by independent valuers. Further, the Company has also disposed of 20 kanal land situated at Islamabad Motorway, Islamabad. 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 / freehold land, building and further issue of capital the earnings per share would have been Rs. 11.05 as compared to Rs. 9.11 of corresponding period of last year.

Future Outlook

Due to Global Pandemic of COVID-19, the global economies are severely hit, the Company will also be facing negative impact in last quarter. In these challenging times, we will try to minimize the expected losses due to lock down and closure of OPD facility in our hospital. Our strategy will be to keep the morale high of our front line staff i.e. Doctors, Nurses, Technicians, Pharmacists and Administration staff so that they can bravely handle the challenges and help themselves, patients and organization to pass through these difficult times.

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

Islamabad
April 25, 2020



MUHAMMAD ZAHID
Director

ڈائریکٹرز ریویو

معزز شیئر ہولڈرز،

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 مارچ 2020 کو ختم ہونے والی تیسری سہ ماہی 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 ہے۔ ان میں کلی طور پر کمپنی کی ملکیتی کمپنیاں شفا میڈیکل سینٹر اسلام آباد (پرائیویٹ) لمیٹڈ، شفا نیور و سائنسز انسٹیٹیوٹ اسلام آباد (پرائیویٹ) لمیٹڈ، شفا نیشنل ہسپتال فیصل آباد (پرائیویٹ) لمیٹڈ، شفا انٹرنیشنل ڈی ڈی ملیوسی - ایل ایل سی [تاحال 100 فیصد ملکیت] اور شفا ڈیولپمنٹ سروسز (پرائیویٹ) لمیٹڈ (55 فیصد ملکیت) کے نتائج بھی شامل کیے گئے ہیں۔

31 مارچ 2020 کو ختم ہونے والی تیسری سہ ماہی کی کمپنی کی مجموعی عبوری مالیاتی نتائج کی جھلکیاں گزشتہ برس کے تیسری سہ ماہی کے موازنے میں درج ذیل ہیں:

مالیاتی جھلکیاں			31 مارچ کو ختم ہونے والی تیسری سہ ماہی (پاکستانی روپے ملین میں)
	2019	2020	فیصد تبدیلی
خالص آمدنی	8,707	10,053	15.5
ای بی آئی ٹی ڈی اے	1,255	2,192	74.7
فری ہولڈ / لیز ہولڈ لینڈ / بلڈنگ کی فروخت پر آمدن	-	460	100
منافع قبل از ٹیکسیشن	770	1,274	65.5
منافع بعد از ٹیکسیشن	497	1,004	102
فی شیئر آمدنی - (روپے)	9.11	16.28	78.7

مذکورہ نتائج گزشتہ برس اسی عرصے کے مقابلے میں مجموعی طور پر خالص آمدنی میں 15.5 فیصد کا اضافہ ظاہر کرتے ہیں۔ کاروباری اخراجات 13 فیصد اضافے کے ساتھ 7,910 ملین روپے سے بڑھ کر 8,935 ملین روپے ہو گئے ہیں، جس کی بڑی وجہ یوٹیلٹی اخراجات، صرف شدہ سپلائرز اور ادویات کی لاگت اور حجم میں اضافے، اثاثوں کی بوسیدگی، مرمت و بحالی وغیرہ کے اخراجات شامل ہیں۔ اسکے علاوہ بڑھتے ہوئے کابور (کراچی انٹرنیٹ آف فریٹ)، آئی ایف آر ایس-16- لیزرز کے نفاذ اور طویل المعیاد قرضوں میں اضافے کی وجہ سے فنانس لاگت بھی بڑھ گئی۔

31 مارچ 2020 کو ختم ہونے والی تیسری سہ ماہی کے دوران کمپنی نے ایف ایچ بیون اسلام آباد میں واقع لیز ہولڈ لینڈ شفا میڈیکل سینٹر اسلام آباد (پرائیویٹ) لمیٹڈ اور H-8 میں واقع انویسٹمنٹ پراپرٹی شفا نیور و سائنسز انسٹیٹیوٹ اسلام آباد (پرائیویٹ) لمیٹڈ کو مارکیٹ میں رائج قیمت پر منتقل کیں جن کا تعین خود مختار تعین کاروں نے کیا تھا۔ مزید یہ کہ کمپنی نے

اسلام آباد موٹروے، اسلام آباد میں واقع 20 کنال اراضی کو فروخت کر دیا ہے۔ 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 (رائٹ شیئرز کے علاوہ) 229.29 روپے فی شیئر کے پریمیم پر جاری کئے ہیں۔ اگر فری ہولڈ / لیز ہولڈ لینڈ / بلڈنگ کی فروخت / منتقلی اور شیئر کپیٹل جاری نہ کیا جاتا تو گزشتہ برس کے اسی عرصے کی فی شیئر 9.11 روپے آمدن کے مقابلے میں اس بار فی شیئر آمدن 11.05 روپے ہوتی۔

