



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

Islamabad
October 26, 2020



MUHAMMAD ZAHID
Director

ڈائریکٹرز ریویو

معزز حصہ 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 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 کا 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 ایلیون، 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 پرامید ہیں۔

اظہار تشکر

موجودہ چیلنجنگ صورتحال میں بورڈ کنسلٹنٹس، سینئر انتظامیہ، ملازمین، کسٹمرز اور تزویریاتی شراکت داروں کا ان کے عزم، وابستگی اور کٹھن پیوشن کے لئے شکرگزار 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

Munir. Zahid

محمد زاہد

ڈائریکٹر

Masry

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
	<u>Note</u>	(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

Mayur Gaj

CHIEF EXECUTIVE

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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)	11	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

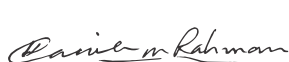


CHIEF FINANCIAL OFFICER

**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	Unappro- priated 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.

Darwish M. Rahman

CHAIRMAN

Mayur Gij

CHIEF EXECUTIVE

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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
		(Rupees in '000')	
	Note		
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	3,949,663	3,431,658
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	209,233	196,221
	257,119	235,667
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	7.1	6,006,572	6,090,459
Capital work in progress	7.2	315,768	325,931
Right of use assets	7.3	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	7.1.1	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 (Rupees in '000')	Audited June 30, 2020
	Note		
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	7.2.1	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.



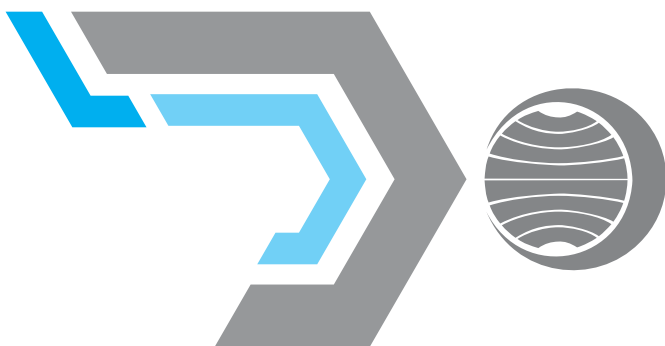
CHAIRMAN



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

Mahesh Bajaj

CHIEF EXECUTIVE

ANIL

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	104,465	126,879
Attributable to:		
Equity holders of Shifa International Hospitals Limited	107,833	132,183
Non-Controlling interest	(3,368)	(5,304)
	104,465	126,879

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

Dawood M. Rahman

CHAIRMAN

Muhammad Sajid

CHIEF EXECUTIVE

A. U. S.

CHIEF FINANCIAL OFFICER

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

	September 30, 2020 (Rupees in '000')	September 30, 2019
Note		
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.

Dawood M. Rahman

CHAIRMAN

Harpreet Singh

CHIEF EXECUTIVE

AJES

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.

5. LONG TERM FINANCING - SECURED

From banking companies:

	Note	Un-audited September 30, 2020	Audited June 30, 2020
		(Rupees in '000')	
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
		689,818	290,556
		3,259,845	3,141,102

Less: Current portion

- 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

9 LONG TERM INVESTMENT

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 September 30, 2020	Audited June 30, 2020
(Rupees in '000')	
22,472	10,869
-	15,555
(200)	(3,952)
22,272	22,472

- 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.

10 TRADE DEBTS

Related party - Shifa Foundation

Related party - SIHT

Others

Less: allowance for expected credit losses

Un-audited September 30, 2020	Audited June 30, 2020
(Rupees in '000')	
19,918	17,875
48,067	25,783
976,490	692,254
1,044,475	735,912
137,755	130,013
906,720	605,899

11 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation for the period

Weighted average number of shares in
issue during the period

Earnings per share - basic and diluted

Un-audited	
September 30, 2020	September 30, 2019
(Rupees in '000')	
108,285	142,182
(Numbers in '000')	
61,975	61,084
(Rupees)	
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.

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