



Shifa
International
Hospitals Ltd.



CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED
DECEMBER 31, 2022

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COMPANY INFORMATION

Board of Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

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

Corporate Governance & Nominations Committee

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

Risk Management Committee

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



Chief Medical Officer

Dr. Zeeshan Bin Ishtiaque

Chief Operating Officer

Mr. Taimoor Shah

Chief Financial Officer

Mr. Shams Ur Rehman Abbasi

Company Secretary

Mr. Muhammad Naeem

Head of Internal Audit

Mr. Muhammad Saeed

Auditors

M/s BDO Ebrahim & Co.
Chartered Accountants

Legal Advisor

M/s Bashir Ahmad Ansari & Company

Share Registrar

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

Registered Office

Sector H-8/4, Islamabad

Bankers

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



DIRECTORS' REVIEW

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

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the Condensed Interim Unconsolidated and Consolidated Financial Statements of the Company for the six months period ended December 31, 2022.

The financial highlights of the Company are as under:

Financial Highlights	(Rs. in millions) Six months period ended December 31,					
	2022	2021	Change %	2022	2021	Change %
	UNCONSOLIDATED			CONSOLIDATED		
Net revenue	9,533	8,087	18	9,530	8,085	18
Operating profit	1,135	1,188	(4)	1,131	1,153	(2)
Profit after tax	622	790	(21)	602	758	(21)
Earnings per share	9.83	12.50	(21)	9.65	12.28	(21)

During the period under review, we witnessed growth in patients' volume and diagnostic procedures which translated into an overall revenue increase of 18% as compared to corresponding period of last year. Operating costs also increased to Rs. 8,654 million from Rs. 7,193 million due to inflation, dollar rupee parity, utilities cost etc. Further, due to persistent rise in policy rate and enhanced taxation, earnings per share of the Company surpassed the budgeted targets and stood at Rs. 9.83 vs Rs. 12.50 as compared to corresponding period of last year. Had there been no high inflation, extraordinary increase in utilities cost, devaluation of Rupee etc. the financial results of the Company would have been even better.

In the month of December 2022, the Board has already decided to:

1. Divest its investment in its subsidiary namely Shifa Medical Center Islamabad (Private) Limited.
2. The Board has also decided to invest additional equity in its other subsidiary namely Shifa National Hospital Faisalabad (Private) Limited, in order to meet its hospital project funding requirements.

The Company has continued with the operationalizing plan for Dar-ul-Shifa building, situated across the main facility (Hospital H-8), where we have planned to commission our neurology related services. During the period under review we have commissioned the first floor with inpatient beds. Moreover, the new chemo daycare expansion and oncology

clinic were operationalized at H-8 main facility for enhanced patient volume. In the current quarter, the Company will focus on expansion in surgery clinics, cardiology clinics and ophthalmology clinics in the H-8 main facility.

Despite the challenging macroeconomic condition, the Board of Directors are optimistic and focused towards maintaining the Company's profitability.

The Board pays tribute and expresses its gratitude to Mr. Shafquat Ali Chaudhry who resigned on the date of this report. Mr. Chaudhry remained at the board of your Company for over 13 years and his valuable input, guidance and effective role as a board member has impacted the Company positively. We wish him all the best for his other endeavors.

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

For and on behalf of the Board of Directors



DR. MANZOOR H. QAZI

Chief Executive Officer

Islamabad

February 25, 2023



MUHAMMAD ZAHID

Director

۲۔ بورڈ نے اپنے دوسرے ذیلی ادارے شفا نیشنل ہسپتال فیصل آباد (پرائیویٹ) لمٹیڈ میں اضافی ایکویٹی سرمایہ کاری کرنے کا بھی فیصلہ کیا ہے۔ تاکہ اس ہسپتال کے منصوبے کی فنڈنگ کی ضروریات کو پورا کیا جاسکے۔

کمپنی نے دارالشفاء کی عمارت کے لئے آپریشنل پلان کو جاری رکھا ہوا ہے جو مرکزی سہولت (ہسپتال H-8) کے سامنے واقع ہے۔ جہاں ہم نے اپنے نیورولوجی سے متعلق خدمات کو شروع کرنے کا منصوبہ بنایا ہے۔ زیر جائزہ مدت کے دوران ہم نے پہلی منزل کو داخلی مریضوں کے علاج معالجے کے لیے استعمال کرنا شروع کر دیا ہے۔ مزید برآں، نئے کیموڈے کیئر کی توسیع اور انکولوجی کلینک کو H-8 مرکزی سہولت پر فعال کیا گیا تاکہ مریضوں کے حجم میں اضافہ ہو۔ موجودہ سہ ماہی میں کمپنی H-8 مرکزی سہولت میں سرجری کلینکس، کارڈیولوجی کلینک اور آپتھلمولوجی کلینکس میں توسیع پر توجہ دے گی۔

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

بورڈ جناب شفقت علی چوہدری صاحب، جو کہ اس رپورٹ کی تاریخ پر مستعفی ہو گئے، کو خراج تحسین پیش کرتا ہے اور انتہائی شکر گزار ہے کہ انہوں نے تقریباً 13 سال تک بطور بورڈ ممبر گراں قدر رائے، رہنمائی اور موثر کردار ادا کیا جس نے کمپنی پر مثبت اثر ڈالا۔

بورڈ اپنے کنسلٹنٹس، سینئر انتظامیہ، ملازمین اور تیز ویراتی شراکت داروں کا مشکل وقت میں مریضوں کی خدمات کرنے کے لئے ان کے عزم اور تعاون کے لئے ان کا شکر گزار ہے۔ بورڈ غیر متزلزل مدد اور تعاون کے لئے سرکاری حکام، سپلائرز، بنکوں اور حصہ داروں کا بھی شکر یہ ادا کرتا ہے۔

برائے اور بجانب بورڈ آف ڈائریکٹرز

Munir. Zahid

محمد زاہد

ڈائریکٹر

Mansoor

ڈاکٹر منظور ایچ قاضی

چیف ایگزیکٹو آفیسر

اسلام آباد

25 فروری 2023

ڈائریکٹرز کا جائزہ

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

معزز حصص داران،

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر 2022 کو ختم ہونے والے چھ ماہ کے اختتام پر کمپنی کے انضمام کردہ اور انفرادی عبوری مالیاتی نتائج کا خلاصہ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

کمپنی کی مالی جھلکیاں درج ذیل ہے۔

پاکستانی روپے (ملین میں) 31 دسمبر کو ختم ہونے والے چھ ماہ						مالیاتی جھلکیاں
تبدیلی فیصد	2021	2022	تبدیلی فیصد	2021	2022	
انضمام کردہ			انفرادی			
18	8,085	9,530	18	8,087	9,533	خالص آمدنی
(2)	1,153	1,131	(4)	1,188	1,135	آپریٹنگ منافع
(21)	758	602	(21)	790	622	منافع بعد از ٹیکس
(21)	12.28	9.65	(21)	12.50	9.83	فی شیئر آمدنی

زیر جائزہ مدت کے دوران ہم نے مریضوں کے حجم اور تشخیصی پروسیجرز میں اضافہ دیکھا جس کی وجہ سے گزشتہ سال کی اسی مدت کے مقابلے میں آمدنی میں مجموعی طور پر 18 فیصد اضافہ ہوا۔ کمپنی کی آپریٹنگ لاگت 7,193 ملین روپے سے بڑھ کر 8,654 ملین روپے ہو گئی ہے۔ جس کی بنیادی وجہ مہنگائی، ڈالر کی قیمت میں اضافہ، یوٹیلیٹیز میں اضافہ ہیں۔ مزید برآں اگرچہ کمپنی کی فی شیئر آمدنی بجٹ ٹارگٹ سے زیادہ ہے لیکن پالیسی کی شرح میں مسلسل اضافہ اور ٹیکسوں میں بڑھوتری کی وجہ سے کمپنی کی فی شیئر آمدنی 9.83 روپے رہی جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 12.50 روپے تھی۔ اگر افراط زر نہ ہوتی، یوٹیلیٹیز لاگت میں غیر معمولی اضافہ، روپے کی قدر میں کمی وغیرہ نہ ہوتی تو کمپنی کے مالیاتی نتائج اور بھی بہتر ہوتے۔

دسمبر 2022 کے ماہ میں بورڈ پہلے سے مندرجہ ذیل فیصلے کر چکا ہے کہ:

1- اپنی سرمایہ کاری اس کے ذیلی ادارے شفا میڈیکل سینٹر اسلام آباد (پرائیویٹ) لمیٹڈ سے divest کر لے۔



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SHIFA INTERNATIONAL HOSPITALS LIMITED

Report on review of Interim Unconsolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Shifa International Hospitals Limited ("the Company") as at December 31, 2022 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows, and notes to the unconsolidated interim financial statements for the six months period then ended (here in after referred to as the "interim unconsolidated financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Other Matters

1. The figures for the quarter ended December 31, 2022 and December 31, 2021 in the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement

BDO Ebrahim & Co. Chartered Accountants

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of comprehensive income have not been reviewed and we do not express a conclusion, as we are required to review only the cumulative figures for the six month period ended December 31, 2022.

