



Shifa
International
Hospitals Ltd.



**Condensed Interim
Financial Statements (Un-audited)
for the First Quarter Ended
September 30, 2020**





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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 |
| Corporate Governance & Nominations Committee: | Mr. Muhammad Zahid (Chairman) Dr. Habib-Ur-Rahman Dr. Manzoor H. Qazi Dr. Samea Kauser Ahmad Mr. Javed K. Siddiqui |
| Risk Management Committee: | Mr. Qasim Farooq Ahmad (Chairman) Prof. Dr. Shoab Ahmed Khan Dr. Mohammad Naseem Ansari |
| Medical Director: | Dr. Zeeshan Bin Ishtiaque |
| Chief Operating Officer: | Mr. Taimoor Shah |
| Chief Financial Officer: | Mr. Ahmad Sana |
| Company Secretary: | Mr. Muhammad Naeem |
| Head of Internal Audit: | Mr. Muhammad Saeed |
| Auditors: | M/s Grant Thornton Anjum Rahman Chartered Accountants |
| Legal Advisor: | M/s Bashir Ahmad Ansari & Company |
| Bankers: | Meezan Bank Limited Al Baraka Bank (Pakistan) Limited United Bank Limited Habib Bank Limited Faysal Bank Limited MCB Bank Limited First Habib Modaraba Askari Bank Limited Dubai Islamic Bank Limited Bank Al Habib 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 1st Quarter ended September 30, 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 (100% owned), Shifa International-DWC LLC (100% owned), Shifa National Hospital Faisalabad (Private) Limited (60% owned), Shifa Medical Center Islamabad (Private) Limited (56% owned) 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 1st Quarter ended September 30, 2020 in comparison with the corresponding 1st Quarter of previous year are as follows:

| Financial Highlights | (Rs. in millions) | | |
|---|---|-------|---------|
| | 1 st Quarter ended September 30, | | |
| | 2020 | 2019 | Change% |
| Net revenue | 3,140 | 3,234 | (2.9) |
| Earnings before interest, tax, depreciation & amortization (EBITDA) | 495 | 934 | (47.0) |
| Other income | 6 | 473 | (98.7) |
| Profit before taxation | 158 | 670 | (76.4) |
| Profit after taxation | 112 | 607 | (81.5) |
| Earnings per share - (Rs.) | 1.81 | 9.94 | (81.8) |

The above results indicate an overall revenue decline of 2.9% as compared to corresponding period of the last year which is mainly due to impact of COVID-19. However, the operating cost has also been reduced by 2% from Rs. 2,922 million to Rs. 2,867 million which is in line with decrease in volume of the business. Resultantly, Earnings per Share [EPS] of the Company remained at Rs. 1.81 as compared to Rs. 9.94 in the corresponding period of last year. However, if extraordinary item (i.e. gain on sale of plot at F-11, Islamabad) is excluded from the other income in corresponding quarter ended on September 30, 2019, the EPS would be Rs. 2.52.

Future Outlook:

Despite the challenging macro-economic conditions & COVID-19 pandemic, the Board of Directors are optimistic in improving the results through enhancing patient care services.

Acknowledgement

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

For and on behalf of the Board of Directors



DR. MANZOOR H. QAZI
Chief Executive Officer



MUHAMMAD ZAHID
Director

ڈائریکٹرز ریویو

معزز حصص داران،

بورڈ آف ڈائریکٹروں کی جانب سے ہم 30 ستمبر 2020 کو پہلی سہ ماہی کے اختتام پر کمپنی کے عبوری مالیاتی نتائج کا خلاصہ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ اس کے ساتھ ذیلی کمپنیوں کے مجموعی مالیاتی نتائج کا خلاصہ بھی شامل ہے۔ ان میں کئی طور پر کمپنی کی ملکیتی کمپنیاں شفا نیوروسائنسز انسٹیٹیوٹ اسلام آباد (پرائیویٹ) لمیٹڈ [100 فیصد ملکیت]، شفا انٹرنیشنل ڈی ڈبلیو سی۔ ایل ایل سی [100 فیصد ملکیت]، شفا ہنٹشل ہسپتال فیصل آباد (پرائیویٹ) لمیٹڈ [60 فیصد ملکیت]، شفا میڈیکل سینٹر اسلام آباد (پرائیویٹ) لمیٹڈ [56 فیصد ملکیت] اور شفا ڈیولپمنٹ سروسز (پرائیویٹ) لمیٹڈ [55 فیصد ملکیت] کے نتائج بھی شامل کیے گئے ہیں۔

30 ستمبر 2020 کو اختتام پذیر ہونے والی پہلی سہ ماہی کے عبوری مالیاتی نتائج کی جھلکیاں گزشتہ برس کے پہلی سہ ماہی کے موازنے میں درج ذیل ہیں:

| 30 ستمبر کو ختم ہونے والی پہلی سہ ماہی (پاکستانی روپے ملین میں) | | | مالیاتی جھلکیاں |
|---|-------|-------|-----------------------|
| تبدیلی فیصد | 2019 | 2020 | |
| (2.9) | 3,234 | 3,140 | خالص آمدنی |
| (47.0) | 934 | 495 | ای بی آئی ٹی ڈی اے |
| (98.7) | 473 | 6 | دیگر آمدنی |
| (76.4) | 670 | 158 | منافع قبل از ٹیکسیشن |
| (81.5) | 607 | 112 | منافع بعد از ٹیکسیشن |
| (81.8) | 9.94 | 1.81 | فی شیئر آمدنی۔ (روپے) |

مذکورہ بالا نتائج گزشتہ برس اسی عرصے کے مقابلے میں کمپنی کی مجموعی آمدنی میں 2.9 فیصد کمی ظاہر کرتے ہیں جس کی بنیادی وجہ کووڈ-19 کے اثرات ہیں تاہم کمپنی کی آپریٹنگ لاگت بھی 2,922 ملین روپے سے کم ہو کر 2 فیصد کمی کے ساتھ 2,867 ملین روپے ہو گئی ہے جو کہ کاروبار کے حجم میں کمی کے تناظر میں ہے۔ نتیجتاً گزشتہ برس کے اسی عرصے کی فی شیئر آمدنی 9.94 روپے آمدن کے مقابلے میں کمپنی کی فی شیئر آمدن 1.81 روپے رہی۔ تاہم پچھلے سال 30 ستمبر 2019 کو اختتام ہونے والی پہلی سہ ماہی میں اگر دیگر آمدنی سے غیر معمولی آئٹم (جو کہ ایف ایون، اسلام آباد میں واقع پلاٹ کی فروخت پر ہونے والا منافع) کو منہا کیا جائے تو فی شیئر آمدنی 2.52 روپے ہوتی۔

مستقبل کا منظر نامہ

مشکل اقتصادی صورت حال اور کووڈ-19 وباء کے باوجود بورڈ آف ڈائریکٹرز مریضوں کی دیکھ بھال کی خدمات میں اضافے سے مالی نتائج میں بہتری لانے کے حوالے سے پر امید ہیں۔

