



**Shifa**  
International  
Hospitals Ltd.



# Condensed Interim Financial Statements

For The Half Year Ended  
December 31, 2020



# C O N T E N T S

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## COMPANY INFORMATION

<b>Board of Directors:</b>	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
<b>Audit Committee:</b>	Syed Ilyas Ahmed (Chairman) Dr. Habib-Ur-Rahman Dr. Samea Kauser Ahmad Mr. Javed K. Siddiqui
<b>Human Resource &amp; Remuneration Committee:</b>	Syed Ilyas Ahmed (Chairman) Dr. Habib-Ur-Rahman Dr. Manzoor H. Qazi Dr. Mohammad Naseem Ansari
<b>Corporate Governance &amp; Nominations Committee:</b>	Mr. Muhammad Zahid (Chairman) Dr. Habib-Ur-Rahman Dr. Manzoor H. Qazi Dr. Samea Kauser Ahmad Mr. Javed K. Siddiqui
<b>Risk Management Committee:</b>	Mr. Qasim Farooq Ahmad (Chairman) Prof. Dr. Shoab Ahmed Khan Dr. Mohammad Naseem Ansari
<b>Medical Director:</b>	Dr. Zeeshan Bin Ishtiaque
<b>Chief Operating Officer:</b>	Mr. Taimoor Shah
<b>Chief Financial Officer:</b>	Mr. Ahmad Sana
<b>Company Secretary:</b>	Mr. Muhammad Naeem
<b>Head of Internal Audit:</b>	Mr. Muhammad Saeed
<b>Auditors:</b>	M/s Grant Thornton Anjum Rahman Chartered Accountants
<b>Legal Advisor:</b>	M/s Bashir Ahmad Ansari & Company
<b>Bankers:</b>	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
<b>Registered Office:</b>	Sector H-8/4, Islamabad
<b>Share Registrar:</b>	M/s Corplink (Private) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore.

## DIRECTORS' REVIEW

### Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the Condensed Interim Financial Statements of the Company for the half year ended December 31, 2020 along with Condensed Interim Consolidated Financial Statements of the same period after incorporating the financial 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 half year ended December 31, 2020 in comparison with the corresponding six months of previous year are as follows:

FINANCIAL HIGHLIGHTS	(Rs. in millions) Half year ended December 31,					
	2020	2019	Change %	2020	2019	Change %
	Un-consolidated			Consolidated		
Net revenue	6,663	6,678	(0.2)	6,674	6,750	(1.1)
Other income	21	34	(38.2)	43	34	26.5
Gain on sale of freehold / leasehold lands & building	2.5	457	(99.4)	2.5	-	100
Earnings before interest, tax, depreciation & amortization (EBITDA)	1,094	1,599	(31.6)	1,098	1,090	0.8
Profit before taxation	382	968	(60.5)	402	511	(21.3)
Profit after taxation	274	798	(65.7)	263	335	(21.5)
Earnings per share - (Rupees)*	4.42	12.96	(65.9)	4.29	5.50	(22.0)

During the period under review, the Company took different measures well before the start of the second wave of COVID-19 to cope with predictable worst situation. As a result of these measures, the Company earned a net revenue of Rs. 6,663 million which is almost at par with the revenue earned in the corresponding period of last year and more than the budgeted target set by the management. The operating cost has been increased from Rs. 5,911 million to Rs. 6,014 million, which is mainly due to increase in medicines and supplies consumed, repair and maintenance and depreciation expenses etc. Resultantly, Earnings per Share of the Company stood at Rs. 4.42 as compared to Rs. 12.96 in the corresponding period of last year.

\*Had there been no sale of leasehold land situated at F-11 Markaz, Islamabad and investment property at H-8 Islamabad, the Earnings per Share of the corresponding period ended December 31, 2019 would have been Rs. 6.48.

**Future Outlook**

For the period under review the Company enhanced its patient care services in existing hospitals and homecare, which is evident in better financial results despite of the adverse effects of COVID-19. With the availability of vaccination, patients with Covid-19 will decrease and ultimately will put Company right back on growth track.

Covid-19 has not only impacted the operations of hospitals but has impacted the constructions of new projects. Due to lock down, construction activities were halted. However, now as these restrictions are lifted, we are expecting the construction work to start soon in our projects in Pakistan.

**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

Islamabad  
February 26, 2021

## ڈائریکٹرز رپورٹ معزز حصص داران،

بورڈ آف ڈائریکٹروں کی جانب سے ہم 31 دسمبر 2020 کو ختم ہونے والے نصف سال کی کمپنی کے مجموعی 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 انٹرنیشنل 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۔

31 دسمبر 2020 کو ختم ہونے والے نصف سال کے مجموعی عبوری مالیاتی نتائج کی جھلکیاں گزشتہ برس کے نصف سال کے موازنے میں درج ذیل ہیں:

مالیاتی جھلکیاں					
(پاکستانی روپے ملین میں) 31 دسمبر کو ختم ہونے والا نصف سال					
2020	2019	تبدیلی فیصد	2020	2019	تبدیلی فیصد
انفرادی			انضمام کردہ		
6,663	6,678	(0.2)	6,674	6,750	(1.1)
21	34	(38.2)	43	34	26.5
2.5	457	(99.4)	2.5	-	100
1,094	1,599	(31.6)	1,098	1,090	0.8
382	968	(60.5)	402	511	(21.3)
274	798	(65.7)	263	335	(21.5)
4.42	12.96	(65.9)	4.29	5.50	(22.0)

زیر جائزہ سال کے دوران ممکنہ بدترین صورت حال سے نمٹنے کے لئے کمپنی نے کووڈ-19 کی دوسری لہر کے آغاز سے پہلے ہی اچھی طرح سے مختلف اقدامات کیے۔ ان اقدامات کے نتیجے میں کمپنی کی خالص آمدنی 6,663 ملین روپے رہی جو کہ گزشتہ سال کی اسی مدت میں حاصل ہونے والی آمدنی کے تقریباً برابر اور انتظامیہ کے مقرر کردہ بجٹ کے ہدف سے زیادہ ہے۔ آپریٹنگ لاگت 5,911 ملین روپے سے بڑھ کر 6,014 ملین

روپے ہوگئی ہے جس کی بنیادی وجہ استعمال شدہ دوائیوں و سپلائرز، مرمت و بحالی اور فرسودگی کے اخراجات وغیرہ میں اضافہ ہے۔ نتیجتاً گزشتہ برس کے اسی عرصے کی فی شیئر آمدن 12.94 روپے کے مقابلے میں اس سال 4.42 روپے فی شیئر آمدن رہی۔

\* اگر گزشتہ سال ایف ایف الیون مرکز اسلام آباد میں واقع لیز ہولڈ لینڈ اور ایچ ایٹ اسلام آباد میں واقع انویسٹمنٹ پراپرٹی کی فروخت نہ کی گئی ہوتی تو 31 دسمبر 2019 کی اسی مدت کی فی شیئر آمدن 6.48 روپے ہوتی۔

### مستقبل کا منظر نامہ

زیر جائزہ سال میں کمپنی نے کووڈ-19 کے منفی اثرات کے باوجود اپنے موجودہ ہسپتالوں اور گھروں میں مریضوں کی دیکھ بھال میں اضافہ کیا جو کہ بہتر مالیاتی نتائج سے واضح ہیں۔ ڈیٹیکشن کی دستیابی کے ساتھ کووڈ-19 کے مریض کم ہو جائیں گے اور بالآخر کمپنی کو ترقی کی راہ پر واپس لے جائے گی۔

کووڈ-19 نے نہ صرف ہسپتالوں کے آپریشنز کو اثر انداز کیا ہے بلکہ منصوبوں کے تعمیراتی کاموں کو بھی متاثر کیا ہے۔ لاک ڈاؤن کی وجہ سے تمام تعمیراتی کام رک گئے تھے۔ تاہم اب جبکہ یہ پابندیاں ختم ہوگئی ہیں تو ہم پاکستان میں اپنے منصوبوں کا تعمیراتی کام جلد شروع کرنے کے لئے پُر امید ہیں۔

### اظہار تشکر

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

Dr. Mansoor

ڈاکٹر منظور ایچ قاضی

چیف ایگزیکٹو آفیسر

اسلام آباد

26 فروری 2021

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Shifa International Hospitals Limited

Report on review of Interim Financial Statements

### **Introduction**

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **Shifa International Hospitals Limited** (the Company) as at December 31, 2020 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to the unconsolidated interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income for the three months period ended 31 December 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2020.

