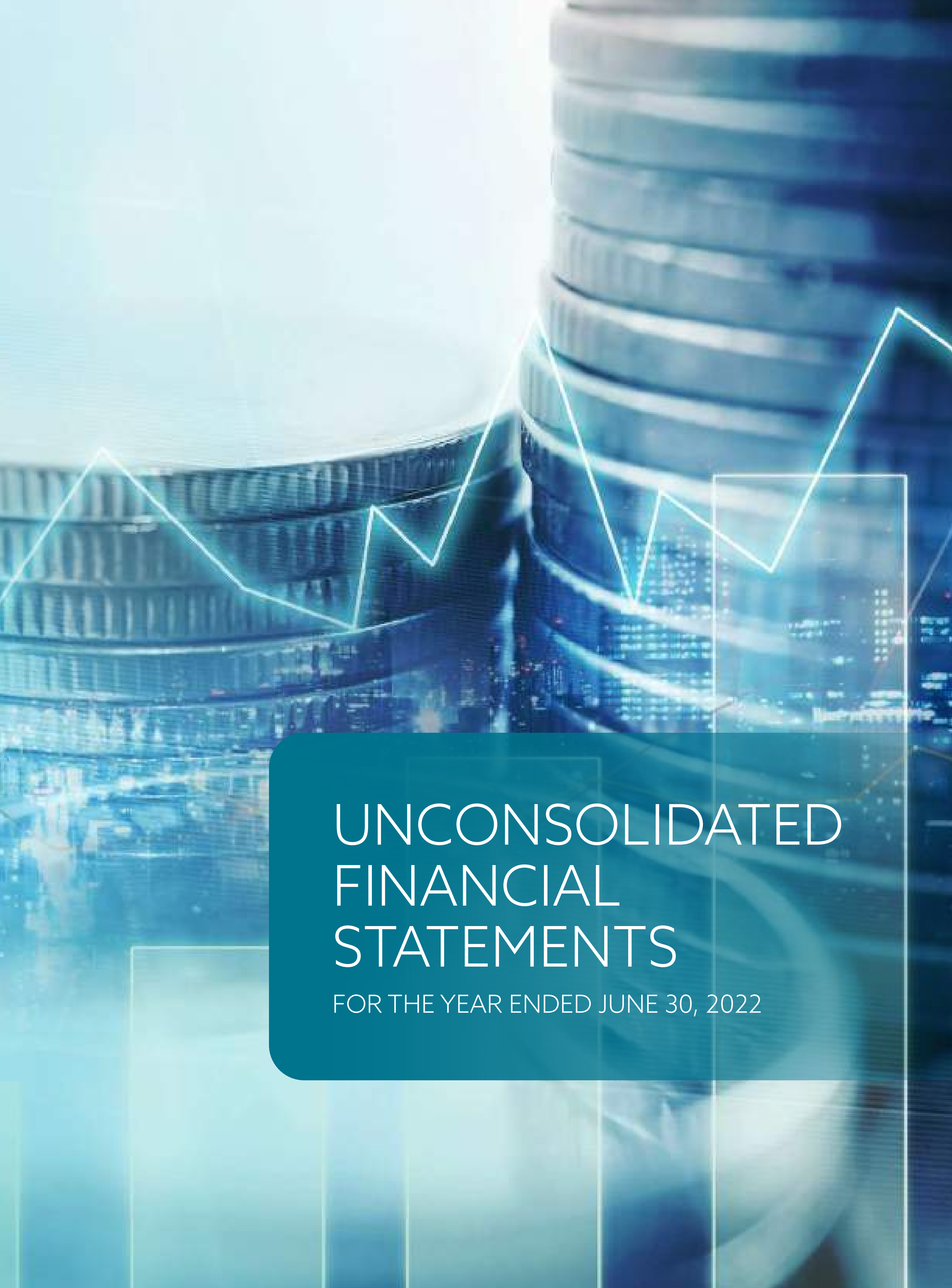

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Grant Thronton Anjum Rahman
302 B, 3rd Floor Evacuee
Trust Complex,
Aga Khan Road F-5/1,
Islamabad, Pakistan

T: +92 51 2271906
F: +92 51 2273874

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Shifa International Hospitals Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by Board of Directors of Shifa International Hospitals Limited (the Company) for the year ended 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provision of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such controls, the Company's corporate governance procedures and risks.

The Regulation require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respect, with the requirement contained in the Regulations as applicable to the company for the year ended 30 June 2022.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Islamabad
September 30, 2022

UDIN: CR20221016424eHuEkKg

Grant Thornton

Grant Thronton Anjum Rahman
302 B, 3rd Floor Evacuee Trust Complex,
Aga Khan Road F-5/1,
Islamabad, Pakistan

T: +92 51 2271906
F: +92 51 2273874

INDEPENDENT AUDITOR'S REPORT

To the members of Shifa International Hospitals Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Shifa International Hospitals Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2022 and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current year. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Grant Thornton

Following is the key audit matter:

Key audit matter	How the matter was addressed in our audit
Revenue from contract with customers: (Refer to note 26 to the unconsolidated financial statements) The Company principally generates revenue from providing of inpatient and outpatient services and supply of medicines. We identified revenue recognition as a key audit matter because it is one of key performance indicator which gives rise to an inherent risk of misstatement.	**Our audit procedures amongst others included the following:** - Obtained an understanding of the Company's processes and related internal controls for revenue recognition and tested the design, implementation and operating effectiveness of those controls; - Performed test of details of sampled revenue by inspecting the underlying supporting documents including medical record bills, sales report and bank statements; - Performed cut off procedures to ensure revenue has been recorded in the correct period; - Evaluated and tested on sample basis the authority metrics (controls) over changes in charge master; - Verified on sample basis the trade debts through obtaining confirmations from debtors and performing other alternate procedures; and - Assessed the appropriateness of disclosures in the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Grant Thornton Anjum Rah

Grant Thornton Anjum Rahman
Chartered Accountants
Islamabad
September 30, 2022

UDIN: AR202210164tkOXaxgH3

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Note	2022	2021
		(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (2021: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital	4	632,144	619,749
Capital reserves			
Share premium	5	2,738,888	2,751,283
Surplus on revaluation of property, plant and equipment	6	867,283	792,396
Revenue reserves			
Unappropriated profits		5,411,656	4,325,259
		9,649,971	8,488,687
NON - CURRENT LIABILITIES			
Long term financing - secured	7	1,273,101	2,360,408
Deferred taxation	8	342,828	350,314
Lease liabilities	9	694,285	607,038
		2,310,214	3,317,760
CURRENT LIABILITIES			
Trade and other payables	10	3,587,444	3,251,095
Unclaimed dividend		40,778	35,158
Markup accrued	11	35,658	16,913
Current portion of long term financing - secured	7	1,334,536	1,405,722
Current portion of lease liabilities	9	253,452	177,633
		5,251,868	4,886,521
		17,212,053	16,692,968
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Note	2022	2021
		(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	13	7,134,172	6,791,843
Intangible assets	14	53,365	31,343
Long term investments - at cost	15	3,918,618	3,178,758
Long term deposits	16	85,324	96,260
		11,191,479	10,098,204
CURRENT ASSETS			
Stores, spare parts and loose tools	17	210,189	165,312
Stock-in-trade	18	711,968	658,280
Trade debts	19	964,769	834,822
Loans and advances	20	235,814	337,659
Deposits, prepayments and other receivables	21	296,043	96,430
Markup accrued		2,129	677
Other financial assets	22	513,235	622,464
Tax refunds due from the government (net of provision)	23	448,042	471,366
Cash and bank balances	24	2,317,432	2,809,697
		5,699,621	5,996,707
Non - current assets held for sale	25	320,953	598,057
		17,212,053	16,692,968

CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in '000')	
Net revenue	26	16,197,551	14,219,718
Other income	27	637,429	107,479
Operating costs	28	(14,791,977)	(12,899,400)
Finance costs	29	(382,432)	(360,375)
Expected credit losses	21.3 & 39.1.3	(69,069)	(103,529)
Profit before taxation		1,591,502	963,893
Provision for taxation	30	(428,953)	(263,969)
Profit after taxation		1,162,549	699,924
			(Restated)
Earnings per share - basic and diluted - (Rupees)	31	18.39	11.07

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2022

	2022	2021
	(Rupees in '000')	
Profit after taxation	1,162,549	699,924
Other comprehensive income		
Items that will not be subsequently reclassified in statement of profit or loss		
Loss on remeasurement of staff gratuity fund benefit plan	(23,961)	(45,924)
Deferred tax relating to remeasurement of staff gratuity fund benefit plan	7,907	13,318
Loss on remeasurement of staff gratuity fund benefit plan (net of tax)	(16,054)	(32,606)
Surplus on revaluation of property, plant and equipment	109,611	53,821
Total comprehensive income for the year	1,256,106	721,139

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

	2022	2021
	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,591,502	963,893
Adjustments for:		
Depreciation / amortization on tangible assets	902,448	865,473
Amortization on intangible assets	21,568	26,071
Expected credit losses	69,069	103,529
Property, plant and equipment written off	2,234	977
Gain on disposal of tangible assets	(69,269)	(41,975)
Provision for compensated absences	67,049	46,378
Provision for bonus for employees	125,814	190,931
Provision for gratuity	159,116	143,917
Provision for slow moving stores	2,687	6,161
Liabilities written back	-	(478)
Gains on investments and bank deposits	(97,922)	(31,280)
(Gain) / loss on foreign currency translation	(416,217)	116,336
Finance costs	382,432	360,375
Operating cash flows before changes in working capital	2,740,511	2,750,308
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(47,564)	(19,264)
Stock-in-trade	(53,688)	(11,927)
Trade debts	(158,832)	(386,945)
Loans and advances	101,845	57,527
Deposits, prepayments and other receivables	(251,637)	(42,556)
Increase in current liabilities:		
Trade and other payables	243,118	15,649
Cash generated from operations	2,573,753	2,362,792
Finance cost paid	(275,712)	(305,325)
Income tax paid	(405,208)	(332,473)
Payment to SIHL Employees' Gratuity Fund	(241,218)	(134,468)
Compensated absences paid	(49,695)	(40,845)
Net cash generated from operating activities	1,601,920	1,549,681

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in '000')	
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment (PPE)		(672,903)	(518,537)
Addition to intangibles		(43,590)	-
Outlay against long term investments		(739,860)	(245,234)
Proceeds / (investment) in other financial assets		165,124	(596,666)
Proceeds from disposal of PPE and items classified held for sale		251,206	231,424
Markup received		15,112	8,058
Dividend received		25,463	-
Decrease in long term deposits		6,573	3,898
Net cash used in investing activities		(992,875)	(1,117,057)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - repayments		(1,417,563)	(381,608)
Long term financing - proceeds		212,009	633,450
Deferred grant received		47,060	82,630
Lease liabilities - repayments		(269,831)	(234,608)
Dividend paid		(89,202)	(1,507)
Net cash (used in) / generated from financing activities		(1,517,527)	98,357
Net (decrease) / increase in cash and cash equivalents		(908,482)	530,981
Cash and cash equivalents at beginning of the year		2,812,697	2,398,052
Effect of exchange rate changes on cash and cash equivalents		416,217	(116,336)
Cash and cash equivalents at end of the year	37	2,320,432	2,812,697

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2022

	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	Un-appropriated profits	Total
			(Rupees in '000')		
Balance as at July 01, 2020	619,749	2,751,283	760,346	3,636,170	7,767,548
Total comprehensive income for the year					
Profit after taxation	-	-	-	699,924	699,924
Other comprehensive income - net of tax	-	-	53,821	(32,606)	21,215
	-	-	53,821	667,318	721,139
Realization of revaluation surplus on disposal of assets	-	-	(12,541)	12,541	-
Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortization	-	-	(9,230)	9,230	-
Distribution to owners					
Dividend 2020: Nil	-	-	-	-	-
Balance as at June 30, 2021	619,749	2,751,283	792,396	4,325,259	8,488,687
Balance as at July 01, 2021	619,749	2,751,283	792,396	4,325,259	8,488,687
Total comprehensive income for the year					
Profit after taxation	-	-	-	1,162,549	1,162,549
Other comprehensive income - net of tax	-	-	109,611	(16,054)	93,557
	-	-	109,611	1,146,495	1,256,106
Realization of revaluation surplus on disposal of assets	-	-	(24,883)	24,883	-
Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortization	-	-	(9,841)	9,841	-
Distribution to owners					
Bonus shares (note 4.2)	12,395	(12,395)	-	-	-
First interim dividend @ Rs. 1.5 per share	-	-	-	(94,822)	(94,822)
Balance as at June 30, 2022	632,144	2,738,888	867,283	5,411,656	9,649,971

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

1 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 Geographical locations of business units of the Company are as follows:

H-8 Hospital, Pitras Bukhari road, Sector H-8/4, Islamabad
Faisalabad Hospital, Main Jaranwala road, Faisalabad
G-10/4 Hospital, G-10 Markaz, Islamabad
Shifa Pharmacy, Opposite OPF College, F-8 Markaz Islamabad
Shifa Pharmacy, Saidpur, Rawalpindi
Shifa Pharmacy, Blue Area, Islamabad
Shifa Pharmacy, Gulberg Greens, Islamabad
Shifa Pharmacy, Abbottabad Road, Mansehra
Shifa Pharmacy Iskandarabad, Mianwali
Shifa Pharmacy, National Radio Telecommunication Corporation, Haripur
Shifa Pharmacy, Jamrud, Peshawar
Shifa Pharmacy, WAPDA, Mangla
Shifa Pharmacy, WAPDA, Faisalabad
F-11 Medical center, Savoy Arcade, F-11 Markaz Islamabad

Percentage share in total revenue given in note 26.	2022	2021
Islamabad	97%	97%
Faisalabad	3%	3%
	100%	100%

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are 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 from the IFRS Standards or IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in relevant accounting policies.

In these unconsolidated financial statements, being the separate financial statements of the Company, investment in subsidiaries and associates are stated at cost rather than on the basis of reporting results of the investee. Consolidated financial statements are prepared separately.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is the Company's functional currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgments made by management in the application of the accounting and reporting standards that have significant effect on the unconsolidated financial statements and estimates with a significant risk of material adjustment in the next year are as follows.

i) Estimate of fair value of financial liabilities at initial recognition - notes 3.3 and 7
ii) Provision for taxation - notes 3.4, 8 and 30
iii) Right of use asset and corresponding lease liability - notes 3.5, 9 and 13
iv) Employee benefits - notes 3.7, 10.3 and 10.4
v) Provisions and contingencies - notes 3.8, 3.9 and 12
vi) Estimate of useful life of property, plant and equipment - notes 3.10 and 13
vii) Estimate of useful life of intangible assets - notes 3.11 and 14
viii) Impairment of non-financial assets - note 3.12
ix) Estimate of recoverable amount of investment in subsidiaries and associated companies - notes 3.13 and 15
x) Expected credit loss allowance - notes 3.14.2, 21.3 and 39.1.3
xi) Provision for slow moving spares - notes 3.15, 3.16, 13.9.2 and 17

2.5 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

2.5.1 Standards, amendments to published standards and interpretations that are effective during the current year:

Certain standards, amendments and interpretations to IFRS are effective during the year but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

2.5.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		Effective date annual reporting periods beginning on or after
IAS 1	Amendments to 'IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies	January 1, 2023
	Amendments to IAS 1 'Presentation of Financial Statements' Classification of Liabilities as Current or Non-current	January 1, 2023
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IFRS 3	Business Combinations (Amendments)	January 1, 2022
IAS 41, IFRS (1, 9 & 16)	Annual improvements to IFRS Standards 2018-2020	January 1, 2022
IFRS 10 & IAS 28	Sale or contribution of assets between an investor and its associate or joint venture – Amendments	'n/a*

* The Effective date is not yet issued

The management anticipates that adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

2.5.3 Other than the aforesaid standards, interpretations and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the SECP as at June 30, 2022:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts
IFRIC 12	Service concession arrangements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unconsolidated financial statements are the same as those applied in earlier period presented.

3.1 Share capital and dividend

Dividend is recognized as a liability in the period in which it is declared. Movement in reserves is recognized in the year in which it is approved.

3.2 Financing and finance cost

Financing are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, financing are stated at amortized cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the financing on an effective interest basis. Financing costs are recognised as an expense in the period in which these are incurred.

3.3 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the finance cost are recognized and finance cost are reported net of grant in - note 29.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

3.4 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or in comprehensive income.

Current

Provision for current taxation is based on taxable income at the current rates of tax after taking into account applicable tax credits, rebates, losses and exemptions available, if any.

Deferred

Deferred tax is accounted for using balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3.5 Leases

3.5.1 Right of use assets

The Company recognizes right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined as those of similar assets or the lease term as specified in contract. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has not elected to recognise right-of-use assets and lease liabilities for short-term leases of properties that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.5.2 Lease liability

The lease liability is initially measured at the present value of the future lease payments discounted using the Company's incremental borrowing rate. Lease payments in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3.6 Trade and other payable

Liabilities for trade and other payables are carried at amortised cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.7 Employee benefits

Defined benefit plan

The Company operates approved funded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined in the scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to the statement of profit or loss. The most recent valuation was carried out as at June 30, 2022 using the "Projected Unit Credit Method". The actuarial gains or losses at each evaluation date are charged to other comprehensive income. The results of actuarial valuation are summarized in note 10.4 of these financial statements.

The amount recognized in the balance sheet represents the present value of defined benefit obligations as reduced by the fair value of plan assets.

Calculation of gratuity asset requires assumptions to be made of future outcomes which mainly include increase in remuneration, expected long term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions and determined by actuary.

During the year the Company has introduced a pension fund benefit in form of monthly contribution into private pension scheme (defined contribution plan) in place of existing staff gratuity benefit (defined benefit plan) for its full time management employees (contractual and regular). In response till the year end majority of management employees have opted the pension fund benefit and accordingly their gratuity obligations have been cleared from the SIHL gratuity fund which resulted into settlement loss of Rs. 37.7 million in unconsolidated statement of profit or loss. The employees who are currently covered under gratuity benefit not opting the pension benefit option will continue under gratuity scheme while new employee shall solely be covered under pension scheme after completing minimum eligibility criteria of their employment.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan where monthly contribution equal to 1/12th of eligible salary are made by the Company in employees' pension fund account maintained with designated asset management company and recognized as expense in the unconsolidated statement of profit or loss as and when they become due.

Compensated absences

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leave is earned. Accrual to cover the obligations is made using the current salary levels of the employees.

3.8 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted prospectively to reflect the current best estimates.

3.9 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

The Company discloses significant contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the reporting date.

3.10 Property, plant and equipment

Property, plant and equipment except freehold and leasehold lands and capital work-in-progress are stated at cost less accumulated depreciation and impairment in value, if any. Leasehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated amortization and impairment losses while freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses, if any.

Any revaluation increase arising on the revaluation of land is recognized in other comprehensive income and presented as a separate component of equity as “Revaluation surplus on property, plant and equipment”, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The surplus on leasehold land to the extent of incremental depreciation charged is transferred to unappropriated profit.

Capital work-in-progress and stores held for capital expenditure are stated at cost less impairment loss recognized, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific items of property, plant and equipment when available for intended use.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs that do not meet the recognition criteria are charged to the statement of profit or loss as and when incurred.

Depreciation / amortization is charged to the statement of profit or loss commencing when the asset is ready for its intended use, applying the straight-line method over the estimated useful life.

In respect of additions and disposals during the year, depreciation / amortization is charged when the asset is available for use and up to the month preceding the asset's classified as held for sale or derecognized, whichever is earlier.

Assets are derecognized when disposed off or when no future economic benefits are expected to flow from its use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized on net basis within "other income" in the statement of profit or loss.

The Company reviews the useful lives of property, plant and equipment on a regular basis. Similarly revaluation of lands are made with sufficient regularity. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation / amortization charge and impairment.

3.11 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Subsequent cost on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is charged to the statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

The Company reviews the useful lives of intangible assets on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of intangibles with the corresponding effect on the amortization charge and impairment.

3.12 Impairment of non - financial assets

The Company assesses at each reporting date whether there is any indication that assets except deferred tax assets and inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the statement of profit or loss except for the impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of depreciation / amortization) had no impairment loss been recognized for the asset in prior years. Reversal of impairment loss is recognized in the statement of profit or loss.

3.13 Investments

All purchases and sales of investments are recognized using settlement date accounting. Settlement date is the date on which that investments are delivered to or by the Company. All investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.13.1 Investment in subsidiaries

Investment in subsidiary is initially recognized at cost. At subsequent reporting date, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment losses are recognized as expense in the statement of profit or loss. Where impairment loss is subsequently reversed, the carrying amounts of investment are increased to its revised recoverable amount, limited to the extent of initial cost of investment. Reversal of impairment losses are recognized in the statement of profit or loss.

The profits or losses of subsidiaries are carried forward in their financial statements and are not dealt within these financial statements except to the extent of dividend declared by the subsidiaries. Gains and losses on disposal of investment are included in other income. When the disposal on investment in subsidiary results in loss of control such that it becomes an associate, the retained investment is carried at cost.

3.13.2 Investment in associate

Investments in associate are initially recognized at cost. At subsequent reporting date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense in the statement of profit or loss. Where impairment losses are subsequently reversed, the carrying amounts of these investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss. The profits and losses of associate are carried forward in the financial statements and are not dealt within these financial statements except to the extent of dividend declared by the associate. Gains and losses on disposal of investments are included in the statement of profit or loss.

3.14 Financial assets

Initial measurement

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The Company classifies its financial assets into following three categories:
- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- Amortized cost.

Subsequent measurement

i) Debt instrument at FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

ii) Equity instrument at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

iii) Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in statement of profit or loss.

iv) Financial asset at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

3.14.1 Other financial assets

Investment in Units of Mutual Funds are classified at fair value through profit or loss and is initially measured at fair value and subsequently is measured at fair value determined using the net assets value of the funds at each reporting date. Net gains and losses are recognized in the statement of profit or loss.

Investments in term deposit receipts are classified as amortized cost and are initially measured at fair value. Transaction costs directly attributable to the acquisition are included in the carrying amount. Subsequently these investments are measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest / markup income, losses and impairment are recognized in the statement of profit or loss.

3.14.2 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial asset carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company applies the simplified approach for trade debts which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Company recognises life time ECL for trade debts, using the simplified approach. The expected credit losses on trade debts are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Life time expected credit losses against other receivables is also recognized due to significant increase in credit risk since initial recognition.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date reduced by security deposit held. For other financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Company recognizes an impairment loss in the profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Company write off financial assets that are still subject to enforcement activities. Subsequent recoveries of amounts previously written off will result in impairment gains.

3.14.3 Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.14.4 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

3.14.5 Off-setting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts, and the Company either intends to settle on a net basis, or realize the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

3.15 Stores, spare parts and loose tools

These are valued at cost, determined on moving average cost basis or net realizable value, whichever is lower. For items which are slow moving or identified as surplus to the Company's requirement, a provision is made for excess of book value over estimated net realizable value.

The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding affect on the provision.