مستقبل کا منظر نامہ

جیسے کہ پوری دنیا میں پھیلے ہوئے کورونا وائرس-19 کی وجہ سے دنیا کی معیشت کو بہت بڑا اور بری طرح سے جھٹکا لگا ہے، اس طرح سے کمپنی کو بھی موجودہ مالیاتی سال کے آخری سہ ماہی میں منفی اثرات کا سامنا کرنا پڑے گا، اس مشکل وقت میں ہم لگاتار اس کاوش میں ہیں کہ نقصانات کم سے کم ہوں۔ اس لاک ڈاؤن کی وجہ سے اور ہسپتال کی اوپی ڈی بند کرنے کی وجہ سے ہماری یہ حکمت عملی رہے گی کہ اپنے متعلقہ سٹاف جیسے ڈاکٹرز، نرسز، ٹیکنیشن، فارماسسٹ اور انتظامی عملے کے عزم کو بلند کریں تاکہ وہ بہادری کے ساتھ ان مشکلات کا سامنا کر سکیں اور تمام مریضوں اور ادارے کے لئے ان مشکل لمحات میں مددگار ثابت ہو سکیں۔

اظہار تشکر

موجودہ کٹھن صورتحال میں بورڈ کنسلٹنٹس، سینئر انتظامیہ، ملازمین، کسٹمرز اور تزویریاتی شراکت داروں کا ان کے عزم، وابستگی اور کنٹری بیوشن 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. Latif

محمد زاہد

ڈائریکٹر

Margus Hary

ڈاکٹر منظور ایچ قاضی

چیف ایگزیکٹو آفیسر

اسلام آباد

25 اپریل 2020

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF
FINANCIAL POSITION
AS AT MARCH 31, 2020**

		Un-audited March 31, 2020	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	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		765,190	772,019
Revenue reserves			
Unappropriated profit		4,136,595	3,283,636
		8,272,817	5,647,059
NON - CURRENT LIABILITIES			
Long term financing - secured	6	2,333,795	2,333,030
Deferred taxation		378,426	384,315
Lease liabilities	7	383,170	-
		3,095,391	2,717,345
CURRENT LIABILITIES			
Trade and other payables	8	3,025,222	3,328,432
Unclaimed dividend		37,211	48,671
Markup accrued		68,085	30,406
Current portion of long term financing	6	609,914	165,746
Current portion of lease liabilities	7	107,483	-
		3,847,915	3,573,255
		15,216,123	11,937,659
CONTINGENCIES AND COMMITMENTS			
	9		

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

Davide M. Rahman

CHAIRMAN

		Un-audited March 31, 2020	Audited June 30, 2019
	<u>Note</u>	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	10	7,121,960	6,845,816
Investment property	11	-	1,642,085
Intangible assets		63,988	83,711
Long term investments - at cost	12	2,725,612	79,833
Long term deposits		103,646	87,211
		10,015,206	8,738,656
CURRENT ASSETS			
Stores, spare parts and loose tools		155,153	131,637
Stock-in-trade		604,820	496,758
Trade debts - considered good	13	871,711	581,466
Loans and advances - considered good		527,972	412,803
Trade deposits, prepayments and other receivables	14	112,675	61,026
Markup accrued		1,940	486
Investment - at amortized cost		3,000	3,000
Tax refunds due from the government (net of provision)		371,344	412,810
Cash and bank balances		2,139,202	791,696
		4,787,817	2,891,682
Non - current assets held for sale	15	413,100	307,321
		15,216,123	11,937,659



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2020**

	Note	For the quarter ended		For the nine months ended	
		March 31, 2020	March 31, 2019 (Rupees in '000')	March 31, 2020	March 31, 2019
Net revenue		3,374,880	3,039,366	10,053,040	8,707,481
Other income		15,044	12,176	49,132	38,804
Operating costs		(2,964,486)	(2,700,109)	(8,935,436)	(7,909,996)
Finance costs		(123,043)	(24,289)	(353,371)	(66,233)
Gain on disposal of leasehold lands / building and freehold land	11 & 15	3,000	-	460,280	-
Profit before taxation		305,395	327,144	1,273,645	770,056
Provision for taxation		(98,798)	(131,111)	(269,479)	(273,035)
Profit after taxation		206,597	196,033	1,004,166	497,021
Earnings per share - basic and diluted - (Rupees)	16	3.35	3.59	16.28	9.11

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 THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2020**

	For the quarter ended		For the nine months ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in '000')			
Profit after taxation	206,597	196,033	1,004,166	497,021
Other comprehensive income for the period - net of tax	-	-	-	-
Total comprehensive income for the period	206,597	196,033	1,004,166	497,021

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

Dawood M. Rahman

CHAIRMAN

Marguerite J. Biji

CHIEF EXECUTIVE

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CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM
UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2020**

