



Shifa
International
Hospitals Ltd.



CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED
SEPTEMBER 30, 2022



CONTENTS

Company Information	2
Directors' Review	4
Condensed Interim Unconsolidated Statement of Financial Position	10
Condensed Interim Unconsolidated Statement of Profit or Loss	12
Condensed Interim Unconsolidated Statement of Comprehensive Income	13
Condensed Interim Unconsolidated Statement of Cash Flows	14
Condensed Interim Unconsolidated Statement of Changes in Equity	15
Selected Notes to the Condensed Interim Unconsolidated Financial Statements	16
Condensed Interim Consolidated Statement of Financial Position	30
Condensed Interim Consolidated Statement of Profit or Loss	32
Condensed Interim Consolidated Statement of Comprehensive Income	33
Condensed Interim Consolidated Statement of Cash Flows	34
Condensed Interim Consolidated Statement of Changes in Equity	35
Selected Notes to the Condensed Interim Consolidated Financial Statements	36

COMPANY INFORMATION

Board of Directors

Dr. Habib Ur Rahman	Chairman
Dr. Manzoor H. Qazi	CEO
Mr. Muhammad Zahid	Director
Mr. Qasim Farooq Ahmad	Vice Chairman
Mr. Shafquat Ali Chaudhary	Director
Dr. Samea Kauser Ahmad	Director
Syed Ilyas Ahmed	Independent Director
Prof. Dr. Shoab Ahmed Khan	Director
Dr. Mohammad Naseem Ansari	Independent Director
Mr. Javed K. Siddiqui	Independent Director

Audit Committee

Syed Ilyas Ahmed	Chairman
Dr. Habib Ur Rahman	Member
Dr. Samea Kauser Ahmad	Member
Mr. Javed K. Siddiqui	Member

Human Resource & Remuneration Committee

Syed Ilyas Ahmed	Chairman
Dr. Habib Ur Rahman	Member
Dr. Manzoor H. Qazi	Member
Dr. Mohammad Naseem Ansari	Member
Mr. Qasim Farooq Ahmad	Member

Corporate Governance & Nominations Committee

Mr. Muhammad Zahid	Chairman
Dr. Habib Ur Rahman	Member
Dr. Manzoor H. Qazi	Member
Dr. Samea Kauser Ahmad	Member
Mr. Javed K. Siddiqui	Member

Risk Management Committee

Mr. Qasim Farooq Ahmad	Chairman
Prof. Dr. Shoab Ahmed Khan	Member
Dr. Mohammad Naseem Ansari	Member



Chief Medical Officer

Dr. Zeeshan Bin Ishtiaque

Chief Operating Officer

Mr. Taimoor Shah

Chief Financial Officer

Mr. Shams Ur Rehman Abbasi

Company Secretary

Mr. Muhammad Naeem

Head of Internal Audit

Mr. Muhammad Saeed

Auditors

M/s Grant Thornton Anjum Rahman
Chartered Accountants

Legal Advisor

M/s Bashir Ahmad Ansari & Company

Share Registrar

M/s Corplink (Private) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore

Registered Office

Sector H-8/4, Islamabad

Bankers

Meezan Bank Limited
Al Baraka Bank (Pakistan) Limited
United Bank Limited
Habib Bank Limited
Faysal Bank Limited
MCB Bank Limited
First Habib Modaraba
Askari Bank Limited
Dubai Islamic Bank Limited
Bank Al Habib Limited



DIRECTORS' REVIEW

IN THE NAME OF ALLAH, THE MOST BENEVOLENT, THE MOST GRACIOUS

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the Condensed Interim Unconsolidated and Consolidated Financial Statements of the Company for the period ended September 30, 2022.

The Financial Highlights of the Company are as under:

Financial highlights	(Rs. in millions) 1st quarter ended September 30,					
	2022	2021	Change %	2022	2021	Change %
	UNCONSOLIDATED			CONSOLIDATED		
Net revenue	4,742	3,926	21	4,739	3,922	21
Operating profit	614	576	7	632	561	13
Profit after tax	367	395	(7)	378	381	(1)
Earnings per share	5.81	6.25 *	(7)	5.94	6.13 *	(3)

**During the year ended June 30, 2022, the Company has issued 2% bonus shares which has resulted in restatement of earnings per share.*

During the period under review, there is an overall revenue increase of 21% as compared to corresponding period of last year. Operating costs also increased to Rs. 4,327 million from Rs. 3,530 million due to deteriorating economic conditions. Resultantly, earnings per share of the Company stood at Rs. 5.81 vs Rs. 6.25 as compared to corresponding period of last year. If impact of non-recurring items is excluded from comparable periods, the earnings per share for the period under review would have been better than the previous corresponding period.

Future Outlook:

Despite the challenging macroeconomic condition and uphill inflation, the Board of Directors are committed to remain focused towards improving operational efficiency and patient experience.

The Company has also operationalized the first phase of Shifa Neurosciences Institute in basement and ground floor of Dar ul Shifa building and planning to the next phase of the project in the next quarter of the current financial year. The projects of Chemo Daycare expansion and Oncology inpatient will also be commissioned in the next quarter of the current financial year.

Acknowledgement

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

For and on behalf of the Board of Directors



DR. MANZOOR H. QAZI
Chief Executive



MUHAMMAD ZAHID
Director

Islamabad
October 26, 2022

اظہار تشکر

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

برائے اور بجانب بورڈ آف ڈائریکٹرز

Munir. Zahid

محمد زاہد
ڈائریکٹر

Mahmud

ڈاکٹر منظور ایچ قاضی
چیف ایگزیکٹو آفیسر

اسلام آباد 26 اکتوبر 2022

ڈائریکٹرز کا جائزہ

شروع کرتا ہوں اللہ کے نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے۔

معزز محض داران،

بورڈ آف ڈائریکٹروں کی جانب سے ہم 30 ستمبر 2022 کو پہلی سہ ماہی کے اختتام پر کمپنی کے انضمام کردہ اور انفرادی عبوری مالیاتی نتائج کا خلاصہ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

کمپنی کی مالی جھلکیاں درج ذیل ہے۔

(پاکستانی روپے ملین میں) 30 ستمبر کو ختم ہونے والی پہلی سہ ماہی						مالیاتی جھلکیاں
2022	2021	تبدیلی فیصد	2022	2021	تبدیلی فیصد	
انضمام کردہ			انفرادی			
خالص آمدنی	4,742	3,926	21	4,739	3,922	21
آپریٹنگ منافع	614	576	7	632	561	13
منافع بعد ٹیکس	367	395	(7)	378	381	(1)
فی شیئر آمدنی	5.81	6.25 *	(7)	5.94	6.13 *	(3)

** 30 جون 2022 کو ختم ہونے والے سال کے دوران کمپنی نے 2 فیصد بونس شیئر جاری کیے ہیں جس کے نتیجے میں فی شیئر آمدنی پر اثر انداز ہوا۔

زیر جائزہ مدت کے دوران گزشتہ برس اسی عرصے کے مقابلے میں کمپنی کی مجموعی آمدنی میں 21 فیصد کا اضافہ ہوا ہے۔ کمپنی کی آپریٹنگ لاگت 3,530 ملین روپے سے بڑھ کر 4,327 ملین روپے ہو گئی ہے جس کی بنیادی وجہ بگڑتے ہوئے معاشی حالات ہیں۔ نتیجتاً کمپنی کی فی شیئر آمدنی اس برس 5.81 روپے ہے جو کہ گزشتہ برس اسی عرصے میں 6.25 روپے تھی۔ اگر غیر متواتر اشیاء کے اثرات کو تقابلی ادوار سے خارج کر دیا جائے، تو زیر مدت کے لئے فی شیئر آمدنی گزشتہ مدت سے بہتر ہوگی۔

مستقبل کا منظر نامہ

چیلنجنگ میکرو اکنامک حالات اور افراط زر کے باوجود، بورڈ آف ڈائریکٹرز اپنی کارکردگی اور مرلیضوں کے تجربے کو بہتر و مرکوز رکھنے کے لیے پُر عزم ہیں۔