اظہار تشکر

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

برائے اور بجانب بورڈ آف ڈائریکٹرز

Muhammad Zahid

محمد زاہد

ڈائریکٹر

Muhammad Zahid

ڈاکٹر منظور امجد قاضی

چیف ایگزیکٹو آفیسر

اسلام آباد

26 اکتوبر 2020

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020**

| | | Un-audited September 30, 2020 | Audited June 30, 2020 |
|--|------|-------------------------------------|-----------------------------|
| | Note | (Rupees in '000') | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital | | | |
| 100,000,000 (June 2020: 100,000,000) ordinary shares of Rs. 10 each | | 1,000,000 | 1,000,000 |
| Issued, subscribed and paid up capital | | 619,749 | 619,749 |
| Capital reserves | | | |
| Share premium | | 2,751,283 | 2,751,283 |
| Surplus on revaluation of property, plant and equipment | | 758,038 | 760,346 |
| Revenue reserves | | | |
| Unappropriated profit | | 3,750,860 | 3,636,170 |
| | | 7,879,930 | 7,767,548 |
| NON - CURRENT LIABILITIES | | | |
| Long term financing - secured | 4 | 3,259,845 | 3,141,102 |
| Deferred taxation | | 415,490 | 438,995 |
| Lease liabilities | | 340,108 | 382,454 |
| | | 4,015,443 | 3,962,551 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 5 | 2,960,637 | 2,984,085 |
| Unclaimed dividend | | 36,468 | 36,665 |
| Markup accrued | | 27,712 | 34,784 |
| Current portion of long term financing - secured | 4 | 689,818 | 290,556 |
| Current portion of lease liabilities | | 210,350 | 183,064 |
| | | 3,924,985 | 3,529,154 |
| | | 15,820,358 | 15,259,253 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 6 | | |

The annexed notes 1 to 15 form an integral part of these condensed interim unconsolidated financial statements.

Danish M. Rahman

CHAIRMAN

| | | Un-audited September 30, 2020 | Audited June 30, 2020 |
|--|------|-------------------------------------|-----------------------------|
| | Note | (Rupees in '000') | |
| NON - CURRENT ASSETS | | | |
| Property, plant and equipment | 7 | 6,842,675 | 6,991,936 |
| Intangible assets | | 50,840 | 57,414 |
| Long term investments - at cost | 8 | 3,046,757 | 2,933,524 |
| Long term deposits | | 120,964 | 111,740 |
| | | 10,061,236 | 10,094,614 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | | 154,440 | 151,312 |
| Stock-in-trade | | 618,071 | 646,353 |
| Trade debts | 9 | 812,287 | 511,624 |
| Loans and advances | | 384,225 | 390,186 |
| Deposits, prepayments and other receivables | 10 | 109,519 | 93,656 |
| Markup accrued | | 194 | 253 |
| Investment - at amortized cost | | 3,000 | 3,000 |
| Tax refunds due from the government (net of provision) | | 471,273 | 478,225 |
| Cash and bank balances | | 2,711,135 | 2,395,052 |
| | | 5,264,144 | 4,669,661 |
| Non - current assets held for sale | | 494,978 | 494,978 |
| | | 15,820,358 | 15,259,253 |



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020**

| | September 30, 2020 | September 30, 2019 |
|--|-----------------------|-----------------------|
| Note | (Rupees in '000') | |
| Net revenue | 3,140,385 | 3,234,285 |
| Other income | 6,424 | 473,376 |
| Operating costs | (2,866,472) | (2,921,772) |
| Finance costs | (114,761) | (107,376) |
| Expected credit losses | (7,741) | (8,949) |
| Profit before taxation | 157,835 | 669,564 |
| Provision for taxation | (45,453) | (62,588) |
| Profit after taxation | 112,382 | 606,976 |
| Earnings per share - basic and diluted - (Rupees) | 1.81 | 9.94 |

The annexed notes 1 to 15 form an integral part of these condensed interim unconsolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM UNCONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020**

| | September 30, 2020 | September 30, 2019 |
|--|-----------------------|-----------------------|
| | (Rupees in '000') | |
| Profit after taxation | 112,382 | 606,976 |
| Comprehensive income for the period - net of tax | - | - |
| Total comprehensive income for the period | 112,382 | 606,976 |

The annexed notes 1 to 15 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 FIRST QUARTER ENDED SEPTEMBER 30, 2020**

| | September 30, 2020 | September 30, 2019 |
|--|--------------------------|-----------------------|
| Note | (Rupees in '000') | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 157,835 | 669,564 |
| Adjustments for: | | |
| Depreciation/amortization on tangible assets | 215,917 | 150,429 |
| Amortization on intangible assets | 6,574 | 6,574 |
| Expected credit losses | 7,741 | 8,949 |
| Property, plant and equipment written off | 290 | 2,453 |
| Gain on disposal of property, plant and equipment | (5) | (452,827) |
| Provision for compensated absences | 12,000 | 11,965 |
| Provision for gratuity | 30,796 | 29,930 |
| Provision for slow moving stores | (187) | (2,745) |
| Profit on investments and bank deposits | (670) | (4,321) |
| Loss on foreign currency translation | 25,604 | 20,700 |
| Finance costs | 114,761 | 86,676 |
| Operating cash flows before changes in working capital | 570,656 | 527,347 |
| Changes in working capital: | | |
| (Increase)/decrease in current assets: | | |
| Stores, spare parts and loose tools | (2,941) | (8,662) |
| Stock-in-trade | 28,282 | (50,073) |
| Trade debts | (308,404) | (299,040) |
| Loans and advances | 5,961 | (8,401) |
| Deposits and prepayments | (15,863) | 1,394 |
| Decrease in current liabilities: | | |
| Trade and other payables | (38,148) | (85,125) |
| Cash generated from operations | 239,543 | 77,440 |
| Finance cost paid | (105,066) | (84,701) |
| Income tax paid | (62,006) | (63,385) |
| Payment to SIHL Employees' Gratuity Fund | (17,784) | (1,736) |
| Compensated absences paid | (10,312) | (24,809) |
| Net cash generated from/(used in) operating activities | 44,375 | (97,191) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (66,946) | (179,851) |
| Addition in investment property | - | (43,145) |
| Outlay against long term investments | (113,233) | (173,838) |
| Proceeds from disposal of property, plant and equipment | 5 | 942 |
| Markup received | 729 | 4,807 |
| (Increase)/decrease in long term deposits | (9,224) | 2,486 |
| Net cash used in investing activities | (188,669) | (388,599) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Issue of further share capital - other than right | - | 1,779,002 |
| Long term financing - repayments | (1,776) | (40,744) |
| Long term financing - proceeds | 466,997 | 25,481 |
| Deferred Govt. grant | 52,783 | - |
| Lease liabilities - repayments | (31,826) | - |
| Dividend paid | (197) | (316) |
| Net cash generated from financing activities | 485,981 | 1,763,423 |
| Net increase in cash and cash equivalents | 341,687 | 1,277,633 |
| Cash and cash equivalents at beginning of the period | 2,398,052 | 794,696 |
| Effect of exchange rate changes on cash and cash equivalents | (25,604) | (20,700) |
| Cash and cash equivalents at end of the period 14 | 2,714,135 | 2,051,629 |

The annexed notes 1 to 15 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 FIRST QUARTER ENDED SEPTEMBER 30, 2020**

| | Share capital | Share Premium | Surplus on revaluation of property, plant and equipment | Unappropriated profit | Total |
|--|----------------|------------------|---|-----------------------|------------------|
| (Rupees in '000') | | | | | |
| Balance as at July 01, 2019 | 545,379 | 1,046,025 | 772,019 | 3,283,636 | 5,647,059 |
| Issue of further share capital - other than right | 74,370 | 1,704,632 | - | - | 1,779,002 |
| Total comprehensive income for the period | | | | | |
| Profit for the period | - | - | - | 606,976 | 606,976 |
| Other comprehensive income - net of tax | - | - | - | - | - |
| | - | - | - | 606,976 | 606,976 |
| Transfer of revaluation of property, plant and equipment in respect of incremental depreciation/amortization | - | - | (2,287) | 2,287 | - |
| Balance as at September 30, 2019 | 619,749 | 2,750,657 | 769,732 | 3,892,899 | 8,033,037 |
| Balance as at July 01, 2020 | 619,749 | 2,751,283 | 760,346 | 3,636,170 | 7,767,548 |
| Total comprehensive income for the period | | | | | |
| Profit for the period | - | - | - | 112,382 | 112,382 |
| Other comprehensive income - net of tax | - | - | - | - | - |
| | - | - | - | 112,382 | 112,382 |
| Transfer of revaluation of property, plant and equipment in respect of incremental depreciation/amortization | - | - | (2,308) | 2,308 | - |
| Balance as at September 30, 2020 | 619,749 | 2,751,283 | 758,038 | 3,750,860 | 7,879,930 |

The annexed notes 1 to 15 form an integral part of these condensed interim unconsolidated financial statements.