Note	March 31, 2020 (Rupees in '000')	March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,273,645	770,056
Adjustments for:		
Depreciation/amortization on tangible assets	544,752	409,070
Amortization on intangible assets	19,722	9,245
Allowance for impairment of financial assets	32,319	21,282
Property, plant and equipment written off	4,735	3,125
Gain on disposal of property, plant and equipment	(457,152)	(2,862)
Gain on disposal of investment property	(4,376)	-
Provision for compensated absences	36,416	32,716
Provision for gratuity	92,388	77,377
Provision for slow moving stores	1,111	(289)
Profit on investments and bank deposits	(10,783)	(4,300)
(Gain) / loss on foreign currency translation	(93,334)	565
Finance costs	353,371	66,233
Operating cash flows before changes in working capital	1,792,814	1,382,218
Changes in working capital:		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(24,040)	(38,004)
Stock-in-trade	(108,062)	(12,854)
Trade debts	(322,564)	(53,052)
Loans and advances	(115,169)	(113,541)
Trade deposits and prepayments	(51,649)	(64,348)
(Decrease)/increase in current liabilities:		
Trade and other payables	(370,653)	366,594
Cash generated from operations	800,677	1,467,013
Finance cost paid	(315,693)	(147,056)
Income tax paid	(233,902)	(262,601)
Payment to SIHL Employees' Gratuity Fund	(21,530)	(23,542)
Compensated absences paid	(39,825)	(30,232)
Net cash from operating activities	189,727	1,003,582
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(756,459)	(1,394,841)
Addition in investment property	(58,432)	(87,307)
Outlay against long term investments	(195,557)	(4)
Proceeds from disposal of property, plant and equipment	50,876	3,624
Markup received	9,329	4,300
Increase in long term deposits	(16,435)	(669)
Net cash used in investing activities	(966,678)	(1,474,897)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of further share capital - other than right	1,779,628	-
Long term financing - repayments	(125,437)	(171,403)
Long term financing - proceeds	570,370	1,000,529
Lease financing - proceeds	57,000	-
Lease liabilities - repayments	(80,942)	-
Dividend paid	(169,496)	(227,868)
Net cash generated from financing activities	2,031,123	601,258
Net increase in cash and cash equivalents	1,254,172	129,943
Cash and cash equivalents at beginning of the period	794,696	473,479
Effect of exchange rate changes on cash and cash equivalents	93,334	(565)
Cash and cash equivalents at end of the period	2,142,202	602,857

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

Danish M. Rahman

CHAIRMAN

Maryam Beg

CHIEF EXECUTIVE

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CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2020**

	Note	Share capital	Share premium account	Surplus on revaluation of property, plant and equipment (Rupees in '000')	Unappropriated profit	Total
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		-	-	-	497,021	497,021
Other comprehensive income - net of tax		-	-	-	-	-
		-	-	-	497,021	497,021
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to the period		-	-	(6,772)	6,772	-
Distribution to owners						
Dividend 2018: Rs. 4.5 per share		-	-	-	(245,421)	(245,421)
Balance as at March 31, 2019		545,379	1,046,025	716,538	3,006,511	5,314,453
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		-	-	-	1,004,166	1,004,166
Other comprehensive income - net of tax		-	-	-	-	-
		-	-	-	1,004,166	1,004,166
Realization of revaluation surplus on disposal of assets				(910)	910	-
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period		-	-	(5,919)	5,919	-
Distribution to owners						
Dividend 2019: Rs. 2.55 per share		-	-	-	(158,036)	(158,036)
Balance as at March 31, 2020		619,749	2,751,283	765,190	4,136,595	8,272,817

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



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2020

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 centers, pharmacies and Lab collection points in different cities of Pakistan.
- 1.3** These condensed interim unconsolidated financial statements are separate financial statements of the Company where as investment in subsidiaries and 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 unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34: 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** These condensed interim unconsolidated financial statements are un-audited and are being submitted to the members in accordance with the requirements of Section 237 of the Companies Act 2017 (the Act) and the listing regulations of Pakistan Stock Exchange. These condensed interim unconsolidated financial statements do not include all of the information required for annual 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 profit or loss and other comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity are extracted from unaudited condensed interim unconsolidated financial statements for the nine months ended March 31, 2019.

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 March 31, 2020	Audited June 30, 2019		Un-audited March 31, 2020	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 nine months ended March 31, 2020, 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	
	Shares (Numbers)	Premium per share (Rupees)	Un-audited March 31, 2020 (Rupees in '000')	Audited June 30, 2019
5 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

6 LONG TERM FINANCING - SECURED

From banking companies:

	Note	Un-audited March 31, 2020	Audited June 30, 2019
(Rupees in '000')			
Syndicated Islamic Finance Facility	6.2	1,995,499	1,994,691
Diminishing Musharakah Facility-1	6.3	448,210	504,085
Diminishing Musharakah Facility-2	6.4	500,000	-
		2,943,709	2,498,776
Less: Current portion		609,914	165,746
		2,333,795	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. 50.8 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 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 of Rs. 574.2 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 (1st) exclusive charge of Rs. 781.3 million. 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 12 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.