کمپنی نے دارالشفاء کی عمارت کے تہہ خانے اور گراؤنڈ فلور میں شفافیور سائنسز انسٹی ٹیوٹ کے پہلے مرحلے کو بھی فعال کیا ہے اور رواں مالی سال کی اگلی سہ ماہی میں اس منصوبے کے اگلے مرحلے کی منصوبہ بندی کی ہے۔ کیموڈ کے کینسر کی توسیع اور انکولوجی ان پیڈنٹ کے منصوبے بھی رواں مالی سال کی اگلی سہ ماہی میں شروع کیے جائیں گے۔





CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED
SEPTEMBER 30, 2022

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2022

		Un-audited September 30, 2022	Audited June 30, 2022
	Note	(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (June 2022: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital		632,144	632,144
Capital reserves			
Share premium		2,738,888	2,738,888
Surplus on revaluation of property, plant and equipment		856,863	867,283
Revenue reserves			
Unappropriated profits		5,789,494	5,411,656
		10,017,389	9,649,971
NON - CURRENT LIABILITIES			
Long term financing - secured	5	1,148,990	1,273,101
Deferred taxation		343,617	342,828
Lease liabilities		639,700	694,285
		2,132,307	2,310,214
CURRENT LIABILITIES			
Trade and other payables		4,059,095	3,587,444
Unclaimed dividend		38,847	40,778
Markup accrued		39,255	35,658
Current portion of long term financing - secured	5	1,167,068	1,334,536
Current portion of lease liabilities		268,396	253,452
		5,572,661	5,251,868
		17,722,357	17,212,053
CONTINGENCIES AND COMMITMENTS			
	6		

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

Danish M. Rahman
CHAIRMAN

		Un-audited September 30, 2022	Audited June 30, 2022
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	7	7,385,428	7,134,172
Intangible assets		48,975	53,365
Long term investments - at cost	8	4,179,735	3,918,618
Long term deposits		89,143	85,324
		11,703,281	11,191,479
CURRENT ASSETS			
Stores, spare parts and loose tools		207,205	210,189
Stock-in-trade		741,546	711,968
Trade debts	9	1,379,638	964,769
Loans and advances		219,831	235,814
Deposits, prepayments and other receivables		231,340	296,043
Markup accrued		3,284	2,129
Other financial assets		530,394	513,235
Tax refunds due from the government (net of provision)		420,185	448,042
Cash and bank balances		1,986,420	2,317,432
		5,719,843	5,699,621
Non - current assets held for sale		299,233	320,953
		17,722,357	17,212,053



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

		September 30, 2022	September 30, 2021
	Note	(Rupees in '000')	
Net revenue	10	4,741,761	3,925,687
Other income		211,652	194,404
Operating costs		(4,327,021)	(3,530,304)
Finance costs		(115,784)	(89,012)
Expected credit losses		(12,524)	(14,043)
Profit before taxation		498,084	486,732
Provision for taxation		(130,666)	(91,667)
Profit after taxation		367,418	395,065
Earnings per share - basic and diluted - (Rupees)	11	5.81	(Restated) 6.25

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


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

	September 30, 2022	September 30, 2021
	(Rupees in '000')	
Profit after taxation	367,418	395,065
Other comprehensive income for the period - net of tax	-	-
Total comprehensive income for the period	367,418	395,065

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



CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

	September 30, 2022	September 30, 2021
Note	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	498,084	486,732
Adjustments for:		
Depreciation / amortization on tangible assets	235,360	218,572
Amortization on intangible assets	4,391	5,898
Expected credit losses	12,524	14,043
Property, plant and equipment written off	1,551	32
Gain on disposal of tangible assets	(6,512)	(23,062)
Provision for compensated absences	14,524	9,000
Provision for bonus for employees	36,015	30,015
Provision for gratuity	23,170	38,472
Provision for slow moving stores	32	1,301
Gains on investments and bank deposits	(28,489)	(16,119)
Gain on foreign currency translation	(163,494)	(143,746)
Finance costs	115,784	89,012
Operating cash flows before changes in working capital	742,940	710,150
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	2,952	9,541
Stock-in-trade	(29,578)	24,633
Trade debts	(427,394)	(268,725)
Loans and advances	15,983	(32,891)
Deposits, prepayments and other receivables	61,550	(5,602)
Increase / (decrease) in current liabilities:		
Trade and other payables	431,673	(171,115)
Cash generated from operations	798,126	265,991
Finance cost paid	(88,691)	(60,224)
Income tax paid	(102,020)	(88,465)
Payment to SIHL Employees' Gratuity Fund	(21,737)	(87,187)
Compensated absences paid	(11,993)	(9,585)
Net cash generated from operating activities	573,685	20,530
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment (PPE)	(471,640)	(107,567)
Outlay against long term investments	(261,117)	-
Proceeds from other financial assets	-	1,798
Proceeds from disposal of PPE and items classified held for sale	28,561	77,298
Markup received	10,174	3,104
Increase in long term deposits	(3,819)	(3,449)
Net cash used in investing activities	(697,841)	(28,816)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - repayments	(384,729)	(325,492)
Long term financing - proceeds	93,150	48,413
Deferred grant received	-	2,039
Lease liabilities - repayments	(76,840)	(59,169)
Dividend paid	(1,931)	(262)
Net cash used in financing activities	(370,350)	(334,471)
Net decrease in cash and cash equivalents	(494,506)	(342,757)
Cash and cash equivalents at beginning of the period	2,320,432	2,812,697
Effect of exchange rate changes on cash and cash equivalents	163,494	143,746
Cash and cash equivalents at end of the period	1,989,420	2,613,686

13

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

Darwish M. Rahman

CHAIRMAN

Maryam Ali

CHIEF EXECUTIVE

Saeed

CHIEF FINANCIAL OFFICER

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

	Share capital	Share premium	Surplus on revaluation of property, plant and equipment (Rupees in '000')	Un- appropriated profits	Total
Balance as at July 01, 2021	619,749	2,751,283	792,396	4,325,259	8,488,687
Total comprehensive income for the period					
Profit after taxation	-	-	-	395,065	395,065
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	395,065	395,065
Realization of revaluation surplus on disposal of assets	-	-	(11,433)	11,433	-
Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortization	-	-	(2,461)	2,461	-
Balance as at September 30, 2021	619,749	2,751,283	778,502	4,734,218	8,883,752
Balance as at July 01, 2022	632,144	2,738,888	867,283	5,411,656	9,649,971
Total comprehensive income for the period					
Profit after taxation	-	-	-	367,418	367,418
Other comprehensive income - net of tax	-	-	-	-	-
	-	-	-	367,418	367,418
Realization of revaluation surplus on disposal of assets	-	-	(7,755)	7,755	-
Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortization	-	-	(2,665)	2,665	-
Balance as at September 30, 2022	632,144	2,738,888	856,863	5,789,494	10,017,389

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


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

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, pharmacies and Lab collection points in different cities of Pakistan.
- 1.3** These condensed interim unconsolidated financial statements are separate financial statements of the Company where as investment in subsidiaries and associates are stated at cost rather than on the basis of reporting results of the investee. Condensed interim consolidated financial statements are prepared separately.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

- 2.2** These condensed interim unconsolidated financial statements are un-audited and are being submitted to the members in accordance with the requirements of Section 237 of the Companies Act 2017 (the Act) and the listing regulations of Pakistan Stock Exchange. These condensed interim unconsolidated financial statements do not include all of the information required for annual unconsolidated financial statements, and should be read in conjunction with the annual unconsolidated financial statements of the Company for the year ended June 30, 2022. Comparative condensed interim unconsolidated statement of financial position is extracted from annual unconsolidated financial statements as of June 30, 2022, 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 first quarter ended September 30, 2021.

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

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 January 01, 2022. 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 01, 2023. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim unconsolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim unconsolidated financial statements are the same as those applied in preparation of unconsolidated audited financial statements of the Company for the year ended June 30, 2022.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of condensed 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 annual audited unconsolidated financial statements as at and for the year ended June 30, 2022.