Qasim M. Rahman

CHAIRMAN

Muhammad Mujib

CHIEF EXECUTIVE

A. U. S.

CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 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, 2020. Comparative condensed interim unconsolidated statement of financial position is extracted from annual financial statements as of June 30, 2020, 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 three months ended September 30, 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, 2020.

| | | Un-audited September 30, 2020 | Audited June 30, 2020 |
|----------|--|-------------------------------------|-----------------------------|
| | Note | (Rupees in '000') | |
| 4 | LONG TERM FINANCING - SECURED | | |
| | From banking companies: | | |
| | Syndicated Islamic Finance Facility | 4.2 | 1,996,062 |
| | Diminishing Musharakah Facility-1 | 4.3 | 439,904 |
| | Diminishing Musharakah Facility-2 | 4.4 | 500,000 |
| | State Bank of Pakistan (SBP) -refinance scheme | 4.5 | 921,706 |
| | Deferred income - Government grant | 4.5 | 91,991 |
| | | 1,013,697 | 500,646 |
| | | 3,949,663 | 3,431,658 |
| | Less: Current portion | 689,818 | 290,556 |
| | | 3,259,845 | 3,141,102 |

- 4.1** The Company has fully availed all the above facilities, except Diminishing Musharakah Facilities from Al-Baraka Bank (Pakistan) Limited of Rs. 45.1 million and First Habib Modaraba of Rs. 49.9 million.
- 4.2** 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 2020: 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 August 22, 2024 instead of November 22, 2023 due to acceptance of deferment of principal payment option of loan under SBP circular # 13 dated March 26, 2020 in the wake of Covid-19 outbreak. The financing is secured by ranking charge upgraded into first pari passu charge of Rs. 2,667 million on all present and future Company's movable fixed assets and land/building located at H-8/4, Islamabad. Meezan Bank Limited has the custody of original ownership documents of the Company's land located at sector H-8/4 Islamabad. According to the terms of deferment, the Company is prohibited to pay dividend on its ordinary shares till May 22, 2021.
- 4.3** This represents a long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 505.1 million. Principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 0.80% (June 2020: 3 months KIBOR plus 0.80%) per annum. The financing is secured by first exclusive charge of Rs. 781.3 million against equipment/ machinery. In the wake of Covid-19 outbreak, the bank under SBP circular # 13 dated March 26, 2020 has deferred the principal payment till April 15, 2021, originally it was payable by May, 2020. This also includes a long term Islamic finance facility obtained under the Diminishing Musharakah basis from First Habib Modaraba of Rs. 20.3 million. Principal amount is repayable in 60 equal monthly installments carrying markup at 3 months KIBOR plus 0.70% (June 2020: 3 months KIBOR plus 0.70%) per annum.
- 4.4** This represents a long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million. Principal amount shall be repaid by October 01, 2024 in 12 equal quarterly installments carrying markup at 3 months KIBOR plus 0.85% (June 2020: 3 months KIBOR plus 0.85%) per annum. The financing is secured by first pari passu charge on all present and future fixed assets of the Company.
- 4.5** This represents long term finance facility aggregating to Rs. 1,012.2 million obtained from United Bank Limited under the State Bank of Pakistan's (SBP) temporary refinance scheme for payment of wages and salaries to the workers and employees of business concerns to support payment of salaries and wages under economic challenges due to COVID-19. The Company has availed the financing in six tranches on April 2020 to September 2020 at a subsidized markup rate of 0.85% per annum. The financing is repayable in 08 equal quarterly installments starting from January 2021 and shall be fully settled by June 30, 2023. The facility is secured by first pari passu charge of Rs. 1,600.3 million over fixed assets (excluding land and building) of the Company. According to the terms of the financing, the Company is prohibited to lay-off the employees for at least six months from April 2020 to September 2020 of receiving the grant. Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognized at present value along with the recognition of government grant.

| | Un-audited September 30, 2020 | Audited June 30, 2020 |
|--|-------------------------------------|-----------------------------|
| | (Rupees in '000') | |
| 4.6 Movement during the period/year | | |
| Opening balance | 3,431,658 | 2,498,776 |
| Proceeds during the period/year | 519,781 | 1,073,096 |
| Repayment during the period/year | (1,776) | (140,214) |
| Closing balance | <u>3,949,663</u> | <u>3,431,658</u> |
| 5 TRADE AND OTHER PAYABLES | | |
| This includes payable to related parties as detailed below: | | |
| Tameer-e-Millat Foundation | 19,736 | 11,978 |
| Shifa Tameer-e-Millat University | 28,150 | 27,468 |
| Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund | <u>209,233</u> | <u>196,221</u> |
| | <u>257,119</u> | <u>235,667</u> |
| 6 CONTINGENCIES AND COMMITMENTS | | |
| 6.1 Contingencies | | |
| 6.1.1 Claims aggregating to Rs. 3 million (June 2020: Rs. 3 million) are lodged in Peshawar and Islamabad High Courts by patients and their heirs against the Company for alleged negligence on part of the consultants/doctors. The management of the Company is contesting these claims and believes that the contention of the claimants will not be successful and no material liability is likely to arise. | | |
| 6.1.2 The penalty of Rs. 20 million (June 2020: 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. | | |
| 6.1.3 The guarantees issued by banks in favor of Sui Northern Gas Pipelines Limited (SNGPL) and Oil and Gas Development Company Limited (OGDCL) of Rs. 43.4 million (June 2020: Rs. 33.9 million) on behalf of the Company in its ordinary course of business. | | |
| 6.2 Contingencies related to income tax and sales tax are as follows: | | |
| 6.2.1 The tax authorities amended the assessments for tax years 2012, 2013, 2014 and 2015 under section 122(5A) of Income Tax Ordinance, 2001 (the Ordinance) and raised tax demands of Rs. 50.4 million, Rs. 133.3 million, Rs. 85.5 million and Rs. 26.1 million respectively. Being aggrieved the Company agitated the assessments in appeals before the Commissioner Inland Revenue (Appeals) [CIR(A)] who in respect of tax years 2012 to 2014 partly confirmed the assessments and partly allowed relief to the Company while confirmed the assessment for tax year 2015. The Company being aggrieved filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue [ATIR] where appeals for tax year 2012 to 2015 are pending for adjudication. For tax year 2016 ATIR set aside the assessment for denovo consideration. On reassessment AdCIR has completed the assessment under section 124/122(5A) and raised a demand of Rs. 85.4 million as on June 30, 2020 as against the original tax demand of Rs. 566.2 million. Being not satisfied with the order of AdCIR, the Company has filed an appeal before CIR(A) on July 21, 2020, which is a pending adjudication. No provision has been recorded in respect of above matters as the management is hopeful for favorable outcome. | | |
| 6.2.2 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 Ordinance for tax year 2014, 2013 and 2012 respectively on account of alleged non deduction of tax on payments. Being aggrieved the Company agitated the assessments in appeals before the CIR(A) who in respect of tax year 2012 has deleted the assessment vide order dated July 09, 2020, while set aside the assessment for tax year 2013 on October 02, 2019 and confirmed the assessment for tax year 2014 through his order dated April 30, 2018. The Company being aggrieved filed appeals against the appellate orders for tax year 2013 and 2014 before ATIR where appeal for tax year 2013 is pending adjudication while ATIR has set aside the assessment for tax year 2014 for denovo consideration, hence no demand is outstanding as of today. 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. | | |