2. The unconsolidated financial statements of Shifa International Hospitals Limited for the year ended June 30, 2022 were audited by another firm of Chartered Accountants, who had expressed an unqualified opinion vide their report dated September 30, 2022. Further, the condensed interim unconsolidated financial statements of the company for the six months period ended December 31, 2021 were reviewed by the same auditors whose report dated February 28, 2022 expressed an unmodified conclusion thereon.

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

ISLAMABAD

FEBRUARY 25, 2023

UDIN: RR202210095hQ3pi0fWE

BDO EBRAHIM & CO.

CHARTERED ACCOUNTANTS

BDO Ebrahim & Co. Chartered Accountants

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CONDENSED INTERIM
UNCONSOLIDATED
FINANCIAL
STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED
DECEMBER 31, 2022

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

		Un-audited December 31, 2022	Audited June 30, 2022
	Note	(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (June 2022: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital		632,144	632,144
Capital reserves			
Share premium		2,738,888	2,738,888
Surplus on revaluation of property, plant and equipment		945,857	867,283
Revenue reserves			
Unappropriated profits		5,959,205	5,411,656
		10,276,094	9,649,971
NON - CURRENT LIABILITIES			
Long term financing - secured	5	983,659	1,273,101
Deferred liabilities		345,152	342,828
Lease liabilities		587,676	694,285
		1,916,487	2,310,214
CURRENT LIABILITIES			
Trade and other payables		4,379,993	3,587,444
Unclaimed dividend		43,049	40,778
Markup accrued		40,315	35,658
Current portion of long term financing - secured	5	1,003,419	1,334,536
Current portion of lease liabilities		314,529	253,452
		5,781,305	5,251,868
		17,973,886	17,212,053
CONTINGENCIES AND COMMITMENTS			
	6		

The annexed notes 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.


CHIEF EXECUTIVE

		Un-audited December 31, 2022	Audited June 30, 2022
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	7	7,100,349	7,134,172
Intangible assets		44,780	53,365
Investment property - at cost	8	748,449	-
Long term investments - at cost	9	4,364,617	3,918,618
Long term deposits		93,306	85,324
		12,351,501	11,191,479
CURRENT ASSETS			
Stores, spare parts and loose tools		241,570	210,189
Stock-in-trade		821,445	711,968
Trade debts	10	1,471,867	964,769
Loans and advances		191,984	235,814
Deposits, prepayments and other receivables		217,543	296,043
Markup accrued		4,339	2,129
Other financial assets		490,562	513,235
Tax refunds due from the government (net of provision)		377,402	448,042
Cash and bank balances		1,794,712	2,317,432
		5,611,424	5,699,621
Non - current assets held for sale		10,961	320,953
		17,973,886	17,212,053


DIRECTOR


CHIEF FINANCIAL OFFICER

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Note	Six months period ended		Three months period ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(Rupees in '000')					
Net revenue	11	9,533,313	8,086,838	4,791,552	4,161,150
Other income		279,971	302,525	68,319	108,120
Operating costs		(8,653,601)	(7,192,777)	(4,326,587)	(3,662,461)
Finance costs		(228,542)	(179,056)	(112,758)	(90,045)
Expected credit (loss) / reversal on financial assets		(24,393)	(8,584)	(11,869)	5,460
Profit before taxation		906,748	1,008,946	408,657	522,224
Provision for taxation		(285,257)	(218,636)	(154,590)	(126,969)
Profit after taxation		621,491	790,310	254,067	395,255
Earnings per share - basic and diluted (Rupees)	12	9.83	12.50	4.02	6.25

The annexed notes 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Six months period ended		Three months period ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	(Rupees in '000')			
Profit after taxation	621,491	790,310	254,067	395,255
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	-	(1,014)	-	(1,014)
Deferred tax relating to remeasurement of staff gratuity fund benefit plan	-	294	-	294
Loss on remeasurement of staff gratuity fund benefit plan (net of tax)	-	(720)	-	(720)
Surplus on revaluation of land	99,454	-	99,454	-
Total comprehensive income for the period	720,945	789,590	353,521	394,535

The annexed notes 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

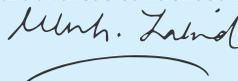
	December 31, 2022	December 31, 2021
Note	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	906,748	1,008,946
Adjustments for:		
Depreciation / amortization on tangible assets	482,797	439,366
Amortization on intangible assets	8,585	11,811
Expected credit loss on financial asset	24,393	8,584
Property, plant and equipment written off	3,017	95
Gain on disposal of tangible assets	(37,691)	(41,718)
Provision for compensated absences	32,798	31,818
Provision for bonus for employees	57,306	60,794
Provision for gratuity	46,339	111,861
Provision for slow moving stores	1,075	2,051
Gain on investments and bank deposits	(69,505)	(10,957)
Gain on foreign currency translation	(146,782)	(204,785)
Finance costs	228,542	179,056
Operating cash flows before changes in working capital	1,537,622	1,596,922
Changes in working capital:		
(Increase) / decrease in stores, spare parts and loose tools	(32,456)	9,808
Increase in stock-in-trade	(109,477)	(13,337)
Increase in trade debts	(531,492)	(338,353)
Decrease / (increase) in loans and advances	43,830	(43,095)
Decrease / (increase) in deposits, prepayments and other receivables	62,778	(20,049)
Increase / (decrease) in trade and other payables	759,322	(22,272)
	192,505	(427,298)
Cash generated from operations	1,730,127	1,169,624
Finance cost paid	(177,090)	(127,881)
Income tax paid	(225,721)	(188,470)
Payment to SIHL Employees' Gratuity Fund	(60,637)	(192,890)
Compensated absences paid	(29,150)	(25,502)
Net cash generated from operating activities	1,237,529	634,881
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment (PPE)	(769,566)	(238,888)
Addition to intangible assets	-	(4,215)
Long term investments made	(445,999)	(77,460)
Encashment / (Investment) in other financial assets - net	58,000	(16,685)
Proceeds from disposal of PPE and items classified held for sale	81,709	175,341
Markup received	23,480	5,750
Dividend received	8,488	-
Increase in long term deposits	(8,170)	(3,257)
Net cash used in investing activities	(1,052,058)	(159,414)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - repayments	(774,828)	(659,189)
Long term financing - proceeds	147,722	105,889
Grant received	6,547	15,696
Lease liabilities - repayments	(141,863)	(136,901)
Dividend paid	(92,551)	(325)
Net cash used in financing activities	(854,973)	(674,830)
Net decrease in cash and cash equivalents	(669,502)	(199,363)
Cash and cash equivalents at beginning of the period	2,320,432	2,812,697
Effect of exchange rate changes on cash and cash equivalents	146,782	204,785
Cash and cash equivalents at end of the period	1,797,712	2,818,119

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The annexed notes 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 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, 2021 (Audited)	619,749	2,751,283	792,396	4,325,259	8,488,687
Total comprehensive income for the period					
Profit after taxation	-	-	-	790,310	790,310
Other comprehensive income - net of tax	-	-	-	(720)	(720)
Realization of revaluation surplus on disposal of assets	-	-	(16,716)	16,716	-
Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortization	-	-	(4,921)	4,921	-
Distribution to owners					
Bonus shares issued @ 2% - year ended June 30, 2021	12,395	(12,395)	-	-	-
Balance as at December 31, 2021 (Un-audited)	632,144	2,738,888	770,759	5,136,486	9,278,277
Balance as at July 01, 2022 (Audited)	632,144	2,738,888	867,283	5,411,656	9,649,971
Total comprehensive income for the period					
Profit after taxation	-	-	-	621,491	621,491
Other comprehensive income - net of tax	-	-	99,454	-	99,454
Realization of revaluation surplus on disposal of assets	-	-	(15,550)	15,550	-
Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortization	-	-	(5,330)	5,330	-
Distribution to owners					
Final dividend 2022 @ Rs. 1.5 per share	-	-	-	(94,822)	(94,822)
Balance as at December 31, 2022 (Un-audited)	632,144	2,738,888	945,857	5,959,205	10,276,094

The annexed notes 1 to 17 form an integral part of these condensed interim unconsolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Shifa International Hospitals Limited (the Company / SIHL) was incorporated in Pakistan on September 29, 1987 as a private limited company under the repealed Companies Ordinance, 1984 and converted into a public limited company on October 12, 1989. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Sector H-8/4, Islamabad.
- 1.2** The principal activity of the Company is to establish and run medical centers and hospitals in Pakistan. The Company has established its first hospital in 1993 in H-8/4 Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4 Islamabad. The Company is also running medical centers, pharmacies and Lab collection points in different cities of Pakistan.
- 1.3** These condensed interim unconsolidated financial statements are separate financial statements of the Company where as investment in subsidiaries and associate are stated at cost rather than on the basis of reporting results of the investee. Condensed interim consolidated financial statements are prepared separately.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

- 2.2** These condensed interim unconsolidated financial statements are un-audited and are being submitted to the members in accordance with the requirements of Section 237 of the Companies Act 2017 (the Act) and the listing regulations of Pakistan Stock Exchange. These condensed interim unconsolidated financial statements do not include all of the information required for annual unconsolidated financial statements, and should be read in conjunction with the annual unconsolidated financial statements of the Company for the year ended June 30, 2022. Comparative condensed interim unconsolidated statement of financial position is extracted from annual unconsolidated financial statements as of June 30, 2022, whereas comparative condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity are extracted from un-audited condensed interim unconsolidated financial statements for the six months period ended December 31, 2021.