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

		Un-audited September 30, 2022	Audited June 30, 2022
	Note	(Rupees in '000')	
5	LONG TERM FINANCING - SECURED		
	From banking companies and non banking financial institution:		
Syndicated Islamic Finance Facility	5.1	1,141,376	1,283,907
Diminishing Musharakah Facility-1	5.2	196,583	250,754
Diminishing Musharakah Facility-2	5.3	375,000	416,667
Diminishing Musharakah Facility-3	5.4	88,711	26,160
Refinance Facility to Combat COVID-19 (RFCC)	5.5	95,399	88,194
Deferred income - Government grant		26,473	29,483
		121,872	117,677
Islamic Refinance Facility to Combat COVID-19 (IRFCC)	5.6	138,213	128,952
Deferred income - Government grant		17,491	20,014
		155,704	148,966
Islamic Refinance Facility to Combat COVID-19 (IRFCC)	5.7	35,025	34,209
Deferred income - Government grant		10,967	11,775
		45,992	45,984
State Bank of Pakistan (SBP) - refinance scheme	5.8	188,643	311,283
Deferred income - Government grant		2,177	6,239
		190,820	317,522
		2,316,058	2,607,637
Less: current portion		1,167,068	1,334,536
		1,148,990	1,273,101

5.1 This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on profit rate basis at 3 months KIBOR plus 0.85% (June 2022: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly installments. The Company has availed the loan facility upto the total sanctioned limit of Rs. 2,000 million repayable by August 22, 2024. The financing is secured by 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.

5.2 This includes outstanding balance of Rs. 158.7 million (June 2022: Rs. 210.4 million) against the long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 449.5 million (June 2022: Rs. 449.5 million). Principal amount is repayable in 36 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.80% (June 2022: 3 months KIBOR plus 0.80%) per annum. The financing is secured by first exclusive charge of Rs. 781.3 million against equipment / machinery. The unavailed limit of this facility is Rs. 20.7 million (June 2022: Rs. 20.7 million). This also includes an outstanding balance of Rs. 37.8 million (June 2022: Rs. 40.3 million) against long term Islamic finance facility obtained under Diminishing Musharakah basis from First Habib Modaraba of Rs. 58.7 million (June 2022: Rs. 57.7

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

million). Principal amount is repayable in 60 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.70% (June 2022: 3 months KIBOR plus 0.70%) per annum. The unavailed limit of this facility is Rs. 11.3 million (June 2022: Rs. 12.3 million).

- 5.3** This represents outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million (June 2022: Rs. 500 million). Principal amount shall be repaid by October 01, 2024 in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.85% (June 2022: 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.
- 5.4** This represents a long term Islamic finance facility obtained from Bank Alfalah Limited of Rs. 88.7 million (June 2022: Rs. 26.2 million). Principal amount is repayable in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.70% (June 2022: 3 months KIBOR plus 0.70%) per annum. The financing is secured by ranking charge of Rs. 800 million against plant and machinery being financed under DM facility to be installed / placed at Hospital located in H-8/4, Islamabad. The charge will be upgraded to first exclusive charge against plant and machinery being financed under this facility. The unavailed limit of this facility is Rs. 291.8 million (June 2022: Rs. 492.9 million).
- 5.5** This represents the outstanding balance of long term finance facility obtained from United Bank Limited of Rs. 136.4 million (June 2022: Rs. 124.6 million). Principal amount shall be repaid by September 14, 2026 in 18 equal quarterly installments carrying profit at 1% per annum. The financing is secured by first pari passu charge of Rs. 267 million over fixed assets (excluding land and building) of the Company. The unavailed limit of this facility is Rs. 63.6 million (June 2022: Rs. 75.4 million). Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognized at present value using the Company's effective profit rate along with the recognition of government grant.
- 5.6** This represents the outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 200 million (June 2022: Rs. 183.1 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 profit rate. The financing is secured by first pari passu hypothecation charge of Rs. 267 million on all present and future fixed assets of the Company (excluding land and building). The unavailed limit of this facility is Nil (June 2022: Rs. 16.9 million). Since the financing under SBP refinance scheme carries no profit rate, the loan has been recognized at present value using the Company's effective profit rate along with the recognition of government grant.
- 5.7** This represents the outstanding balance of long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 45.9 million (June 2022: Rs. 45.9 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 in 9 equal half yearly installments with profit rate of 1% per annum. The facility is secured by ranking charge of Rs. 55 million over equipment / machinery against DM IRFCC. Since the financing under SBP refinance scheme carries the profit rate below the market rate, the loan has been recognized at present value using the Company's effective profit rate along with the recognition of government grant.

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

- 5.8** This represents the outstanding balance of long term finance facility aggregating to Rs. 1,012.2 million (June 2022: Rs. 1,012.2 million) obtained from United Bank Limited under the State Bank of Pakistan's (SBP) temporary refinance scheme for payment of wages and salaries to the workers and employees of business concerns to support payment of salaries and wages under economic challenges due to COVID-19. The Company has availed the financing in six tranches 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 and shall be repaid by January 31, 2023. The facility is secured by first pari passu charge of Rs. 1,333.3 million over fixed assets (excluding land and building) of the Company. Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognized at present value using the Company's effective interest rate along with the recognition of government grant.

	Un-audited September 30, 2022	Audited June 30, 2022
5.9 Movement during the period / year	(Rupees in '000')	
Opening balance	2,607,637	3,766,130
Proceeds during the period / year	93,150	259,070
Repayments during the period / year	(384,729)	(1,417,563)
Closing balance	2,316,058	2,607,637

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

- 6.1.1** Claims aggregating to Rs. 3 million (June 2022: Rs. 3 million) are pending before Peshawar and Islamabad High Courts by patients / others against the Company for alleged negligence on part of the consultants / doctors etc. The management of the Company is contesting these claims and believes that the contention of the claimants will not be successful and no material liability is likely to arise.
- 6.1.2** The penalty of Rs. 20 million (June 2022: 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 of territorial division and equal allocation of GAMCs customers. Management of the Company and other GAMCs are jointly contesting the matter which is pending before the August Supreme Court of Pakistan for decision and management of the Company firmly believe that the case will be decided in favor of the GAMCs including SIHL.
- 6.1.3** The guarantees issued by banks in favor of Sui Northern Gas Pipelines Limited (SNGPL), Oil and Gas Development Company Limited (OGDCL) and Pakistan Telecommunication Company Limited (PTCL) of aggregate sum of Rs. 43.85 million (June 2022: Rs. 43.35 million) on behalf of the Company in its ordinary course of business.

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

6.2 Contingencies related to income tax and sales tax are as follows:

- 6.2.1** Tax authorities has amended the assessments for tax years 2012, 2013, 2014, 2015, 2016 and 2019 under section 122(5A)/124 of Income Tax Ordinance, 2001 (the Ordinance) and raised tax demands of Rs. 6.4 million, Rs. 97 million, Rs. 85.5 million, Rs. 26.1 million, Rs. 85.4 million and Rs. 37 million respectively. Being aggrieved the Company agitated the assessments in appeals before the Commissioner Inland Revenue (Appeals) [CIR(A)] who 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] on various dates from September 2018 to November 2021 which are pending adjudications.
- 6.2.2** Tax authorities levied tax of Rs. 109.6 million, Rs. 178.4 million, Rs. 27.4 million and Rs. 29.2 million under section 161/205 of the Ordinance for tax year 2016, 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, while set aside the assessment for tax year 2013, confirmed the assessment for tax year 2014 and appeal for tax year 2016 filed on July 27, 2022 is a pending adjudication. The Company being aggrieved filed appeals for tax years 2013 and 2014 before ATIR where appeal for tax year 2013 filed on November 26, 2019 is pending adjudication, while ATIR has set aside the assessment for tax year 2014 for denovo consideration.
- 6.2.3** 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.
- 6.2.4** The Assistant Commissioner Inland Revenue (ACIR) has amended the Company's assessment for tax year 2014 and 2015 u/s 221 of the Ordinance which has resulted an aggregate tax demand of Rs. 11.8 million. Being aggrieved, the Company has filed appeals before CIR (A) who remanded back the said assessments to ACIR. The Company as well as the tax department have filed cross appeals against the CIR(A) order before the ATIR in January 2018, which is pending adjudication.
- 6.2.5** Tax authorities amended the assessment for tax year 2014 u/s 177 of the Ordinance and raised a tax demand of Rs. 1,143.8 million. Being aggrieved the Company agitated the assessment in appeal before the CIR (A) who annulled the assessment order and hence tax demand stand deleted as of today. The tax department has filed an appeal before ATIR on November 27, 2019, against the decision of CIR(A) which is pending adjudication.
- 6.2.6** Tax authorities raised a sales tax demand of Rs. 44.4 million, Rs. 56.2 million, Rs. 57.4 million, Rs. 55.9 million and Rs. 11.3 million under section 11 of the Sales Tax Act, 1990 on account of alleged non-payment of sales tax for tax years 2016 to 2020 respectively. Being aggrieved the Company agitated the assessments in appeals before CIR(A). For tax year 2017 to 2020 CIR(A) partially confirmed the judgements of DCIR while deleted the assessment for tax year 2016. Being aggrieved Company has filed appeals before ATIR for tax years 2018 and 2020 who in respect of tax year 2018 partially confirmed the

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

assessment and partly allowed relief to the Company whereas appeal for tax year 2020 filed on December 13, 2021 is pending adjudication.