- 6.2.3** The tax authorities amended the assessments for tax years 2012, 2013 and from 2015 to 2017 u/s 122(5) of the Ordinance and raised aggregate tax demand of Rs. 1,350.9 million. Being aggrieved the Company agitated the assessments in appeals before the CIR(A) who annulled all the assessment orders and hence demand stand deleted. Being dissatisfied with order of the CIR(A), the tax department has filed appeal before ATIR on November 15, 2018, which is pending adjudication. No provision has been recorded in respect of above as the management is hopeful for favorable outcome.
- 6.2.4** The Assistant Commissioner Inland Revenue (ACIR) has amended the Company's assessment for tax year 2014 and 2015 u/s 221 of the Ordinance which has resulted an aggregate tax demand of Rs.11.8 million. Being aggrieved, the Company has filed appeals before CIR (A) who remanded back the said assessments to ACIR on November 30, 2017. The Company as well as the tax department have filed cross appeals against the CIR(A) order before the ATIR, 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.
- 6.2.5** The tax authorities amended the assessment for tax years 2014 u/s 177 of the Ordinance on June 29, 2019 and raised a tax demand of Rs. 1,143.8 million. Being aggrieved the Company agitated the assessment in appeal on July 22, 2019 before the CIR (A) who annulled the assessment order on October 02, 2019 and hence tax demand stand deleted as of today. The tax 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 unconsolidated financial statements.
- 6.2.6** The tax authorities raised a sales tax demand of Rs. 1.6 million and Rs. 57.4 million under section 33 and 34 of the Sales Tax Act, 1990 on account of alleged nonpayment of sales tax for tax year 2016 and 2018 respectively. Being aggrieved the Company agitated the assessment in appeal before CIR(A) which is a pending adjudication. The company is confident for a favorable outcome in respect of the above matters. Therefore, no provision in respect of this matter has been recorded in these condensed interim unconsolidated financial statements.

| | | Un-audited September 30, 2020 | Audited June 30, 2020 |
|------------|--|-------------------------------------|-----------------------------|
| | Note | (Rupees in '000') | |
| 6.3 | Commitments | | |
| | Capital expenditure contracted | 58,722 | 45,662 |
| | Letters of credit | 182,487 | 11,047 |
| 7 | PROPERTY, PLANT AND EQUIPMENT | | |
| | Operating fixed assets | 6,006,572 | 6,090,459 |
| | Capital work in progress | 315,768 | 325,931 |
| | Right of use assets | 520,335 | 575,546 |
| | | 6,842,675 | 6,991,936 |
| 7.1 | Operating fixed assets | | |
| | Written down value (WDV) at beginning of the period/year | 6,090,459 | 5,935,215 |
| | Additions | 77,109 | 1,329,839 |
| | Revaluation | - | 9,710 |
| | Reclassified as held for sale | - | (494,978) |
| | | 6,167,568 | 6,779,786 |
| | WDV of disposals | - | (91,735) |
| | WDV of assets written off | (290) | (5,273) |
| | Depreciation for the period/year | (160,706) | (592,319) |
| | WDV at the end of the period/year | 6,006,572 | 6,090,459 |

| | Un-audited September 30, 2020 | Audited June 30, 2020 |
|--|--|--------------------------------------|
| Note | (Rupees in '000') | |
| 7.1.1 Additions to operating fixed assets | | |
| Freehold land | - | 3,753 |
| Leasehold land | - | 189,247 |
| Building on freehold land | - | 58,898 |
| Building on leasehold land | - | 63,962 |
| Leasehold improvements | - | 16,437 |
| Biomedical equipment | 55,706 | 811,198 |
| Air conditioning equipment and machinery | 6,003 | 21,592 |
| Electrical and other equipment | 4,829 | 42,375 |
| Furniture and fittings | 1,560 | 16,279 |
| Computer installations | 5,770 | 92,359 |
| Construction equipment | - | 51 |
| Vehicles | 3,241 | 13,688 |
| | 77,109 | 1,329,839 |
| 7.2 Capital work in progress | | |
| Opening capital work in progress | 325,931 | 910,601 |
| Additions during the period/year | - | 159,161 |
| Transferred to operating fixed assets | (10,163) | (743,831) |
| Closing capital work in progress | 315,768 | 325,931 |
| | | |
| 7.2.1 Capital work in progress | | |
| Construction work in progress | 41,839 | 41,816 |
| Stores held for capital expenditure | 1,870 | 1,870 |
| Installation of equipment in progress | 272,059 | 282,245 |
| | 315,768 | 325,931 |
| 7.3 Right of use assets | | |
| Adjusted balance at beginning of the period / year | 575,546 | 418,714 |
| Additions during the period / year | - | 341,432 |
| Depreciation charge during the period / year | (55,211) | (184,600) |
| Balance at end of the period / year | 520,335 | 575,546 |
| 8 LONG TERM INVESTMENTS - AT COST | | |
| In associated company (unquoted): | | |
| Shifa Care (Private) Limited (SCPL) | 30,001 | 30,001 |
| In subsidiary companies (unquoted): | | |
| Shifa Development Services (Private) Limited (SDSPL) | 9,966 | 9,966 |
| Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad) | 1,697,521 | 1,697,521 |
| Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad) | 338,501 | 225,268 |
| Shifa Medical Center Islamabad (Private) Limited (SMC Islamabad) | 947,488 | 947,488 |
| Shifa International DWC LLC | 23,280 | 23,280 |
| | 3,046,757 | 2,933,524 |

| | Un-audited September 30, 2020 (Rupees in '000') | Audited June 30, 2020 |
|--|--|-----------------------------|
| 9 TRADE DEBTS | | |
| Related party - Shifa Foundation | 19,918 | 17,875 |
| Related party - SIHT | 48,067 | 25,783 |
| Others | 881,628 | 597,551 |
| | 949,613 | 641,209 |
| Less: allowance for expected credit losses | 137,326 | 129,585 |
| | 812,287 | 511,624 |
| 10 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES | | |
| This includes balances due from related parties as detailed below: | | |
| Shifa Development Services (Private) Limited | 36,434 | 14,285 |
| Shifa International DWC LLC | 11,017 | 10,809 |
| | 47,451 | 25,094 |

| | Un-audited | |
|--|-----------------------|-----------------------|
| | September 30, 2020 | September 30, 2019 |
| | (Rupees in '000') | |
| 11 EARNINGS PER SHARE - BASIC AND DILUTED | | |
| Profit after taxation for the period | 112,382 | 606,976 |
| | (Numbers in '000') | |
| Weighted average number of shares in issue during the period | 61,975 | 61,084 |
| | (Rupees) | |
| Earnings per share - basic and diluted | 1.81 | 9.94 |

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

11.2 In the corresponding period of the last year, if extraordinary item (i.e. gain on sale of plot at F-11, Islamabad) is excluded from the other income, the earnings per share would be Rs. 2.52.

12 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, 2020. 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, 2020. The fair value of lands subject to revaluation model fall under level 2 of fair value hierarchy.