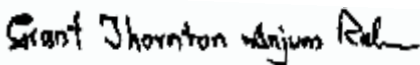
### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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



**GRANT THORNTON ANJUM RAHMAN**  
**Chartered Accountant**

Islamabad

Dated: February 26, 2021

**Chartered Accountants**

Member of Grant Thornton International Ltd

Offices in Lahore and Karachi



# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

		Un-audited December 31, 2020	Audited June 30, 2020
	<u>Note</u>	(Rupees in '000')	
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
100,000,000 (June 2020: 100,000,000) ordinary shares of Rs. 10 each		<b>1,000,000</b>	1,000,000
Issued, subscribed and paid up capital		<b>619,749</b>	619,749
<b>Capital reserves</b>			
Share premium		<b>2,751,283</b>	2,751,283
Surplus on revaluation of property, plant and equipment		<b>754,820</b>	760,346
<b>Revenue reserves</b>			
Unappropriated profit		<b>3,915,859</b>	3,636,170
		<b>8,041,711</b>	7,767,548
<b>NON - CURRENT LIABILITIES</b>			
Long term financing - secured	5	<b>2,947,821</b>	3,141,102
Deferred taxation		<b>401,287</b>	438,995
Lease liabilities		<b>290,919</b>	382,454
		<b>3,640,027</b>	3,962,551
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	<b>3,164,855</b>	2,984,085
Unclaimed dividend		<b>35,661</b>	36,665
Markup accrued		<b>17,842</b>	34,784
Current portion of long term financing - secured	5	<b>1,016,025</b>	290,556
Current portion of lease liabilities		<b>202,929</b>	183,064
		<b>4,437,312</b>	3,529,154
		<b>16,119,050</b>	15,259,253

## CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



**CHAIRMAN**

# SHIFA INTERNATIONAL HOSPITALS LIMITED

Condensed Interim Unconsolidated Financial Statements for the half year ended December 31, 2020



		Un-audited December 31, 2020	Audited June 30, 2020
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	8	6,425,126	6,991,936
Intangible assets		44,266	57,414
Long term investments - at cost	9	3,103,757	2,933,524
Long term deposits and other receivables	10	120,032	111,740
		9,693,181	10,094,614
CURRENT ASSETS			
Stores, spare parts and loose tools		175,606	151,312
Stock-in-trade		629,709	646,353
Trade debts	11	892,194	511,624
Loans and advances		395,755	390,186
Deposits, prepayments and other receivables	12	131,628	93,656
Markup accrued		169	253
Other financial assets	13	606,409	3,000
Tax refunds due from the government (net of provision)		483,078	478,225
Cash and bank balances		2,369,271	2,395,052
		5,683,819	4,669,661
Non - current assets held for sale	14	742,050	494,978
		16,119,050	15,259,253

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF  
PROFIT OR LOSS [UN-AUDITED]  
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	Note	For the quarter ended		For the half year ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		(Rupees in '000')			
Net revenue	15	3,522,639	3,443,875	6,663,026	6,678,160
Other income		14,625	13,616	21,049	34,088
Operating costs		(3,147,243)	(2,989,139)	(6,013,716)	(5,910,911)
Finance costs		(154,251)	(159,714)	(269,011)	(267,090)
Expected credit losses		(14,167)	(14,328)	(21,909)	(23,277)
Gain on disposal of freehold /leasehold lands and building		2,500	4,376	2,500	457,280
Profit before taxation		224,103	298,686	381,939	968,250
Provision for taxation		(62,324)	(108,093)	(107,776)	(170,681)
Profit after taxation		161,779	190,593	274,163	797,569
<b>Earnings per share - basic and diluted - (Rupees)</b>	16	2.61	3.10	4.42	12.96

The annexed notes 1 to 21 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 HALF YEAR ENDED DECEMBER 31, 2020**

	For the quarter ended		For the half year ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in '000')			
Profit after taxation	<b>161,779</b>	190,593	<b>274,163</b>	797,569
Comprehensive income for the period - net of tax	-	-	-	-
Total comprehensive income for the period	<b>161,779</b>	190,593	<b>274,163</b>	797,569

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.

**CHAIRMAN**

**CHIEF EXECUTIVE**

**CHIEF FINANCIAL OFFICER**

# CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS [UN-AUDITED] FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	December 31, 2020	December 31, 2019
	(Rupees in '000')	
<b>Note</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	381,939	968,250
Adjustments for:		
Depreciation/amortization on tangible assets	429,863	350,004
Amortization on intangible assets	13,148	13,148
Expected credit losses	21,909	23,277
Property, plant and equipment written off	384	3,220
Gain on disposal of property, plant and equipment	(6,235)	(454,148)
Gain on disposal of investment property	-	(4,376)
Provision for compensated absences	24,000	24,416
Provision for bonus for employees	36,372	50,000
Provision for medical contingencies	3,206	3,132
Provision for gratuity	63,656	61,592
Provision for slow moving stores	725	650
Profit on investments and bank deposits	(5,832)	(5,897)
Loss on foreign currency translation	92,725	36,763
Finance costs	269,011	230,328
Operating cash flows before changes in working capital	1,324,871	1,300,359
Changes in working capital:		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(24,122)	(24,145)
Stock-in-trade	16,644	(115,132)
Trade debts	(402,479)	(324,711)
Loans and advances	(5,569)	(77,713)
Deposits, prepayments and other receivables	(37,972)	(6,314)
Increase / (decrease) in current liabilities:		
Trade and other payables	118,432	(240,510)
Cash generated from operations	989,805	511,834
Finance cost paid	(253,779)	(204,945)
Income tax paid	(150,337)	(154,415)
Payment to SIHL Employees' Gratuity Fund	(44,379)	(8,432)
Compensated absences paid	(20,515)	(33,919)
Net cash from operating activities	520,795	110,123
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(156,459)	(581,655)
Addition in investment property	-	(58,432)
Outlay against long term investments	(170,234)	(195,556)
Investment	(599,612)	-
Proceeds from disposal of property, plant and equipment	51,288	2,837
Markup received	2,119	6,383
Increase in long term deposits and other receivables	(8,292)	(13,934)
Net cash used in investing activities	(881,190)	(840,357)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of further share capital - other than right	-	1,779,628
Long term financing - repayments	(4,529)	(72,157)
Long term financing - proceeds	483,934	527,206
Deferred Govt. grant	52,783	-
Lease liabilities - proceeds	-	57,000
Lease liabilities - repayments	(103,845)	(58,214)
Dividend paid	(1,004)	(131,720)
Net cash generated from financing activities	427,339	2,101,743
Net increase in cash and cash equivalents	66,944	1,371,509
<b>Cash and cash equivalents at beginning of the period</b>	<b>2,398,052</b>	<b>794,696</b>
Effect of exchange rate changes on cash and cash equivalents	(92,725)	(36,763)
<b>Cash and cash equivalents at end of the period</b>	<b>2,372,271</b>	<b>2,129,442</b>