3.16 Stock-in-trade

Stock-in-trade is valued at lower of cost, determined on moving average basis or net realizable value. The cost includes expenditure incurred in acquiring the stock items and other cost incurred in bringing them to their present location and condition.

The Company reviews the carrying amount of stock in trade on a regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding affect on the provision.

3.17 Trade debts, loans, deposits, interest accrued and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Past years experience of credit loss is used to base the calculation of credit loss.

3.18 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cheques in hand, balances with banks and highly liquid short term investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value with maturity of three months or less from the date of acquisition.

3.19 Non - current assets held for sale

Non - current assets are classified as held for sale when their carrying amounts are expected to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount immediately prior to their classification as held for sale and fair value less cost to sell. Once classified as held for sale, the assets are not subject to depreciation or amortization. In case where classification criteria of non current asset held for sale is no longer met such asset is classified on its carrying amount before the asset was classified as held for sale, adjusted for depreciation/revaluation that would have been recognized had the asset not been classified as held for sale. The required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale is charged in the statement of profit or loss.

3.20 Foreign currencies

Transactions in currencies other than Pak Rupees are recorded at the rates of exchange prevailing on the dates of transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate prevailing on the reporting date. Gains and losses arising on retranslation are included in the statement of profit or loss for the year.

3.21 Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors view the Company's operations as one reportable segment.

3.22 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the services are provided, and thereby the performance obligations are satisfied.

Revenue consists of inpatient revenue, outpatient revenue, pharmacy, cafeteria, rent of building and other services. Company's contract performance obligations are fulfilled at point in time when the services are provided to customer in case of inpatient, outpatient and other services and goods are delivered to customer in case of pharmacy and cafeteria revenue. Revenue is recognized at that point in time, as the control has been transferred to the customers.

Receivable is recognized when the services are provided and goods are delivered to customers as this is the point in time that the consideration is unconditional because only passage of time is required before the payment is due. The Company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as 'advances from customers' in the statement of financial position.

Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount.

Rental income is recognized on a straight line basis over the term of the rent agreement.

Scrap sales and miscellaneous receipts are recognized on realized amounts.

3.23 Asset held under Ijarah financing

Assets held under Ijarah financing are accounted for using the guidelines of Islamic Financial Accounting Standard-2 (IFAS 2), "Ijarah". The assets are not recognized on the Company's statement of financial position and payments made under Ijarah financing are recognized in the statement of profit or loss on a straight line basis over the term of the Ijarah.

3.24 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholder and weighted average number of ordinary shares outstanding for the effects of all potential ordinary shares.

3.25 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market is accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

All assets and liabilities for which fair value is measured or disclosed in the unconsolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the unconsolidated financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Ordinary shares of Rs.10 each.

2022	2021		2022	2021
Number			(Rupees in '000')	
61,974,886	61,974,886	Opening balance	619,749	619,749
1,239,497	-	Bonus shares issued during the year	12,395	-
63,214,383	61,974,886	Closing balance	632,144	619,749

4.1 The Company has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

4.2 During the year, Company issued bonus shares at the rate of 2% in proportion of one ordinary share for every fifty shares held (total 1,239,497 bonus shares having face value of Rs. 10 each) as approved in Annual General Meeting held on October 28, 2021.

4.3 7,436,986 (2021: 7,436,986) ordinary shares representing 12% (2021: 12%) shareholding in the Company are owned by International Finance Corporation (IFC). IFC has the right to nominate one director at the board of directors of the Company as long as IFC holds ordinary shares representing 5% of total issued share capital of the Company. Further, the Company if intends to amend or repeal the memorandum and articles, effects the rights of IFC on its shares issuance of preference shares ranking seniors to the equity securities held by IFC, incur any financial debt to any shareholder, change the nature of the business of the Company etc. shall seek consent of IFC.

4.4 The Company has no reserved shares for issuance under options and sales contracts.

5 SHARE PREMIUM

This comprise of share premium of Rs. 5, Rs. 250 and Rs. 229.29 per share received on issue of 8,000,000, 4,024,100 and 7,436,986 ordinary shares of Rs. 10 each in the years 1994, 2016 and 2020 respectively. Out of the above the Company during the current year has issued bonus shares at the rate mentioned in note 4.2 above. The balance reserve cannot be utilized except for the purposes mentioned in section 81 of the Companies Act, 2017.

		2022	2021
6	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	(Rupees in '000')	
	Balance at beginning of the year	792,396	760,346
	Revaluation surplus during the year	109,611	53,821
	Realization of revaluation surplus on disposal of assets	(24,883)	(12,541)
	Transferred to unappropriated profits in respect of incremental depreciation / amortization charged during the year	(9,841)	(9,230)
	Balance at end of the year	867,283	792,396

6.1 Surplus on revaluation of property, plant and equipment in respect of leasehold and freehold lands is not available for distribution of dividend to the shareholders of the Company in accordance with section 241 of the Companies Act, 2017.

			2022	2021
7	LONG TERM FINANCING - SECURED	Note	(Rupees in '000')	
	From banking companies and non banking financial institution:			
	Syndicated Islamic Finance Facility	7.1	1,283,907	1,854,086
	Diminishing Musharakah Facility-1	7.2	250,754	434,274
	Diminishing Musharakah Facility-2	7.3	416,667	500,000
	Diminishing Musharakah Facility-3	7.4	26,160	-
	Refinance Facility to Combat COVID-19 (RFCC)	7.5	88,194	-
	Deferred income - Government grant		29,483	-
			117,677	-
	Islamic Refinance Facility to Combat Covid -19 (IRFCC)	7.6	128,952	127,789
	Deferred income - Government grant		20,014	25,526
			148,966	153,315
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	7.7	34,209	-
	Deferred income - Government grant		11,775	-
			45,984	-
	State Bank of Pakistan (SBP) - refinance scheme	7.8	311,283	780,354
	Deferred income - Government grant		6,239	44,101
			317,522	824,455
			2,607,637	3,766,130
	Less: current portion		1,334,536	1,405,722
			1,273,101	2,360,408

7.1 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% (2021: 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.

7.2 This include outstanding balance of Rs. 210.4 million (2021: Rs. 405.3 million) against the long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 449.5 million (2021: Rs. 442.9 million). Principal amount is repayable in 36 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.80% (2021: 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 (2021: Rs. 19.6 million). This also includes an outstanding balance of Rs. 40.3 million (2021: Rs. 28.9 million) against long term Islamic finance facility obtained under Diminishing Musharakah basis from First Habib Modaraba of Rs. 57.7 million (2021: Rs. 37.6 million). Principal amount is repayable in 60 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.70% (2021: 3 months KIBOR plus 0.70%) per annum. The unavailed limit of this facility is Rs. 12.3 million (2021: Rs. 32.4 million).

7.3 This represents outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million (2021: 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% (2021: 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.

7.4 This represents a long term Islamic finance facility obtained from Bank Alfalah Limited of Rs. 26.2 million (2021: Nil). Principal amount is repayable in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.70% (2021: Nil) 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. 492.9 million (2021: Nil).

7.5 This represents the outstanding balance of long term finance facility obtained from United Bank Limited of Rs. 124.6 million (2021: Nil). Principal amount shall be repaid by September 14, 2026 in 18 equal quarterly installments carrying profit at 1% (2021: Nil) 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. 75.4 million (2021: Rs. 200 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 as detailed below:

	2022	2021
	(Rupees in '000')	
Balance at beginning of the year	-	-
Received during the year	29,857	-
Amortization during the year	(374)	-
Balance at end of the year	29,483	-

7.6 This represents the outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 183.1 million (2021: Rs. 153.3 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 Rs. 16.9 million (2021: Rs. 34.9 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 as detailed below:

	2022	2021
	(Rupees in '000')	
Balance at beginning of the year	25,526	-
Received during the year	5,140	29,847
Amortization during the year	(10,652)	(4,321)
Balance at end of the year	20,014	25,526

7.7 This represents the outstanding balance of long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 45.9 million (2021: Nil) 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. The unavailed limit of this facility is Nil (2021: Rs. 17.4 million). 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 as detailed below:

	2022	2021
	(Rupees in '000')	
Balance at beginning of the year	-	-
Received during the year	12,063	-
Amortization during the year	(288)	-
Balance at end of the year	11,775	-

7.8 This represents the outstanding balance of long term finance facility aggregating to Rs. 1,012.2 million (2021: 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 starting from January 2021 and shall be fully settled by January 31, 2023. The facility is secured by first pari passu charge of Rs. 1,333.3 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 as detailed below:

		Note	2022	2021
			(Rupees in '000')	
	Balance at beginning of the year		44,101	53,193
	Received during the year		-	52,783
	Amortization during the year		(37,862)	(61,875)
	Balance at end of the year		6,239	44,101
8	**DEFERRED TAXATION**			
	Deferred tax liability	8.1	525,157	504,648
	Deferred tax asset	8.2	(182,329)	(154,334)
	Net deferred tax liability		342,828	350,314

		2022	2021
		(Rupees in '000')	
8.1	**Deferred tax liability on taxable temporary differences:**		
	Accelerated depreciation / amortization allowance	525,157	504,648
8.2	**Deferred tax asset on deductible temporary differences:**		
	Right of use assets net of lease liabilities	(34,728)	(13,428)
	Specific provisions	(83,762)	(67,944)
	Retirement benefit obligation	(63,839)	(72,962)
		(182,329)	(154,334)

8.3 Movement in deferred taxation

Deferred tax liabilities / (assets)	Opening balance	Statement of profit or loss	Other comprehensive Income	Closing balance
2022	(Rupees in '000')			
The balance of deferred tax is in respect of following temporary differences:				
Effect of taxable temporary differences				
Accelerated depreciation / amortization allowance	504,648	20,509	-	525,157
Effect of deductible temporary differences				
Right of use assets net of lease liabilities	(13,428)	(21,300)	-	(34,728)
Specific provisions	(67,944)	(15,818)	-	(83,762)
Retirement benefit obligation	(72,962)	17,030	(7,907)	(63,839)
	350,314	421	(7,907)	342,828
2021				
The balance of deferred tax is in respect of following temporary differences:				
Effect of taxable temporary differences				
Accelerated depreciation / amortization allowance	534,882	(30,234)	-	504,648
Effect of deductible temporary differences				
Right of use assets net of lease liabilities	9,104	(22,532)	-	(13,428)
Specific provisions	(48,087)	(19,857)	-	(67,944)
Retirement benefit obligation	(56,904)	(2,740)	(13,318)	(72,962)
	438,995	(75,363)	(13,318)	350,314

8.4 Deferred tax assets and liabilities on temporary differences are measured at the rate of 33% (2021: 29%).

		2022	2021
9	LEASE LIABILITIES	(Rupees in '000')	
	Balance at beginning of the year	784,671	565,518
	Addition / modification during the year	347,377	380,841
	Interest expense	87,980	72,920
	Terminated during the period	(2,460)	-
	Payment during the year	(269,831)	(234,608)
	Balance at end of the year	947,737	784,671
	Less: current portion	253,452	177,633
		694,285	607,038

9.1 Lease liabilities are payable as follows:

	Minimum lease payments	Interest	Present value of minimum lease payments
2022	(Rupees in '000')		
Less than one year	301,760	48,308	253,452
Between one and five years	697,031	170,343	526,688
More than five years	309,919	142,322	167,597
	1,308,710	360,973	947,737
2021			
Less than one year	284,989	107,356	177,633
Between one and five years	622,811	176,481	446,330
More than five years	293,587	132,879	160,708
	1,201,387	416,716	784,671

9.2 The year-end balance of lease liabilities include a balance of Rs. 338.8 million (2021: Rs. 397.9 million) in respect of building obtained under a lease arrangement from Shifa Neuro Sciences Institute Islamabad (Private) Limited for period of six years. Related amounts include lease modification of Nil (2021: Rs. 268.8 million) interest expense of Rs. 35.3 million (2021: Rs. 29.7 million) and lease payments of Rs. 97.0 million (2021: Rs. 64.7 million).

			2022	2021
10	TRADE AND OTHER PAYABLES	Note	(Rupees in '000')	
	Creditors	10.1	1,712,321	1,523,919
	Accrued liabilities		584,755	473,803
	Advances from customers		293,743	272,842
	Medical consultants' charges		511,357	493,854
	Security deposits	10.2	118,712	112,835
	Compensated absences	10.3	131,211	113,857
	Defined contribution plan		29,188	-
	Retention money		12,704	8,391
	Payable to Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund (the Fund)	10.4	193,453	251,594
			3,587,444	3,251,095
10.1	This include payable to related parties (unsecured) as detailed below:			
	Tameer -e- Millat Foundation (TMF)		11,660	13,073
	Shifa Tameer -e- Millat University (STMU)		6,458	5,041
	Shifa Development Services (Private) Limited (SDSPL)		-	44,607
			18,118	62,721

10.2 This include security deposits retained from employees of Rs. 37,095 thousand (2021: Rs. 33,219 thousand) held in separate bank account and balances obtained from customers of Rs. 81,617 thousand (2021: Rs. 79,616 thousand) that are utilizable for the purpose of the business in accordance with agreements with customers.

			2022	2021
10.3	Compensated absences	Note	(Rupees in '000')	
	Balance at beginning of the year		113,857	108,324
	Provision made for the year		67,049	46,378
			180,906	154,702
	Payments made during the year		(49,695)	(40,845)
	Balance at end of the year		131,211	113,857
10.4	The amount recognized in the unconsolidated statement of financial position:			
	Present value of defined benefit obligation	10.4.1	398,711	798,687
	Fair value of plan assets	10.4.2	(205,258)	(547,093)
			193,453	251,594

		Note	2022	2021
			(Rupees in '000')	
10.4.1	**Movement in the present value of defined benefit obligation:**			
	Balance at beginning of the year		798,687	667,697
	Interest cost		47,760	53,470
	Current service cost		105,084	128,179
	Past service cost		-	4,852
	Benefits paid / adjusted	3.7	(608,160)	(77,096)
	Benefits payable		(1,725)	(1,840)
	Loss arising on plan settlements	3.7	37,717	-
	Remeasurement loss on defined benefit obligation		19,348	23,425
	Balance at end of the year		398,711	798,687
10.4.2	**Movement in the fair value of plan assets:**			
	Balance at beginning of the year		547,093	471,476
	Expected return on plan assets		31,445	42,584
	Contributions		241,218	134,468
	Benefits paid		(608,160)	(77,096)
	Benefits paid / adjusted		(1,725)	(1,840)
	Remeasurement loss on plan assets		(4,613)	(22,499)
	Balance at end of the year		205,258	547,093
10.4.3	**Charge for the year:**			
	Current service cost		105,084	128,179
	Interest cost		47,760	53,470
	Past service cost		-	4,852
	Loss arising on plan settlements		37,717	-
	Expected return on plan assets		(31,445)	(42,584)
			159,116	143,917
10.4.4	**Remeasurements recognized in other comprehensive income (OCI):**			
	Remeasurement loss on obligation		19,348	23,425
	Remeasurement loss on plan assets		4,613	22,499
	Remeasurement loss recognized in OCI		23,961	45,924
10.4.5	**Movement in liability recognized in unconsolidated statement of financial position:**			
	Balance at beginning of the year		251,594	196,221
	Charge for the year		159,116	143,917
	Remeasurement recognized in OCI during the year		23,961	45,924
	Contributions during the year		(241,218)	(134,468)
	Balance at end of the year		193,453	251,594

		Note	2022	2021
			(Rupees in '000')	
10.4.6	**Plan assets comprise of:**			
	Term deposit receipts		133,892	388,947
	Ordinary shares of SIHL	10.4.6.1	14,056	16,858
	Cash and bank balances		68,619	143,128
	Payable to outgoing members		(11,309)	(1,840)
			205,258	547,093

10.4.6.1 Number of ordinary shares held by the Fund at year end were 78,461 shares (2021: 76,923 shares) with market value of Rs. 179.14 (2021: Rs. 219.15) per share.

		2022	2021
10.4.7	**Principal actuarial assumptions used in the actuarial valuation:**		
	Discount rate used for interest cost in profit or loss	11.75%	8.50%
	Discount rate used for year end obligation	13.25%	10.00%
	Expected rate of salary growth		
	Salary increase FY 2022	N/A	7.00%
	Salary increase FY 2023-2025	9.25%	9.00%
	Salary increase FY 2026 onward	11.25%	9.00%
	Mortality rate	SLIC 2001-2005 set back 1 year	SLIC 2001-2005 set back 1 year
	Withdrawal rates	Age based	Age based
	Retirement assumption	Age 60	Age 60

10.4.8 **Sensitivity analysis**

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / decreased as a result of a change in respective assumptions by one percent.

	2022		2021	
	Defined benefit obligation		Defined benefit obligation	
	Effect of 1% increase	Effect of 1% decrease	Effect of 1% increase	Effect of 1% decrease
	(Rupees in '000')			
Discount rate	373,013	427,045	741,390	864,740
Future salary increase	427,576	372,149	865,362	739,826

10.4.9 The average duration of the defined benefit obligation as at June 30, 2022 is 8.5 years (2021: 8 years).

10.4.10 Risk associated with the scheme

Final salary risk

The risk that the final salary at the time of cessation of service is greater than what is assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic risks

a) Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

b) Withdrawal risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

c) Investment risk

The risk of the investment under performing and being not sufficient to meet the liabilities.

		2022	2021
11	MARKUP ACCRUED	(Rupees in '000')	
	Long term financing - secured	35,658	16,913

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 Claims aggregating to Rs. 3 million (2021: 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.

12.1.2 The penalty of Rs. 20 million (2021: 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.

12.1.3 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. 43.35 million (2021: Rs. 43.35 million) on behalf of the Company in its ordinary course of business.

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

12.1.4.1 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.

12.1.4.2 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.

12.1.4.3 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.

12.1.4.4 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.

12.1.4.5 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.

12.1.4.6 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 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 unconsolidated financial statements.

		2022	2021
12.2	Commitments	(Rupees in '000')	
12.2.1	Capital expenditure contracted	135,129	45,109
12.2.2	Letters of credit	138,470	79,116

13. PROPERTY, PLANT AND EQUIPMENT

Particulars	Note	Owned assets													Right of use assets		Total
		Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Leasehold Improvements	Biomedical equipment	Air conditioning equipment and machinery	Electrical and other equipment	Furniture and fittings	Construction equipment	Computer installations	Vehicles	Capital work-in-progress (note 13.9)	Office premises	Electrical equipment	
		(Rupees in '000')															
Cost / Revalued amount																	
Balance as at July 01, 2020		540,600	914,701	58,898	2,616,071	61,610	4,181,797	475,852	692,464	216,711	2,788	534,848	119,446	325,931	703,146	57,000	11,501,863
Additions		-	-	-	-	-	59,820	28,867	24,963	11,548	-	30,469	8,701	353,273	392,422	-	910,063
Revaluation		12,815	41,006	-	-	-	-	-	-	-	-	-	-	-	-	-	53,821
Disposals		-	-	-	-	-	-	-	(4,400)	-	-	(419)	(9,741)	-	-	-	(14,560)
Write offs		-	-	-	-	-	(3,535)	(7)	(3,511)	(182)	-	(2,773)	-	-	-	-	(10,008)
Transfers		-	-	-	-	-	255,719	-	11,534	212	-	547	2,000	(270,012)	-	-	-
Transfers to SDSPL		-	-	-	-	-	-	-	-	(5,000)	-	-	-	-	-	-	(5,000)
Reclassified as held for sale		(292,072)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(292,072)
Balance as at June 30, 2021		261,343	955,707	58,898	2,616,071	61,610	4,493,801	504,712	721,050	223,289	2,788	562,672	120,406	409,192	1,095,568	57,000	12,144,107
Balance as at July 01, 2021		261,343	955,707	58,898	2,616,071	61,610	4,493,801	504,712	721,050	223,289	2,788	562,672	120,406	409,192	1,095,568	57,000	12,144,107
Additions		-	-	-	-	22,586	118,418	7,438	44,883	8,758	223	60,646	23,194	386,757	368,187	-	1,041,090
Revaluation		55,557	54,054	-	-	-	-	-	-	-	-	-	-	-	-	-	109,611
Reclassified from held for sale	13.7	104,378	-	-	-	-	-	-	-	-	-	-	-	-	-	-	104,378
Disposals		-	-	-	-	-	(12,801)	-	-	-	-	(532)	(2,029)	-	-	-	(15,362)
Termination of lease / transfer		-	-	-	-	-	-	-	-	-	-	-	-	-	(11,842)	-	(11,842)
Write offs		-	-	-	-	-	(13,451)	(4,032)	(1,213)	(132)	-	(3,423)	-	-	-	-	(22,251)
Transfers		-	-	-	-	-	35,203	-	4,039	1,067	-	12,205	-	(52,514)	-	-	-
Balance as at June 30, 2022		421,278	1,009,761	58,898	2,616,071	84,196	4,621,170	508,118	768,759	232,982	3,011	631,568	141,571	743,435	1,451,913	57,000	13,349,731
Depreciation / amortization																	
Balance as at July 01, 2020		-	89,005	982	711,499	27,972	2,179,665	253,375	466,225	125,078	1,639	375,382	94,505	-	173,516	11,084	4,509,927
Charge for the year		-	12,018	2,945	75,854	12,322	330,331	49,920	58,434	17,452	250	67,758	8,589	-	210,600	19,000	865,473
On disposals		-	-	-	-	-	-	-	(4,400)	-	-	(419)	(9,286)	-	-	-	(14,105)
On write offs		-	-	-	-	-	(2,892)	(3)	(3,211)	(158)	-	(2,767)	-	-	-	-	(9,031)
Balance as at June 30, 2021		-	101,023	3,927	787,353	40,294	2,507,104	303,292	517,048	142,372	1,889	439,954	93,808	-	384,116	30,084	5,352,264
Balance as at July 01, 2021		-	101,023	3,927	787,353	40,294	2,507,104	303,292	517,048	142,372	1,889	439,954	93,808	-	384,116	30,084	5,352,264
Charge for the year		-	12,770	2,944	74,401	12,511	335,151	52,083	57,974	17,033	272	68,489	11,178	-	238,642	19,000	902,448
On disposals		-	-	-	-	-	(11,866)	-	-	-	-	(316)	(1,523)	-	-	-	(13,705)
Termination of lease		-	-	-	-	-	-	-	-	-	-	-	-	-	(5,431)	-	(5,431)
On write offs		-	-	-	-	-	(11,765)	(3,596)	(1,169)	(101)	-	(3,386)	-	-	-	-	(20,017)
Balance as at June 30, 2022		-	113,793	6,871	861,754	52,805	2,818,624	351,779	573,853	159,304	2,161	504,741	103,463	-	617,327	49,084	6,215,559
Carrying value as at June 30, 2021		261,343	854,684	54,971	1,828,718	21,316	1,986,697	201,420	204,002	80,917	899	122,718	26,598	409,192	711,452	26,916	6,791,843
Balance as at June 30, 2022		421,278	895,968	52,027	1,754,317	31,391	1,802,546	156,339	194,906	73,678	850	126,827	38,108	743,435	834,586	7,916	7,134,172
Annual rate of depreciation %		-	1.34-3.03	2.5-10	2.5-10	20	10	10-15	10-15	10	10-20	25	20	-	-	33.3	

13.1 Freehold and leasehold lands were revalued on June 30, 2022 by an independent professional valuer using the fair market value basis which resulted increases in surplus by Rs. 55,557 thousand and Rs. 54,054 thousand respectively. Total unamortized surplus against the revaluation of freehold and leasehold lands as at June 30, 2022 stood at Rs. 1,057,830 thousand (2021: Rs. 948,219 thousand).