	Un audited March 31, 2020	Audited June 30, 2019
	(Rupees in '000')	
6.5 Movement during the period/year		
Opening balance	2,498,776	1,675,118
Proceeds during the period/year	570,370	1,010,643
Repayment during the period/year	(125,437)	(186,985)
Closing balance	2,943,709	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	270,275	-
Repayment during the period	(80,942)	-
Total lease liabilities against offices/equipment on rent	490,653	-
Less: Current portion	107,483	-
	383,170	-
8 TRADE AND OTHER PAYABLES		
This includes payable to related parties as detailed below:		
Tameer -e- Millat Foundation	7,690	11,789
Shifa Tameer -e- Millat University	29,304	24,074
Shifa International Hospitals Limited (SIHL)		
Employees' Gratuity Fund	193,986	123,128
	230,980	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, Rs. 27.4 million and Rs. 29.2 million under section 161/205 of the Income Tax Ordinance, 2001 for tax year 2014, 2013 and 2012 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). For tax year 2012, Company has filed an appeal before CIR(A) against the order of ACIR on March 26, 2020. 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 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 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 March 31, 2020	Audited June 30, 2019
	Note	(Rupees in '000')	
9.3 Commitments			
Capital expenditure contracted		88,651	148,203
10 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	10.1	5,942,040	5,935,215
Capital work in progress (CWIP)	10.2	681,337	910,601
Right of use assets	10.3	498,583	-
		7,121,960	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	913,980	963,516
Revaluation		-	57,739
Reclassified as held for sale	15	(413,100)	(247,096)
		6,436,095	6,477,087
WDV of disposals		(46,629)	(1,081)
WDV of assets written off		(4,735)	(3,197)
Depreciation for the period/year		(442,691)	(537,594)
WDV at the end of the period/year		5,942,040	5,935,215
10.1.1 Additions to operating fixed assets			
Freehold land		3,753	43,453
Leasehold land		189,247	-
Building on freehold land		58,898	-
Building on leasehold land		54,319	278,843
Leasehold improvements		15,404	9,878
Biomedical equipment		401,527	306,680
Air conditioning equipment and machinery		21,090	155,396
Electrical and other equipment		95,270	56,410
Furniture and fittings		14,662	14,454
Computer installations		48,866	87,270
Construction equipment		51	394
Vehicles		10,893	10,738
		913,980	963,516

Subsequent to the end of period under review, Board of Directors in their meeting held on April 25, 2020 decided to transfer freehold land located at Sargodha Road, Faisalabad to Shifa National Hospital Faisalabad (Private) Limited (wholly owned subsidiary) at a fair market value of Rs. 113.2 million. This equity investment is in line with the special resolution passed in 32nd Annual General Meeting of the Company vis à vis equity investment in its subsidiary companies.

		Un audited March 31, 2020	Audited June 30, 2019
	Note	(Rupees in '000')	
10.2 Capital work in progress			
Opening capital work in progress		910,601	325,954
Additions during the period/year		152,599	928,879
Transferred to operating fixed assets		(381,863)	(284,007)
Reclassified as held for sale		-	(60,225)
Closing capital work in progress	10.2.1	681,337	910,601

	Un-audited March 31, 2020	Audited June 30, 2019
	(Rupees in '000')	
10.2.1 Capital work in progress		
Construction work in progress	32,151	98,885
Stores held for capital expenditure	1,904	2,491
Installation of equipment in progress	647,282	809,225
	681,337	910,601
10.3 Right of use assets		
Right of use asset recognized on adoption of IFRS 16 at July 01, 2019	301,320	-
Additions during the period	284,431	-
Depreciation charge during the period	(87,168)	-
Book value at the end of the period	498,583	

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.

		Un-audited March 31, 2020	Audited June 30, 2019
	<u>Note</u>	(Rupees in '000')	
12 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)	11	1,697,520	7,509
Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad)		37,913	8,161
Shifa Medical Centre Islamabad (Private) Limited (SMC Islamabad)	15	942,488	39,752
Shifa International DWC LLC	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 March 31, 2020	Audited June 30, 2019
		(Rupees in '000')	
13	TRADE DEBTS		
	Considered good		
	Related party - Shifa Foundation	37,758	28,647
	Others	833,953	552,819
	Considered doubtful		
	Others	129,626	97,307
	Considered bad		
	Others	-	2,347
		1,001,337	681,120
	Less: allowance for expected credit loss	13.1	97,307
	Less: bad debts written off	-	2,347
		871,711	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 March 31, 2020	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	32,319	(11,853)
Bad debts written off	-	(2,347)
Balance at end of the period/year	129,626	97,307
14 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
This includes balances due from related parties as detailed below:		
Shifa Development Services (Private) Limited	34,879	1,984
Shifa Medical Center Islamabad (Private) Limited	6,000	-
Shifa National Hospital Faisalabad (Private) Limited	1,100	-
Shifa Care (Private) Limited	7,310	-
Shifa International DWC LLC	3,313	-
	52,602	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.