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

2.3 Functional and presentation currency

These condensed interim unconsolidated financial statements has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim unconsolidated financial statements are the same as those applied in preparation of unconsolidated audited financial statements of the Company for the year ended June 30, 2022 except the new accounting policy relevant to investment property, as given below:

3.1 Investment property, principally comprising of land, is held for long term capital appreciation and is valued using the cost method i.e. at cost less impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self constructed investment property includes the cost of materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs, if any.

The Company assess at each reporting date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The gain or loss on disposal of investment property, represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in the statement of profit or loss.

3.2 Changes in accounting standards, interpretations and pronouncements

a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to applicable accounting standards are effective for accounting periods beginning on July 01, 2022, 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 condensed interim unconsolidated financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 01, 2023, but are

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim unconsolidated financial statement.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

4.2 Judgements and estimates made by the management in the preparation of these condensed interim unconsolidated financial statements are the same as those that were applied to the annual audited unconsolidated financial statements as at and for the year ended June 30, 2022.

		Un-audited December 31, 2022	Audited June 30, 2022
	Note	(Rupees in '000')	
5	LONG TERM FINANCING - SECURED		
	From banking companies and non banking financial institution:		
	Syndicated Islamic Finance Facility	5.1 998,851	1,283,907
	Diminishing Musharakah Facility-1	5.2 148,039	250,754
	Diminishing Musharakah Facility-2	5.3 333,333	416,667
	Diminishing Musharakah Facility-3	5.4 142,200	26,160
	Refinance Facility to Combat COVID-19 (RFCC)	5.5 87,993	88,194
	Deferred income - Government grant	26,238	29,483
		114,231	117,677
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	5.6 125,662	128,952
	Deferred income - Government grant	18,511	20,014
		144,173	148,966
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	5.7 32,686	34,209
	Deferred income - Government grant	9,450	11,775
		42,136	45,984
	State Bank of Pakistan (SBP) - refinance scheme	5.8 63,759	311,283
	Deferred income - Government grant	356	6,239
		64,115	317,522
		5.9 1,987,078	2,607,637
	Less: Current portion	1,003,419	1,334,536
		983,659	1,273,101

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

- 5.1** This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on profit rate basis at 3 months KIBOR plus 0.85% (June 2022: 3 months KIBOR plus 0.85%) per annum, repayable in 14 equal quarterly installments. The Company has availed the loan facility upto the total sanctioned limit of Rs. 2,000 million repayable by August 22, 2024. The financing is secured by pari passu charge of Rs. 2,667 million on all present and future Company's movable fixed assets and land / building located at H-8/4, Islamabad. Meezan Bank Limited has the custody of original ownership documents of the Company's land located at sector H-8/4 Islamabad.
- 5.2** This includes outstanding balance of Rs. 106.6 million (June 2022: Rs. 210.4 million) against the long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 449.5 million (June 2022: Rs. 449.5 million). Principal amount is repayable in 36 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.80% (June 2022: 3 months KIBOR plus 0.80%) per annum. The financing is secured by first exclusive charge of Rs. 781.3 million against equipment / machinery. The unavailed limit of this facility is Rs. 20.7 million (June 2022: Rs. 20.7 million). This also includes an outstanding balance of Rs. 41.4 million (June 2022: Rs. 40.3 million) against long term Islamic finance facility obtained under Diminishing Musharakah basis from First Habib Modaraba of Rs. 64.9 million (June 2022: Rs. 57.7 million). Principal amount is repayable in 60 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.70% (June 2022: 3 months KIBOR plus 0.70%) per annum. The unavailed limit of this facility is Rs. 5.1 million (June 2022: Rs. 12.3 million).
- 5.3** This represents outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million (June 2022: Rs. 500 million). Principal amount shall be repaid by October 01, 2024 in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.85% (June 2022: 3 months KIBOR plus 0.85%) per annum. The financing is secured by first pari passu charge of Rs. 667 million on all present and future fixed assets of the Company.
- 5.4** This represents a long term Islamic finance facility obtained from Bank Alfalah Limited of Rs. 142.2 million (June 2022: Rs. 26.2 million). Principal amount is repayable in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.70% (June 2022: 3 months KIBOR plus 0.70%) per annum. The financing is secured by ranking charge of Rs. 800 million against plant and machinery being financed under DM facility to be installed / placed at Hospital located in H-8/4, Islamabad. The charge will be upgraded to first exclusive charge against plant and machinery being financed under this facility. The unavailed limit of this facility is Rs. 305.1 million (June 2022: Rs. 492.9 million).
- 5.5** This represents the outstanding balance of long term finance facility obtained from United Bank Limited of Rs. 136.4 million (June 2022: Rs. 124.6 million). Principal amount shall be repaid by September 14, 2026 in 18 equal quarterly installments carrying profit at 1% per annum. The financing is secured by first pari passu charge of Rs. 267 million over fixed assets (excluding land and building) of the Company. The unavailed limit of this facility is Rs. 63.6 million (June 2022: Rs. 75.4 million). Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognized at present value using the Company's effective profit rate along with the recognition of government grant.
- 5.6** This represents the outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 200 million (June 2022: Rs. 183.1 million) for the purpose of import / purchase of medical equipment / machinery to combat COVID-19 under State Bank of Pakistan IRFCC scheme. Principal amount shall be repaid by December 29, 2025 in 18 equal quarterly installments with no profit

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

rate. The financing is secured by first pari passu hypothecation charge of Rs. 267 million on all present and future fixed assets of the Company (excluding land and building). The unavailed limit of this facility is Nil (June 2022: Rs. 16.9 million). Since the financing under SBP refinance scheme carries no profit rate, the loan has been recognized at present value using the Company's effective profit rate along with the recognition of government grant.

5.7 This represents the outstanding balance of long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 45.9 million (June 2022: Rs. 45.9 million) for the purpose of import / purchase of medical equipment / machinery to combat COVID-19 under State Bank of Pakistan IRFCC scheme. Principal amount shall be repaid in 9 equal half yearly installments with profit rate of 1% per annum. The facility is secured by ranking charge of Rs. 55 million over equipment / machinery against DM IRFCC. Since the financing under SBP refinance scheme carries the profit rate below the market rate, the loan has been recognized at present value using the Company's effective profit rate along with the recognition of government grant.

5.8 This represents the outstanding balance of long term finance facility aggregating to Rs. 1,012.2 million (June 2022: Rs. 1,012.2 million) obtained from United Bank Limited under the State Bank of Pakistan's (SBP) temporary refinance scheme for payment of wages and salaries to the workers and employees of business concerns to support payment of salaries and wages under economic challenges due to COVID-19. The Company has availed the financing in six tranches from April 2020 to September 2020 at a subsidized markup rate of 0.85% per annum. The financing is repayable in 08 equal quarterly installments and shall be repaid by January 31, 2023. The facility is secured by first pari passu charge of Rs. 1,333.3 million over fixed assets (excluding land and building) of the Company. Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognized at present value using the Company's effective interest rate along with the recognition of government grant.

	Un-audited December 31, 2022	Audited June 30, 2022
	(Rupees in '000')	
5.9 Movement during the period / year		
Opening balance	2,607,637	3,766,130
Proceeds during the period / year	154,269	259,070
Repayment during the period / year	(774,828)	(1,417,563)
Closing balance	1,987,078	2,607,637

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

6.1.1 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. 43.6 million (June 2022: Rs. 43.35 million) on behalf of the Company in its ordinary course of business.

6.1.2 Claims aggregating to Rs. 3 million (June 2022: Rs. 3 million) are pending before Peshawar and Islamabad High Courts by patients / others against the Company for alleged negligence on part of the

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

consultants / doctors etc. The management of the Company is contesting these claims and believes that the contention of the claimants will not be successful and no material liability is likely to arise.

6.1.3 The penalty of Rs. 20 million (June 2022: Rs. 20 million) imposed on June 06, 2012 by Competition Commission of Pakistan (CCP) to each Gulf Cooperation Council's (GCC) Approved Medical Centers (GAMCs) including SIHL on account of alleged non-competitive practice of territorial division and equal allocation of GAMCs customers. Management of the Company and other GAMCs are jointly contesting the matter which is pending before the August Supreme Court of Pakistan for decision and management of the Company firmly believe that the case will be decided in favor of the GAMCs including SIHL.

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

6.2.1 Tax authorities has amended the assessments for tax years 2012, 2013, 2014, 2015, 2016 and 2019 under section 122(5A)/124 of Income Tax Ordinance, 2001 (the Ordinance) and raised tax demands of Rs. 6.4 million, Rs. 97 million, Rs. 85.5 million, Rs. 26.1 million, Rs. 85.4 million and Rs. 37 million respectively. Being aggrieved the Company agitated the assessments in appeals before the Commissioner Inland Revenue (Appeals) [CIR(A)] who partly confirmed the assessments and partly allowed relief to the Company while confirmed the assessment for tax year 2015. The Company being aggrieved filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue [ATIR] on various dates from September 2018 to November 2021 which are pending adjudications.