13 RELATED PARTY TRANSACTIONS

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

| | Un-audited | |
|--|-----------------------|-----------------------|
| | September 30, 2020 | September 30, 2019 |
| | (Rupees in '000') | |
| Shifa Foundation: | | |
| (Related party by virtue of common directorship) | | |
| Revenue from services earned by the Company | 3,966 | 46,875 |
| Revenue from rent earned by the Company | - | 11 |
| Expenses paid by and reimbursable to the Company | 151 | 151 |
| Other services provided to the Company | - | 5,271 |
| Tameer-e-Millat Foundation: | | |
| (Related party by virtue of common directorship) | | |
| Revenue from rent earned by the Company | 78 | 78 |
| Supplies provided to the Company | 28,148 | 7,801 |
| Other services provided to the Company | 2,419 | 2,742 |
| Rental services received by the Company | 1,235 | 2,483 |
| SIHL Employees' Gratuity Fund: | | |
| Payments made by the Company | 17,784 | 1,736 |
| Shifa Tameer-e-Millat University: | | |
| (Related party by virtue of common directorship) | | |
| Revenue from services earned by the Company | 1,748 | 6,320 |
| Revenue from rent earned by the Company | 727 | 4,163 |
| Other services provided to the Company | 16,500 | 19,528 |
| Expenses paid by and reimbursed to the Company | 752 | 795 |
| Shifa Integrated Health Technology (Private) Limited: | | |
| (Related party by virtue of common directorship) | | |
| Revenue from services earned by the Company | 71,666 | - |
| Expenses paid by and reimbursed to the Company | 3,349 | - |
| Other services provided to the Company | 5,534 | - |
| Shifa Development Services (Private) Limited: | | |
| (Subsidiary Company) | | |
| Expenses paid by and reimbursed to the Company | 258 | 220 |
| Pre - construction services provided to the Company | 22,625 | - |
| Shifa International DWC LLC: | | |
| (Subsidiary Company) | | |
| Patient referral services provided to the Company | 208 | - |
| Shifa Care (Private) Limited: | | |
| (Associated Company) | | |
| Expenses paid by and reimbursed to the Company | - | 2,184 |
| 14 CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 2,711,135 | 2,163,415 |
| Investment - at amortized cost | 3,000 | 3,000 |
| Short term borrowing - secured | - | (114,786) |
| | 2,714,135 | 2,051,629 |
| 15 GENERAL | | |

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

15.2 These condensed interim unconsolidated financial statements have been approved and authorized for issue by the Board of Directors of the Company on October 26, 2020.



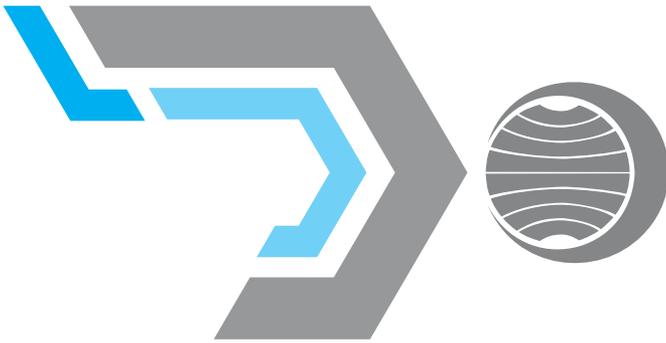
CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



SHIFA INTERNATIONAL HOSPITALS LIMITED

Condensed Interim Consolidated Financial
Statements (Un-audited)
For The First Quarter Ended
September 30, 2020



CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

| | | Un-audited September 30, 2020 | Audited June 30, 2020 |
|--|------|-------------------------------------|-----------------------------|
| | Note | (Rupees in '000') | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital | | | |
| 100,000,000 (June 2020: 100,000,000) ordinary shares of Rs. 10 each | | 1,000,000 | 1,000,000 |
| Issued, subscribed and paid up capital | | 619,749 | 619,749 |
| Capital reserves | | | |
| Share premium | | 2,751,283 | 2,751,283 |
| Surplus on revaluation of property, plant and equipment | | 1,223,575 | 1,225,930 |
| Revenue reserves | | | |
| Unappropriated profit | | 3,229,938 | 3,103,034 |
| | | 7,824,545 | 7,699,996 |
| | | 928,300 | 948,384 |
| NON - CONTROLLING INTEREST | | | |
| NON - CURRENT LIABILITIES | | | |
| Long term financing - secured | 5 | 3,259,845 | 3,141,102 |
| Deferred taxation | | 415,490 | 438,995 |
| Lease liabilities | | 240,238 | 263,493 |
| | | 3,915,573 | 3,843,590 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 6 | 3,023,482 | 3,064,693 |
| Unclaimed dividend | | 36,468 | 36,665 |
| Markup accrued | | 27,712 | 34,784 |
| Current portion of long term financing - secured | 5 | 689,818 | 290,556 |
| Current portion of lease liabilities | | 138,572 | 135,305 |
| | | 3,916,052 | 3,562,003 |
| | | 16,584,470 | 16,053,973 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 7 | | |

The annexed notes 1 to 15 form an integral part of these condensed interim consolidated financial statements.

Danish M. Rahman

CHAIRMAN

| | | Un-audited September 30, 2020 | Audited June 30, 2020 |
|--|------|-------------------------------------|-----------------------------|
| | Note | (Rupees in '000') | |
| NON - CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | 9,882,766 | 9,900,149 |
| Intangible assets | | 51,453 | 58,076 |
| Long term investment | 9 | 22,272 | 22,472 |
| Long term deposits | | 86,752 | 77,288 |
| | | 10,043,243 | 10,057,985 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools | | 154,440 | 151,312 |
| Stock-in-trade | | 618,071 | 646,353 |
| Trade debts | 10 | 906,720 | 605,899 |
| Loans and advances | | 441,166 | 418,186 |
| Deposits, prepayments and other receivables | | 78,092 | 79,269 |
| Markup accrued | | 194 | 253 |
| Other financial assets | | 608,792 | 607,137 |
| Tax refunds due from the government (net of provision) | | 482,851 | 494,181 |
| Cash and bank balances | | 2,860,301 | 2,602,798 |
| | | 6,150,627 | 5,605,388 |
| Non - current assets held for sale | | 390,600 | 390,600 |
| | | 16,584,470 | 16,053,973 |



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020**

| | | September 30, 2020 | September 30, 2019 |
|--|------|-----------------------|-----------------------|
| | Note | (Rupees in '000') | |
| Net revenue | | 3,144,398 | 3,268,855 |
| Other income | | 18,176 | 20,472 |
| Operating costs | | (2,882,168) | (2,969,027) |
| Finance costs | | (109,763) | (107,379) |
| Expected credit losses | | (7,741) | (8,949) |
| Share of loss of an associate | | (200) | (879) |
| Profit before taxation | | 162,702 | 203,093 |
| Provision for taxation | | (57,785) | (66,215) |
| Profit after taxation | | 104,917 | 136,878 |
| Attributable to: | | | |
| Equity holders of Shifa International Hospitals Limited | | 108,285 | 142,182 |
| Non-Controlling interest | | (3,368) | (5,304) |
| | | 104,917 | 136,878 |
| Earnings per share - basic and diluted - (Rupees) | 11 | 1.75 | 2.33 |

The annexed notes 1 to 15 form an integral part of these condensed interim consolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020**

| | September 30, 2020 | September 30, 2019 |
|---|-----------------------|-----------------------|
| | (Rupees in '000') | |
| Profit after taxation | 104,917 | 136,878 |
| Other comprehensive income | | |
| Items that will not be subsequently reclassified in statement of profit or loss | | |
| Revaluation surplus adjustment | - | (9,999) |
| Foreign currency translation adjustment | (452) | - |
| Total comprehensive income for the period | <u>104,465</u> | <u>126,879</u> |
| Attributable to: | | |
| Equity holders of Shifa International Hospitals Limited | 107,833 | 132,183 |
| Non-Controlling interest | (3,368) | (5,304) |
| | <u>104,465</u> | <u>126,879</u> |