13.2 Had there been no revaluation the carrying value would have been as under:

	Cost	Accumulated amortization	Carrying value
Freehold land		(Rupees in '000')	
June 30, 2022	337,690	-	337,690
June 30, 2021	234,928	-	234,928
Leasehold land			
June 30, 2022	197,646	8,067	189,579
June 30, 2021	197,646	5,198	192,448

13.3 Particulars of Company's freehold and leasehold lands are as follow:

Location	Nature	Area (Kanal) 2022	Area (Kanal) 2021
Shifa Cooperative Housing Society, Islamabad Expressway	Freehold land	2	2
Motorway, Mouza Noon, Islamabad	Freehold land	100	100
Faisalabad Motorway	Freehold land	48.2	-
H-8/4, Islamabad *	Leasehold land	87.8	87.8

*The covered area include multi-storey buildings.

13.4 Property, plant and equipment include items with aggregate cost of Rs. 2,370,718 thousand (2021: Rs. 2,055,773 thousand) representing fully depreciated assets that are still in use of the Company.

13.5 Property, plant and equipment of the Company are encumbered under an aggregate charge of Rs. 7,665.6 million (2021: Rs. 6,810.6 million) in favor of lenders under various financing arrangements as disclosed in note 7.

13.6 The forced sale values (FSV) of the revalued leasehold and freehold lands have been assessed at Rs. 716,774 thousand (2021: Rs. 683,747 thousand) and Rs. 337,023 thousand (2021: Rs. 209,074 thousand) respectively.

13.7 Freehold land measuring 48.2 kanals located at Motorway Faisalabad (Note 25) re-classified to property, plant and equipment as the sale is not probable to be completed within next twelve months.

13.8 Detail of property, plant and equipment disposed off during the year, having carrying value of more than Rs. 500 thousand:

Asset particulars / Location	Note	Cost / revalued amount	Carrying value	Sale proceeds	Gain on disposal	Purchaser	Mode of Disposal
		(Rupees in '000')					
Islamabad Motorway Land	25.2	109,239	109,239	116,520	7,281	Various third parties through Softsys (Private) Limited	Negotiation
Shifa Cooperative Housing Society	25.2	63,489	63,489	131,200	67,711	Various third parties	Negotiation
		172,728	172,728	247,720	74,992		
Other assets having carrying value less than Rs. 500 thousand	13	15,362	1,657	3,486	1,829		
2022		188,090	174,385	251,206	76,821		
2021		203,554	189,449	231,424	41,975		

			2022	2021
13.9	Capital work-in-progress	Note	(Rupees in '000')	
	Construction work-in-progress	13.9.1	305,602	135,776
	Stores held for capital expenditure	13.9.2	976	976
	Installation of equipment in progress		436,857	272,440
			743,435	409,192

13.9.1 This include Rs. 132,788 thousand (2021: Rs. 127,433 thousand) paid to Shifa Development Services (Private) Limited on account of design and building works under two separate agreements with the Company.

			2022	2021
13.9.2	Stores held for capital expenditure	Note	(Rupees in '000')	
	Stores held for capital expenditure		4,524	4,524
	Less: provision for slow moving items	13.9.2.1	3,548	3,548
			976	976
13.9.2.1	Balance at beginning of the year		3,548	2,651
	Charged during the year		-	897
	Balance at end of the year		3,548	3,548

			2022	2021
14	INTANGIBLE ASSETS	Note	(Rupees in '000')	
	Softwares in use	14.1	13,990	31,343
	Software under development	14.2	39,375	-
			53,365	31,343
14.1	Softwares is use			
	Cost			
	Balance at beginning of the year		105,185	105,185
	Addition during the year		4,215	-
	Balance at end of the year		109,400	105,185
	Accumulated Amortization			
	Balance at beginning of the year		73,842	47,771
	Charged during the year		21,568	26,071
	Balance at end of the year		95,410	73,842
	Net book value		13,990	31,343
14.2	Software under development			
	Balance at beginning of the year		-	-
	Addition during the year	14.2.1	39,375	-
	Balance at end of the year		39,375	-

14.2.1 This represents the amount paid to Shifa Care (Private) Limited for provision of Hospital Supply Chain Management system (HSCM). Out of total scope, three sub modules of HSCM have been developed and the integration of the aforesaid modules with existing Hospital Management Information System (HMIS) is in progress and expected to be functional during the next financial year.

14.3 Amortization of softwares in use has been recorded at rate of 25 % (2021: 25%) per annum.

14.4 Intangible assets include items with aggregate cost of Rs. 39,132 thousand (2021: Rs. 10,810 thousand) representing fully amortized asset that are still in use of the Company.

			2022	2021
15	LONG TERM INVESTMENT - AT COST	Note	(Rupees in '000')	
	In subsidiary companies (unquoted):			
	Shifa Development Services (Private) Limited (SDSPL)	15.2	9,966	9,966
	Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad)	15.3	1,697,521	1,697,521
	Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad)	15.4	971,562	455,502
	Shifa Medical Centre Islamabad (Private) Limited (SMC Islamabad)	15.5	1,171,288	947,488
	Shifa International DWC-LLC (SIDL)	15.6	23,280	23,280
	In associated company (unquoted):			
	Shifa Care (Private) Limited (SCPL)	15.7	45,001	45,001
			3,918,618	3,178,758

15.1 Per share breakup values of these investments are given below:

	2022	2021
	Rupees / Share	
Shifa Development Services (Private) Limited (SDSPL)	35.37	20.93
Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad)	10.23	10.15
Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad)	11.06	12.03
Shifa Medical Centre Islamabad (Private) Limited (SMC Islamabad)	10.39	10.05
Shifa International DWC-LLC (SIDL)	5.35	5.19
Shifa Care (Private) Limited (SCPL)	7.30	7.99

15.2 This represents investment in 1,650,000 (2021: 1,650,000) fully paid ordinary shares of Rs. 10 each of SDSPL. The above investment in ordinary shares represents 55% (2021: 55%) shareholding in SDSPL held by the Company.

15.3 This represents investment in 169,752,100 (2021: 169,752,100) fully paid ordinary shares of Rs. 10 each of SNS Islamabad. The above investment in ordinary shares represents 100% (2021: 100%) shareholding in SNS Islamabad held by the Company.

15.4 This represent investment in 97,156,200 (2021: 45,550,200) fully paid ordinary shares of Rs. 10 each of SNH Faisalabad. The above investment in ordinary shares represents 60% (2021: 60%) shareholding in SNH Faisalabad held by the Company.

15.5 This represents investment in 117,128,812 (2021: 94,748,837) ordinary shares of Rs. 10 each of SMC Islamabad. The above investment in ordinary shares represents 56% (2021: 56%) shareholding in SMC Islamabad held by the Company.

15.6 This represents investment in 555,000 (2021: 555,000) ordinary shares of AED 1 each of SIDL having a registered office located at Business Center Logistics City, Dubai Aviation City, P.O Box 390667, United Arab Emirates. The above investment in ordinary shares represents 100% (2021: 100%) shareholding held by the Company.

15.7 This represents investment in 4,500,050 (2021: 4,500,050) fully paid ordinary shares of Rs. 10 each of SCPL. The above investment in ordinary shares represents 50% (2021: 50%) shareholding in SCPL held by the Company. Summary of results of SCPL are as under:

		2022	2021
		(Rupees in '000')	
	Summarized statement of financial position		
	Current assets	52,787	24,767
	Non–current assets	58,322	49,641
	Current liabilities	(45,385)	(2,485)
	Net assets	65,724	71,923
	Reconciliation to carrying amounts:		
	Opening net assets	71,923	44,944
	Total comprehensive loss for the year	(6,199)	(3,021)
	Equity	-	30,000
	Closing net assets	65,724	71,923
	Company's share in carrying value of net assets	32,862	35,962
	Company's share in total comprehensive loss	(3,099)	(1,511)
	Summarized statement of profit or loss		
	Revenue for the year – gross	-	-
	Loss for the year	(6,199)	(3,021)
	Other comprehensive loss for the year	-	-
	Total comprehensive loss for the year	(6,199)	(3,021)

15.7.1 The above information is based on audited financial statements of SCPL.

			2022	2021
16	LONG TERM DEPOSITS	Note	(Rupees in '000')	
	Ijarah key money deposits		-	15,906
	Less: current portion of Ijarah key money deposits		-	15,906
			-	-
	Security deposits	16.1	85,324	96,260
			85,324	96,260

16.1 This represents security deposits given to various institutions / persons and are refundable on termination of relevant services / arrangements.

			2022	2021
17	STORES, SPARE PARTS AND LOOSE TOOLS	Note	(Rupees in '000')	
	Stores		209,391	153,955
	Spare parts		26,654	33,893
	Loose tools		699	1,332
			236,744	189,180
	Less: provision for slow moving items	17.1	26,555	23,868
			210,189	165,312
17.1	Balance at beginning of the year		23,868	18,604
	Charged during the year		2,687	5,264
	Balance at end of the year		26,555	23,868

18 STOCK-IN-TRADE

This represents medicines being carried at moving average cost.

			2022	2021
19	TRADE DEBTS	Note	(Rupees in '000')	
	Related party - Shifa Foundation	19.1	9,736	17,139
	Others		1,124,491	970,694
			1,134,227	987,833
	Less: allowance for expected credit losses (ECL)	39.1.3	169,458	153,011
			964,769	834,822

19.1 Maximum amount due from Shifa Foundation at the end of any month during the year was Rs. 20,694 thousand (2021: Rs. 21,265 thousand).

			2022	2021
20	LOANS AND ADVANCES	Note	(Rupees in '000')	
	Considered good - secured			
	Executives	20.1	4,199	3,291
	Other employees		14,722	14,522
			18,921	17,813
	Consultants - unsecured		3,661	2,825
	Suppliers / contractors - unsecured	20.2	213,232	317,021
			235,814	337,659

20.1	Reconciliation of carrying amount of advances given to executives:			
	Balance at beginning of the year		3,291	2,726
	Disbursements during the year		19,783	19,341
			23,074	22,067
	Less: repayments during the year		18,875	18,776
	Balance at end of the year		4,199	3,291

20.1.1 The above advances were given in accordance with the Company's service rules. The maximum amount due from executives at the end of any month during the year was Rs. 4,716 thousand (2021: Rs. 5,743 thousand).

20.2 This include Rs. 52,376 thousand (2021: Nil) advance given to SDSPL in respect of civil works activities. While the referred amount also represents maximum balance at any month during the year.

			2022	2021
21	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	(Rupees in '000')	
	Current portion of Ijarah key money deposits		-	15,906
	Short term prepayments		28,232	26,501
	Security deposit	21.1	20,278	-
	Other receivables	21.2	305,345	111,432
			353,855	153,839
	Less: allowance for expected credit losses against other receivables	21.3	57,812	57,409
			296,043	96,430

21.1 This represents security deposit given to SNS Islamabad in accordance with the terms of lease arrangement of the property. During the year, the amount of security has been adjusted by Rs. 14.174 million (2021: Nil) on account of two month rent (net of tax) as per addendum to lease agreement.

21.2 This includes Rs. 35,416 thousand (2021: Rs. 24,335 thousand) and Rs. 34,896 thousand (2021: Rs. 26,656 thousand) due from SIHT (Private) Limited and Shifa International DWC LLC (SIDL). Maximum amount due from SIHT (Private) Limited at the end of any month during the year was Rs. 72,695 thousand (2021: Rs. 70,322 thousand) while the referred amount of SIDL also represent the maximum balance.

		Note	2022	2021
			(Rupees in '000')	
21.3	Allowance for expected credit losses against other receivables (unrelated parties)			
	Balance at beginning of the year		57,409	17,627
	Charge during the year	21.3.1	40,185	39,782
	Less: written off during the year	21.3.2	39,782	-
	Balance at end of the year		57,812	57,409

21.3.1 This represents an amount whose recovery is considered doubtful. However, the Company is actively pursuing for its recovery.

21.3.2 The balance due from Shifa Pan African Hospitals Limited – Tanzania (the Project) is written off as the Project has been abandoned due to multiple factors including substantial increase in project costs and the death of two out of three partners of Fatima Properties the sponsor of the Project based in Tanzania.

		Note	2022	2021
22	OTHER FINANCIAL ASSETS		(Rupees in '000')	
	Investment in Term Deposit Receipt - at amortized cost	22.1	3,000	3,000
	Investment in Mutual Fund - at fair value through profit or loss	22.2	510,235	619,464
			513,235	622,464

22.1 This represents term deposit receipt (TDR) having face value of Rs. 3 million with three months maturity. Profit payable on monthly basis at the rate ranging from 5.50% to 12.25% per annum (2021: 5% to 6.60% per annum).

22.2 This represents investment in 5,059,495 (2021: 6,157,748) units of UBL Al-Ameen Islamic Cash Fund. Fair value of the investment was determined using quoted repurchase price at year end.

		Note	2022	2021
23	TAX REFUNDS DUE FROM THE GOVERNMENT (NET OF PROVISION)		(Rupees in '000')	
	Balance at the beginning of the year		471,366	478,225
	Income tax paid / deducted at source during the year		405,208	332,473
			876,574	810,698
	Provision for taxation for the year	30	(428,532)	(339,332)
	Balance at the end of the year		448,042	471,366
24	CASH AND BANK BALANCES			
	Cash at banks in:			
	Current accounts			
	Local currency		348,000	320,672
	Foreign currency		1,374,994	1,663,510
			1,722,994	1,984,182
	Saving accounts:			
	Local currency		589,166	817,221
	Foreign currency		204	157
		24.1	589,370	817,378
		24.2	2,312,364	2,801,560
	Cash in hand		5,068	8,137
			2,317,432	2,809,697

24.1 Balances with saving accounts earned profit / mark-up at weighted average rate of 8.20% per annum (2021: 6.30% per annum).

24.2 Balances with banks includes Rs. 118,712 thousand (2021: Rs. 112,835 thousand) in respect of security deposits (Note 10.2).

		Note	2022	2021
25	NON - CURRENT ASSETS HELD FOR SALE		(Rupees in '000')	
	Balance at beginning of the year		598,057	494,978
	Addition during the year	25.1	-	292,072
	Disposed off during the year	25.2	(172,726)	(188,993)
	Reclassified to PPE	13.7	(104,378)	-
	Balance at end of the year	25.3	320,953	598,057

25.1 This represents the carrying value of land measuring 25 kanals located at Shifa Cooperative Housing Society, Islamabad Expressway.

25.2 During the year the Company has sold lands measuring 48.5 kanals (2021: 72.5 kanals) located at Islamabad Motorway and six plots (2021: two plots) located at Shifa Cooperative Housing Society, Islamabad Expressway.

25.3 Freehold lands held for sale at year end are 52.6 Kanal (2021: 101.1 Kanal) and 17 kanal (2021: 23 kanal) of Motorway, Mouza Noon, Islamabad and Shifa Cooperative Housing society, Islamabad respectively.

			2022	2021
26	NET REVENUE	Note	(Rupees in '000')	
	Inpatients		9,836,737	8,663,192
	Outpatients		5,492,731	4,865,579
	Other services	26.1	1,034,222	843,003
			16,363,690	14,371,774
	Less: discount		128,070	128,866
	Less: sales tax		38,069	23,190
	Net revenue		16,197,551	14,219,718

26.1 This represents revenue from external pharmacy outlets, cafeteria sales, operating leases to related parties / other parties and corporate services to subsidiaries / associate respectively.

26.2 The net revenue is excluding physician share of Rs. 1,353,680 thousand (2021: Rs. 1,302,168 thousand).

			2022	2021
27	OTHER INCOME	Note	(Rupees in '000')	
	Income from financial assets:			
	Profit on bank deposits		16,564	8,482
	Dividend income from mutual fund - investments at fair value through profit or loss		54,160	22,225
	Un-realized gain on investments at fair value through profit or loss		1,735	573
	Dividend income from subsidiary	27.1	25,463	-
			97,922	31,280
	Income from other than financial assets:			
	Gain on disposal of tangible assets	27.2	69,269	41,975
	Exchange gain on foreign currency translation		416,217	-
	Liabilities written back		-	478
	Sale of scrap - net of sales tax		18,772	9,658
	Miscellaneous		35,249	24,088
			539,507	76,199
			637,429	107,479

27.1 This represents the dividend at the rate of Re. 0.15 per share received from SNS Islamabad.

27.2 Gain on disposal of tangible assets is excluding commission charges on sale of land of Rs. 7.6 million.

		Note	2022	2021
28	OPERATING COSTS		(Rupees in '000')	
	Salaries, wages and benefits	28.1	5,827,983	4,803,017
	Utilities		835,050	542,751
	Supplies consumed		1,727,652	1,623,965
	Medicines consumed		4,184,847	3,815,914
	Communication		48,048	40,619
	Travelling and conveyance		21,672	11,638
	Printing and stationery		133,535	104,623
	Repairs and maintenance		642,156	589,211
	Auditors' remuneration	28.2	5,256	3,861
	Legal and professional		15,453	25,623
	Rent		12,266	12,773
	Rates and taxes		14,254	17,706
	Advertising and sales promotion		66,022	48,317
	Fee, subscription and membership		81,650	58,796
	Vehicle and equipment rentals	28.3	12,447	8,874
	Cleaning and washing		137,366	120,628
	Insurance		13,645	12,600
	Property, plant and equipment written off	28.4	2,234	977
	Provision for slow moving stores		2,687	6,161
	Depreciation / amortization on tangible assets	13	902,448	865,473
	Amortization on intangible assets	14	21,568	26,071
	Exchange loss on foreign currency translation		-	116,336
	Donation	28.5	25,000	-
	Miscellaneous		58,738	43,466
			14,791,977	12,899,400

28.1 This includes charge for employee gratuity of Rs. 159,116 thousand (2021: Rs. 143,917 thousand), defined contribution plan (pension) of Rs. 53,655 thousand (2021: Nil), compensated absences of Rs. 67,049 thousand (2021: Rs. 46,378 thousand) and bonus of Rs. 125,814 thousand (2021: Rs. 190,931 thousand).

		2022	2021
28.2	Auditors' remuneration	(Rupees in '000')	
	Annual audit fee	1,973	1,973
	Half yearly review fee	1,048	1,048
	Statutory certifications	2,235	840
		5,256	3,861

28.2.1 The above fee is inclusive of sales tax amounting to Rs. 746 thousand (2021: Rs. 526 thousand).

28.3 This include ujrah payments under an Ijarah. As required under Islamic Financial Accounting Standard (IFAS 2) "Ijarah" (notified through SRO 431 (I)/2007 by Securities & Exchange Commission of Pakistan) ujrah payments under an Ijarah are recognized as an expense in the statement of profit or loss on straight line basis over the Ijarah term.

The amounts of future ujrah payments and the periods in which these will be due are as follows:

	2022	2021
	(Rupees in '000')	
Within one year	-	12,447
After one year but not more than five years	-	-
Total ujrah payments	-	12,447

28.4 This represents assets written off that were determined to be irreparable after carrying out detailed physical verification exercised by the management.

28.5 Donation

This represents donation given to Shifa Tameer-e-Millat University (STMU) which is related party of the Company due to common directorship as detailed below:

Name of common director	Interest in donee	Address of the donee
Dr. Manzoor H. Qazi	Director	H-8/4, Islamabad
Dr. Habib ur Rahman	Director	H-8/4, Islamabad
Dr. Samea Kauser Ahmad	Director	H-8/4, Islamabad

The spouses of any directors of the Company have no interest in the donee.

29 FINANCE COSTS	2022	2021
	(Rupees in '000')	
Markup on long term loans - secured	252,714	255,567
Interest on lease liabilities	87,980	72,920
Credit card payment collection and bank charges	41,738	31,888
	382,432	360,375

		Note	2022	2021
30	PROVISION FOR TAXATION		(Rupees in '000')	
	Current			
	- for the year		433,334	339,332
	- prior year		(4,802)	-
		23	428,532	339,332
	Deferred		421	(75,363)
			428,953	263,969
30.1	Reconciliation of tax charge for the year			
	Profit before taxation		1,591,502	963,893
	Provision for taxation		428,953	263,969
			(Percentage)	
	Effective tax rate		26.95%	27.39%
	Reconciliation of effective tax rate			
	Applicable tax rate		29.00%	29.00%
	Add: super tax		4.00%	0.00%
	Add: net tax effects of amounts that are inadmissible for tax purposes/others		27.73%	37.83%
	Less: net tax effect of amounts that are deductible for tax purposes/others		33.77%	39.44%
	Average effective tax rate charged on income		26.95%	27.39%

		Note	2022	2021
31	EARNINGS PER SHARE - BASIC AND DILUTED		(Rupees in '000')	
	Profit after taxation for the year		1,162,549	699,924
			(Numbers in '000')	
				(Restated)
	Weighted average number of ordinary shares in issue during the year	31.1	63,214	63,214
			(Rupees)	
				(Restated)
	Earnings per share - basic and diluted		18.39	11.07

31.1 Weighted average number of ordinary shares has been calculated on the basis of time factor of shares outstanding during the year.

31.2 During the year, the Company has issued 2% bonus shares (i.e. one for every fifty ordinary shares held) which has resulted in restatement of basic and diluted earnings per share.

32 CAPACITY UTILIZATION

The actual inpatient available bed days, occupied bed days and room occupancy ratio of Shifa International Hospitals Limited (SIHL) are given below:

	2022	2021	2022	2021	2022	2021
	Available bed days		Occupied bed days		Occupancy Ratio	
SIHL H-8/4 Islamabad	184,269	184,023	108,277	102,702	58.76%	55.81%
SIHL Faisalabad	22,867	28,105	6,046	6,498	26.44%	23.12%

32.1 Reported utilisation is a result of pattern of patient turnover under different specialties and miscellaneous other factors.

	2022	2021
33 UNAVAILED CREDIT FACILITIES	(Rupees in '000')	
Unavailed credit facilities at year end other than those disclosed in note 7 of financial statements are as under:		
Letter of credit	60,348	100,000
Ijarah financing	51,709	51,709
Running Musharkah	500,000	500,000
Letter of guarantee	23,666	23,666
	635,723	675,375

34 NUMBER OF EMPLOYEES

The Company had 5,154 employees (2021: 5,047) at the year end and average number of employees during the year were 5,174 (2021: 4,915).