6.2.2 Tax authorities levied tax of Rs. 109.6 million, Rs. 178.4 million, Rs. 27.4 million and Rs. 29.2 million under section 161/205 of the Ordinance for tax year 2016, 2014, 2013 and 2012 respectively on account of alleged non deduction of tax on payments. Being aggrieved the Company agitated the assessments in appeals before the CIR(A) who in respect of tax year 2012 has deleted the assessment, while set aside the assessment for tax year 2013, confirmed the assessment for tax year 2014 and appeal for tax year 2016 filed on July 27, 2022 is a pending adjudication. The Company being aggrieved filed appeals for tax years 2013 and 2014 before ATIR where appeal for tax year 2013 filed on November 26, 2019 is pending adjudication, while ATIR has set aside the assessment for tax year 2014 for denovo consideration.

6.2.3 Tax authorities amended the assessments for tax years 2012, 2013 and from 2015 to 2017 u/s 122(5) of the Ordinance and raised aggregate tax demand of Rs. 1,350.9 million. Being aggrieved the Company agitated the assessments in appeals before the CIR(A) who annulled all the assessment orders and hence demand stand deleted. Being dissatisfied with order of the CIR(A), the tax department has filed appeal before ATIR on November 15, 2018, which is pending adjudication.

6.2.4 The Assistant Commissioner Inland Revenue (ACIR) has amended the Company's assessment for tax year 2014 and 2015 u/s 221 of the Ordinance which has resulted an aggregate tax demand of Rs. 11.8 million. Being aggrieved, the Company has filed appeals before CIR (A) who remanded back the said assessments to ACIR. The Company as well as the tax department have filed cross appeals against the CIR(A) order before the ATIR in January 2018, which is pending adjudication.

6.2.5 Tax authorities amended the assessment for tax year 2014 u/s 177 of the Ordinance and raised a tax demand of Rs. 1,143.8 million. Being aggrieved the Company agitated the assessment in appeal before the CIR (A) who annulled the assessment order and hence tax demand stand deleted as of today. The tax department has filed an appeal before ATIR on November 27, 2019, against the decision of CIR(A) which is pending adjudication.

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

6.2.6 Tax authorities raised a sales tax demand of Rs. 44.4 million, Rs. 56.2 million, Rs. 57.4 million, Rs. 55.9 million and Rs. 11.3 million under section 11 of the Sales Tax Act, 1990 on account of alleged non-payment of sales tax for tax years 2016 to 2020 respectively. Being aggrieved the Company agitated the assessments in appeals before CIR(A). For tax year 2017 to 2020 CIR(A) partially confirmed the judgements of DCIR while deleted the assessment for tax year 2016. The Company as well as the tax department have filed cross appeals before ATIR for tax years 2016 to 2020 who in respect of tax year 2018 and 2020 partially confirmed the assessment and partly allowed relief to the Company whereas appeals for tax year 2016, 2017 and 2019 which were filed on October 24, 2022 are pending adjudications.

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

		Un-audited December 31, 2022	Audited June 30, 2022
	Note	(Rupees in '000')	
6.3	Commitments		
	Capital expenditure contracted	163,295	135,129
	Letters of credit	173,106	138,470
7	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	7.1 5,653,112	5,548,235
	Capital work in progress	7.2 682,796	743,435
	Right of use assets	7.3 764,441	842,502
		7,100,349	7,134,172
7.1	Operating fixed assets		
	Written down value (WDV) at beginning of the period / year	5,548,235	5,644,283
	Additions	7.1.1 830,205	338,660
	Revaluation	-	109,611
	Reclassified from held for sale	-	104,378
	Reclassified as investment property	8 (382,553)	-
		5,995,887	6,196,932
	WDV of disposals	(468)	(1,657)
	WDV of assets written off	(3,017)	(2,234)
	Depreciation for the period / year	(339,290)	(644,806)
	WDV at the end of the period / year	5,653,112	5,548,235

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Un-audited December 31, 2022	Audited June 30, 2022
Note	(Rupees in '000')	
7.1.1 Additions to operating fixed assets		
Freehold land	1,931	-
Building on leasehold land	23,298	-
Leasehold improvements	279,702	22,586
Biomedical equipment	420,599	153,621
Air conditioning equipment and machinery	4,338	7,438
Electrical and other equipment	45,805	48,922
Furniture and fittings	9,701	9,825
Computer installations	33,220	72,851
Construction equipment	-	223
Vehicles	11,611	23,194
	830,205	338,660
7.2 Capital work in progress		
Opening capital work in progress	743,435	409,192
Additions during the period / year	578,613	386,757
Transferred to operating fixed assets	(639,252)	(52,514)
Closing capital work in progress	7.2.1 682,796	743,435
7.2.1 Capital work in progress		
Construction work	299,602	305,602
Stores held for capital expenditure	976	976
Installation of equipment	382,218	436,857
	682,796	743,435
7.3 Right of use assets		
Balance at beginning of the period / year	842,502	738,368
Additions during the period / year	65,446	368,187
Terminated during the period / year	-	(6,411)
Depreciation charge during the period / year	(143,507)	(257,642)
Balance at end of the period / year	764,441	842,502

8 INVESTMENT PROPERTY - AT COST

This represents the Company's freehold land located at Shifa Cooperative Housing Society, Islamabad Expressway (12 Kanal), Motorway, Mouza Noon, Islamabad (152.5 Kanal) and Chak No. 4, near Sargodha Road, Faisalabad (48.2 kanal) held for capital appreciation, therefore classified as investment property. The fair value of the said freehold land at the period end is Rs. 748,449 thousand.

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Un-audited December 31, 2022	Audited June 30, 2022
Note	(Rupees in '000')	
9 LONG TERM INVESTMENTS - AT COST		
In subsidiary companies (unquoted):		
Shifa Development Services (Private) Limited (SDSPL)	9,966	9,966
Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad)	1,697,521	1,697,521
Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad)	1,232,679	971,562
Shifa Medical Center Islamabad (Private) Limited (SMC Islamabad)	1,356,170	1,171,288
Shifa International DWC-LLC (SIDL)	23,280	23,280
In associated company (unquoted):		
Shifa Care (Private) Limited (SCPL)	45,001	45,001
	4,364,617	3,918,618

- 9.1** The Board, vide its meeting held on December 24, 2022, has decided to divest the Company's entire shareholding in its subsidiary "SMC Islamabad". The investment in subsidiary has not been classified as "held for sale" as the conditions for classifying the investment as held for sale under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are not completely met at the period ended December 31, 2022. Subsequent to the period end, the Company is in the process of price assessment and identification of potential buyer.

	Un-audited December 31, 2022	Audited June 30, 2022
	(Rupees in '000')	
10 TRADE DEBTS		
Related party - Shifa Foundation	10,324	9,736
Others	1,655,257	1,124,491
	1,665,581	1,134,227
Less: allowance for expected credit losses (ECL)	193,714	169,458
	1,471,867	964,769

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

		Un-audited			
		Six months period ended		Three months period ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		(Rupees in '000')			
11	NET REVENUE				
	Inpatients	5,702,171	5,020,310	2,870,019	2,610,792
	Outpatients	3,275,214	2,631,924	1,625,634	1,322,518
	Other services	669,069	513,205	353,877	267,267
		9,646,454	8,165,439	4,849,530	4,200,577
	Less: discount	77,494	65,679	39,757	32,811
	Less: sales tax	35,647	12,922	18,221	6,616
	Net revenue	9,533,313	8,086,838	4,791,552	4,161,150

		Un-audited	
		Six months period ended	
		December 31, 2022	December 31, 2021
		Note	
12	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit after taxation (Rupees in '000')		621,491
	Weighted average number of ordinary shares in issue (Numbers in '000')	12.1	63,214
	Earnings per share - basic and diluted (Rupees)		9.83

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

13 RELATED PARTY TRANSACTIONS

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

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

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

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Un-audited	
	Six months period ended	
	December 31, 2022	December 31, 2021
	(Rupees in '000')	
Transactions:		
Shifa Foundation (Related party by virtue of common directorship)		
Revenue from services earned by the Company	7,452	11,126
Expenses paid by and reimbursed to the Company	433	343
Tameer-e-Millat Foundation (Related party by virtue of common directorship)		
Supplies provided to the Company	56,908	38,808
Other services provided to the Company	21,537	16,017
Rental services received / earned by the Company	3,675	2,606
Shifa Tameer-e-Millat University (Related party by virtue of common directorship)		
Revenue from services earned by the Company	8,520	8,541
Revenue from rent earned by the Company	1,759	1,599
Other services provided to the Company	36,072	26,890
Expenses paid by and reimbursed to the Company	1,461	1,470
SIHT (Private) Limited (Related party by virtue of common directorship)		
Revenue from services earned by the Company	191,089	163,637
Expenses paid by and reimbursed to the Company	4,432	3,023
Other services provided to the Company	12,203	11,622
Shifa Development Services (Private) Limited (Subsidiary and common directorship)		
Revenue from rent earned by the Company	876	756
Payment made by the Company	-	4,215
Other services provided to the Company	50,986	-
Shifa Intenational DWC LLC (Subsidiary and common directorship)		
Patient referral services provided to the Company	4,710	7,972
Shifa Medical Centre Islamabad (Private) Limited (Subsidiary and common directorship)		
Investment made by the Company in 18,488,189 (December 2021: nil) ordinary shares	184,882	-
Other services provided by the Company	5,066	5,114
Expense paid by and reimbursed to the Company	-	356

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Un-audited	
	Six months period ended	
	December 31, 2022	December 31, 2021
	(Rupees in '000')	
Shifa National Hospital Faisalabad (Private) Limited (Subsidiary and common directorship)		
Investment made by the Company in 26,111,712 (December 2021: 7,746,000) ordinary shares	261,117	77,460
Other services provided by the Company	5,066	5,114
Shifa Neuro Sciences Institute Islamabad (Private) Limited (Subsidiary and common directorship)		
Rent paid by the Company	51,692	46,993
Dividend income received by the Company	8,488	-
Shifa CARE (Private) Limited (Associate and common directorship)		
Other services provided by the Company	1,197	1,208
SIHL Employees' Gratuity Fund		
Payments made by the Company	60,637	192,890
Remuneration including benefits and perquisites of key management personnel	201,470	170,339
	Un-audited	Audited
	December 31, 2022	June 30, 2022
	(Rupees in '000')	
Balances:		
Shifa Foundation - receivable	10,324	9,736
Tameer-e-Millat Foundation - payable	6,353	11,660
Shifa Tameer-e-Millat University - payable	12,628	6,458
SIHT (Private) Limited - receivable	36,023	35,416
Shifa Development Services (Private) Limited - receivable	480	52,736
Shifa Neuro Sciences Institute Islamabad (Private) Limited - receivable	20,278	20,278
Shifa Intenational DWC LLC - receivable	41,773	34,896
SIHL Employees' Gratuity Fund - payable	179,155	193,453

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

		Un-audited	
		Six months period ended	
		December 31, 2022	December 31, 2021
		(Rupees in '000')	
14	CASH AND CASH EQUIVALENTS		
	Investment in Term Deposit Receipt - at amortized cost	3,000	3,000
	Cash and bank balances	1,794,712	2,815,119
		1,797,712	2,818,119

15 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

16 GENERAL

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

17 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim unconsolidated financial statements have been approved and authorized for issue by the Board of Directors of the Company on February 25, 2023.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



 **Shifa**
International
شفا انٹرنیشنل ہسپتال

CONDENSED INTERIM
CONSOLIDATED
FINANCIAL
STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED
DECEMBER 31, 2022

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	Note	Un-audited December 31, 2022	Audited June 30, 2022
		(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (June 2022: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital		632,144	632,144
Capital reserves			
Share premium		2,738,888	2,738,888
Surplus on revaluation of property, plant and equipment		1,624,011	1,546,319
Revenue reserves			
Unappropriated profits		5,435,740	4,898,668
		10,430,783	9,816,019
NON - CONTROLLING INTEREST			
		2,136,667	1,670,759
NON - CURRENT LIABILITIES			
Long term financing - secured	6	983,659	1,273,101
Deferred liabilities		340,554	339,877
Lease liabilities		374,368	435,708
		1,698,581	2,048,686
CURRENT LIABILITIES			
Trade and other payables		4,453,135	3,648,044
Unclaimed dividend		43,049	40,778
Markup accrued		40,315	35,658
Current portion of long term financing - secured	6	1,003,419	1,334,536
Current portion of lease liabilities		225,456	173,173
		5,765,374	5,232,189
		20,031,405	18,767,653
CONTINGENCIES AND COMMITMENTS			
	7		

The annexed notes 1 to 18 form an integral part of these condensed interim consolidated financial statements.


CHIEF EXECUTIVE

		Un-audited December 31, 2022	Audited June 30, 2022
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	8	12,534,197	11,638,803
Intangible assets		43,167	51,957
Investment property - at cost	9	748,449	-
Long term investment	10	30,623	32,862
Long term deposits		97,635	89,093
		13,454,071	11,812,715
CURRENT ASSETS			
Stores, spare parts and loose tools		241,570	210,189
Stock-in-trade		821,445	711,968
Trade debts	11	1,471,867	964,769
Loans and advances		550,044	647,227
Deposits, prepayments and other receivables		166,651	249,402
Markup accrued		4,339	2,129
Other financial assets		893,937	909,625
Tax refunds due from the government (net of provision)		410,633	470,176
Cash and bank balances		2,005,887	2,468,500
		6,566,373	6,633,985
Non - current assets held for sale		10,961	320,953
		20,031,405	18,767,653



DIRECTOR



CHIEF FINANCIAL OFFICER

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Note	Six months period ended		Three months period ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		(Rupees in '000')			
Net revenue	12	9,530,066	8,085,132	4,790,728	4,162,882
Other income		303,748	325,899	75,979	124,583
Operating costs		(8,675,859)	(7,193,753)	(4,354,233)	(3,646,375)
Finance costs		(213,482)	(160,669)	(105,434)	(81,053)
Expected credit loss on financial assets		(24,393)	(63,044)	(11,869)	(49,001)
Share of loss of an associate		(2,239)	(1,513)	(1,448)	(794)
Profit before taxation		917,841	992,052	393,723	510,242
Provision for taxation		(316,202)	(233,859)	(170,494)	(137,264)
Profit after taxation		601,639	758,193	223,229	372,978
Attributable to:					
Equity holders of SIHL		609,981	776,273	234,637	384,742
Non-controlling interest		(8,342)	(18,080)	(11,408)	(11,764)
		601,639	758,193	223,229	372,978
Earnings per share - basic and diluted - (Rupees)	13	9.65	12.28	3.71	6.09

The annexed notes 1 to 18 form an integral part of these condensed interim consolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Six months period ended		Three months period ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	(Rupees in '000')			
Profit after taxation	601,639	758,193	223,229	372,978
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	-	(1,014)	-	(1,014)
Deferred tax relating to remeasurement of staff gratuity fund benefit plan	-	294	-	294
Loss on remeasurement of staff gratuity fund benefit plan (net of tax)	-	(720)	-	(720)
Foreign currency translation adjustment	151	295	(167)	142
Surplus on revaluation of land	99,454	-	99,454	-
Total comprehensive income for the period	701,244	757,768	322,516	372,400
Attributable to:				
Equity holders of SIHL	709,586	775,848	333,924	384,164
Non-controlling interest	(8,342)	(18,080)	(11,408)	(11,764)
	701,244	757,768	322,516	372,400

The annexed notes 1 to 18 form an integral part of these condensed interim consolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	December 31, 2022	December 31, 2021
Note	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	917,841	992,052
Adjustments for:		
Depreciation / amortization on tangible assets	473,678	426,369
Amortization on intangible assets	8,815	11,825
Expected credit loss on financial assets	24,393	63,044
Property, plant and equipment written off	3,017	95
Gain on disposal of tangible assets	(37,691)	(41,718)
Provision for compensated absences	32,798	31,818
Provision for bonus for employees	57,306	60,794
Provision for gratuity	46,339	111,861
Provision for slow moving stores	1,075	2,051
Share of loss of an associate	2,239	1,513
Gain on investments and bank deposits	(89,839)	(11,431)
Gain on foreign currency translation	(146,822)	(216,096)
Finance costs	213,482	160,669
Operating cash flows before changes in working capital	1,506,631	1,592,846
Changes in working capital:		
(Increase) / decrease in stores, spare parts and loose tools	(32,456)	9,808
Increase in stock-in-trade	(109,477)	(13,337)
Increase in trade debts	(531,492)	(347,930)
Decrease / (increase) in loans and advances	97,183	(227,630)
Decrease / (increase) in deposits, prepayments and other receivables	66,335	(16,559)
Increase in trade and other payables	771,840	41,550
	261,933	(554,098)
Cash generated from operations	1,768,564	1,038,748
Finance cost paid	(177,230)	(127,972)
Income tax paid	(269,411)	(213,762)
Payment to SIHL Employees' Gratuity Fund	(60,637)	(192,890)
Compensated absences paid	(29,150)	(25,502)
Net cash generated from operating activities	1,232,136	478,622
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment (PPE)	(1,689,665)	(505,795)
Addition to intangible assets	-	(1,774)
Proceeds in other financial assets - net	80,728	341,699
Proceeds from disposal of PPE and items classified as held for sale	81,709	175,341
Markup received	26,965	5,757
Increase in long term deposits	(8,542)	(3,092)
Net cash (used in) / generated from investing activities	(1,508,805)	12,136
CASH FLOWS FROM FINANCING ACTIVITIES		
Non-controlling interest	474,250	51,640
Long term financing - repayments	(774,828)	(659,189)
Long term financing - proceeds	147,722	105,889
Grant received	6,547	15,696
Lease liabilities - repayments	(89,681)	(89,815)
Dividend paid	(92,551)	(325)
Net cash used in financing activities	(328,541)	(576,104)
Net decrease in cash and cash equivalents	(605,210)	(85,346)
Cash and cash equivalents at beginning of the period	2,540,324	2,929,472
Effect of exchange rate changes on cash and cash equivalents	146,973	216,391
Cash and cash equivalents at end of the period	2,082,087	3,060,517

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The annexed notes 1 to 18 form an integral part of these condensed interim consolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	Un-appropriated profits	Non-controlling interest	Total
	(Rupees in '000')					
Balance as at July 01, 2021 (Audited)	619,749	2,751,283	1,409,434	3,832,409	1,119,806	9,732,681
Total comprehensive income for the period						
Profit after taxation	-	-	-	776,273	(18,080)	758,193
Other comprehensive income - net of tax	-	-	-	(425)	-	(425)
Realization of revaluation surplus on disposal of assets	-	-	(16,716)	16,716	-	-
Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation / amortization	-	-	(5,174)	5,174	-	-
NCI recognized during the period	-	-	-	-	51,640	51,640
Distribution to owners						
Bonus shares issued @ 2% - year ended June 30, 2021	12,395	(12,395)	-	-	-	-
Balance as at December 31, 2021 (Un-audited)	632,144	2,738,888	1,387,544	4,630,147	1,153,366	10,542,089
Balance as at July 01, 2022 (Audited)	632,144	2,738,888	1,546,319	4,898,668	1,670,759	11,486,778
Total comprehensive income for the period						
Profit after taxation	-	-	-	609,981	(8,342)	601,639
Other comprehensive income - net of tax	-	-	99,454	151	-	99,605
Realization of revaluation surplus on disposal of assets	-	-	(15,550)	15,550	-	-
Transfer of revaluation surplus of property, plant and equipment in respect of incremental depreciation / amortization	-	-	(6,212)	6,212	-	-
NCI recognized during the period	-	-	-	-	474,250	474,250
Distribution to owners						
Final dividend 2022 @ Rs. 1.5 per share	-	-	-	(94,822)	-	(94,822)
Balance as at December 31, 2022 (Un-audited)	632,144	2,738,888	1,624,011	5,435,740	2,136,667	12,567,450

The annexed notes 1 to 18 form an integral part of these condensed interim consolidated financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Shifa International Hospitals Limited ("the Group") comprises of Shifa International Hospitals Limited (SIHL / parent company) and its subsidiaries, Shifa Development Services (Private) Limited, Shifa Neuro Sciences Institute Islamabad (Private) Limited, Shifa National Hospital Faisalabad (Private) Limited, Shifa Medical Center Islamabad (Private) Limited and Shifa International-DWC LLC.
- 1.2** SIHL was incorporated in Pakistan on September 29, 1987 as a private limited company under the repealed Companies Ordinance, 1984 and converted into a public limited company on October 12, 1989. The shares of the SIHL are quoted on Pakistan Stock Exchange Limited. The registered office of the SIHL is situated at Sector H-8/4, Islamabad. The principal activity of SIHL is to establish and run medical centers and hospitals in Pakistan. The SIHL has established its first hospital in 1993 in H-8/4 Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4 Islamabad. The SIHL is also running medical centers and pharmacies in different cities of Pakistan.
- 1.3** Shifa Development Services (Private) Limited (SDSPL) was incorporated in Pakistan on December 18, 2014. The principal activity of SDSPL is to provide consulting services relating to healthcare facility, medical staff, human resource, architectural designing, procurement, hospital quality and project management services. The registered office of SDSPL is situated at Shifa International Hospitals Limited, Sector H-8/4, Islamabad.
- 1.4** Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad) was incorporated in Pakistan on February 28, 2019. The principal line of business is to establish, run, control, manage and operate state of the art neuro sciences institute including diagnostic 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 SNS Islamabad is situated at Sector H-8/4, Islamabad.
- 1.5** Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad) was incorporated in Pakistan on February 28, 2019. The principal line of business of the SNH Faisalabad is to establish, run, control, manage and operate tertiary/quaternary care hospitals including diagnostic centers, clinics, laboratories, operation theaters, dental clinics, healthcare centers and provide all healthcare and surgical related facilities of different diseases, inpatient and outpatient services and treatment of viral, bacterial and chronic diseases and all other related services thereof, subject to permission from relevant authorities, if required. The registered office of the SNH Faisalabad is situated at Sector H-8/4, Islamabad.
- 1.6** Shifa Medical Center Islamabad (Private) Limited (SMC Islamabad) was incorporated in Pakistan on February 28, 2019. The principal line of business of the SMC Islamabad is to establish, run, control, manage and operate facilities providing ambulatory services including day care surgeries, diagnostic centers, clinics, laboratories, operation theaters, dental clinics, healthcare centers and provide all healthcare and surgical related facilities of different diseases, inpatient and outpatient services and treatment of viral, bacterial and chronic diseases and all other related services thereof, subject to permission from relevant authorities, if required. The registered office of the SMC Islamabad is situated at Shifa International Hospitals Limited, Sector H-8/4, Islamabad.

The Board, vide its meeting held on December 24, 2022, has decided to divest the SIHL's entire shareholding in its subsidiary "SMC Islamabad". The investment in subsidiary has not been classified as "held for sale" as the conditions for classifying the investment as held for sale under IFRS 5 "Non-current Assets held for sale and discontinued operations" are not completely met at the period ended

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

December 31, 2022. Subsequent to period end, the SIHL is in the process of price assessment and identification of potential buyer.

- 1.7** Shifa International-DWC LLC (SIDL) was incorporated in United Arab Emirates on December 16, 2019 as limited liability company. The principal activity of the SIDL which it may perform under the license issued by Dubai Aviation City Corporation are Marketing and project management services. The registered office of the SIDL is situated at Business Centre Logistic City, Dubai Aviation City, P.O Box 390667, Dubai, UAE.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

- 2.2** These condensed interim consolidated financial statements are un-audited and are being submitted to the members in accordance with the requirements of Section 237 of the Companies Act 2017 (the Act) and the listing regulations of Pakistan Stock Exchange. These condensed interim consolidated financial statements do not include all of the information required for annual consolidated financial statements, and should be read in conjunction with the annual audited consolidated financial statements of the group for the year ended June 30, 2022. Comparative condensed interim consolidated statement of financial position is extracted from annual audited consolidated financial statements as of June 30, 2022, whereas comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity are extracted from un-audited condensed interim consolidated financial statements for the six months period ended December 31, 2021.

2.3 Functional and presentation currency

These condensed interim consolidated financial statements has been presented in Pak Rupees, which is the functional and presentation currency of the Group.

3 BASIS OF CONSOLIDATION

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

Subsidiaries

Subsidiary is an enterprise in which parent company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors.

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

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

The assets and liabilities of each subsidiary have been consolidated on a line by line basis. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim consolidated financial statements are the same as those applied in preparation of consolidated audited financial statements of the Group for the year ended June 30, 2022 except the new accounting policy relevant to investment property, as given below:

4.1 Investment property, principally comprising of land, is held for long term capital appreciation and is valued using the cost method i.e. at cost less impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self constructed investment property includes the cost of materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs, if any.

The Group assess at each reporting date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The gain or loss on disposal of investment property, represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in the statement of profit or loss.

4.2 Changes in accounting standards, interpretations and pronouncements

a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to applicable accounting standards are effective for accounting periods beginning on July 01, 2022, 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 condensed interim consolidated financial statements.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2023, but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these condensed interim consolidated financial statements.

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

5 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

5.2 Judgements and estimates made by the management in the preparation of these condensed interim consolidated financial statements are the same as those that were applied to the annual audited consolidated financial statements as at and for the year ended June 30, 2022.

		Un-audited December 31, 2022	Audited June 30, 2022
	Note	(Rupees in '000')	
6	LONG TERM FINANCING - SECURED		
	From banking companies and non banking financial institution:		
	Syndicated Islamic Finance Facility	6.1 998,851	1,283,907
	Diminishing Musharakah Facility-1	6.2 148,039	250,754
	Diminishing Musharakah Facility-2	6.3 333,333	416,667
	Diminishing Musharakah Facility-3	6.4 142,200	26,160
	Refinance Facility to Combat COVID-19 (RFCC)	6.5 87,993	88,194
	Deferred income - Government grant	26,238	29,483
		114,231	117,677
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	6.6 125,662	128,952
	Deferred income - Government grant	18,511	20,014
		144,173	148,966
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	6.7 32,686	34,209
	Deferred income - Government grant	9,450	11,775
		42,136	45,984
	State Bank of Pakistan (SBP) - refinance scheme	6.8 63,759	311,283
	Deferred income - Government grant	356	6,239
		64,115	317,522
		6.9 1,987,078	2,607,637
	Less: Current portion	1,003,419	1,334,536
		983,659	1,273,101

6.1 This represents syndicated Islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on profit rate basis at 3 months KIBOR plus 0.85% (June 2022: 3 months KIBOR plus 0.85%) per annum,

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

repayable in 14 equal quarterly installments. The SIHL has availed the loan facility upto the total sanctioned limit of Rs. 2,000 million repayable by August 22, 2024. The financing is secured by pari passu charge of Rs. 2,667 million on all present and future SIHL's movable fixed assets and land / building located at H-8/4, Islamabad. Meezan Bank Limited has the custody of original ownership documents of the SIHL's land located at sector H-8/4 Islamabad.