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The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

## CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY [UN-AUDITED] FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Share capital	Share premium	Surplus on revaluation of property, plant and equipment (Rupees in '000')	Unappropriated profit	Total
<b>Balance as at July 01, 2019</b>	545,379	1,046,025	772,019	3,283,636	5,647,059
Issue of further share capital	74,370	1,705,258	-	-	1,779,628
<b>Total comprehensive income for the period</b>					
Profit after taxation	-	-	-	797,569	797,569
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	797,569	797,569
Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation/amortization	-	-	(4,357)	4,357	-
<b>Distribution to owners</b>					
Dividend 2019: Rs. 2.55 per share	-	-	-	(158,036)	(158,036)
<b>Balance as at December 31, 2019</b>	<b>619,749</b>	<b>2,751,283</b>	<b>767,662</b>	<b>3,927,526</b>	<b>8,066,220</b>
<b>Balance as at July 01, 2020</b>	<b>619,749</b>	<b>2,751,283</b>	<b>760,346</b>	<b>3,636,170</b>	<b>7,767,548</b>
<b>Total comprehensive income for the period</b>					
Profit after taxation	-	-	-	274,163	274,163
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	274,163	274,163
Realization of revaluation surplus on disposal of assets	-	-	(911)	911	-
Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation/amortization	-	-	(4,615)	4,615	-
<b>Distribution to owners</b>					
Dividend 2020: Nil	-	-	-	-	-
<b>Balance as at December 31, 2020</b>	<b>619,749</b>	<b>2,751,283</b>	<b>754,820</b>	<b>3,915,859</b>	<b>8,041,711</b>

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.

*Danish M. Rahman*

CHAIRMAN

*Muhammad Sajid*

CHIEF EXECUTIVE

*AHS*

CHIEF FINANCIAL OFFICER

## SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2020

### 1 LEGAL STATUS AND NATURE OF BUSINESS

**1.1** Shifa International Hospitals Limited ("the Company", (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 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 and pharmacies in different cities of Pakistan.

A multidisciplinary hospital namely 'Shifa Pan African Hospitals Limited (SPHL)' in Dar Es Salaam, Tanzania is being established under a memorandum of understanding (MOU) between the Company and Fatima Properties Limited (a company incorporated under Tanzania laws). The Company is committed to contribute in equity of SPHL through its wholly owned subsidiary, Shifa International DWC-LLC (SIDL), incorporated in United Arab Emirates. To execute the transaction, necessary approval has been granted from the State Bank of Pakistan. Accordingly, the underlying formalities of above arrangement are in progress that are expected to be completed shortly.

**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 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 half year ended December 31, 2019.

#### 2.3 Changes in accounting standards, interpretations and pronouncements

##### 2.3.1 Standards and amendments to approved accounting and reporting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Company's financial accounting.

##### 2.3.2 Standards and amendments to approved accounting and reporting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after January 1, 2021. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

## 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.

## 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of interim unconsolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim unconsolidated financial statements.

- 4.2 Judgements and estimates made by the management in the preparation of these condensed interim unconsolidated financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2020.

- 4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2020.

		Un-audited December 31, 2020 (Rupees in '000')	Audited June 30, 2020
	Note		
<b>5 LONG TERM FINANCING - SECURED</b>			
<b>From banking companies:</b>			
Syndicated Islamic Finance Facility	5.2	1,996,351	1,995,778
Diminishing Musharakah Facility-1	5.3	451,124	435,234
Diminishing Musharakah Facility-2	5.4	500,000	500,000
Islamic Refinance facility to combat COVID-19 (IRFCC)	5.5	1,937	-
Deferred income - Government grant	5.5	477	-
		2,414	-
State Bank of Pakistan (SBP) - refinance scheme	5.6	938,835	447,453
Deferred income - Government grant	5.6	75,122	53,193
		1,013,957	500,646
		3,963,846	3,431,658
Less: Current portion		1,016,025	290,556
		2,947,821	3,141,102

- 5.1 The Company has fully availed all the above facilities, except Diminishing Musharakah Facilities from Al-Baraka Bank (Pakistan) Limited of Rs. 31.8 million (June 30, 2020: 50.8 million), First Habib Modaraba of Rs. 49.9 million (June 30, 2020: 49.9 million) and SBP refinance scheme for CAPEX of Rs. 197.6 million (June 30, 2020: 200 million) from Meezan Bank and Rs. 75 million (June 30, 2020: Nil) from Al-Baraka Bank (Pakistan) Limited.

- 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 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.



- 5.3** This represents a long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 470.2 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 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 of Rs. 667 million on all present and future fixed assets of the Company.
- 5.5** This represents a long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 2.4 million for the purpose of import/purchase of medical equipment/machinery to combat COVID-19 under State Bank of Pakistan IRFCC scheme. Principal amount shall be repaid by December 29, 2025 in 18 equal quarterly installments with no markup. The financing is secured by first pari passu hypo charge of Rs. 267 million on all present and future fixed assets of the Company (excluding land and building). 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.
- 5.6** This represents long term finance facility aggregating to Rs. 1,012.2 million (June 30, 2020: 500 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 from 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 January 31, 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 was 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 December 31, 2020	Audited June 30, 2020
	(Rupees in '000')	
<b>5.7 Movement during the period/year</b>		
Opening balance	3,431,658	2,498,776
Proceeds during the period/year	536,717	1,073,096
Repayment during the period/year	(4,529)	(140,214)
Closing balance	3,963,846	3,431,658
<b>6 TRADE AND OTHER PAYABLES</b>		
This include payables to related parties as detailed below:		
Tameer -e- Millat Foundation	16,074	11,978
Shifa Tameer -e- Millat University	26,876	27,468
Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund	215,498	196,221
	258,448	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 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.

- 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 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.
- 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. 43.1 million (June 2020: Rs. 33.9 million) on behalf of the Company 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 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.
- 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 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.
- 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 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.
- 7.2.4** 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.
- 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 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 condensed interim unconsolidated 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 non-payment of sales tax for tax year 2016 and 2018 respectively. Being aggrieved the Company agitated the assessment in appeal before CIR(A). For both the tax years i.e. 2016 and 2018, CIR(A) confirmed the judgements of DCIR through orders dated September 24, 2020 and October 15, 2020. Being aggrieved Company has filed appeals before ATIR which are 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 December 31, 2020	Audited June 30, 2020
	Note	(Rupees in '000')	
<b>7.3 Commitments</b>			
Capital expenditure contracted		78,098	45,662
Letters of credit		162,199	11,047
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	8.1	5,619,410	6,090,459
Capital work in progress	8.2	340,398	325,931
Right of use assets	8.3	465,318	575,546
		6,425,126	6,991,936
<b>8.1 Operating fixed assets</b>			
Written down value (WDV) at beginning of the period/year		6,090,459	5,935,215
Additions	8.1.1	146,095	1,329,839
Transfers	10	(5,000)	-
Revaluation		-	9,710
Reclassified as held for sale		(292,072)	(494,978)
		5,939,482	6,779,786
WDV of disposals		(53)	(91,735)
WDV of assets written off		(384)	(5,273)
Depreciation for the period/year		(319,635)	(592,319)
WDV at the end of the period/year		5,619,410	6,090,459
<b>8.1.1 Additions to operating fixed assets</b>			
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		95,780	811,198
Air conditioning equipment and machinery		6,671	21,592
Electrical and other equipment		14,288	42,375
Furniture and fittings		8,594	16,279
Computer installations		16,836	92,359
Construction equipment		-	51
Vehicles		3,926	13,688
		146,095	1,329,839
<b>8.2 Capital work in progress</b>			
Opening capital work in progress		325,931	910,601
Additions during the period/year		62,506	159,161
Transferred to operating fixed assets		(48,039)	(743,831)
Closing capital work in progress	8.2.1	340,398	325,931
<b>8.2.1 Capital work in progress</b>			
Construction work		75,334	41,816
Stores held for capital expenditure		973	1,870
Installation of equipment		264,091	282,245
		340,398	325,931