35 RELATED PARTIES 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.

The amounts due from and due to these undertakings are shown under trade debts, loans and advances, other receivables and trade and other payables. Other transactions with the related parties are given below:

	Note	2022	2021
		(Rupees in '000')	
Shifa Foundation:			
Opening balance - receivable		17,139	17,875
Revenue from services earned by the Company	35.1	16,964	12,607
Revenue from rent earned by the Company		819	600
Expenses paid and reimbursed to the Company		48	23
Other services provided to the Company		-	(3,424)
Revenue from COVID -19 clinical trial services		-	16,498
Receipts / adjustments		(25,234)	(27,040)
Closing balance - receivable		9,736	17,139
Tameer-e-Millat Foundation:			
Opening balance - payable		(13,073)	(11,978)
Supplies provided to the Company	35.2	(88,543)	(79,335)
Other services provided to the Company	35.3	(35,278)	(22,320)
Rental services received / earned by the Company		(5,842)	(4,631)
Payments / adjustments		131,076	105,191
Closing balance - payable		(11,660)	(13,073)
Shifa Tameer-e-Millat University:			
Opening balance - payable		(5,041)	(27,468)
Revenue from services earned by the Company	35.1	18,543	11,294
Revenue from rent earned by the Company		3,197	2,907
Other services provided to the Company	35.3	(61,817)	(53,780)
Expenses paid by and reimbursed to the Company		2,905	2,968
Donation paid by the Company		(25,000)	-
Payments / adjustments		60,755	59,038
Closing balance - payable		(6,458)	(5,041)
SIHT (Private) Limited			
Opening balance - receivable		24,335	25,783
Revenue from services earned by the Company	35.1	325,112	351,638
Expenses paid by and reimbursed to the Company		5,905	4,850
Other services provided to the Company	35.3	(23,206)	(22,414)
Receipts / adjustments		(296,730)	(335,522)
Closing balance - receivable		35,416	24,335

	Note	2022	2021
		(Rupees in '000')	
Shifa Development Services (Private) Limited			
Opening balance - (payable) / receivable		(44,607)	14,285
Revenue from rent earned by the Company		1,548	820
Payment made by the Company		4,215	-
Expenses paid by and reimbursed to the Company		-	190
Other services provided to the Company	35.3	(57,880)	(84,749)
Furniture and improvements sold by the Company		-	5,000
payments / adjustments		149,100	19,847
Closing balance - receivable / (payable)		52,376	(44,607)
Shifa Cooperative Housing Society:			
Opening balance		-	-
Plot maintenance charges paid by the Company		5,573	1,801
Payments		(5,573)	(1,801)
Closing balance		-	-
Shifa Medical Center Islamabad (Private) Limited			
Opening balance		-	-
Investment made by the Company in 22,379,975 (2021: Nil) ordinary shares		(223,800)	-
Other services provided by the Company	35.3	10,229	10,229
Expenses paid by and reimbursed to the Company		414	-
Payments / (receipts) - net		213,157	(10,229)
Closing balance		-	-
Shifa National Hospital Faisalabad (Private) Limited			
Opening balance		-	-
Investment made by the Company in 51,606,000 (2021: 23,023,428) ordinary shares		(516,060)	(230,234)
Other services provided by the Company	35.3	10,229	10,229
Payments - net		505,831	220,005
Closing balance		-	-

	Note	2022	2021
		(Rupees in '000')	
Shifa Neuro Sciences Institute Islamabad (Private) Limited			
Opening balance - receivable		34,452	34,452
Rent paid by the Company		(97,018)	(64,719)
Dividend income received by the Company		25,463	-
Other services provided by the Company	35.3	-	4,795
Payments / adjustments		57,381	59,924
Closing balance - receivable		20,278	34,452
Shifa International DWC-LLC			
Opening balance - receivable		26,656	10,809
Receipts / adjustments - net		24,576	26,204
Patient referral services provided to the Company		(16,336)	(10,357)
Closing balance - receivable		34,896	26,656
Shifa Care (Private) Limited			
Opening balance		-	-
Investment made by the Company in Nil (2021: 1,500,000) ordinary shares		-	(15,000)
Other services provided by the Company	35.3	2,343	836
Software development services provided to the Company		(39,375)	-
Expenses paid by and reimbursed to the Company		-	50
Payments - net		37,032	14,114
Closing balance		-	-
SIHL Employees' Gratuity Fund			
Opening balance - payable		(251,594)	(196,221)
Provision / OCI charge		(183,077)	(189,841)
Payments made by the Company during the year	35.4	241,218	134,468
Closing balance - payable		(193,453)	(251,594)
Remuneration including benefits and perquisites of key management personnel	35.5	368,682	333,771

35.1 Revenue earned from related parties includes medical, surgical, clinical and lab services rendered to referred inpatients and outpatients, sale of medicines and provision of cafeteria services. These transactions are executed on arm's length between the parties.

35.2 The supplies mainly includes uniforms and dairy products etc. These transactions are based on arm's length between the parties.

35.3 This represents services of nursing education/training, employees' children education, media and consultancy / shared services. These transactions are based on arm's length between the parties.

35.4 Transactions with the Fund are carried out based on the terms of employment of employees and according to actuarial advice.

35.5 This includes employee retirement benefits (gratuity) amounting to Rs. 3,866 thousand (2021: Rs. 20,342 thousand).

35.6 Basis of relationship with related parties with whom the Company had entered into transactions or had agreements and / or arrangements in place during the financial year are as follow:

Sr #	Name of related party (RP)	Basis of relationship	Percentage of	
			Company's shareholding in RP	RP's shareholding in the Company
1	Shifa Foundation	Common Directorship	N/A*	0.92%
2	Tameer-e-Millat Foundation	Common Directorship	N/A	12.57%
3	SIHL Employees' Gratuity Fund	Benefit Plan	N/A	0.12%
4	Shifa Tameer-e-Millat University	Common Directorship	N/A	0.02%
5	Shifa Development Services (Private) Limited	Subsidiary & Common Directorship	55%	Nil
6	Shifa Cooperative Housing Society	Common Directorship	N/A	N/A
7	Shifa Neuro Sciences Institute Islamabad (Private) Limited	Subsidiary & Common Directorship	100%	Nil
8	Shifa National Hospital Faisalabad (Private) Limited	Subsidiary & Common Directorship	60%	Nil
9	Shifa Medical Centre Islamabad (Private) Limited	Subsidiary & Common Directorship	56%	Nil
10	Shifa International DWC LLC	Subsidiary & Common Directorship	100%	Nil
11	Shifa CARE (Private) Limited	Associate & Common Directorship	50%	Nil
12	SIHT (Private) Limited	Common Directorship	N/A	N/A
13	International Finance Corporation (IFC)	Associate	Nil	12%

*N/A stands for not applicable.

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements in respect of remuneration and benefits, to the chief executive, directors and executives of the Company are given below:

	Chief Executive		Executive Director		Non Executive Directors		Executives	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	(Rupees in '000')							
Managerial remuneration	66,036	51,430	30,066	27,127	10,990	10,066	261,954	218,815
Annual bonus	1,768	1,650	1,192	-	237	-	8,336	7,394
Gratuity	-	-	-	-	-	-	3,866	20,342
Medical insurance	92	76	88	76	358	293	1,877	1,805
Leave encashment	-	-	-	4,335	-	-	7,422	6,338
	67,896	53,156	31,346	31,538	11,585	10,359	283,455	254,694
Number of persons	1	1	1	1	8	8	33	33

36.1 In addition to above, the chief executive is provided with a Company maintained car, while one other director and twenty eight executives availed car facility.

36.2 Managerial remuneration includes Rs. 4,305 thousand (2021: Rs. 3,450 thousand) paid to directors in respect of meeting attending fee.

36.3 Traveling expenses of Rs. 3,315 thousand (2021: Rs. 1,673 thousand) for official purposes are reimbursed by the Company to non-executive directors.

37 CASH AND CASH EQUIVALENTS

	Note	2022	2021
		(Rupees in '000')	
Investment in Term Deposit Receipt - at amortized cost	22	3,000	3,000
Cash and bank balances	24	2,317,432	2,809,697
		2,320,432	2,812,697

38 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities			Equity			
	Long term financing	Government Grant	Lease liabilities	Share capital	Share premium	Un-appropriated profits	Total
2022	(Rupees in '000')						
Balance at the beginning of the year	3,696,503	69,627	784,671	619,749	2,751,283	4,325,259	12,247,092
Changes from financing cash flows							
Proceeds	212,009	-	-	-	-	-	212,009
Repayments	(1,417,563)	-	-	-	-	-	(1,417,563)
Repayments of lease liabilities	-	-	(269,831)	-	-	-	(269,831)
Dividend paid	-	-	-	-	-	(89,202)	(89,202)
Grant received	-	47,060	-	-	-	-	47,060
Total changes from financing cash flows	(1,205,554)	47,060	(269,831)	-	-	(89,202)	(1,517,527)
Other changes							
Liability related	49,176	-	432,897	-	-	-	482,073
Equity related							
Total comprehensive changes	-	-	-	-	-	1,146,495	1,146,495
Other changes	-	-	-	12,395	(12,395)	34,724	34,724
Changes in unclaimed dividend	-	-	-	-	-	(5,620)	(5,620)
Amortization of government grant	-	(49,176)	-	-	-	-	(49,176)
Total of liability and equity related changes	-	(49,176)	-	12,395	(12,395)	1,175,599	1,126,423
Balance at the end of the year	2,540,125	67,511	947,737	632,144	2,738,888	5,411,656	12,338,061
2021							
Balance at the beginning of the year	3,378,465	53,193	565,518	619,749	2,751,283	3,636,170	11,004,378
Changes from financing cash flows							
Proceeds	633,450	-	-	-	-	-	633,450
Repayments	(381,608)	-	-	-	-	-	(381,608)
Repayments of lease liabilities	-	-	(234,608)	-	-	-	(234,608)
Dividend paid	-	-	-	-	-	(1,507)	(1,507)
Grant received	-	82,630	-	-	-	-	82,630
Total changes from financing cash flows	251,842	82,630	(234,608)	-	-	(1,507)	98,357
Other changes							
Liability related	66,196	-	453,761	-	-	-	519,956
Equity related							
Total comprehensive changes	-	-	-	-	-	667,318	667,318
Other changes	-	-	-	-	-	21,771	21,771
Changes in unclaimed dividend	-	-	-	-	-	1,507	1,507
Amortization of government grant	-	(66,196)	-	-	-	-	(66,196)
Total of liability and equity related changes	-	(66,196)	-	-	-	690,596	624,400
Balance at the end of the year	3,696,503	69,627	784,671	619,749	2,751,283	4,325,259	12,247,092

39 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

39.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes allowance for ECLs for those credit exposure. Furthermore, the Company has credit control in place to ensure that services are rendered to customers with an appropriate credit history.

39.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2022	2021
	(Rupees in '000')	
Deposits	85,324	96,260
Trade debts	964,769	834,822
Other receivables	247,533	54,023
Markup accrued	2,129	677
Other financial assets	513,235	622,464
Bank balances	2,312,364	2,801,560
	4,125,354	4,409,806

The Company is exposed to credit risk from its operating and short term investing activities. The Company's credit risk exposures are categorized under the following headings:

39.1.2 Counterparties

The Company conducts transactions with the following major types of counterparties:

Trade debts

Trade debts are essentially due from government companies / institutions, private companies (panel companies) and individuals to whom the Company is providing medical services. Normally the services are rendered to the panel companies on agreed rates and limits from whom the Company does not expect any inability to meet their obligations. The Company manages credit risk in trade debts by limiting significant exposure to the customers not having good credit history. Furthermore, the Company has credit control in place to ensure that services are rendered to customers with an appropriate credit history and makes allowance for ECLs against those balances considered doubtful of recovery.

Bank balances and investments

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a high credit ratings and therefore management does not expect any counterparty to fail to meet its obligations.

The maximum exposure to credit risk for trade debts at the reporting date by type of customer was:

	2022	2021
	(Rupees in '000')	
Government companies	606,483	632,053
Private companies	275,653	198,282
Individuals	242,355	140,359
Related party	9,736	17,139
	1,134,227	987,833

39.1.3 Impairment losses

The aging of trade debts at the reporting date was:

	2022		2021	
	Gross debts	Allowance for ECL	Gross debts	Allowance for ECL
	(Rupees in '000')		(Rupees in '000')	
Not past due	427,419	2,029	230,471	-
1 - 2 months	298,405	14,109	147,364	-
3 - 4 months	94,405	4,743	210,250	21,481
5 - 7 months	88,393	12,486	155,994	27,545
8 - 12 months	68,831	34,726	119,806	44,095
Above 12 months	156,774	101,365	123,948	59,890
	1,134,227	169,458	987,833	153,011

The movement in the allowance for impairment in respect of trade debts during the year was as follows:

	Note	2022	2021
		(Rupees in '000')	
Balance at beginning of the year		153,011	129,585
Add: expected credit losses		28,884	63,747
Less: bad debts written off		12,437	40,321
Balance at end of the year	19	169,458	153,011

39.1.4 The Company believes that no impairment allowance is necessary in respect of markup accrued, deposits, bank balances and investments as the recovery of such amounts is possible except in case of certain balances of other receivables for which impairment loss has been recorded (Note 21.3).

The ageing of Shifa Foundation (SF), SIHT (Private) Limited, Shifa Development Services (Private) Limited (SDSPL) and Shifa Pan African Hospitals Limited (SPAH) at the reporting date was:

		2022		2021	
		Gross debts / Other receivables	Allowance for ECL	Gross debts / Other receivables	Allowance for ECL
	Note	(Rupees in '000')		(Rupees in '000')	
SF					
1 - 2 months	19	9,736	-	17,139	-
SIHT					
1 - 2 months	21	35,416	-	24,335	-
SDSPL					
1 - 2 months	20	52,376	-	-	-
SPAH					
5 - 7 months	21	-	-	2,042	2,042
Above 12 months	21	-	-	37,740	37,740

39.1.5 Cash and investments are held only with reputable banks and their mutual funds with high quality external credit rating assessed by external rating agencies. Following are the credit ratings of banks with which balances are held or credit lines available:

Bank	Rating Agency	Rating	
		Short term	Long term
Habib Bank Limited	JCR - VIS	A1+	AAA
United Bank Limited (UBL)	JCR - VIS	A1+	AAA
MCB Bank Limited	PACRA	A1+	AAA
Dubai Islamic Bank	JCR - VIS	A1+	AA
The Bank of Punjab	PACRA	A1+	AA+
Askari Bank Limited	PACRA	A1+	AA+
Faysal Bank Limited	JCR - VIS	A1+	AA
Bank Alfalah Limited	PACRA	A1+	AA+
Bank Al Habib Limited	PACRA	A1+	AAA
Silk Bank Limited	JCR - VIS	A2	A-
Meezan Bank Limited	JCR - VIS	A1+	AAA
Al - Baraka Bank (Pakistan) Limited	JCR - VIS	A1	A+
National Bank of Pakistan	JCR - VIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
UBL - Al Ameen Islamic Cash Fund	JCR - VIS	-	AA+(f)

39.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. For this purpose the Company has credit facilities as mentioned in notes 7 and 33 to the financial statements. Further liquidity position of the Company is monitored by the board through budgets, cash flow projections and comparison with actual results.

Following is the maturity analysis of financial liabilities:

	Carrying amount	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
	(Rupees in '000')					
2022						
Long term financing- secured	2,607,637	770,466	564,070	950,306	322,795	-
Trade and other payables	3,053,898	3,053,898	-	-	-	-
Unclaimed dividend	40,778	40,778	-	-	-	-
Mark up accrued	35,658	35,658	-	-	-	-
	5,737,971	3,900,800	564,070	950,306	322,795	-
2021						
Long term financing-secured	3,766,130	665,362	740,360	1,284,106	1,076,302	-
Trade and other payables	2,695,928	2,695,928	-	-	-	-
Unclaimed dividend	35,158	35,158	-	-	-	-
Mark up accrued	16,913	16,913	-	-	-	-
	6,514,129	3,413,361	740,360	1,284,106	1,076,302	-

Maturity analysis of lease liabilities is given in note 9.

39.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, markup rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Company is exposed to currency, mark up rate and market price risk.

39.3.1 Foreign currency risk

Exposure to foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and cash in foreign currency bank account. The Company's exposure to foreign currency risk is as follows:

	2022			2021		
	(Amount in '000')					
	Euro	USD	AED	Euro	USD	AED
Bank balances	-	6,735.65	-	-	10,587.93	-
Receivables	-	-	627.37	-	-	622.57
Letter of credit	(12.50)	(450.48)	-	(62.00)	(285.65)	-
	(12.50)	6,285.17	627.37	(62.00)	10,302.28	622.57

	2022			2021		
	(Rupees in '000')					
Bank balances	-	1,375,198	-	-	1,663,668	-
Receivables	-	-	34,896	-	-	26,656
Letter of credit	(2,675)	(92,164)	-	(11,622)	(44,988)	-
	(2,675)	1,283,034	34,896	(11,622)	1,618,680	26,656

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2022	2021	2022	2021
	(Rupees)			
USD 1 - Buying	177.80	160.10	204.17	157.13
USD 1 - Selling	178.21	160.47	204.59	157.49
AED 1 - Buying	48.44	43.59	55.62	42.82
AED 1 - Selling	48.55	43.69	55.73	42.91
Euro 1 - Buying	199.96	190.92	213.59	187.04
Euro 1 - Selling	200.41	191.34	214.03	187.45

Foreign currency sensitivity analysis

A 10 percent variation of PKR against USD, AED and EURO at June 30 would have effected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular markup rates, remain constant.

	Change in Foreign Exchange Rates	Effect on Profit	Effect on Equity
	%	(Rupees in '000')	
2022			
Foreign currencies	+10%	131,525	131,525
Foreign currencies	-10%	(131,525)	(131,525)
2021			
Foreign currencies	+10%	163,371	163,371
Foreign currencies	-10%	(163,371)	(163,371)

39.3.2 Markup rate risk

The markup rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term financing, short term investments and deposits with banks. At the reporting date the markup rate profile of the Company's markup-bearing financial instruments are:

	Note	2022	2021
		(Rupees in '000')	
Financial assets			
Investment - at amortized cost	22	3,000	3,000
Bank balances	24	589,370	817,378
		592,370	820,378
Financial liabilities			
Long term financing - secured	7	(2,607,637)	(3,766,130)
		(2,015,267)	(2,945,752)

The effective markup rates for the financial assets and liabilities are mentioned in respective notes to the financial statements.

Markup rate sensitivity analysis

If markup rates had been 50 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended June 30, 2022 would decrease/increase by Rs. 8,092 thousand (2021: decrease / increase by Rs. 10,348 thousand). This is mainly attributable to the Company's exposure to markup rates on its variable rate borrowings.

39.3.3 **Price risk**

The Company's price risk arises from investments in units as disclosed in - note 22.2 which are designated at fair value through profit or loss, however, in accordance with the investment strategy the performance of units is actively monitored and they are managed on a fair value basis.

Price risk sensitivity analysis

A change of Rs. 1 in the value of investments at fair value through profit or loss would have increased or decreased profit or loss by Rs. 6,780 thousand (2021: Rs. 8,744)

39.4 **Financial instrument by category**

	Amortized cost	Fair value through profit or loss	Total
2022	(Rupees in '000')		
Financial assets			
Maturity upto one year			
Trade debts	964,769	-	964,769
Other receivables	247,533	-	247,533
Markup accrued	2,129	-	2,129
Other financial assets	3,000	510,235	513,235
Cash and bank balances	2,317,432	-	2,317,432
Maturing after one year			
Long term deposits	85,324	-	85,324
	3,620,187	510,235	4,130,422
Financial liabilities			
Maturing upto one year			
Trade and other payables	3,053,898	-	3,053,898
Unclaimed dividend	40,778	-	40,778
Markup accrued	35,658	-	35,658
Current portion of long term financing - secured	1,334,536	-	1,334,536
Current portion of lease liabilities	253,452	-	253,452
Maturing after one year			
Long term financing - secured	1,273,101	-	1,273,101
Lease liabilities	694,285	-	694,285
	6,685,708	-	6,685,708

2021	Amortized cost	Fair value through profit or loss	Total
		(Rupees in '000')	
Financial assets			
Maturity upto one year			
Trade debts	834,822	-	834,822
Other receivables	54,023	-	54,023
Markup accrued	677	-	677
Other financial assets	3,000	619,464	622,464
Cash and bank balances	2,809,697	-	2,809,697
Maturing after one year			
Long term deposits	96,260	-	96,260
	3,798,479	619,464	4,417,943
Financial liabilities			
Maturing upto one year			
Trade and other payables	2,695,928	-	2,695,928
Unclaimed dividend	35,158	-	35,158
Markup accrued	16,913	-	16,913
Current portion of long term financing - secured	1,405,722	-	1,405,722
Current portion of lease liabilities	177,633	-	177,633
Maturing after one year			
Long term financing - secured	2,360,408	-	2,360,408
Lease liabilities	607,038	-	607,038
	7,298,800	-	7,298,800

39.5 Fair value

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	2022		2021	
	Carrying value	Fair value	Carrying value	Fair value
Assets carried at amortized cost	(Rupees in '000')			
Long term deposits	85,324	85,324	96,260	96,260
Trade debts	964,769	964,769	834,822	834,822
Other receivables	247,533	247,533	54,023	54,023
Markup accrued	2,129	2,129	677	677
Other financial assets	3,000	3,000	3,000	3,000
Cash and bank balances	2,317,432	2,317,432	2,809,697	2,809,697
	3,620,187	3,620,187	3,798,479	3,798,479
Assets carried at fair value				
Other financial assets	510,235	510,235	619,464	619,464
Liabilities carried at amortized cost				
Long term financing - secured	1,273,101	1,273,101	2,360,408	2,360,408
Lease liabilities	694,285	694,285	607,038	607,038
Trade and other payables	3,053,898	3,053,898	2,695,928	2,695,928
Unclaimed dividend	40,778	40,778	35,158	35,158
Markup accrued	35,658	35,658	16,913	16,913
Current portion of long term financing - secured	1,334,536	1,334,536	1,405,722	1,405,722
Current portion of lease liabilities	253,452	253,452	177,633	177,633
	6,685,708	6,685,708	7,298,800	7,298,800

The basis for determining fair values is as follows:

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since the majority of the interest bearing investments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are short term in nature, fair value significantly approximates to carrying value.

40 FAIR VALUE HIERARCHY

Other financial assets

Fair value of investment in mutual funds (Note 22.2) has been determined using quoted repurchase price at reporting date and categorized under level 1 of fair value hierarchy.

Fair value of land

Lands owned by the Company are valued by independent valuers to determine the fair values of lands as at reporting date. The fair value of lands subject to revaluation model fall under level 2 of fair value hierarchy.

There were no transfer amongst the levels during the year. Further, there were no changes in the valuation techniques during the year.

41 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital.