During the quarter ended March 31, 2020 the management of the Company has decided to retain 80-100 kanals of land situated at Islamabad Motorway, Islamabad and to dispose off remaining land. Accordingly a formal agreement has been executed. The Company so far has sold 20 kanals of land while the carrying value of Rs. 413.1 million represents the remaining value of land.

		Un-audited	
		March 31, 2020	March 31, 2019
		(Rupees in '000')	
16 EARNINGS PER SHARE - BASIC AND DILUTED	Note		
Profit after taxation for the period		1,004,166	497,021
Weighted average number of shares in issue during the period	4	(Numbers in '000') 61,677	54,538
Earnings per share - basic and diluted		(Rupees) 16.28	9.11

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, building on leasehold land and freehold land as reflected in notes 11 & 15 above. Had there been no such sales and further issue of capital, the EPS for current nine months period would have been Rs. 11.05 as compared to Rs. 9.11 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. Valuation 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	
	March 31, 2020	March 31, 2019
	(Rupees in '000')	
Shifa Foundation: (Related party by virtue of common directorship)		
Revenue from services earned by the Company	145,097	111,143
Revenue from rent earned by the Company	33	33
Expenses paid by and reimbursable to the Company	8,102	726
Other services provided to the Company	16,076	15,812
Tameer-e-Millat Foundation: (Related party by virtue of common directorship)		
Revenue from rent earned by the Company	233	233
Supplies provided to the Company	26,245	19,042
Services provided to the Company	13,152	10,284
Rental services received by the Company	5,694	3,675

		Un-audited	
		March 31, 2020	March 31, 2019
		(Rupees in '000')	
SIHL Employees' Gratuity Fund			
Payments made by the Company		21,530	23,542
Shifa Tameer-e-Millat University: (Related party by virtue of common directorship)			
Revenue from services earned by the Company		15,903	35,046
Revenue from rent earned by the Company		8,987	8,807
Other services provided to the Company		49,500	28,000
Expenses paid by and reimbursed to the Company		5,449	3,809
Donation paid by the Company		8,000	15,000
Shifa Development Services (Private) Limited (Subsidiary Company)			
Expenses paid by and reimbursable to the Company		889	534
Other services provided to the Company		9,392	-
Shifa Care (Private) Limited (Associated Company)			
Expenses paid by and reimbursable to the Company		7,310	-
Remuneration including benefits and perquisites of Key management personnel			
		213,074	180,007
19 CASH AND CASH EQUIVALENTS			
Cash and bank balances		2,139,202	801,506
Investment - at amortized cost		3,000	3,000
Short term borrowing - secured		-	(201,649)
		2,142,202	602,857

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 April 25, 2020.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



SHIFA INTERNATIONAL HOSPITALS LIMITED

**Condensed Interim Consolidated
Financial Statements (Un-Audited)
For The Third Quarter and
Nine Months Ended March 31, 2020**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
AS AT MARCH 31, 2020**

AS AT MARCH 31, 2020		Un-audited March 31, 2020	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		1,218,095	1,234,923
Revenue reserves			
Unappropriated profit		3,651,313	3,250,167
		8,240,440	6,076,494
		(2,800)	2,593
NON - CONTROLLING INTEREST			
NON - CURRENT LIABILITIES			
Long term financing - secured	7	2,333,795	2,333,030
Deferred taxation		378,426	384,315
Lease liabilities	8	245,766	-
		2,957,987	2,717,345
CURRENT LIABILITIES			
Trade and other payables	9	3,058,761	3,337,847
Unclaimed dividend		37,211	48,671
Markup accrued		59,983	30,406
Current portion of long term financing	7	609,914	165,746
Current portion of lease liabilities	8	73,864	-
		3,839,733	3,582,670
		15,035,360	12,379,102
CONTINGENCIES AND COMMITMENTS			
	10		

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

Danish M. Rahman

CHAIRMAN

		Un-audited March 31, 2020	Audited June 30, 2019
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	11	9,479,643	7,616,982
Investment property	12	-	1,642,085
Intangible assets		64,699	83,711
Long term investments - at cost	13	6,322	10,869
Long term deposits		69,194	87,211
		9,619,858	9,440,858
CURRENT ASSETS			
Stores, spare parts and loose tools		155,153	131,637
Stock-in-trade		604,820	496,758
Trade debts - considered good	14	962,420	584,846
Loans and advances - considered good		662,172	445,547
Trade deposits, prepayments and other receivables		72,297	59,124
Markup accrued		1,940	486
Investment - at amortized cost		3,000	3,000
Tax refunds due from the government (net of provision)		374,417	412,951
Cash and bank balances		2,166,183	803,895
		5,002,402	2,938,244
Non - current assets held for sale	15	413,100	-
		15,035,360	12,379,102