Management is confident that the above disallowances and levies do not hold merit and the related amounts have been lawfully claimed in the income and sales tax returns as per the applicable tax laws and these matters will ultimately be decided in favor of the Company. Accordingly no provision has been made in respect of above in these condensed interim unconsolidated financial statements.

		Un-audited September 30, 2022	Audited June 30, 2022
	Note	(Rupees in '000')	
6.3	Commitments		
	Capital expenditure contracted	161,041	135,129
	Letters of credit	198,942	138,470
7	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	7.1 5,755,138	5,548,235
	Capital work in progress	7.2 841,862	743,435
	Right of use assets	7.3 788,428	842,502
		7,385,428	7,134,172
7.1	Operating fixed assets		
	Written down value (WDV) at beginning of the period / year	5,548,235	5,644,283
	Additions	7.1.1 373,213	338,660
	Revaluation	-	109,611
	Reclassified from held for sale	-	104,378
		5,921,448	6,196,932
	WDV of disposals	(329)	(1,657)
	WDV of assets written off	(1,551)	(2,234)
	Depreciation for the period / year	(164,430)	(644,806)
	WDV at the end of the period / year	5,755,138	5,548,235
7.1.1	Additions to operating fixed assets		
	Leasehold improvements	-	22,586
	Biomedical equipment	297,220	153,621
	Air conditioning equipment and machinery	3,433	7,438
	Electrical and other equipment	31,304	48,922
	Furniture and fittings	6,245	9,825
	Computer installations	26,080	72,851
	Construction equipment	-	223
	Vehicles	8,931	23,194
		373,213	338,660

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

		Un-audited September 30, 2022	Audited June 30, 2022
	Note	(Rupees in '000')	
7.2 Capital work in progress			
Opening capital work in progress		743,435	409,192
Additions during the period / year		356,857	386,757
Transferred to operating fixed assets		(258,430)	(52,514)
Closing capital work in progress	7.2.1	841,862	743,435
7.2.1 Capital work in progress			
Construction work		512,488	305,602
Stores held for capital expenditure		976	976
Installation of equipment		328,398	436,857
		841,862	743,435
7.3 Right of use assets			
Balance at beginning of the period / year		842,502	738,368
Additions during the period / year		16,856	368,187
Terminated / transfer during the period / year		-	(6,411)
Depreciation charge during the period / year		(70,930)	(257,642)
Balance at end of the period / year		788,428	842,502
8 LONG TERM INVESTMENTS - AT COST			
In subsidiary companies (unquoted):			
Shifa Development Services (Private) Limited (SDSPL)		9,966	9,966
Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad)		1,697,521	1,697,521
Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad)		1,232,679	971,562
Shifa Medical Center Islamabad (Private) Limited (SMC Islamabad)		1,171,288	1,171,288
Shifa International DWC-LLC (SIDL)		23,280	23,280
In associated company (unquoted):			
Shifa Care (Private) Limited (SCPL)		45,001	45,001
		4,179,735	3,918,618
9 TRADE DEBTS			
Related party - Shifa Foundation		13,807	9,736
Others		1,547,289	1,124,491
		1,561,096	1,134,227
Less: allowance for expected credit losses (ECL)		181,458	169,458
		1,379,638	964,769

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

		Un-audited	
		September 30, 2022	September 30, 2021
		(Rupees in '000')	
10	NET REVENUE		
	Inpatients	2,832,153	2,409,517
	Outpatients	1,649,581	1,309,407
	Other services	315,191	245,938
		4,796,925	3,964,862
	Less: discount	37,738	32,869
	Less: sales tax	17,426	6,306
	Net revenue	4,741,761	3,925,687
11	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit after taxation	367,418	395,065
		(Numbers in '000')	
	Weighted average number of ordinary shares in issue	63,214	(Restated) 63,214
		(Rupees)	
	Earnings per share - basic and diluted	5.81	(Restated) 6.25

- 11.1** During the year ended June 30, 2022, the Company has issued 2% bonus shares which has resulted in restatement of basic and diluted earnings per share.

12 RELATED PARTY TRANSACTIONS

The related parties comprise of subsidiaries, associates, directors, major shareholders, key management personnel, SIHL Employees' Gratuity Fund and the entities over which directors are able to exercise influence. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its chief executive officer, chief financial officer, company secretary, directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Other transactions / balances with the related parties are given below:

		Un-audited	
		September 30, 2022	September 30, 2021
		(Rupees in '000')	
Transactions:			
Shifa Foundation (Related party by virtue of common directorship)			
	Revenue from services earned by the Company	3,959	4,436
	Revenue from rent earned by the Company	221	151

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

	Un-audited	
	September 30, 2022	September 30, 2021
	(Rupees in '000')	
Tameer-e-Millat Foundation (Related party by virtue of common directorship)		
Supplies provided to the Company	24,242	20,384
Other services provided to the Company	10,874	5,116
Rental services received / earned by the Company	1,401	1,116
Shifa Tameer-e-Millat University (Related party by virtue of common directorship)		
Revenue from services earned by the Company	3,848	4,388
Revenue from rent earned by the Company	879	799
Other services provided to the Company	18,033	16,500
Expenses paid by and reimbursed to the Company	717	741
SIHT (Private) Limited (Related party by virtue of common directorship)		
Revenue from services earned by the Company	84,549	94,023
Expenses paid by and reimbursed to the Company	1,501	1,396
Other services provided to the Company	6,102	5,811
Shifa Development Services (Private) Limited (Subsidiary and common directorship)		
Revenue from rent earned by the Company	396	360
Expenses paid by and reimbursed to the Company	-	112
Other services provided to the Company	50,986	-
Shifa Intenational DWC LLC (Subsidiary and common directorship)		
Patient referral services provided to the Company	3,011	1,349
Shifa Medical Centre Islamabad (Private) Limited (Subsidiary and common directorship)		
Other services provided by the Company	2,533	2,557
Shifa National Hospital Faisalabad (Private) Limited (Subsidiary and common directorship)		
Investment made by the Company in 26,111,712 (September 2021: Nil) ordinary shares	261,117	-
Other services provided by the Company	2,533	2,557
Shifa Neuro Sciences Institute Islamabad (Private) Limited (Subsidiary and common directorship)		
Rent paid by the Company	25,012	22,738

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

Shifa CARE (Private) Limited (Associate and common directorship)

Other services provided by the Company

SIHL Employees' Gratuity Fund

Payments made by the Company

Remuneration including benefits and perquisites of key management personnel

Un-audited	
September 30, 2022	September 30, 2021
(Rupees in '000')	
598	604
21,737	87,187
92,585	88,539

Balances:

Shifa Foundation - receivable	13,807	9,736
Tameer-e-Millat Foundation - payable	7,639	11,660
Shifa Tameer-e-Millat University - payable	6,295	6,458
SIHT (Private) Limited - receivable	21,383	35,416
Shifa Development Services (Private) Limited - (payable) / receivable	(50,753)	52,736
Shifa Neuro Sciences Institute Islamabad (Private) Limited - receivable	20,278	20,278
Shifa International DWC LLC - receivable	43,540	34,896
SIHL Employees' Gratuity Fund - payable	194,885	193,453

Un-audited		Audited
September 30, 2022		June 30, 2022
(Rupees in '000')		

13 CASH AND CASH EQUIVALENTS

Investment in Term Deposit Receipt - at amortized cost
Cash and bank balances

Un-audited	
September 30, 2022	September 30, 2021
(Rupees in '000')	
3,000	3,000
1,986,420	2,610,686
1,989,420	2,613,686

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

14 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Company's financial risk management objectives and policies are consistent with those disclosed in the unconsolidated audited financial statements for the year ended June 30, 2022. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the unconsolidated audited financial statements of the Company for the year ended June 30, 2022.