In order to achieve the above objectives, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

42 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

		2022	2021
Description	Explanation	(Rupees in '000')	
Bank balances	Placed under interest	180,188	285,248
	Placed under sharia permissible arrangement	409,182	532,130
		589,370	817,378
Return on bank deposit for the year	Placed under interest	6,121	3,986
	Placed under sharia permissible arrangement	10,216	4,337
		16,337	8,323
Interest and dividend income on investment for the year	Placed under interest	228	159
	Placed under sharia permissible arrangement	81,358	22,225
		81,586	22,384
Segment revenue	Disclosed in note 26		
Exchange gain earned		416,217	-
Loans obtained as per Islamic mode		2,172,438	2,941,675
Mark up paid on Islamic mode of financing		275,712	305,325
Interest paid on any conventional loan		5,392	6,005

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

Relationship with sharia compliant banks

The Company has obtained long term loans and has maintained bank balances and term deposits with sharia compliant banks as given below:

- Al-Baraka Bank (Pakistan) Limited
- Meezan Bank Limited
- Dubai Islamic Bank
- Habib Bank Limited
- Faysal Bank Limited
- Bank Alfalah Limited
- Bank of Punjab
- Askari Bank Limited

43 OPERATING SEGMENTS

The financial statements have been prepared on the basis of single reportable segment. All revenue of the Company is earned in Pakistan. All non-current assets of the Company at June 30, 2022 are located in Pakistan. There is no segment with more than 10% of total revenue of the Company for the year.

44 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were approved and authorized for issue by the board of directors of the Company on September 28, 2022.

45 NON-ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The board of directors of the Company in its meeting held on September 28, 2022 has proposed a final cash dividend for the year ended June 30, 2022 @ Rs. 1.5 per share, amounting to Rs. 94,822 thousand for approval of the members in the Annual General Meeting to be held on October 28, 2022. This dividend is in addition to interim dividend of Rs. 1.5 per share paid during the current year. The unconsolidated financial statements for the year ended June 30, 2022 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

46 GENERAL

- Figures have been rounded off to the nearest one thousand Pak Rupees unless otherwise stated.
- Immaterial reclassification has been made wherever necessary.
- Management of the Company will continue to monitor the situation with possible measures to overcome the effects of COVID- 19 pandemic. Moreover, based on the assessment of the Company's management there is no adverse effect of COVID - 19 on these financial statements.

CHAIRMAN	CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER

NOTES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Grant Thronton Anjum Rahman
302 B, 3rd Floor Evacuee Trust Complex,
Aga Khan Road F-5/1,
Islamabad, Pakistan

T: +92 51 2271906
F: +92 51 2273874

INDEPENDENT AUDITOR'S REPORT

To the members of Shifa International Hospitals Limited

Opinion

We have audited the annexed consolidated financial statements of Shifa International Hospitals Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2022 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Following is the key audit matter:

Key audit matter	How the matter was addressed in our audit
Revenue from contract with customers: (Refer to note 27 to the consolidated financial statements) The Group principally generates revenue from providing of inpatient and outpatient services and supply of medicines. We identified revenue recognition as a key audit matter because it is one of key performance indicator which gives rise to an inherent risk of misstatement.	**Our audit procedures amongst others included the following:** - Obtained an understanding of the Group's processes and related internal controls for revenue recognition and tested the design, implementation and operating effectiveness of those controls; - Performed test of details of sampled revenue by inspecting the underlying supporting documents including medical record bills, sales report and bank statements; - Performed cut off procedures to ensure revenue has been recorded in the correct period; - Evaluated and tested on sample basis the authority metrics (controls) over changes in charge master; - Verified on sample basis the trade debts through obtaining confirmations from debtors and performing other alternate procedures; and - Assessed the appropriateness of disclosures in the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

Grant Thornton

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Islamabad
September 30, 2022

UDIN: AR20221016445Q3yHL6h

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Note	2022	2021
		(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (2021: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital	4	632,144	619,749
Capital reserves			
Share premium	5	2,738,888	2,751,283
Surplus on revaluation of property, plant and equipment	6	1,546,319	1,409,434
Revenue reserves			
Unappropriated profits		4,898,668	3,832,409
		9,816,019	8,612,875
NON - CONTROLLING INTEREST	7	1,670,759	1,119,806
NON - CURRENT LIABILITIES			
Long term financing - secured	8	1,273,101	2,360,408
Deferred taxation	9	339,877	331,599
Lease liabilities	10	435,708	265,587
		2,048,686	2,957,594
CURRENT LIABILITIES			
Trade and other payables	11	3,648,044	3,232,390
Unclaimed dividend		40,778	35,158
Markup accrued	12	35,658	16,913
Current portion of long term financing - secured	8	1,334,536	1,405,722
Current portion of lease liabilities	10	173,173	118,456
		5,232,189	4,808,639
		18,767,653	17,498,914
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Note	2022	2021
		(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	14	11,638,803	10,225,908
Intangible assets	15	51,957	32,052
Long term investments	16	32,862	35,961
Long term deposits	17	89,093	74,007
		11,812,715	10,367,928
CURRENT ASSETS			
Stores, spare parts and loose tools	18	210,189	165,312
Stock-in-trade	19	711,968	658,280
Trade debts	20	964,769	879,705
Loans and advances	21	647,227	348,919
Deposits, prepayments and other receivables	22	249,402	72,192
Markup accrued		2,129	677
Other financial assets	23	909,625	1,102,202
Tax refunds due from the government (net of provision)	24	470,176	480,548
Cash and bank balances	25	2,468,500	2,929,472
		6,633,985	6,637,307
Non - current assets held for sale	26	320,953	493,679
		18,767,653	17,498,914

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in '000')	
Net revenue	27	16,192,168	14,223,673
Other income	28	640,328	171,924
Operating costs	29	(14,747,818)	(12,863,969)
Finance costs	30	(347,245)	(330,711)
Expected credit losses	22 & 40.1.3	(112,618)	(158,091)
Share of loss of an associate	16	(3,099)	(1,511)
Profit before taxation		1,621,716	1,041,315
Provision for taxation	31	(492,547)	(300,518)
Profit after taxation		1,129,169	740,797
Attributable to:			
Equity holders of Shifa International Hospitals Limited		1,141,310	724,091
Non-controlling interest		(12,141)	16,706
		1,129,169	740,797
			(Restated)
Earnings per share - basic and diluted - (Rupees)	32	18.05	11.45

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2022

	2022	2021
	(Rupees in '000')	
Profit after taxation	1,129,169	740,797
Other comprehensive income		
Items that will not be subsequently reclassified in statement of profit or loss		
Loss on remeasurement of staff gratuity fund benefit plan	(23,961)	(45,924)
Deferred tax relating to remeasurement of staff gratuity fund benefit plan	7,907	13,318
Loss on remeasurement of staff gratuity fund benefit plan (net of tax)	(16,054)	(32,606)
Foreign currency translation adjustment	703	(804)
Surplus on revaluation of property, plant and equipment	214,861	298,914
Total comprehensive income for the year	1,328,679	1,006,301
Attributable to:		
Equity holders of Shifa International Hospitals Limited	1,297,966	896,150
Non-controlling interest	30,713	110,151
	1,328,679	1,006,301

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

	2022	2021
	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,621,716	1,041,315
Adjustments for:		
Depreciation / amortization on tangible assets	877,782	840,804
Amortization on intangible assets	21,296	26,267
Expected credit losses	112,618	158,091
Property, plant and equipment written off	2,234	977
Gain on disposal of tangible assets	(69,269)	(41,975)
Provision for compensated absences	67,049	46,378
Provision for bonus for employees	125,814	190,931
Provision for gratuity	159,116	143,917
Provision for slow moving stores	2,687	6,161
Share of loss of an associate	3,099	1,511
Liability written back	-	(26,568)
Gain on investments and bank deposits	(104,958)	(71,226)
(Gain) / loss on foreign currency translation	(416,637)	120,044
Finance costs	347,245	330,711
Operating cash flows before changes in working capital	2,749,792	2,767,338
Changes in working capital:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(47,564)	(19,264)
Stock-in-trade	(53,688)	(11,927)
Trade debts	(157,497)	(379,996)
Loans and advances	(298,308)	69,267
Deposits, prepayments and other receivables	(233,836)	(44,824)
Increase / (decrease) in current liabilities:		
Trade and other payables	322,426	(57,568)
Cash generated from operations	2,281,325	2,323,026
Finance cost paid	(275,864)	(305,325)
Income tax paid	(465,990)	(370,962)
Payment to SIHL Employees' Gratuity Fund	(241,218)	(134,468)
Compensated absences paid	(49,695)	(40,845)
Net cash generated from operating activities	1,248,558	1,471,426

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in '000')	
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment (PPE)		(1,713,331)	(1,060,173)
Purchase of intangible assets		(41,201)	(243)
Investment in associate		-	(15,000)
Proceeds / (investments) in other financial assets - net		304,438	(858,868)
Proceeds from disposal of PPE and items classified as held for sale		251,206	231,424
Markup received		34,120	8,069
(Increase) / decrease in long term deposits		(19,468)	3,281
Net cash used in investing activities		(1,184,236)	(1,691,510)
CASH FLOWS FROM FINANCING ACTIVITIES			
Non-controlling interest		520,240	78,000
Long term financing - repayments		(1,417,563)	(381,608)
Long term financing - proceeds		212,009	633,450
Deferred grant received		47,060	82,630
Lease liabilities - repayments		(172,702)	(169,895)
Dividend paid		(89,202)	(1,507)
Net cash (used in) / generated from financing activities		(900,158)	241,070
Net (decrease) / increase in cash and cash equivalents		(835,836)	20,986
Cash and cash equivalents at beginning of the year		2,958,820	3,058,682
Effect of exchange rate changes on cash and cash equivalents		417,340	(120,848)
Cash and cash equivalents at end of the year	38	2,540,324	2,958,820

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2022

	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	Un-appropriated profit	Non - controlling interest	Total
			(Rupees in '000')			
Balance as at July 01, 2020	619,749	2,751,283	1,225,930	3,103,034	948,384	8,648,380
Total comprehensive income for the year						
Profit after taxation	-	-	-	724,091	16,706	740,797
Other comprehensive income - net of tax	-	-	205,469	(33,410)	93,445	265,504
	-	-	205,469	690,681	110,151	1,006,301
Realization of revaluation surplus on disposal of assets	-	-	(12,541)	12,541	-	-
Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation / amortization	-	-	(9,424)	9,437	(13)	-
NCI recognized during the year	-	-	-	-	78,000	78,000
Change in ownership interests						
Acquisition of shareholding by NCI without a change in control	-	-	-	16,716	(16,716)	-
Distribution to owners						
Dividend 2020: Nil	-	-	-	-	-	-
Balance as at June 30, 2021	619,749	2,751,283	1,409,434	3,832,409	1,119,806	9,732,681
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 year						
Profit after taxation	-	-	-	1,141,310	(12,141)	1,129,169
Other comprehensive income - net of tax	-	-	172,007	(15,351)	42,854	199,510
	-	-	172,007	1,125,959	30,713	1,328,679
Realization of revaluation surplus on disposal of assets	-	-	(24,883)	24,883	-	-
Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation / amortization	-	-	(10,239)	10,239	-	-
NCI recognized during the year	-	-	-	-	520,240	520,240
Changes in ownership interests						
Acquisition of shareholding by NCI without a change in control	-	-	-	-	-	-
Distribution to owners						
Bonus shares (note 4.2)	12,395	(12,395)	-	-	-	-
First interim dividend @ Rs. 1.5 per share	-	-	-	(94,822)	-	(94,822)
Balance as at June 30, 2022	632,144	2,738,888	1,546,319	4,898,668	1,670,759	11,486,778

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

1 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 Company 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 Company 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.

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.

1.8 Geographical locations of business units of the SIHL are as follows:

H-8 Hospital, Pitras Bukhari road, Sector H-8/4, Islamabad
Faisalabad Hospital, Main Jaranwala road, Faisalabad
G-10/4 Hospital, G-10 Markaz, Islamabad
Shifa Pharmacy, Opposite OPF College, F-8 Markaz Islamabad
Shifa Pharmacy, Saidpur, Rawalpindi
Shifa Pharmacy, Blue Area, Islamabad
Shifa Pharmacy, Gulberg Greens, Islamabad
Shifa Pharmacy, Abbottabad Road, Mansehra
Shifa Pharmacy Iskandarabad, Mianwali
Shifa Pharmacy, National Radio Telecommunication Corporation, Haripur
Shifa Pharmacy, Jamrud, Peshawar
Shifa Pharmacy, WAPDA, Mangla
Shifa Pharmacy, WAPDA, Faisalabad
F-11 Medical center, Savoy Arcade, F-11 Markaz Islamabad

Percentage share in total revenue given in note 27.	2022	2021
Islamabad	97%	97%
Faisalabad	3%	3%
	100%	100%

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain items as disclosed in relevant accounting policies.

2.3 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pak Rupees, which is the Group's functional currency.

2.4 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgments made by management in the application of the accounting and reporting standards that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are as follows:

i) Estimate of fair value of financial liabilities at initial recognition - notes 3.4 and 8
ii) Provision for taxation - notes 3.5, 9 and 31
iii) Right of use asset and corresponding lease liability - notes 3.6, 10 and 14
iv) Employee benefits - notes 3.8, 11.3 and 11.4
v) Provisions and contingencies - notes 3.9, 3.10 and 13
vi) Estimate of useful life of property, plant and equipment - notes 3.11 and 14
vii) Estimate of useful life of intangible assets - notes 3.12 and 15
viii) Impairment of non-financial assets - notes 3.13
ix) Estimate of recoverable amount of investment in associated company - notes 3.1 and 16
x) Expected credit loss allowance - notes 3.15.2, 22.2 and 40.1.3
xi) Provision for slow moving spares - notes 3.16, 3.17,14.9.2 and 18

2.5 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

2.5.1 Standards, amendments to published standards and interpretations that are effective during the current year:

Certain standards, amendments and interpretations to IFRS are effective during the year but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated financial statements.

2.5.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		Effective date annual reporting periods beginning on or after
IAS 1	Amendments to 'IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies	January 1, 2023
	Amendments to IAS 1 'Presentation of Financial Statements' Classification of Liabilities as Current or Non-current	January 1, 2023
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IFRS 3	Business Combinations (Amendments)	January 1, 2022
IAS 41, IFRS (1, 9 & 16)	Annual improvements to IFRS Standards 2018-2020	January 1, 2022
IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture – Amendments	n/a*

* The Effective date is not yet issued

The management of the Group anticipates that adoption of above standards, amendments and interpretations in future periods, will have no material impact on the consolidated financial statements other than in presentation / disclosures.

2.5.3 Other than the aforesaid standards, interpretations and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the SECP as at June 30, 2022:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts
IFRIC 12	Service concession arrangements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are the same as those applied in earlier period presented.

3.1 Basis of consolidation

These consolidated financial statements include the financial statements of Shifa International Hospitals Limited and its subsidiaries, SDSPL 55% owned (2021: 55% owned), SNS Islamabad 100% owned (2021: 100% owned), SMC Islamabad 56% owned (2021: 56% owned), SNH Faisalabad 60% owned (2021: 60% owned) and SIDL 100% owned (2021: 100% owned).

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognized from the date the control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquire at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

Associates (equity accounted investee)

Entities in which the Group has significant influence directly or indirectly (through subsidiaries) but not control and which are neither subsidiaries nor joint ventures of the members of the Group are associates and are accounted for under the equity method of accounting (equity accounted investees). These investments are initially recognized at cost. The consolidated financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit/loss of associates is recognized in the consolidated statement of profit or loss and consolidated statement of comprehensive income. Distributions received from associates reduce the carrying amount of investment.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment (including any long-term interests that, in substance, form part of the Group's net investment in the associate) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Non controlling interest (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in consolidated statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when the control is lost.

3.2 Share capital and dividend

Dividend is recognized as a liability in the period in which it is declared. Movement in reserves is recognized in the year in which it is approved.

3.3 Financing and finance cost

Financing are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, financing are stated at amortized cost with any difference between cost and redemption value being recognised in the consolidated statement of profit or loss over the period of the financing on an effective interest basis. Financing costs are recognised as an expense in the period in which these are incurred.

3.4 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Group will be able to comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred, are recognized on a systematic basis in the income for the year in which the finance cost are recognized and finance cost are reported net of grant in - note 30.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

3.5 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in the consolidated statement of profit or loss except to the extent that it relates to items recognized directly in consolidated statement of changes in equity or in other comprehensive income.

Current

Provision for current taxation is based on taxable income at the current rates of tax after taking into account applicable tax credits, rebates, losses and exemptions available, if any.

Deferred

Deferred tax is accounted for using balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

The Group takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Deferred tax asset of Rs. 55,179 thousand (2021: Rs. 41,205 thousand) on deductible temporary difference of Rs. 190,273 thousand (2021: Rs. 142,089 thousand) has not been recorded in respect of subsidiaries.

3.6 Leases

3.6.1 Right of use assets

The SIHL recognizes right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined as those of similar assets or the lease term as specified in contract. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The SIHL has not elected to recognise right-of-use assets and lease liabilities for short-term leases of properties that have a lease term of 12 months or less and leases of low-value assets. The SIHL recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.6.2 Lease liability

The lease liability is initially measured at the present value of the future lease payments discounted using the SIHL's incremental borrowing rate. Lease payments in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;

- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the SIHL's estimate of the amount expected to be payable under a residual value guarantee, or if the SIHL changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3.7 Trade and other payable

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.8 Employee benefits

Defined benefit plan

The SIHL operates approved funded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined in the scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to the consolidated statement of profit or loss. The most recent valuation was carried out as at June 30, 2022 using the "Projected Unit Credit Method". The actuarial gains or losses at each evaluation date are charged to other comprehensive income. The results of actuarial valuation are summarized in note 11.4 of these consolidated financial statements.

The amount recognized in the consolidated statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of plan assets.

Calculation of gratuity asset requires assumptions to be made of future outcomes which mainly include increase in remuneration, expected long term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions and determined by actuary.

During the year the SIHL has introduced a pension fund benefit in form of monthly contribution into private pension scheme (defined contribution plan) in place of existing staff gratuity benefit (defined benefit plan) for its full time management employees (contractual and regular). In response till the year end majority of management employees have opted the pension fund benefit and accordingly their gratuity obligations have been cleared from the SIHL gratuity fund which resulted into settlement loss of Rs. 37.7 million in consolidated statement of profit or loss. The employees who are currently covered under gratuity benefit not opting the pension benefit option will continue under gratuity scheme while new employee shall solely be covered under pension scheme after completing minimum eligibility criteria of their employment.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan where monthly contribution equal to 1/12th of eligible salary are made by the SIHL in employees' pension fund account maintained with designated asset management company and recognized as expense in the consolidated statement of profit or loss as and when they become due.

Compensated absences

The Group provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leave is earned. Accrual to cover the obligations is made using the current salary levels of the employees.

3.9 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted prospectively to reflect the current best estimates.

3.10 Contingencies

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

The Group discloses significant contingent liabilities for the pending litigations and claims against the Group based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date. However, based on the best judgment of the Group and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the reporting date.

3.11 Property, plant and equipment

Property, plant and equipment except freehold and leasehold lands and capital work-in-progress are stated at cost less accumulated depreciation and impairment in value, if any. Leasehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated amortization and impairment losses while freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses, if any.

Any revaluation increase arising on the revaluation of land is recognized in other comprehensive income and presented as a separate component of equity as “Revaluation surplus on property, plant and equipment”, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in consolidated statement of profit or loss, in which case the increase is credited to consolidated statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The surplus on leasehold land to the extent of incremental depreciation charged is transferred to unappropriated profit.

Capital work-in-progress and stores held for capital expenditure are stated at cost less impairment loss recognized, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific items of property, plant and equipment when available for intended use.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs that do not meet the recognition criteria are charged to the consolidated statement of profit or loss as and when incurred.

Depreciation / amortization is charged to the consolidated statement of profit or loss commencing when the asset is ready for its intended use, applying the straight-line method over the estimated useful life.

In respect of additions and disposals during the year, depreciation / amortization is charged when the asset is available for use and up to the month preceding the asset's classified as held for sale or derecognized, whichever is earlier.

Assets are derecognized when disposed off or when no future economic benefits are expected to flow from its use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized on net basis within "other income" in the consolidated statement of profit or loss.

The Group reviews the useful lives of property, plant and equipment on a regular basis. Similarly revaluation of lands are made with sufficient regularity. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation / amortization charge and impairment.

3.12 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Subsequent cost on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is charged to the consolidated statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

The Group reviews the useful lives of intangible assets on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of intangibles with the corresponding effect on the amortization charge and impairment.

3.13 Impairment of non - financial assets

The Group assesses at each reporting date whether there is any indication that assets except deferred tax assets and inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the consolidated statement of profit or loss except for the impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of depreciation / amortization) had no impairment loss been recognized for the asset in prior years. Reversal of impairment loss is recognized in the consolidated statement of profit or loss.

3.14 Investments

All purchases and sales of investments are recognized using settlement date accounting. Settlement date is the date on which that investments are delivered to or by the Group. All investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

3.15 Financial assets

Initial measurement

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The Group classifies its financial assets into following three categories:
- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- Amortized cost.

Subsequent measurement

i) Debt instrument at FVOCI
These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the consolidated statement of profit or loss.

ii) Equity instrument at FVOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in the consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the consolidated statement of profit or loss.

iii) Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in consolidated statement of profit or loss.

iv) Financial asset at amortized cost
These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss.

3.15.1 Other financial assets

Investment in units of Mutual Funds are classified at fair value through profit or loss and is initially measured at fair value and subsequently is measured at fair value determined using the net assets value of the funds at each reporting date. Net gains and losses are recognized in the consolidated statement of profit or loss.

Investments in term deposit receipts are classified as amortized cost and are initially measured at fair value. Transaction costs directly attributable to the acquisition are included in the carrying amount. Subsequently these investments are measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest/markup income, losses and impairment are recognized in the consolidated statement of profit or loss.

3.15.2 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its financial asset carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the simplified approach for trade debts which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group recognises life time ECL for trade debts, using the simplified approach. The expected credit losses on trade debts are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Life time expected credit losses against other receivables is also recognized due to significant increase in credit risk since initial recognition.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date reduced by security deposit held. For other financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group recognizes an impairment loss in the consolidated statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group write off financial assets that are still subject to enforcement activities. Subsequent recoveries of amounts previously written off will result in impairment gains.

3.15.3 Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

3.15.4 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the consolidated statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the consolidated statement of profit or loss. Any gain or loss on de-recognition is also recognized in the consolidated statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

3.15.5 Off-setting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position, if the Group has a legally enforceable right to set off the recognized amounts, and the Group either intends to settle on a net basis, or realize the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counter party.

3.16 Stores, spare parts and loose tools

These are valued at cost, determined on moving average cost basis or net realizable value, whichever is lower. For items which are slow moving or identified as surplus to the SIHL's requirement, a provision is made for excess of book value over estimated net realizable value.

The SIHL reviews the carrying amount of stores, spare parts and loose tools on a regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding affect on the provision.

3.17 Stock-in-trade

Stock-in-trade is valued at lower of cost, determined on moving average basis or net realizable value. The cost includes expenditure incurred in acquiring the stock items and other cost incurred in bringing them to their present location and condition.

The SIHL reviews the carrying amount of stock in trade on a regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stock in trade with a corresponding affect on the provision.

3.18 Trade debts, loans, deposits, interest accrued and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Past years experience of credit loss is used to base the calculation of credit loss.

3.19 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cheques in hand, balances with banks and highly liquid short term investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value with maturity of three months or less from the date of acquisition and short term borrowings.