The annexed notes 1 to 15 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 FIRST QUARTER ENDED SEPTEMBER 30, 2019**

| Note | September 30, 2020 (Rupees in '000') | September 30, 2019 |
|--|--|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 162,702 | 203,093 |
| Adjustments for: | | |
| Depreciation/amortization on tangible assets | 211,464 | 152,829 |
| Amortization on intangible assets | 6,623 | 6,574 |
| Expected credit losses | 7,741 | 8,949 |
| Property, plant and equipment written off | 290 | 2,453 |
| (Gain)/loss on disposal of property, plant and equipment | (5) | 78 |
| Provision for compensated absences | 12,000 | 11,965 |
| Provision for gratuity | 30,796 | 29,930 |
| Provision for slow moving stores | (187) | (2,745) |
| Profit on investments and bank deposits | (12,422) | (4,321) |
| Loss on foreign currency translation | 24,999 | 20,700 |
| Share of loss of an associate | 200 | 879 |
| Finance costs | 109,763 | 86,679 |
| Operating cash flows before changes in working capital | 553,964 | 517,063 |
| Changes in working capital: | | |
| (Increase)/decrease in current assets: | | |
| Stores, spare parts and loose tools | (2,941) | (8,662) |
| Stock-in-trade | 28,282 | (50,073) |
| Trade debts | (308,562) | (330,079) |
| Loans and advances | (22,980) | (100,009) |
| Deposits and prepayments | 1,177 | 1,614 |
| Decrease in current liabilities: | | |
| Trade and other payables | (55,911) | (89,732) |
| Cash generated from operations | 193,029 | (59,878) |
| Finance cost paid | (104,997) | (84,704) |
| Income tax paid | (69,960) | (74,012) |
| Payment to SIHL Employees' Gratuity Fund | (17,784) | (1,736) |
| Compensated absences paid | (10,312) | (24,809) |
| Net cash used in operating activities | (10,024) | (245,139) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (194,371) | (201,714) |
| Addition in investment property | - | (43,145) |
| Investment in other financial assets | (454,539) | - |
| Proceeds from disposal of property, plant and equipment | 5 | 942 |
| Markup received | 12,481 | 4,807 |
| (Increase)/decrease in long term deposits | (9,464) | 2,486 |
| Net cash used in investing activities | (645,888) | (236,624) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Issue of further share capital - other than right | - | 1,779,002 |
| Long term financing - repayments | (1,776) | (40,744) |
| Long term financing - proceeds | 466,997 | 25,481 |
| Deferred Govt. grant | 52,783 | - |
| Lease liabilities - repayments | (31,826) | - |
| Dividend paid | (197) | (317) |
| Net cash generated from financing activities | 485,981 | 1,763,422 |
| Net (decrease)/increase in cash and cash equivalents | (169,931) | 1,281,659 |
| Cash and cash equivalents at beginning of the period | 3,058,682 | 806,895 |
| Effect of exchange rate changes on cash and cash equivalents | (25,450) | (20,700) |
| Cash and cash equivalents at end of the period | 14 2,863,301 | 2,067,854 |

The annexed notes 1 to 15 form an integral part of these condensed interim consolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020**

| | Share capital | Share Premium | Surplus on revaluation of property, plant and equipment (Rupees in '000') | Unappropriated profit | Non-controlling interest | Total |
|--|----------------|------------------|--|-----------------------|--------------------------|------------------|
| Balance as 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 | 74,370 | 1,704,632 | - | - | - | 1,779,002 |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | 142,182 | (5,304) | 136,878 |
| Other comprehensive income - net of tax | - | - | (9,999) | - | - | (9,999) |
| | - | - | (9,999) | 142,182 | (5,304) | 126,879 |
| Transfer of revaluation of property, plant and equipment in respect of incremental depreciation/amortization | - | - | (2,287) | 2,287 | - | - |
| Balance as at September 30, 2019 | 619,749 | 2,750,657 | 1,222,637 | 3,394,636 | (2,711) | 7,984,968 |
| Balance as at July 01, 2020 | 619,749 | 2,751,283 | 1,225,930 | 3,103,034 | 948,384 | 8,648,380 |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | 108,285 | (3,368) | 104,917 |
| Other comprehensive income - net of tax | - | - | - | (452) | - | (452) |
| | - | - | - | 107,833 | (3,368) | 104,465 |
| Transfer of revaluation of property, plant and equipment in respect of incremental depreciation/amortization | - | - | (2,355) | 2,355 | - | - |
| Changes in ownership interests | | | | | | |
| Acquisition of shareholding by NCI without a change in control | - | - | - | 16,716 | (16,716) | - |
| Balance as at September 30, 2020 | 619,749 | 2,751,283 | 1,223,575 | 3,229,938 | 928,300 | 8,752,845 |

The annexed notes 1 to 15 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 (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 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 un-audited and are being submitted to the members in accordance with the requirements of Section 237 of the Companies Act 2017 (the Act) and the listing regulations of Pakistan Stock Exchange. These condensed interim consolidated financial statements do not include all of the information required for annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended June 30, 2020. Comparative

condensed interim consolidated statement of financial position is extracted from annual consolidated financial statements as of June 30, 2020, whereas comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity are extracted from un-audited condensed interim consolidated financial statements for the first quarter ended September 30, 2019.

3 BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of Shifa International Hospitals Limited and its subsidiaries Shifa Development Services (Private) Limited (SDSPL) [55% owned], Shifa Medical Center Islamabad (Private) Limited [56% owned], Shifa National Hospital Faisalabad (Private) Limited [60% owned] and its wholly owned subsidiaries Shifa Neuro Sciences Institute Islamabad (Private) Limited and Shifa International DWC - LLC for the first quarter ended September 30, 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, 2020.

| | | Un-audited September 30, 2020 | Audited June 30, 2020 |
|--|------|-------------------------------------|-----------------------------|
| | Note | (Rupees in '000') | |
| 5. LONG TERM FINANCING - SECURED | | | |
| From banking companies: | | | |
| Syndicated Islamic Finance Facility | 5.2 | 1,996,062 | 1,995,778 |
| Diminishing Musharakah Facility-1 | 5.3 | 439,904 | 435,234 |
| Diminishing Musharakah Facility-2 | 5.4 | 500,000 | 500,000 |
| State Bank of Pakistan (SBP) -refinance scheme | 5.5 | 921,706 | 447,453 |
| Deferred income - Government grant | 5.5 | 91,991 | 53,193 |
| | | 1,013,697 | 500,646 |
| | | 3,949,663 | 3,431,658 |
| Less: Current portion | | 689,818 | 290,556 |
| | | 3,259,845 | 3,141,102 |

5.1 The SIHL has fully availed all the above facilities, except Diminishing Musharakah Facilities from Al-Baraka Bank (Pakistan) Limited of Rs. 45.1 million and First Habib Modaraba of Rs. 49.9 million.

5.2 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 2020: 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 August 22, 2024 instead of November 22, 2023 due to acceptance of deferment of principal payment option of loan under SBP circular # 13 dated March 26, 2020 in the wake of Covid-19 outbreak. The financing is secured by ranking charge upgraded into first pari passu charge of Rs. 2,667 million on all present and future SIHL's movable fixed assets and land/building located at H-8/4, Islamabad. Meezan Bank Limited

has the custody of original ownership documents of the SIHL's land located at sector H-8/4 Islamabad. According to the terms of deferment, the SIHL is prohibited to pay dividend on its ordinary shares till May 22, 2021.