		Un-audited December 31, 2020	Audited June 30, 2020
		(Rupees in '000')	
<b>8.3 Right of use assets</b>			
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		(110,228)	(184,600)
Balance at end of the period / year		465,318	575,546
<b>9 LONG TERM INVESTMENTS - AT COST</b>			
<b>In associated company (unquoted):</b>			
Shifa Care (Private) Limited (SCPL)		45,001	30,001
<b>In subsidiary companies (unquoted):</b>			
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)		380,501	225,268
Shifa Medical Center Islamabad (Private) Limited (SMC Islamabad)		947,488	947,488
Shifa International DWC LLC		23,280	23,280
		3,103,757	2,933,524
<b>10 LONG TERM DEPOSITS AND OTHER RECEIVABLES</b>			
This include balance due from related party as detailed below:			
Shifa Development Services (Private) Limited (SDSPL)	10.1	5,000	-
Installments received during the period/year		(333)	-
		4,667	-
Less: current portion	12	(2,792)	-
		1,875	-
<b>10.1</b>	This represents receivable against the transfer of furniture and improvements already installed in the premises rented out to "SDSPL".		
		Un-audited December 31, 2020	Audited June 30, 2020
<b>11 TRADE DEBTS</b>		(Rupees in '000')	
Related party - Shifa Foundation		11,570	17,875
Related party - SIHT (Private) Limited		32,025	25,783
Others		1,000,093	597,551
		1,043,688	641,209
Less: allowance for expected credit losses		151,494	129,585
		892,194	511,624

		Un-audited December 31, 2020	Audited June 30, 2020
	Note	(Rupees in '000')	
<b>12 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
This include balances due from related parties as detailed below:			
Shifa Development Services (Private) Limited		18,623	14,285
Shifa Medical Center Islamabad (Private) Limited		4,000	-
Shifa Neuro Sciences Institute Islamabad (Private) Limited		2,500	-
Shifa National Hospital Faisalabad (Private) Limited		4,000	-
Shifa Care (Private) Limited		600	-
Shifa Pan African Hospitals Limited		37,740	37,740
Shifa International DWC LLC		15,314	10,809
		<b>82,777</b>	<b>62,834</b>
<b>13 OTHER FINANCIAL ASSETS</b>			
Investment in Term Deposit Receipts - at amortized cost		3,000	3,000
Investment in mutual fund - at fair value through profit or loss	13.1	603,409	-
		<b>606,409</b>	<b>3,000</b>
<b>13.1</b>	This represent investment in 5,295,204 and 691,873 units of UBL Al-Ameen Islamic Cash Fund and UBL Liquidity Plus Fund. Fair value of the investment was determined using quoted repurchase price as at December 31, 2020 (June 2020: Nil).		
		Un-audited December 31, 2020	Audited June 30, 2020
		(Rupees in '000')	
<b>14 NON - CURRENT ASSETS HELD FOR SALE</b>			
Balance at beginning of the period/year		494,978	307,321
Addition during the period/year	14.1	292,072	494,978
Disposed of during the period/year	14.2	(45,000)	(307,321)
Balance at end of the period/year		<b>742,050</b>	<b>494,978</b>
<b>14.1</b>	This represents the carrying value of Rs. 292.07 million of Shifa Cooperative Housing Society located at Islamabad Expressway measuring 25 kanals (June 2020: Rs. 104.4 million and Rs. 390.6 million of lands located at Faisalabad and Islamabad Motorways with the area measuring 48.2 kanals and 173.6 kanals respectively). The management of the Company has decided to sell and accordingly has started to search for buyer and expects to complete the sale within a year.		
<b>14.2</b>	During the period the Company has sold its land measuring 20 kanals located at Islamabad motorway (June 2020: 5.5 kanals located at sector F-11 Islamabad) at a market value of Rs. 47.5 million (June 2020: at a market value of Rs. 760.2 million in consideration of 76,022,500 ordinary shares of subsidiary).		

	Un-audited		Un-audited	
	for the quarter ended		for the half year ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in '000')			
<b>15 NET REVENUE</b>				
Inpatients	1,300,594	1,351,545	2,536,916	2,624,408
Outpatients	859,855	812,667	1,560,825	1,589,037
Pharmacy	1,314,551	1,219,328	2,477,643	2,344,902
Other services	78,036	98,839	144,997	191,769
	3,553,036	3,482,379	6,720,381	6,750,116
Less: discount	27,457	31,148	51,431	64,600
Less: Sales tax on cafeteria income	2,940	7,356	5,924	7,356
Net revenue	3,522,639	3,443,875	6,663,026	6,678,160
<b>16 EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Profit after taxation for the period			274,163	797,569
			(Numbers in '000')	
Weighted average number of shares in issue during the period			61,975	61,529
			(Rupees)	
Earnings per share - basic and diluted			4.42	12.96

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

**16.2** Had there been no sale of leasehold land situated at F-11 markaz, Islamabad to Shifa Medical Center Islamabad (Private) Limited and investment property at H-8, Islamabad to Shifa Neuro Sciences Institute Islamabad (Private) Limited, the earnings per share of the corresponding period would have been Rs. 6.48.

## 17 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 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. Further, financial assets measured at fair value through profit or loss are under level 1 of the fair value hierarchy as disclosed in note 13.1.

## 18 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	
	December 31, 2020	December 31, 2019
	(Rupees in '000')	
<b>Shifa Foundation:</b> <b>(Related party by virtue of common directorship)</b>		
Revenue from services earned by the Company	6,381	96,812
Revenue from rent earned by the Company	-	22
Expenses paid by and reimbursable to the Company	303	900
Other services provided to the Company	3,242	10,542

	Un-audited	
	December 31, 2020	December 31, 2019
	(Rupees in '000')	
<b>Tameer-e-Millat Foundation:</b> <b>(Related party by virtue of common directorship)</b>		
Revenue from rent earned by the Company	155	155
Supplies provided to the Company	44,329	18,667
Other services provided to the Company	8,532	8,824
Rental services received by the Company	2,471	4,066
<b>SIHL Employees' Gratuity Fund</b>		
Payments made by the Company	44,379	8,432
<b>Shifa Tameer-e-Millat University:</b> <b>(Related party by virtue of common directorship)</b>		
Revenue from services earned by the Company	4,207	11,783
Revenue from rent earned by the Company	1,453	5,992
Other services provided to the Company	34,142	33,000
Expenses paid by and reimbursed to the Company	1,631	4,645
Donation paid by the Company	-	3,000
<b>SIHT (Private) Limited:</b> <b>(Related party by virtue of common directorship)</b>		
Revenue from services earned by the Company	173,154	-
Expenses paid by and reimbursed to the Company	2,727	-
Other services provided to the Company	11,069	-
<b>Shifa Development Services (Private) Limited:</b> <b>(Subsidiary Company)</b>		
Expenses paid by and reimbursed to the Company	596	568
Other services provided to the Company	34,805	-
<b>Shifa International DWC LLC:</b> <b>(Subsidiary Company)</b>		
Patient referral services provided to the Company	3,823	-
<b>Shifa Medical Center Islamabad (Private) Limited:</b> <b>(Subsidiary Company)</b>		
Other services provided by the Company	4,000	-
<b>Shifa Neuro Sciences Institute Islamabad (Private) Limited: (Subsidiary Company)</b>		
Other services provided by the Company	2,500	-
<b>Shifa National Hospital Faisalabad (Private) Limited: (Subsidiary Company)</b>		
Other services provided by the Company	4,000	-