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2020**

	Note	For the quarter ended		For the nine months ended	
		March 31, 2020	March 31, 2019 (Rupees in '000')	March 31, 2020	March 31, 2019
Net revenue		3,410,805	3,044,276	10,160,921	8,723,436
Other income		18,045	12,190	52,132	38,342
Operating costs		(2,992,538)	(2,726,177)	(9,037,508)	(7,942,209)
Finance costs		(118,868)	(24,289)	(344,511)	(66,245)
Share of loss of an associate		(1,535)	-	(4,547)	-
Profit before taxation		315,909	306,000	826,487	753,324
Provision for taxation		(105,364)	(131,518)	(280,987)	(273,924)
Profit after taxation		210,545	174,482	545,500	479,400
Attributable to:					
Equity holders of SIHL		212,599	174,482	550,893	479,400
Non-Controlling interest		(2,054)	-	(5,393)	-
		210,545	174,482	545,500	479,400
Earnings per share - basic and diluted - (Rupees)	16	3.46	3.20	8.93	8.79

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



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT
OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2020**

	For the quarter ended		For the nine months ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in '000')			
Profit after taxation	210,545	174,482	545,500	479,400
Other comprehensive income				
Items that will not be subsequently reclassified in statement of profit or loss				
Foreign currency translation adjustment	1,446	-	1,460	-
Revaluation surplus adjustment	-	-	(9,999)	-
Other comprehensive income for the period - net of tax	1,446	-	(8,539)	-
Total comprehensive income for the period	211,991	174,482	536,961	479,400
Attributable to:				
Equity holders of SIHL	214,045	174,482	542,354	479,400
Non-Controlling interest	(2,054)	-	(5,393)	-
	211,991	174,482	536,961	479,400

The annexed notes 1 to 20 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 THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2020**

Note	March 31, 2020 (Rupees in '000')	March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	826,487	753,324
Adjustments for:		
Depreciation/amortization on tangible assets	517,938	409,315
Amortization on intangible assets	19,799	9,245
Allowance for impairment of financial assets	32,327	21,282
Property, plant and equipment written off	4,735	3,149
Gain on disposal of property, plant and equipment	(4,247)	(3,047)
Provision for compensated absences	36,416	32,716
Provision for gratuity	92,388	77,377
Provision for slow moving stores	1,111	(289)
Profit on investments and bank deposits	(10,783)	(4,361)
Share of loss of an associate	4,547	-
(Gain)/loss on foreign currency translation	(93,217)	565
Finance costs	344,511	66,246
Operating cash flows before changes in working capital	1,772,012	1,365,522
Changes in working capital:		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(24,040)	(38,004)
Stock-in-trade	(108,062)	(12,854)
Trade debts	(409,903)	(54,681)
Loans and advances	(216,625)	(113,564)
Trade deposits and prepayments	(13,173)	(41,479)
(Decrease)/Increase in current liabilities:		
Trade and other payables	(346,531)	364,905
Cash generated from operations	653,678	1,469,845
Finance cost paid	(314,934)	(147,069)
Income tax paid	(248,343)	(263,773)
Payment to SIHL Employees' Gratuity Fund	(21,530)	(23,542)
Compensated absences paid	(39,825)	(30,232)
Net cash from operating activities	29,046	1,005,229
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(811,560)	(1,395,191)
Addition in investment property	(58,432)	(87,307)
Purchase of intangible assets	(788)	-
Proceeds from disposal of property, plant and equipment	50,876	3,415
Markup received	9,329	4,361
Decrease / (Increase) in long term deposits	18,017	(669)
Net cash used in investing activities	(792,558)	(1,475,391)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of further share capital - other than right	1,779,628	-
Long term financing - repayments	(125,437)	(171,403)
Long term financing - proceeds	570,370	1,000,529
Lease liabilities - proceeds	57,000	-
Lease financing - repayments	(80,942)	-
Dividend paid	(169,496)	(227,868)
Net cash generated from financing activities	2,031,123	601,258
Net Increase in cash and cash equivalents	1,267,611	131,096
Cash and cash equivalents at beginning of the period	806,895	479,884
Effect of exchange rate changes on cash and cash equivalents	94,677	(565)
Cash and cash equivalents at end of the period	2,169,183	610,415

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

Danish M. Rahman

CHAIRMAN

Marguerite J. Jey

CHIEF EXECUTIVE

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CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2020**