15 GENERAL

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

15.2 These condensed interim unconsolidated financial statements have been approved and authorized for issue by the Board of Directors of the Company on October 26, 2022.



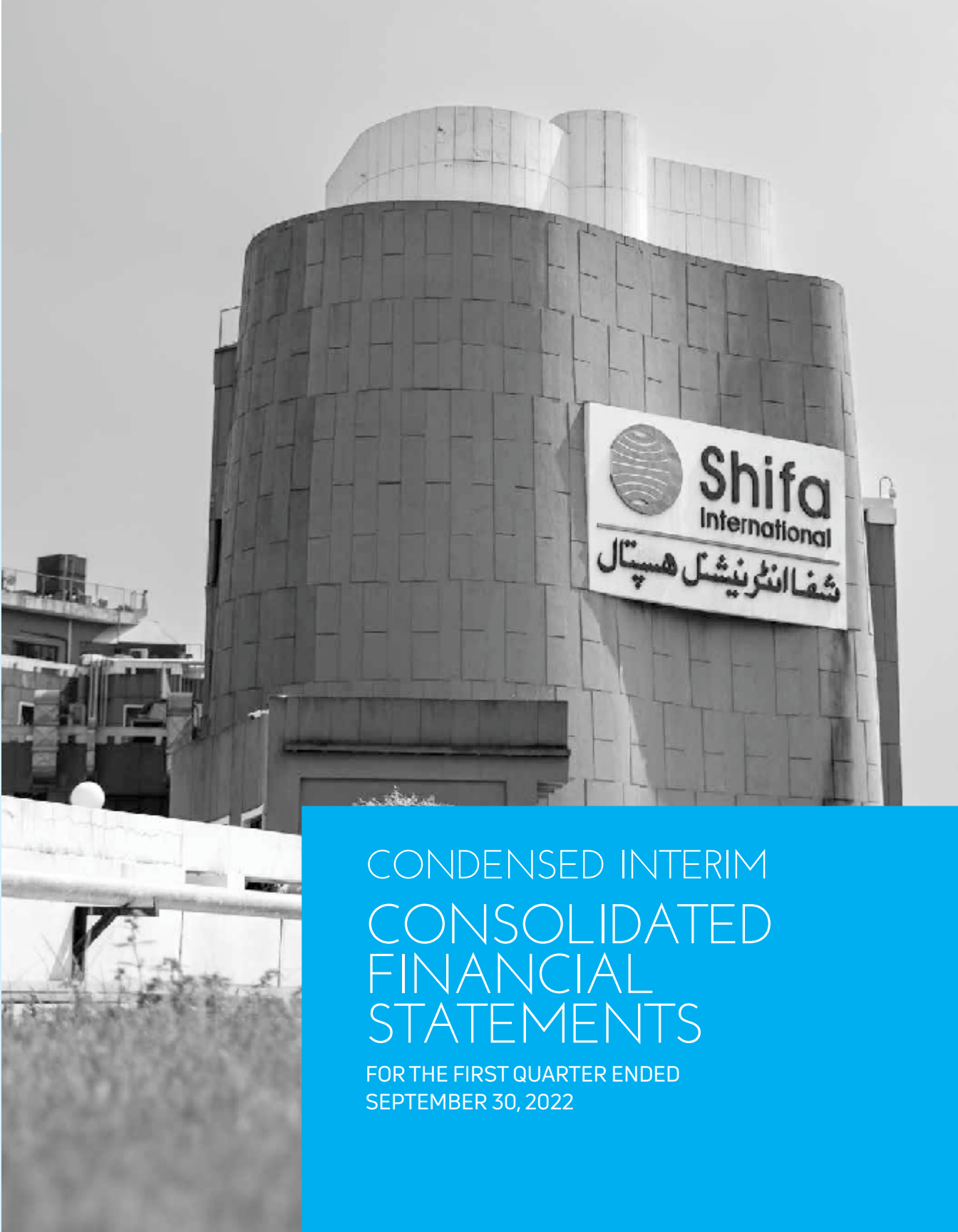
CHAIRMAN



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED
SEPTEMBER 30, 2022

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

		Un-audited September 30, 2022	Audited June 30, 2022
	Note	(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (June 2022: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital		632,144	632,144
Capital reserves			
Share premium		2,738,888	2,738,888
Surplus on revaluation of property, plant and equipment		1,535,338	1,546,319
Revenue reserves			
Unappropriated profits		5,285,312	4,898,668
		10,191,682	9,816,019
NON - CONTROLLING INTEREST			
		1,847,903	1,670,759
NON - CURRENT LIABILITIES			
Long term financing - secured	6	1,148,990	1,273,101
Deferred taxation		336,729	339,877
Lease liabilities		402,575	435,708
		1,888,294	2,048,686
CURRENT LIABILITIES			
Trade and other payables		4,093,472	3,648,044
Unclaimed dividend		38,847	40,778
Markup accrued		39,255	35,658
Current portion of long term financing - secured	6	1,167,068	1,334,536
Current portion of lease liabilities		183,849	173,173
		5,522,491	5,232,189
		19,450,370	18,767,653
CONTINGENCIES AND COMMITMENTS			
	7		

The annexed notes 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Daniel M. Rahman
CHAIRMAN

		Un-audited September 30, 2022	Audited June 30, 2022
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	8	12,346,399	11,638,803
Intangible assets		47,476	51,957
Long term investment	9	32,071	32,862
Long term deposits		93,242	89,093
		12,519,188	11,812,715
CURRENT ASSETS			
Stores, spare parts and loose tools		207,205	210,189
Stock-in-trade		741,546	711,968
Trade debts	10	1,379,638	964,769
Loans and advances		639,154	647,227
Deposits, prepayments and other receivables		186,991	249,402
Markup accrued		3,284	2,129
Other financial assets		849,220	909,625
Tax refunds due from the government (net of provision)		444,105	470,176
Cash and bank balances		2,180,806	2,468,500
		6,631,949	6,633,985
Non - current assets held for sale		299,233	320,953
		19,450,370	18,767,653



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

		September 30, 2022	September 30, 2021
	Note	(Rupees in '000')	
Net revenue	11	4,739,338	3,922,248
Other income		227,770	201,316
Operating costs		(4,321,626)	(3,547,377)
Finance costs		(108,048)	(79,615)
Expected credit losses		(12,524)	(14,043)
Share of loss of an associate		(791)	(719)
Profit before taxation		524,119	481,810
Provision for taxation		(145,708)	(100,935)
Profit after taxation		378,411	380,875
Attributable to:			
Equity holders of Shifa International Hospitals Limited		375,345	387,191
Non-controlling interest		3,066	(6,316)
		378,411	380,875
			(Restated)
Earnings per share - basic and diluted - (Rupees)	12	5.94	6.13

The annexed notes 1 to 16 form an integral part of these condensed interim consolidated financial statements.


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

	September 30, 2022	September 30, 2021
	(Rupees in '000')	
Profit after taxation	378,411	380,875
Other comprehensive income		
Items that will not be subsequently reclassified in statement of profit or loss		
Foreign currency translation adjustment	318	840
Total comprehensive income for the period	378,729	381,715
Attributable to:		
Equity holders of Shifa International Hospitals Limited	375,663	388,031
Non-controlling interest	3,066	(6,316)
	378,729	381,715

The annexed notes 1 to 16 form an integral part of these condensed interim consolidated financial statements.


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

	September 30, 2022	September 30, 2021
Note	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	524,119	481,810
Adjustments for:		
Depreciation / amortization on tangible assets	230,706	211,945
Amortization on intangible assets	4,507	5,958
Expected credit losses	12,524	14,043
Property, plant and equipment written off	1,551	32
Gain on disposal of tangible assets	(6,512)	(23,062)
Provision for compensated absences	14,524	9,000
Provision for bonus for employees	36,015	30,015
Provision for gratuity	23,170	38,472
Provision for slow moving stores	32	1,301
Share of loss of an associate	791	719
Gain on investments and bank deposits	(44,124)	(23,607)
Gain on foreign currency translation	(163,536)	(143,735)
Finance costs	108,048	79,615
Operating cash flows before changes in working capital	741,815	682,506
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	2,952	9,541
Stock-in-trade	(29,578)	24,633
Trade debts	(427,394)	(273,004)
Loans and advances	8,073	(127,152)
Deposits, prepayments and other receivables	58,578	(1,731)
Increase / (decrease) in current liabilities:		
Trade and other payables	405,423	(126,963)
Cash generated from operations	759,869	187,830
Finance cost paid	(88,773)	(60,284)
Income tax paid	(122,785)	(97,804)
Payment to SIHL Employees' Gratuity Fund	(21,737)	(87,187)
Compensated absences paid	(11,993)	(9,586)
Net cash generated from / (used in) operating activities	514,581	(67,031)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment (PPE)	(923,326)	(130,173)
Purchase of intangible assets	-	(1,988)
Proceeds / (investments) in other financial assets - net	76,309	(297,434)
Proceeds from disposal of PPE and items classified as held for sale	28,561	77,298
Markup received	11,835	3,104
Increase in long term deposits	(4,149)	(3,284)
Net cash used in investing activities	(810,770)	(352,477)
CASH FLOWS FROM FINANCING ACTIVITIES		
Non-controlling interest	174,078	-
Long term financing - repayments	(384,729)	(325,492)
Long term financing - proceeds	93,150	48,413
Deferred grant received	-	2,039
Lease liabilities - repayments	(51,158)	(36,343)
Dividend paid	(1,931)	(262)
Net cash used in financing activities	(170,590)	(311,645)
Net decrease in cash and cash equivalents	(466,779)	(731,153)
Cash and cash equivalents at beginning of the period	2,540,324	3,385,356
Effect of exchange rate changes on cash and cash equivalents	163,855	144,575
Cash and cash equivalents at end of the period	2,237,400	2,798,778

14

The annexed notes 1 to 16 form an integral part of these condensed interim consolidated financial statements.

Dawood M. Rahman

CHAIRMAN

Mary Dey

CHIEF EXECUTIVE

Saeed

CHIEF FINANCIAL OFFICER

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	Un- appropriated profits	Non - controlling interest	Total
	(Rupees in '000')					
Balance as at July 01, 2021	619,749	2,751,283	1,409,434	3,832,409	1,119,806	9,732,681
Total comprehensive income for the period						
Profit after taxation	-	-	-	387,191	(6,316)	380,875
Other comprehensive income - net of tax	-	-	-	840	-	840
	-	-	-	388,031	(6,316)	381,715
Realization of revaluation surplus on disposal of assets	-	-	(11,433)	11,433	-	-
Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation / amortization	-	-	(2,556)	2,556	-	-
NCI recognized during the period	-	-	-	-	-	-
Balance as at September 30, 2021	619,749	2,751,283	1,395,445	4,234,429	1,113,490	10,114,396
Balance as at July 01, 2022	632,144	2,738,888	1,546,319	4,898,668	1,670,759	11,486,778
Total comprehensive income for the period						
Profit after taxation	-	-	-	375,345	3,066	378,411
Other comprehensive income - net of tax	-	-	-	318	-	318
	-	-	-	375,663	3,066	378,729
Realization of revaluation surplus on disposal of assets	-	-	(7,755)	7,755	-	-
Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation / amortization	-	-	(3,226)	3,226	-	-
NCI recognized during the period	-	-	-	-	174,078	174,078
Balance as at September 30, 2022	632,144	2,738,888	1,535,338	5,285,312	1,847,903	12,039,585

The annexed notes 1 to 16 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 FIRST QUARTER ENDED SEPTEMBER 30, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** 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.
- 1.2** 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 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 and pharmacies in different cities of Pakistan.
- 1.3** Shifa Development Services (Private) Limited (SDSPL) was incorporated in Pakistan on December 18, 2014. The principal activity of SDSPL is to provide consulting services relating to healthcare facility, medical staff, human resource, architectural designing, procurement, hospital quality and project management services. The registered office of SDSPL is situated at Shifa International Hospitals Limited, Sector H-8/4, Islamabad.
- 1.4** Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad) was incorporated in Pakistan on February 28, 2019. The principal line of business is to establish, run, control, manage and operate state of the art neuro sciences institute including diagnostic centres, clinics, laboratories, operation theaters, dental clinics, healthcare centres and provide all healthcare and surgical related facilities of different diseases, inpatient and outpatient services and treatment of viral, bacterial and chronic diseases and all other related services thereof, subject to permission from relevant authorities, if required. The registered office of SNS Islamabad is situated at Sector H-8/4, Islamabad.
- 1.5** Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad) was incorporated in Pakistan on February 28, 2019. The principal line of business of the SNH Faisalabad is to establish, run, control, manage and operate tertiary/quaternary care hospitals including diagnostic centers, clinics, laboratories, operation theaters, dental clinics, healthcare centers and provide all healthcare and surgical related facilities of different diseases, inpatient and outpatient services and treatment of viral, bacterial and chronic diseases and all other related services thereof, subject to permission from relevant authorities, if required. The registered office of the SNH Faisalabad is situated at Sector H-8/4, Islamabad.
- 1.6** Shifa Medical Center Islamabad (Private) Limited (SMC Islamabad) was incorporated in Pakistan on February 28, 2019. The principal line of business of the SMC Islamabad is to establish, run, control, manage and operate facilities providing ambulatory services including day care surgeries, diagnostic centers, clinics, laboratories, operation theaters, dental clinics, healthcare centers and provide all healthcare and surgical related facilities of different diseases, inpatient and outpatient services and treatment of viral, bacterial and chronic diseases and all other related services thereof, subject to permission from relevant authorities, if required. The registered office of the SMC Islamabad is situated at Shifa International Hospitals Limited, Sector H-8/4, Islamabad.

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

- 1.7** 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 which it may perform under the license issued by Dubai Aviation City Corporation are Marketing and project management services. The registered office of the SIDL is situated at Business Centre Logistic City, Dubai Aviation City, P.O Box 390667, Dubai, UAE.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

- 2.2** These condensed interim consolidated financial statements are un-audited and are being submitted to the members in accordance with the requirements of Section 237 of the Companies Act 2017 (the Act) and the listing regulations of Pakistan Stock Exchange. These condensed interim consolidated financial statements do not include all of the information required for annual consolidated financial statements, and should be read in conjunction with the annual audited consolidated financial statements of the group for the year ended June 30, 2022. Comparative condensed interim consolidated statement of financial position is extracted from annual audited consolidated financial statements as of June 30, 2022, whereas comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity are extracted from un-audited condensed interim consolidated financial statements for the first quarter ended September 30, 2021.

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 January 01, 2022. 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, 2023. 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.

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

3 BASIS OF CONSOLIDATION

These condensed interim consolidated financial statements include the financial statements of SIHL and its subsidiaries, SDSPL 55% owned (June 2022: 55% owned), SNS Islamabad 100% owned (June 2022: 100% owned), SMC Islamabad 56% owned (June 2022: 56% owned), SNH Faisalabad 60% owned (June 2022: 60% owned) and SIDL 100% owned (June 2022: 100% owned).

Subsidiaries

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 each subsidiary is prepared for the same reporting period as the Parent Company, using consistent accounting policies. Material intra-group balances and transactions have been eliminated.