- 5.3** This represents a long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 505.1 million. Principal amount is repayable in 36 equal monthly installments carrying markup at 3 months KIBOR plus 0.80% (June 2020: 3 months KIBOR plus 0.80%) per annum. The financing is secured by first exclusive charge of Rs. 781.3 million against equipment/machinery. In the wake of Covid-19 outbreak, the bank under SBP circular # 13 dated March 26, 2020 has deferred the principal payment till April 15, 2021, originally it was payable by May, 2020. This also includes a long term Islamic finance facility obtained under the Diminishing Musharakah basis from First Habib Modaraba of Rs. 20.3 million. Principal amount is repayable in 60 equal monthly installments carrying markup at 3 months KIBOR plus 0.70% (June 2020: 3 months KIBOR plus 0.70%) per annum.
- 5.4** This represents a long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million. Principal amount shall be repaid by October 01, 2024 in 12 equal quarterly installments carrying markup at 3 months KIBOR plus 0.85% (June 2020: 3 months KIBOR plus 0.85%) per annum. The financing is secured by first pari passu charge on all present and future fixed assets of the SIHL.
- 5.5** This represents long term finance facility aggregating to Rs. 1,012.2 million obtained from United Bank Limited under the State Bank of Pakistan's (SBP) temporary refinance scheme for payment of wages and salaries to the workers and employees of business concerns to support payment of salaries and wages under economic challenges due to COVID-19. The SIHL has availed the financing in six tranches on April 2020 to September 2020 at a subsidized markup rate of 0.85% per annum. The financing is repayable in 08 equal quarterly installments starting from January 2021 and shall be fully settled by June 30, 2023. The facility is secured by first pari passu charge of Rs. 1,600.3 million over fixed assets (excluding land and building) of the Company. According to the terms of the financing, the SIHL is prohibited to lay-off the employees for at least six months from April 2020 to September 2020 of receiving the grant. Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognized at present value along with the recognition of government grant.

| | Un-audited September 30, 2020 | Audited June 30, 2020 |
|--|-------------------------------------|-----------------------------|
| | (Rupees in '000') | |
| 5.6 Movement during the period/year | | |
| Opening balance | 3,431,658 | 2,498,776 |
| Proceeds during the period/year | 519,781 | 1,073,096 |
| Repayment during the period/year | (1,776) | (140,214) |
| Closing balance | 3,949,663 | 3,431,658 |
| 6 TRADE AND OTHER PAYABLES | | |
| This includes payable to related parties as detailed below: | | |
| Tameer-e-Millat Foundation | 19,736 | 11,978 |
| Shifa Tameer-e-Millat University | 28,150 | 27,468 |
| Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund | 209,233 | 196,221 |
| | 257,119 | 235,667 |

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

- 7.1.1** Claims aggregating to Rs. 3 million (June 2020: Rs. 3 million) are lodged in Peshawar and Islamabad High Courts by patients and their heirs against the SIHL for alleged negligence on part of the consultants/doctors. The management of the SIHL is contesting these claims and believes that the contention of the claimants will not be successful and no material liability is likely to arise.
- 7.1.2** The penalty of Rs. 20 million (June 2020: 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 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.

- 7.1.3** The guarantees issued by banks in favor of Sui Northern Gas Pipelines Limited (SNGPL) and Oil and Gas Development Company Limited (OGDCL) of Rs. 43.4 million (June 2020: Rs. 33.9 million) on behalf of the SIHL in its ordinary course of business.
- 7.2** Contingencies related to income tax and sales tax are as follows:
- 7.2.1** The tax authorities amended the assessments for tax years 2012, 2013, 2014 and 2015 under section 122(5A) of Income Tax Ordinance, 2001 (the Ordinance) and raised tax demands of Rs. 50.4 million, Rs. 133.3 million, Rs. 85.5 million and Rs. 26.1 million respectively. Being aggrieved the SIHL agitated the assessments in appeals before the Commissioner Inland Revenue (Appeals) [CIR(A)] who in respect of tax years 2012 to 2014 partly confirmed the assessments and partly allowed relief to the SIHL while confirmed the assessment for tax year 2015. The SIHL being aggrieved filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue [ATIR] where appeals for tax year 2012 to 2015 are pending for adjudication. For tax year 2016 ATIR set aside the assessment for denovo consideration. On reassessment AdCIR has completed the assessment under section 124/122(5A) and raised a demand of Rs. 85.4 million as on June 30, 2020 as against the original tax demand of Rs. 566.2 million. Being not satisfied with the order of AdCIR, the SIHL has filed an appeal before CIR(A) on July 21, 2020, which is a pending adjudication. No provision has been recorded in respect of above matters as the management is hopeful for favorable outcome.
- 7.2.2** 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 Ordinance for tax year 2014, 2013 and 2012 respectively on account of alleged non deduction of tax on payments. Being aggrieved the SIHL agitated the assessments in appeals before the CIR(A) who in respect of tax year 2012 has deleted the assessment vide order dated July 09, 2020, while set aside the assessment for tax year 2013 on October 02, 2019 and confirmed the assessment for tax year 2014 through his order dated April 30, 2018. The SIHL being aggrieved filed appeals against the appellate orders for tax year 2013 and 2014 before ATIR where appeal for tax year 2013 is pending adjudication while ATIR has set aside the assessment for tax year 2014 for denovo consideration, hence no demand is outstanding as of today. 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.
- 7.2.3** The tax authorities amended the assessments for tax years 2012, 2013 and from 2015 to 2017 u/s 122(5) of the Ordinance and raised aggregate tax demand of Rs. 1,350.9 million. Being aggrieved the SIHL agitated the assessments in appeals before the CIR(A) who annulled all the assessment orders and hence demand stand deleted. Being dissatisfied with order of the CIR(A), the tax department has filed appeal before ATIR on November 15, 2018, which is pending adjudication. No provision has been recorded in respect of above as the management is hopeful for favorable outcome.
- 7.2.4** The Assistant Commissioner Inland Revenue (ACIR) has amended the SIHL's assessment for tax year 2014 and 2015 u/s 221 of the Ordinance which has resulted an aggregate tax demand of Rs. 11.8 million. Being aggrieved, the SIHL has filed appeals before CIR (A) who remanded back the said assessments to ACIR on November 30, 2017. The SIHL as well as the tax department have filed cross appeals against the CIR(A) order before the ATIR, 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.
- 7.2.5** The tax authorities amended the assessment for tax years 2014 u/s 177 of the Ordinance on June 29, 2019 and raised a tax demand of Rs. 1,143.8 million. Being aggrieved the SIHL agitated the assessment in appeal on July 22, 2019 before the CIR (A) who annulled the assessment order on October 02, 2019 and hence tax demand stand deleted as of today. The tax 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 consolidated financial statements.
- 7.2.6** The tax authorities raised a sales tax demand of Rs. 1.6 million and Rs. 57.4 million under section 33 and 34 of the Sales Tax Act, 1990 on account of alleged nonpayment of sales tax for tax year 2016 and 2018 respectively. Being aggrieved the SIHL agitated the assessment in appeal before CIR(A) which is a pending adjudication. The SIHL is confident for a favorable outcome in respect of the above matters. Therefore, no provision in respect of this matter has been recorded in these condensed interim consolidated financial statements.