	Un-audited	
	December 31, 2020	December 31, 2019
	(Rupees in '000')	
<b>Shifa Care (Private) Limited:</b> <b>(Associated Company)</b>		
Investment in Share Capital made by the Company	15,000	-
Other services provided by the Company	600	-
Expenses paid by and reimbursed to the Company	-	4,897
<b>Remuneration including benefits and perquisites of key management personnel</b>	<b>122,766</b>	<b>144,805</b>
<b>19 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	2,369,271	2,126,442
Other financial assets - at amortized cost	3,000	3,000
	<b>2,372,271</b>	<b>2,129,442</b>

## 20 IMPACT OF COVID-19 (CORONA VIRUS)

During the half year ended December 31, 2020 there was a second wave of COVID-19 which also impacted the businesses in Pakistan. However, Company is able to manage the shock of second wave and its financial performance in the second quarter of the half year is better than the first quarter of financial year 2020-21. Fortunately, during the period under review, a significant increase in outpatient's/inpatient numbers, diagnostics & surgeries etc. is evident which has positively impacted the financial and operational condition of the Company. Based on above trend the management of the Company expects to regain the past level of operations that will dilute the financial shocks of the pandemic. As of current reporting date and thereafter the Company's assessment has not indicated any adverse impact on carrying values of assets and liabilities of the Company.

## 21 GENERAL

- 21.1** Figures have been rounded off to the nearest one thousand Pak Rupees unless otherwise stated.
- 21.2** The comparative figures have been rearranged/reclassified, wherever necessary for the purpose of comparison. However, these are not considered material enough to be disclosed separately.
- 21.3** These condensed interim unconsolidated financial statements have been approved and authorized for issue by the Board of Directors of the Company on February 26, 2021.

*Danish M. Rahman*

CHAIRMAN

*Muhammad Sajid*

CHIEF EXECUTIVE

*AUS*

CHIEF FINANCIAL OFFICER







# **Shifa International Hospitals Limited**

Condensed Interim Consolidated Financial  
Statements for the Half Year Ended  
**December 31, 2020**

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT DECEMBER 31, 2020

		Un-audited December 31, 2020	Audited June 30, 2020
	<u>Note</u>	(Rupees in '000')	
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
100,000,000 (June 2020: 100,000,000) ordinary shares of Rs. 10 each		<b>1,000,000</b>	1,000,000
Issued, subscribed and paid up capital		<b>619,749</b>	619,749
<b>Capital reserves</b>			
Share premium		<b>2,751,283</b>	2,751,283
Surplus on revaluation of property, plant and equipment		<b>1,220,308</b>	1,225,930
<b>Revenue reserves</b>			
Unappropriated profit		<b>3,390,435</b>	3,103,034
		<b>7,981,775</b>	7,699,996
		<b>957,258</b>	948,384
<b>NON - CONTROLLING INTEREST</b>			
<b>NON - CURRENT LIABILITIES</b>			
Long term financing - secured	6	<b>2,947,821</b>	3,141,102
Deferred taxation		<b>401,287</b>	438,995
Lease liabilities		<b>212,288</b>	263,493
		<b>3,561,396</b>	3,843,590
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	<b>3,237,278</b>	3,064,693
Unclaimed dividend		<b>35,661</b>	36,665
Markup accrued		<b>17,842</b>	34,784
Current portion of long term financing - secured	6	<b>1,016,025</b>	290,556
Current portion of lease liabilities		<b>117,171</b>	135,305
		<b>4,423,977</b>	3,562,003
		<b>16,924,406</b>	16,053,973
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		

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



CHAIRMAN

# SHIFA INTERNATIONAL HOSPITALS LIMITED

Condensed Interim Consolidated Financial Statements for the half year ended December 31, 2020



		Un-audited December 31, 2020	Audited June 30, 2020
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	9	9,650,117	9,890,149
Intangible assets		44,830	58,076
Long term investment	10	36,843	22,472
Long term deposits and other receivables		83,945	77,288
		9,815,735	10,047,985
CURRENT ASSETS			
Stores, spare parts and loose tools		175,606	151,312
Stock-in-trade		629,709	646,353
Trade debts	11	981,131	605,899
Loans and advances		447,784	418,186
Deposits, prepayments and other receivables		112,002	79,269
Markup accrued		169	253
Other financial assets	12	1,166,594	607,137
Tax refunds due from the government (net of provision)		498,468	504,181
Cash and bank balances		2,459,536	2,602,798
		6,470,999	5,615,388
Non - current assets held for sale	13	637,672	390,600
		16,924,406	16,053,973

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF  
PROFIT OR LOSS [UN-AUDITED]  
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	Note	For the quarter ended		For the half year ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		(Rupees in '000')			
Net revenue	14	3,530,154	3,481,262	6,674,552	6,750,116
Other income		24,563	13,615	42,739	34,088
Operating costs		(3,151,303)	(3,032,000)	(6,033,471)	(6,021,730)
Finance costs		(152,088)	(138,964)	(261,851)	(225,643)
Expected credit losses		(14,168)	(14,328)	(21,909)	(23,277)
Gain on disposal of freehold land		2,500	-	2,500	-
Share of loss of an associate		(429)	(2,133)	(629)	(3,012)
Profit before taxation		239,229	307,452	401,931	510,542
Provision for taxation		(80,835)	(109,407)	(138,620)	(175,622)
Profit after taxation		158,394	198,045	263,311	334,920
Attributable to:					
Equity holders of SIHL		157,430	196,081	265,715	338,259
Non-controlling interest		964	1,964	(2,404)	(3,339)
		158,394	198,045	263,311	334,920
Earnings per share - basic and diluted - (Rupees)	15	2.54	3.19	4.29	5.50

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



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME [UN-AUDITED]  
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	For the quarter ended		For the half year ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in '000')			
Profit after taxation	<b>158,394</b>	198,045	<b>263,311</b>	334,920
<b>Other comprehensive income</b>				
Items that will not be subsequently reclassified in statement of profit or loss				
Revaluation surplus adjustment	-	-	-	(9,999)
Foreign currency translation adjustment	<b>(206)</b>	14	<b>(658)</b>	14
Total comprehensive income for the period	<b>158,188</b>	198,059	<b>262,653</b>	324,935
<b>Attributable to:</b>				
Equity holders of SIHL	<b>157,224</b>	196,095	<b>265,057</b>	328,274
Non-controlling interest	<b>964</b>	1,964	<b>(2,404)</b>	(3,339)
	<b>158,188</b>	198,059	<b>262,653</b>	324,935