3.20 Non - current assets held for sale

Non - current assets are classified as held for sale when their carrying amounts are expected to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount immediately prior to their classification as held for sale and fair value less cost to sell. Once classified as held for sale, the assets are not subject to depreciation or amortization. In case where classification criteria of non current asset held for sale is no longer met such asset is classified on its carrying amount before the asset was classified as held for sale, adjusted for depreciation/revaluation that would have been recognized had the asset not been classified as held for sale. The required adjustment to the carrying amount of a non-current asset that ceases to be classified as held for sale is charged in the consolidated statement of profit or loss.

3.21 Foreign currencies

Transactions in currencies other than Pak Rupees are recorded at the rates of exchange prevailing on the dates of transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate prevailing on the reporting date. Gains and losses arising on retranslation are included in the consolidated statement of profit or loss for the year.

3.22 Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The Group management has determined that the Group has a single reportable segment as the Board of Directors view the Group’s operations as one reportable segment.

3.23 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Group are recognized when the services are provided, and thereby the performance obligations are satisfied.

Revenue consists of inpatient revenue, outpatient revenue, pharmacy, cafeteria, rent of building and other services. Group's contract performance obligations are fulfilled at point in time when the services are provided to customer in case of inpatient, outpatient and other services and goods are delivered to customer in case of pharmacy and cafeteria revenue. Revenue is recognized at that point in time, as the control has been transferred to the customers.

Receivable is recognized when the services are provided and goods are delivered to customers as this is the point in time that the consideration is unconditional because only passage of time is required before the payment is due. The Group recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as 'advances from customers' in the consolidated statement of financial position.

Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income is recognized on a straight line basis over the term of the rent agreement. Scrap sales and miscellaneous receipts are recognized on realized amounts.

3.24 Asset held under Ijarah financing

Assets held under Ijarah financing are accounted for using the guidelines of Islamic Financial Accounting Standard-2 (IFAS 2), "Ijarah". The assets are not recognized on the Group's consolidated statement of financial position and payments made under Ijarah financing are recognized in the consolidated statement of profit or loss on a straight line basis over the term of the Ijarah.

3.25 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the SIHL by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the consolidated profit or loss attributable to ordinary shareholder and weighted average number of ordinary shares outstanding for the effects of all potential ordinary shares.

3.26 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market is accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Ordinary shares of Rs.10 each.

2022	2021		2022	2021
Number			(Rupees in '000')	
61,974,886	61,974,886	Opening balance	619,749	619,749
1,239,497	-	Bonus shares issued during the year	12,395	-
63,214,383	61,974,886	Closing balance	632,144	619,749

4.1 The SIHL has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the SIHL. All shares rank equally with regard to the SIHL's residual assets.

4.2 During the year, SIHL issued bonus shares at the rate of 2% in proportion of one ordinary share for every fifty shares held (total 1,239,497 bonus shares having face value of Rs. 10 each) as approved in Annual General Meeting held on October 28, 2021.

4.3 7,436,986 (2021: 7,436,986) ordinary shares representing 12% (2021: 12%) shareholding in the SIHL are owned by International Finance Corporation (IFC). IFC has the right to nominate one director at the board of directors of the SIHL as long as IFC holds ordinary shares representing 5% of total issued share capital of the SIHL. Further, the SIHL if intends to amend or repeal the memorandum and articles, effects the rights of IFC on its shares issuance of preference shares ranking seniors to the equity securities held by IFC, incur any financial debt to any shareholder, change the nature of the business of the Company etc. shall seek consent of IFC.

4.4 The SIHL has no reserved shares for issuance under options and sales contracts.

5 SHARE PREMIUM

This comprise of share premium of Rs. 5, Rs. 250 and Rs. 229.29 per share received on issue of 8,000,000, 4,024,100 and 7,436,986 ordinary shares of Rs. 10 each in the years 1994, 2016 and 2020 respectively. Out of the above the SIHL during the current year has issued bonus shares at the rate mentioned in note 4.2 above. The balance reserve cannot be utilized except for the purposes mentioned in section 81 of the Companies Act, 2017.

		2022	2021
6	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	(Rupees in '000')	
	Balance at beginning of year	1,409,434	1,225,930
	Revaluation surplus during the year	214,861	298,914
	Transfer to non-controlling interest	(42,854)	(93,445)
	Realization of revaluation surplus on disposal of assets	(24,883)	(12,541)
	Transferred to unappropriated profits in respect of incremental depreciation / amortization charged during the year	(10,239)	(9,424)
	Balance at end of year	1,546,319	1,409,434

6.1 Surplus on revaluation of property, plant and equipment in respect of leasehold and freehold lands is not available for distribution of dividend to the shareholders of the Group in accordance with section 241 of the Companies Act, 2017.

7 NON - CONTROLLING INTEREST (NCI)

7.1 Following is the summarized financial information of SDSPL, SNH Faisalabad and SMC Islamabad:

Summarized statement of financial position

	SDSPL		SNH Faisalabad		SMC Islamabad		Total	
NCI percentage	45%	45%	40%	40%	44%	44%		
	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in '000')							
Current assets	198,390	123,563	302,392	70,550	522,480	505,193	1,023,262	699,306
Non-current assets	27,142	29,466	1,575,467	843,030	1,658,008	1,194,831	3,260,617	2,067,327
Current liabilities	110,942	79,595	86,701	320	14,473	7,025	212,116	86,940
Non-current liabilities	8,481	10,639	-	-	2,448	995	10,929	11,634
Net assets	106,109	62,795	1,791,158	913,260	2,163,567	1,692,004	4,060,834	2,668,059
Accumulated NCI	(8,748)	7,558	724,105	368,833	955,402	743,415	1,670,759	1,119,806
Summarized statement of comprehensive income								
Net revenue	334,704	281,473	-	-	-	-	334,704	281,473
Other income	5,387	26,090	9,691	1,153	19,454	38,783	34,532	66,026
Profit / (loss) for the year	43,314	51,116	(4,197)	(10,582)	(6,225)	16,785	32,892	57,319
Other comprehensive income	-	-	21,996	206,462	77,789	24,846	99,785	231,308
Total comprehensive income	43,314	51,116	17,799	195,880	71,564	41,631	132,677	288,627
Profit / (loss) attributable to NCI	(16,307)	6,221	2,413	(706)	1,753	11,191	(12,141)	16,706
Comprehensive income for the year attributable to NCI	-	-	8,798	82,585	34,056	10,860	42,854	93,445
Total comprehensive income / (loss) for the year attributable to NCI	(16,307)	6,221	11,211	81,879	35,809	22,051	30,713	110,151
Summarized statement of cash flows								
Cash flows from operating activities	47,420	24,342	(124,162)	(24,932)	(219,418)	(22,705)	(296,160)	(23,295)
Cash flows from investing activities	(17,532)	(9,079)	(760,971)	(293,102)	(161,460)	(91,889)	(939,963)	(394,070)
Cash flows from financing activities	(1,548)	(1,080)	860,100	308,234	400,000	-	1,258,552	307,154
Net increase / (decrease) in cash and cash equivalent	28,340	14,183	(25,033)	(9,800)	19,122	(114,594)	22,429	(110,211)

			2022	2021
8	LONG TERM FINANCING - SECURED	Note	(Rupees in '000')	
	From banking companies and non banking financial institution:			
	Syndicated Islamic Finance Facility	8.1	1,283,907	1,854,086
	Diminishing Musharakah Facility-1	8.2	250,754	434,274
	Diminishing Musharakah Facility-2	8.3	416,667	500,000
	Diminishing Musharakah Facility-3	8.4	26,160	-
	Refinance Facility to Combat COVID-19 (RFCC)	8.5	88,194	-
	Deferred income - Government grant		29,483	-
			117,677	-
	Islamic Refinance facility to combat Covid-19 (IRFCC)	8.6	128,952	127,789
	Deferred income - Government grant		20,014	25,526
			148,966	153,315
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	8.7	34,209	-
	Deferred income - Government grant		11,775	-
			45,984	-
	State Bank of Pakistan (SBP) -refinance scheme	8.8	311,283	780,354
	Deferred income - Government grant		6,239	44,101
			317,522	824,455
			2,607,637	3,766,130
	Less: current portion		1,334,536	1,405,722
			1,273,101	2,360,408

8.1 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% (2021: 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.

8.2 This include outstanding balance of Rs. 210.4 million (2021: Rs. 405.3 million) against the long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 449.5 million (2021: Rs. 442.9 million). Principal amount is repayable in 36 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.80% (2021: 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 (2021: Rs. 19.6 million). This also includes an outstanding balance of Rs. 40.3 million (2021: Rs. 28.9 million) against long term Islamic finance facility obtained under Diminishing Musharakah basis from First Habib Modaraba of Rs. 57.7 million (2021: Rs. 37.6 million). Principal amount is repayable in 60 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.70% (2021: 3 months KIBOR plus 0.70%) per annum. The unavailed limit of this facility is Rs. 12.3 million (2021: Rs. 32.4 million).

8.3 This represents outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million (2021: 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% (2021: 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.

8.4 This represents a long term Islamic finance facility obtained from Bank Alfalah Limited of Rs. 26.2 million (2021: Nil). Principal amount is repayable in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.70% (2021: Nil) 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. 492.9 million (2021: Nil).

8.5 This represents the outstanding balance of long term finance facility obtained from United Bank Limited of Rs. 124.6 million (2021: Nil). Principal amount shall be repaid by September 14, 2026 in 18 equal quarterly installments carrying profit at 1% (2021: Nil) 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. 75.4 million (2021: Rs. 200 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 as detailed below:

	2022	2021
	(Rupees in '000')	
Balance at beginning of the year	-	-
Received during the year	29,857	-
Amortization during the year	(374)	-
Balance at end of the year	29,483	-

8.6 This represents the outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 183.1 million (2021: Rs. 153.3 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 Rs. 16.9 million (2021: Rs. 34.9 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 as detailed below:

	2022	2021
	(Rupees in '000')	
Balance at beginning of the year	25,526	-
Received during the year	5,140	29,847
Amortization during the year	(10,652)	(4,321)
Balance at end of the year	20,014	25,526

8.7 This represents the outstanding balance of long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 45.9 million (2021: Nil) 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. The unavailed limit of this facility is Nil (2021: Rs. 17.4 million). 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 as detailed below:

	2022	2021
	(Rupees in '000')	
Balance at beginning of the year	-	-
Received during the year	12,063	-
Amortization during the year	(288)	-
Balance at end of the year	11,775	-

8.8 This represents the outstanding balance of long term finance facility aggregating to Rs. 1,012.2 million (2021: Rs. 1,012.2 million) obtained from United Bank Limited under the State Bank of Pakistan's (SBP) temporary refinance scheme for payment of wages and salaries to the workers and employees of business concerns to support payment of salaries and wages under economic challenges due to COVID-19. The SIHL has availed the financing in six tranches 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. 1,333.3 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 as detailed below:

	2022	2021
	(Rupees in '000')	
Balance at beginning of the year	44,101	53,193
Received during the year	-	52,783
Amortization during the year	(37,862)	(61,875)
Balance at end of the year	6,239	44,101

		Note	2022	2021
9	**DEFERRED TAXATION**		(Rupees in '000')	
	Deferred tax liability	9.1	525,719	504,777
	Deferred tax asset	9.2	(185,842)	(173,178)
	Net deferred tax liability		339,877	331,599
9.1	**Deferred tax liability on taxable temporary differences:**			
	Accelerated depreciation / amortization allowance		525,719	504,777
9.2	**Deferred tax asset on deductible temporary differences:**			
	Right of use assets net of lease liabilities		(34,742)	(13,462)
	Specific provisions		(87,261)	(83,981)
	Retirement benefit obligation		(63,839)	(75,735)
			(185,842)	(173,178)

9.3	Movement in deferred taxation	Opening balance	Statement of profit or loss	Other comprehensive Income	Closing balance
	Deferred tax liabilities / (assets)	(Rupees in '000')			
	2022				
	The balance of deferred tax is in respect of the following temporary differences:				
	Effect of taxable temporary differences				
	Accelerated depreciation / amortization allowance	504,777	20,942	-	525,719
	Effect of deductible temporary differences				
	Right of use assets net of lease liabilities	(13,462)	(21,280)	-	(34,742)
	Specific provisions	(83,981)	(3,280)	-	(87,261)
	Retirement benefit obligation	(75,735)	19,803	(7,907)	(63,839)
		331,599	16,185	(7,907)	339,877
	2021				
	The balance of deferred tax is in respect of the following temporary differences:				
	Effect of taxable temporary differences				
	Accelerated depreciation allowance	534,882	(30,105)	-	504,777
	Effect of deductible temporary differences				
	Specific provisions	(48,087)	(35,894)	-	(83,981)
	Right of use assets net of lease liabilities	9,104	(22,566)	-	(13,462)
	Retirement benefit obligation	(56,904)	(5,513)	(13,318)	(75,735)
		438,995	(94,078)	(13,318)	331,599

9.4 Deferred tax assets and liabilities on temporary differences are measured at the rate of 33% (2021: 29%).

		2022	2021
10	LEASE LIABILITIES	(Rupees in '000')	
	Balance at beginning of the year	384,043	398,798
	Additions during the year	347,365	111,877
	Interest expense	52,635	43,263
	Terminated during the period	(2,460)	-
	Payment during the year	(172,702)	(169,895)
	Balance at end of the year	608,881	384,043
	Less: current portion	173,173	118,456
		435,708	265,587

10.1 Lease liabilities are payable as follows:

	Minimum lease payments	Interest	Present value of minimum lease payments
2022	(Rupees in '000')		
Less than one year	195,041	21,868	173,173
Between one and five years	406,123	135,160	270,963
More than five years	309,920	145,175	164,745
	911,084	302,203	608,881
2021			
Less than one year	195,926	77,470	118,456
Between one and five years	226,575	127,395	99,180
More than five years	299,286	132,879	166,407
	721,787	337,744	384,043

		Note	2022	2021
11	TRADE AND OTHER PAYABLES	Note	(Rupees in '000')	
	Creditors	11.1	1,767,504	1,497,739
	Accrued liabilities		586,888	480,777
	Advances from customers		293,743	272,842
	Medical consultants' charges		511,357	493,854
	Security deposits	11.2	118,472	112,342
	Compensated absences	11.3	131,211	113,857
	Defined contribution plan		29,188	-
	Retention money		16,228	9,385
	Payable to Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund (the Fund)	11.4	193,453	251,594
			3,648,044	3,232,390
11.1	This include payables to related parties (unsecured) as detailed below:			
	Tameer -e- Millat Foundation (TMF)		11,660	13,073
	Shifa Tameer -e- Millat University (STMU)		6,458	5,041
			18,118	18,114

11.2 This includes security deposits retained from employees Rs. 37,095 thousand (2021: Rs. 33,219 thousand) which are held in separate bank account and obtained from customers Rs. 81,377 thousand (2021: Rs. 79,123 thousand) which are utilizable for the purpose of the business in accordance with agreements with customers.

			2022	2021
11.3	Compensated absences	Note	(Rupees in '000')	
	Balance at beginning of the year		113,857	108,324
	Provision made for the year		67,049	46,378
			180,906	154,702
	Payments made during the year		(49,695)	(40,845)
	Balance at end of the year		131,211	113,857
11.4	**The amounts recognized in the consolidated statement of financial position:**			
	Present value of defined benefit obligation	11.4.1	398,711	798,687
	Fair value of plan assets	11.4.2	(205,258)	(547,093)
			193,453	251,594

		Note	2022	2021
			(Rupees in '000')	
11.4.1	**Movement in the present value of defined benefit obligation:**			
	Balance at beginning of the year		798,687	667,697
	Interest cost		47,760	53,470
	Current service cost		105,084	128,179
	Past service cost		-	4,852
	Benefits paid / adjusted	3.8	(608,160)	(77,096)
	Benefits payable		(1,725)	(1,840)
	Loss arrising on plan settlements	3.8	37,717	-
	Remeasurement loss on defined benefit obligation		19,348	23,425
	Balance at end of the year		398,711	798,687
11.4.2	**Movement in the fair value of plan assets:**			
	Balance at beginning of the year		547,093	471,476
	Expected return on plan assets		31,445	42,584
	Contributions		241,218	134,468
	Benefits paid / adjusted		(608,160)	(77,096)
	Benefits payable		(1,725)	(1,840)
	Remeasurement loss on plan assets		(4,613)	(22,499)
	Balance at end of the year		205,258	547,093
11.4.3	**Charge for the year:**			
	Current service cost		105,084	128,179
	Interest cost		47,760	53,470
	Past service cost		-	4,852
	Loss arrising on plan settlements		37,717	-
	Expected return on plan assets		(31,445)	(42,584)
			159,116	143,917
11.4.4	**Remeasurements recognized in other comprehensive income (OCI):**			
	Remeasurement loss on obligation		19,348	23,425
	Remeasurement loss on plan assets		4,613	22,499
	Remeasurement loss recognized in OCI		23,961	45,924
11.4.5	**Movement in liability recognized in consolidated statement of financial position:**			
	Balance at beginning of the year		251,594	196,221
	Charge for the year		159,116	143,917
	Remeasurement recognized in OCI during the year		23,961	45,924
	Contributions during the year		(241,218)	(134,468)
	Balance at end of the year		193,453	251,594

		Note	2022	2021
			(Rupees in '000')	
11.4.6	**Plan assets comprise of:**			
	Term deposit receipts		133,892	388,947
	Ordinary shares of SIHL	11.4.6.1	14,056	16,858
	Cash and bank balances		68,619	143,128
	Payable to outgoing members		(11,309)	(1,840)
			205,258	547,093

11.4.6.1 Number of ordinary shares of SIHL held by the Fund at year end were 78,461 shares (2021: 76,923 shares) with market value of Rs. 179.14 (2021: Rs. 219.15) per share.

		2022	2021
11.4.7	**The principal actuarial assumptions used in the actuarial valuation:**		
	Discount rate used for interest cost in profit or loss	11.75%	8.50%
	Discount rate used for year end obligation	13.25%	10.00%
	Expected rate of salary growth		
	Salary increase FY 2022	N/A	7.00%
	Salary increase FY 2023-25	9.25%	9.00%
	Salary increase FY 2026 onward	11.25%	9.00%
	Mortality rate	SLIC 2001-2005 set back 1 year	SLIC 2001-2005 set back 1 year
	Withdrawal rates	Age based	Age based
	Retirement assumption	Age 60	Age 60

11.4.8 **Sensitivity analysis**

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / decreased as a result of a change in respective assumptions by one percent.

	2022		2021	
	Defined benefit obligation		Defined benefit obligation	
	Effect of 1% increase	Effect of 1% decrease	Effect of 1% increase	Effect of 1% decrease
	(Rupees in '000')			
Discount rate	373,013	427,045	741,390	864,740
Future salary increase	427,576	372,149	865,362	739,826

11.4.9 The average duration of the defined benefit obligation as at June 30, 2022 is 8.5 years (2021: 8 years).

11.4.10 Risk associated with the scheme

Final salary risk
The risk that the final salary at the time of cessation of service is greater than what is assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic risks

a) Mortality risk
The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

b) Withdrawal risk
The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

c) Investment risk
The risk of the investment under performing and being not sufficient to meet the liabilities.

		2022	2021
12	MARKUP ACCRUED	(Rupees in '000')	
	Long term financing - secured	35,658	16,913

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 Claims aggregating to Rs. 3 million (2021: 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.

13.1.2 The penalty of Rs. 20 million (2021: 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.

13.1.3 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. 43.35 million (2021: Rs. 43.35 million) on behalf of the SIHL in its ordinary course of business.

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

13.1.4.1 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 (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.

13.1.4.2 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.

13.1.4.3 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 appeals before ATIR on November 15, 2018, which is pending adjudication.

13.1.4.4 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 in 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.

13.1.4.5 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.

13.1.4.6 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 consolidated financial statements.

		2022	2021
13.2	Commitments	(Rupees in '000')	
13.2.1	Capital expenditure contracted	135,129	45,109
13.2.2	Letters of credit	138,470	79,116

14. PROPERTY, PLANT AND EQUIPMENT

Particulars	Owned assets													Right of use assets		Total
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Leasehold Improvements	Biomedical equipment	Air conditioning equipment and machinery	Electrical and other equipment	Furniture and fittings	Construction equipment	Computer installations	Vehicles	Capital work-in-progress (note 14.9)	Office premises	Electrical and other equipment	
	(Rupees in '000')															
Cost / revalued amount																
Balance as at July 01, 2020	987,425	2,740,102	58,898	3,301,696	61,610	4,181,797	475,852	692,590	217,895	2,788	536,200	119,498	495,993	471,790	57,000	14,401,134
Additions	293,968	-	-	-	-	59,820	28,867	27,098	11,645	-	31,823	8,702	596,710	112,520	-	1,171,153
Revaluation	230,579	68,335	-	-	-	-	-	-	-	-	-	-	-	-	-	298,914
Disposals	-	-	-	-	-	-	-	(4,400)	-	-	(419)	(9,741)	-	-	-	(14,560)
Write offs	-	-	-	-	-	(3,535)	(7)	(3,511)	(182)	-	(2,773)	-	-	-	-	(10,008)
Transfers	-	-	-	-	-	255,719	-	11,534	212	-	547	2,000	(270,012)	-	-	-
Reclassified as held for sale (note 26)	(292,072)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(292,072)
Balance as at June 30, 2021	1,219,900	2,808,437	58,898	3,301,696	61,610	4,493,801	504,712	723,311	229,570	2,788	565,378	120,459	822,691	584,310	57,000	15,554,561
Balance as at July 01, 2021	1,219,900	2,808,437	58,898	3,301,696	61,610	4,493,801	504,712	723,311	229,570	2,788	565,378	120,459	822,691	584,310	57,000	15,554,561
Additions	6,030	-	-	-	22,586	118,418	7,438	44,963	10,692	223	65,493	30,580	1,406,908	368,187	-	2,081,518
Revaluation	66,252	148,609	-	-	-	-	-	-	-	-	-	-	-	-	-	214,861
Disposals	-	-	-	-	-	(12,801)	-	-	-	-	(532)	(2,029)	-	-	-	(15,362)
Termination of lease	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,241)	-	(7,241)
Write offs	-	-	-	-	-	(13,451)	(4,032)	(1,213)	(132)	-	(3,423)	-	-	-	-	(22,251)
Transfers	-	-	-	-	-	35,203	-	4,039	1,067	-	12,205	-	(52,514)	-	-	-
Balance as at June 30, 2022	1,292,182	2,957,046	58,898	3,301,696	84,196	4,621,170	508,118	771,100	241,197	3,011	639,121	149,010	2,177,085	945,256	57,000	17,806,085
Depreciation / amortization																
Balance as at July 01, 2020	-	116,253	982	734,499	27,972	2,179,665	253,375	466,291	125,840	1,639	376,238	94,558	-	122,589	11,084	4,510,985
Charge for the year	-	36,488	2,945	110,354	12,322	330,331	49,920	58,634	17,579	250	68,097	8,589	-	126,295	19,000	840,804
On disposals	-	-	-	-	-	-	-	(4,400)	-	-	(419)	(9,286)	-	-	-	(14,105)
On write offs	-	-	-	-	-	(2,892)	(3)	(3,211)	(158)	-	(2,767)	-	-	-	-	(9,031)
Balance as at June 30, 2021	-	152,741	3,927	844,853	40,294	2,507,104	303,292	517,314	143,261	1,889	441,149	93,861	-	248,884	30,084	5,328,653
Balance as at July 01, 2021	-	152,741	3,927	844,853	40,294	2,507,104	303,292	517,314	143,261	1,889	441,149	93,861	-	248,884	30,084	5,328,653
Charge for the year	-	37,752	2,944	109,027	12,511	335,151	52,083	58,225	17,710	272	69,544	11,813	-	151,750	19,000	877,782
On disposals	-	-	-	-	-	(11,866)	-	-	-	-	(316)	(1,523)	-	-	-	(13,705)
Termination of lease														(5,431)		(5,431)
On write offs	-	-	-	-	-	(11,765)	(3,596)	(1,169)	(101)	-	(3,386)	-	-	-	-	(20,017)
Balance as at June 30, 2022	-	190,493	6,871	953,880	52,805	2,818,624	351,779	574,370	160,870	2,161	506,991	104,151	-	395,203	49,084	6,167,282
Carrying value as at June 30, 2021	1,219,900	2,655,696	54,971	2,456,843	21,316	1,986,697	201,420	205,997	86,309	899	124,229	26,598	822,691	335,426	26,916	10,225,908
Carrying value as at June 30, 2022	1,292,182	2,766,553	52,027	2,347,816	31,391	1,802,546	156,339	196,730	80,327	850	132,130	44,859	2,177,085	550,053	7,916	11,638,803
Annual rate of depreciation %	-	1.34-3.03	2.5-10	2.5-10	20	10	10-15	10-15	10	10-20	25	20	-	-	33.3	

14.1 The Group freehold and leasehold lands were revalued on June 30, 2022 by an independent professional valuer using the fair market value basis which resulted increases in surplus by Rs. 66,252 thousand and Rs. 148,609 thousand respectively. Total unamortized surplus against the revaluation of freehold and leasehold lands as at June 30, 2022 stood at Rs. 1,874,929 thousand (2021: Rs. 1,660,068 thousand).