- 6.2** This include outstanding balance of Rs. 106.6 million (June 2022: Rs. 210.4 million) against the long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 449.5 million (June 2022: Rs. 449.5 million). Principal amount is repayable in 36 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.80% (June 2022: 3 months KIBOR plus 0.80%) per annum. The financing is secured by first exclusive charge of Rs. 781.3 million against equipment / machinery. The unavailed limit of this facility is Rs. 20.7 million (June 2022: Rs. 20.7 million). This also includes an outstanding balance of Rs. 41.4 million (June 2022: Rs. 40.3 million) against long term Islamic finance facility obtained under Diminishing Musharakah basis from First Habib Modaraba of Rs. 64.9 million (June 2022: Rs. 57.7 million). Principal amount is repayable in 60 equal monthly installments carrying profit rate at 3 months KIBOR plus 0.70% (June 2022: 3 months KIBOR plus 0.70%) per annum. The unavailed limit of this facility is Rs. 5.1 million (June 2022: Rs. 12.3 million).
- 6.3** This represents outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 500 million (June 2022: Rs. 500 million). Principal amount shall be repaid by October 01, 2024 in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.85% (June 2022: 3 months KIBOR plus 0.85%) per annum. The financing is secured by first pari passu charge of Rs. 667 million on all present and future fixed assets of the SIHL.
- 6.4** This represents a long term Islamic finance facility obtained from Bank Alfalah Limited of Rs. 142.2 million (June 2022: Rs. 26.2 million). Principal amount is repayable in 12 equal quarterly installments carrying profit rate at 3 months KIBOR plus 0.70% (June 2022: 3 months KIBOR plus 0.70%) per annum. The financing is secured by ranking charge of Rs. 800 million against plant and machinery being financed under DM facility to be installed / placed at Hospital located in H-8/4, Islamabad. The charge will be upgraded to first exclusive charge against plant and machinery being financed under this facility. The unavailed limit of this facility is Rs. 305.1 million (June 2022: Rs. 492.9 million).
- 6.5** This represents the outstanding balance of long term finance facility obtained from United Bank Limited of Rs. 136.4 million (June 2022: Rs. 124.6 million). Principal amount shall be repaid by September 14, 2026 in 18 equal quarterly installments carrying profit at 1% per annum. The financing is secured by first pari passu charge of Rs. 267 million over fixed assets (excluding land and building) of the SIHL. The unavailed limit of this facility is Rs. 63.6 million (June 2022: Rs. 75.4 million). Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognized at present value using the SIHL's effective profit rate along with the recognition of government grant.
- 6.6** This represents the outstanding balance of long term Islamic finance facility obtained from Meezan Bank Limited of Rs. 200 million (June 2022: Rs. 183.1 million) for the purpose of import / purchase of medical equipment / machinery to combat COVID-19 under State Bank of Pakistan IRFCC scheme. Principal amount shall be repaid by December 29, 2025 in 18 equal quarterly installments with no profit rate. The financing is secured by first pari passu hypothecation charge of Rs. 267 million on all present and future fixed assets of the SIHL (excluding land and building). The unavailed limit of this facility is Nil (June 2022: Rs. 16.9 million). Since the financing under SBP refinance scheme carries no profit rate, the loan has been recognized at present value using the SIHL's effective profit rate along with the recognition of government grant.

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

- 6.7** This represents the outstanding balance of long term Islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 45.9 million (June 2022: Rs. 45.9 million) for the purpose of import / purchase of medical equipment / machinery to combat COVID-19 under State Bank of Pakistan IRFCC scheme. Principal amount shall be repaid in 9 equal half yearly installments with profit rate of 1% per annum. The facility is secured by ranking charge of Rs. 55 million over equipment / machinery against DM IRFCC. Since the financing under SBP refinance scheme carries the profit rate below the market rate, the loan has been recognized at present value using the SIHL's effective profit rate along with the recognition of government grant.
- 6.8** This represents the outstanding balance of long term finance facility aggregating to Rs. 1,012.2 million (June 2022: Rs. 1,012.2 million) obtained from United Bank Limited under the State Bank of Pakistan's (SBP) temporary refinance scheme for payment of wages and salaries to the workers and employees of business concerns to support payment of salaries and wages under economic challenges due to COVID-19. The SIHL has availed the financing in six tranches from April 2020 to September 2020 at a subsidized markup rate of 0.85% per annum. The financing is repayable in 08 equal quarterly installments and shall be repaid by January 31, 2023. The facility is secured by first pari passu charge of Rs. 1,333.3 million over fixed assets (excluding land and building) of the SIHL. Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognized at present value using the SIHL's effective interest rate along with the recognition of government grant.

	Un-audited December 31, 2022	Audited June 30, 2022
	(Rupees in '000')	
6.9 Movement during the period / year		
Opening balance	2,607,637	3,766,130
Proceeds during the period / year	154,269	259,070
Repayment during the period / year	(774,828)	(1,417,563)
Closing balance	1,987,078	2,607,637

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

- 7.1.1** 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. 43.6 million (June 2022: Rs. 43.35 million) on behalf of the SIHL in its ordinary course of business.
- 7.1.2** Claims aggregating to Rs. 3 million (June 2022: Rs. 3 million) are pending before Peshawar and Islamabad High Courts by patients / others against the SIHL for alleged negligence on part of the consultants / doctors etc. The management of the SIHL is contesting these claims and believes that the contention of the claimants will not be successful and no material liability is likely to arise.
- 7.1.3** The penalty of Rs. 20 million (June 2022: Rs. 20 million) imposed on June 06, 2012 by Competition Commission of Pakistan (CCP) to each Gulf Cooperation Council's (GCC) Approved Medical Centers (GAMCs) including SIHL on account of alleged non-competitive practice of territorial division and equal allocation of GAMCs customers. Management of the SIHL and other GAMCs are jointly contesting the matter which is pending before the August Supreme Court of Pakistan for decision and management of the SIHL firmly believe that the case will be decided in favor of the GAMCs including SIHL.

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

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

- 7.2.1** Tax authorities has amended the assessments for tax years 2012, 2013, 2014, 2015, 2016 and 2019 under section 122(5A)/124 of Income Tax Ordinance, 2001 (the Ordinance) and raised tax demands of Rs. 6.4 million, Rs. 97 million, Rs. 85.5 million, Rs. 26.1 million, Rs. 85.4 million and Rs. 37 million respectively. Being aggrieved the SIHL agitated the assessments in appeals before the Commissioner Inland Revenue (Appeals) [CIR(A)] who partly confirmed the assessments and partly allowed relief to the SIHL while confirmed the assessment for tax year 2015. The SIHL being aggrieved filed appeals against the appellate orders before the Appellate Tribunal Inland Revenue [ATIR] on various dates from September 2018 to November 2021 which are pending adjudications.
- 7.2.2** Tax authorities levied tax of Rs. 109.6 million, Rs. 178.4 million, Rs. 27.4 million and Rs. 29.2 million under section 161/205 of the Ordinance for tax year 2016, 2014, 2013 and 2012 respectively on account of alleged non deduction of tax on payments. Being aggrieved the SIHL agitated the assessments in appeals before the CIR(A) who in respect of tax year 2012 has deleted the assessment, while set aside the assessment for tax year 2013, confirmed the assessment for tax year 2014 and appeal for tax year 2016 filed on July 27, 2022 is a pending adjudication. The SIHL being aggrieved filed appeals for tax years 2013 and 2014 before ATIR where appeal for tax year 2013 filed on November 26, 2019 is pending adjudication, while ATIR has set aside the assessment for tax year 2014 for denovo consideration.
- 7.2.3** Tax authorities amended the assessments for tax years 2012, 2013 and from 2015 to 2017 u/s 122(5) of the Ordinance and raised aggregate tax demand of Rs. 1,350.9 million. Being aggrieved the SIHL agitated the assessments in appeals before the CIR(A) who annulled all the assessment orders and hence demand stand deleted. Being dissatisfied with order of the CIR(A), the tax department has filed appeal before ATIR on November 15, 2018, which is pending adjudication.
- 7.2.4** The Assistant Commissioner Inland Revenue (ACIR) has amended the SIHL's assessment for tax year 2014 and 2015 u/s 221 of the Ordinance which has resulted an aggregate tax demand of Rs. 11.8 million. Being aggrieved, the SIHL has filed appeals before CIR (A) who remanded back the said assessments to ACIR. The SIHL as well as the tax department have filed cross appeals against the CIR(A) order before the ATIR in January 2018, which is pending adjudication.
- 7.2.5** Tax authorities amended the assessment for tax year 2014 u/s 177 of the Ordinance and raised a tax demand of Rs. 1,143.8 million. Being aggrieved the SIHL agitated the assessment in appeal before the CIR (A) who annulled the assessment order and hence tax demand stand deleted as of today. The tax department has filed an appeal before ATIR on November 27, 2019, against the decision of CIR(A) which is pending adjudication.
- 7.2.6** Tax authorities raised a sales tax demand of Rs. 44.4 million, Rs. 56.2 million, Rs. 57.4 million, Rs. 55.9 million and Rs. 11.3 million under section 11 of the Sales Tax Act, 1990 on account of alleged non-payment of sales tax for tax years 2016 to 2020 respectively. Being aggrieved the SIHL agitated the assessments in appeals before CIR(A). For tax year 2017 to 2020 CIR(A) partially confirmed the judgements of DCIR while deleted the assessment for tax year 2016. The SIHL as well as the tax department have filed cross appeals before ATIR for tax years 2016 to 2020 who in respect of tax year 2018 and 2020 partially confirmed the assessment and partly allowed relief to the SIHL whereas appeals for tax year 2016, 2017 and 2019 which were filed on October 24, 2022 are pending adjudications.