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



**CHAIRMAN**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM  
CONSOLIDATED STATEMENT OF CASH FLOWS [UN-AUDITED]  
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	December 31, 2020	December 31, 2019
Note	(Rupees in '000')	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	401,931	510,542
Adjustments for:		
Depreciation/amortization on tangible assets	420,855	340,179
Amortization on intangible assets	13,247	13,176
Expected credit losses	21,909	23,277
Property, plant and equipment written off	384	3,220
Gain on disposal of property, plant and equipment	(6,235)	(1,243)
Provision for compensated absences	24,000	24,416
Provision for bonus for employees	36,372	50,000
Provision for medical contingencies	3,206	3,132
Provision for gratuity	64,485	61,592
Provision for slow moving stores	725	650
Profit on investments and bank deposits	(27,656)	(5,897)
Loss on foreign currency translation	95,104	36,798
Share of loss of an associate	629	3,012
Finance costs	261,851	225,643
Operating cash flows before changes in working capital	1,310,807	1,288,497
Changes in working capital:		
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(24,122)	(24,145)
Stock-in-trade	16,644	(115,132)
Trade debts	(401,404)	(384,110)
Loans and advances	(29,598)	(177,383)
Deposits and prepayments	(32,733)	(2,301)
Increase / (decrease) in current liabilities:		
Trade and other payables	110,565	(221,249)
Cash generated from operations	950,159	364,177
Finance cost paid	(253,315)	(200,260)
Income tax paid	(170,616)	(165,481)
Payment to SIHL Employees' Gratuity Fund	(44,379)	(8,432)
Compensated absences paid	(20,374)	(33,919)
Net cash from / (used in) operating activities	461,475	(43,915)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(474,228)	(641,179)
Addition in investment property	-	(58,432)
Purchase of intangible assets	-	(788)
Investments in subsidiaries and associate	(15,000)	-
Investments in other financial assets	(705,568)	-
Proceeds from disposal of property, plant and equipment	51,288	2,837
Markup received	27,740	6,383
(Increase)/decrease in long term deposits	(6,657)	20,518
Net cash used in investing activities	(1,122,425)	(670,661)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of further share capital	-	1,779,628
Non-controlling interest	28,000	-
Long term financing - repayments	(4,529)	(72,157)
Long term financing - proceeds	483,934	527,206
Deferred Govt. grant	52,783	-
Lease liabilities - proceeds	-	57,000
Lease liabilities - repayments	(91,845)	(58,214)
Dividend paid	(1,004)	(131,720)
Net cash generated from financing activities	467,339	2,101,743
Net (decrease)/ increase in cash and cash equivalents	(193,611)	1,387,167
<b>Cash and cash equivalents at beginning of the period</b>	3,058,682	806,895
Effect of exchange rate changes on cash and cash equivalents	(95,763)	(36,784)
<b>Cash and cash equivalents at end of the period</b>	2,769,308	2,157,278

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

*Dawood M. Rahman*

CHAIRMAN

*Maryam Beg*

CHIEF EXECUTIVE

*AKS*

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED  
STATEMENT OF CHANGES IN EQUITY [UN-AUDITED]  
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	un-appropriated Profit	Non-controlling interest	Total
	<b>(Rupees in '000')</b>					
<b>Balance as at July 01, 2019</b>	545,379	1,046,025	1,234,923	3,250,167	2,593	6,079,087
Issue of further share capital	74,370	1,705,258	-	-	-	1,779,628
<b>Total comprehensive income for the period</b>						
Profit after taxation	-	-	-	338,259	(3,339)	334,920
Other comprehensive income - net of tax	-	-	(9,999)	14	-	(9,985)
	-	-	(9,999)	338,273	(3,339)	324,935
Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation/amortization	-	-	(4,357)	4,357	-	-
<b>Distribution to owners</b>						
Dividend 2019: Rs. 2.55 per share	-	-	-	(158,036)	-	(158,036)
<b>Balance as at December 31, 2019</b>	<b>619,749</b>	<b>2,751,283</b>	<b>1,220,567</b>	<b>3,434,761</b>	<b>(746)</b>	<b>8,025,614</b>
<b>Balance as at July 01, 2020</b>	<b>619,749</b>	<b>2,751,283</b>	<b>1,225,930</b>	<b>3,103,034</b>	<b>948,384</b>	<b>8,648,380</b>
<b>Total comprehensive income for the period</b>						
Profit after taxation	-	-	-	265,715	(2,404)	263,311
Other comprehensive income - net of tax	-	-	-	(658)	-	(658)
	-	-	-	265,057	(2,404)	262,653
Realization of revaluation surplus on disposal of assets	-	-	(911)	911	-	-
Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation/amortization	-	-	(4,711)	4,717	(6)	-
NCI recognized during the period	-	-	-	-	28,000	28,000
<b>Changes in ownership interests</b>						
Acquisition of shareholding by NCI without a change in control	-	-	-	16,716	(16,716)	-
<b>Distribution to owners</b>						
Dividend 2020: Nil	-	-	-	-	-	-
<b>Balance as at December 31, 2020</b>	<b>619,749</b>	<b>2,751,283</b>	<b>1,220,308</b>	<b>3,390,435</b>	<b>957,258</b>	<b>8,939,033</b>

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


**CHAIRMAN**

**CHIEF EXECUTIVE**

**CHIEF FINANCIAL OFFICER**



## SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2020

### 1 LEGAL STATUS AND NATURE OF BUSINESS

Shifa International Hospitals Limited ("the Group") comprises of Shifa International Hospitals Limited (SIHL / parent company) and its subsidiaries, 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 in different cities of Pakistan.

A multidisciplinary hospital namely 'Shifa Pan African Hospitals Limited (SPHL)' in Dar Es Salaam, Tanzania is being established under a memorandum of understanding (MOU) between the SIHL and Fatima Properties Limited (a company incorporated under Tanzania laws). The SIHL is committed to contribute in equity of SPHL through its wholly owned subsidiary, Shifa International DWC-LLC (SIDL), incorporated in United Arab Emirates. To execute the transaction, necessary approval has been granted from the State Bank of Pakistan. Accordingly, the underlying formalities of above arrangement are in progress that are expected to be completed shortly.

- 1.2** Shifa Development Services (Private) Limited (SDSPL) was incorporated on December 18, 2014. The principal activity of SDSPL is to provide consulting services relating to healthcare facilities, medical staff, availability of human resource and hospital quality.
- 1.3** Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad) was incorporated on February 28, 2019. The principal activity of SNS will be to setup center of excellence of neuroscience at H-8, Islamabad which will cater the need of all over Pakistan related to neurological diseases and disorders.
- 1.4** Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad) was incorporated on February 28, 2019. SNH Faisalabad has planned to setup a secondary/ tertiary healthcare hospital at Faisalabad which will provide healthcare facilities to the people of Faisalabad as well as surrounding areas.
- 1.5** Shifa Medical Center Islamabad (Private) Limited (SMC Islamabad) was incorporated on February 28, 2019. SMC Islamabad has planned to setup an OPD, Day care surgeries and diagnostic services center at F-11 Islamabad which will provide healthcare facilities to people of F-11 as well as surrounding areas.
- 1.6** Shifa International-DWC LLC (SIDL) was incorporated in United Arab Emirates on December 16, 2019 as limited liability company. The principal activity of the SIDL is to sign agreements with Dubai insurance companies to get open billing contract regarding patients of organ transplant as well as high end medical surgeries, other related procedures and surgeries cheaply available in Pakistan.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

- 2.2** These condensed interim consolidated financial statements are unaudited and are being submitted to the shareholders in accordance with the requirements of Section 237 of the Companies Act 2017 (the Act) 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 unaudited condensed interim consolidated financial statements for the half year ended December 31, 2019.

## **2.3 Changes in accounting standards, interpretations and pronouncements**

### **2.3.1 Standards and amendments to approved accounting and reporting standards that are effective**

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Group's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Group's financial accounting.