14.2 Had there been no revaluation the carrying value would have been as under:

	Cost	Accumulated amortization	Carrying value
Freehold land		(Rupees in '000')	
June 30, 2022	980,135	-	980,135
June 30, 2021	974,105	-	974,105
Leasehold land			
June 30, 2022	1,599,133	144,697	1,454,436
June 30, 2021	1,599,133	121,984	1,477,149

14.3 Particulars of Group's freehold and leasehold lands are as follow:

Location	Nature	2022	2021
		Area (kanal)	
Shifa Cooperative Housing Society, Islamabad Expressway	Freehold land	2	2
Motorway, Mouza Noon, Islamabad.	Freehold land	100	100
Faisalabad Motorway	Freehold land	48.2	48.2
SNHF Hospital, Faisalabad Sheikhupura Road	Freehold land	49.6	49.6
SMCI Hospital, F-11, Islamabad	Leasehold land	6.7	6.7
Neurosciences Institute, H-8/4, Islamabad	Leasehold land*	11.7	11.7
SIHL H-8/4, Islamabad	Leasehold land*	87.8	87.8

*The covered area includes multi-storey buildings.

14.4 Property, plant and equipment include items with aggregate cost of Rs. 2,370,718 thousand (2021: Rs. 2,055,773 thousand) representing fully depreciated assets that are still in use of the SIHL.

14.5 Property, plant and equipment of the Company are encumbered under an aggregate charge of Rs. 7,665.6 million (2021: Rs. 6,810.6 million) in favor of banking companies under various financing arrangements as disclosed in note 8.

14.6 The forced sale values (FSV) of the revalued leasehold and freehold lands have been assessed at Rs. 2,213,318 thousand (2021: Rs. 2,124,557 thousand) and Rs. 1,033,746 thousand (2021: Rs. 1,023,848 thousand) respectively.

14.7 The sale deed of the land and building of SNS Islamabad acquired and registered with the sub registrar Islamabad immediate after acquisition. After wards the SNS Islamabad has initiated the procedures for transfer of ownership of the property in its name with Capital Development Authority (CDA). However, the transfer process is pending as the same has been objected by CDA without any substance and therefore subject to rejection at initial stage of proceedings.

14.8 Detail of property, plant and equipment disposed off during the year, having carrying value of more than Rs. 500 thousand:

Asset particulars / Location	Note	Cost / revalued amount	Carrying value	Sale proceeds	Gain on disposal	Purchaser	Mode of Disposal
		(Rupees in '000')					
Islamabad Motorway Land	26.2	109,239	109,239	116,520	7,281	Various third parties through Soft Sys (Private) Limited	Negotiation
Shifa Cooperative Housing Society	26.2	63,489	63,489	131,200	67,711	Various third parties	Negotiation
		172,728	172,728	247,720	74,992		
Other assets having carrying value less than Rs. 500 thousand	14	15,362	1,657	3,486	1,829		
2022		188,090	174,385	251,206	76,821		
2021		203,554	189,449	231,424	41,975		

			2022	2021
14.9	Capital work-in-progress	Note	(Rupees in '000')	
	Construction work-in-progress	14.9.1	1,739,252	549,275
	Stores held for capital expenditure	14.9.2	976	976
	Installation of equipment in progress		436,857	272,440
			2,177,085	822,691

14.9.1 Construction work-in-progress - at cost

This represents the cost of civil works mainly comprising of cost of materials, payments to contractors, salaries and benefits pertaining to construction works being carried out as detailed below:

	2022	2021
	(Rupees in '000')	
SMCI Hospital, F-11, Islamabad	806,923	424,073
SNHF Hospital, Faisalabad	638,747	-
Other constructions	293,582	125,202
	1,739,252	549,275

		Note	2022	2021
			(Rupees in '000')	
14.9.2	**Stores held for capital expenditure**			
	Stores held for capital expenditure		4,524	4,524
	Less: provision for slow moving items	14.9.2.1	3,548	3,548
			976	976
14.9.2.1	Balance at beginning of the year		3,548	2,651
	Charged during the year		-	897
	Balance at the end of the year		3,548	3,548
15	**INTANGIBLE ASSETS**			
	Softwares in use	15.1	12,582	32,052
	Software under development		39,375	-
			51,957	32,052
15.1	**Softwares in use**			
	Cost			
	Balance at beginning of the year		106,216	105,973
	Addition during the year		1,826	243
	Balance at end of the year		108,042	106,216
	Accumulated Amortization			
	Balance at beginning of the year		74,164	47,897
	Charged during the year		21,296	26,267
	Balance at end of the year		95,460	74,164
	Net book value		12,582	32,052
15.2	**Software under development**			
	Balance at beginning of the year		-	-
	Addition during the year	15.2.1	39,375	-
	Balance at end of the year		39,375	-

15.2.1 This represents the amount paid by SIHL to Shifa Care (Private) Limited for provision of Hospital Supply Chain Management system (HSCM). Out of total scope, three sub modules of HSCM have been developed and the integration of the aforesaid modules with existing Hospital Management Information System (HMIS) is in progress and expected to be functional during the next financial year.

15.3 Amortization of softwares in use has been recorded at rate of 25 % (2021: 25%) per annum.

15.4 Intangible assets include items with aggregate cost of Rs. 39,132 thousand (2021: Rs. 10,810 thousand) represeting fully amortized asset that are still in use of SIHL.

		2022	2021
16	LONG TERM INVESTMENT	(Rupees in '000')	
	Shifa Care (Private) Limited (SCPL) - Associated Company (unquoted)		
	Balance at the beginning of the year	35,961	22,472
	Addition during the year	-	15,000
	Share in loss for the year	(3,099)	(1,511)
	Balance at the end of the year	32,862	35,961

This represents investment in 4,500,050 (2021: 4,500,050) fully paid ordinary shares of Rs. 10 each of SCPL. The above investment in ordinary shares represents 50% (2021: 50%) shareholding in SCPL held by the SIHL Summary of results of SCPL are as under:

	2022	2021
	(Rupees in '000')	
Summarized statement of financial position		
Non-current assets	58,322	49,641
Current assets	52,787	24,767
Current liabilities	(45,385)	(2,485)
Net assets	65,724	71,923
Reconciliation to carrying amounts:		
Opening net assets	71,923	44,944
Total comprehensive loss for the year	(6,199)	(3,021)
Equity	-	30,000
Closing net assets	65,724	71,923
Group's share in carrying value of net assets	32,862	35,962
Group's share in total comprehensive loss	(3,099)	(1,511)
Summarized statement of comprehensive income or loss		
Revenue for the year – Gross	-	-
Loss for the year	(6,199)	(3,021)
Other comprehensive loss for the year	-	-
Total comprehensive loss for the year	(6,199)	(3,021)

16.1 The above information is based on audited financial statements of SCPL.

			2022	2021
17	LONG TERM DEPOSITS	Note	(Rupees in '000')	
	Ijarah key money deposits		-	15,906
	Less: current portion of Ijarah key money deposits		-	15,906
			-	-
	Security deposits	17.1	89,093	74,007
			89,093	74,007

17.1 This represents security deposits given to various institutions / persons and are refundable on termination of relevant services / arrangements.

		Note	2022	2021
18	STORES, SPARE PARTS AND LOOSE TOOLS		(Rupees in '000')	
	Stores		209,391	153,955
	Spare parts		26,654	33,893
	Loose tools		699	1,332
			236,744	189,180
	Less: provision for slow moving items	18.1	26,555	23,868
			210,189	165,312
18.1	Balance at beginning of the year		23,868	18,604
	Charged during the year		2,687	5,264
	Balance at end of the year		26,555	23,868

19 STOCK-IN-TRADE

This represents medicines being carried at moving average cost.

		Note	2022	2021
20	TRADE DEBTS		(Rupees in '000')	
	Related party - Shifa Foundation	20.1	9,736	17,139
	Others		1,126,290	1,058,447
			1,136,026	1,075,586
	Less: allowance for expected credit losses (ECL)	40.1.3	171,257	195,881
			964,769	879,705

20.1 Maximum amount due from Shifa Foundation at the end of any month during the year was Rs. 20,694 thousand (2021: Rs. 21,265 thousand).

		Note	2022	2021
21	LOANS AND ADVANCES		(Rupees in '000')	
	Considered good - unsecured			
	Executives	21.1	4,199	3,291
	Other employees		18,101	16,523
			22,300	19,814
	Consultants - unsecured		3,661	2,825
	Suppliers / contractors - unsecured		621,266	326,280
			647,227	348,919

		2022	2021
		(Rupees in '000')	
21.1	Reconciliation of carrying amount of advances given to executives:		
	Balance at beginning of the year	3,291	2,726
	Disbursements during the year	19,783	19,341
		23,074	22,067
	Less: repayments during the year	18,875	18,776
	Balance at end of the year	4,199	3,291

21.1.1 The above advances were given in accordance with the SIHL's service rules. The maximum amount due from executives at the end of any month during the year was Rs. 4,716 thousand (2021: Rs. 5,743 thousand).

			2022	2021
22	**DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**	Note	(Rupees in '000')	
	Current portion of Ijarah key money deposits		-	15,906
	Short term prepayments		37,046	29,389
	Other receivables	22.1	270,733	96,991
			307,779	142,286
	Less: allowance for expected credit losses against other receivables	22.2	58,377	70,094
			249,402	72,192

22.1 This includes Rs. 35,416 thousand (2021: Rs. 24,335 thousand) due from SIHT (Private) Limited and maximum amount due from SIHT (Private) Limited at the end of any month during the year was Rs. 72,695 thousand (2021: Rs. 70,322 thousand).

			2022	2021
		Note	(Rupees in '000')	
22.2	**Allowance for expected credit losses against other receivables**			
	Balance at beginning of the year		70,094	18,192
	Charge during the year	22.2.1	40,185	51,902
	Less: bad debts written off	22.2.2	(51,902)	-
	Balance at end of the year		58,377	70,094

22.2.1 This amount represent of advance paid against purchasse of land which the SIHL considered a bit doubtful. Though the SIHL actively pursuing for its recovery.

22.2.2 The balance due from Shifa Pan African Hospitals Limited – Tanzania (the Project) is written off as the Project has been abandoned due to multiple factors including substantial increase in project costs and the death of two out of three partners of Fatima Properties the sponsor of the Project based in Tanzania.

		Note	2022	2021
23	OTHER FINANCIAL ASSETS		(Rupees in '000')	
	Investment-at amortized cost	23.1	71,824	343,788
	Investment in Mutual Funds - at fair value through profit or loss	23.2	837,801	758,414
			909,625	1,102,202

23.1 This represent T- Bills purchased on June 02, 2022 to be matured on August 25, 2022 at a yield of 14.67% per annum (2021: T- Bill purchased on February 25, 2021 and matured on August 26, 2021 at a yield of 7.49% per annum) and two term deposit receipts (TDRs) having face value of Rs. 3 million (2021: Rs. 3 million) and Rs. 15 million (2021: Nil) with three months maturity with profit payable on monthly basis at the rate ranging from 5.50% to 12.25% per annum (2021: 5.00% to 6.60% per annum) and with one year maturity with profit payable on monthly basis at the rate ranging from 6.00% to 14.00% per annum (2021: Nil) respectively.

23.2 This represents investment in 5,059,495.1 units (2021: 6,157,748.3 units) and 3,223,094 units (2021:1,373,000 units) of UBL Al-Ameen Islamic Cash Fund and HBL Cash Fund respectively. Fair value of the investment was determined using quoted repurchase price at year end.

		Note	2022	2021
24	TAX REFUNDS DUE FROM THE GOVERNMENT (NET OF PROVISION)		(Rupees in '000')	
	Balance at the beginning of the year		480,548	504,181
	Income tax paid / deducted at source during the year		465,990	370,962
			946,538	875,143
	Provision for taxation for the year	31	(476,362)	(394,595)
	Balance at the end of the year		470,176	480,548
25	CASH AND BANK BALANCES			
	Cash at banks in:			
	Current accounts			
	Local currency		463,875	436,512
	Foreign currency		1,374,994	1,663,510
			1,838,869	2,100,022
	Saving accounts:			
	Local currency		620,678	820,926
	Foreign currency		204	157
		25.1	620,882	821,083
		25.2	2,459,751	2,921,105
	Cash in hand		8,749	8,367
			2,468,500	2,929,472

25.1 Balance with saving account earned profit / markup at weighted average rate of 8.20% per annum (2021: 6.30% per annum).

25.2 Balances with banks include Rs. 118,472 thousand (2021: Rs. 112,342 thousand) in respect of security deposits (Note 11.2).

			2022	2021
26	NON - CURRENT ASSETS HELD FOR SALE	Note	(Rupees in '000')	
	Balance at beginning of the year		493,679	390,600
	Addition during the year	26.1	-	292,072
	Disposed off during the year	26.2	(172,726)	(188,993)
	Balance at end of the year		320,953	493,679

26.1 This represents the carrying value of land measuring 25 kanals located at Shifa Cooperative Housing Society at Islamabad Expressway.

26.2 During the year the SIHL has sold lands measuring 48.5 kanals (2021: 72.5 kanals) located at Islamabad Motorway and six plots (2021: two plots) located at Shifa Cooperative Housing Society, Islamabad Expressway.

26.3 Freehold lands held for sale at year end are 52.6 Kanal (2021: 101.1 Kanal) and 17 kanal (2021: 23 kanal) of Motorway, Mouza Noon, Islamabad and Shifa Cooperative Housing society, Islamabad respectively.

			2022	2021
27	NET REVENUE	Note	(Rupees in '000')	
	Inpatients		9,836,737	8,586,342
	Outpatients		5,509,053	4,952,787
	Other services	27.1	1,012,517	833,002
			16,358,307	14,372,131
	Less: discount		128,070	128,866
	Less: sales tax		38,069	19,592
	Net revenue		16,192,168	14,223,673

27.1 This represents revenue from external pharmacy outlets, cafeteria sales, operating leases to related parties / other parties and corporate services to associate.

27.2 The net revenue is excluding physician share of Rs. 1,353,680 thousand (2021: Rs. 1,302,168 thousand).

		Note	2022	2021
28	OTHER INCOME		(Rupees in '000')	
	Income from financial assets:			
	Profit on bank deposits		16,579	8,493
	Dividend income from mutual fund - investments at fair value through profit or loss		67,940	36,243
	Un-realized gain on investments at fair value through profit or loss		1,446	1,353
	Interest income on treasury bills		18,993	25,137
			104,958	71,226
	Income from other than financial assets:			
	Gain on disposal of tangible assets	28.1	69,269	41,975
	Exchange gain on foreign currency translation		416,637	-
	Liabilities written back		-	26,568
	Sale of scrap - net of sales tax		18,772	9,658
	Miscellaneous		30,692	22,497
			535,370	100,698
			640,328	171,924

28.1 Gain on disposal of tangible assets is excluding of commission charges on sale of land of Rs. 7.6 million.

			2022	2021
29	OPERATING COSTS	Note	(Rupees in '000')	
	Salaries, wages and benefits		5,787,049	4,765,285
	Utilities		835,180	542,604
	Supplies consumed		1,727,652	1,623,965
	Medicines consumed		4,184,847	3,815,914
	Communication		49,507	41,402
	Traveling and conveyance		21,853	11,821
	Printing and stationery		133,611	104,626
	Repairs and maintenance		640,134	588,242
	Auditors' remuneration	29.2	7,712	6,236
	Legal and professional		18,077	28,717
	Rent		14,782	13,672
	Rates and taxes		15,177	18,585
	Advertising and sales promotion		66,512	48,347
	Fee, subscription and membership		82,213	59,289
	Vehicle and equipment rentals	29.3	12,447	8,874
	Cleaning and washing		137,585	120,870
	Project cost		217	12,033
	Insurance		18,998	15,724
	Property, plant and equipment written off	29.4	2,234	977
	Provision for slow moving stores		2,687	6,161
	Exchange loss of foreign currency exchange		-	120,044
	Depreciation / amortization on tangible assets	14	877,782	840,804
	Amortization on intangible assets	15	21,296	26,267
	Donation	29.5	25,000	-
	Miscellaneous		65,266	43,510
			14,747,818	12,863,969

29.1 This includes charge of employee gratuity of Rs. 159,116 thousand (2021: Rs. 143,917 thousand), defined contribution plan (pension) of Rs. 53,655 thousand (2021: Nil), expense for compensated absences of Rs. 67,049 thousand (2021: Rs. 46,378 thousand) and bonus to employees of Rs. 125,814 thousand (2021: Rs. 190,931 thousand).

		2022	2021
29.2	Auditors' remuneration	(Rupees in '000')	
	Annual audit fee	2,805	2,943
	Half yearly review fee	1,629	1,572
	Statutory certifications	3,278	1,721
		7,712	6,236

29.2.1 The above fee is inclusive of sales tax amounting to Rs.1,061 thousand (2021: 767 thousand).

29.3 This includes ujrah payments under an Ijarah. As required under Islamic Financial Accounting Standard (IFAS 2) "Ijarah" (notified through SRO 431 (I)/2007 by Securities & Exchange Commission of Pakistan) ujrah payments under an Ijarah are recognized as an expense in the consolidated statement of profit or loss on straight line basis over the Ijarah term.

The amounts of future ujrah payments and the periods in which these will be due are as follows:

	2022	2021
	(Rupees in '000')	
Within one year	-	12,447
After one year but not more than five years	-	-
Total ujrah payments	-	12,447

29.4 This represents assets written off that were determined to be irreparable after carrying out detailed physical verification exercised by the management.

29.5 Donation

This represents donation given to Shifa Tameer-e-Millat University (STMU) which is related party of the SIHL due to common directorship as detailed below:

Name of common directors	Interest in donee	Address of the donee
Dr. Manzoor H. Qazi	Director	H-8/4, Islamabad
Dr. Habib ur Rahman	Director	H-8/4, Islamabad
Dr. Samea Kauser Ahmad	Director	H-8/4, Islamabad

The spouses of any directors of the SIHL have no interest in the donee.

30 FINANCE COSTS

	2022	2021
	(Rupees in '000')	
Markup on long term loans - secured	252,714	255,567
Interest on lease liabilities	52,635	43,263
Credit card payment collection and bank charges	41,896	31,881
	347,245	330,711

31 PROVISION FOR TAXATION

	2022	2021
Current		
- for the period	480,702	394,595
- prior year	(4,340)	-
	476,362	394,595
Deferred	16,185	(94,077)
	492,547	300,518

32	EARNINGS PER SHARE - BASIC AND DILUTED	Note	2022	2021
			(Rupees in '000')	
	Profit for the year attributable to equity holders of SIHL		1,141,310	724,091
			(Numbers in '000')	
				(Restated)
	Weighted average number of ordinary shares in issue during the year	32.1	**63,214**	63,214
			(Rupees)	
				(Restated)
	Earnings per share - basic and diluted		**18.05**	11.45

32.1 Weighted average number of ordinary shares has been calculated on the basis of time factor of shares outstanding during the year.

32.2 During the year, the SIHL has issued 2% bonus shares (i.e. one for every fifty ordinary shares held) which has resulted in restatement of basic and diluted earnings per share.

33 CAPACITY UTILIZATION

The actual inpatient available bed days, occupied bed days and room occupancy ratio of Shifa International Hospitals Limited (SIHL) are given below:

	2022	2021	2022	2021	2022	2021
	Available bed days		Occupied bed days		Occupancy Ratio	
SIHL H-8/4 Islamabad	184,269	184,023	108,277	102,702	58.76%	55.81%
SIHL Faisalabad	22,867	28,105	6,046	6,498	26.44%	23.12%

33.1 Reported utilisation is a result of pattern of patient turnover under different specialties and miscellaneous other factors.

34	UNAVAILED CREDIT FACILITIES	2022	2021
		(Rupees in '000')	
	Unavailed credit facilities at year end other than those disclosed in note 8 of financial statements are as under:		
	Letter of credit	60,348	100,000
	Ijarah financing	51,709	51,709
	Running Musharkah	500,000	500,000
	Letter of gurantee	23,666	23,666
		635,723	675,375

35 NUMBER OF EMPLOYEES

The Group had 5,223 employees (2021: 5,097) at the year end and average number of employees during the year were 5,234 (2021: 4,962).

36 RELATED PARTIES TRANSACTIONS

The related parties comprise of associate, directors, 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, 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.