The assets and liabilities of each subsidiary 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 at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim consolidated financial statements are the same as those applied in preparation of consolidated audited financial statements of the group for the year June 30, 2022.

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 annual audited consolidated financial statements as at and for the year ended June 30, 2022.

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

		Un-audited September 30, 2022	Audited June 30, 2022
	Note	(Rupees in '000')	
6	LONG TERM FINANCING SECURED		
	From banking companies and non banking financial institution:		
	Syndicated Islamic Finance Facility	6.1	1,141,376
	Diminishing Musharakah Facility-1	6.2	196,583
	Diminishing Musharakah Facility-2	6.3	375,000
	Diminishing Musharakah Facility-3	6.4	88,711
	Refinance Facility to Combat COVID-19 (RFCC)	6.5	95,399
	Deferred income Government grant		26,473
			121,872
	Islamic Refinance Facility to Combat COVID -19 (IRFCC)	6.6	138,213
	Deferred income Government grant		17,491
			155,704
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	6.7	35,025
	Deferred income Government grant		10,967
			45,992
	State Bank of Pakistan (SBP) refinance scheme	6.8	188,643
	Deferred income Government grant		2,177
			190,820
			2,316,058
	Less: current portion		1,167,068
			1,148,990

6.1 This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on profit rate basis at 3 months KIBOR plus 0.85% (June 2022: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly installments. The SIHL has availed the loan facility upto the total sanctioned limit of Rs. 2,000 million repayable by August 22, 2024. The financing is secured by 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.

6.2 This includes outstanding balance of Rs. 158.7 million (June 2022: Rs. 210.4 million) against the long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 449.5 million (June 2022: Rs. 449.5 million). Principal amount is repayable in 36 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.80% (June 2022: 3 months KIBOR plus 0.80%) per annum. The financing is secured by first exclusive charge of Rs. 781.3 million against equipment / machinery. The unavailed limit of this facility is Rs. 20.7 million (June 2022: Rs. 20.7 million). This also includes an outstanding balance of Rs. 37.8 million (June 2022: Rs. 40.3 million) against long term Islamic finance facility obtained under

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

Diminishing Musharakah basis from First Habib Modaraba of Rs. 58.7 million (June 2022: Rs. 57.7 million). Principal amount is repayable in 60 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.70% (June 2022: 3 months KIBOR plus 0.70%) per annum. The unavailed limit of this facility is Rs. 11.3 million (June 2022: Rs. 12.3 million).

- 6.3** This represents outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million (June 2022: Rs. 500 million). Principal amount shall be repaid by October 01, 2024 in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.85% (June 2022: 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.
- 6.4** This represents a long term Islamic finance facility obtained from Bank Alfalah Limited of Rs. 88.7 million (June 2022: Rs. 26.2 million). Principal amount is repayable in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.70% (June 2022: 3 months KIBOR plus 0.70%) per annum. The financing is secured by ranking charge of Rs. 800 million against plant and machinery being financed under DM facility to be installed / placed at Hospital located in H-8/4, Islamabad. The charge will be upgraded to first exclusive charge against plant and machinery being financed under this facility. The unavailed limit of this facility is Rs. 291.8 million (June 2022: Rs. 492.9 million).
- 6.5** This represents the outstanding balance of long term finance facility obtained from United Bank Limited of Rs. 136.4 million (June 2022: Rs. 124.6 million). Principal amount shall be repaid by September 14, 2026 in 18 equal quarterly installments carrying profit at 1% per annum. The financing is secured by first pari passu charge of Rs. 267 million over fixed assets (excluding land and building) of the SIHL. The unavailed limit of this facility is Rs. 63.6 million (June 2022: Rs. 75.4 million). Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognized at present value using the SIHL's effective profit rate along with the recognition of government grant.
- 6.6** This represents the outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 200 million (June 2022: Rs. 183.1 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 profit rate. The financing is secured by first pari passu hypothecation charge of Rs. 267 million on all present and future fixed assets of the SIHL (excluding land and building). The unavailed limit of this facility is Nil (June 2022: Rs. 16.9 million). Since the financing under SBP refinance scheme carries no profit rate, the loan has been recognized at present value using the SIHL's effective profit rate along with the recognition of government grant.
- 6.7** This represents the outstanding balance of long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 45.9 million (June 2022: Rs. 45.9 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 in 9 equal half yearly installments with profit rate of 1% per annum. The facility is secured by ranking charge of Rs. 55 million over equipment / machinery against DM IRFCC. Since the financing under SBP refinance scheme carries the profit rate below the market rate, the loan has been recognized at present value using the SIHL's effective profit rate along with the recognition of government grant.
- 6.8** This represents the outstanding balance of long term finance facility aggregating to Rs. 1,012.2 million (June 2022: Rs. 1,012.2 million) obtained from United Bank Limited under the State Bank of Pakistan's (SBP) temporary refinance scheme for payment of wages and salaries to the workers and employees of

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

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 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 and shall be repaid by January 31, 2023. The facility is secured by first pari passu charge of Rs. 1,333.3 million over fixed assets (excluding land and building) of the SIHL. Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognized at present value using the SIHL's effective interest rate along with the recognition of government grant.

		Un-audited September 30, 2022	Audited June 30, 2022
		(Rupees in '000')	
6.9	Movement during the period / year		
	Opening balance	2,607,637	3,766,130
	Proceeds during the period / year	93,150	259,070
	Repayments during the period / year	(384,729)	(1,417,563)
	Closing balance	2,316,058	2,607,637
7	CONTINGENCIES AND COMMITMENTS		
7.1	Contingencies		
7.1.1	Claims aggregating to Rs. 3 million (June 2022: Rs. 3 million) are pending before Peshawar and Islamabad High Courts by patients / others against the SIHL for alleged negligence on part of the consultants / doctors etc. The management of the SIHL is contesting these claims and believes that the contention of the claimants will not be successful and no material liability is likely to arise.		
7.1.2	The penalty of Rs. 20 million (June 2022: 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 of territorial division and equal allocation of GAMCs customers. Management of the SIHL and other GAMCs are jointly contesting the matter which is pending before the August Supreme Court of Pakistan for decision and management of the SIHL 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), Oil and Gas Development Company Limited (OGDCL) and Pakistan Telecommunication Company Limited (PTCL) of aggregate sum of Rs. 43.85 million (June 2022: Rs. 43.35 million) on behalf of the SIHL in its ordinary course of business.		
7.2	Contingencies related to income tax and sales tax are as follows:		
7.2.1	Tax authorities has amended the assessments for tax years 2012, 2013, 2014, 2015, 2016 and 2019 under section 122(5A)/124 of Income Tax Ordinance, 2001 (the Ordinance) and raised tax demands of Rs. 6.4 million, Rs. 97 million, Rs. 85.5 million, Rs. 26.1 million, Rs. 85.4 million and Rs. 37 million respectively. Being aggrieved the SIHL agitated the assessments in appeals before the Commissioner Inland Revenue		

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

(Appeals) [CIR(A)] who 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] on various dates from September 2018 to November 2021 which are pending adjudications.