### **2.3.2 Standards and amendments to approved accounting and reporting standards that are not yet effective**

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after January 1, 2021. However, these will not have any impact on the Group's financial reporting and, therefore, have not been disclosed in these condensed interim consolidated financial statements.

## **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 [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 half year ended December 31, 2020. The accounting policies used by the subsidiary companies in preparation of their financial statements are consistent with that of the parent company.

Subsidiary is an enterprise in which parent company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the subsidiaries are 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 Group for the year ended June 30, 2020.

## **5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

**5.1** The preparation of condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions. However, management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim consolidated financial statements.

**5.2** Judgements and estimates made by the management in the preparation of these condensed interim consolidated financial statements are the same as those that were applied to the consolidated financial statements as at and for the year ended June 30, 2020.

**5.3** The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2020.

		Un-audited December 31, 2020	Audited June 30, 2020
		(Rupees in '000')	
6	LONG TERM FINANCING - SECURED		
	<b>From banking companies:</b>		
	Syndicated Islamic Finance Facility	6.2 1,996,351	1,995,778
	Diminishing Musharakah Facility-1	6.3 451,124	435,234
	Diminishing Musharakah Facility-2	6.4 500,000	500,000
	Islamic Refinance facility to combat COVID-19 (IRFCC)	6.5 1,937	-
	Deferred income - Government grant	6.5 477	-
		2,414	-
	State Bank of Pakistan (SBP) -refinance scheme	6.6 938,835	447,453
	Deferred income - Government grant	6.6 75,122	53,193
		1,013,957	500,646
		3,963,846	3,431,658
	Less: Current portion	1,016,025	290,556
		2,947,821	3,141,102

- 6.1** The SIHL has fully availed all the above facilities, except Diminishing Musharakah Facilities from Al-Baraka Bank (Pakistan) Limited of Rs. 31.8 million (June 2020: Rs. 50.8 million), First Habib Modaraba of Rs. 49.9 million (June 2020: Rs. 49.9 million), SBP refinance scheme for CAPEX of Rs. 197.6 million (June 2020: Rs. 200 million) from Meezan Bank Limited and Rs. 75 million (June 2020: Nil) from Al-Baraka Bank (Pakistan) Limited.
- 6.2** This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on markup basis at 3 months KIBOR plus 0.85% (June 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.
- 6.3** This represents a long term Islamic finance facility obtained by SIHL from Al Baraka Bank (Pakistan) Limited of Rs. 470.2 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 by SIHL under the Diminishing Musharakah basis from First Habib Modaraba of Rs. 20 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.
- 6.4** This represents a long term Islamic finance facility obtained by SIHL 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 of Rs. 667 million on all present and future fixed assets of the SIHL.
- 6.5** This represents a long term Islamic finance facility obtained by SIHL from Meezan Bank Limited of Rs. 2.4 million for the purpose of import/purchase of medical equipment/machinery to combat COVID-19 under State Bank of Pakistan IRFCC scheme. Principal amount shall be repaid by December 29, 2025 in 18 equal quarterly installments with no markup. The financing is secured by first pari passu hypo charge of Rs. 267 million on all present and future fixed assets of the SIHL (excluding land and building). 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.

- 6.6** This represents long term finance facility aggregating to Rs. 1,012.2 million obtained by SIHL 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 January 31, 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 SIHL. 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 December 31, 2020	Audited June 30, 2020
	(Rupees in '000')	
<b>6.7 Movement during the period/year</b>		
Opening balance	3,431,658	2,498,777
Proceeds during the period/year	536,717	1,073,095
Repayment during the period/year	(4,529)	(140,214)
Closing balance	3,963,846	3,431,658
<b>7 TRADE AND OTHER PAYABLES</b>		
This includes payable to related parties as detailed below:		
Tameer -e- Millat Foundation	16,074	11,978
Shifa Tameer -e- Millat University	26,876	27,468
Shifa International Hospitals Limited (SIHL)		
Employees' Gratuity Fund	215,498	196,221
	258,448	235,667

## 8 CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

- 8.1.1** 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.
- 8.1.2** 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.
- 8.1.3** The guarantees issued by banks in favor of Sui Northern Gas Pipelines Limited (SNGPL) and Oil and Gas Development Company Limited (OGDCL) of Rs. 43.1 million (June 2020: Rs. 33.9 million) on behalf of the SIHL in its ordinary course of business.

### 8.2 Contingencies related to income tax and sales tax are as follows:

- 8.2.1** 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.

- 8.2.2** 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.
- 8.2.3** 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.
- 8.2.4** 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.
- 8.2.5** 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 condensed interim consolidated financial statements.
- 8.2.6** 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 non-payment of sales tax for tax year 2016 and 2018 respectively. Being aggrieved the SIHL agitated the assessment in appeal before CIR(A). For both the tax years i.e. 2016 and 2018, CIR(A) confirmed the judgements of DCIR through orders dated September 24, 2020 and October 15, 2020. Being aggrieved SIHL has filed appeals before ATIR which are pending adjudications. 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 December 31, 2020	Audited June 30, 2020
Note		(Rupees in '000')	
<b>8.3</b>	<b>Commitments</b>		
	Capital expenditure contracted	<b>78,098</b>	45,662
	Letters of credit	<b>162,199</b>	11,047
<b>9</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	<b>8,698,350</b>	8,999,039
	Capital work in progress (CWIP)	<b>628,214</b>	495,993
	Right of use assets	<b>323,553</b>	395,117
		<b>9,650,117</b>	9,890,149

# SHIFA INTERNATIONAL HOSPITALS LIMITED

Condensed Interim Consolidated Financial Statements for the half year ended December 31, 2020



		Un-audited December 31, 2020	Audited June 30, 2020
		(Rupees in '000')	
	Note		
<b>9.1 Operating fixed assets</b>			
Written down value (WDV) at beginning of the period/year		<b>8,999,039</b>	6,646,156
Additions	9.1.1	<b>341,110</b>	1,784,581
Transfer		-	1,685,625
Revaluation		-	13,562
Reclassified as held for sale/ reclassification		<b>(292,072)</b>	(400,600)
		<b>9,048,077</b>	9,729,324
WDV of disposals		<b>(52)</b>	(91,735)
WDV of assets written off		<b>(384)</b>	(5,273)
Depreciation for the period/year		<b>(349,291)</b>	(633,277)
WDV at the end of the period/year		<b>8,698,350</b>	8,999,039
<b>9.1.1 Additions to operating fixed assets</b>			
Freehold land		<b>192,223</b>	346,200
Leasehold land		-	301,200
Building on freehold land		-	58,898
Building on leasehold land		-	63,962
Leasehold improvements		-	16,437
Biomedical equipment		<b>95,780</b>	811,198
Air conditioning equipment and machinery		<b>6,671</b>	21,592
Electrical and other equipment		<b>16,423</b>	42,375
Furniture and fittings		<b>8,594</b>	16,279
Computer installations		<b>17,493</b>	92,701
Construction equipment		-	51
Vehicles		<b>3,926</b>	13,688
		<b>341,110</b>	1,784,581
<b>9.2 Capital work in progress</b>			
Opening capital work in progress		<b>495,993</b>	970,826
Additions during the period/year		<b>180,260</b>	268,998
Transferred to operating fixed assets		<b>(48,039)</b>	(743,831)
Closing capital work in progress	9.2.1	<b>628,214</b>	495,993
<b>9.2.1 Capital work in progress</b>			
Construction work		<b>363,150</b>	211,878
Stores held for capital expenditure		<b>973</b>	1,870
Installation of equipment		<b>264,091</b>	282,245
		<b>628,214</b>	495,993
<b>9.3 Right of use assets</b>			
Adjusted balance at beginning of the period / year		<b>395,117</b>	418,714
Additions during the period / year		-	110,076
Depreciation charge during the period / year		<b>(71,564)</b>	(133,673)
Balance at end of the period / year		<b>323,553</b>	395,117
<b>10 LONG TERM INVESTMENT</b>			
<b>In associated company (unquoted):</b>			
<b>Shifa Care (Private) Limited (SCPL)</b>			
Opening Balance of investment		<b>22,472</b>	10,869
Addition in investment - at cost		<b>15,000</b>	15,555
Share in loss for the period/ year		<b>(629)</b>	(3,952)
Closing Balance of investment		<b>36,843</b>	22,472