		Share capital	Share premium account	Surplus on revaluation of property, plant and equipment	Unappropriated 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		-	-	-	479,400	-	479,400
Other comprehensive income - net of tax		-	-	-	-	-	-
		-	-	-	479,400	-	479,400
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to the period		-	-	(6,772)	6,772	-	-
Distribution to owners							
Final dividend 2018: Rs. 4.5 per share					(245,421)	-	(245,421)
Balance at March 31, 2019		545,379	1,046,025	716,538	2,976,153	-	5,284,095
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
Profit/ (loss) for the period		-	-	-	550,893	(5,393)	545,500
Other comprehensive income - net of tax		-	-	(9,999)	1,460	-	(8,539)
		-	-	(9,999)	552,353	(5,393)	536,961
Realization of revaluation surplus on disposal of asset		-	-	(910)	910	-	-
Transfer of depreciation/amortization on incremental value arising on revaluation of property, plant and equipment attributed to current period		-	-	(5,919)	5,919	-	-
Distribution to owners							
Final dividend 2019: Rs. 2.55 per share					(158,036)	-	(158,036)
Balance at March 31, 2020		619,749	2,751,283	1,218,095	3,651,313	(2,800)	8,237,640

The annexed notes 1 to 20 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 THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2020

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 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 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 These condensed interim consolidated financial statements are unaudited and are being submitted to the shareholders in accordance with the requirements of Section 237 of the Companies Act 2017 (the Act). These condensed interim consolidated financial statements do not include all of the information required for annual consolidated financial statements, and should be read in conjunction with the annual 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 profit or loss and 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 nine months ended March 31, 2019.

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 (SDSPL) [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 nine month ended March 31, 2020. 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	(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 March 31, 2020	Audited June 30, 2019		Un-audited March 31, 2020	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

- 5.1 During the nine months ended March 31, 2020 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 March 31, 2020	Audited June 30, 2019
	Shares (Numbers)	Premium per share (Rupees)	(Rupees in '000')	
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 March 31, 2020	Audited June 30, 2019
			(Rupees in '000')	
7 LONG TERM FINANCING - SECURED				
From banking companies:				
Syndicated Islamic Finance Facility	7.2		1,995,499	1,994,691
Diminishing Musharakah Facility-1	7.3		448,210	504,085
Diminishing Musharakah Facility-2	7.4		500,000	-
			2,943,709	2,498,776
Less: Current portion			609,914	165,746
			2,333,795	2,333,030
		Note		
7.1	The SIHL has fully availed all the above facilities, except Diminishing Musharakah Facilities from Al-Baraka Bank (Pakistan) Limited of Rs. 50.8 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 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'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. 574.2 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 (1st) exclusive charge of Rs. 781.3 million. 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 12 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 March 31, 2020	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	570,370	1,010,643
Repayment during the period / year	(125,437)	(186,985)
Closing Balance	2,943,709	2,498,776
8 LEASE LIABILITIES		
Lease liabilities recognized on adoption of IFRS 16 at July 01, 2019	301,320	-
Addition during the period offices/equipment	99,252	-
Repayment during the period	(80,942)	-
Total lease liabilities against offices/equipment on rent	319,630	-
Less: Current portion	73,864	-
	245,766	-
9 TRADE AND OTHER PAYABLES		
This also includes payable to related parties as detailed below:		
Tameer-e-Millat Foundation	7,690	11,789
Shifa Tameer-e-Millat University	29,304	24,074
Shifa International Hospitals Limited (SIHL)		
Employees' Gratuity Fund	193,986	123,128
	230,980	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, Rs. 27.4 million and Rs. 29.2 million under section 161/205 of the Income Tax Ordinance, 2001 for tax year 2014, 2013 and 2012 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 has filed an appeal in ATIR against the decision of CIR(A). For tax year 2012, SIHL has filed an appeal before CIR(A) against the order of ACIR on March 26, 2020. 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 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 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 March 31, 2020	Audited June 30, 2019
		(Rupees in '000')	
Note			
10.3 Commitments			
Capital expenditure contracted		88,651	148,203
11 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	11.1	8,436,120	6,646,156
Capital work in progress (CWIP)	11.2	744,700	970,826
Right of use assets	11.3	298,823	-
		9,479,643	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	931,489	963,812
Transfer from investment property	12	1,780,410	-
Reclassified as held for sale	15	(413,100)	-
Revaluation Surplus adjustment/Revaluation		(9,999)	520,643
		8,934,956	7,187,964
WDV of disposals		(46,629)	(694)
WDV of assets written off		(4,735)	(3,221)
Depreciation for the period/year		(447,472)	(537,893)
WDV at the end of the period/year		8,436,120	6,646,156