| | | Un-audited September 30, 2020 | Audited June 30, 2020 |
|--|-------------|--|--------------------------------------|
| | Note | (Rupees in '000') | |
| 7.3 Commitments | | | |
| Capital expenditure contracted | | 58,722 | 45,662 |
| Letters of credit | | 182,487 | 11,047 |
| 8 PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 8.1 | 9,037,698 | 9,009,039 |
| Capital work in progress | 8.2 | 485,830 | 495,993 |
| Right of use assets | 8.3 | 359,238 | 395,117 |
| | | 9,882,766 | 9,900,149 |
| 8.1 Operating fixed assets | | | |
| Written down value (WDV) at beginning of the period/year | | 9,009,039 | 6,646,156 |
| Additions | 8.1.1 | 204,534 | 1,784,581 |
| Transfer from investment property | | - | 1,685,625 |
| Revaluation | | - | 13,562 |
| Reclassified as held for sale | | - | (390,600) |
| | | 9,213,573 | 9,739,324 |
| WDV of disposals | | - | (91,735) |
| WDV of assets written off | | (290) | (5,273) |
| Depreciation for the period/year | | (175,585) | (633,277) |
| WDV at the end of the period/year | | 9,037,698 | 9,009,039 |
| 8.1.1 Additions to operating fixed assets | | | |
| Freehold land | | 125,508 | 346,200 |
| Leasehold land | | - | 301,200 |
| Building on freehold land | | - | 58,898 |
| Building on leasehold land | | - | 63,962 |
| Leasehold improvements | | - | 16,437 |
| Biomedical equipment | | 55,706 | 811,198 |
| Air conditioning equipment and machinery | | 6,003 | 21,592 |
| Electrical and other equipment | | 6,746 | 42,375 |
| Furniture and fittings | | 1,560 | 16,279 |
| Computer installations | | 5,770 | 92,701 |
| Construction equipment | | - | 51 |
| Vehicles | | 3,241 | 13,688 |
| | | 204,534 | 1,784,581 |
| 8.2 Capital work in progress | | | |
| Opening capital work in progress | | 495,993 | 970,826 |
| Additions during the period/year | | - | 268,998 |
| Transferred to operating fixed assets | | (10,163) | (743,831) |
| Closing capital work in progress | 8.2.1 | 485,830 | 495,993 |
| 8.2.1 Capital work in progress | | | |
| Construction work in progress | | 211,900 | 211,878 |
| Stores held for capital expenditure | | 1,870 | 1,870 |
| Installation of equipment in progress | | 272,060 | 282,245 |
| | | 485,830 | 495,993 |
| 8.3 Right of use assets | | | |
| Adjusted balance at beginning of the period / year | | 395,117 | 418,714 |
| Additions during the period / year | | - | 110,076 |
| Depreciation charge during the period / year | | (35,879) | (133,673) |
| Balance at end of the period / year | | 359,238 | 395,117 |

| | Un-audited September 30, 2020 | Audited June 30, 2020 |
|--|-------------------------------------|-----------------------------|
| | (Rupees in '000') | |
| 9 LONG TERM INVESTMENT | | |
| In associated company (unquoted): Shifa Care (Private) Limited (SCPL) | | |
| Opening Balance of investment | 22,472 | 10,869 |
| Addition in investment - at cost | - | 15,555 |
| Share in loss for the period/ year | (200) | (3,952) |
| Closing Balance of investment | <u>22,272</u> | <u>22,472</u> |

- 9.1 This represents investment in fully paid ordinary shares of SCPL. The above investment in ordinary shares represents 50% (June 2020: 50%) shareholding in SCPL held by the Group.

| | Un-audited September 30, 2020 | Audited June 30, 2020 |
|--|-------------------------------------|-----------------------------|
| | (Rupees in '000') | |
| 10 TRADE DEBTS | | |
| Related party - Shifa Foundation | 19,918 | 17,875 |
| Related party - SIHT | 48,067 | 25,783 |
| Others | 976,490 | 692,254 |
| | <u>1,044,475</u> | <u>735,912</u> |
| Less: allowance for expected credit losses | 137,755 | 130,013 |
| | <u>906,720</u> | <u>605,899</u> |

| | Un-audited | |
|--|-----------------------|-----------------------|
| | September 30, 2020 | September 30, 2019 |
| | (Rupees in '000') | |
| 11 EARNINGS PER SHARE - BASIC AND DILUTED | | |
| Profit after taxation for the period | 108,285 | 142,182 |
| | (Numbers in '000') | |
| Weighted average number of shares in issue during the period | 61,975 | 61,084 |
| | (Rupees) | |
| Earnings per share - basic and diluted | 1.75 | 2.33 |

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

12 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2020. 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, 2020. The fair value of lands subject to revaluation model fall under level 2 of fair value hierarchy.

13 RELATED PARTY TRANSACTIONS

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

| | Un-audited | |
|---|-----------------------|-----------------------|
| | September 30, 2020 | September 30, 2019 |
| | (Rupees in '000') | |
| Shifa Foundation: (Related party by virtue of common directorship) | | |
| Revenue from services earned by the SIHL | 3,966 | 46,875 |
| Revenue from rent earned by the SIHL | - | 11 |
| Expenses paid by and reimbursable to the SIHL | 151 | 151 |
| Other services provided to the SIHL | - | 5,271 |
| Tameer-e-Millat Foundation: (Related party by virtue of common directorship) | | |
| Revenue from rent earned by the SIHL | 78 | 78 |
| Supplies provided to the SIHL | 28,148 | 7,801 |
| Other services provided to the SIHL | 2,419 | 2,742 |
| Rental services received by the SIHL | 1,235 | 2,483 |
| SIHL Employees' Gratuity Fund: | | |
| Payments made by the SIHL | 17,784 | 1,736 |
| Shifa Tameer-e-Millat University: (Related party by virtue of common directorship) | | |
| Revenue from services earned by the SIHL | 1,748 | 6,320 |
| Revenue from rent earned by the SIHL | 727 | 4,163 |
| Other services provided to the SIHL | 16,500 | 19,528 |
| Expenses paid by and reimbursed to the SIHL | 752 | 795 |
| Shifa Integrated Health Technology (Private) Limited: (Related party by virtue of common directorship) | | |
| Revenue from services earned by the SIHL | 71,666 | - |
| Expenses paid by and reimbursed to the SIHL | 3,349 | - |
| Other services provided to the SIHL | 5,534 | - |
| Shifa Care (Private) Limited: (Associated Company) | | |
| Expenses paid by and reimbursed to the SIHL | - | 2,184 |
| 14 CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 2,860,301 | 2,179,640 |
| Investment - at amortized cost | 3,000 | 3,000 |
| Short term borrowing - secured | - | (114,786) |
| | 2,863,301 | 2,067,854 |
| 15 GENERAL | | |

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

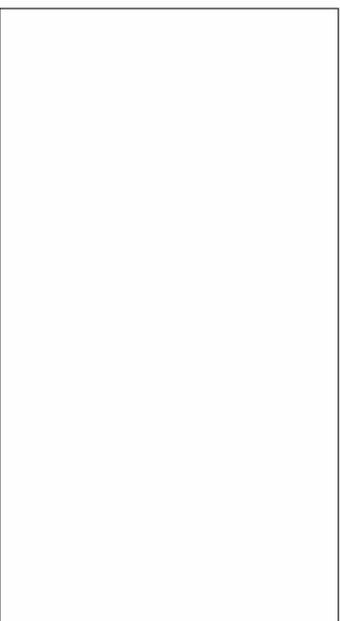
15.2 These condensed interim consolidated financial statements have been approved and authorized for issue by the Board of Directors of the SIHL on October 26, 2020.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

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Shifa International Hospitals Ltd.

Sector : H-8/4, Islamabad - Pakistan