- 10.1** 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 December 31, 2020	Audited June 30, 2020
	Note	(Rupees in '000')	
<b>11 TRADE DEBTS</b>			
Related party - Shifa Foundation		11,570	17,875
Related party - SIHT (Private) Limited		32,025	25,783
Others		1,089,469	692,254
		1,133,064	735,912
Less: allowance for expected credit losses		151,933	130,013
		981,131	605,899
<b>12 OTHER FINANCIAL ASSETS</b>			
Investment - at amortized cost	12.1	309,772	455,884
Investment in mutual fund - at fair value through profit or loss	12.2	856,822	151,253
		1,166,594	607,137

- 12.1** This represent T- Bills purchased on August 27, 2020 that will be matured on February 24, 2021 at a yield of 7.15% per annum (June 2020: T-bills purchased on June 01, 2020 and matured on August 25, 2020 at yield of 7.8% per annum) and a term deposit receipt (TDR) having face value of Rs. 3 million with three months maturity (June 2020: TDR of Rs. 3 million with three months maturity) with profit payable on monthly basis at the rate ranging from 5.00% to 5.50% per annum (June 2020: 6.00% to 12.00%).

- 12.2** This represent investment in 5,295,204 (June 2020: Nil), 691,873 (June 2020: Nil) and 2,493,669 units (June 2020: 1,495,644 units) of UBL Al-Ameen Islamic Cash Fund, UBL Liquidity Plus Fund and HBL Cash Fund. Fair value of the investment was determined using quoted repurchase price as at December 31, 2020.

		Un-audited December 31, 2020	Audited June 30, 2020
	Note	(Rupees in '000')	
<b>13 NON - CURRENT ASSETS HELD FOR SALE</b>			
Balance at beginning of the period/year		390,600	-
Addition during the period/year	13.1	292,072	390,600
Disposed of during the period/year	13.2	(45,000)	-
Balance at end of the period/year		637,672	390,600

- 13.1** This represents the carrying value of Rs. 292.07 million of Shifa Cooperative Housing Society located at Islamabad Expressway measuring 25 kanals (June 2020: Rs. 390.6 million of lands located at Islamabad motorway with the area measuring 173.6 kanals respectively).

The management of the SIHL has decided to sell and accordingly has started to search for buyer and expects to complete the sale within a year.

- 13.2** During the period the SIHL has sold its land measuring 20 kanals located at Islamabad motorway (June 2020: Nil) at a market value of Rs. 47.5 million (June 2020: Nil).

	Un-audited		Un-audited	
	for the quarter ended		for the half year ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>14 NET REVENUE</b>	(Rupees in '000')			
Inpatients	1,327,273	1,351,545	2,582,013	2,624,408
Outpatients	865,042	812,668	1,570,362	1,589,037
Pharmacy	1,286,840	1,219,329	2,427,264	2,344,902
Other services	81,439	136,224	152,268	263,725
	3,560,594	3,519,766	6,731,907	6,822,072
Less: discount	27,456	31,148	51,431	64,600
Less: Sales tax on cafeteria income	2,984	7,356	5,924	7,356
Net revenue	3,530,154	3,481,262	6,674,552	6,750,116

### 15 EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the period attributable to equity holders of SIHL	265,715	338,259
	(Numbers in '000')	
Weighted average number of shares in issue during the period	61,975	61,529
	(Rupees)	
Earnings per share - basic and diluted	4.29	5.50

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

### 16 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements for the year ended June 30, 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. Further, financial assets measured at fair value through profit or loss and at amortized cost are under level 1 of the fair value hierarchy as disclosed in note 12.

### 17 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	
	December 31, 2020	December 31, 2019
	(Rupees in '000')	
<b>Shifa Foundation:</b> <b>(Related party by virtue of common directorship)</b>		
Revenue from services earned by the SIHL	6,381	96,812
Revenue from rent earned by the SIHL	-	22
Expenses paid by and reimbursable to the SIHL	303	900
Other services provided to the SIHL	3,242	10,542
<b>Tameer-e-Millat Foundation:</b> <b>(Related party by virtue of common directorship)</b>		
Revenue from rent earned by the SIHL	155	155
Supplies provided to the SIHL	44,329	18,667
Other services provided to the SIHL	8,532	8,824
Rental services received by the SIHL	2,471	4,066



	Un-audited	
	December 31, 2020	December 31, 2019
	(Rupees in '000')	
<b>SIHL Employees' Gratuity Fund</b>		
Payments made by the SIHL	44,379	8,432
<b>Shifa Tameer-e-Millat University: (Related party by virtue of common directorship)</b>		
Revenue from services earned by the SIHL	4,207	11,783
Revenue from rent earned by the SIHL	1,453	5,992
Other services provided to the SIHL	34,142	33,000
Expenses paid by and reimbursed to the SIHL	1,631	4,645
Donation paid by the SIHL	-	3,000
<b>SIHT (Private) Limited: (Related party by virtue of common directorship)</b>		
Revenue from services earned by the SIHL	173,154	-
Expenses paid by and reimbursed to the SIHL	2,727	-
Other services provided to the SIHL	11,069	-
<b>Shifa Care (Private) Limited: (Associated Company)</b>		
Investment in Share Capital made by the SIHL	15,000	-
Other services provided by the SIHL	600	-
Expenses paid by and reimbursed to the SIHL	-	4,897
<b>Remuneration including benefits and perquisites of key management personnel</b>	122,766	144,805
<b>18 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	2,459,536	2,154,278
Other financial assets - at amortized cost	309,772	3,000
	2,769,308	2,157,278

**19 IMPACT OF COVID-19 (CORONA VIRUS)**

During the half year ended December 31, 2020 there was a second wave of COVID-19 which also impacted the businesses in Pakistan. However, Group is able to manage the shock of second wave and its financial performance in the second quarter of the half year is better than the first quarter of financial year 2020-21. Fortunately, during the period under review, a significant increase in outpatient's/inpatient numbers, diagnostics & surgeries etc. is evident which has positively impacted the financial and operational condition of the Group. Based on above trend the management of the Group expects to regain the past level of operations that will dilute the financial shocks of the pandemic. As of current reporting date and thereafter the Group's assessment has not indicated any adverse impact on carrying values of assets and liabilities of the Group.

**20 GENERAL**

- 20.1** Figures have been rounded off to the nearest one thousand Pak Rupees unless otherwise stated.
- 20.2** The comparative figures have been rearranged/ reclassified, wherever necessary for the purpose of comparison. However, these are not considered material enough to be disclosed separately.
- 20.2** These condensed interim consolidated financial statements have been approved and authorized for issue by the Board of Directors of the SIHL on February 26, 2021.



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

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**Shifa International Hospitals Ltd.**

Sector : H-8/4, Islamabad - Pakistan