		Un-audited March 31, 2020	Audited June 30, 2019
	Note	(Rupees in '000')	
11.1.1 Additions to operating fixed assets			
Freehold land		3,753	43,453
Leasehold land		206,414	-
Building on freehold land		58,898	-
Building on leasehold land		54,319	278,843
Leasehold improvements		15,404	9,878
Biomedical equipment		401,527	306,680
Air conditioning equipment and machinery		21,090	155,396
Electrical and other equipment		95,270	56,410
Furniture and fittings		14,662	14,454
Computer installations		49,208	87,566
Construction equipment		51	394
Vehicles		10,893	10,738
		931,489	963,812
11.2 Capital work in progress			
Opening capital work in progress		970,826	325,954
Additions during the period/year		155,737	928,879
Transferred to operating fixed assets		(381,863)	(284,007)
Closing capital work in progress	11.2.1	744,700	970,826
11.2.1 Capital work in progress			
Construction work in progress		95,514	159,110
Stores held for capital expenditure		1,904	2,491
Installation of equipment in progress		647,282	809,225
		744,700	970,826
11.3 Right of use assets			
Right of use asset recognized on adoption of IFRS 16 at July 01, 2019		301,320	-
Additions during the period / year		53,075	-
Depreciation charge during the period		(55,572)	-
Book value at the end of the period / year		298,823	-

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.

13 LONG TERM INVESTMENT-AT COST
In associated company (unquoted):

Shifa Care (Private) Limited (SCPL)
 Opening Balance of investment
 Addition in investment - at cost
 Share in loss for the period/ year
 Closing Balance of investment

Un-audited March 31, 2020	Audited June 30, 2019
(Rupees in '000')	
10,869	-
-	14,445
(4,547)	(3,576)
6,322	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.

14 TRADE DEBTS

Considered good

Related party - Shifa Foundation

Others

Considered doubtful

Others

Considered bad

Others

Less: allowance for expected credit loss

Less: bad debts written off

Note

Un-audited March 31, 2020	Audited June 30, 2019
(Rupees in '000')	
37,758	28,647
924,662	556,199
129,825	97,498
-	2,347
1,092,245	684,691
129,825	97,498
-	2,347
962,420	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:

Balance at beginning of the period / year
 Impairment charge / (reversal) on financial
 assets during the period / year
 Bad debts written off
 Balance at end of the period / year

Un-audited March 31, 2020	Audited June 30, 2019
(Rupees in '000')	
97,498	111,728
32,327	(11,883)
-	(2,347)
129,825	97,498

15 NON-CURRENT ASSETS HELD FOR SALE

During the quarter ended March 31, 2020 the management of the SIHL has decided to retain 80-100 kanals of land situated at Islamabad Motorway, Islamabad and to dispose of remaining land. Accordingly a formal agreement has been executed. The SIHL so far has sold 20 kanals of land while the carrying value of Rs. 413.1 million represents the remaining value of land.

		Un-audited	
		March 31, 2020	March 31, 2019
		(Rupees in '000')	
16 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the period attributable to equity holders of SIHL		550,893	479,400
		(Numbers in '000')	
Weighted average number of shares in issue during the period	5	61,677	54,538
		(Rupees)	
Earnings per share - basic and diluted		8.93	8.79

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

16.2 Had there been no further issue of capital of SIHL, the earnings per share would have been Rs. 10.10 as compared to Rs. 8.79 of corresponding period of last year.

17 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. Valuation 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.

18 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	
	March 31, 2020	March 31, 2019
	(Rupees in '000')	
Shifa Foundation: (Related party by virtue of common directorship)		
Revenue from services earned by the SIHL	145,097	111,143
Revenue from rent earned by the SIHL	33	33
Expenses paid by and reimbursable to the SIHL	8,102	726
Other services provided to the SIHL	16,076	15,812
Tameer-e-Millat Foundation: (Related party by virtue of common directorship)		
Revenue from rent earned by the SIHL	233	233
Supplies provided to the SIHL	26,245	19,042
Services provided to the SIHL	13,152	10,284
Rental services received by the SIHL	5,694	3,675

	Un-audited	
	March 31, 2020	March 31, 2019
	(Rupees in '000')	
SIHL Employees' Gratuity Fund		
Payments made by the SIHL	21,530	23,542
Shifa Tameer-e-Millat University: (Related party by virtue of common directorship)		
Revenue from services earned by the SIHL	15,903	35,046
Revenue from rent earned by the SIHL	8,987	8,807
Other services provided to the SIHL	49,500	28,000
Expenses paid by and reimbursed to the SIHL	5,449	3,809
Donation paid by the SIHL	8,000	15,000
Shifa Care (Private) Limited (Associated Company)		
Expenses paid by and reimbursable to the SIHL	7,310	-
Remuneration including benefits and perquisites of key management personnel	213,074	180,007
19 CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,166,183	809,064
Investment - at amortized cost	3,000	3,000
Short term borrowing - secured	-	(201,649)
	2,169,183	610,415

20 GENERAL

- 20.1 Figures have been rounded off to the nearest one thousand Pak Rupees unless otherwise stated.
- 20.2 These condensed interim consolidated financial statements have been approved and authorized for issue by the Board of Directors of the SIHL on April 25, 2020.



CHAIRMAN



CHIEF EXECUTIVE



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