- 7.2.2** Tax authorities levied tax of Rs. 109.6 million, Rs. 178.4 million, Rs. 27.4 million and Rs. 29.2 million under section 161/205 of the Ordinance for tax year 2016, 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, while set aside the assessment for tax year 2013, confirmed the assessment for tax year 2014 and appeal for tax year 2016 filed on July 27, 2022 is a pending adjudication. The SIHL being aggrieved filed appeals for tax years 2013 and 2014 before ATIR where appeal for tax year 2013 filed on November 26, 2019 is pending adjudication, while ATIR has set aside the assessment for tax year 2014 for denovo consideration.
- 7.2.3** 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.
- 7.2.4** The Assistant Commissioner Inland Revenue (ACIR) has amended the SIHL's assessment for tax year 2014 and 2015 u/s 221 of the Ordinance which has resulted an aggregate tax demand of Rs. 11.8 million. Being aggrieved, the SIHL has filed appeals before CIR (A) who remanded back the said assessments to ACIR. The SIHL as well as the tax department have filed cross appeals against the CIR(A) order before the ATIR in January 2018, which is pending adjudication.
- 7.2.5** Tax authorities amended the assessment for tax year 2014 u/s 177 of the Ordinance and raised a tax demand of Rs. 1,143.8 million. Being aggrieved the SIHL agitated the assessment in appeal before the CIR (A) who annulled the assessment order and hence tax demand stand deleted as of today. The tax department has filed an appeal before ATIR on November 27, 2019, against the decision of CIR(A) which is pending adjudication.
- 7.2.6** Tax authorities raised a sales tax demand of Rs. 44.4 million, Rs. 56.2 million, Rs. 57.4 million, Rs. 55.9 million and Rs. 11.3 million under section 11 of the Sales Tax Act, 1990 on account of alleged non-payment of sales tax for tax years 2016 to 2020 respectively. Being aggrieved the SIHL agitated the assessments in appeals before CIR(A). For tax year 2017 to 2020 CIR(A) partially confirmed the judgements of DCIR while deleted the assessment for tax year 2016. Being aggrieved SIHL has filed appeals before ATIR for tax years 2018 and 2020 who in respect of tax year 2018 partially confirmed the assessment and partly allowed relief to the SIHL whereas appeal for tax year 2020 filed on December 13, 2021 is pending adjudication.

Management is confident that the above disallowances and levies do not hold merit and the related amounts have been lawfully claimed in the income and sales tax returns as per the applicable tax laws and these matters will ultimately be decided in favor of the SIHL. Accordingly no provision has been made in respect of above in these condensed interim consolidated financial statements.

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

		Un-audited September 30, 2022	Audited June 30, 2022
	Note	(Rupees in '000')	
7.3	Commitments		
	Capital expenditure contracted	161,041	135,129
	Letters of credit	198,942	138,470
8	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	8.1 9,120,871	8,903,749
	Capital work in progress	8.2 2,700,290	2,177,085
	Right of use assets	8.3 525,238	557,969
		12,346,399	11,638,803
8.1	Operating fixed assets		
	Written down value (WDV) at beginning of the period / year	8,903,749	9,040,875
	Additions	8.1.1 400,121	358,936
	Revaluation	-	214,861
		9,303,870	9,614,672
	WDV of disposals	(329)	(1,657)
	WDV of assets written off	(1,551)	(2,234)
	Depreciation for the period / year	(181,119)	(707,032)
	WDV at the end of the period / year	9,120,871	8,903,749
8.1.1	Additions to operating fixed assets		
	Freehold land	2,000	6,030
	Leasehold land	20,583	-
	Leasehold improvements	-	22,586
	Biomedical equipment	297,220	153,621
	Air conditioning equipment and machinery	3,433	7,438
	Electrical and other equipment	31,304	49,002
	Furniture and fittings	6,246	11,759
	Computer installations	27,367	223
	Construction equipment	-	77,698
	Vehicles	11,968	30,579
		400,121	358,936
8.2	Capital work in progress		
	Opening capital work in progress	2,177,085	822,691
	Additions during the period / year	781,635	1,406,908
	Transferred to operating fixed assets	(258,430)	(52,514)
	Closing capital work in progress	8.2.1 2,700,290	2,177,085

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

		Un-audited September 30, 2022	Audited June 30, 2022
		(Rupees in '000')	
8.2.1	Capital work in progress		
	Construction work	2,370,916	1,739,252
	Stores held for capital expenditure	976	976
	Installation of equipment	328,398	436,857
		2,700,290	2,177,085
8.3	Right of use assets		
	Balance at beginning of the period / year	557,969	362,342
	Additions during the period / year	16,856	368,187
	Terminated during the period / year	-	(1,810)
	Depreciation charge during the period / year	(49,587)	(170,750)
	Balance at end of the period / year	525,238	557,969
9	LONG TERM INVESTMENT		
	Shifa Care (Private) Limited (SCPL) - associated company (unquoted)		
	Balance at the beginning of the period / year	32,862	35,961
	Share in loss for the period / year	(791)	(3,099)
	Balance at the end of the period / year	32,071	32,862
9.1	This represents investment in 4,500,050 (June 2022: 4,500,050) fully paid ordinary shares of Rs. 10 each of SCPL. The above investment in ordinary shares represents 50% (June 2022: 50%) shareholding in SCPL held by the SIHL.		
		Un-audited September 30, 2022	Audited June 30, 2022
		(Rupees in '000')	
10	TRADE DEBTS		
	Related party - Shifa Foundation	13,807	9,736
	Others	1,549,088	1,126,290
		1,562,895	1,136,026
	Less: allowance for expected credit losses (ECL)	183,257	171,257
		1,379,638	964,769

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

		Un-audited	
		September 30, 2022	September 30, 2021
		(Rupees in '000')	
11	NET REVENUE		
	Inpatients	2,832,153	2,409,517
	Outpatients	1,652,620	1,309,407
	Other services	309,069	241,794
		4,793,842	3,960,718
	Less: discount	37,738	32,869
	Less: sales tax	16,766	5,601
	Net revenue	4,739,338	3,922,248
12	EARNINGS PER SHARE BASIC AND DILUTED		
	Profit after taxation	375,345	387,191
		(Numbers in '000')	
			(Restated)
	Weighted average number of ordinary shares in issue	63,214	63,214
		(Rupees)	
			(Restated)
	Earnings per share basic and diluted	5.94	6.13

- 12.1** During the year ended June 30, 2022, the SIHL has issued 2% bonus shares which has resulted in restatement of basic and diluted earnings per share.

13 RELATED PARTY TRANSACTIONS

The related parties comprise of associates, directors, major shareholders, key management personnel, SIHL Employees' Gratuity Fund and the entities over which directors are able to exercise influence.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers its chief executive officer, chief financial officer, Group secretary, directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Other transactions / balances with the related parties are given below:

		Un-audited	
		September 30, 2022	September 30, 2021
		(Rupees in '000')	
Transactions:			
Shifa Foundation (Related party by virtue of common directorship)			
	Revenue from services earned by the SIHL	3,959	4,436
	Revenue from rent earned by the SIHL	221	151

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

	Un-audited	
	September 30, 2022	September 30, 2021
	(Rupees in '000')	
Tameer-e-Millat Foundation (Related party by virtue of common directorship)		
Supplies provided to the SIHL	24,242	20,384
Other services provided to the SIHL	10,874	5,116
Rental services received / earned by the SIHL	1,401	1,116
Shifa Tameer-e-Millat University (Related party by virtue of common directorship)		
Revenue from services earned by the SIHL	3,848	4,388
Revenue from rent earned by the SIHL	879	799
Other services provided to the SIHL	18,033	16,500
Expenses paid by and reimbursed to the SIHL	717	741
SIHT (Private) Limited (Related party by virtue of common directorship)		
Revenue from services earned by the SIHL	84,549	94,023
Expenses paid by and reimbursed to the SIHL	1,501	1,396
Other services provided to the SIHL	6,102	5,811
Shifa CARE (Private) Limited (Associate and common directorship)		
Other services provided by the SIHL	598	604
SIHL Employees' Gratuity Fund		
Payments made by the SIHL	21,737	87,187
Remuneration including benefits and perquisites of key management personnel	104,096	93,653
	Un-audited September 30, 2022	Audited June 30, 2022
	(Rupees in '000')	
Balances:		
Shifa Foundation - receivable	13,807	9,736
Tameer-e-Millat Foundation - payable	7,639	11,660
Shifa Tameer-e-Millat University - payable	6,295	6,458
SIHT (Private) Limited - receivable	21,383	35,416
SIHL Employees' Gratuity Fund - payable	194,885	193,453

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

Un-audited	
September 30, 2022	September 30, 2021
(Rupees in '000')	
56,594	29,806
2,180,806	2,768,972
2,237,400	2,798,778

14 CASH AND CASH EQUIVALENTS

Investment - at amortized cost
Cash and bank balances

15 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated audited financial statements for the year ended June 30, 2022. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the consolidated audited financial statements of the Group for the year ended June 30, 2022.

16 GENERAL

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

16.2 These condensed interim consolidated financial statements have been approved and authorized for issue by the Board of Directors of the SIHL on October 26, 2022.


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

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