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

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

		Un-audited December 31, 2022	Audited June 30, 2022
	Note	(Rupees in '000')	
7.3	Commitments		
	Capital expenditure contracted	163,295	135,129
	Letters of credit	173,106	138,470
8	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	9,002,654	8,903,749
	Capital work in progress	3,008,948	2,177,085
	Right of use assets	522,595	557,969
		12,534,197	11,638,803
8.1	Operating fixed assets		
	Written down value (WDV) at beginning of the period / year	8,903,749	9,040,875
	Additions	857,802	358,936
	Revaluation	-	214,861
	Reclassified as investment property	(382,553)	-
		9,378,998	9,614,672
	WDV of disposals	(469)	(1,657)
	WDV of assets written off	(3,017)	(2,234)
	Depreciation for the period / year	(372,858)	(707,032)
	WDV at the end of the period / year	9,002,654	8,903,749
8.1.1	Additions to operating fixed assets		
	Freehold land	3,931	6,030
	Leasehold land	20,583	-
	Building on leasehold land	23,298	-
	Leasehold improvements	279,702	22,586
	Biomedical equipment	420,599	153,621
	Air conditioning equipment and machinery	4,338	7,438
	Electrical and other equipment	45,805	49,002
	Furniture and fittings	10,175	11,759
	Computer installations	34,722	77,698
	Construction equipment	-	223
	Vehicles	14,649	30,579
		857,802	358,936
8.2	Capital work in progress		
	Opening capital work in progress	2,177,085	822,691
	Additions during the period / year	1,471,115	1,406,908
	Transferred to operating fixed assets	(639,252)	(52,514)
	Closing capital work in progress	3,008,948	2,177,085

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Un-audited December 31, 2022	Audited June 30, 2022
	(Rupees in '000')	
8.2.1 Capital work in progress		
Construction work	2,625,754	1,739,252
Stores held for capital expenditure	976	976
Installation of equipment	382,218	436,857
	3,008,948	2,177,085
8.3 Right of use assets		
Balance at beginning of the period / year	557,969	362,342
Additions during the period / year	65,446	368,187
Terminated during the period / year	-	(1,810)
Depreciation charge during the period / year	(100,820)	(170,750)
Balance at end of the period / year	522,595	557,969

9 INVESTMENT PROPERTY - AT COST

This represents the SIHL's freehold land located at Shifa Cooperative Housing Society, Islamabad Expressway (12 Kanal), Motorway, Mouza Noon, Islamabad (152.5 Kanal) and Chak No. 4, near Sargodha Road, Faisalabad (48.2 kanal) held for capital appreciation, therefore classified as investment property. The fair value of the said freehold land at the period end is Rs. 748,449 thousand.

	Un-audited December 31, 2022	Audited June 30, 2022
	(Rupees in '000')	
10 LONG TERM INVESTMENT		
Shifa Care (Private) Limited (SCPL) - Associated Company (unquoted)		
Balance at the beginning of the period / year	32,862	35,961
Share in loss for the period / year	(2,239)	(3,099)
Balance at the end of the period / year	30,623	32,862

10.1 This represents investment in 4,500,050 (June 2022: 4,500,050) fully paid ordinary shares of Rs. 10 each of SCPL. The above investment in ordinary shares represents 50% (June 2022: 50%) shareholding in SCPL held by the SIHL.

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Un-audited December 31, 2022	Audited June 30, 2022
	(Rupees in '000')	
11 TRADE DEBTS		
Related party - Shifa Foundation	10,324	9,736
Others	1,657,057	1,126,290
	1,667,381	1,136,026
Less: allowance for expected credit losses (ECL)	195,514	171,257
	1,471,867	964,769

	Un-audited			
	Six months period ended		Three months period ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	(Rupees in '000')			
12 NET REVENUE				
Inpatients	5,702,171	5,020,310	2,870,019	2,610,792
Outpatients	3,282,975	2,639,794	1,630,355	1,329,057
Other services	656,739	502,218	347,670	261,754
	9,641,885	8,162,322	4,848,044	4,201,603
Less: discount	77,494	65,679	39,757	32,811
Less: sales tax	34,325	11,511	17,559	5,910
Net revenue	9,530,066	8,085,132	4,790,728	4,162,882

		Un-audited	
		Six months period ended	
	Note	December 31, 2022	December 31, 2021
13 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after taxation (Rupees in '000')		609,981	776,273
Weighted average number of ordinary shares in issue (Numbers in '000')	13.1	63,214	63,214
Earnings per share - basic and diluted (Rupees)		9.65	12.28

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

14 RELATED PARTY TRANSACTIONS

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

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers its chief executive officer, chief financial officer,

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

Group secretary, directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

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

	Un-audited	
	Six months period ended	
	December 31, 2022	December 31, 2021
	(Rupees in '000')	
Transactions:		
Shifa Foundation (Related party by virtue of common directorship)		
Revenue from services earned by the SIHL	7,452	11,126
Expenses paid by and reimbursed to the SIHL	433	343
Tameer-e-Millat Foundation (Related party by virtue of common directorship)		
Supplies provided to the SIHL	56,908	38,808
Other services provided to the SIHL	21,537	16,017
Rental services received / earned by the SIHL	3,675	2,606
Shifa Tameer-e-Millat University (Related party by virtue of common directorship)		
Revenue from services earned by the SIHL	8,520	8,541
Revenue from rent earned by the SIHL	1,759	1,599
Other services provided to the SIHL	36,072	26,890
Expenses paid by and reimbursed to the SIHL	1,461	1,470
SIHT (Private) Limited (Related party by virtue of common directorship)		
Revenue from services earned by the SIHL	191,089	163,637
Expenses paid by and reimbursed to the SIHL	4,432	3,023
Other services provided to the SIHL	12,203	11,622
Shifa CARE (Private) Limited (Associate and common directorship)		
Other services provided by the SIHL	1,197	1,208
SIHL Employees' Gratuity Fund		
Payments made by the SIHL	60,637	192,890
Remuneration including benefits and perquisites of key management personnel	230,909	189,648

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Un-audited December 31, 2022	Audited June 30, 2022
	(Rupees in '000')	
Balances:		
Shifa Foundation - receivable	10,324	9,736
Tameer-e-Millat Foundation - payable	6,353	11,660
Shifa Tameer-e-Millat University - payable	12,628	6,458
SIHT (Private) Limited - receivable	36,023	35,416
SIHL Employees' Gratuity Fund - payable	179,155	193,453
	Un-audited	
	Six months period ended	
	December 31, 2022	December 31, 2021
	(Rupees in '000')	
15 CASH AND CASH EQUIVALENTS		
Investment - at amortized cost	76,200	143,351
Cash and bank balances	2,005,887	2,917,166
	2,082,087	3,060,517
16 FINANCIAL RISK MANAGEMENT AND FAIR VALUES		
<p>The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated audited financial statements for the year ended June 30, 2022. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the consolidated audited financial statements of the Group for the year ended June 30, 2022.</p>		
17 GENERAL		
<p>Figures have been rounded off to the nearest one thousand Pak Rupees unless otherwise stated.</p>		
18 DATE OF AUTHORIZATION FOR ISSUE		
<p>These condensed interim consolidated financial statements have been approved and authorized for issue by the Board of Directors of the SIHL on February 25, 2023.</p>		



CHIEF EXECUTIVE



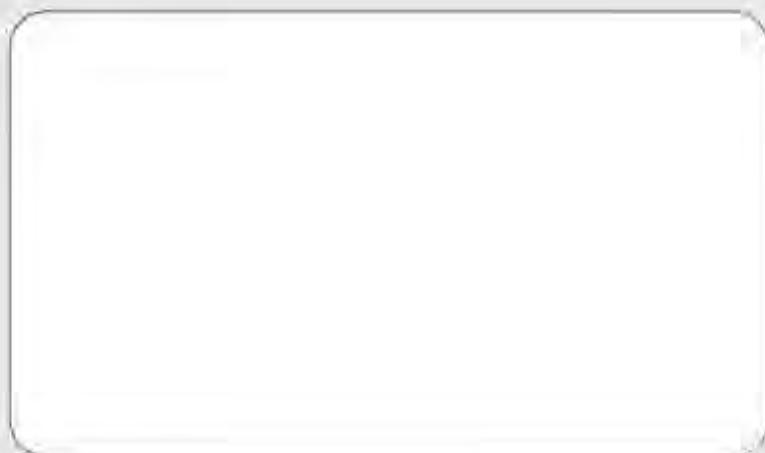
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