The amounts due from and due to these undertakings are shown under trade debts, loans and advances and trade and other payables. Other transactions with the related parties are given below:

	Note	2022	2021
		(Rupees in '000')	
Shifa Foundation:			
Opening balance - receivable		17,139	17,875
Revenue from services earned by the SIHL	36.1	16,964	12,607
Revenue from rent earned by the SIHL		819	600
Expenses paid and reimbursed to the SIHL		48	23
Other services provided to the SIHL		-	(3,424)
Revenue from COVID -19 clinical trial services		-	16,498
Receipts / adjustments		(25,234)	(27,040)
Closing balance - receivable		9,736	17,139
Tameer-e-Millat Foundation:			
Opening balance - payable		(13,073)	(11,978)
Supplies provided to the SIHL	36.1	(88,543)	(79,335)
Other services provided to the SIHL	36.3	(35,278)	(22,320)
Rental services received / earned by the SIHL		(5,842)	(4,631)
Payments / adjustments		131,076	105,191
Closing balance - payable		(11,660)	(13,073)

	Note	2022	2021
		(Rupees in '000')	
Shifa Tameer-e-Millat University:			
Opening balance - payable		(5,041)	(27,468)
Revenue from services earned by the SIHL	36.1	18,543	11,294
Revenue from rent earned by the SIHL		3,197	2,907
Other services provided to the SIHL	36.3	(61,817)	(53,780)
Expenses paid by and reimbursed to the SIHL		2,905	2,968
Donation paid by the SIHL		(25,000)	-
Payments / adjustments		60,755	59,038
Closing balance - payable		(6,458)	(5,041)
SIHT (Private) Limited			
Opening balance - receivable		24,335	25,783
Revenue from services earned by the SIHL	36.1	325,112	351,638
Expenses paid by and reimbursed to the SIHL		5,905	4,850
Other services provided to the SIHL	36.3	(23,206)	(22,414)
Receipts / adjustments		(296,730)	(335,522)
Closing balance - receivable		35,416	24,335
Shifa Cooperative Housing Society:			
Opening balance		-	-
Plot maintenance charges paid by the SIHL		5,573	1,801
Payments		(5,573)	(1,801)
Closing balance		-	-
Shifa Care (Private) Limited			
Opening balance		-	-
Investment made by the SIHL in Nil (2021: 1,500,000) ordinary shares		-	(15,000)
Other services provided by the SIHL	36.3	2,343	836
Software development services provided to the SIHL		(39,375)	-
Expenses paid by and reimbursed to the SIHL		-	50
Payments - net		37,032	14,114
Closing balance		-	-

	Note	2022	2021
		(Rupees in '000')	
SIHL Employees' Gratuity Fund			
Opening balance - payable		(251,594)	(196,221)
Provision / OCI charge		(183,077)	(189,841)
Payments made by the SIHL during the year	36.4	241,218	134,468
Closing balance - payable		(193,453)	(251,594)
Remuneration including benefits and perquisites of key management personnel	36.5	390,331	366,679

36.1 Revenue earned from related parties includes medical, surgical, clinical and lab services rendered to referred inpatients and outpatients, sale of medicines and provision of cafeteria services. These transactions are executed on arm's length basis between the parties.

36.2 The supplies mainly includes uniforms and dairy products etc. These transactions are executed on arm's length basis between the parties.

36.3 This represents services of nursing education/training, employees' children education, media and consultancy services. These transactions are executed on arm's length basis between the parties.

36.4 Transactions with the Fund are carried out based on the terms of employment of employees and according to actuarial advice.

36.5 This includes employee retirement benefits (gratuity) amounting to Rs. 3,866 thousand (2021: Rs. 20,342 thousand).

36.6 Basis of relationship with related parties with whom the Group had entered into transactions or had agreements and/or arrangements in place during the financial year are as follow:

Sr #	Name of related party (RP)	Basis of relationship	Percentage of	
			SIHL's shareholding in RP	RP's shareholding in the SIHL
1	Shifa Foundation	Common Directorship	N/A*	0.92%
2	Tameer-e-Millat Foundation	Common Directorship	N/A	12.57%
3	SIHL Employees' Gratuity Fund	Benefit plan	N/A	0.12%
4	Shifa Tameer-e-Millat University	Common Directorship	N/A	0.02%
5	Shifa CARE (Private) Limited	Associate and Common Directorship	50%	Nil
6	SIHT (Private) Limited	Common Directorship	N/A	Nil
7	Shifa Cooperative Housing Society	Common Directorship	N/A	Nil
8	International Finance Corporation (IFC)	Associate	Nil	12%

*N/A stands for not applicable.

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements in respect of remuneration and benefits, to chief executive, directors and executives of the Group are given below:

	Chief Executive		Executive Directors		Non Executive Directors		Executives	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	(Rupees in '000')							
Managerial remuneration	66,036	51,430	38,272	34,796	10,990	10,066	295,878	244,054
Annual bonus	1,768	1,650	1,192	-	237	-	8,336	7,394
Gratuity	-	-	-	-	-	-	-	20,342
Medical insurance	92	76	88	76	358	293	2,235	1,805
Leave encashment	-	-	-	4,335	-	-	7,422	6,338
	67,896	53,156	39,552	39,207	11,585	10,359	313,871	279,933
Number of persons	**2**	2	**2**	2	**8**	8	**44**	38

37.1 In addition to above, the chief executive is provided with a SIHL maintained car, while one other director and twenty eight executives availed car facility.

37.2 Managerial remuneration includes Rs. 4,305 thousand (2021: Rs. 3,450 thousand) paid to directors in respect of meeting attending fee.

37.3 Traveling expenses of Rs. 3,315 thousand (2021: Rs. 1,673 thousand) for official purposes are reimbursed by the Group to non-executive directors.

38 CASH AND CASH EQUIVALENTS	Note	**2022**	2021
		(Rupees in '000')	
Investment - at amortized cost	23	**71,824**	29,348
Cash and bank balances	25	**2,468,500**	2,929,472
		2,540,324	2,958,820

39 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities			Equity				
	Long term financing	Government Grant	Lease liabilities	Share capital	Share premium	Non-controlling Interest	Unappropriated profits	Total
2022	(Rupees in '000')							
Balance at beginning of the year	3,696,503	69,627	384,043	619,749	2,751,283	1,119,806	3,832,409	12,473,420
Changes from financing cash flows								
Proceeds	212,009	-	-	-	-	-	-	212,009
Repayments	(1,417,563)	-	-	-	-	-	-	(1,417,563)
Repayments of lease liabilities	-	-	(172,702)	-	-	-	-	(172,702)
NCI recognized during the year	-	-	-	-	-	520,240	-	520,240
Dividend paid	-	-	-	-	-	-	(89,202)	(89,202)
Grant received	-	47,060	-	-	-	-	-	47,060
Total changes from financing cash flows	(1,205,554)	47,060	(172,702)	-	-	520,240	(89,202)	(900,158)
Other changes								
Liability related	49,176	-	397,521	-	-	-	-	446,697
Equity related								
Total comprehensive changes	-	-	-	-	-	30,713	1,125,959	1,156,672
Other changes	-	-	-	12,395	(12,395)	-	35,122	35,122
Changes in unclaimed dividend	-	-	-	-	-	-	(5,620)	(5,620)
NCI recognized during the year	-	-	-	-	-	-	-	-
Amortization of government grant	-	(49,176)	-	-	-	-	-	(49,176)
Total of liability and equity related changes	-	(49,176)	-	12,395	(12,395)	30,713	1,155,461	1,136,998
Balance at end of the year	2,540,125	67,511	608,881	632,144	2,738,888	1,670,759	4,898,668	13,156,957
2021								
Balance at beginning of the year	3,378,465	53,193	398,798	619,749	2,751,283	948,384	3,103,034	11,252,906
Changes from financing cash flows								
Proceeds	633,450	-	-	-	-	-	-	633,450
Repayments	(381,608)	-	-	-	-	-	-	(381,608)
Repayments of lease liability	-	-	(169,895)	-	-	-	-	(169,895)
NCI recognized during the year	-	-	-	-	-	78,000	-	78,000
Dividend paid	-	-	-	-	-	-	(1,507)	(1,507)
Grant received	-	82,630	-	-	-	-	-	82,630
Total changes from financing cash flows	251,842	82,630	(169,895)	-	-	78,000	(1,507)	241,070
Other changes								
Liability related	66,196	-	155,140	-	-	-	-	221,336
Equity related								
Total comprehensive changes	-	-	-	-	-	110,151	690,681	800,832
Other changes	-	-	-	-	-	(13)	21,978	21,965
Changes in unclaimed dividend	-	-	-	-	-	-	1,507	1,507
Acquisition of shareholding by NCI	-	-	-	-	-	(16,716)	16,716	-
Amortization of government grant	-	(66,196)	-	-	-	-	-	(66,196)
Total of liability and equity related changes	-	(66,196)	-	-	-	93,422	730,882	758,108
Balance at end of the year	3,696,503	69,627	384,043	619,749	2,751,283	1,119,806	3,832,409	12,473,420

40 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:
Credit risk
Liquidity risk
Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

40.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Group does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes allowance for ECLs for those credit exposure. Furthermore, the Group has credit control in place to ensure that services are rendered to customers with an appropriate credit history.

40.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2022	2021
	(Rupees in '000')	
Deposits	89,093	74,007
Trade debts	964,769	879,705
Other receivables	212,356	26,897
Markup accrued	2,129	677
Other financial assets	909,625	1,102,202
Bank balances	2,459,751	2,921,105
	4,637,723	5,004,593

The Group is also exposed to credit risk from its operating and short term investing activities. The Group's credit risk exposures are categorized under the following headings:

40.1.2 Counterparties

The Group conducts transactions with the following major types of counterparties:

Trade debts

Trade debts are essentially due from government companies / institutions, private companies (panel companies) and individuals to whom the Group is providing medical services. Normally the services are rendered to the panel companies on agreed rates and limits from whom the Group does not expect any inability to meet their obligations. The Group manages credit risk in trade debts by limiting significant exposure to the customers not having good credit history. Furthermore, the Group has credit control in place to ensure that services are rendered to customers with an appropriate credit history and makes allowance for ECLs against those balances considered doubtful of recovery.

Bank balances and investments

The Group limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a high credit ratings and therefore management does not expect any counterparty to fail to meet its obligations.

The maximum exposure to credit risk for trade debts at the reporting date by type of customer was:

	2022	2021
	(Rupees in '000')	
Government companies	606,483	632,053
Private companies	277,452	286,035
Individuals	242,355	140,359
Related party	9,736	17,139
	1,136,026	1,075,586

40.1.3 Impairment losses

The aging of trade debts at the reporting date was:

	2022		2021	
	Gross debts	Allowance for ECL	Gross debts	Allowance for ECL
	(Rupees in '000')			
Not past due	428,765	2,029	230,471	-
1 - 2 months	298,404	14,109	147,364	-
3 - 4 months	94,405	6,543	210,250	21,481
5 - 7 months	88,393	12,486	155,994	27,545
8 - 12 months	68,831	34,726	119,806	44,095
Above 12 months	157,228	101,364	211,701	102,760
	1,136,026	171,257	1,075,586	195,881

The movement in the allowance for impairment in respect of trade debts during the year was as follows:

	Note	2022	2021
		(Rupees in '000')	
Balance at beginning of the year		195,881	130,013
Expected credit losses		72,433	106,189
Less: bad debts written off	40.1.5	97,057	40,321
Balance at end of the year	20	171,257	195,881

40.1.4 The Group believes that no impairment allowance is necessary in respect of markup accrued, deposits, bank balances and investments as the recovery of such amounts is possible except in case of certain other receivables for which impairment loss has been recorded (Note 22.2).

40.1.5 This includes an amount of Rs. 84,620 thousand (2021: nil) due from SPAH is written off for the reason reflected in note 22.2.2.

The ageing of Shifa Foundation (SF), SIHT (Private) Limited and Shifa Pan African Hospitals Limited (SPAH) at the reporting date was:

	Note	2022		2021	
		Gross debts	Allowance for ECL	Gross debts	Allowance for ECL
		(Rupees in '000')			
SF					
1 - 2 months	20	9,736	-	17,139	-
SIHT					
1 - 2 months	20	35,416	-	24,335	-
SPAH					
5-7 months		-	-	4,513	-
Above 12 months	22.2	-	-	47,389	-

40.1.6 Cash and investments are held only with reputable banks and their mutual funds with high quality external credit rating assessed by external rating agencies. Following are the credit ratings of banks with which balances are held or credit lines available:

Bank	Rating Agency	Rating	
		Short term	Long term
Habib Bank Limited (HBL)	JCR - VIS	A1+	AAA
United Bank Limited (UBL)	JCR - VIS	A1+	AAA
MCB Bank Limited	PACRA	A1+	AAA
Dubai Islamic Bank	JCR - VIS	A1+	AA
The Bank of Punjab	PACRA	A1+	AA+
Askari Bank Limited	PACRA	A1+	AA+
Faysal Bank Limited	JCR - VIS	A1+	AA
Bank Alfalah Limited	PACRA	A1+	AA+
Bank Al Habib Limited	PACRA	A1+	AAA
Silk Bank Limited	JCR - VIS	A2	A-
Meezan Bank Limited	JCR - VIS	A1+	AAA
Al Baraka Bank (Pakistan) Limited	JCR - VIS	A1	A+
National Bank of Pakistan	JCR - VIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
UBL - Al Ameen Islamic Cash Fund	JCR - VIS	-	AA+(f)
HBL Cash Fund	JCR - VIS	-	AA+(f)

40.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose the Group has credit facilities as mentioned in notes 8 and 34 to the financial statements. Further liquidity position of the Group is monitored by the board through budgets, cash flow projections and comparison with actual results.

Following is the maturity analysis of financial liabilities:

	Carrying amount	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
			(Rupees in '000')			
2022						
Long term financing- secured	2,607,637	770,466	564,070	950,306	322,795	-
Trade and other payables	3,207,198	3,207,198	-	-	-	-
Unclaimed dividend	40,778	40,778	-	-	-	-
Mark up accrued	35,658	35,658	-	-	-	-
	5,891,271	4,054,100	564,070	950,306	322,795	-
2021						
Long term financing-secured	3,766,130	665,362	740,360	1,284,106	1,076,302	-
Trade and other payables	2,738,685	2,738,685	-	-	-	-
Unclaimed dividend	35,158	35,158	-	-	-	-
Mark up accrued	16,913	16,913	-	-	-	-
	6,556,886	3,456,118	740,360	1,284,106	1,076,302	-

Maturity analysis of lease liabilities is given in note 10.

40.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, markup rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Group is exposed to currency, mark up rate and market price risk.

40.3.1 Foreign currency risk

Exposure to foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and cash in foreign currency bank account. The Group's exposure to foreign currency risk is as follows:

	2022			2021		
	(Amount in '000')					
	Euro	USD	AED	Euro	USD	AED
Trade debts	-	-	-	-	538.54	-
Creditors	-	-	(12.90)	-	-	-
Bank balances	-	6,736	364.71	-	10,673.07	351.09
Letter of credit	(12.50)	(450.48)	-	(62.00)	(285.65)	-
	(12.50)	6,285.18	351.81	(62.00)	10,925.96	351.09

	2022			2021		
	(Rupees in '000')					
Trade debts	-	-	-	-	84,620	-
Creditors	-	-	(718)	-	-	-
Bank balances	-	1,375,199	20,286	-	1,677,047	15,032
Letter of credit	(2,675)	(92,164)	-	(11,622)	(44,988)	-
	(2,675)	1,283,035	19,568	(11,622)	1,716,679	15,032

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2022	2021	2022	2021
	(Rupees)			
USD 1 - Buying	177.80	160.10	204.17	157.13
USD 1 - Selling	178.21	160.47	204.59	157.49
AED 1 - Buying	48.44	43.59	55.62	42.82
AED 1 - Selling	48.55	43.69	55.73	42.91
Euro 1 - Buying	199.96	190.92	213.59	187.04
Euro 1 - Selling	200.41	191.34	214.03	187.45

Foreign currency sensitivity analysis

A 10 percent variation of the PKR against the USD, AED and EURO at June 30 would have effected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular markup rates, remain constant.

	Change in Foreign Exchange Rates	Effect on Profit	Effect on Equity
	%	(Rupees in '000')	
2022			
Foreign currencies	+10%	129,993	129,993
Foreign currencies	-10%	(129,993)	(129,993)
2021			
Foreign currencies	+10%	172,009	172,009
Foreign currencies	-10%	(172,009)	(172,009)

40.3.2 Markup rate risk

The markup rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term financing, short term investments and deposits with banks. At the reporting date the markup rate profile of the Group's markup-bearing financial instruments are:

	Note	2022	2021
		(Rupees in '000')	
Financial assets			
Investment - at amortized cost	23.1	71,824	343,788
Bank balances	25	620,882	821,083
		692,706	1,164,871
Financial liabilities			
Long term financing - secured	8	(2,607,637)	(3,766,130)
		(1,914,931)	(2,601,259)

The effective markup rates for the financial assets and liabilities are mentioned in respective notes to the financial statements.

Markup rate sensitivity analysis

If markup rates had been 50 basis points higher / lower and all other variables were held constant, the Group's profit for the year ended June 30, 2022 would decrease / increase by Rs. 8,092 thousand (2021: decrease / increase by Rs. 10,409 thousand). This is mainly attributable to the Group's exposure to markup rates on its variable rate borrowings.

Price risk

The Group's price risk arises from investments in units as disclosed in - note 23.2 which are designated at fair value through profit or loss, however, in accordance with the investment strategy the performance of units is actively monitored and they are managed on a fair value basis.

Price risk sensitivity analysis

A change of Rs 1 in the value of investments at fair value through profit or loss would have increased or decreased profit or loss by Rs. 11,112 thousand (2021: Rs.10,694 thousand).

40.4 Financial instrument by category

	Amortized cost	Fair value through profit or loss	Total
2022		(Rupees in '000')	
Financial assets			
Maturity upto one year			
Trade debts	964,769	-	964,769
Other receivables	212,356	-	212,356
Markup accrued	2,129	-	2,129
Other financial assets	71,824	837,801	909,625
Cash and bank balances	2,468,500	-	2,468,500
Maturing after one year			
Long term deposits	89,093	-	89,093
	3,808,671	837,801	4,646,472
Financial liabilities			
Maturing upto one year			
Trade and other payables	3,207,198	-	3,207,198
Unclaimed dividend	40,778	-	40,778
Markup accrued	35,658	-	35,658
Current portion of long term financing - secured	1,334,536	-	1,334,536
Current portion of lease liabilities	173,173	-	173,173
Maturing after one year			
Long term financing - secured	1,273,101	-	1,273,101
Lease liabilities	435,708	-	435,708
	6,500,152	-	6,500,152

	Amortized cost	Fair value through profit or loss	Total
2021	(Rupees in '000')		
Financial assets			
Maturity upto one year			
Trade debts	879,705	-	879,705
Other receivables	26,897	-	26,897
Markup accrued	677	-	677
Other financial assets	343,788	758,414	1,102,202
Cash and bank balances	2,929,472	-	2,929,472
Maturing after one year			
Long term deposits	74,007	-	74,007
	4,254,546	758,414	5,012,960
Financial liabilities			
Maturing upto one year			
Trade and other payables	2,738,685	-	2,738,685
Unclaimed dividend	35,158	-	35,158
Markup accrued	16,913	-	16,913
Current portion of long term financing - secured	1,405,722	-	1,405,722
Current portion of lease liabilities	118,456	-	118,456
Maturing after one year			
Long term financing - secured	2,360,408	-	2,360,408
Lease liabilities	265,587	-	265,587
	6,940,929	-	6,940,929

40.5 Fair value

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

	2022		2021	
	Carrying value	Fair value	Carrying value	Fair value
	(Rupees in '000')			
Assets carried at amortized cost				
Long term deposits	89,093	89,093	74,007	74,007
Trade debts	964,769	964,769	879,705	879,705
Other receivables	212,356	212,356	26,897	26,897
Markup accrued	2,129	2,129	677	677
Other financial assets	71,824	71,824	343,788	343,788
Cash and bank balances	2,468,500	2,468,500	2,929,472	2,929,472
	3,808,671	3,808,671	4,254,546	4,254,546
Assets carried at fair value				
Other financial assets	837,801	837,801	758,414	758,414
Liabilities carried at amortized cost				
Long term financing - secured	1,273,101	1,273,101	2,360,408	2,360,408
Lease liabilities	435,708	435,708	265,587	265,587
Trade and other payables	3,207,198	3,207,198	2,738,685	2,738,685
Unclaimed dividend	40,778	40,778	35,158	35,158
Markup accrued	35,658	35,658	16,913	16,913
Current portion of long term financing - secured	1,334,536	1,334,536	1,405,722	1,405,722
Current portion of lease liabilities	173,173	173,173	118,456	118,456
	6,500,152	6,500,152	6,940,929	6,940,929

The basis for determining fair values is as follows:

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since the majority of the interest bearing investments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are short term in nature, fair value significantly approximates to carrying value.

41 FAIR VALUE HIERARCHY

Other financial assets

Fair value of investment in mutual funds (Note 23.2) has been determined using quoted repurchase price at reporting date and categorized under level 1 of fair value hierarchy.

Fair value of land

Lands owned by the Group are valued by independent valuers to determine the fair values of lands as at reporting date. The fair value of lands subject to revaluation model fall under level 2 of fair value hierarchy.

There were no transfer amongst the levels during the year. Further, there were no changes in the valuation techniques during the year.

42 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to ensure the Group's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital

In order to achieve the above objectives, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

43 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Description	Explanation	2022	2021
		(Rupees in '000')	
Bank balances	Placed under interest	211,700	313,670
	Placed under sharia permissible arrangement	409,182	507,413
		620,882	821,083
Return on bank deposit for the year	Placed under interest	6,121	3,997
	Placed under sharia permissible arrangement	10,230	4,337
		16,351	8,334
Interest and dividend income on investment for the year	Placed under interest	19,221	25,296
	Placed under sharia permissible arrangement	69,386	36,243
		88,607	61,539
Segment revenue	Disclosed in note 27		
Exchange gain earned		416,637	-
Loans obtained as per Islamic mode		2,172,438	2,941,675
Mark up paid on Islamic mode of financing		275,864	305,325
Interest paid on any conventional loan		5,392	6,005

Relationship with sharia compliant banks

The SIHL has obtained long term loans and has maintained bank balances and term deposits with sharia compliant banks as given below:

- Al-Baraka Bank (Pakistan) Limited
- Meezan Bank Limited
- Dubai Islamic Bank
- Habib Bank Limited
- Faysal Bank Limited
- Bank Alfalah Limited
- The Bank Of Punjab
- Askari Bank Limited

44 OPERATING SEGMENTS

These consolidated financial statements have been prepared on the basis of single reportable segment. All revenue of the Group is earned in Pakistan. All non-current assets of the Group at June 30, 2022 are located in Pakistan. There is no customer with more than 10% of total revenue of the Group for the year.

45 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were approved and authorized for issue by the board of directors of the SIHL on September 28, 2022.

46 NON-ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The board of directors of SIHL in its meeting held on September 28, 2022 has proposed a final cash dividend for the year ended June 30, 2022 @ Rs. 1.5 per share, amounting to Rs. 94,822 thousand for approval of the members in the Annual General Meeting to be held on October 28, 2022. This dividend is in addition to interim dividend of Rs. 1.5 per share paid during the current year. The consolidated financial statements for the year ended June 30, 2022 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

47 GENERAL

- Figures have been rounded off to the nearest one thousand Pak Rupees unless otherwise stated.
- Immaterial reclassification has been made wherever necessary.
- Management of the Group will continue to monitor the situation with all possible measures to overcome the effects of COVID-19 pandemic. Moreover, based on the assessment of the Group's management there is no adverse effect of COVID - 19 on these consolidated financial statements.

CHAIRMAN	CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER